TODAY'S NEWS

Apple to halt sales of some Apple Watches in US...



Apple plans to stop selling some versions of the Apple Watch in the United States as soon as this week to get ahead of what could be one of the most momentous patent disputes in years.

The company confirmed to CNN it will no longer be selling its Apple Watch Series 9 and Apple Watch Ultra 2, starting Thursday on Apple.com and from retail locations after December 24.

The decision to take one of its most popular products off the shelf follows an ongoing dispute with medical device maker Masimo over its blood oxygen feature. Apple has routinely marketed its smartwatch as a life-saving device, which has helped launch the Apple Watch into the stratosphere, making it



the most popular watch sold around the world. But its skirmish with Masimo threatens to undermine that.

In October, the US International Trade Commission ruled that Apple was in violation of Masimo's pulse oximeter patent, which uses light-based technology to read blood-oxygen levels. President Biden has 60 days to review the ruling before a ban could go into effect.

"While the review period will not end until December 25, Apple is preemptively taking steps to comply should the ruling stand," the company said in a statement.

It added: "Apple strongly disagrees with the order and is pursuing a range of legal and technical options to ensure that Apple Watch is available to customers."

The company said, if the order stands it will "continue to take all measures to return Apple Watch Series 9 and Apple Watch Ultra 2 to customers in the U.S. as soon as possible."

Other models will remain available for purchase, but an import ban would impact Apple Watch Series 6 and later, and all models of Apple Watch Ultra imported after the end of an upcoming review period. However, it will not impact sales of the Apple Watch SE, according to Apple.

Apple launched its Series 9 phone in September. It features a custom S9 chip for

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faster processing and enables hand gestures to control the watch, thanks in part to an enhanced neural engine that processes data from sensors and machine learning.

An ongoing dispute

Apple said it firmly believes the ITC's findings are inaccurate and should be reversed. It also plans to take the decision to the Federal Circuit.

In addition, Apple said it has submitted evidence demonstrating how a ban would negatively impact healthcare, scientific and medical research, and Apple Watch users who rely on the ECG, blood oxygen and other healthrelated features.

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Masimo CEO Joe Kiani told CNN he believes the decision to halt the sale of the devices is the latest salvo in the ongoing patent fight.

"This has been a deliberate infringement," Kiani said, calling the sales halt a pressure tactic on Biden.

Apple hasn't attempted to settle the case with Masimo but Kiani said he is open to it.

The companies have long been embattled in ongoing disputes. In October 2022, Apple filed two patent infringement lawsuits against Masimo, claiming the company copied patented Apple Watch features of Apple Watch into their Masimo's W1 medical smartwatch.

Impact on sales

David McQueen, a director at ABI Research, said the decision to leave the watches available for purchase in stores until December 24 should help soften the financial impact of the blow of the pause, giving shoppers a few days left to buy the devices ahead of Christmas.

"While Apple is the lead player in the sector with around a 24% market share, it may not actually affect its business too much if it can boost sales in these final few days, assuming there is available stock," he said. "It may be able to ride out the holiday season without too much of an impact on sales."

Apple sold 49 million smartwatches in 2022 and about 26.7 million in the first 9 months of 2023.

"It will be interesting to see how long the dispute will last, or when Apple opens its wallet, and when the ban will be lifted," he added.



By <u>Samantha Murphy Kelly</u>, CNN Updated 10:03 PM EST, Mon December 18, 2023

https://www.cnn.com/2023/12/18/tech/applehalt-sales-apple-watches/index.html

