



THE SEDONA CONFERENCE

Framework for Analysis of Standard-Essential Patent (SEP) and Fair, Reasonable, and Non- Discriminatory (FRAND) Licensing and Royalty Issues – Global Edition

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I. Introduction

The purpose of this project is to describe the various legal aspects involved in SEP and FRAND licensing and litigation in the world. This “Global Edition” will function as an addition to the Framework for Analysis published by The Sedona Conference in 2018 and 2019 which is limited to the US. The Global Edition will be covering the same and related issues in licensing and patent litigations outside of the US. The “Global Edition” will also discuss additional topics that have not played the same or any role in the US so far.

II. Legal Nature of FRAND Declarations

A. THE SDO COMMITMENT

Standard setting organisations (SSOs) create technical standards and norms for various industries. A prominent example is the European Telecommunications Standards Institute (ETSI) which has established a large number of standard documents for the interoperability of mobile devices and networks since the 1980s; the fifth generation, also called “5G”, is being or is about to be introduced on markets all over the world.

ETSI’s, and other SSOs’, main purpose is the creation of standards prescribing technical features based on solutions that best meet the technical objectives of the particular sector.¹ However, the SSOs are generally aware of the possible legal consequences that may arise when a portion of a standard is covered by a patent in a way that compliance with the standard is impossible without infringing the patent. SSOs like ETSI have therefore created policies to deal with the standard-essentiality of intellectual property of its members (and, occasionally, non-members). For instance, ETSI members are asked to disclose to the organisation, and therefore publicly, which of their patents might be standard-essential. Members are further asked to declare whether they are prepared to grant licenses on fair, reasonable, and non-discriminatory terms under their standard-essential patents (so-called “FRAND declaration”).

The Global Edition will discuss various legal decisions surrounding multiple aspects of the FRAND commitment. There will be cross-references to the chapters about the “FRAND Defense” and “Procedural Issues” (see below).

- ETSI, MPEG and IEEE as examples

B. OTHER FRAND COMMITMENTS AND LIMITATIONS

In addition to SSO members’ obligations flowing from their FRAND commitments, other commitments and limitations affect the SSO member or subsequent owners of SEPs.

In circumstances where a SSO member assigns SEPs to another entity, a key issue is whether the transferred patents remain subject to the original owner’s FRAND commitment. As further explained in Section II.D.3, below, the developing case law currently supports the view that successor SEP owners are bound to the FRAND commitment of the original owner – whether by contract or *post hoc* operation of antitrust law – where the original owner declared the patents to be standard essential. Also, SSOs may impose an obligation on owners of SEPs who make a FRAND commitment to bind successor SEP owners to the FRAND commitment of the original owner.²

¹ ETSI IPR Policy, §3.1 (“It is ETSI’s objective to create STANDARDS and TECHNICAL SPECIFICATIONS that are based on solutions which best meet the technical objectives of the European telecommunications sector, as defined by the General Assembly.”); *Optis v Apple* ([2021] EWHC 1739 (Pat), ¶458 (“The key objective was to achieve the best technical solution.”))

² See, e.g., ETSI IPR Policy, §6.1bis (“FRAND licensing undertakings made pursuant to Clause 6 shall be interpreted as encumbrances that bind all successors-in-interest.”).

In addition, SSOs like ETSI have a process for addressing SEPs owned by non-members.³ In such instances, the SSO may contact the non-member and seek a FRAND commitment. Should the non-member refuse, the SSO may take additional action, such as redesigning the standard or ceasing continuation of the development of the standard to avoid the SEP in question.⁴

Determining whether a specific patent is in fact standard essential, and hence subject to FRAND obligations, may prove difficult. SSOs like ETSI require members to use declaration forms where the member (i) discloses IPRs that the member presently believes “may be or may become” essential to a standard and (ii) declares whether the member will be prepared to grant licenses on FRAND terms “[t]o the extent that the IPR(s) disclosed ... are or become, and remain essential.”⁵ By the terms of the declaration form, members are therefore allowed to be over-inclusive in what they disclose, and include not just SEPs but also non-SEPs, if the member believes they “may be or may become” essential to the standard.

Courts in SEP litigation have at times considered whether patents declared as potentially being SEPs are, in fact, standard essential, such as when seeking to understand the SEP landscape.⁶ The U.K. Supreme Court addressed this issue in *Unwired Planet Int’l Ltd. v. Huawei Technologies (UK) Co., Ltd.* at ¶ 44, observing:

There is a problem that more patents are declared to be essential than in fact are essential. This problem of over-declaration is in part the result of the IPR Policy process which requires patent owners to declare SEPs in a timely manner when a standard is being prepared, as it encourages patent owners to err on the safe side by making a declaration. In part, there are difficulties in interpreting both the patents and the standards. In part also, patent claims are amended over time; different national patents within a patent family will vary in scope around the world; and standards themselves will vary over time. Further, the process of negotiating rates by counting patents within a portfolio creates a perverse incentive to over-declare.⁷

To understand the SEP landscape, some courts have relied on essentiality studies that seek to measure how many declared patent families are actually essential, out of all the declared patent families.⁸

In addition, or in contrast, to formal SSO activities, “standards also may be set in the marketplace where firms vigorously compete in a winner-take-all standards war to establish their own technology

³ See ETSI IPR Policy, §6.1.

⁴ See ETSI IPR Policy, §§6.3, 8.

⁵ See ETSI IPR Policy, §§6bis, Annex 6 – Appendix A.

⁶ See *Unwired Planet v Huawei*, Approved Judgment, 374, [2017] EWHC 2988 (Pat)(United Kingdom High Court of Justice Nov. 30, 2017)(¶¶181-186).

⁷ *Unwired Planet Int’l Ltd. v. Huawei Technologies (UK) Co., Ltd.*, [2020] UKSC 37, at ¶ 44

⁸ See *Unwired Planet v Huawei*, Approved Judgment, 374, [2017] EWHC 2988 (Pat)(United Kingdom High Court of Justice Nov. 30, 2017)(¶377).

as the *de facto* standard.”⁹ In such a “standards war,” competing products with incompatible designs are introduced into a market, and users' purchase decisions ultimately establish one design as the dominant design or *de facto* standard, in what can effectively be a winner-take-all competition. A well-known race for standards' dominance occurred between Sony's Betamax format Video Cassette Recorder (VCR) and Matsushita's VHS format VCR, which ultimately resulted in VHS becoming the *de facto* standard. But not all competition among incompatible designs results in the establishment of a *de facto* standard. For example, multiple competing standards for video game consoles exist, including Sony's PlayStation, and Microsoft's Xbox 360—which were simultaneously commercially successful despite incompatibility of some games between platforms.

Although *de facto* standards are observed in markets, courts typically treat them differently than formal SSO standards tied to express FRAND commitments. If nothing else, the absence of a formal SSO process can make proving the existence of a standard *and* its concomitant FRAND commitment difficult.¹⁰ For example, in its Orange Book Standard decision (KZR 39/06), the German Federal Court of Justice ruled that under certain conditions, but irrespective of whether the patent proprietor has entered into a FRAND commitment, there is an antitrust claim for the grant of a licence (compulsory licence), which can be raised by an alleged infringer as a defense against the claim for injunctive relief. In this case, the patent in suit concerned a technology for improving the readability of rewritable optical data carriers (CD-R and CD-RW) being essential for the so-called Orange Book Standard. The Orange Book Standard comprises the technical specifications required for recordable CDs to be read or written in a CD drive. This standard had established itself independently on the market without involvement of a SSO and therefore no FRAND commitment was required (*de facto* standard). However, a FRAND defence based on such an antitrust compulsory licence claim is much more difficult to enforce than a FRAND defence based on the ECJ Huawei vs ZTE decision, which requires a FRAND declaration of the patent holder (see in more detail in Section V.B.1. below).

C. ELEMENTS OF FRAND COMMITMENTS

1. Commitment to disclose and declare

The commitment to disclose SEPs and declare one's willingness to commit to FRAND licensing is key to the development of standardized technology. Indeed, SSOs like ETSI are required to change the standard or even cease its development if a party owning SEPs refuses to commit to FRAND licensing.¹¹ Accordingly, SSOs include in their rules a requirement to disclose SEPs in a timely fashion.¹² According to courts in the UK, “ETSI has consistently taken the approach that [...] (iii)

⁹ U.S. DEP'T OF JUSTICE & FED. TRADE COMM'N, ANTITRUST ENFORCEMENT AND INTELLECTUAL PROPERTY RIGHTS: PROMOTING INNOVATION AND COMPETITION (2007).

¹⁰ See *Certain Network Devices, Related Software and Components Thereof*, Inv. No. 337-TA-944, Comm'n Op. (U.S.I.T.C. Jul. 26, 2016) (rejecting respondent's defense and public interest arguments that the asserted patents allegedly covered a *de facto* standard and were subject to a FRAND obligation because there was no evidence that the patent holder's request for comment (RFC) was adopted as an industry standard or that the patents-in-suit covered the RFC, both of which were preconditions under the patent holder's commitment before triggering a FRAND obligation).

¹¹ See ETSI IPR Policy, §§6.3, 8.

¹² For example, clause 4.1 of the ETSI IPR Policy (“Disclosure of IPRs”) reads:

‘[l]ate’ disclosure was only a problem if a license was not available for the IPR concerned, or if one was not available on FRAND terms.”¹³

The European Commission has considered that the failure to abide by this disclosure commitment could amount to a so-called “patent ambush” (i.e. refusing FRAND licensing in relation to patents that have not been disclosed according to the SSO rules) and therefore a violation of European antitrust regulation (in particular abuse of dominant position).

One landmark case in this respect is the so-called Rambus case¹⁴ where Rambus was accused of intentionally delaying the disclosure and declaration of its SEPs after the DRAM standard was adopted. The European commission decided to launch investigations against Rambus. Rambus decided to adopt binding commitments that were acknowledged by the European Commission¹⁵. According to these commitments, Rambus undertook to grant licenses at specified royalties. Although “all respondents generally considered the proposed rates to be too high,” the European Commission still accepted Rambus’ undertaking, finding that “even if the possible, minor shortcomings of certain aspects of the remedies were to be considered to be substantiated, the whole package of Commitments substantially addresses the concerns expressed by the Commission in the present case.”¹⁶

2. Commitment to license

Licensing in accordance with the FRAND declaration is expected when developing and implementing a standard. It is also a necessary condition for falling within a safe harbor from competition law scrutiny, e.g. in Europe.

Some SSO have implemented rules to ensure that licenses to patented technologies included in standards are available. At ETSI, should a SEP owner refuse a FRAND licensing undertaking, ETSI directives provide with protective mechanisms¹⁷. If the refusal occurs before the publication of the standard, investigations as to available, viable alternative technology will be carried out and if no viable, alternative technology is available, standardization will cease, and discussion with the SEP owner to convince it to reconsider its position is undertaken. If the refusal to grant licenses in accordance with the SSO’s FRAND undertaking occurs after the publication of the standard, discussions with the SEP owner are also started for it to reconsider its position. If the SEP owner refuses, the SSO may modify the standard, but if no solution arises, shall request the European

“Subject to Clause 4.2 below, each MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely fashion. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER’s IPR which might be ESSENTIAL if that proposal is adopted.” See ETSI IPR Policy, available at <https://www.etsi.org/images/files/IPR/etsi-ipr-policy.pdf>.

¹³ *Optis v Apple* ([2021] EWHC 1739 (Pat)).

¹⁴ European Commission, case No. 38636 *Rambus*

¹⁵ Decision of 9 December 2009, European Commission, case No. 38636 *Rambus*

¹⁶ Decision of 9 December 2009, European Commission, case No. 38636 *Rambus*, ¶54.

¹⁷ See, ETSI directives, Rules of procedure, article 8

Commission to see what further action may be appropriate, including non-recognition of the standard..

D. LEGAL CONSEQUENCES

1. Applicable laws

Applicable law to the commitment to disclose SEPs and declare one's willingness to license on FRAND terms is generally specified by the SSO in its statutes.

For example, ETSI, being an association regulated by French law¹⁸, specifies that the commitment to disclose SEPs and declare one's willingness to license on FRAND terms is subject to French law. Jurisdictions throughout the world have accepted this choice of law. It was in particular the case in the matter between *HTC v. Ericsson*¹⁹ in the US, but also in *Unwired Planet v. Huawei* and recently in *Optis v. Apple* in the UK, and in The Netherlands.

French courts have indirectly confirmed the application of French law to ETSI commitments, but this question was not heavily debated²⁰.

To the extent German courts had to decide about the applicable laws, they have determined the applicable law based on the principle of *lex loci protectionis* (i.e. the law of the country where the respective patent is claimed or validated) according to Art. 8 EU Rome II-Regulation.²¹ The application of French law pursuant to the ETSI commitment was explicitly denied due to the fact that the question regarding the grant of a right to use is to be differentiated from the mere declaration of commitment.²² Recently, German courts have, however, confirmed that French law is applicable to the ETSI FRAND commitment. In *Sharp v. Daimler*, the District Court of Munich I reasoned that ETSI FRAND undertaking is subject to French law and constructed its content based on French principles of contractual interpretation.²³ In *Conversant v. Daimler*, the District Court of Munich I reiterated the same view and concluded that ETSI FRAND undertaking is a 'stipulation pour autrui' under the applicable French law.²⁴

- National, regional (EU antitrust, choice of law in SDO's statute)

¹⁸ French law of July 1st, 1901 and Decree of August 16, 1901.

¹⁹ U.S. District Court of Texas, 2019 (judgment affirmed on appeal).

²⁰ *TCL v. Philips, ETSI* February 6, 2021, order from Supervising judge, First instance court of Paris; *Xiaomi v. Philips, ETSI*, December 7, 2021, order from Supervising judge, First instance court of Paris.

²¹ District Court Düsseldorf, docket-no. 4b O 273/10; District Court Mannheim, docket-no. 7 O 100/10.

²² loc. cit.

²³ *Sharp v. Daimler*, District Court of Munich I, September 10, 2020, Case-No. 7 O 8818/19, para. 177.

²⁴ *Continental v. Daimler*, District Court of Munich I, October 30, 2020, Case-No. 21 O 11384/19, para. 385.

- In assessing the scope of a FRAND declaration, the Dutch courts will apply the law applicable to that declaration (e.g. French law for the ETSI FRAND declaration).
- The same is true in the United Kingdom where the court has held that it is the contractual rights, created in that case by the ETSI IPR Policy, which give the court jurisdiction to determine a FRAND licence²⁵ and that these should be interpreted under the applicable law.

2. Binding nature of public commitments

Decisions implementing French law have so far considered that the ETSI FRAND commitment is a binding commitment of a contractual nature, i.e., a *stipulation pour autrui*. It is to be noted that, so far, French courts have not confirmed the legal nature of the FRAND commitment in a merits decision²⁶. But outside of France, e.g. in the UK, Judge Birss in the *Unwired Planet v. Huawei* judgement found the ETSI FRAND commitment to be a contract for benefit of third parties according to French law. And Judge Meade, in *Optis v. Apple*, clearly adopted this interpretation²⁷.

As mentioned above, German courts have recently confirmed in *Sharp v. Daimler*²⁸ and *Conversant v. Daimler*²⁹, that ETSI FRAND shall be interpreted as a ‘stipulation pour autrui’ under French law.

In the Netherlands, before *Huawei v. ZTE*, the Dutch courts held that a FRAND declaration is not a waiver of a patent right: a SEP holder may – in principle – enforce its patent.³⁰ However, the Dutch courts found, a FRAND declaration does impose certain obligations on a SEP holder. A

²⁵ *Unwired Planet International et al V. Huawei Technologies Co. Ltd. et al* [2020] UKSC 37 at 58 and 90.

²⁶ Two interlocutory French decisions refers to stipulations pour autrui but the legal nature of the ETSI FRAND commitment was not discussed (*TCL v. Philips*, ETSI February 6, 2021, order from Supervising judge, First instance court of Paris; *Xiaomi v. Philips*, ETSI, December 7, 2021, order from Supervising judge, First instance court of Paris).

²⁷ *Optis v. Apple*, Mr Justice Meade, High Court of Justice of London, September 27, 2021 [2021] EWHC 2564 (Pat):
“139. Clause 6.1 of the ETSI IPR Policy creates what is referred to in French law as a stipulation pour autrui. It is a type of contract where one party, the promisor (the SEP owner, in this case Optis) is required by another party, the stipulator (ETSI), to carry out an act of performance for the benefit of a third party (the implementer, in this case Apple).
140. The obligation to carry out the act of performance, which in the present case is to grant a licence to essential patents on FRAND terms, can be enforced by the stipulator or the beneficiary.
141. The stipulation must be accepted by the beneficiary.
142. Usually, the stipulation only confers a benefit on the beneficiary. It may, however, also impose a burden.
143. Beneficiaries may be a named individual or individuals, or they may be a category of people (an example referred to in argument was the poor of a particular municipality).”

²⁸ *Sharp v. Daimler*, District Court of Munich I, September 10, 2020, Case-No. 7 O 8818/19, para. 177.

²⁹ *Continental v. Daimler*, District Court of Munich I, October 30, 2020, Case-No. 21 O 11384/19, para. 385.

³⁰ *Samsung Electronics Co. Ltd. V. Apple Inc. et al*, ECLI:NL:RBSGR:2011:BT7610, at 4.12 and 4.18 (D.C. The Hague, 14 October 2010).

violation of these obligations may make patent enforcement an abuse of power or a breach of pre-contractual good faith.³¹

Under the case law before *Huawei v. ZTE*, a FRAND commitment was considered to be not sufficient to function as an authorization to third parties to use a standard without a license. More recently the Dutch courts have considered that the goal of a FRAND declaration (in particular a FRAND declaration pursuant to ETSI's IPR policy) is to strike a balance between effective patent protection for a SEP holder, and the justified interest of third parties to be able to use the SEP at issue and (thus) the standard. (*Koninklijke Philips N.V. v. Wiko SAS*, ECLI:NL:GHDHA:2019:3613, at 4.6 (CoA The Hague, 2 July 2019)). Accordingly, the enforcement options for a SEP are subject to the criteria set out in that decision.

Essentially, a FRAND declaration in the Netherlands imposes an obligation on the SEP holder to negotiate in good faith regarding the grant of licenses under FRAND terms. A FRAND declaration does not preclude the SEP holder from enforcing its patent, but it does affect the enforcement possibilities to the extent that violation of the obligation to negotiate in good faith may lead to loss of the right to injunctive relief. At the same time, an implementer is allowed, in principle, to implement the standard before a license has been concluded, provided the implementer has been negotiating in good faith and without delaying tactics.

- Two extremes: license agreement via implementation vs. mere commitment to start negotiating
 - Netherlands: The Dutch courts have always rather explicitly rejected the viewpoint that a FRAND obligation entails an automatic license. Before *Huawei v. ZTE*, the Dutch courts held that a FRAND declaration is not a waiver of a patent right: a SEP holder may – in principle – enforce its patent.³² However, the Dutch courts found, a FRAND declaration does impose certain obligations on a SEP holder. A violation of these obligations may make patent enforcement an abuse of power or a breach of pre-contractual good faith.³³ The assessment of the FRAND obligation based on these principles was rather SEP holder friendly. Post *Huawei v. ZTE*, standard implementers invoking a FRAND obligation against a SEP holder enforcing its SEP therefore relied primarily on *Huawei v. ZTE* and the domestic pre-*Huawei v. ZTE* principles lost their interest in civil proceedings.
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³¹ *Samsung Electronics Co. Ltd. V. Apple Inc. et al*, ECLI:NL:RBSGR:2012:BV8871, at 4.31 (D.C. The Hague, 14 March 2012).

³² *Samsung Electronics Co. Ltd. v. Apple Inc. et al*, ECLI:NL:RBSGR:2011:BT7610, at 4.12 and 4.18 (D.C. The Hague, 14 October 2010).

³³ *Samsung Electronics Co. Ltd. v. Apple Inc. et al*, ECLI:NL:RBSGR:2012:BV8871, at 4.31 (D.C. The Hague, 14 March 2012).

pursuant to ETSI's IPR policy) is to strike a balance between effective patent protection for a SEP holder, and the justified interest of third parties to be able to use the SEP at issue and (thus) the standard. (Koninklijke Philips N.V. v. Wiko SAS, ECLI:NL:GHDHA:2019:3613, at 4.6 (CoA The Hague, 2 July 2019). Accordingly, the enforcement options for a SEP are subject to the criteria set out in that decision.

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- [China perspective] Restrictions on an undertaking with market dominance [Competition law]
 - NDRC's Sanction Decision Against Qualcomm (2015)
 - *Huawei v. InterDigital*, (2013) *Yue Gao Fa Min San Zhong Zi No. 306*
- [China perspective] Intrinsic obligation of a SEP owner
 - Article 25 of the *Interpretation (II) of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Patent Infringement Dispute Cases*
- [South Korea perspective]
 - In the cellular SEP infringement lawsuit that Samsung Electronics brought against Apple, the Seoul Central District Court of Korea held that the FRAND declaration merely constitutes “a declaration of the general principle which imposes the obligation on the patent holder to negotiate in good faith, on FRAND terms, in relation to the execution of license agreements.” (*see Samsung v. Apple*, Seoul Central District Court Decision No. 2011GaHab39552 rendered on August 24, 2011 at 177). Specifically, the court held that “one cannot conclude that [Plaintiff] expressed intent to offer regarding a license agreement based solely on Plaintiff's FRAND declaration” and that “based solely on [Defendant's] unilaterally implementing standard patents after Plaintiff's FRAND declaration regarding declared standard patents, it cannot be viewed that there was an intent to accept which is subjectively in accord with the offeror's intent, and it therefore also cannot be viewed as an acceptance of an offer for a license agreement. . . . Therefore, it cannot be said that a license agreement was formed based on Plaintiff's FRAND declaration regarding the SEPs and Defendant's unilateral implementation of such SEPs” (*see id.* at 174-175).

Note: In the case above, Samsung and Apple settled during the appeals proceeding, and Samsung withdrew the lawsuit accordingly. Hence, the case does not stand as a precedent, however, in practice, is used as reference.

In South Korea, like in The Netherlands, the ETSI FRAND commitment was not considered as having a binding contractual nature. In the cellular SEP infringement lawsuit that Samsung Electronics brought against Apple, the Seoul Central District Court of Korea held that the FRAND declaration merely constitutes “a declaration of the general principle which imposes the obligation on the patent holder to negotiate in good faith, on FRAND terms, in relation to the execution of license agreements.” (see *Samsung v. Apple*, Seoul Central District Court Decision No. 2011GaHab39552 rendered on August 24, 2011 at 177). Specifically, the court held that “one cannot conclude that [Plaintiff] expressed intent to offer regarding a license agreement based solely on Plaintiff’s FRAND declaration” and that “based solely on [Defendant’s] unilaterally implementing standard patents after Plaintiff’s FRAND declaration regarding declared standard patents, it cannot be viewed that there was an intent to accept which is subjectively in accord with the offeror’s intent, and it therefore also cannot be viewed as an acceptance of an offer for a license agreement. . . . Therefore, it cannot be said that a license agreement was formed based on Plaintiff’s FRAND declaration regarding the SEPs and Defendant’s unilateral implementation of such SEPs” (see *id.* at 174-175)³⁴.

The same principles also apply to German law. The FRAND-commitment neither stipulates a waiver of the the claim for injunctive relief as such nor a waiver of the enforcement of the claim for injunctive relief. Rather, the SEP-holder is not per se prohibited from enforcing his patent by asserting injunctive and other claims on the product market. This is because the standard essentiality does not change the fact that the SEP holder must only tolerate the use of his patent if he has either allowed the person who makes use of its technical teaching to do so or, in any case, must allow him to do so while observing his obligation not to abuse his market power. However, taking into account the interests involved, there is no reason to assume that the SEP holder intended to grant a right of use vis-à-vis an unknown number of third parties without securing his royalty claim and to assume the positive obligations of a licensor. Otherwise, even though he could terminate such contract in case of contractual violations, he could no longer prevent further acts of use - unlike any ordinary licensor. Accordingly, the SEP-holder is only required to offer and grant licenses on FRAND-terms. The reason for this is that otherwise the SEP-holder would be at the mercy of any dishonest licensee.³⁵

In Brazil, there are no statutory provision limiting the patent owner’s right to obtain either preliminary injunctions to cease current infringement acts nor to pursue compensation for damages arising from past acts. Because of that, the Brazilian antitrust agency (CADE) has ruled in the *TCL v. Ericsson* case that the FRAND commitment is a private matter and does not prevent a SEP owner from seeking injunctive relief. Also, the judicial decisions reject the claim that FRAND-commitments are a waiver of the right to enforce SEPs or seek injunctive relief.

³⁴ In the case above, Samsung and Apple settled during the appeals proceeding, and Samsung withdrew the lawsuit accordingly. Hence, the case does not stand as a precedent, however, in practice, is used as reference.

³⁵ Federal Supreme Court, docket-no. KZR 36/17.

- [China perspective] Restrictions on an undertaking with market dominance [Competition law]
 - NDRC's Sanction Decision Against Qualcomm (2015)
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- [China perspective] Intrinsic obligation of a SEP owner
 - Article 24 of the *Interpretation (II) of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Patent Infringement Dispute Cases*

3. Obligations to update and transfer the commitment

SSO members may have a duty to update their declarations (or letters of assurance), depending on the SSO's rules and the specific type of declarations made. For example, IEEE-SA Standards Board Bylaws (Subclause 6.2, Para. 15) articulate the duty to update: "If a Submitter becomes aware of additional Patent Claim(s) that are not already covered by an Accepted Letter of Assurance, that are owned, controlled, or licensable by the Submitter, and that may be or become Essential Patent Claim(s) for the same IEEE Standard, then such Submitter shall submit a Letter of Assurance stating its position regarding enforcement or licensing of such Patent Claims."³⁶ But IEEE also allows for members to submit a "Blanket Letter of Assurance", which applies to all essential patent claims for which the submitting member "may currently *or in the future* have the ability to license."³⁷

There is variation among SDO IPR policies regarding how to ensure that successor SEP owners are bound to the FRAND commitment of the original owner. For example, some SDOs restrict SEP transfers with the intent of circumventing FRAND obligations, while other SDOs require members to include an agreement to abide by the applicable licensing commitment as part of the contractual patent transfer documents. In addition, some courts view antitrust law and the non-discriminatory component of the FRAND commitment as requiring that successor SEP owners be bound by the predecessor SDO members' commitment, regardless of whether the patent-sale agreement so requires.³⁸

4. Other duties associated with the commitment

5. Claim against third parties to take a FRAND license

- No case law supporting such a claim Ben will provide paragraph about this.

6. Claim of third parties to take a FRAND license

In several jurisdictions, the question has arisen whether the FRAND-commitment provides the implementer with a claim against the SEP-holder to be granted a license on FRAND terms.

³⁶ IEEE-SA Standards Board Bylaws (Subclause 6.2, Para. 15).

³⁷ *Id.*

³⁸ *Unwired Planet v. Huawei*, Higher Regional Court of Düsseldorf, case: I-2 U 31/16, Mar. 22, 2019.

Historically, German courts have generally been rather skeptical about such a claim. However, in *Sisvel/Haier*, the German Federal Supreme Court stated that a patent infringement action by an SEP-holder having committed to a standardization organization to grant licenses on FRAND terms may constitute an abuse of its dominant position if and to the extent that the infringement is likely to prevent products complying with the standard from entering or remaining available on the market.³⁹ Accordingly, the SEP holder must offer licenses to those wishing to use the patent or already using it, although they do not have a license, subject to the condition that the (unlicensed) implementer is willing to take a license to that patent on reasonable and non-discriminatory terms and conditions. In its *Unwired Planet v. Huawei*-decision, the Higher Regional Court Düsseldorf—obviously for the sake of ensuring the third-party effect of the FRAND commitment for a subsequent patent acquirer—chose a dogmatic approach that even wants to derive a *quasi in rem* effect of the FRAND commitment from its irrevocability and, moreover, from the objective functional conditions of free competition in the context of standardisation processes.⁴⁰

In the United Kingdom *Unwired Planet*-litigation, in order to implement the *Huawei/ZTE* requirements, the English High Court referred from the outset more directly to the legal obligation based on the FRAND declaration made under French law (applicable to ETSI matters).⁴¹ Even though, the court confirmed that the enforceability of the FRAND undertaking under French law was not clear-cut. However, the court held that when a patent holder makes a declaration to ETSI that a patent is essential, a legally enforceable obligation arises. Any implementer may enforce this against the patentee under the doctrine of *stipulation pour autrui* (an agreement for the benefit of third parties). This finding was ultimately and essentially confirmed by the UK Supreme Court.⁴² What this means is that the implementer has a contractual claim against the SEP-holder to be licensed and that the ultimate (worldwide) terms can be determined by the court. If the SEP-holder rejects these terms, he has lost his claim for injunctive relief whereas (vice versa) the implementer can be enjoined if he rejects a license on these terms. Notably it has been confirmed that the English Court's inherent jurisdiction to grant declaratory relief cannot be engaged unless it is based on the existence or non-existence of a legal right (in addition to satisfying the 'useful purpose' requirement)⁴³. In other words, there is no such thing as a free standing FRAND claim under English law.

7. Limitations on the right to enforce statutory claims based on a SEP

United Kingdom: On a proper construction of the ETSI IPR Policy, the High Court highlighted that the disclosure duties under Clause 4.1 impose '*a flexible obligation to be assessed in the light of circumstances of a particular situation and in the context of whatever ETSI's procedures were at the time*' and concluded based on the consistent practice within ETSI that there was no duty to make a respective declaration prior to the so-called 'freeze date'⁴⁴. Having found no breach of said disclosure duty, the Court left the question open whether the respective burden, if given, prevents a SEP owner (who

³⁹ Federal Supreme Court, docket-no. KZR 36/17.

⁴⁰ *Unwired Planet v. Huawei*, Higher Regional Court of Düsseldorf, case: I-2 U 31/16, Mar. 22, 2019.

⁴¹ [2017] EWHC 711 (Pat).

⁴² Aug. 26, 2020 ([2020] UKSC 37)

⁴³ *Vestel v Access Advance & Koninklijke Philips* [2021] EWCA Civ 440 at para 78.

⁴⁴ *Optis v Apple* ([2021] EWHC 1739 (Pat))

has since declared the patent which has been found to be essential to the standard) from enforcing the SEP and obtaining an injunction based on it⁴⁵. [Move to section 1 above?]

United Kingdom: In English law, when a given subject matter becomes the subject of litigation, it is incumbent on a party to bring forward the whole of their case so the case can be managed properly, taking all of the relevant issues into account. Failure to do so may be an abuse of process and any new claim may be struck out. However, a statement by the SEP owner reserving the right to bring new claims from its patent portfolio if the need arose is sufficient to resist such challenge⁴⁶.

E. RELATIONSHIP WITH OTHER LEGAL INSTRUMENTS (ANTITRUST, COMPULSORY LICENSE)

United Kingdom: In order for an implementor to invoke the statutory defense of ‘crown use’ to infringement under the UK Patents Act 1977, the UK Government has to provide written authorisation to a third party to do an act where that act necessarily infringes the patent.⁴⁷

⁴⁵ Optis v Apple ([2021] EWHC 1739 (Pat), paras. 554 et seqq.

⁴⁶ TQ Delta LLC v ZyXEL Communications UK Limited [2019] EWHC 1089 (Pat) paras 15 to 24.

⁴⁷ IPCOM v Vodafone [2021] EWCA Civ 205 (paragraphs 150 to 165)

III. Calculation of FRAND Royalties

Outside of the US, the UK and China, very few courts have so far taken on the challenge of deciding how to properly calculate a FRAND royalty, especially when there are a large number of SEPs in a multitude of countries (i.e., when a license to a global portfolio is necessary).

The Global Edition will focus on two specific aspects in this field. First, in the litigation context, to what extent are courts willing to determine FRAND royalties and what methodologies are used? Second, in the context of licensing negotiations between parties, what do courts view as appropriate behavior for parties to comply with FRAND?

A. FRAND ROYALTIES IN THE LITIGATION CONTEXT

1. Introduction

In litigation, a determination of specific license terms and conditions, and in particular royalties, that would qualify as FRAND may become relevant in the context of various types of claims, including claims for infringement of an SEP. If liability for infringement of an SEP is found, the remedies may include damages for past infringement and potentially an ongoing royalty for continuing sales of infringing products. There seems to be no doubt that a court may determine a FRAND royalty as to specific patents that have been adjudged infringed. Calculation of FRAND royalties (and potentially setting other FRAND terms and conditions) associated with SEPs without a finding of infringement may come up in connection with equitable relief (as in *Unwired Planet*) and may also be central to contractual disputes, disputes under competition law and possibly other types of claims where it may be necessary to determine, for example, whether FRAND terms were offered.

Regardless of context, a number of related issues will naturally arise, including: (1) whether the court can determine FRAND terms and conditions at all; (2) whether consent of the parties is required for such a determination; (3) whether such a determination may be global in scope or must be limited to the country in which the court sits; (4) whether such a determination must be limited to specific patents that have been adjudicated or may address broader portfolios of patents; and (5) what method(s) should be used to calculate FRAND royalties.

2. Are courts willing to determine FRAND terms and conditions?

When considering how FRAND terms and conditions may be determined in the courts of a particular jurisdiction, a logical first question, assuming an applicable cause of action have been made out, is whether the courts will entertain a determination of FRAND terms and conditions at all. Some courts may be unwilling or find themselves unable to set the terms and conditions of a license agreement. In the relevant decisions that have been handed down, courts have taken different views. Notably, courts in the United Kingdom and China have determined at least some FRAND terms and conditions in certain circumstances, as discussed further below.

The ability of courts to entertain so-called “free-standing” FRAND claims (i.e. absent an underlying legal claim such as SEP infringement) differs among jurisdictions. For example, the Chinese courts will entertain such claims (see further below). In France, the Paris High Court has asserted

jurisdiction over claims seeking determination of whether a patent owner complied with an obligation to offer a license on FRAND terms and, if not, to determine (global) FRAND terms.⁴⁸ The English courts, on the other hand, have not permitted such a broad assertion of jurisdiction. In *Vestel v Access Advance*,⁴⁹ the patent owner was not located within the jurisdiction, so could not ordinarily have a contract claim determined against it in the UK. The England & Wales Court of Appeal rejected Vestel's argument that the English court could nevertheless use its inherent jurisdiction to grant declaratory relief in a free-standing claim for a FRAND declaration that is not supported by an underlying legal claim, whether as a defense to patent infringement or for breach of competition law. The court held that not only does there need to be a "useful purpose" for the grant of declaratory relief, but that it needs to be based on the existence (or non-existence) of a legally enforceable right. Vestel did not claim to have a legally enforceable right to a FRAND licence in that case, and the court held that "[t]here is no such thing as a free standing FRAND claim," i.e. the claim to a right to a FRAND licence is not a cause of action in and of itself.⁵⁰

a. Is consent of the parties required?

The English courts may determine FRAND royalties without the consent of the parties in connection with determining whether to grant an injunction, where the SEP defendant raises a FRAND defense to injunction (e.g., *IPCom v Nokia*,⁵¹ *Unwired Planet v Huawei*⁵²). In this situation, the court asserts that it is not imposing FRAND terms on the defendant, but rather determining what offer is to be made to the defendant. The defendant may choose to accept the offer or to be excluded from the UK market under a UK-wide injunction and pay damages on past UK sales⁵³ of infringing devices. The practical effect of the court's decision is that an SEP defendant may be required to take a global license based on global FRAND terms determined by the UK court, or else have its products excluded from the UK market.⁵⁴

In China, courts may exercise jurisdiction in a dispute concerning determination of FRAND terms and conditions, without the consent of the parties. To the extent one party (either SEP holder or implementer) submits the FRAND dispute after "sufficient negotiation" to a competent Chinese

⁴⁸ Tribunal judiciaire de Paris, 3^{ème} Chambre civile, 1^{ère} section, Ordonnance du Juge de la mise en état rendue le 6 février 2020, N° RG 19/02085.

⁴⁹ [2021] EWCA Civ 440.

⁵⁰ This case may be rather unusual in that the basis of the action was amended during the course of proceedings so that by the time of the appeal, Vestel's original claim for abuse of a dominant position was no longer relied upon.

⁵¹ [2012] EWHC 1446 (Ch).

⁵² *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another; Huawei Technologies Co Ltd and another v Conversant Wireless Licensing SARL; ZTE Corporation and another v Conversant Wireless Licensing SARL* [2020] UKSC 37 (26 August 2020).

⁵³ In *IPCom v HTC* [2020] EWHC 2941 (Pat), the English court struck out IPCom's claim that damages for past UK infringements should be assessed by reference to global sales, noting that the only way in which those foreign sales could justify a payment to IPCom in a claim for damages for infringement of a UK patent would be if those acts of sale were in some sense caused by the acts of infringement in the UK (but they were not, and IPCom had not attempted to suggest that they were).

⁵⁴ *TQ Delta, LLC v Zyxel Communications UK Ltd & Anor* [2019] EWCA Civ 1277.

court, such court can docket the case and proceed with adjudication. This procedure has been expressly upheld by the Supreme People's Court (SPC) in its judicial interpretations (“[w]here no agreement is reached upon sufficient negotiation, either party can petition the people's court to determine the SEP licensing terms.”).⁵⁵ The court in *OPPO v. Sharp* found “sufficient negotiation” to commence a SEP rate-setting suit based on preliminary evidence showing there was substantive negotiation even after the filing, but the court did not establish a specific a concrete standard for the length of time or nature of the the negotiation.⁵⁶

In *Huawei v. InterDigital*,⁵⁷ the Guangdong High Court also held that “[r]egarding the determination of royalty or rate...if it cannot be determined through the negotiation between the Parties, either party can petition the court to make the determination”. The court adjudicated the range of FRAND rates for InterDigital's Chinese SEPs and SEP applications.

Notably, in the context of evaluating whether to grant injunctive relief in SEP infringement cases, e.g., *Huawei v. Samsung*,⁵⁸ a Chinese court may substantively assess whether a SEP holder's offer significantly deviates from a “benchmark,” and the court may directly determine the benchmark FRAND terms and conditions without any party's request.

In India, courts have ordered SEP-defendants to pay court-determined royalties (without determining whether such royalties were FRAND) on an interim basis, pending final adjudication. For example, in 2013, Ericsson filed an action against Micromax before the High Court of Delhi, seeking *inter alia* damages and injunctive relief. The parties then agreed to enter into negotiations for a FRAND licence for a certain period of time. It was also agreed that Micromax would make interim royalty payments to Ericsson, pending negotiations. The High Court of Delhi documented the

⁵⁵ See Article 24 of the *Interpretations of the Supreme People's Court Concerning Certain Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement (II)* (最高人民法院关于审理侵犯专利权纠纷案件应用法律若干问题的解释(二)), dated 22 March 2016 and amended on 29 December 2020, “[w]here the recommended national, industry or local standard(s) expressly provide the information on the essential patent concerned, if in the negotiation for licensing terms of practicing such patent between patentee and the alleged infringer, the patentee deliberately violates the fair, reasonable and non-discriminatory licensing obligations, resulting in failure to conclude the patent license contract, and the alleged infringer acts with no obvious fault during the negotiation, then the people's court shall generally not support the patentee's claim for ceasing the implementation of the relevant standard...For purposes of paragraph 2 hereof, the licensing terms for practicing the patent shall be determined upon negotiation between the patentee and the alleged infringer. Where no agreement is reached upon sufficient negotiation, a party may petition the people's court to determine such terms. In determining the abovementioned licensing terms for practicing the patent, the people's court shall, based on fair, reasonable and non-discriminatory principles, take into comprehensive consideration of factors such as the degree of innovation of the patent, the role of the patent in the relevant standards, the technical field to which the standards belong, the nature and scope of implementation of the standards, relevant licensing terms, etc.”.

⁵⁶ See *Oppo v. Sharp*, (2020) Yue 03 Min Chu No. 689 by Shenzhen Intermediate Court.

⁵⁷ See *Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305 ((2013) 粤高法民三终字第305号), by Guangdong High Court.

⁵⁸ See *Huawei v Samsung*, (2016) Yue 03 Min Chu No.816 ((2016) 粤03民初816号案), by Shenzhen Intermediate Court.

parties' agreement (Order dated 19 March 2013, Interim application No. 4694/2013 in CS(OS) No. 442/13).

The negotiations did not lead to the signing of a FRAND licence. Subsequently, in November 2014, the Delhi High Court, after hearing the parties and analyzing third party licensing agreements signed by Ericsson, ordered Micromax to pay an interim royalty fee (again, without determining whether such royalties were FRAND) pending completion of the trial. The court calculated the royalty based on a percentage of the price of the phone.⁵⁹

b. Rates only or other terms as well?

As a general rule, English courts are unable to write a contract from scratch. They are able to construe contracts, imply terms or rectify mistakes in contracts where the intentions of the parties can be determined by evidence. They can take account of trade usage and conventions.

When determining FRAND terms and conditions, an English court likely will ask the parties to agree to terms as far as they are able to do so. For example, in *Unwired Planet v Huawei* the parties had largely agreed to license terms, with the exception of rates and geographic scope. The court determined geographic scope as well as rates. English courts may also refer to terms that should be drafted into the FRAND licence. For example, the court in *Conversant v Huawei*, explicitly referred to the possibility of taking into account the decisions of foreign courts: "If all the Chinese patents are invalid or not infringed, then any FRAND licence will need to provide that no royalties should be payable in respect of them, either for the past or the future."⁶⁰

A Chinese court's adjudication will be subject to the scope of a plaintiff's petition. If a plaintiff only petitions for the rate or royalty-related terms for the SEP license, the Chinese court's adjudication will be limited to such rate or royalty-related terms. In *Huawei v InterDigital* (2013),⁶¹ Huawei petitioned the Chinese court "to adjudicate the FRAND license rate or the range of the license rate for all of InterDigital's Chinese SEPs"; accordingly, the court only determined the range of the license rate, *i.e.*, no more than 0.019%.

If the plaintiff files a broader petition, pursuant to the SPC's judicial interpretations, a Chinese court can adjudicate all "licensing terms" (not only the rates).⁶²

In practice, if a plaintiff only makes a general petition for the determination of licensing terms without specifying details, a Chinese court will likely focus more on the determination of the royalty

⁵⁹ Judgment dated 12 November 2014 in CS(OS) No. 442/13. [NEED PROPER CITATION]

⁶⁰ *Conversant v Huawei & ZTE*, [2018] EWHC 808 (Pat) at [18].

⁶¹ *See Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305 ((2013) 粤高法民三终字第305号), by Guangdong High Court.

⁶² *See* Article 24 of the Interpretations of the Supreme People's Court Concerning Certain Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement (II) (最高人民法院关于审理侵犯专利权纠纷案件应用法律若干问题的解释 (二)), dated 22 March 2016 and amended on 29 December 2020.

rates and other terms related to royalty calculation. In *Huawei v. Conversant* (2019),⁶³ Huawei petitioned Nanjing Intermediate Court “to determine the FRAND licensing terms for all Chinese 2G, 3G, and 4G SEPs that the Defendant Conversant owns or has right to license”. The court held that “[t]he licensing terms that the Plaintiff petitioned mainly include four parts, *i.e.*, licensed patents, licensed products, licensed activities and licensing rates,” which are the subject matters within its jurisdiction. Another example is the Guangdong High Court’s 2018 guidelines for adjudicating SEP related disputes, which also focus on determination of a FRAND royalty.⁶⁴

c. Global or country-specific?

In English courts, it appears that the question of the geographic scope of a FRAND terms determination will depend upon the relevant SDO rules and what a willing licensor and licensee in the positions of the parties would agree. The Supreme Court hearing *Unwired Planet* construed the ETSI rules as allowing for global licensing, where this reflects industry practice.⁶⁵ But even if a global license is FRAND, a national license might also be FRAND.⁶⁶ Further, some FRAND licences may carve out a particular territory while licensing the rest of the world.⁶⁷

However, as the court noted in *Vringo II*,⁶⁸ the aggregate of individual FRAND rates for patents taken alone and on a territorial basis may well be far more than global portfolio rates. This is because within the UK it would have been determined that at least one patent is valid and infringed, whereas in other countries it may not have been so determined. Global rates also take into account that in many countries there may be no, or fewer, relevant patents.

As mentioned above, a Chinese court’s adjudication will be subject to the scope of a plaintiff’s petition, which is one of the basic principles of civil procedure in China. In the past, plaintiffs’ petitions for determination of licensing terms generally concerned Chinese SEPs, so Chinese courts adjudicated the licensing terms only for the Chinese SEPs.⁶⁹

However, Chinese courts have never expressly excluded themselves from adjudicating global SEP licensing terms. Guangdong High Court 2018 Guidelines state: “[w]here the territorial scope of a

⁶³ See *Huawei v Conversant*, (2018) Su 01 Min Chu No.232-234 ((2018) 苏01民初232、233、234号), by Nanjing Intermediate Court.

⁶⁴ See Chapter III of the Working Guide of Guangdong High People’s Court on Adjudicating Cases Concerning Standard Essential Patent Related Disputes (For Trial Implementation) (广东省高级人民法院关于审理标准必要专利纠纷案件的工作指引 (试行)), dated 26 April 2018 (Guangdong High Court 2018 Guidelines).

⁶⁵ *Unwired Planet International Ltd & Anor v Huawei Technologies (UK) Co Ltd & Anor* [2020] UKSC 37 (26 August 2020) at para 15; at first instance, Birss J found that on the facts a rational and willing defendant in the position of Huawei would take a global license from Unwired Planet.

⁶⁶ See Birss J para 107 *Vringo II* ([2015] EWHC 214).

⁶⁷ *Unwired Planet International Ltd & Anor v Huawei Technologies (UK) Co Ltd & Anor* [2020] UKSC 37 (26 August 2020) at para 48.

⁶⁸ Birss J para 107 *Vringo II* ([2015] EWHC 214).

⁶⁹ See, *e.g.*, *Huawei v InterDigital* (2013), *Huawei v Conversant* (2019).

license to SEP(s) in suit petitioned by SEP holder or implementer for adjudication, is beyond the territory of China, and the counterparty fails to raise explicit objection during the legal proceeding or the objection is determined to be unreasonable upon review, the court may determine the royalty for such license territorial scope”.⁷⁰

Recently, with plaintiffs expressly petitioning for global licensing terms, the Chinese courts have also made it clear that they have jurisdiction to determine global licensing terms in several SEP disputes. Indeed, in its final and appellate ruling of *OPPO v Sharp*,⁷¹ the Supreme People’s Court expressly affirmed that Chinese courts can adjudicate royalty rates worldwide in SEP licensing disputes, if the parties are willing to reach a global license and have negotiated for a global license, and if the dispute has a close nexus to China. Specifically, the Supreme People’s Court reasoned,

“Based on the above facts, it can be seen that, first of all, the parties in this case have the willingness to conclude global licensing terms of the standard essential patents concerned, and have conducted licensing negotiations on this. The parties’ scope of willingness to negotiate constitutes the factual basis that this case can determine the global licensing terms of the standard essential patents concerned. Secondly, the standard-essential patent licensing dispute in this case is apparently more closely related to China. The specific manifestations include: in this case, most of the standard-essential patents concerned in the licensing negotiations of the parties are Chinese patents; China is the main place of implementation, main place of business or main source of revenue for the implementers of the standard essential patents concerned; China is the party’s patent licensing negotiation place; China is also where property that can be seized or enforced by the requesting party is located.”

“A Chinese court deciding on the global licensing terms of the standard-essential patents concerned is not only more conducive to identifying the situation of implementation of the standard-essential patents concerned by OPPO and OPPO Shenzhen, but also more convenient for the enforcement of the case adjudication. Finally, it should also be noted that if the parties can reach consensus on the global licensing terms of the standard-essential patents to be adjudicated by the court of a country, the court of that country certainly has jurisdiction and can adjudicate the global licensing terms of the standard-essential patents between the parties. However, *consent to jurisdiction is not a necessary condition for a particular court to exercise jurisdiction and handle ... the global licensing terms of standard-essential patents. Where the parties have the willingness to reach a global license and the case has a closer connection with the Chinese courts, the trial court did not err in finding that it was appropriate to rule on the global licensing terms of the standard-essential patents concerned on the basis of its jurisdiction over the case.*” (Emphasis and revision added.)

⁷⁰ See Article 16 of the Working Guide of Guangdong High People’s Court on Adjudicating Cases Concerning Standard Essential Patent Related Disputes (For Trial Implementation) (广东省高级人民法院关于审理标准必要专利纠纷案件的工作指引（试行）), dated 26 April 2018.

⁷¹ See *OPPO v Sharp*, (2020) Zui Gao Fa Zhi Min Xia Zhong No.517 ((2020) 最高法知民辖终517 号), by Intellectual Property Tribunal of the Supreme People’s Court.

d. Specific patents only or portfolios?

In *Unwired Planet*,⁷² the English court determined FRAND royalties for a global portfolio of patents, on the theory that this is what commercially reasonable parties would have agreed to under similar circumstances.

In China's judicial practice, the licensing terms are generally assessed or determined on the SEP-portfolio basis, *i.e.*, for all SEPs that the SEP holder owns or has right to grant the license.⁷³ In *Huawei v. InterDigital*,⁷⁴ the determination made by Shenzhen Intermediate Court and further upheld by Guangdong High Court was based on "all Chinese SEPs and SEP applications owned by InterDigital"; in *Huawei v. Conversant*,⁷⁵ the determination made by Nanjing Intermediate Court was based on "the portfolio of all Chinese 2G, 3G and 4G SEPs that the Defendant Conversant owns or has right to license", for which Nanjing Court first examined the essentiality of the SEPs in suit.

3. Methods of determining a specific royalty

Outside of the U.S., courts have employed two methods for calculating a FRAND royalty: (1) comparable licenses and (2) top-down analysis.

a. Comparable licenses

The rationale behind the comparable licenses approach is that, if the information is available, there is no better source for a fair and reasonable royalty rate than that which has already been established by buyers and sellers in an open marketplace. Courts and economists around the world have, for many years, employed the tool in patent pricing, patent damages, and FRAND evaluation settings.

The approach entails examining the terms and underlying conditions of existing licenses. If similar IP has been licensed successfully by similar IP owners to similar IP users for similar uses, then, the reasoning goes, the terms of those licenses may be quite useful in determining FRAND terms for a comparable transfer of rights. Market-clearing prices and terms send strong signals about the intersection of buyer and seller interests.

Under ideal circumstances, a comparable license analysis is based on a real-world license (or set of licenses) that is (are) essentially identical to the transfer of patent rights under question.

In most cases, however, there is no perfectly comparable real-world license to serve as a model. This should not preclude the use of a comparable licenses analysis. Rather, it means that relevant

⁷² *Unwired Planet* [CITE]

⁷³ In its assessment or determination, a Chinese court will exclude all non-essential patents (*i.e.*, the patents not covered by the relevant standards) from the SEP holder's portfolio, which are not the subject matter in the "SEP royalty disputes", *see Huawei v. Conversant* (2019).

⁷⁴ *See Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305 ((2013) 粤高法民三终字第305号), by Guangdong High Court.

⁷⁵ *See Huawei v Conversant*, (2018) Su 01 Min Chu No.232-234 ((2018) 苏01民初232、233、234号), by Nanjing Intermediate Court.

differences between the transfer of patent rights under question and the imperfect comparator license must be considered and accounted for.

For a detailed discussion of comparable licenses in the reasonable royalty determination context in U.S. patent cases, *see* The Sedona Conference, *Commentary on Patent Reasonable Royalty Determinations*, Sect. III.C.1. (Determining the Royalty Rate—Comparability of Licenses).

As early as 2016 in the *Saint Lawrence v. Vodafone* case, German courts have viewed comparable license agreements as highly instructive in determining the “appropriateness of the license terms offered.”⁷⁶ Such agreements can be relevant as to both the royalty rate and the terms of a license. Moreover, the higher the number of concluded licenses with similar conditions, the stronger the inference that the terms are FRAND.⁷⁷

In *Huawei v. InterDigital* (2012), the Guangdong High Court ruled in its final award that the InterDigital offers did not comply with FRAND and that the royalties to be paid by Huawei for InterDigital's 2G, 3G, and 4G essential Chinese patents should not exceed 0.019% of the actual sales price of each Huawei product. Regarding the calculation of FRAND rate, the judges made reference to InterDigital's licenses to Samsung, Apple, and others as comparable licenses in their reasoning in the final decision.⁷⁸

In *Unwired Planet v. Huawei*, the High Court of England and Wales relied on the comparable licenses approach subject to a top-down cross-check (*see below*). Having found that Huawei infringed two of Unwired Planet's English SEPs, the court determined the royalties that Huawei would be required to pay going forward under a world-wide FRAND license (unless Huawei were to cease selling infringing products in the UK).⁷⁹ The court also determined that the amount of damages due for past infringement was the sum the patentee would have earned under such a FRAND license for the relevant UK sales.⁸⁰

b. Top-down analysis

Under a “top-down” approach, a court may determine an aggregate royalty for all SEPs covering a particular standard. After determining a total aggregate royalty burden for products practicing that standard, the court will seek to allocate the appropriate portion of that aggregate to the relevant

⁷⁶ *Saint Lawrence v. Vodafone*, para 273. *See also* *Fraunhofer-Gesellschaft (MPEG LA) v. ZTE*, para 391; *Tagivan (MPEG LA) v. Huawei*, para. 431.

⁷⁷ *Id.* at para. 451.

⁷⁸ *See* *Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305 ((2013) 粤高法民三终字第 305号), by Guangdong High Court.

⁷⁹ [CITE]

⁸⁰ [CITE para 800]

patent claims. In doing so, the court may look to the number and the strength of the asserted patent claims to determine the portfolio's share of the royalty.⁸¹

A version of the top down approach, called the “reverse top down”, was utilized by the court in *Unwired Planet* only as a cross check on the royalties determined using the comparable licenses approach.⁸² The judge took royalty rates determined through a “comparable licence” approach and calculated from those the aggregate royalty that would result if all other patent owners charged a pro-rata rate. Because this was below the rates suggested by each party as a reasonable aggregate, the court concluded that its calculation from the comparable licence determination was reasonable.

In *Samsung v. Apple* (2014),⁸³ the Japanese Grand Panel of the IP High Court affirmed the use of a top down approach to determine a FRAND royalty rate. The total sales revenue of the end products was multiplied by the relative contribution of the UMTS standard. That number was multiplied by the aggregate royalty of 5 percent of the selling price of the product. That amount was then divided by the number of Japanese SEPs for the UMTS standard to arrive at a royalty per SEP of 0.00945 percent.

In China, at least three cases have addressed the methods to arrive at a FRAND rate. In *Huawei v. InterDigital* (2013), the Guangdong High Court endorsed the top down approach utilized by the Shenzhen Intermediate Court. The Guangdong High Court affirmed that “the amount of licensing royalty should consider the profits gained in implementing such patent or similar patent, as well as the percentage of such profits in the selling profits or sales revenues of licensee's relevant products”, and the “patent licensing royalty should not exceed a certain ratio range of relevant product profits, and should consider the reasonable distribution of patent licensing royalty among patentees”.⁸⁴

In *Huawei v. Samsung* (2016), the Guangdong High Court again endorsed the top down approach applied by the Shenzhen Intermediate Court. The court assessed Huawei's initial offer of 1.5% for its global portfolio. The court found that Huawei held 5% of the total number of 3G SEPs. It found an aggregate royalty rate for 3G of 5%. For 4G, it found that Huawei held about 10% of the total number of 4G SEPs, and the aggregate royalty rate for 4G would be 6-8%.⁸⁵

The methodology then used by the court to assess Huawei's offers is redacted. But the court found that Huawei's royalty offers were made based on the considerations of the strength of its global portfolio, the above aggregate royalty rates for 3G and 4G SEPs, and the market sales information

⁸¹ *Unwired Planet v Huawei*, High Court of Justice of England and Wales, [2017] EWHC 711 (Pat), April 5, 2017, paragraph 178.

⁸² [CITE]

⁸³ [Citation needed. It may be: IP High Court Grand Panel Decision (2018(Ne)10063).]

⁸⁴ *See Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305 ((2013) 粤高法民三终字第305号), by Guangdong High Court.

⁸⁵ *See Huawei v Samsung*, (2016) Yue 03 Min Chu No.816 ((2016) 粤03民初816号案), by Shenzhen Intermediate Court.

of Samsung products. It found that Huawei's offers were reasonable as they gave room for Samsung to negotiate a suitable price.⁸⁶

In *Huawei v. Conversant* (2018), the Nanjing Intermediate Court addressed FRAND royalty rates, which were at the center of the dispute. The court adopted the top down approach proposed by Huawei and set the calculation formula for Chinese SEPs FRAND rates: Chinese royalty for a single patent family = aggregate rates of the standard in a particular industry in China × the contribution ratio of that single patent family. The court decided that Huawei only needed to pay the SEP royalty for the 4G mobile terminal products for one patent.⁸⁷

It is also noteworthy that in China, the Guangdong High Court 2018 Guidelines outline a number of factors considered relevant to determining SEP licensing fees, including:

- (1) The contribution of the standard essential patent at issue to the sales and profits of the implementer's products, which excludes the effects of the inclusion of the patent in the standards;
- (2) The contribution of the standard essential patent at issue to the relevant standard;
- (3) Prior to the formulation of the standards, the advantages of such patented technology over other alternative technologies;
- (4) The cumulative licensing fees for the use of all relevant standard essential patents which are paid by the implementer to manufacture its products using the standard essential patent at issue;
- (5) Other relevant factors.⁸⁸

5. Duplicate Royalties

Recently, the District Court Düsseldorf, in *GE v Vestel*,⁸⁹ dealt with a situation involving two overlapping patent pools. In this case, the claimant asserted that defendant Vestel was obliged to take a license to the complete portfolio in a "second" patent pool, even though Vestel was already licensed to a substantial share of all SEPs in the "second" pool through a separate, "first" patent pool. This situation arose because some of the relevant licensors had their respective SEPs managed and administered through both patent pools. However, other licensors only licensed their patents through one of the two pools. Thus, to achieve complete license coverage, Vestel would be required

⁸⁶ See *Huawei v Samsung*, (2016) Yue 03 Min Chu No.816 ((2016) 粤03民初816号案), by Shenzhen Intermediate Court.

⁸⁷ See *Huawei v Conversant*, (2018) Su 01 Min Chu No.232-234 ((2018) 苏01民初232、233、234号), by Nanjing Intermediate Court.

⁸⁸ Guangdong High Court, *Working Guidelines on the Trial of Disputes related to Standard Essential Patents* (Trial), ¶ 24.

⁸⁹ See District Court Düsseldorf, judgment of December 21, 2021, docket-no. 4c O 42/20 *GE v Vestel*.

to take a licence under both pools, and, absent any possibility to carve out those already-licensed patents, some of the licensors would receive duplicate royalties.

The claimant relied on a general policy of the “second” pool which required the individual licensee to approach all double licensors and request reimbursement for those patents to which it was already licensed. The District Court Düsseldorf determined that such policy was not fair and reasonable, since it was up to the double licensors to decide if and how much the licensee would be reimbursed. Due to the fact that Vestel was already licensed to a substantial share of the patents in the “second” pool, the court ruled that Vestel should have been provided with a contractual and binding claim for reimbursement for the already-licensed patents. The court held that the risk associated with the reimbursement of duplicate royalties cannot be fully passed on to the licensee. Similarly, the Higher Regional Court of Düsseldorf said that if pool licenses led to an obligation for individual licensees to pay twice for certain SEP portfolios, such requests to conclude pool licenses would be in violation of FRAND.⁹⁰

B. FRAND ROYALTIES IN THE CONTEXT OF LICENSE NEGOTIATIONS

1. What is required to show that an offer is FRAND?

In litigation it may be necessary for a court to determine whether an SEP holder or a prospective licensee (or both) made a FRAND offer. The analysis should be similar, regardless of whether the offer was made by an SEP holder or a prospective licensee. Participants in negotiations will likely want to be cognizant of how their offers and counteroffers will be viewed by courts.

In the UK, the licensor may prove that its offer was FRAND by the methods of valuation outlined above. The licensor will be required to give disclosure of comparable licences. It may use economists or accountancy expert witnesses to demonstrate why its offer is FRAND by reference to those licences. The licensor may use other methods to support his evidence such as top down, or reverse top down analyses.

However, if the court finds that the licensor’s offer is not FRAND, it will go on to determine what would be FRAND if the claimant requests that it do so. In practice, it may therefore not matter whether or not the claimant has made a FRAND offer as the court will ultimately end up at what a FRAND rate will be and offer that to the defendant.

According to German case law, the offer must be made in writing and be concrete in that the license fee as well as its basis of calculation must be disclosed. “Basis of calculation” not only means an explanation of the license amount and the modalities of calculation, but also of those circumstances showing the contractual remuneration factors to be free of discrimination and exploitation. This includes explanations of the objective circumstances that enable the license seeker to understand that the offer made by the SEP holder meets FRAND criteria. Only with knowledge of these circumstances is it possible for the license seeker to make a meaningful assessment of the license offer and to make an appropriate counteroffer. This also increases the chance that the parties can constructively discuss the question of the amount of the royalty and the structure of the license

⁹⁰ Philips v. TCL, Higher Regional Court (Oberlandesgericht) of Düsseldorf, July 14, 2021 – I-2 U 13/21.

agreement.⁹¹ For this, it can be sufficient for the SEP-holder to rely on a substantial amount of identically concluded license agreements.⁹² Even though, in out of court negotiations, the SEP-holder is not obliged to disclose its already concluded license agreements, when facing a challenge in court the SEP-holder may be required to identify all already concluded license agreements.⁹³

The District Courts of Mannheim and Düsseldorf confirmed patent holder's obligation to substantiate the FRAND conformity of its offer in the above sense.⁹⁴ If the patent holder signed agreements with third-party licensees on non-standard terms, it will be regularly required to disclose (at least) the content of the '*key contractual licensing provisions*'.⁹⁵ The scope and level of detail of such duty will be determined on a case-by-case basis.⁹⁶ The courts explained, however, that patent holder's duty does not extend to the '*full content of every previous licensing agreement*'. Both courts declined to rule that there was an obligation to disclose all licensing agreements irrespective of the type of the licensed product.⁹⁷

In China, the courts attempt to assess whether an SEP licensor's offer is FRAND using a fault finding framework based on comprehensive evaluation of a number of factors. The Guangdong High Court 2018 Guidelines provide that an SEP holder shall be deemed to have violated its FRAND obligation and thus be at obvious fault if it has conducted any of the following behaviors: "(1) failing to send a negotiation notification to the implementer, or failing to list the scope of the involved patent rights based on business practices and course of dealing notwithstanding sending the negotiation notification; (2) failing to provide patent information such as a sample patent list and claim charts to the implementer based on business practices and course of dealing after the implementer has clearly expressed the willingness to accept the patent licensing negotiation; (3) failing to provide specific licensing terms and calculation methods for the alleged royalty to the implementer, or proposing obviously unreasonable licensing terms, resulting in the failure to conclude a patent implementation licensing agreement; (4) failing to give a reply within a reasonable time limit; (5) obstructing or suspending the negotiation without justifiable reasons; (6) other obviously faulty behaviors."⁹⁸ The Beijing High People's Court lists similar factors in assessing whether an SEP licensor has intentionally violated its FRAND commitments.⁹⁹

⁹¹ See District Court Düsseldorf, judgment of December 21, 2021, docket-no. 4c O 42/20.

⁹² District Court Düsseldorf, docket-no. 4a O 15/17.

⁹³ loc. cit.

⁹⁴ District Court of Mannheim, judgment dated August 18, 2020, Docket-No. 2 O 34/19; District Court Düsseldorf, judgment of 7 May 2020, Docket-No 4c O 44/18 – *Decodierverfahren*.

⁹⁵ District Court of Mannheim, judgment dated August 18, 2020, Docket-No. 2 O 34/19, para. 187.

⁹⁶ District Court of Mannheim, judgment dated August 18, 2020, Docket-No. 2 O 34/19, para. 187.

⁹⁷ District Court of Mannheim, judgment dated August 18, 2020, Docket-No. 2 O 34/19, para. 200; Higher Regional Court Karlsruhe, judgment of 30 October 2019, Docket-No. 6 U 183/16, para. 123 – *Datenpaketverarbeitung*; cf. also District Court Düsseldorf, judgment of 7 May 2020, Docket-No 4c O 44/18, para. 161 – *Decodierverfahren*.

⁹⁸ Guangdong High Court 2018 Guidelines, ¶ 13.

⁹⁹ *Beijing High People's Court Guidelines on Patent Infringement Determination*, ¶ 152.

For example, in *Huawei v. InterDigital*, the Guangdong High Court upheld the Shenzhen Intermediate Court's ruling in evaluating whether the SEP licensing terms are FRAND where "the core of FRAND principle lies in reasonableness and non-discrimination, and the key lies in the reasonableness of license fee, while the reasonableness of license fee includes both the reasonableness of license fee itself and the reasonableness of license fee in comparison."¹⁰⁰

2. What is required to show that the prospective licensee is a willing licensee?

In the UK, a willing licensee, once sued, may be required to commit to take a licence on FRAND terms determined by the court.¹⁰¹ If it does not, then a so called "FRAND injunction" may follow immediately on a finding that a patent is valid and infringed. The FRAND injunction is not an unconditional injunction; it ceases to take effect (or will never come into effect at all) if the infringer takes a FRAND licence by negotiation or or commits to take a licence on the FRAND terms set by the English court at a subsequent FRAND trial.¹⁰²

The determination of "willingness" in the English Courts is not hard edged. In *Optis v Apple*¹⁰³ the English Court held that the implementer was only entitled to rely on the SEP holder's FRAND undertaking if it committed to enter into the FRAND licence determined by the Court, but rejected Optis' argument that Apple's prior failure to do so rendered it unwilling in perpetuity. That debate crystallised after the technical trial finding infringement, but before the FRAND trial determining the FRAND rate. In *IDC v Lenovo*¹⁰⁴, Lenovo made a qualified commitment that it would enter a FRAND licence set by the English Court *if* that licence gave effect to parallel FRAND determinations being undertaken by the US and Chinese courts. The qualifications were not held to disqualify Lenovo from relying upon IDC's FRAND obligation.¹⁰⁵ In *Unwired Planet*, Huawei had not, at the time of the FRAND trial, given an open unqualified commitment to take whatever licence was held FRAND. However, the English Court still granted a FRAND injunction (rather than an unqualified injunction). Both Apple and Huawei in these cases had expressed their openness to enter into FRAND licences on their own terms – the issue now addressed by the provision of undertakings relates to the practical question of whether a party submits to the English Courts' rate determination procedure, rather than an absolute determination of "willingness".

In Germany, the prospective licensee must clearly and unambiguously declare its willingness to enter into a license agreement with the patent owner on reasonable and non-discriminatory terms, and

¹⁰⁰ See *Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305 ((2013) 粤高法民三终字第305号), by Guangdong High Court.

¹⁰¹ *Optis v Apple* [2021] EWHC 2564 (Pat).(under appeal at the time of writing)

¹⁰² The only example of such an injunction being granted to date is *TQ Delta v Zyxel Communications Ltd* [2019] EWHC 745 (Pat)

¹⁰³ *Ibid.*

¹⁰⁴ *Interdigital Technology Corporation v Lenovo Group Limited* [2021] EWHC 3401 (Pat)

¹⁰⁵ Note this decision was an interim application, and the judge deferred final consideration of the issue to the full FRAND trial, which was heard in February 2022. Judgment is pending at the time of writing.

must also subsequently participate in the license agreement negotiations in a targeted manner.¹⁰⁶ With reference to the *Unwired Planet* decision of the High Court of England and Wales, the German Federal Supreme Court determined that “a willing licensee must be one willing to take a FRAND license on whatever terms are in fact FRAND.”¹⁰⁷ It is not sufficient merely to demonstrate willingness ‘to consider signing a licensing agreement or to enter into negotiations about whether and under which conditions taking a licence comes into question’.¹⁰⁸ The Federal Court of Justice reasoned further that the declaration of willingness cannot be made subject to conditions, *e.g.* the condition that the validity and infringement of patents included in SEP holder’s portfolio is confirmed by final court decisions.¹⁰⁹

In China, the courts also attempt to assess whether an SEP licensee is a willing licensee using a fault finding framework based on comprehensive evaluation of a number factors. The Guangdong High Court 2018 Guidelines provide that an SEP implementer shall be deemed to be at obvious fault (which implies an unwilling licensee) if it has conducted any of the following behaviors: “(1) refusing to receive the negotiation notification sent by the SEP holder, or failing to give a specific reply within a reasonable time limit after receiving the negotiation notification; (2) refusing to enter into a non-disclosure agreement without justifiable reasons, resulting in the discontinuation of the negotiation; (3) failing to give a substantive reply within a reasonable time to the patent information such as a sample patent list and claim charts provided by the SEP holder; (4) failing to give a substantive reply within a reasonable time after receiving the licensing terms sent by the SEP holder; (5) proposing obviously unreasonable terms for implementation, resulting in the failure to conclude a patent implementation licensing agreement; (6) delaying in or refusing to carry out the licensing negotiation without justifiable reasons; (7) other obviously faulty behaviors.”¹¹⁰

In weighing the degree of fault of the SEP licensor and licensee, the Chinese courts will determine whether to grant injunctions. Guangdong High Court 2018 Guidelines provide that “(1) where the conduct of the SEP holder does not meet the requirements of the FRAND commitment and the implementer is not at obvious fault, the claim for SEP injunction shall not be supported; (2) where the conduct of the SEP holder meets the requirements of the FRAND commitment and the implementer is at obvious fault, the claim for SEP injunction may be supported; (3) where the conduct of the SEP holder meets the requirements of the FRAND commitment and the implementer is not at obvious fault, if the implementer deposits proper security in a timely manner, the claim for SEP injunction may not be supported; (4) where both the patentee and the

¹⁰⁶ *Sisvel v Haier I and II*, Federal Court of Justice (Bundesgerichtshof), May 5, 2020 and November 24, 2020 – Federal Supreme Court, docket-no. KZR 36/17 and KZR 35/17.

¹⁰⁷ Federal Supreme Court, docket-no. KZR 36/17 and KZR 35/17.

¹⁰⁸ Federal Supreme Court, docket-no. KZR 36/17, para. 81.

¹⁰⁹ Federal Supreme Court, docket-no. KZR 36/17, para. 96. Notably, the CJEU stated in *Huawei v. ZTE* that “an alleged infringer cannot be criticised either for challenging, in parallel to the negotiations relating to the grant of licences, the validity of those patents and/or the essential nature of those patents to the standard in which they are included and/or their actual use, or for reserving the right to do so in the future.” Case C-170/13, 16 July 2015. at para. 69. A referral by the Regional Court of Düsseldorf to the CJEU requesting clarification whether these requirements are still compliant with *Huawei v ZTE* was terminated prior to any decision by the CJEU due to a settlement of the parties.

¹¹⁰ Guangdong High Court 2018 Guidelines, ¶ 14.

implementer of the SEP are at fault in the negotiation process, whether the claim for SEP injunction shall be supported will be determined by comprehensively considering factors including, but not limited to, the degree of fault of each party, whether remedies have been taken, the impact of the faults on the negotiation process, and the relationship between the faults and the breakdown of the negotiation.”¹¹¹

a. Must the prospective licensee make a FRAND counteroffer?

In the UK the answer would appear to be no. Even if the prospective licensee has not made a FRAND offer the court will go on to determine FRAND.

In its *FRAND-objection I and II*-decisions, the Federal Supreme Court stated that the license seeker must react to the (potentially, non-FRAND compliant) offer by the SEP-holder in due time by making a counteroffer which is FRAND-compliant. If the license seeker only relies on the fact that the initial offer by the SEP-holder is not FRAND, this is very likely to be deemed a delaying tactic so that the FRAND defense would be rejected. Notably, the court found that a non-FRAND compliant offer by the SEP-holder in itself does not necessarily constitute an abuse of market dominance (Art. 102 TFEU). Subsequently, German courts have found that both the content and the timing of a prospective licensee’s counteroffer can be important factors to be considered in the assessment of the “willingness” of the latter to enter into a FRAND licence.¹¹² If, however, the license offer by the SEP holder is “evidently” not FRAND, and thus must be construed, upon objective assessment, as a refusal to conclude a license agreement on FRAND conditions, it can be sufficient for the license seeker to respond with an explanation why the offer obviously is not FRAND without having to provide a counteroffer, according to the Federal Supreme Court.¹¹³

As mentioned in Guangdong High Court 2018 Guidelines, an SEP implementer’s failure to give a substantive reply within a reasonable time after receipt of the licensing terms sent by the SEP holder or the implementer’s proposal of obviously unreasonable terms resulting in the failure to conclude SEP licensing agreement could be deemed indicators of fault on the part of the SEP implementer.¹¹⁴

a. What happens if the offer by the SEP-holder and the counteroffer by the license seeker are both FRAND?

We have not yet seen this situation addressed in the courts.

¹¹¹ Guangdong High Court 2018 Guidelines, ¶ 12.

¹¹² District Court of Munich I, judgment dated October 30, 2020, Docket-No. 21 O 11384/19, paras. 311 et seqq. (cited by juris). See also District Court of Munich I, judgment dated September 10, 2020, Docket-No. 7 O 8818/19, paras. 150 et seqq.; District Court of Mannheim, judgment dated March 2, 2021, Docket-No. 2 O 131/19, paras. 126 et seqq. (cited by GRUR-RS 2021, 6244).

¹¹³ *Sisvel v Haier II*, Federal Supreme Court, November 24, 2020 – KZR 35/17, no. 71.

¹¹⁴ Guangdong High Court 2018 Guidelines, ¶ 14.

IV. Nondiscrimination

A. MEANING OF “NONDISCRIMINATORY”

In some jurisdictions, the “ND” portion of the FRAND commitment, or obligation, of the SEP owner is to a large extent fleshed out by national or – in the case of the European Union – regional antitrust laws. This is particularly true in German case law. In the UK, on the other hand, the ND element of FRAND is predominantly addressed from a contractual angle.

The requirement not to discriminate between licensees essentially comes down to the question whether substantially similar (or different) license agreements are justified by essentially similar (or different) circumstances. In many SEP/FRAND cases around the world, parties heavily dispute which factors may or may not be definitive for treating one licensee differently from other, existing licensees, relating to the royalty rate or to other, “soft” factors of such agreements (provisions about past damages, the contractual term, how to deal with changes of the licensed portfolio or range of products, etc.).

1. Interpretation of the ND aspect of FRAND

In considering the “ND” portion of FRAND, courts have taken varying approaches as to whether the question of non-discrimination is considered separately from the question of what is “fair and reasonable”, or whether an overall assessment is carried out. An inseparable question is whether the obligation not to discriminate is strict (implying that licensors must offer identical or very similar terms to similarly situated licensors) or more flexible (implying that licensors may have more latitude).

The UK case of *Unwired Planet v Huawei* involved significant dispute on these issues, which required the Court to state its position on the relationship between (i) the requirements of the non-discrimination limb of FRAND pursuant to the ETSI FRAND undertaking and (ii) the corresponding requirements of competition law. It was common ground between the parties that competition law only prohibits discriminatory behaviour if that behaviour is capable of distorting competition.¹¹⁵ The question was whether that condition or something akin to it – which is not mentioned expressly in the ETSI FRAND undertaking – is nevertheless a relevant aspect of contractual FRAND. Huawei submitted that the ND limb of contractual FRAND should be given its ordinary and unadorned meaning: that like situations must be treated alike and different situations differently. According to this logic, the SEP owner was obliged to grant the same or similar terms to all similarly situated licensees, unless it could be shown that there were objective grounds for treating them differently. In this sense Huawei claimed that the ND limb of FRAND was “hard-edged”. More specifically, Huawei claimed that Unwired Planet (“UP”) was obliged to offer to Huawei rates the same as or similar to the (lower) rates UP had agreed with Samsung in a 2016 licence.

Unwired Planet (“UP”) disputed that the nature of the ND limb of FRAND was “hard-edged”, as claimed by Huawei, and argued that UP was not obliged to offer Huawei the same rate as the rate it had agreed in a prior licence with Samsung. UP’s arguments that (i) Huawei was not similarly situated to Samsung; and (ii) the Samsung licence was not an equivalent or comparable licence to the

¹¹⁵ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 484.

Huawei licence being considered were both rejected. However, that left its further argument that the ND limb of FRAND was to be interpreted in line with EU competition law, which prohibits discriminatory conduct by dominant undertakings only where it is capable of distorting competition.¹¹⁶

The first instance court held that the ND limb of contractual FRAND was “general” in nature rather than hard-edged.¹¹⁷ This meant that the SEP holder merely had to offer a FRAND benchmark royalty rate reflecting the value of the SEPs being licensed. That benchmark rate had to be made available to all licensees requiring the same kind of licence, but it would not cease to be FRAND simply because the SEP holder has previously granted a licence on more favourable terms. It followed that UP did not have to offer the same rates to Huawei as it had given to Samsung. The Judge considered that “hard-edged” arguments would only play a role where the difference in rates offered to similarly situated licensees would distort competition between them. In this case, Huawei had not advanced any evidence that the difference in rates was capable of distorting competition.¹¹⁸

The Court of Appeal and the UK Supreme Court both upheld the first instance court’s finding that the ND limb of contractual FRAND was general rather than hard-edged. Rejecting the concept of hard-edged non-discrimination, the Supreme Court noted that ETSI had previously considered and rejected the inclusion of a “most favourable licence” obligation as part of the FRAND undertaking.¹¹⁹ It also observed that differential pricing can be economically rational and is common in practice – and that any anti-competitive effects arising from differential pricing would be a matter for competition law rather than FRAND.¹²⁰

In reaching its conclusion on non-discrimination, the Supreme Court held that the ETSI FRAND undertaking imposes “a single unitary obligation”, such that the ND limb “gives colour to the whole and provides significant guidance as to its meaning”.¹²¹ The function of the ND limb was to ensure that the terms on offer “reflect the true value of the SEPs to which the licence relates and without adjustment depending on the individual characteristics of a particular market participant. Put another way, there is to be a single royalty price list available to all.”¹²²

Similarly, German courts have recently found that the ND element of FRAND does not entail an obligation to grant the same terms to all licensees. In *Sisvel v Haier*, the Federal Supreme Court explained that the SEP holder is under no obligation to offer a ‘uniform rate’ (‘Einheitstarif’) that would provide identical terms to all licensees.¹²³ The reason for this is that the court puts high emphasis on the actual negotiations between the parties. Since appropriate terms and conditions for

¹¹⁶ See, e.g., C-525/16, *MEO Serviços de Comunicações e Multimédia SA v. Autoridade de Concorrência* EU:C:2018:270.

¹¹⁷ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 503.

¹¹⁸ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 518.

¹¹⁹ *Unwired Planet v Huawei* [2020] UKSC 37, paragraph 116.

¹²⁰ *Unwired Planet v Huawei* [2020] UKSC 37, paragraph 124.

¹²¹ *Unwired Planet v Huawei* [2020] UKSC 37, paragraphs 113-114.

¹²² *Unwired Planet v Huawei* [2020] UKSC 37, paragraph 114.

¹²³ *Sisvel v Haier*, Federal Court of Justice (Bundesgerichtshof), May 5, 2020 – KZR 36/17, paragraph 81.

a contractual relationship, in particular an appropriate price, cannot be determined objectively as a rule, but can only be ascertained as the result of (possibly similar) negotiated market processes, the serious and purposeful participation of the company willing to license in the negotiation of appropriate contractual terms and conditions is of decisive importance. Whether there is an objective justification for different prices for similarly situated licensees must therefore be answered by weighing all interests involved, taking into account the objective of antitrust law aimed at ensuring freedom of competition. In accordance with the above, the District Court of Munich I found that different rates are not “automatically” proof of unequal treatment; one must always consider the specific “*negotiation scenario*” from which the different rates emerged (e.g., the question whether cross-licensing elements are present).¹²⁴ Similarly, the Higher District Court of Karlsruhe reasoned that an unequal treatment of licensees cannot be established solely by reference to lower rates agreed with a third licensee, especially if the respective agreement has already expired.¹²⁵

According to the Higher District Court of Duesseldorf, the SEP holder chooses a specific “licensing concept” when it grants its first license. Thereafter, the SEP holder (and its successors, if applicable) will be bound to that “licensing concept” going forward.¹²⁶ Deviation from that “licensing concept” by the SEP holder would be reasonable only if and to the extent there is no discrimination as to earlier or later licensees (unless all of the relevant earlier concluded license agreement are no longer in force).¹²⁷ In any case, the SEP holder can follow a “licensing concept” combining both bilateral and pool license offers, if both options are made available to prospective licensees based on objective criteria.¹²⁸

German courts also view the selective enforcement of SEPs as potential discrimination. This might come into play if the SEP holder brings infringement actions against individual standard users in order to force them into the license agreement, while allowing others to use its patents free of charge. But this conduct can only constitute an abuse of a dominant position if additional enforcement can reasonably be expected by the SEP holder, and in light of limited resources the threshold of unreasonableness is deemed to be high.¹²⁹ What is more, German courts have recognized that it can be reasonable to assert infringement claims against significant major market

¹²⁴ District Court of Munich I, judgment dated October 30, 2020, Docket-No. 21 O 11384/19, para. 332 (cited by juris).

¹²⁵ Higher District Court of Karlsruhe, judgment dated December 9, 2020, Docket-No. 6 U 103/19, para. 390.

¹²⁶ Unwired Planet v. Huawei, Higher Regional Court (Oberlandesgericht) of Düsseldorf, March 22, 2019 – 2 U 31/16, no 413.

¹²⁷ Unwired Planet v. Huawei, Higher Regional Court (Oberlandesgericht) of Düsseldorf, March 22, 2019 – 2 U 31/16, no 413.

¹²⁸ Philips v. TCL, Higher Regional Court (Oberlandesgericht) of Düsseldorf, July 14, 2021 – I-2 U 13/21, para. 18.

¹²⁹ Fraunhofer v. Huawei, District Court (Landgericht) of Düsseldorf, November 11, 2018 - 4a O 63/17 no 223.

players first, not least because such proceedings can entail a deterrent effect towards other (unlicensed) companies.¹³⁰

2. How to determine whether firms are similarly situated?

In *Unwired Planet*, the High Court of England and Wales considered a number of factors, including the overall market position and size of the companies and the geographic scope of their activities. The court concluded that Samsung and Huawei were similarly situated “on any view”.¹³¹ From this perspective, Samsung and Huawei were both “very large multinational telecoms manufacturers active in the same handset and RAN infrastructure markets” and “in the top three handset vendors worldwide”. Further, while Huawei was “the top 4G RAN infrastructure maker, Samsung [was] another major supplier in that market”.

According to German case-law, a first limitation is in relation to the comparative market concept. This means that companies that are active in different product markets may be considered not similarly situated.¹³² A further limitation is in relation to court-determined license fees, which may be excluded from consideration due to the lack of free entrepreneurial decisions.¹³³

B. COMPETITION LAW CONSIDERATIONS

EU and UK competition law each include an express provision prohibiting undertakings from abusing their dominant position on the respective market (i.e. undertakings with market power) by inter alia “applying dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage.”¹³⁴ However, in situations where the claimed discrimination is between customers of the dominant undertaking, that obligation is interpreted relatively broadly, with no strict requirement to adopt the same pricing or other terms for each customer. Only where differential pricing leads to a distortion of competition on the market will it breach competition law. However, there does not seem to be a uniform line of what is considered “distortion of competition” and when that threshold is met.

In FRAND-cases, especially for the Higher Regional Court Düsseldorf, it was sufficient to show that there was an “exorbitant unequal treatment”.¹³⁵ Outside FRAND-cases, the CJEU also gave guidance on how to interpret Art. 102 (c) TFEU (which is the relevant provision for discrimination

¹³⁰ District Court (Landgericht) of Düsseldorf, November 9, 2018 - 4a O 17/17, para. 445; District Court (Landgericht) of Düsseldorf, July 11, 2018 – 4c O 81/17, para. 274. Similarly, District Court of Munich I, September 30, 2020 – 21 O 13026/19, para. 341, juris.

¹³¹ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 488.

¹³² See District Court Düsseldorf, docket-no. 4c O 44/18.

¹³³ See Higher Regional Court Düsseldorf, docket-no. 2 U 31/16 *Unwired Planet*.

¹³⁴ Article 102(c) of the Treaty on the Functioning of the European Union; section 18(2)(c) Competition Act 1998 (UK).

¹³⁵ Higher Regional Court Düsseldorf, judgment of 30 March 2017, Docket-No. 15 U 66/15, para. 178 – *Mobiles Kommunikationssystem*.

in general, including FRAND-cases) in its *MEO* decision.¹³⁶ There, the CJEU clarified that it is sufficient if the unequal treatment is *suitable* to distort competition. Particularly, the court emphasized that there is no need for a *de-minimis* rule. In other words, a noticeability or materiality is not required. Rather, based on an analysis of all relevant circumstances, it is enough if the conduct may have an influence on the costs or profits of the unequally treated undertaking. Similarly, the Federal Supreme Court of Germany has stipulated even lower thresholds. According to the *willhelm.tel* decision,¹³⁷ the mere showing of unequal treatment in itself constitutes *prima facie* evidence of anti-competitive discrimination, which requires a factual justification by the discriminating party. Furthermore, the requirements for a distortion of competition should not be overly demanding. It was therefore sufficient that the unequal treatment had an effect on the result of the discriminated party. In particular, it did not matter in the underlying case that the plaintiff had managed to increase its sales and profits despite the unequal treatment, so that the restrictions had hardly been noticeable, and had made its investment decisions irrespective of the unequal treatment.

In *Unwired Planet*, the High Court of England and Wales held (in a judgment upheld on appeals to the Court of Appeal and the Supreme Court) that even a large difference in royalty rates payable by similarly situated licensees would not necessarily distort competition; any such claim would need to be assessed by reference to the margins of the relevant products. In the case at hand, the difference in royalty rates was a “very small percentage” compared to the applicable profit margin.¹³⁸

In China, SEP related antitrust disputes have been considered as separate causes of action from SEP FRAND disputes. Discriminatory licensing may be asserted as a basis for liability under competition law. For example, in April 2014, the Guangdong High Court of China published its October 2013 judgments in two *Huawei Technologies v. InterDigital* cases. In the first case, the court held that U.S.-based InterDigital abused its dominant market position by refusing to license standard essential patents (SEPs) for 3G wireless communication devices on fair, reasonable and non-discriminatory (FRAND) terms. The other set a FRAND rate capped at 0.019% of the actual product selling price for InterDigital to license its Chinese SEPs to Huawei.

In the second case, Huawei claimed that InterDigital had abused its dominant market position in the licensing of SEPs for 3G wireless communications, and should compensate Huawei with RMB20 million (\$3.1 million) in damages. The Shenzhen court held that InterDigital violated its FRAND commitments and abused its dominant position as to Huawei by tying and setting a discriminatory and unreasonably high royalty rate for its Chinese SEPs and non-SEPs. It ordered InterDigital to cease the conduct, and awarded the damages Huawei claimed. However, it rejected the other claims that InterDigital had tied Chinese SEPs with non-Chinese SEPs. Both parties appealed, and the Guangdong High People’s Court ruled in October 2013, upholding all of the Shenzhen court’s determinations.¹³⁹

¹³⁶ [Lost Cite]

¹³⁷ [Lost Cite]

¹³⁸ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 518.

¹³⁹ See *Huawei v InterDigital*, (2013) Yue Gao Fa Min San Zhong Zi No.305, 306 ((2013) 粤高法民三终字第305、306号), by Guangdong High Court.

Furthermore, Article 27 of *The State Council Anti-monopoly Commission Anti-monopoly Guidelines for the Field of Intellectual Property Rights* (2019) provides that “[a]n SEP holder with dominant market position requesting the court or a relevant authority to make or issue a judgment, ruling or decision prohibiting the practice of the IPR at issue to compel a licensee to accept its unfairly excessive royalty or other unreasonable licensing conditions may eliminate or restrict competition. In specific analysis, the following factors may be considered: (1) the manifested behaviors of both parties in the course of negotiation and their respective true willingness reflected thereby; (2) the relevant commitments encumbering the SEPs at issue; (3) the licensing terms proposed by both parties in the course of the negotiation; (4) the impact of requesting the court or relevant authority to make or issue a judgment, ruling or decision prohibiting the practice of the IPR at issue on licensing negotiation; (5) the impact of requesting the court or relevant authority to make or issue a judgment, ruling or decision prohibiting the practice of the IPR at issue on competition in the downstream market and consumer interests.”¹⁴⁰

C. DETERMINING WHETHER LICENSES ARE COMPARABLE AND UNPACKING LICENSE TERMS IN THE CONTEXT OF THE NONDISCRIMINATION PRONG

In *Unwired Planet*, in the context of examining the ND limb of FRAND, the first instance court had to consider whether the licence agreed between UP and Samsung in 2016 was a comparable transaction to the putative licence under consideration in the litigation, i.e. the one between UP and Huawei.¹⁴¹ The court held that whilst there is overlap between (i) the concept of a comparable transaction in the context of ND and (ii) the concept of a comparable licence used in the analysis of FRAND royalty rates, the two are not identical.¹⁴² Although the circumstances in which the 2016 UP-Samsung licence was entered into meant that the licence was not reliable evidence of the value of UP’s portfolio, the licence was held to be a comparable transaction for ND purposes. This was because: (i) Samsung was “one of a handful of major licensees”; (ii) the licence was for the same portfolio and related to the same acts; and (iii) the licence was contemporaneous with the putative licence between UP and Huawei.¹⁴³

The Court of Appeal agreed in the first instance with court’s analysis. It held that in the ND context, the focus should be on the transactions themselves, rather than the circumstances in which they are entered into. Noting that UP’s subjective reasons for offering Samsung a lower rate were not relevant features of the transaction itself, the Court of Appeal concluded that the licences were comparable for the purpose of considering the ND limb of FRAND.¹⁴⁴

¹⁴⁰ A The State Council Anti-monopoly Commission Anti-monopoly Guidelines for the Field of Intellectual Property Rights (2019) ¶ 27.

¹⁴¹ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraphs 489-493.

¹⁴² *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 489.

¹⁴³ *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat), paragraph 493.

¹⁴⁴ *Unwired Planet v Huawei* [2018] EWCA Civ 2344, paragraph 169.

In Germany, pursuant to a judgment by the Higher Regional Court Düsseldorf¹⁴⁵, all concluded license agreements that are still in effect have to be disclosed (unless they relate to different product categories or are subject to court determinations). This obligation even includes license agreements concluded by predecessors of the SEP holder, due to the relevance of all license agreements for the assessment of the question whether the defendants are discriminated against with the license conditions submitted to them. Although the burden of proof for unequal treatment lies with the license seeker, the SEP owner has a secondary burden of proof due to its superior knowledge of its own licensing practice.¹⁴⁶ In order to justify the non-discriminatory nature of its license offers to the defendants, it is therefore incumbent upon the claimant to disclose all license agreements relating to or including the respective SEP and to argue whether the defendants were either offered terms that were economically identical in substance or, if this is not the case, why the unequal treatment is objectively justified.

Furthermore, comments in parallel foreign court decisions in relation to discrimination were considered irrelevant by the Düsseldorf court. Since the court must convince itself of the non-discriminatory nature of the disputed license offers, the relevant facts must be presented to the court in detail. Similarly, in relation to court-determined license terms, if those terms contradict a previous licensing practice, they also do not justify subsequent licensing which would be in line with the court-determined terms. Rather, the licensing practice which the SEP holder and its legal predecessors have implemented in free entrepreneurial arrangements remains decisive for the assessment of discrimination. Court-determined terms which deviate from this are not a valid justification for this deviation.¹⁴⁷

In contrast to the above, the Higher District Court of Karlsruhe questioned whether patent holders' disclosure duties with respect to comparable agreements extend to agreements signed by previous owners of the patents as well.¹⁴⁸ This issue is particularly salient when a portfolio is assembled from patents acquired from different patent holders, since the relevance of bilateral or pool licensing agreements of former patent holders may be limited.¹⁴⁹ Furthermore, with respect to the specific question as to which licensing agreements are comparable, the District Court of Mannheim found, as mentioned above, that licences concerning the telecommunications sector do not have to be disclosed, when the offer made to the prospective licensee covers products from a different industry sector, in that case connected vehicles.¹⁵⁰

D. CONFIDENTIALITY VS TRANSPARENCY

In the UK court process, it is regarded as important that each party must have access to documents disclosed in the proceedings, including licence agreements (unless it consents to an outside counsel

¹⁴⁵ See Higher Regional Court Düsseldorf, docket-no. 2 U 31/16.

¹⁴⁶ Higher Regional Court Düsseldorf, docket-no. I-15 U 66/15 – *Mobiles Kommunikationssystem*.

¹⁴⁷ Higher Regional Court Düsseldorf, docket-no. 2 U 31/16 – *Improving Handovers*.

¹⁴⁸ Higher District Court of Karlsruhe, judgment dated December 9, 2020, Docket-No. 6 U 103/19, para. 391.

¹⁴⁹ Higher District Court of Karlsruhe, judgment dated December 9, 2020, Docket-No. 6 U 103/19, para. 391.

¹⁵⁰ District Court of Mannheim, judgment dated August 18, 2020, Docket-No. 2 O 34/19, para. 230.

only confidentiality regime). However, the court is aware of the need to put in place an appropriate regime to protect confidentiality which strikes a fair balance between the interests of the parties, including third parties who are counterparties to the documents to be disclosed.¹⁵¹ Such disclosure may therefore be made subject to undertakings given to the court and may be subject to restrictions on the activities that recipients of the information may carry out (for example, such individuals may be prevented from participating in FRAND licensing generally, although they will not be prevented from participating in litigation and settlement negotiations).¹⁵²

In Germany, the Düsseldorf courts have encouraged parties to sign an NDA under the following conditions to ensure that relevant third party license agreements are disclosed in litigation¹⁵³:

- the defendant undertakes to keep confidential any documents which are marked ‘strictly confidential’ and also undertakes to only distribute any such information to four specifically named employees and specifically named external experts;
- the defendant undertakes to ensure that these employees and experts also keep any such information confidential;
- the defendant undertakes to pay a contractual penalty in the amount of EUR 1M to the plaintiff for each breach of confidentiality.

In this context, it is noteworthy that Düsseldorf courts have expressed the view that the unjustified refusal to sign an NDA on the side of the SEP defendant can lead to a reduction of patent holder’s burden of proof. The latter will no longer be obliged to provide detailed information with respect to the FRAND-conformity of its offer, as far as—and only to the extent—this is required for the protection of its “legitimate confidentiality interests”. It could, therefore, limit its pleadings to “mere indicative remarks” without the risk of facing disadvantages in trial.¹⁵⁴

Recent changes to the German Patent Act, according to which provisions of the German Trade Secrets Act concerning the protection of confidential information in trial (Sec. 16-20 of the German Trade Secrets Act) shall also apply to patent infringement proceedings (see new Sec. 145a Patent Act) may change that practice. Accordingly, upon request of a party, the court can declare certain *relevant* information as confidential (Sec. 16 Trade Secret Act). This means that any such information is to be treated as confidential and punishable by way of an administrative fine of up to EUR 100,000 or the detention of the party (i.e. a company director when his firm is a party), subject to the discretion of the court under Sec. 17 Trade Secret Act. Since courts in general are rather reluctant to actually issue a detention order, it remains doubtful whether the threat of the maximum amount of the administrative fine is sufficient to discourage potential perpetrators (especially when compared

¹⁵¹ Judgment of the Court of Appeal, *Mitsubishi & Sisvel v Archos, NuU, OnePlus, Oppo & Xiaomi* [2020] EWCA 1562 at 117 (judgment of Lord Justice Males).

¹⁵² Judgment, *Mitsubishi & Sisvel v Archos, NuU, OnePlus, Oppo & Xiaomi* [2020] EWCA 1562 at 113 (judgment of Lord Justice Floyd).

¹⁵³ Higher Regional Court Düsseldorf, docket-no. I-2 U 31/16.

¹⁵⁴ Higher District Court of Düsseldorf, order dated July 18, 2017, Docket No. I-2 U 23/17, para. 33; Higher District Court of Düsseldorf, judgment dated April 25, 2018, Docket- No. I-2 W 8/18, para. 13.

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with the Düsseldorf approach in SEP/FRAND cases, where the court deemed it reasonable for the particular receiving party to pay a fixed contractual penalty of EUR 1M). Furthermore, in addition to excluding the public from hearings (Sec. 19 Trade Secret Act), the court can also rule that only certain people should have access to the information (a ‘confidentiality club’).

V. *FRAND* Defense

The so-called FRAND defense was developed by the German Federal Court of Justice (*Bundesgerichtshof*) in its *Standard-Spundfass*¹⁵⁵ and *Orange Book Standard*¹⁵⁶ decisions. In a subsequent SEP litigation between the companies Huawei and ZTE, the Düsseldorf District Court decided to ask the Court of Justice of the European Union (CJEU) to provide certain guidance on European antitrust laws. The main reason for this reference was that there apparently were differences between the approach the *Bundesgerichtshof* had developed and the antitrust practice of the European Commission, in particular in the case of Motorola's enforcement of SEPs against Samsung. The framework for this decision was Art. 267 of the Treaty on the Functioning of the European Union (TFEU) which allows national courts of EU member states to refer European legal questions to the CJEU in order to obtain a preliminary ruling to establish a homogenous interpretation of European laws. The specific European provision at the centre of the case was Art. 102 of the TFEU which sanctions any "abuse of a dominant position within the common market".

The ensuing CJEU decision in *Huawei v. ZTE* laid down a framework of reciprocal obligations of both SEP owners and implementers in order for them to be able to enforce, or avoid, remedies to which a patent owner would usually be entitled in patent infringement cases.¹⁵⁷ Therefore, an SEP implementer may successfully raise a FRAND defense in case the patentee has not complied with their FRAND obligations within this legal framework or when the implementer has complied with their own obligations.

This set of obligations that has to be met by patent owners and implementers alike, as defined by the CJEU, has been fleshed out by subsequent decisions of national courts of EU member states, particularly in Germany, UK and the Netherlands.

A. PROCEDURAL SETTING

- [China Perspective] What qualifies as a FRAND negotiation?
 - *Huawei v. Samsung*, (2016) Yue 03 Min Chu No. 816 and 840
 - *IWNCOMM v. Sony*, (2015) Jing Zhi Min Chu Zi No. 1194
 - Articles 10-14 of *Guidelines of Guangdong High People's Court on Adjudicating Cases of Disputes Over Standard-Essential Patents (Trial)*
 - Article 152 and Article 153 of *Guidelines of Beijing High People's Court on Patent Infringement Determination*
- [South Korea Perspective] Standard to determine good faith FRAND negotiation
 - As explained above on page 8, the Korean court in *Samsung v. Apple* found that an SEP holder that made a FRAND declaration generally has an obligation to negotiate in good faith and on FRAND terms. However, the court did not rule on the standard to determine whether the SEP holder performed its obligation of good faith negotiation, i.e., the

¹⁵⁵ [Add cite] (2004)

¹⁵⁶ [Add cite] (2009)

¹⁵⁷ Case C-170/13, 16 July 2015.

procedures for a good faith negotiation (*see Samsung v. Apple*, Seoul Central District Court Decision No. 2011GaHab39552 rendered on August 24, 2011).

- Meanwhile, in the litigation between Qualcomm and the Korea Fair Trade Commission (“KFTC”) where Qualcomm’s cellular SEP licensing practices were at issue, the Seoul High Court annulled the KFTC’s disposition ordering Qualcomm to follow a certain license negotiation procedure and held that the terms of a license agreement that was finally agreed upon by the parties after collectively taking into account various factors cannot be deemed to be in violation of the Korean antitrust laws (*see Qualcomm v. KFTC*, Seoul High Court Decision No. 2017Nu48 rendered on December 4, 2019 at 181 through 210). [Note: This case is currently pending at the Supreme Court.]

B. LEGAL BASIS FOR AND EFFECTS OF THE DEFENSE

If a patent holder sues for infringement of a standard-essential patent (SEP) aiming for a judgment against the defendant for injunctive relief,¹⁵⁸ then a court may consider an accused infringer’s defense arising from the “structurally superior power position of the patent holder”¹⁵⁹ due to the standard–essentiality of the patent, the so-called “FRAND defense”. While the concept of a “FRAND defense” for the accused infringer is generally recognised in many jurisdictions, the legal bases for such a defense are different. In principle, there are three different legal concepts upon which an accused infringer may raise a FRAND defense in SEP cases, so that the court may consider FRAND issues in exercising discretion whether to grant injunctive relief: (1) the competition law concept, (2) the third-party beneficiary breach of contract claims concept and (3) the good faith principle in civil law concept.¹⁶⁰ Despite the different legal bases for a FRAND defense, the legal effects of the defense are mostly the same: a successful FRAND defense itself does not deprive SEP holders of their right to assert the patent, e.g., to seek injunctive relief, but averts injunctive relief in SEP patent infringement proceedings.

1. FRAND defense based on competition law

In many European countries, a FRAND defense is available to the alleged infringer in SEP cases due to the fact that an SEP holder may abuse its market dominant position by seeking an injunction before the court. The legitimacy of the so-called competition law based FRAND defense was confirmed by the CJEU in *Huawei v. ZTE*, wherein the Court admits that the competition interests in the market for standardized products may take precedence over the plaintiff’s right to enforce its IP under certain circumstances. The legal basis for this competition law defense is Article 102 of the Treaty on the Functioning of the European Union (hereinafter “TFEU”).

The balance made by the CJEU here is coherent with its established case law in Europe. Previous cases rendered by CJEU established that “[T]he exercise of an exclusive right by the proprietor may, in

¹⁵⁸ As well as recall of patent infringing products; *Huawei v ZTE*, CJEU, 16 July 2015, Case No. C-170/13.

¹⁵⁹ *Sisvel v Haier I*, FCJ; 5 May 2020, Case No. KZR 36/17, para. 65.

¹⁶⁰ It should be noted that there are also jurisdictions where there is currently no legal basis for a FRAND defense at all, e.g., Russia, and where it is completely open how the courts will deal with such cases.

exceptional circumstances, involve abusive conduct.”¹⁶¹ In *Huawei v. ZTE*, the CJEU held that the standard essential nature of the SEP and patent holder’s irrevocable FRAND commitment generate legitimate expectation by potential standard implementors, and thus the “exceptional circumstances” requirement for abusive conduct for the purpose of Art. 102 of TFEU is satisfied here. A refusal by the SEP holders whose patent is subject to a FRAND commitment to grant a license on FRAND terms may constitute an abuse of its market dominant position within the meaning of Article 102 of TFEU. Accordingly, the implementers may raise the so-called FRAND defense against actions brought by the SEP-holders for injunctive relief, claiming the anti-competitive nature of their refusal in licensing on FRAND terms.

However, it is noteworthy that bringing an action for injunctive relief will not in itself amount to an abuse in the CJEU’s opinion. In *Huawei v. ZTE*, the CJEU prescribes a set of conditions for the SEP holders, the precise following of which would avoid the finding of abusive conduct pursuing an injunction. These ‘safe harbour’ principles for avoiding violating Art. 102 TFEU have also been recognized by the UK Supreme Court¹⁶² and the German Federal Court of Justice (FCJ).¹⁶³

In addition to the FRAND defense based on Art. 102 of TFEU as defined in *Huawei vs ZTE* focusing on the negotiation between both parties, the German FCJ also allows a competition law FRAND defense arising from an antitrust objection based on compulsory licensing. According to its *Orange-Book Standard* decision,¹⁶⁴ the defendant may defend against an SEP holder seeking an injunction by invoking an abuse of market dominant position if it (the defendant) has not only unconditionally offered to conclude a FRAND licence on terms that the SEP holder cannot refuse without violating the prohibition of abuse or discrimination but also regularly renders account and pays the license fees due according to its offer.¹⁶⁵

The FRAND defense itself can also give rise to a separate cause of action under the anti-monopoly law (e.g., in China based on Article 20.2 of the Patent Law). In contrast with passively relying on the FRAND defense in the civil proceedings, in several jurisdictions SEP implementers are entitled to more proactive actions against SEP holders by initiating anti-monopoly lawsuits under the claim of abusing dominant position.¹⁶⁶ In the milestone case *Huawei v. IDC*¹⁶⁷, given that IDC’s seeking of injunctive relief in a foreign jurisdiction amounted to coercing Huawei into non-FRAND terms, the Chinese court ordered IDC to cease its monopolistic behaviour, including overpricing and tying, and awarded civil damages to Huawei. After the *Huawei* case, standard implementers use anti-monopoly

¹⁶¹ *Radio Telefis Eireann (RTE) and Independent Television Publications Ltd (ITP) v Commission of the European Communities*, Joined cases C-241/91 P and C-242/91 P.

¹⁶² *Unwired Planet v Huawei*, [2020] UKSC 37.

¹⁶³ *Sisvel vs Haier I* (FCJ, 5 May 2020, KZR 36/17) and *Sisvel vs Haier II* (FCJ, 24 Nov 2020, KZR 35/17)

¹⁶⁴ *Orange Book Standard*, FCJ, 6 May 2009, KZR 39/06.

¹⁶⁵ Confirmed by *Sisvel vs Haier I* and *II*, supra, note 9, according to which abuse only occurs if the infringer complies with the conditions set forth in *Orange-Book-Standard* –, but patentee nevertheless enforces claims of injunction, recall and destruction; or when infringer did not yet comply with *Orange-Book*, but patentee enforces such claims without enabling an infringer who is deemed to be a willing licensee to conclude a FRAND license as in *Huawei v. ZTE*.

¹⁶⁶ E.g., in China, in India, in Romania [please add].

¹⁶⁷ *Huawei v. IDC*, (2013) Yue Gao Fa Min San Zhong Zi No. 306

cases as a routine counter-action against SEP holders, such as *Apple v. Qualcomm*¹⁶⁸, and *Apple v. Iwncomm*¹⁶⁹.

All FRAND defense concepts based on competition law presuppose that the SEP holder has a market dominant position. It is still undecided whether such defense exists if (1) no FRAND commitment exists but the patent is in fact standard essential or (2) the FRAND commitment was only signed by a previous holder who did not bind the transferee to this commitment¹⁷⁰; or (3) if the SEP holder only grants FRAND licences to certain levels of the supply chain (end user level) and not to all.

Korean courts recognize the FRAND defense as a defense based on the duty of good faith under the Civil Code and competition law. To date, whether Korean courts will acknowledge a FRAND defense based on contractual obligation has not been clearly established.

In the cellular SEP infringement lawsuit brought by Samsung against Apple, Apple counter argued that Samsung's injunction claim violated (i) the FRAND commitment; (ii) the duty of good faith and prohibition on abuse of rights under the Civil Code; and (iii) the Monopoly Regulation and Fair Trade Act ('MRFTA', the Korean competition law). The court, however, rejected all of Apple's counterarguments above and granted Samsung injunctive relief (*see Samsung v. Apple*, Seoul Central District Court Decision No. 2011GaHab39552 rendered on August 24, 2011 at 164 through 214).

Specifically, the court held with respect to (iii) that Samsung's injunction claim was not in violation of the MRFTA for the following reasons: (1) Apple has not requested a license from Samsung, failed to acknowledge the validity of Samsung's SEPs or its infringement thereof, nor has taken any measures, such as depositing or proposing to deposit money equivalent to the royalty amount in escrow for litigation; (2) the royalty amount that Samsung proposed to Apple cannot be deemed to be excessively high in light of the industry practice; (3) it is insufficient to find Samsung's anticompetitive intent or purpose; (4) Objectively, Samsung's injunction claim cannot be deemed to be of the nature that would raise concern of anticompetitive effect; and (5) even assuming arguendo that the royalty proposed by Samsung was excessively high, it would only constitute a specific disadvantage offered to Apple; it would not directly lead to a finding of Samsung's anticompetitive intent or purpose and there is no proof of anti-competitiveness (*see id.* at 196 through 214, especially at 204 through 206).

2. FRAND defense based on third-party beneficiary breach of contract claims

Courts have also held that the irrevocable commitment of an SEP holder to license its SEPs on FRAND terms is a binding contract between the patent holder and the SSO, and that an implementer of that standard – as third party beneficiary - has the right to enforce the obligation under the contract. Especially US and UK courts¹⁷¹ interpret FRAND declarations as third-party

¹⁶⁸ *Apple v. Qualcomm*, (2017) Jing 73 Min Chu No. 38.

¹⁶⁹ *Apple v. Iwncomm*, (2016) Jing 73 Min Chu No. 1137.

¹⁷⁰ For those two scenarios, the necessary counter claim of the defendant to a license may arise from antitrust law only.

¹⁷¹ *Apple, Inc. v. Motorola Mobility, Inc.*, 886 F. Supp. 2d 1061, *TCL Commc'ns Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, No. 14-341, 2017 WL 6611635; *Microsoft Corp. v. Motorola, Inc.*, 864 F. Supp. 2d 1023; The UK High Court also found that the FRAND commitment of an SEP holder to ETSI constitutes a binding contract and is enforceable by the

beneficiary contracts between patent holders willing to participate in the standard setting process and the SSO, and further hold that due to the binding and enforceable nature of the third-party beneficiary contracts, SEP holders must comply with their FRAND negotiation obligations before seeking injunctions. Failure to do so will be deemed as a breach of contract. In *Realtek Semiconductor Corp. v. LSI Corp.*¹⁷², the court enjoined the defendant, an SEP holder, from enforcing any exclusion order or injunctive relief by the ITC, based on the finding that the SEP holder failed to make a substantial licensing offer to the defendant before filing a Section 337 action seeking an exclusion order and injunctive relief before the ITC.

However, the binding nature of the FRAND commitment does not waive the patentee's right to an injunction or an exclusion order. Most FRAND commitments as required by SSOs make no explicit or implicit restrictions on the patentee's availability of injunctive relief. The content of the FRAND undertaking can vary across SSOs.¹⁷³ If the SEP holder fully fulfils its FRAND obligations set by the SSOs, such as a duty to offer FRAND licenses and negotiate in good faith, injunction remedies will be still available. However, the FRAND undertaking may be enforceable by third parties in such a way that an SEP holder who refuses to enter into a FRAND licence loses its claim to injunctive relief for patent infringement.¹⁷⁴ However, it is noteworthy that a FRAND defense based on contractual obligations arising from the FRAND commitment does not require a market dominant position of the SEP holder and may cover cases where a market dominant position does not exist (e.g., patents declared to optional portions of a standard).

As explained in Section 1 above, Korean courts recognize the FRAND defense as a defense based on the duty of good faith under the Civil Code and competition law. To date, whether Korean courts will acknowledge a FRAND defense based on contractual obligation has not been clearly established.

As explained in Section 1 above, in *Samsung v. Apple*, Apple counter argued that Samsung's injunction claim violated (i) the FRAND commitment; (ii) the duty of good faith and prohibition on abuse of rights under the Civil Code; and (iii) the competition laws. The court, however, rejected all of Apple's counterarguments above and granted Samsung injunctive relief (*see Samsung v. Apple*, Seoul Central District Court Decision No. 2011GaHab39552 rendered on August 24, 2011 at 164 through 214).

Specifically, Apple made the following arguments with respect to (i) and (ii) above: (a) a license agreement between Samsung and Apple was formed as a result of Samsung's FRAND declaration and Apple's implementation of Samsung's SEPs; therefore, Samsung's injunction claim must be dismissed; (b) an injunction claim by one who made a FRAND declaration goes against the principle of promissory estoppel because a FRAND declaration is essentially a declaration that the SEP holder would not exercise its right to claim injunction against the (potential) implementor; and (c) given that an SEP holder has the contractual obligation to negotiate a license in good faith at the

implementer based on French law (based on French law doctrine of "stipulation pour autrui"), see *Unwired Planet v. Huawei*, *supra*, note 8.

¹⁷² *Realtek Semiconductor Corp. v. LSI Corp.*, 946 F. Supp. 2d 998 (N.D. Cal. 2013)

¹⁷³ *E.g.*, the provision of the IPR policy of the SSO will set whether the scope of the undertaking could be very broad (*e.g.*, all standards instead of specific standards) or whether any kind of conditions could be put to the undertaking.

¹⁷⁴ *See Unwired Planet v Huawei*, *supra*, note 8.

least, according to the FRAND declaration, filing an injunction claim while requesting excessively high royalty constitutes abuse of rights.

However, the court rejected each of Apple's arguments above for the following reasons: (a) it cannot be said that a license agreement was formed based on Plaintiff's FRAND declaration regarding the SEPs and Defendant's unilateral implementation of such SEPs; (b) a FRAND declaration is "a declaration on the general principle under which the patent holder bears the obligation to negotiate license agreements in good faith and on FRAND terms" and cannot be interpreted as the SEP holder's waiver of its right to seek an injunction prohibiting infringement; and (c) in light of the negotiation history between Samsung and Apple, it cannot be concluded that Samsung requested excessively high royalties that do not comply with FRAND terms, and Samsung's injunction claim cannot be deemed to constitute an abuse of rights in violation of the Civil Code or an abuse of patent rights for violating the duty of good faith (*see id.* at 174-196).

3. FRAND defense based on good faith principle

The legal basis behind the FRAND defense in China is the "good faith" principle in civil law, which obliges SEP holders to negotiate royalties in conformity with their FRAND declarations before seeking injunctive relief before courts. The newly amended patent law in China reiterates this principle¹⁷⁵. A similar concept had been discussed in Germany prior to *Huawei v. ZTE*, considering the fact that an SEP holder claiming injunctive relief based on an SEP would demand something (cease of use) it would need to return immediately (in the form of granting a licence) to be contrary to the general principle of good faith.¹⁷⁶ Also Dutch courts applied 'good faith' principles in a way that an SEP holder may lose the right to injunctive relief if violating its obligation to 'good faith' negotiations.¹⁷⁷

The Supreme People's Court also adopts the FRAND defense in its juridical interpretation¹⁷⁸, which explicitly precludes an SEP holder's availability to injunctive relief under the circumstance where an SEP holder intentionally violates its FRAND negotiation obligations while the implementor is in good faith. Nonetheless, the duty of the SEP holder to license on FRAND terms does not eliminate the statutory remedies including injunctive relief. The SEP holder still can be awarded injunctive relief under the good-faith principle analysis. For example, in *Huawei v. Samsung*¹⁷⁹, based on the finding that Huawei (SEP holder) acted as a willing licensor while Samsung (implementer) maliciously delayed the licensing negotiation in between, the Shenzhen Intermediate People's Court awarded injunctive relief to Huawei. Availability of statutory claims

¹⁷⁵ Article 20.1 of the Patent Law (2020 Amendment), P.R. China.

¹⁷⁶ *See, Orange Book Standard*, FCJ, *supra*, note 10.

¹⁷⁷ *Koninklijke Philips N.V. v. Wiko SAS*, ECLI:NL:GHDHA:2019:3613, at 4.14 (CoA The Hague, 2 July 2019).

¹⁷⁸ Article 24 of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Disputes (II) (2020 Amendment).

¹⁷⁹ *Huawei v. Samsung*, (2016) Yue 03 Min Chu Nos. 816 and 840

4. Requirements for injunctive relief claims

a. Descriptive overview (“automatic” vs. discretionary injunctions)

- **Germany:** Until August 2021, Section 139 German Patent Act had foreseen an “automatic” injunction. Accordingly, if the court established patent infringement, the defendant would be enjoined from manufacturing, distributing, marketing, using and importing infringing products. Exceptionally, according to the “*heat exchanger*”-decision of the Federal Supreme Court” limitations (e.g. in form of a ‘grace period’) were possible based on the bona fide provision in Sec. 242 German Civil Code, if the immediate enforcement of the injunction would represent a disproportionate hardship not justified by the patent right, even taking into account the interests of the infringed party vis-à-vis the infringer¹⁸⁰.

In view of this decision, the German legislature has slightly amended Sec. 139 German Patent Act. Accordingly, the claim for injunctive relief is now excluded insofar as the claim would lead to disproportionate hardship for the infringer or third parties not justified by the patent right due to the special circumstances of the individual case and the requirements of good faith. In this case, a new claim entitling the patent holder to a “reasonable financial compensation” in addition to the ordinary damage claim was introduced. It remains to be seen how courts will calculate such a “surcharge”. It is also not clear yet, whether the new provision will apply to cases involving SEPs or will step back against the Huawei v ZTE requirements as *lex specialis*. There are no decisions on the interpretation of this amendment yet.

- No specific provision has been enacted under the Indian patent law relating to grant of injunctions in SEP cases. Rights of SEP owners are akin to rights of non-SEP owners with added contractual FRAND/RAND commitments which are governed by the IPR policy of the concerned SSO/SDO. Thus, an SEP owner can seek an interim/preliminary/ex-parte/permanent injunction, which is a discretionary remedy, against an unwilling licensee.
- For seeking an interim injunction, a Plaintiff must show 1) existence of a *prima facie* case; 2) balance of convenience must lie in its favour; and 3) irreparable loss would be caused to the SEP owner in case relief of injunction is not granted during pendency of suit.
- In cases, where interim injunction/s have been granted, we have seen a trend whereby the Courts in India grant a conditional injunction i.e. if a defendant agrees to make certain deposits/payments, the interim injunction shall not come into play and the implementer can continue to sell their devices.

¹⁸⁰ Federal Supreme Court, docke.no. X ZR 114/13.

- Courts in India have protected the rights of SEP owners by granting *ex parte* and/or *ad interim* injunctions orders or orders directing the parties to enter into interim arrangements till the pendency of the suit. Details of such orders are provided hereinbelow:
 - Deposit of compensation/ security directly to the Plaintiff:
 - a) TLM Ericsson v. Mercury Electronics (Micromax) (CS (Comm) 155/2017),
 - b) TLM Ericsson v. Gionee Communications (CS (Comm) 1533/2016)
 - Deposit of compensation/security in court:
 - a) TLM Ericsson v. Xiaomi Technologies, (CS (Comm) 434/2016),
 - b) TLM Ericsson v. Lava Technologies, (CS (Comm) 1148/2016)
 - Safeguarding rights of SEP owners by way of bank guarantee:
 - a) Dolby International v. GDN Enterprises (Oppo) (CS (COMM) 1425/2016),
 - b) Dolby International v. Das Telecom (Vivo) (CS (COMM) 1426/2016)
 - Sales details:
 - a) Dolby International v. GDN Enterprises (Oppo) (CS (COMM) 1425/2016),
 - b) Dolby International v. Das Telecom (Vivo) (CS (COMM) 1426/2016)
 - Immovable asset as security:
 - Koninklijke Philips NV v. Vivo mobile communication Co. Ltd & Ors.
 - Maintenance of certain specified amount in account:
 - Koninklijke Philips NV v. Xiaomi Technology & Ors.
- In SEP cases, direct infringement of a claim is not required to be established. Instead, it is sufficient to show that (a) the asserted patent in question is essential to the standard(s) i.e. least one claim maps onto the concerned standard(s); AND (b) the accused products are compliant with the said concerned standard(s).
- Permanent injunction is one of the reliefs generally prayed for as a final remedy in a patent infringement suit. Generally in patent cases, a finding of infringement is coupled with an automatic permanent injunction. The law relating to grant of permanent injunctions in SEP cases has not crystallized yet as we have seen only one judgement post trial in which case as the patent term had expired, thus the relief of permanent injunction had become infructuous in nature.
- [China perspective] Under the Chinese law, in regular patent infringement cases, the award of permanent injunction is a default remedy for patent infringement. The establishment of the infringement alone is enough for the court to award such a remedy and no other prerequisite is needed.
- [China perspective] In SEP-related cases, the injunctive relieves could not be relieved under certain circumstances.
 - *Huawei v. Samsung*, (2016) Yue 03 Min Chu No. 816 and 840

- Articles 10-14 of *Guidelines of Guangdong High People's Court on Adjudicating Cases of Disputes Over Standard-Essential Patents (Trial)*
- Article 152 and Article 153 of *Guidelines of Beijing High People's Court on Patent Infringement Determination*
- *IWNCOMM v. Sony*, (2015) Jing Zhi Min Chu Zi No. 1194

b. Special variants of injunctions (e.g., India: “conditional injunction”; UK: “FRAND injunction”)

Courts in India do pass conditional injunction orders. The Delhi High Court in *TLM Ericsson v. Intex Technologies (India) Ltd.*, CS(COMM) 769/2016, passed a conditional interim injunction after holding that Ericsson's patents were *prima facie* valid, essential and had been infringed by Intex. It also held that Intex was an unwilling licensee. Intex was ordered to deposit a royalty amount as fixed by the Court and in case Intex failed to comply with the said directions, an interim injunction was to follow. The said order has been challenged in appeal and is currently pending before a division bench of the Delhi High Court.

- Netherlands
 - As a rule, permanent injunctive relief is available to a patentee whose patent is held to be valid and infringed. Exceptions where injunctive relief can be avoided despite a finding of infringement include situations wherein granting injunctive relief is (a) contrary to the patentee's contractual or legal obligations; (b) disproportional in view of the fundamental rights involved; (c) contrary to a compelling societal interest; and (d) an abuse of rights.
 - The former exception is particularly relevant for SEP cases. Before *Huawei/ZTE*, the court has ruled that the mere contractual obligation to grant a license on FRAND terms was not sufficient to avoid an injunction.¹⁸¹ (*Philips/SK Kassetten*). In a case where patentee and infringer were both bound by SSO bylaws to have the license terms set in arbitration, the court did not award an injunction.¹⁸² Since *Huawei/ZTE*, all recent Dutch case law on FRAND-related disputes clearly indicates that it is possible under certain circumstances to avoid an injunction if the implementer qualifies as a willing licensee. (e.g. *Koninklijke Philips N.V. v. Wiko SAS*, *ECLI:NL:GHDHA:2019:3613 (CoA The Hague, 2 July 2019)*)
 - Preliminary relief requires, in addition to a preliminary finding of infringement, that the plaintiff shows an urgent interest in a preliminary injunction. Grant of a preliminary injunction depends on a balancing of interests. Recent case law shows that – due to the FRAND license

¹⁸¹ *Koninklijke Philips Electronics N.V. v. SK Kassetten GmbH & Co KG*, IEPT20100317 (DC The Hague, 17 March 2010).

¹⁸² *Sony Supply Chain Solutions (Europe) B.V. v. LG Electronics Inc.*, 389067 / KG ZA 11-269, at 4.18-4.24 (D.C. The Hague, 10 March 2011).

commitment – obtaining preliminary relief for infringement of a SEP is more difficult than in regular patent cases. In particular if the infringer provided security for past and future royalty payments (*Sisvel International S.A. v. Xiaomi Corporation et al*, ECLI:NL:GHDHA:2020:711, at 4.1-4.17 (CoA The Hague, 18 March 2020).

- United Kingdom
 - In English law, once a patent owner has established that a patent is valid and has been infringed, it is *prima facie* entitled to prevent further infringement of its property rights by injunction.
 - The court cannot compel a party to take a license. However, where the court has found an SEP valid and infringed the implementer can choose to rely on SEP holders' FRAND commitment or submit to the injunction. The FRAND injunction should be in normal form to restrain infringement of the relevant patent(s) but will include a proviso that it will cease to have effect if the defendant enters into that FRAND license.
 - A FRAND injunction in this form reflects the finding that what the patentee is entitled to today, bearing in mind its FRAND undertaking, is a license on FRAND terms but if the implementor has the ability to take the license and does not do so, then an injunction is appropriate for as long as the defendant does not enter into that license. This choice, on the implementer's part, is what is unusual about a FRAND injunction¹⁸³. The injunction ceases to have effect if the FRAND licence is entered into.
 - Interim injunctions are generally not applicable in cases involving SEPs because the patentee's loss – the loss of FRAND royalties under the patent – are readily quantifiable (so damages are an adequate remedy). In *IPCom v Xiaomi Technology & MyTech Retail Distribution* [2019] EWHC 3074 (Pat), the court rejected the patentee's argument that the irreparable harm it would suffer would be the loss of the opportunity for it to obtain a FRAND licence, holding that the patentee had no absolute right to force the defendant to enter into a licence and because the defendant had indicated that it would not take such a license, the opportunity relied upon did not exist.
- [South Korea Perspective]
 - Under Korean patent law, an injunctive relief is available if a patent infringement is established (Article 126 of the Patent Act). The Patent Act does not provide any exceptions for SEPs. However, an abuse of rights (which includes abuse of patent rights) under the Civil Code is one of the defenses available against a patent infringement claim. The defendant in a patent infringement suit can also raise violation of competition law as a type of

¹⁸³ *Optis & Unwired Planet v Apple* [2021] EWHC 2564 (Pat) at para 124.

abuse of right (*see Samsung v. Apple*). However, we are not aware of any case where the court denied an injunctive relief or compensation of damages, with respect to SEPs, on the ground that such claims constituted an abuse of right by the SEP holder.

- In addition, there are no laws that prescribe additional requirements or procedures related to SEP infringement claims (including injunction claims) or cases where the court accepted certain additional requirements or procedures.

5. Requirements for claims for recall and destruction

- Any difference to the requirements for injunctive relief?

6. Requirements for claims for information, rendering account and damages

- Descriptive overview, in particular focusing on liability/wilfulness requirements
 - SEP owners generally claim a relief of damages (both compensatory and punitive), declaration that the offered rates were FRAND, declaration that the defendants are unwilling licensees, delivery up of infringing products, rendering accounts of sale *qua* infringing products and litigation cost. If a defendant's liability is established, courts generally grant such reliefs in favour of the SEP owners. Further, courts in India grant punitive damages in cases where the conduct of the defendant is wilful and *mala fide*.
 - In *Koninklijke Philips Electronics N.V v. Rajesh Bansal*, CS(COMM) 24/2016 and *Koninklijke Philips NV v. Bhagirathi Electronics and Ors.*, CS(COMM) 436/2017, the Delhi High Court awarded damages at USD 3.175 from the date of institution of the suit till 27th May, 2010 and USD 1.90 from 28th May, 2010 till 12th February, 2015 (expiry of the patent). The issue of past damages was not discussed. The Court also awarded punitive damages to the tune of INR 5 lakhs.
 - Netherlands: Generally, a patentee whose patent has been infringed is entitled to claim destruction and recall of infringing products, rectification, information on past sales, and damages (lost profits of the patentee, surrender of profits of the infringer, reasonable royalty). In SEP cases, a claim to destruction and recall is subject to the same conditions as an injunction (as per *Huawei v. ZTE*), i.e., such claims will be denied if the implementer qualifies as a willing licensee. The question whether infringement of a SEP entitles the patentee to claim damages in the form of surrender of the infringer's profit is open.
 - United Kingdom: The holder of a valid and infringed patent will be entitled to seek relief for the acts of past infringement including destruction and recall of infringing products, disclosure of past sales, and damages (or lost profits at the patentee's election). The English Court will grant declaratory relief under the court's inherent

jurisdiction where it would serve a useful purpose¹⁸⁴. In respect of damages, the English Court acknowledges a difference between damages for acts of infringement and the determination of what is FRAND¹⁸⁵.

Under the Patent Act of Korea, once an infringement of patent rights is established, measures necessary to prevent infringement such as destruction of the infringing products or removal of the facility or equipment used for the infringement may be sought (Article 126). In addition, the patent holder may claim compensation of damages resulting from intentional infringement or infringement by negligence (Article 128). For wilful infringement, in particular, courts may award treble damages (Article 128(8)).

- As explained in Section 1 above, the Patent Act does not provide any exceptions for SEPs. In theory, defenses such as breach of the duty of good faith or abuse of rights and violation of competition law are available, however, there have not been any cases where the court accepted such defenses and denied relief to date.

7. Additional requirements in SEP cases

According to case-law from various jurisdictions, the above-outlined requests might be subject to further conditions which have to be met. For example, according to the *Huawei/ZTE*-decision by the CJEU¹⁸⁶, an implementer may raise a so-called FRAND-defense. This judgment is also often cited before Indian Courts and is relied upon by both patentees and implementers to support their case for grant of interim or final relief. The approach by Chinese courts is fairly similar. In particular, the courts focus very much on the the negotiation process and whether the offer and counteroffers are indeed FRAND.¹⁸⁷

a. Legal Effect of the FRAND-defense

According to German case-law, the claims for **injunctive relief, recall and destruction** are not (judicially) enforceable as long as the SEP holder does not act in accordance with its FRAND commitment vis-à-vis the standardization organization. Although the aforementioned claims are not permanently excluded, they are precluded by a dilatory defense as long as the SEP holder does not fulfill its obligations. If the SEP holder does not fulfill its obligations at the latest by the end of the last oral factual hearing, the patent infringement action must be dismissed as *currently* unfounded to that extent.¹⁸⁸

As regards, the claims for **information and damages**, the Federal Supreme Court in *Sisvel/Haier* has determined that the non-fulfilment of the conduct duties on the side of the patent holder can give rise to a counter-claim of the implementer for damages. Such a counterclaim can only arise if

¹⁸⁴ Rolls Royce v Unite the Union [2009] EWCA Civ 387.

¹⁸⁵ ICom v HTC [2020] EWHC 2941 (Pat) para 45.

¹⁸⁶ CJEU, docket-no. C-170/13.

¹⁸⁷ Huawei v. Samsung, (2016) Yue 03 Min Chu No. 816 and 840.

¹⁸⁸ Higher Regional Court Düsseldorf, docket-no. I-15 U 66/15.

the infringer demands the conclusion of a licence agreement on FRAND terms from the SEP holder (initially by expressing its willingness to license) and the SEP holder does not respond thereto in accordance with the obligations incumbent on it due to its dominant position by either unlawfully refusing to conclude such a licence agreement or by not making an offer on FRAND terms despite the implementer's willingness to license.¹⁸⁹ Effectively, this means that (in case of a successful FRAND-defence), the SEP-holder can only request damages for past uses calculated on a (hypothetical) FRAND-licence for the time-period in which the SEP-holder was not in compliance with its FRAND-obligations. This also means that its claim for rendering account is insofar limited to the information needed to calculate such damages (and, thus, does e.g. not include the information on the implementer's profits).

b. Requirements for a FRAND-defence

According to the test established in Huawei/ZTE-judgment by the CJEU (C-170/13), the (FRAND-dance) requirements as set out by the Court of Justice are as follows:

- notification by the Claimant
- declaration of willingness to license by the Defendant
- FRAND offer by the Claimant
- FRAND counter offer by the Defendant
- if counter-offer is rejected by the Claimant, security and rendering of account by the Defendant, and
- if both agree: third party determination of the licencing terms.

Before the decision by the German Federal Supreme Court in *Sisvel/Haier*¹⁹⁰, the above-mentioned requirements were regarded as a fixed test; i.e. these requirements had to be fulfilled consecutively.¹⁹¹ Accordingly, if either the claimant or the defendant failed to comply with a specific step, the case is either dismissed or, respectively, granted without having to look at the subsequent steps.

Now, the Federal Supreme Court puts much emphasis on finding a balance between the risk of holdout and holdup. The court emphasizes that both parties must work single-mindedly towards the conclusion of a contract, whereby the behavior of the negotiating parties is decisive throughout the entire duration of the contract negotiations. In this context, not too high requirements are to be placed on the initial license offer of the SEP holder. Most notably, the above-outlined criteria of the CJEU only represent a “safe harbour” for the SEP holder. If the steps specified by the CJEU are complied with, this precludes abuse. If the SEP holder proceeds differently, however, this is not

¹⁸⁹ Federal Supreme Court, docket-no. KZR 36/17.

¹⁹⁰ Federal Supreme Court, docket-nos. KZR 36/17 and 35/17.

¹⁹¹ Case I-15 U 66/15, Mar. 30 2017.

automatically also abusive. All circumstances of the individual case must always be examined. With this opinion, the Federal Supreme Court follows the lead of other European courts.

In other words, there seems to be a general understanding across most jurisdictions that both parties will ultimately and “automatically” agree on terms which are FRAND if they are willing to negotiate these terms on a good-faith basis. Accordingly, both parties are required to contribute to the license negotiation in a manner appropriate to the situation and in accordance with the principles of good faith so that an appropriate balance of the conflicting interests can be negotiated in the form of a license agreement on FRAND terms.

In the following, we focus on the most important aspects of the “safe harbour” FRAND-dance during and outside of litigation based on the CJEU-judgment:

i. FRAND commitment and declarations

The first question that arises is whether the applicability of the FRAND-dance requires the SEP-holder to have had submitted a FRAND declaration. The background for this question is the fact that the CJEU in *Huawei/ZTE* in fact dealt with an SEP in combination with a FRAND declaration.

This differentiation is important in Germany and was confirmed in *Sisvel/Haier* by the Federal Supreme Court.¹⁹² Accordingly, the test established by the Federal Supreme Court in its *Orange Book*-decision still applies in cases where no FRAND-commitment was made.¹⁹³ The major difference between both tests is that *Orange Book* requires the implementer to first make a concrete, acceptable, negotiable and reasonable offer to the SEP-holder *before* making use of the patented technology.

- Netherlands: the Dutch courts have ruled that, in the context of a patent subject to an ETSI FRAND declaration, a late declaration by the patentee of the patent’s essentiality does not preclude its enforcement. The court’s reasoning is based on the premise that ETSI aims to draft technically optimal standards rather than an “IPR-free” standard. In earlier case law regarding a SSO that did aim for a non-patented standard, a patentee was estopped from enforcing a patent it had failed to declare essential.¹⁹⁴

ii. Infringement alert

Before the offers and counter-offers have to be exchanged, the SEP-holder has to notify the implementer about the infringement. It is, in principle, the responsibility of the infringer to ensure that no IP rights of third parties are infringed before starting to manufacture or sell a product. However, in view of the large number of patents by which a product may be affected, particularly in the field of information and telecommunications technology, it is regularly associated with considerable difficulties to obtain a complete and reliable overview of all relevant IP/patent rights, especially since this may require a more detailed examination of the subject matter and scope of

¹⁹² Federal Supreme Court, docket-no. KZR 36/17 and KZR 35/17.

¹⁹³ Case KZR 39/06, May 6, 2009.

¹⁹⁴ LG Electronics Benelux Sales B.V. v. Koninklijke Philips Electronics N.V., ECLI:NL:RBSGR:2007:BA7125, at 4.16-4.17 (D.C. The Hague, 11 June 2007).

protection of a large number of patents in individual cases. In contrast, the SEP holder intending to bring a claim against the (alleged) infringer for patent infringement has already examined the infringement allegation. Moreover, the implementer may expect to be allowed to use the teaching of a standard-essential patent anyway - even if only on the basis of a license agreement at reasonable conditions.¹⁹⁵

This alert requires the identification of the patent asserted in the (later) action at least by reference to its publication number as well as explanations as to the specific act by which the patent is allegedly infringed: This means the attacked embodiments have to be identified and the concrete acts of use (i.e. manufacture, offer, distribution, etc). There is no further information needed because verification of all this is the sole responsibility of the implementer.¹⁹⁶ However, according to Indian case-law, the alert must also contain details related to essentiality in the form of claim charts, however the issue, whether claim charts ought to be compulsorily shared has not yet been decided. For example, infringement can be asserted by relying upon device specifications/standard compliance test results along with claim charts by mapping the claims of the patent to specific portions of standard specifications as indirect proof of infringement, cf. the test laid down in *Fujitsu v. Netgear*.¹⁹⁷ Furthermore, according to the German Federal Supreme Court, it is sufficient to send the alert to the mother company (even if the later complaint is only filed against a subsidiary).¹⁹⁸

According to the CJEU, the reason for the necessity of an alert is the large number of patents by which a product may be affected, particularly in the field of information and telecommunications technology so that it is regularly associated with considerable difficulties to obtain a complete and reliable overview of all relevant IP rights, especially since this may require a more detailed examination of the subject matter and scope of protection of a large number of patents in individual cases. Nevertheless, the Regional Court Düsseldorf has made it clear that this is not just a negligible formality even in cases where the implementer is allegedly well aware of the patent landscape.¹⁹⁹

iii. Declaration of willingness to take a license

In response to a sufficient alert, the implementer has to express his continuing interest in licensing of the patent in suit. According to the Federal Supreme Court (case KZR 36/17, May 5, 2020), this declaration must clearly and unambiguously express his serious and unconditional willingness to take a license on FRAND terms, no matter the terms and be followed by a ‘target-oriented’ engagement in licensing negotiations with the patent holder. According to the Federal Court of Justice, demonstrating willingness to obtain a licence in the above sense is needed in order to

¹⁹⁵ CJEU, docket-no. C-170/13.

¹⁹⁶ Higher Regional Court Düsseldorf, case I-15 U 65/15, Nov. 17, 2016; Koninklijke Philips N.V. v. ASUSTeK Computer Inc. et al, ECLI:NL:GHDHA:2019:3535, at 4.158 (CoA The Hague 24 December 2019).

¹⁹⁷ 620 F.3d 1321.

¹⁹⁸ Case KZR 36/17, May 5, 2020.

¹⁹⁹ Case 4a O 15/17, Nov. 9, 2018.

establish further conduct duties of the SEP holder (e.g., the duty to make an offer on FRAND terms).²⁰⁰

Willingness on the side of the implementer to take a license is viewed under Dutch case-law as a precondition to trigger the SEP holder's obligation to offer a license on FRAND terms. Such willingness (also in early stages) must be real i.e. not just in words. What is real willingness depends on the circumstances of the case. A simple written statement of willingness is not necessarily sufficient to trigger the SEP holder's obligation to provide a FRAND license offer. Also, the willingness to be present at meetings – or even actual attendance of negotiations – is not necessarily sufficient.²⁰¹

A similarly high threshold is in place in India where the Delhi High Court has in *TLM Ericsson v. Intex Technologies (India) Ltd.*,²⁰² *TLM Ericsson v. Xiaomi Technologies*,²⁰³ and *Telefonktiebolaget LM Ericsson v. Lava International Ltd.*,²⁰⁴ at the interim stage as well as in *Koninklijke Philips Electronics N.V. v. Rajesh Bansal*,²⁰⁵ and *Koninklijke Philips NV v. Bhagirathi Electronics and Ors.*,²⁰⁶ at the final stage observed that the Defendants' conduct showed reluctance and unwillingness to enter into a FRAND license.

Of course, the implementer is granted a certain time for consideration. The length of that time largely depends on the level of details given by the SEP-holder in its alert; i.e. the fewer details the longer the time for consideration and vice versa. In any event, the consideration time can exceed two months only in very exceptional circumstances.²⁰⁷

To the contrary, English Courts do not seem to put the same weight on the requirement of willingness. In relation to patents essential for the ETSI-standard, UK courts have interpreted Clause 6.1 of the ETSI IPR Policy to mean that any person interested in implementing an ETSI standard must be entitled to have a license on FRAND terms on demand. However, a party without a license may potentially be enjoined²⁰⁸. The English Court has also held that the implementer does not permanently lose the right to a FRAND license by failing to commit to a licence at the relevant time²⁰⁹.

²⁰⁰ *Sisvel v Haier*, Federal Court of Justice, November 24, 2020, KZR 35/17, para. 56.

²⁰¹ *Koninklijke Philips N.V. v. ASUSTeK Computer Inc. et al*, ECLI:NL:GHDHA:2019:3535, at 4.179 (CoA The Hague 24 December 2019)

²⁰² CS(Comm) 769/2016.

²⁰³ CS(Comm) 434/2016.

²⁰⁴ 1148/2016.

²⁰⁵ CS(Comm) 24/2016.

²⁰⁶ CS(Comm) 436/2017.

²⁰⁷ Higher Regional Court Karlsruhe, case 6 U 183/16, Oct. 30, 2019.

²⁰⁸ *Optis & Unwired Planet v Apple* [2021] EWHC 2564 (Pat) paras 278 to 279.

²⁰⁹ *Optis & Unwired Planet v Apple* [2021] EWHC 2564 (Pat) paras 300 to 302.

iv. FRAND offer made by SEP owner and FRAND counteroffer

Once the implementer has sufficiently expressed willingness to take a license, the SEP-holder is obliged to provide an offer on FRAND terms. This means that he has to make a specific written offer of a licence on FRAND terms and conditions and, in particular, has to indicate the licence fee and the manner in which it is to be calculated.²¹⁰ According to the *Sivel/Haier*-decision, the licensor, must provide the implementer with sufficient information on the patent, or respectively, the patents belonging to a portfolio (if not only a single patent is to be licensed). Similar to the infringement notice, it is sufficient to set out the nature of the respective standard-relevant functions and their implementation. Detailed technical or legal explanations of the individual patents are not required; the implementer must also in this respect only be enabled - if necessary with expert assistance - to form a picture of the significance and scope of the patent (portfolio) in relation to the standard. Further explanations are not necessary for this reason alone, because the SEP-holder does not have to assume, at least without concrete indications for this, that the licensee wants to impose restrictions on the future use of the functionalities covered and made possible by the standard.²¹¹ What constitutes reasonable and non-discriminatory terms of a licence agreement in an individual case regularly depends on a variety of circumstances. According to the *Standard Spundfass*-decision, the dominant patent holder is not generally obliged to grant licences in the form of a “uniform tariff” granting all users the same conditions.²¹² This case law was recently confirmed by the Federal Supreme Court also for SEPs in combination with a FRAND declaration.²¹³ Accordingly, the binding and limiting nature of competition law rather aims at enabling negotiation results that are not influenced by the market dominance and take into account the interests of both contracting parties to a balanced extent. Since appropriate terms for a contractual relationship, in particular an appropriate price, are regularly not objectively determined, but can only be ascertained as the result of (possibly similar) negotiated market processes, the serious and purposeful participation of the undertaking willing to license in the negotiation of appropriate contractual terms is of decisive importance. The Dutch Court of Appeal is of the opinion that the test established by the CJEU in *Huawei/ZTE* requiring the SEP holder to offer a license on FRAND terms, does not encompass an obligation to also substantiate *why* the offer is FRAND. As a result, the SEP holder does not need to provide the implementer with (information regarding) license agreements concluded with other implementers. In its most recent decision, the court appears to nuance its earlier rulings somewhat – and added that substantiation of FRANDness *by supplying license agreements* is not necessarily required. However, lower courts have ruled that a meaningful discussion on FRAND terms is only possible after a patentee has supplied earlier license agreements concluded by the patentee.²¹⁴ These issues are currently pending before the Supreme Court.

²¹⁰ Cf. Higher Regional Düsseldorf, case I-15 U 66/15, Mar. 30, 2017.

²¹¹ Federal Supreme Court, docket-no. KZR 35/17.

²¹² Cf. Federal Supreme Court, case KZR 40/02, Jul. 13, 2004.

²¹³ Case KZR 36/17, May 5, 2020.

²¹⁴ *Sisvel International S.A. v. Xiaomi Corporation et al*, C/09/582823 (unpublished), at 2.2 (D.C. the Hague, 22 January 2020).

As regards, the requirement of the implementer to make a counter offer, the case law in Germany is not uniform. According to the Düsseldorf courts, a counter-offer only has to be made *if* the offer by the SEP-holder is indeed FRAND. Only if this is affirmed does the implementer have to react within a short period of time to make a concrete FRAND-compliant counter-offer in writing.²¹⁵ Until recently, this approach was followed by the Regional Court Mannheim and its appellate court, the Higher Regional Court Karlsruhe.²¹⁶ However, the 2nd chamber of the Regional Court Mannheim has recently issued an order stating that the implementer has to make a counter-offer regardless of the FRAND-compliance of the SEP holder's offer.²¹⁷ Similarly, the Regional Court Munich I has also made it clear that the implementer *always* has to make a counter-offer.²¹⁸

v. Other requirements for the defense

In case the counter-offer is rejected by the SEP-holder, the implementer has to provide security for his (past and expected future) uses, eg. by way of a bank guarantee or deposit.²¹⁹ This obligation includes a regular increase of the security depending on the duration of negotiations and/or litigation. Similarly, courts in India generally order defendants/implementers to furnish bank guarantees to secure the interest of SEP owners. Orders have also been passed wherein a defendant has been ordered to make payments directly to the SEP owner and the SEP owner has in turn been directed to furnish a bank guarantee for the amount deposited by the defendant.

Furthermore, the provision of security has to be accompanied by a rendition of account including information about revenues in order to be able to evaluate the amount of security.²²⁰ Whether or not the amount of security is limited to the actual sales of the litigated jurisdiction or must be based on worldwide sales was discussed in Germany by the District Court of Düsseldorf in *Saint Lawrence v Vodafone*. The court found that a security payment covering only acts of use (sales on infringing smartphones) in the German market, is not FRAND, when the SEP holder is entitled to request the signing of a global licence.²²¹ Regarding the timing, the court further held that security has to be provided immediately after the rejection of the (first) counteroffer by the SEP holder, regardless of whether subsequent offers and counteroffers were made; payment several months after the rejection of the counteroffer was not sufficient.²²²

²¹⁵ Higher Regional Court, case, case I-2 U 31/16, Mar. 22, 2019.

²¹⁶ Case 6 U 183/16, Oct. 30, 2019.

²¹⁷ Case 2 O 34/19, May 26, 2020.

²¹⁸ Munich court, *Guidelines on the handling of the FRAND defence*, Feb. 22, 2020.

²¹⁹ Cf. CJEU, case C-170/13; Higher Regional Court Düsseldorf, case I-15 U 65/15, Nov. 17, 2015; Koninklijke Philips N.V. v. Wiko SAS, ECLI:NL:GHDHA:2019:3613, at 4.38, CoA The Hague, 2 July 2019.

²²⁰ CJEU *ibid*.

²²¹ *Saint Lawrence v Vodafone*, District Court Düsseldorf, March 31, 2016 - Case No. 4a O 126/14 para. 397.

²²² *Saint Lawrence v Vodafone*, District Court Düsseldorf, March 31, 2016 - Case No. 4a O 73/14, para. 394.

- Netherlands: Huawei v. ZTE makes clear that an implementer that makes use of a SEP before concluding a license, needs to provide a counter-offer, backed up with appropriate security. The Dutch courts have not ruled explicitly on what an appropriate security is, i.e. whether it should be based on the implementer's counter-offer, or on the SEP holders initial offer. However, a security that is deemed too low, because it is deemed to be based on a non-FRAND counter offer, is insufficient to avoid an injunction. Where the security is based on the implementers counter-offer, any change in that offer should be reflected in the escrow payment.²²³
- To mount a successful FRAND-defense, an implementer bears the burden of proof that he complied with its Huawei obligations, whereas the SEP holder did not. In particular, it is ultimately for the implementer to prove that a SEP holder's offer is not FRAND, the CoA held.²²⁴
- The fact that the SEP-holder entered into agreements with different conditions provisions or different royalty rates alone is not sufficient to prove or even suspect discrimination. It is up to the implementer to show that there is no justification for these differing conditions (and, per the above, that there is an unjustified competitive disadvantage vis-à-vis other licensees).
- Dutch procedural law allows the court to reverse the burden of proof, or to impose certain substantiation requirements on the party that does not have the burden of proof – in particular in situations where the relevant information is solely within the control of that party (e.g. confidential license agreements). Both concepts have been entertained by the courts in first and second instance,²²⁵ but their application has so far been rejected based on the circumstances of the case.

c. Timing and the role of litigation in the negotiations

The test established by the CJEU essentially blocks the SEP-holder's exclusivity rights derive from his patent. Accordingly, both parties are obliged to negotiate in good faith in order to conclude a license agreement as fast as possible. Accordingly, it is up to the SEP-holder to show the court that the implementer aims to delay and frustrate the negotiations eg. by offering unreasonable counter-offers to the Plaintiffs FRAND offers or delaying negotiations by way of not providing counter-offers, insisting on a patent by patent evaluation before courts or a country specific license etc. to highlight alleged unFRANDly conduct of an implementer. To the contrary, it is up to the implementers to raise issues relating to over-declaration, non-working of asserted patents to highlight alleged non-compliance with FRAND-obligations by the SEP owner.

One way in which the CJEU has offered guidance in this respect is the possibility to submit the determination of FRAND-terms to a third party (eg. a mediator or arbitrator). In India, the SEP-holder can even explore pre-litigation mediation in cases where the relief sought is not urgent. Furthermore, under the Indian Commercial Courts Act, 2015, parties must file all relevant details and documents in their power, possession, control or custody which are relevant to the lis, irrespective of whether the same is in support of or adverse to their case.

d. Additional obligations during litigation

In this regard, there are two major issues to be observed: (i) the burden of proof and (ii) the application of late-filing rules:

The **burden of proof** can in principle be subdivided as follows:

On the one hand, it is up to the **SEP-holder** to prove receipt of the infringement alert. Furthermore, he bears the burden of proof regarding the submission of a written, concrete FRAND licence offer and its receipt by the infringer. In this regard, it is part of the SEP-holder's burden to show that and why the terms offered are non-discriminatory and non-exploitative.²²⁶ As far as the attributes fair & reasonable are concerned, he must therefore either show that the comparative licences used are free of abuse (and can therefore be transferred directly). The most debated issue is the proof of the non-discrimination: The fact that the SEP-holder entered into agreements with different conditions provisions or different royalty rates alone is not sufficient to prove or even suspect discrimination. It is up to the implementer to show that there is no justification for these differing conditions (and, per the above, that there is an unjustified competitive disadvantage vis-à-vis other licensees). Dutch procedural law allows the court to reverse the burden of proof, or to impose certain substantiation requirements on the party that does not have the burden of proof – in particular in situations where the relevant information is solely within the control of that party (e.g. confidential license agreements). Both concepts have been entertained by the courts in first and second instance,²²⁷ but their application has so far been rejected based on the circumstances of the case. According to the Higher Regional Court Düsseldorf, the SEP-holder at least bears the secondary burden of proof in this regard and is thus obligated to disclose all license agreements to the implementer.²²⁸ However, the SEP-holder can hold back these agreements until the implementer has agreed to conclude an NDA which inter alia would limit access to these agreements to a so-called confidentiality club (ibid.; [India]). On the other hand, the implementer has to prove his willingness and receipt of his FRAND-compliant counter-offer to the SEP-holder.

²²⁶ Koninklijke Philips N.V. v. Wiko SAS, ECLI:NL:GHDHA:2019:3613, at 4.25, CoA The Hague, 2 July 2019.

²²⁷ Archos S.A. v. Koninklijke Philips N.V., ECLI:NL:RBDHA:2017:1025, at 4.2, D.C. The Hague, 8 February 2017.

²²⁸ Case I-2 U 31/16, Mar. 22, 2019.

The **late-filing rules** can come into play if either party fails to comply with one or more of the above-outlined steps of the FRAND-dance before commencement of the litigation. In other words, the question is whether and to which extent these steps can be made up for during litigation:

The Regional Court Düsseldorf²²⁹ as well as the Regional Court Mannheim²³⁰ have both disregarded (at least) the counter-offer due to the implementer's failure to react in due course. Accordingly, the SEP-holder was granted his request for injunctive relief. The District Court of Munich explained that it is, in principle, possible for the implementer to remedy individual missing steps during the pendency of the infringement proceedings, under the condition that it had constructively engaged in negotiations with the patent holder prior to the initiation of the proceedings.²³¹ If this had not been the case, then it is not acceptable to allow the implementer to demonstrate willingness or make an 'emergency brake' counteroffer after the trial started; otherwise, there would be no incentive for the implementer to seriously engage in negotiations following receipt of an infringement notification.²³²

In the Netherlands, present case law deems the moment of initiation of an infringement action decisive for the assessment whether parties have complied with their obligations. According to the CoA, the Huawei framework is limited to the question whether the *filing* of an action constitutes abuse of dominance. Late(r) compliance with FRAND-obligations by the implementer does not turn an initially lawfully filed action retrospectively abusive or affects the SEP owners entitlement to injunctive relief based on the implementer's behavior before the action was started, according to the CoA. The question whether, after initial lawful filing of an injunction action, subsequent fulfillment of its FRAND-duties by the implementer (and non-fulfillment by the SEP holder of duties flowing from its FRAND-declaration or from its dominant position) can lead to later dismissal of injunction claims (i.e. make further pursuit of a lawfully initiated action abusive), remains unanswered by the CoA.²³³

For royalty determination, Indian courts generally look at license agreements entered into by the SEP owner with similarly placed parties.

²²⁹ Case 4a O 73/14, Mar. 31, 2016.

²³⁰ Case 2 O 131/16, Jan. 24, 2017.

²³¹ *Conversant v Daimler*, District Court Munich, October 30, 2020, 21 O 11384/19, para. 315.

²³² *Conversant v Daimler*, District Court Munich, October 30, 2020, 21 O 11384/19, para. 312.

²³³ *Koninklijke Philips N.V. v. Wiko SAS*, ECLI:NL:GHDHA:2019:3613, at 4.25, CoA The Hague, 2 July 2019.

VI. Procedural Issues

SEP/FRAND litigations, in particular FRAND determination cases, require innovative case management. In addition to the technical discussion that is part and parcel of every patent infringement/validity litigation, there is first of all the issue of having to decide – at least in most cases – about a whole portfolio, including patents of different jurisdictions²³⁴, which raises the question of whether to focus only on a selection of patents, and, if so, which ones, and, especially if no such selection is made, how the individual cases within the dispute should be handled. For example, the civil procedure laws in most countries do not allow for two different courts to share the work amongst them, and therefore the issue of “staggering” the various cases into separate technical and economic phases and trials comes up. While it is undisputed that a national court has jurisdiction over the infringement and validity of a national patent, currently only the US, UK and Chinese courts have confirmed that a national court may also have jurisdiction to determine the FRAND terms for a licence concerning a global portfolio (including foreign patents).²³⁵

In addition to the management of the sheer volume of such disputes, some thought should be given to the fact that in all of these cases, usually questions of confidentiality come up, especially concerning the information of third parties such as existing licensees. Courts in many countries are not used to handling such confidentiality issues, and the Global Edition, based on the experiences with protective orders in countries such as the US and the UK, will contain recommendations on how to handle these issues in the litigations.

Finally, when there are several parallel litigations pending in separate countries, as is often the case in such disputes, international case management becomes important for both parties and judges.

As regards the parties to SEP/FRAND litigations, in addition to the SEP owner and the implementer (in their usual role as plaintiff and defendant), the role of SSOs as well as the role of competition authorities will be analysed.

C. CASE MANAGEMENT OF FRAND DETERMINATION CASES

1. Necessity of and timing for patent infringement/essentiality and validity cases

In most jurisdictions except for China and the USA, courts have considered the entitlement to a FRAND licence and (where courts are prepared to determine them) the terms of such a licence only as a defense to an allegation of patent infringement. Where this is the case, the procedural questions

²³⁴ Courts normally refer to a “global patent portfolio.”

²³⁵ US [please double check references; TCL Communication Technology Holdings Ltd v Telefonaktiebolaget LM Ericsson, Nos 8 ; HTC Corp. v. Telefonaktiebolaget Ericsson, Case No. 6:18-CV-00243-JRG (E.D. Tex. 2019) 11]; UK SC [2020] UKSC 37; The Supreme People's Court China, (2020) Zui Gao Fa Zhi Min Xia Zhong No. 517, Aug 19, 2021 ruling that the Chinese courts can set the terms for a global licence if the parties have shown willingness to global licencing and if the party or parties in question have links to China (e.g. the patents are Chinese patents, the main market is China and the licensor has assets in China).

of how many patents are asserted and in what order the various trials take place is a relevant factor in the overall speed of proceedings.

China

The Chinese courts do not consider patent infringement, validity and essentiality issues as pre-conditions for making a FRAND license determination.

In China, patent validity issues are reviewed and decided by a specialized administrative department “Patent Reexamination Board” (“PRB”) under the China National Intellectual Property Administration (“CNIPA”). The Chinese courts adjudicating infringement cases will not hear validity issues. Most parties will also file validity challenges against the SEPs. The validity challenge procedure moves quickly and generally the PRB will issue a decision within 6-8 months. A FRAND case can be filed either before or after filing of the invalidation requests, however, the Chinese court will usually not issue any FRAND judgment before the issuance of the PRB decision. Notwithstanding this, the Chinese court may organize hearings or trials in the FRAND proceedings before the PRB decision is issued.

In a FRAND case, the Chinese courts will firstly determine the essentiality issues of the patents involved and if the patent is held non-essential, the court will not determine the FRAND rate for this patent. If all patents involved are held not essential, the Chinese court will directly dismiss the FRAND case.

Upon the requests of plaintiffs, the Chinese courts can also hear and determine additional infringement issues in a FRAND case. For example, in *Huawei v. Conversant* cases²³⁶ before the Nanjing Intermediate People’s Court, Huawei requested the court to confirm non-infringement of three patents owned by Conversant and to determine FRAND rates for all Chinese SEPs (in total 15) owned by Conversant.²³⁷

USA

In the United States, entitlement to a FRAND license is not ordinarily raised as a defense to infringement. Rather, the determination of FRAND terms generally proceeds in connection with a contract claim. Indeed, with the consent of the parties, U.S. courts have adjudicated FRAND terms even in the absence of an infringement claim.²³⁸ At least one court has found that a party’s

²³⁶ *Huawei Technologies Co., Ltd et.al. v. Conversant Wireless Licensing S.à.r.l.*, Nanjing Intermediate People’s Court, Case No. 2018 Su 01 Min Chu 232-234.

²³⁷ In this case, all these three patents were invalidated by the PRB, so the Nanjing court ultimately dismissed Huawei’s request for non-infringement declaration and only determined the FRAND issues.

²³⁸ *E.g., HTC Corp. v. Telefonaktiebolaget LM Ericsson*, 12 F.4th 476 (5th Cir. 2021) (adjudicating FRAND dispute with no infringement claims as a matter of contract law); *cf. Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1032 (9th Cir. 2015) (parties jointly moved to stay all infringement claims in favor of court adjudication of RAND contract claims).

agreement to be bound by the Court's determination of FRAND terms renders any claim for patent infringement moot.²³⁹

UK

In England, the FRAND cases that have reached trial to date have relied on patent infringement as the legal right on the basis of which the FRAND relief (*i.e.*, protection from an injunction) is sought.²⁴⁰ The High Court has held that in this scenario, "it is necessary to show that at least one patent is valid, infringed and essential to the standard whose rules require FRAND licensing" before any FRAND determination can be made (*Mitsubishi v Sivel*²⁴¹). Following this approach, it is standard practice in the English courts for FRAND litigation to follow a procedural model whereby the "technical trials" – addressing patent validity and essentiality (infringement) – are heard first, with a "non-technical trial" – addressing FRAND and any other non-patent specific defenses are heard only after at least one patent has been found to be valid and infringed (this approach was first considered in *Vringo v ZTE*²⁴² and has since been applied in numerous cases, including *Unwired Planet v Huawei*²⁴³). It would appear to be possible to schedule FRAND issues to be determined first with the consent of all parties, but no such case has yet come before the Court.

Germany

In Germany, the no court has yet determined FRAND terms. Rather, the *Sivel vs Haier* decision of the German Federal Court of Justice confirmed that parties should resolve FRAND licensing disputes through bilateral negotiations, as provided for in the *Huawei vs ZTE* decision of the European Court of Justice. Thus, there are currently no cases in which a German court has been asked to determine FRAND terms, e.g. a FRAND licence rate.²⁴⁴ SEP patent cases therefore

²³⁹ See *TCL Communications Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, (C.D. Cal. 2017) ("Moreover, during the course of this litigation, TCL agreed to be bound by the Court's determination of FRAND terms and conditions for a worldwide portfolio license, including a release payment for TCL's past unlicensed sales. This effectively mooted Ericsson's pending patent infringement claims against TCL in this Court and other courts around the world.").

²⁴⁰ There have been two exceptions: *Apple v Nokia* relied in part on a breach of contract claim by Apple against Nokia. It did not reach trial. Similarly Apple brought an anti-trust claim against Qualcomm which included a contractual FRAND claim. This aspect of the claim failed because the UK Qualcomm entity had no patents nor the ability to license them.

²⁴¹ [2021] EWHC 1541 (Pat).

²⁴² [2013] EWHC 1591 (Pat).

²⁴³ [2015] EWHC 1029 (Pat).

²⁴⁴ §315 German Civil Code has been mentioned as providing a legal basis for a FRAND determination in the Orange Book Standard decision of the Federal Court of Justice. According to this provision, the implementer may include an 'open' royalty clause in its licence offer under which the patentee is required to determine the royalty, subject to review by a court. Such a review would take place in separate proceedings to the patent infringement action, if the defendant challenges the royalty set by the claimant based on the assertion that it is not FRAND.

proceed on a broadly “normal” timetable, with infringement determined separately to validity under the bifurcated system.

India

FRAND has been raised as a defence in many SEP cases in India as well. However, so far there is no judgment which prescribe any seriatim for adjudication of FRAND issues vis-à-vis issues pertaining to infringement and validity of patents. Generally, in most of the SEP cases in India, so far, trial in relation to technical issues as well as FRAND issue, takes place simultaneously.²⁴⁵

France

In France, FRAND determination has been subject to two different procedural paths.

The first one lies in the classic scenario where a SEP owner brings patent infringement proceedings against an implementer and asks the court to confirm that its licence offer was FRAND. Such proceedings usually entail a counterclaim for invalidity and non-essentiality of the patent(s) at stake. In practice, French courts tend to split the proceedings in two phases where the validity, essentiality/infringement is decided in a first phase and the FRAND aspects are left for a second phase of the proceedings. So far, no cases submitted to the French courts have reached this second phase for various reasons (e.g. global settlement between the parties, patents held invalid or non-essential). In terms of timing, assessment of validity and essentiality/infringement takes 18 months to 2 years on average.

The second procedural path for FRAND determination before French courts is the proceedings launched by implementers against the SEP owner and the SDO (in practice ETSI) to have the French court confirm that a licence agreement exists between the implementer and the SEP owner. In such a case the implementer asks the court to enjoin [compel?] the SEP owner to comply with its FRAND obligations and in particular to grant the implementer a licence on FRAND terms or, in case the negotiations between the parties fail, to have this rate decided by French courts. So far, only one case using this pathway is pending and is still at an early stage. It is therefore difficult to assess the likely timing of this procedural path, but a reasonable assumption is that at least 2 years will be needed for such cases.

Netherlands

In the Netherlands, FRAND cases may take two forms. The first of these is a patent infringement case in which FRAND is raised as a defense.

For a long time, these cases were governed by the “accelerated regime for patent cases” as developed by the District Court of The Hague. In those cases, there is only one written round of submissions (i.e. the writ of summons is only followed by a statement of defense) and the date of the hearing is set at the beginning of the proceedings, typically taking less than 1 year. As FRAND is raised as a defense in the statement of defense, the SEP holder was only able to respond substantively at the oral hearing (although evidence could be filed in the meantime). This raised

²⁴⁵ Dolby International AB & Anr. v. Das Telecom [CS(COMM) 1426/2016]; TLM Ericsson (Publ) v. Lava International Ltd. [CS(COMM) 1148/2016].

questions on whether this regime is appropriate for FRAND cases. At the time of writing, it is uncertain whether SEP infringement cases will still be admitted to the accelerated regime.

Recently, SEP infringement cases have been filed as “regular” main proceedings. In those proceedings, the date of the oral hearing is generally scheduled only after the written submissions. By default there is one written round, but in complex cases (such as patent infringement cases in which FRAND plays a role, or “standalone” FRAND proceedings) the Court will generally allow the parties a second round of written submissions. Absent any procedural abnormalities, it may take 2 to 2.5 years before a judgment is rendered.

The second type of FRAND cases concerns main proceedings initiated by the alleged infringer, in which the alleged infringer seeks declarations of law that the SEP holder’s proposal is not FRAND and/or is in breach of competition law, and conversely that the alleged infringer’s proposal is FRAND. These are “standalone” proceedings, without any patents being asserted. The timeline is [to be completed].

To date, in none of the proceedings referred to above there has been a true FRAND determination, in the sense that the Court would by itself, based on the evidence before it, determine a royalty rate which it deems FRAND for the patents or portfolio relevant to the case. However, cases of the second type described above are currently pending which could theoretically result in a royalty-determination.²⁴⁶

2. Sample of patents in relevant portfolio and impact of infringement/essentiality and validity judgment(s) on FRAND case management and substantive FRAND determination

China

In China, the scope of patents to be included in a FRAND case can be determined by either the plaintiff or both parties. Usually the plaintiff should specify which patents should be involved when filing the case, for example, all the Chinese SEPs or only the patents asserted by SEP holders during license negotiations. However, during the litigation, the defendant can also petition the court to add certain SEPs to the case, and if both parties agree, the court will add such patents into the scope of trial. For example, in the Huawei v. Conversant cases²⁴⁷ above, Huawei initially requested the Nanjing court to determine FRAND rates for 11 SEPs. During litigation, Conversant petitioned to add another four SEPs that were newly transferred from Nokia after the litigations were filed. As Huawei also agreed to include these four patents, the Nanjing court added these four patents into the scope of trial.

Essentiality and validity of patents are significant factors to be considered when filing a FRAND case in China. As illustrated above, the Chinese court will not hear validity issues but will defer to the PRB’s decisions on patent invalidation requests. Once the patent was invalidated by the PRB, the Chinese court would not grant any FRAND rates for that patent. For example, in Huawei v.

²⁴⁶ See the decisions on jurisdiction by the District Court The Hague of 15 December 2021 in Vestel v. Advance (ECLI:NL:RBDHA:2021:14372) and Vestel v. Dolby (ECLI:NL:RBDHA:2021:14374).

²⁴⁷ *Id.* at 3.

Conversant cases in Nanjing, as 8 of the 15 patents were invalidated by the PRB, the Nanjing court only determined essentiality issues for the remaining 7 valid patents. The Nanjing court reviewed the essentiality issues and held only one of the 7 patents is essential. Thus, the Nanjing court granted a FRAND rate of 0.00225% for single-mode 4G mobile terminal products and 0.0018% for multi-mode products, which are significantly lower than the rates offered by Conversant (i.e. 0.181% and 0.130% respectively).

[The impact of alternative dispute resolution (“ADR”) mechanisms is increasing in the international area, especially when ADR procedures such as arbitration and mediation help stimulate opportunities for parties to settle, and facilitate FRAND licensing negotiations between the parties. For companies that are in favor of a lower-profile settlement of dispute, arbitration and mediation will be advantageous compared to court proceedings in terms of its confidential nature. Nevertheless, the settlement resulted from arbitration and mediation might be less impactful to or less noticed by the rest of the industry.

In *Huawei v. Samsung*²⁴⁸, the Shenzhen Intermediate People’s Court recognized arbitration as an effective way to resolve disputes in the cross-licensing negotiations of SEPs, especially when the parties cannot make any progress after a long period of good-faith negotiations. The court also ruled in that case that Samsung was at fault by refusing to properly consider the several arbitration proposals given by Huawei and by providing prompt response during mediation sessions, which had substantially delayed the progress of negotiation.

Mediation is a confidential and voluntary dispute resolution process in which an impartial third party helps the parties in dispute reach an amicable settlement, which is less formal, compared to arbitration. In China, the rules on mediation are scattered in the Chinese Civil Procedure Law, Chinese People’s Mediation Law, and other rules promulgated by the SPC and the Ministry of Justice. Judicial mediation conducted by a court in the course of litigation is one of the most influential categories of mediations in China. If the parties entered into mediation agreement under the mediation of Chinese court, the Chinese court will issue a ruling confirming the validity of mediation agreement, so that the mediation agreement is enforceable before Chinese courts. If one party failed to fully execute the mediation agreement, the other party can petition the Chinese courts to enforce the mediation agreement, which means the mediation agreement has similar effect and value as an effective judgement.

In the *Huawei v. Samsung* case, during the course of the second instance proceedings, the Guangdong High People’s Court organized mediation meetings between Huawei and Samsung. In 2019, the parties finally entered into mediation agreement under the mediation of the court and withdrew all the claims worldwide. The court then issued a civil mediation ruling confirming the enforcement and validity of the mediation agreement. This case was featured as one of the “Top 10 Intellectual Property Cases in Guangdong Province of 2019”.]

USA

²⁴⁸ *Huawei Technologies Co., Ltd v. Samsung (China) Investment Co., Ltd. et.al.*, the Shenzhen Intermediate People’s Court, (2016) Yue 03 Min Chun 816 and 840.

In the United States, courts have considered “the importance of the SEPs to the standard and the importance of the standard and the SEPs to the products at issue” in determining FRAND terms.²⁴⁹ “[A] reasonable royalty rate for an SEP committed to a RAND obligation must value the patented technology itself, which necessarily requires considering the importance and contribution of the patent to the standard.”²⁵⁰ Furthermore, “the hypothetical negotiation almost certainly will not take place in a vacuum: the implementer of a standard will understand that it must take a license from many SEP owners, not just one, before it will be in compliance with its licensing obligations and able to fully implement the standard.”²⁵¹

In determining FRAND terms, U.S. courts have not made infringement and validity assessments of patents within the SEP holder’s portfolio. However, courts have made determinations of the number of essential patents held by the patent owner as a proportion of the total stack of patents essential to a standard.²⁵²).

India

In line with global practice, in India also a representative set of SEPs are typically asserted in an infringement action. So far, there is no final judgment wherein the courts, in India, have prescribed a portfolio rates. However, the rates fixed at interim stages, as part of interim arrangements in India, generally pertains to SEP owner’s relevant portfolio.²⁵³ Further, in few cases courts have framed issues which suggest that court may determine a global FRAND rate in respect of the SEP owner’s relevant portfolio.²⁵⁴

UK

In England, where the jurisdiction of the Court to determine FRAND rests on a finding of patent infringement, it is the SEP holder (patentee) who decides which patents to include in the action. However, if the action reaches that stage, the FRAND rate-setting trial will consider the entire global portfolio rather than simply the patents which have been asserted. In Unwired Planet, the parties’ experts embarked upon a sampling exercise in relation to both validity and essentiality of the SEP holder’s LTE portfolio. That exercise fed into their economic experts’ calculations as to the strength of the portfolio, and therefore their calculations as to the appropriate rate.

²⁴⁹ *Microsoft Corporation v. Motorola, Inc.* (W.D. Wash. 2013).

²⁵⁰ *Id.* at [].

²⁵¹ *Id.* at ____.

²⁵² *See TCL Communications Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, (C.D. Cal. 2017).

²⁵³ *Xiaomi Technology & Anr. V. TLM Ericsson (Publ) & Anr.* [FAO(OS) 522/2014 dated 16.12.2014; *TLM Ericsson v. Lava International Ltd.*, (CS(OS) 764/2015, judgment dated 10.06.2016).

²⁵⁴ *TLM Ericsson (Publ) v. Mercury Electronics & Anr.* [CS(OS) 442/2013 order dated 07.07.2015]; *TLM Ericsson (Publ) v. Lava International Ltd.* [CS(OS) 764/2015 order dated 02.02.2016]; *Dolby International AB & Anr. V. GDN Enterprises Pvt. Ltd. & Ors.* [CS(COMM) 1425/2016 & CS(COMM) 1426/2016 order dated 22.09.2017]; *TLM Ericsson (Publ) v. Intex Technologies (India) Ltd.* [CS(COMM) 769/2016 order dated 30.01.2019]; *TLM Ericsson (Publ) v. Gionee Communication Equipment Co. Ltd. & Anr.* [CS(COMM) 1533/2016 order dated 27.02.2020].

3. Time to trial and any appeal

UK

As explained in section VI.A.1 above, SEP cases involving a FRAND determination are typically divided into a sequence of “technical” (patent infringement and validity) trials, and a “non-technical” (FRAND determination and any other defences) which takes place only after at least one patent has been found valid and infringed. Each technical trial takes at least 12-14 months to be heard however, it is usual for the preparation of multiple technical trials to run concurrently and the overall timetable for the action is set at a procedural “case management conference” which usually takes place in the first 3-6 months after filing. The timing of the FRAND trial therefore depends on how many patents have been asserted, and when in the sequence the first patent is found to be valid and infringed. In recent cases, this has been around 2-3 years after the service of proceedings.²⁵⁵

India

[Proceedings involving patents have historically been rather slow, but the Supreme Court of India [recently] held²⁵⁶ that the final judgment should normally be given within four months from the date of filing the suit. A number of significant amendments were also made in the procedures of the court with the adoption of Commercial Courts Act, 2015.

In practice, this means that parties can expect [*please insert the standard timeline to trial for **FRAND determinations** here (not general patent infringement cases), and the timeline for appeals.*]

USA

In the United States, time to trial varies—sometimes considerably-- based on venue. The Eastern District of Texas, for example, has historically been a relatively fast venue, with commencement of suit to trial generally ranging from 18 to 24 months. The average time from commencement of suit to trial is as follows for the major patent venues listed below:

District of Delaware:

Northern District of California:

Central District of California

Southern District of California

Western District of Texas

²⁵⁵ Challenges to service or applications to serve proceedings out of the jurisdiction can be time-consuming and significantly delay the start of the substantive parts of the case. For example in *IP Bridge v Huawei* [2021] EWHC 1261 (Pat) it was considered likely that service on one of the defendants would take 12 months to complete.

²⁵⁶ *Bajaj Auto Ltd. v. TVS Motor Co. Ltd* [full cite?].

Southern District of New York

All patent appeals are heard by the same court in the United States, the Court of Appeals for the Federal Circuit. Contract appeals will be heard by the regional courts of appeal. From commencement of appeal to decision generally take between 12 and 18 months.

China

Generally it will take around 12 - 24 months for a Chinese court to hear the first instance case, including both procedural issues and substantive issues.

For procedural issues, the defendant is entitled to file jurisdiction challenges within 15 days (30 days for foreign parties) upon service of process. Most defendants will take this jurisdiction challenges as an opportunity to delay the entire process of litigation. The defendants can allege the court does not have jurisdiction over this dispute and request the court to transfer the case to another court more favorable to itself. The local court generally will not organize a hearing for jurisdiction challenge issues, and may even directly issue jurisdiction rulings without hearing the opinions of the plaintiff. The first instance jurisdiction rulings can be appealed to the second instance court, which is the IP Tribunal of the Supreme People's Court (the "IP Tribunal"). Usually it will take around 3-6 months for the entire jurisdiction challenge procedure to be finished and for the case to enter into substantive stage.

The time for concluding jurisdiction challenges will be longer if the jurisdiction challenges include any significant issues, such as whether Chinese court's jurisdiction over global FRAND rates. For example, in *OPPO v. Sharp* case²⁵⁷, OPPO sued Sharp before the Shenzhen Intermediate People's Court on March 25, 2020. Sharp challenged the Shenzhen court's jurisdiction to adjudicate OPPO's requests, especially the request to determine global licensing rates and terms for Sharp's 3G, 4G and WLAN portfolios. The Shenzhen court issued a jurisdiction ruling on October 16, 2020, holding that "a ruling on a global FRAND rate could improve efficiency, fundamentally solve the disputes between the parties, and avoid multi-jurisdictional lawsuits from the parties." Sharp then appealed to the IP Tribunal. The IP Tribunal formally docketed the appeal case on December 7, 2020 and organized a hearing on January 14, 2021. On August 19, 2021, the IP Tribunal issued final decision on jurisdiction challenge issues, holding that Chinese court can determine global licensing rates and terms for SEP portfolios. This is the first time the Chinese court explicitly confirmed its jurisdiction to set global licensing rates and terms. The jurisdiction challenge stage lasted around 17 months due to the complexity and significance of the global FRAND jurisdiction issues.

After the final jurisdiction ruling is issued, the case will enter into substantive stage. The court will generally organize one pre-trial conference or evidence exchange conference for parties to exchange their evidence and briefly state their opinions. Then, depending on the complexity of the case and the number of disputed patents, the court will organize another 1-2 hearings. The substantive trial stage will typically last another 6-12 months. For example, the *Huawei v. Conversant* cases²⁵⁸ before

²⁵⁷ Guangdong OPPO Mobile Telecommunications Corp. Ltd v. Sharp Corporation, the Shenzhen Intermediate People's Court, (2020) Yue 03 Min Chu 689; the IP Tribunal of the Supreme People's Court, (2021) Zui Gao Fa Zhi Min Xia Zhong 517.

²⁵⁸ *Id.* at 3.

the Nanjing court were filed in January 2018. The Nanjing Court organized a public hearing in April 2019 and the first instance judgments were issued in September 2019. These cases (including procedure stage and substantive stage) lasted around 19 months.

The first instance judgments can be appealed to IP Tribunal of the Supreme People's Court, which was established on January 1, 2019 as a specialized tribunal focusing on the appeals of technical cases. Although the IP Tribunal announced that the average trial time for appeal cases were just 73 days in 2019, it will generally take longer to review appeals of SEP cases, particularly depending on the number of patents and the complexity of relevant technologies.

Netherlands

In the Netherlands, patent infringement cases in accordance with the “accelerated regime for patent cases” as developed by the District Court of The Hague are relatively quick proceedings in which a decision on the merits can be obtained in around 15 to 18 months. In these cases, there is only one written round of submissions (i.e. the writ of summons is only followed by a statement of defense). As FRAND is raised as a defense, the claimant will only be able to respond substantively at the oral hearing (although evidence can be filed in the meantime) and therefore questions are raised on whether this regime is appropriate for FRAND cases. The hearing is generally one year or 15 months after the writ of summons is issued. It is however uncertain whether cases with FRAND aspects will still be admitted to the accelerated regime.

Alternatively, in regular main proceedings, the date of the oral hearing is scheduled only after the written submissions. By default there is only one written round, but in complex cases (such as patent infringement cases in which FRAND plays a role, or “standalone” FRAND proceedings) the Court will generally allow the parties a second round of written submissions. Absent any procedural abnormalities, it may take 2 to 2.5 years before a judgment is rendered.

Appeal proceedings before the Court of Appeal of The Hague generally take 1.5 to 2 years before a judgment is rendered. Subsequently, a further appeal on legal grounds is possible with the Supreme Court of The Netherlands, which also may take up to 2 years.

D. THE ROLE OF THE SDO AND COMPETITION AUTHORITIES

In order to answer the question of the role of SDOs and competition authorities in FRAND determination actions, it is first necessary to shed light on how FRAND issues are asserted in legal proceedings in the first place. As explained above, outside of the United States, FRAND issues are mostly raised in patent infringement proceedings before courts where the underlying patent is a patent that has to be used quasi compulsorily in order to bring a product to market that complies with the technical standard (standard essential patent = SEP). As an effect such an SEP can result in market control rather than technology control as the patent holder could exclude anyone to enter into the market for product complying with a standard. Such anti-competitive effects (so called “hold out”) have been dealt with in two ways.

First, standard-developing SDOs regulate the behaviour of their members to ensure the smooth functioning of the standardisation process through IP policies. These IP policies include rules for disclosure, use and licensing of patented technologies that feed into the standards to ensure access to the technology needed to comply with the standard. For example, ETSI and IEEE require patent holders (if they are members) to agree to license on F/RAND terms when a patent is declared essential to a standard. Such FRAND obligations have been used by some courts as contractual basis for FRAND related claims (e.g. FRAND defense, claim for a FRAND license, determination claims).

As the accessibility of technology is an important prerequisite for dealing with SEPs from an antitrust perspective, the competition authorities have also played a role in FRAND cases. Since antitrust complaints to the competition authorities are usually initiated in parallel proceedings to patent infringement actions before national courts, such complaints have no direct impact on the pending infringement action as national patent courts are not bound to stay their proceedings based on the antitrust proceedings. However, patent courts may take into account concerns raised by competition authorities when determining FRAND issues – if they consider those useful. This is as much influence as the competition authorities can have on patent infringement proceedings - even if these proceedings involve FRAND issues.

1. Relevance of any intellectual property terms in any SDO contract

Since the terms of each SDO's IPR policy are slightly different, where courts consider the FRAND obligation from a contractual perspective (for example in the UK), it is necessary to look at the specific terms of that SDO to determine the (F)RAND obligations of both implementer and SEP holder. Courts have interpreted the meaning of distinct aspects of the IPR policies of ETSI, IEEE, ITU and [] as described below:

According to **ETSI** rules and directives, SEP owners undertake vis-à-vis ETSI to grant FRAND licences to any implementer. This framework involving three different parties has been analyzed by some jurisdictions as a contract for the benefit of third-party according to French law. According to article 1.2 of the ETSI 's Rules of procedure, full and associate members of ETSI commit “to comply with the ETSI Directives and other decisions taken by the General Assembly (...)”. ETSI IPR policy provides with a list of rights and obligations for the Institute, Members and third-parties among which the obligation to undertake to grant FRAND licences without a need to disclose commercial terms of such licences (article 2.2. of the ETSI IPR policy). Also the ETSI IPR policy states that “*Any such commercial terms are a matter for discussion between the IPR holder and the potential licensee, outside of ETSP*”, some implementers have sued ETSI along with SEP owners for non-compliance with ETSI directives. But no decision has been granted yet on the possible liability of ETSI.

The UK Supreme Court in *Unwired Planet*²⁵⁹ relied on the wording of the **ETSI** IPR Policy as support for its finding that an English court did indeed have jurisdiction to determine a global FRAND rate (although only as part of a decision about the terms on which it would grant a FRAND injunction). The High Court examined the wording of the policy again in *Optis v Apple*²⁶⁰ when considering to what extent a participant in ETSI meetings was obliged to notify ETSI of

²⁵⁹ Ibid.

²⁶⁰ [2021] EWHC 1739 (Pat).

standards-essential patents in its possession before the standard had been frozen. In *Apple v. Qualcomm*, the High Court considered whether, under the wording of the ETSI IPI Policy, Qualcomm UK Ltd had any contractual obligation to notify ETSI in relation to any standards-essential patents owned by its US parent company.

Similarly, in *Apple Inc. v. Motorola Mobility*,²⁶¹ the court addressed the IPR policy of **IEEE** and **ETSI**. The court concluded that “the combination of the policies and bylaws of the standards-setting organizations, Motorola’s membership in those organizations and Motorola’s assurances that it would license its essential patents on fair, reasonable and nondiscriminatory terms constitute contractual agreements. The intellectual property rights policies of ETSI and IEEE constituted offers to Motorola for membership in the organization in exchange for Motorola’s ability to participate in developing technical standards.” The court further reasoned that “Motorola accepted the offers and agreed to be bound by these policies when it joined ETSI and IEEE. Later, Motorola confirmed that it was bound by the organizations’ policies when it submitted declarations and letters of assurance stating that it would license its patents on fair, reasonable and nondiscriminatory terms.”

For example, in *Microsoft Corp. v. Motorola, Inc.*, the Ninth Circuit considered the Common Patent Policy of the **International Telecommunications Union** in assessing the obligation of the patent holder to license. The court observed: “To mitigate the risk that a SEP holder will extract more than the fair value of its patented technology, many SSOs require SEP holders to agree to license their patents on ‘reasonable and nondiscriminatory’ or ‘RAND’ terms. Under these agreements, an SEP holder cannot refuse a license to a manufacturer who commits to paying the RAND rate.”²⁶²

In jurisdictions which use competition law as the basis of the FRAND commitment, such as China, FRAND determination cases usually focus on antitrust angles rather than a close analysis of the wording of the relevant SDO rules or a contract law analysis of such policies. However, those courts may also take such SDO rules or contractual obligations into consideration when determining the FRAND rates. For example, in China, the Guidelines on the Trial of Standard-Essential Patent Dispute Cases issued by the Guangdong High People’s Court stipulated that “The intellectual property policy implemented by the Standardization Organization is binding on its members’ standardization activities, and can be used as the basis for deciding standard-essential patent disputes.”²⁶³

Similarly, in the Netherlands, in *Philips v. Asus* and *Philips v. Wiko*, for example, the Court of Appeal of The Hague held that Philips’ enforcement of SEPs was not in breach of competition law. In the slipstream of the decisions based on competition law, the Court of Appeal held that also the

²⁶¹ [INSERT CITE]

²⁶² [INSERT CITE]

²⁶³ See Article 7 of the Guidelines on the Trial of Standard-essential Patent Dispute Cases issued by the Guangdong High People’s Court.

contractual defenses failed due to a lack of willingness (in the case of Asus) or insufficient substantiation of the defense (in the case of Wiko).²⁶⁴

2. The involvement of SDOs in FRAND determination proceedings

ETSI

In France, ETSI has been sued in various cases, which seek that it should be enjoined [compelled?] to enforce the ETSI rules and directives with respect to members who allegedly do not respect their commitments to ETSI in granting FRAND licences (*e.g.* the cases brought respectively by TCL and Xiaomi against Philips and ETSI²⁶⁵). These cases aimed to confirm the existence of a licence and to force Philips to offer a FRAND rate, or to have French courts determine it, along with the help of ETSI. So far, these cases did not rule on the merits of the claim towards ETSI (the case involving TCL against Philips and ETSI has settled and the case between Xiaomi, Philips and ETSI is still pending).

French courts, in both instances, retain competence to decide on the cases and refused to dismiss the claims against ETSI at a preliminary stage. ETSI argued that TCL's and Xiaomi's claims should be declared inadmissible as no obligation can be enforced by the beneficiaries of a *stipulation pour autrui* against the stipulator (ETSI) according to French law. French courts considered that this inadmissibility claim is, according to French procedural law, rather a defence to be brought on the merits than a procedural issue entailing the early dismissal of a claim. Therefore this point has yet to be decided and it remains to be confirmed whether, in fact, there is a legitimate action lying against ETSI to enforce FRAND under French law.

[ETSI perspective]

3. The role of the competition authorities

Since standardization inherently involves competition law risks, competition authorities in many jurisdictions maintain an active role in policing the enforcement of SEPs, and issue guidance as to their expectations of the behaviour of parties to FRAND disputes, whether on discrete topics such as the suitability of injunctive relief in SEP cases, or more comprehensive reviews of the entire SEP ecosystem (such as the EU Commission's November 2017 Communication setting out the EU approach to Standard Essential Patents).

Broadly speaking, national (or regional, in the case of the EU) competition authorities become involved in FRAND disputes in one of two ways. First, they may open a direct antitrust investigation into the behaviour of the SEP holder prior to and during licensing negotiations to determine whether that behaviour amounts to a breach of competition laws. Such investigations are often commenced following a complaint to the relevant authority by the potential licensee, but may

²⁶⁴ Court of Appeal of The Hague 24 December 2019, ECLI:NL:GHDHA:2019:3535 (Philips v. Asus), para. 4.150-4.187, and Court of Appeal of The Hague 24 December 2019, ECLI:NL:GHDHA:2019:3537 (Philips v. Wiko), para. 4.205.

²⁶⁵ Paris judicial first instance court, order from the supervising judge, February 6, 2020, *TCL v. Philips, ETSI* (19/02085); Paris judicial first instance court, order from the supervising judge and judgement December 7, 2021, *Xiaomi v. Philips, ETSI* (20/12558).

also be triggered by the authority on its own initiative. Secondly, (alternatively or in addition) in some jurisdictions the relevant authority may intervene in existing litigation between the implementer and SEP holder.

a. Investigations

US agencies (FTO/DoJ)

- The role of the U.S. competition authorities with respect to SEP/FRAND is to ensure a level playing field between the rights and obligations of SEP-holders and implementers that incorporate standardized technology in their products. Both the U.S. Department of Justice (“DoJ”) and the U.S. Federal Trade Commission (“FTC”) have exercised their authority in the past to investigate issues related to FRAND-encumbered SEPs.²⁶⁶
- Recently, the exact roles of these competition authorities have varied. For example, the Trump administration adopted a “New Madison” approach, which included rescinding a 2013 policy statement²⁶⁷ and replacing it with a new 2019 policy statement²⁶⁸ that largely approved of injunctions as a remedy for FRAND disputes. By contrast, the current Biden administration issued an executive order in 2021 to consider whether to revise the 2019 policy statement “[t]o avoid the potential for anticompetitive extension of market power beyond the scope of granted patents, and to protect standard-setting processes from abuse[.]”²⁶⁹ While the ultimate outcome of the Biden administration’s executive order is yet to be decided as of this writing, this recent activity demonstrates the potential for shifting emphases of investigations depending on the presidential administration.

China

- Under Chinese Anti-monopoly Law, the Anti-monopoly Bureau of the State Administration for Market Regulation (“Anti-monopoly Bureau”) can initiate investigations against SEP holders ex officio or upon request from relevant parties. The Anti-Monopoly Committee of the State Council also issued Antitrust Guidelines in the Field of Intellectual Property on January 4, 2019²⁷⁰ (“Antitrust Guidelines”), providing a guideline for the Anti-monopoly Bureau to conduct investigations against SEP holders.

²⁶⁶ In the Matter of Dell Computer Corporation, No. C-3658, FTC Complaint & Consent Order (1995-1996); In the Matter of Negotiated Data Solutions LLC, No. C-4234, FTC Complaint & Consent Order (2008); DOJ Investigation Into Google’s Acquisition of Motorola Mobility; the Acquisitions by Apple, Microsoft, and RIM of Certain Nortel Networks Patents; and the Acquisition by Apple of Certain Novell Patents (2012); DOJ Samsung Investigation (2013); FTC v. Qualcomm (2019-2020).

²⁶⁷ 2013 Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments.

²⁶⁸ 2019 Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments.

²⁶⁹ 2021 Executive Order on Promoting Competition in the American Economy.

²⁷⁰ See Page 197 of the Annual Report on Antitrust Enforcement in China (2019), at <http://www.gov.cn/xinwen/2020-12/25/5573435/files/195171fdee024615933c10d57f141171.pdf>.

The Antitrust Guidelines stipulate that the Anti-monopoly Bureau should firstly define the relevant market and determine whether the SEP holder has a dominant market position in the relevant market, and then determine whether the SEP holder has abused its SEP rights and excluded or restricted competition.

- One of the most significant investigation cases in China is the investigation against Qualcomm, which was viewed as a milestone of Chinese anti-trust investigations. It was also reported that the Anti-monopoly Bureau initiated investigations against Ericsson in April 2019 based on complaints filed by Chinese local mobile phone manufacturers, alleging Ericsson abused its market dominance rights and charged unfairly high license fees of 3G and 4G SEPs.

EU Commission

- Commission antitrust investigations can originate in a variety of ways, but in the SEP sphere, the most frequent starting point is a complaint from a potential licensor²⁷¹, or an investigation in the context of a merger. The majority of complaints are not taken up by DG Comp, which focuses on investigating only the most serious breaches of Articles 101 and 102 TFEU and in particular those areas which DG Comp consider a priority for enforcement. The current head of DG Comp, Margrethe Vestager, includes in her priorities making “Europe Fit for a Digital Age”, and the Commission continues to be interested in SEP licensing – having launched a public consultation on a “New framework standard-essential patents” in February 2022.

India

In India, so far, the Competition Commission of India (CCI) has initiated investigation in three SEP cases pursuant to Information/Complaints filed by three Implementors i.e. Micromax, Intex and iBall against Ericsson.²⁷² The said cases are still pending, Ericsson had challenged the CCI's jurisdiction by way of writ petitions before the Delhi High Court.²⁷³ At the first stage, a single judge of Delhi High Court ruled that though Indian Patents Act, 1970 is a special legislation and contains provisions to deal with the issue as raised by Micromax and Intex before the CCI however, as there is no inherent conflict between the Patents Act, 1970 and the Competition Act, 2002, the CCI jurisdiction cannot be excluded in patent matters.²⁷⁴ The said decision of the Single Judge has been

²⁷¹ For example, the 2012 complaint by Apple against Motorola which resulted in the first EU Commission decision on FRAND and SEP licensing: *Case AT.39985 - Motorola - Enforcement of GPRS standard essential patents*, Commission Decision of 29 April 2014 at https://ec.europa.eu/competition/antitrust/cases/dec_docs/39985/39985_928_16.pdf

²⁷² *Micromax Informatics Pvt. Ltd. V. TLM Ericsson (Publ)* [Case No. 50/2013]; *Intex Technologies (India) Ltd. V. TLM Ericsson (Publ)* [Case No. 76/2013]; *Best IT World (India) Pvt. Ltd. (iBall) v. TLM Ericsson (Publ) & Anr.* [Case No. 04/2015].

²⁷³ *TLM Ericsson (Publ) v. Competition Commission of India & Anr.* [W.P. (C) 464/2014 and W.P. (C) 1006/2014].

²⁷⁴ *TLM Ericsson (Publ) v. Competition Commission of India & Anr.* 2016 SCC OnLine Del 1951.

challenged by Ericsson by way of a Letter Patent Appeal before the Division Bench of the Delhi High Court.²⁷⁵ The said appeal is still pending adjudication. Interventions in active litigation

US

In the United States, the Solicitor General or an officer of the U.S. Department of Justice (DOJ) may “attend to the interests of the United States in a suit pending in a court of the United States.” 28 U.S.C. § 517. During the Trump administration when the DOJ’s Antitrust Division was under the leadership of the former Assistant Attorney General Makan Delrahim, it pursued a so-called “New Madison” approach in which it opposed the application of antitrust law to SEP disputes. As part of those efforts, the DOJ actively involved itself in numerous SEP disputes. For example, the DOJ took the unusual steps of submitting a Statement of Interest to the trial court and an amicus brief to the appellate court arguing against the U.S. Federal Trade Commission’s antitrust case against Qualcomm challenging aspects of Qualcomm’s SEP licensing practices. The DOJ also submitted a Statement of Interest in *Continental Automotive Systems, Inc. v. Avanci, LLC*, No. 3:19-cv-02933 (N.D. Tex.), in which Continental alleged that the Avanci patent pool and certain of its members violated the antitrust laws through their SEP licensing practices. Notably, after AAG Delrahim was no longer at the DOJ, the DOJ submitted a letter to the appellate court noting that the DOJ “did not file an amicus brief before this Court expressing its current views of the antitrust issues raised by this case” and offering to do so, suggesting that the DOJ no longer adhered to the views expressed in its prior Statement of Interest.²⁷⁶ In a speech in September 2021, a DOJ official recognized that in recent years the DOJ had “taken several steps in recent years aimed at encouraging standards development and good-faith SEP licensing,” including having “filed amicus briefs and statements of interest in district and appellate courts.”²⁷⁷ The official candidly recognized that “[m]any of these steps helped make standards development and SEP licensing more competitive and efficient. Others arguably did not.”²⁷⁸

EU Commission

The EU Commission, along with member states, submit observations in cases before the Court of Justice in the European Union. The Commission’s directorate general for competition (DG Comp) also serves as a regulator for the investigation and enforcement of competition law within the EU. Typically it will make submissions in cases before the CJEU which involve competition law. This would include a CJEU reference from the courts of a member state in a FRAND case. DG Comp made submissions in *Huawei v ZTE*²⁷⁹ and was widely expected to in the reference made by the

²⁷⁵ TLM Ericsson (Publ) v. Competition Commission of India & Anr. [L.P.A. 246/2016 & L.P.A. 247/2016].

²⁷⁶ Letter from Andrew N. Delaney, U.S. DOJ, *Continental Automotive Systems, Inc. v. Avanci, LLC*, No. 20-11032 (5th Cir. May 17, 2021).

²⁷⁷ Jeffrey Wilder, DOJ, Economics Director of Enforcement, *Leveling the Playing Field in the Standards Ecosystem: Principles for a Balanced Antitrust Enforcement Approach to Standards-Essential Patents*, Sept. 29, 2021.

²⁷⁸ *Id.*

²⁷⁹ *Ibid.*

Dusseldorf court in *Nokia v Daimler*²⁸⁰. The Commission does not typically make submissions in cases before the courts of member states, however.

Germany

In Germany the Bundeskartellamt (BKA, the Federal Cartel Office) may make submissions in patent court actions before any level of court, and may do so in FRAND cases. It has done so in *Nokia v Daimler*²⁸¹, in relation to the question of whether a SEP owner is obliged to offer licences to suppliers of components that go into the finished product, and not just the maker of the finished product. In this case Nokia had done so: the BKA's intervention related to whether the offers were sufficient. It also did so in the case of *Sisvel v Haier* before the German Supreme Court.

²⁸⁰ [C]EU ref *Nokia v Daimler*].

²⁸¹ <https://www.juve-patent.com/news-and-stories/cases/federal-cartel-office-issues-opinion-in-connected-cars-case/>.

VII. International Jurisdiction and Cross-Border Issues

In the specific context of litigation before a national court, in addition to the issues around calculation methodologies, there is the question whether a party (be it the patent owner in an infringement suit, or the implementer in a declaratory judgment action) is able to ask for the determination of a global license in the first place, and whether the court is actually competent to determine such a global license. The main topics to discuss will be whether a court – usually deciding about infringement and validity of national patents only – is legally entitled to set the terms of a global license even though it may not be familiar with possible issues coming up in any foreign forum, especially when it comes to issues of patentability, validity, antitrust and contractual considerations, and other legal questions applicable to FRAND license agreements which are peculiar to foreign countries covered by global license.

The Global Edition will discuss why the London High Court, in *Unwired Planet v. Huawei* and other cases, on the one hand has affirmed its competence – and the appropriateness – to set a global FRAND license, while courts in other jurisdictions have either expressly denied their jurisdiction or dealt with the global aspects of FRAND license agreements only indirectly, e.g. by basing their judgments on a positive (or negative) ruling on whether the patentee’s FRAND license offer was compliant with FRAND principles.

One other major topic currently discussed is the potential interplay among different jurisdictions in SEP/FRAND litigations. Cases such as *Unwired Planet v. Huawei* and *Nokia v. Daimler* have triggered a discussion on whether starting an action in one country may result in the inability of the courts in any other country to decide upon the same issues, or – more precisely – whether the court in one country is able to declare its “universal” jurisdiction over a matter (e.g., a global FRAND license), even though certain aspects of the same dispute are already being discussed in a foreign forum (e.g., the infringement and validity of one or more patents in the territory of that forum). Consequently, so-called “anti-suit injunctions” have been countered by “anti-anti-suit injunction” and even “anti-anti-anti-suit injunction” requests. The question here is whether there will be a race to the courts in a specific jurisdiction (perceived to be “pro patentee” or “anti patentee”) because of the global nature of standardisation and patent portfolios.

The Global Edition will discuss these questions of *forum non conveniens* and *lis pendens* in the light of the case law that has developed in the SEP/FRAND field so far.

A. JURISDICTION TO DETERMINE FRAND: NATIONAL, REGIONAL, OR GLOBAL

1. The basis for such jurisdiction: patent infringement, relevant SSO contract, antitrust law

UK:

In the case of ETSI/3GPP standards, the UK courts recognise FRAND in contract law. The SEP owner's commitment to the SDO gives rise to a contractual offer, which may be accepted by the implementer through the action of adopting the standard. In the case of ETSI the contract arises under French law, but the English court will enforce a French law contract if the claim is properly before it. The claim would be properly before it if the Defendant (typically the SEP owner) is located within the jurisdiction of the UK.

Alternatively, the claim would be properly before the UK court if the Defendant is outside the UK but the claim otherwise falls within one of the "gateways"²⁸² under which an English Court will allow a claim started in the English Court to be served outside the jurisdiction. Those "gateways" reflect the UK's international commitments such as the Hague Convention, and are dealt with further below.

Alternatively the implementer may contend that the patent owner occupies a dominant position under s. 18 of the UK's Competition Act 1998 through ownership of standards-essential patents, and that by failing to grant a FRAND licence he has abused that position. This section is identically worded to Art. 102 of the Treaty on the Formation of the European Union, and the law in the area is presently harmonised.

Typically an action in the UK against a SEP owner to enforce a FRAND commitment would be brought on both the contractual and competition law grounds.

Most SEP owners are located outside the UK's jurisdiction, however. In order to bring an action against a SEP owner outside the jurisdiction, the claimant implementer must establish the following:

- 1) the claim fits within one of the "gateways";²⁸³
- 2) the claim has a reasonable prospect of success;²⁸⁴ and
- 3) the Court of England & Wales is the most convenient forum to bring the claim²⁸⁵

For a FRAND claim based in competition law, the most relevant gateway is Gateway 9: Tort claims where damage is sustained (or will be) in England & Wales or the damage resulted (or will result) from an act committed, or likely to be committed in England & Wales²⁸⁶.

For a FRAND claim based in contract law the relevant gateways are 6 and 7, which cover a contract made or breached in England & Wales or governed by England & Wales law²⁸⁷. It can be seen that these are limited in their scope.

²⁸² Set out in the English Civil Procedure Rules, Practice Direction 6B paragraph 3.1.

²⁸³ Civil Procedure Rules Practice Direction 6B paragraph 3.1.

²⁸⁴ Civil Procedure Rule 6.37(1)(b).

²⁸⁵ Civil Procedure Rule 6.37(3).

²⁸⁶ Civil Procedure Rules Practice Direction 6B paragraph 3.1(9).

²⁸⁷ Civil Procedure Rules Practice Direction 6B paragraph 3.1(6) and (7).

The third test can be summarised as: is England and Wales clearly the more appropriate forum than any other available foreign forum? If not, is it where case most appropriately tried for the interests of all the parties and the ends of justice?²⁸⁸ Factors may include the availability of witnesses, the law governing the relevant transaction, and the places where the parties respectively reside or carry on business. If the court concludes that there is no other available forum which is clearly more appropriate for the trial of the action, it will carry on.

Limitations on the UK's ability to hear FRAND actions against non-UK parties where there is no corresponding patent litigation involving a UK patent have become apparent in two recent cases. In *Apple v Qualcomm*²⁸⁹, Apple argued that Qualcomm had not made a FRAND offer and sought relief from the UK court against Qualcomm Inc, and its UK subsidiary.

The English court found that Qualcomm's UK subsidiary had no relevant SEPs, and no obligation to offer licences to SEPs owned by its parent company. It dismissed all claims against Qualcomm UK. It had no jurisdiction to hear the contract law claim against Qualcomm US because Qualcomm US was not domiciled in the UK, and neither of gateways 6 or 7 applied: there was no contract made or breached in England & Wales, or governed by England & Wales law. Any jurisdiction it had to hear a claim founded in competition law would be limited under Gateway 9 to damage sustained in England & Wales.

In *Vestel v Access Advance*,²⁹⁰ Vestel (who made televisions) brought a claim against Access Advance (a patent pool) and SEP owner Philips for a licence to use their H.265 video coding standard essential patents on RAND terms. Vestel argued that Access Advance and Philips had abused their dominant market positions by failing to licence on FRAND terms.

The High Court found that Vestel's claim had failed to meet Gateway 9: they had not demonstrated that any damage would be suffered in the UK.

On appeal, Vestel dropped the competition claim, and had limited its claim to:

- (i) a licence to the UK patents only;
- (ii) declaratory relief, with the court's inherent jurisdiction to grant declarations as a new legal basis for Vestel's claim.

The Court of Appeal found that that Vestel had still not satisfied the gateways.

Vestel had not identified a legal claim which gave it any right to the FRAND licence declarations sought. The ITU rules did not provide a basis for a claim to entitlement to a FRAND licence. Consequently the declaration as to FRAND terms did not have an underlying legal claim. The Court did find that, had such a legal claim existed, narrowing the subject

²⁸⁸ House of Lords' decision in *Spiliada Maritime Corp v Cansulex* [1986] UKHL 10.

²⁸⁹ *Apple Retail v Qualcomm* [2018] EWHC 1188.

²⁹⁰ *Vestel UK Ltd & Anor v Access Advance LLC & Koninklijke Philips NV*. [2021] EWCA Civ 440.

matter to UK patents would have met the jurisdiction requirement – even where the resulting FRAND licence involved licensing a much larger proportion of foreign patents.

The attempt to invoke the court’s inherent declaratory jurisdiction did not assist in the absence of any legal claim or standard against which to judge the matter. The court noted that in the UK there is no such thing as a free-standing FRAND claim.

No such jurisdiction difficulties arise where FRAND is raised by way of defence to a UK patent infringement action. In those circumstances both parties are properly before the court. The basis for jurisdiction in an infringement case is discussed further in the next section.

India

In India, so far no final judgment has conclusively determined which is the appropriate jurisdictional basis for a court to adjudicate upon the FRAND determination issue. However, parties have invoked all three causes of action as the basis to seek FRAND determination. Most of the cases where issues of FRAND determination has arisen, are initiated as patent infringement suits where defendants generally plead breach of FRAND obligation as one of their defences and seek FRAND determination by way of relief. There are also instances [citations?] where implementers have invoked competition law to seek resolution of FRAND disputes. On one occasion [citation?] an implementer has also invoked contract law remedy along with remedies provided under the Indian Patents Act, 1970, to seek FRAND determination. However, this suit was later on joined with the patent infringement dispute initiated by the SEP owner and now they both are being adjudicated upon together.

[China]

[USA]

[With consent of parties, not absent consent – *Mark Selwyn to draft*]

[France]

[*Amandine* to add a comment]

2. The UK Supreme Court decision in the merged cases of *Unwired Planet v Huawei* and *Conversant v Huawei* on determining global FRAND and the imposition of a FRAND injunction in the UK

In *Unwired Planet*²⁹¹, the English court was asked by the SEP owner to grant an injunction. In doing so, it considered the offers made by patent owner and infringer, and compared them to what would be a FRAND rate for the portfolio. It went ahead to grant a national injunction, but stated that the injunction would apply if the infringer took a licence on FRAND terms. It set out what those terms were. Because the English court found that a FRAND licence was a global licence, those terms were global.

²⁹¹ [2020] UKSC 37.

This step of offering a global FRAND licence to the infringer has attracted international debate. Some argue that this is the imposition of a global FRAND rate under threat of an injunction, and as such offends the principle of comity with courts in other countries. Others argue that what the English court was doing was no more than offering an alternative to the national injunction that an English court would otherwise, uncontroversially, be able to grant.

The UK Supreme Court recognised the arguments but found that it was able to determine a global rate by virtue of the contract that the implementer was seeking to enforce through its FRAND defence. The Court found that the ETSI terms envisaged global licensing on FRAND terms. If, therefore, an implementer sought to enforce those terms, any license that the SEP owner was obliged to offer would be a global licence. The court therefore had jurisdiction to determine those through the contract²⁹².

In the *Conversant* case the court also had to determine the question of whether the UK was the most convenient forum for the claim. It was accepted that the patent claim on UK patents fell within one of the gateways (described above), but the *forum conveniens* part of the test still had to be satisfied.

The Supreme Court was able to deal with the question simply by finding that there was no evidence before it (in that case) that another court was a better forum. That finding is, however, specific to the arguments made in that case. The Court of appeal had approached the question more generally: it approached the question by asking how the dispute should be defined. Was it in substance a dispute about the terms of a global FRAND licence, or was it about English patents, and therefore about their validity and infringement, with FRAND issues arising only as an aspect of an alleged contractual defence? The Court of Appeal had held that the dispute was an English patent dispute, for which the English courts are the *forum conveniens*.

[Add *Oppo v Nokia*]

3. Is it the implementer and/or the SEP holder that chooses the jurisdiction for a FRAND determination?

- **UK:** either may choose the UK provided they satisfy the jurisdictional tests outlined above. In practice, both parties tend to know when a dispute is about to arise, and each files actions in the fora that it perceives will give it a more favourable outcome.

[Summarise 1 and 2 here]

4. Races to the court door

Although there is much talk of the race to file, where cases are filed within a few days of each other it does not seem to matter, in practical terms, which is filed first in time. None of the UK

²⁹² Paragraph 58.

jurisdiction decisions to date have depended on whether the UK action was filed days before or days after the other action.

[In India, it has been observed that SEP holders are usually the one to approach court on FRAND issues by filing suit for infringement and injunctive relief.]

[In USA, if defendant doesn't consent then Court would be unlikely to force a global FRAND determination on the defendant – so timing not relevant.] [*Mark Sehnyn to write up a paragraph*]

[*TCL (France)* – jurisdiction disputes but no final decision.]

B. COMPETING FRAND DETERMINATIONS BEFORE DIFFERENT FORA

[Introduction on private international law principles]

1. The risk of irreconcilable judgment on FRAND

The problem has not yet arisen in practice. There are two potential problems:

Irreconcilable judgments: a judgment that reaches the opposite conclusion to another court; and

Irreconcilable orders: an order from one court which compels a party to do one thing, whilst an order from another court compels it to do something else.

The first problem (irreconcilable judgments) is not in practice a problem, other than offending a desire for neatness and consistency. It is not uncommon in patent cases for several courts to be hearing the same or similar issues. Courts in several countries may be determining whether a particular claim integer is the same as, or equivalent to, a paragraph in the standards, for example. One court may find another court's decision informative, or even persuasive, on the point. But no national court would consider itself bound on the point by another: the English and Dutch courts may agree respectfully to disagree over a particular construction of an identically worded patent.

The same is true of FRAND. FRAND is a range, and national courts may have different views of what FRAND might be. Their views on reasonableness might be influenced by their socio-economic policies: whether the nation is at the stage of development where it wishes to incentivise production, or at the stage of development where it wishes to incentivise innovation. National courts may also have differing views about how the “non-discrimination” element of FRAND interacts with the requirement of fairness and reasonableness. Juries' opinions may differ from those of judges. This is usual in any national court system: the same happens with damages for personal injury, or copyright infringement, or other tort claims. Some courts and some countries set damages at different levels to others.

This should not cause a problem. If one country determines higher global FRAND rates as the price for not giving an injunction, implementers may choose not to manufacture or sell

in that country, and focus their business in lower FRAND rate countries. Alternatively, if they enter the higher price countries, they may increase their prices in those countries to compensate for globally higher royalties.

The English court recognised in *Unwired Planet* that different markets may support different royalty rates, accepting evidence that royalties are lower in the PRC. The Nanjing court in *Huawei v Conversant* also recognised that different markets may support different royalty rates, applying a discount to the aspirational global aggregate reasonable royalties that manufacturers had stated at the launch of the UMTS and LTE standards.

The second problem (Irreconcilable orders) is a concern. If one national court compels a SEP owner to grant a global licence at a particular rate, whilst another orders a licence be granted at a different rate, then there is the possibility of irreconcilable orders. If a court imposes a particularly low rate on a foreign patent owner, there may be claims of expropriation of assets under bilateral trade agreements.

2. Appropriate case management so as to avoid irreconcilable judgments

[intro required]

- **UK:** The English court will use its case management powers where appropriate to reduce the risk of irreconcilable judgments, but not where this would cause undue delay. For example, in *Conversant v Huawei* at the hearing of case management issues consequential upon Henry Carr J's judgment, the appellants did suggest that the FRAND trial should be stayed to await the outcome of pending proceedings in China. The judge provided some accommodation by directing that the FRAND trial should not take place before November 2019, so that the outcome of the Chinese proceedings, to the extent relevant, could be factored into the determination of a FRAND global licence.
- **US:** Patent holders typically have multiple jurisdictions to choose from when determining where to file a patent-infringement lawsuit. For example, U.S. corporations are disproportionately incorporated under Delaware state law, even if their principle place of business is in another state, rendering such corporations subject to suit in the District of Delaware as well as the "home" state of the company's headquarters (e.g., California or New York). This fact causes the District of Delaware to have one of the largest patent dockets in the United States. The size and breadth of the economy of Texas, one of the largest and most populous U.S. states, similarly allows federal courts in that state—particularly the Eastern and Western Districts of Texas—to be home to many patent cases. Indeed, those three jurisdictions combined account for more than half of all patent infringement cases filed in the United States in recent years. The Eastern District and Western District of Texas are particularly known for *not* staying patent-infringement actions pending the outcome of validity challenges (i.e., inter partes review) before the specialized Patent Trial and Appeal Board (PTAB), which was created to provide a fast, low-cost forum for patent-validity challenges. Accordingly, it has happened numerous times that a patent was litigated through trial and found to be infringed and not invalid, only for the PTAB to soon after invalidate the patent. Such inconsistent outcomes have spurred many observers to criticize the reluctance of trial

courts to stay litigation pending final decisions by the PTAB, yet the practice remains intact.

3. An analysis of the relevant case law on *lis pendens* and *forum non conveniens*

[Introduction – addressing the characterization of a particular case as a gating factor in whether these principles are examined. Pick up DE and US]

UK

The law of forum non conveniens is described above, and was most recently considered in *Nokia v Oppo*.²⁹³

Nokia brought an action for patent infringement under its SEPs. It argued that it had offered a FRAND licence, which Oppo had refused. It therefore sought a FRAND injunction. Oppo denied that the offered terms were FRAND and declined to accept a licence. However, Oppo argued that it would take a global licence – provided the terms are settled by the court in Chongqing, China. Oppo commenced an action in Chongqing to determine those terms. It challenged the jurisdiction of the English courts on the grounds that England is not the proper forum for determination of the claims, and applied to set aside the order granting Nokia permission to serve proceedings out of the jurisdiction on the same grounds. Alternatively, Oppo asked the English court to stay the FRAND parts of the UK dispute pending the outcome of the Chongqing actions.

The China Supreme Court has held in *Oppo v Sharp*²⁹⁴ that Chinese courts can, in some circumstances, set a global FRAND rate. It set out five factors to determine whether a Chinese court was the correct forum for this. These were (i) the willingness of the licensee to agree the licence; (ii) the proportion of SEPs granted in that country; (iii) the principal place of business of the implementer; (iv) where negotiations have been conducted; and (v) location of property available for seizure/enforcement. Oppo argued that, applying those factors in this case, would result in China being an available forum for settling the FRAND terms.

In *Conversant*²⁹⁵, the UK Court of Appeal had asked how the dispute should correctly be characterised: was it a claim for relief for infringement of a UK patent, or as it a claim to determine the terms of a global license? The Court of Appeal believed that the dispute was correctly characterised as a claim for relief under UK patents. In that case the UK was clearly *forum conveniens*. The Supreme Court did not need to decide whether this was right, but indicated that this was its preferred view.

Oppo argued that the difference between *Conversant* and this case was the context in which the allegations of infringement of Nokia's UK patents have been brought. They claimed that the present case was about a global licence, and that matter would be settled in Chongqing independently of any infringement proceedings. Hacon HHJ did not accept this argument, stating that the difference in

²⁹³ HP-2021-000022 – update with proper citation for decision.

²⁹⁴ Guangdong OPPO Mobile Telecommunications Corp. Ltd v Sharp Corporation ((2020) Zui Gao Fa Zhi Min Xia Zhong No. 57).

²⁹⁵ [2019] EWCA Civ 38.

context, specifically the newly confirmed jurisdiction of Chinese courts to settle global terms of a FRAND licence, does not alter the correct characterisation of the present proceedings.

C. ANTI-SUIT INJUNCTIONS

Anti-suit injunctions are (generally in interim relief proceedings issued) injunctions or prohibitions to sue (or continue to sue) before certain other (usually foreign) courts, by which a court sanctions, on application, a breach of such prohibition. An anti-suit injunction can be issued preemptively to order the respondent from suing before another court or retroactively to order the respondent to terminate proceedings already pending. It is always directed against an individual party and not against the court that may have been wrongly seized. Nevertheless, an anti-suit injunction is generally regarded as indirect interference in the proceedings to be stopped.

Under German (procedural) law, such anti suit injunctions are regarded as a violation of *ordre-public* so that the parties to parallel German infringement proceedings would not have to observe such orders.²⁹⁶ Nevertheless, it can be assumed that the court that issued the Anti-Suit Injunction would sanction a violation, so that a patentee would often be forced to comply with it *de facto*.²⁹⁷ Accordingly, in order to protect the patentee's right of access to courts, the District Court Munich I has (for the first time) issued a so-called anti-anti-suit injunction, i.e. a prohibition to request an anti-suit injunction.²⁹⁸ This practice was later confirmed by the Higher Regional Court Munich.²⁹⁹

In subsequent cases before the Munich courts, the question arose whether preemptive anti-anti-suit injunctions should also be admissible. Even though such injunctions mean that they had to allow previously inadmissible anti-suit injunctions (to a certain extent), they saw no other way to protect the patentee's right of access to German courts. Accordingly, the District Court Munich I did in fact allow preemptive anti-anti-suit injunctions under any of these circumstances:³⁰⁰

- (1) requesting or threatening to request an anti-suit injunction,
- (2) filing or threatening a main action for FRAND determination in a jurisdiction that allows anti-suit injunctions,
- (3) requesting or threatening to request an anti-suit injunction against other patentees without the implementer renouncing this practice, and
- (4) no waiver of an anti-suit injunction within a time limit set by the patentee. The Higher Regional Court Düsseldorf recently dealt with a similarly structured appeal

²⁹⁶ Higher Regional Court Munich, judgment of 12 December 2019, docket-no- 6 U 5042/19 para. 71 – *Anti-Suit injunction*.

²⁹⁷ Loc. cit.

²⁹⁸ District Court Munich I, judgment of 2 October 2019, docket-no 21 O 9333/19.

²⁹⁹ Higher Regional Court Munich, loc. cit.

³⁰⁰ District Court Munich I, judgment of 24 June 2021, docket-no. 7 O 36/21 para. 34.

case.³⁰¹ The first instance, the District Court Düsseldorf, had granted a preemptive anti-anti-suit injunction based on the facts that the respondent (which was a Chinese company and defendant in parallel infringement proceedings) had requested anti-suit injunctions in previous but separate cases and that Chinese courts are known for granting such requests.³⁰² However, the Higher Regional Court Düsseldorf applied a stricter approach. While it did not generally rule out the admissibility of anti-anti-suit injunctions, the court clarified that an anti-anti-suit injunction can only be granted where absolutely necessary and principally limited the application to cases where either an anti-suit injunction had already been requested or there are concrete factual circumstances of an imminent threat of such a request. However, the respondent must not declare a waiver of an anti-suit injunction.

While the Düsseldorf and Munich courts differ on the requirements to request a preemptive anti-suit injunction, both are in agreement that requesting an anti-suit injunction will deem the implementer an unwilling licensee.³⁰³

1. Recent high profile examples of anti suit injunctions (and anti, anti suit injunctions)

- Conversant v Huawei
- Nokia v Daimler.

In June 2019, Continental petitioned the U.S. Court for an ASI prohibiting Nokia and other defendants from pursuing their claims against Daimler in Germany or elsewhere

In July 2019, before the U.S. Court could respond, Nokia petitioned the Munich Landgericht to issue an AASI prohibiting Continental from asserting an ASI against Nokia in Germany.

The Munich judge issued the AASI, holding that the injunction sought by Nokia in the U.S. was incompatible with German law.

- Xiaomi v. IDC

The Wuhan Intermediate People's Court (**WIPC**) issued an ASI preventing Interdigital from seeking injunctive relief against Xiaomi and/or any form of FRAND determination from any other court globally, specifically targeting Indian proceedings filed by Interdigital.

³⁰¹ Higher Regional Court Düsseldorf, judgment of 7 February 2022, docket-no. I-2 U 25/21 – *Foreign prohibition to sue*.

³⁰² District Court Düsseldorf, judgment of 15 July 2021, docket-no- 4c O 75/20.

³⁰³ Higher Regional Court Düsseldorf, loc. cit. para. 31.; Regional Court Munich I, judgment of 25 February 2021, docket-no. 7 O 14276/20 para. 94 – *FRAND-Willingness*.

The Delhi High Court ordered an granted an anti-enforcement/anti-anti suit injunction complaining that WIPC China ASI “directly negates the jurisdiction of this Court, and infringes the authority of this Court to exercise jurisdiction in accordance with the laws of this country.”

On 9 November 2020, the District Court Munich I granted an anti-anti suit injunction against Xiaomi, later confirmed and clarified that it has also effect against anti-anti-anti-suit injuncitons.

- Samsung v. Ericsson

On 7 December 2020, Samsung brings FRAND-determination action before Chinese court. Four days later, Ericsson brings same type of action before Eastern District of Texas.

On 25 December 2020, Samsung is granted an anti-suit injunction (coupled to an anti-anti-anti-suit injunction, “A3SI”), confirmed on appeal in March 2021.

On 12 January 2021, Ericsson is granted an anti-anti-suit injunction (coupled to an anti-anti-anti-anti-suit injunction, “A4SI”).

- Dolby v Xiaomi

In July 2020 Dolby filed an SEP-infringement action before the Regional Court Düsseldorf. No ASI was sought by Xiaomi. Nonetheless, in December 2020/July 2021 Regional Court Düsseldorf granted an AASI [to Dolby] based on Xiaomi’s previous ASI-requests in other cases. . On appeal, the anti-anti-suit injunction was revoked due to lack of an imminent threat of an anti-suit injunction.

- Lenovo v. IPCom

In October 2019, after Lenovo filed for an ASI in the US in September 2019, IPCom initiated an action in the Paris High Court in France, notably to obtain an AASI against Lenovo.

In November 2019, the Paris Court ruled in favor of IPCom, holding that ASIs were contrary to French public order, except when they sought to enforce arbitration or jurisdiction clauses. Furthermore, according the Parisian judges, the ASI sought by Lenovo would amount to a violation of IPCom’s property right.

In March 2020, the Paris Court of Appeal upheld this judgment.

- Ericsson v. Apple

On 4 October 2021, the Dutch court granted an ex-parte AASI against Apple to protect any potential legal proceedings Ericsson initiated against Apple in the Netherlands. On 8 October 2021 an inter-partes oral hearing followed in which Apple rebutted the previously-granted ASI.

Apple stated that it had never before requested an ASI and has no intention of doing so in the current dispute. As such, the presiding Judge lifted the AASI, holding there to be no threat by Apple against Ericsson to justify an AASI for the remainder of the preliminary relief proceedings.