

Current Issues Around FRAND and SEPs – the New Madison Approach and Global Injunction Arms Races

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Part I: Local FRAND Disputes Go Global

Anti-Suit Injunctions, Anti-Anti-Suit Injunctions, and the Race to be the Jurisdiction that Decides FRAND Disputes

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United States & United Kingdom

- U.K. Supreme Court held in *Unwired Planet International Ltd. v. Huawei Technologies (UK) Co. Ltd.* that a national court is free to assess a party's compliance with FRAND contract by analyzing whether a global, portfolio-wide rate complies with FRAND.
 - Unwired Planet sued in the U.K. for infringement of European patents, and implementer countersued for breach of FRAND contract.
 - To resolve the claims, the trial court undertook to determine a rate, based on the portfolio as a whole, would be in compliance with Unwired Planet's FRAND contract. The court reasoned, determining rate country-by-country would be "madness" and offered the implementer a choice:- it could assent to a global license on FRAND terms, or it could discontinue infringement in the U.K.
- In U.S., the basis to adjudicate a global license offer are typically viewed as contractual disputes that flow from interpretation of the FRAND commitment.

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China

1. China's Supreme People's Court (SPC) affirmed the right for Chinese courts to set global FRAND licensing rates for standard essential patents based on a nexus to China.
2. In Nokia/OPPO case, OPPO sued Nokia in Chongqing seeking the People's Court to set global licensing rates for Nokia's SEPs, which the Court granted.
3. On appeal, SPC affirmed the right for Chinese People's Courts to set global SEP licensing rates in a decision that tracks an earlier Sharp/OPPO case.
4. Factors relevant in the decision included:
 - 1) OPPO being a Chinese company
 - 2) a large percentage of the patents are Chinese
 - 3) China will be the main source of revenue
 - 4) China was location of the license negotiations
 - 5) China is where there is property that can be used for enforcement
5. Earlier in OPPO/Sharp case, Intellectual Property Tribunal of the Supreme People's Court affirmed a lower court ruling setting global licensing rates for standard essential patents (SEPs) including in the U.S., Germany and Japan.

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ANTI-SUIT INJUNCTIONS (ASI)

1. ASI - An interlocutory *in personam* remedy in one jurisdiction to prohibit a litigant from initiating or continuing parallel litigation in another jurisdiction.
2. An ASI can bind a party to litigation, but has no binding effect on a foreign court.
3. Three-part framework developed by the 9th Circuit in *E. & J. Gallo Winery v. Andina Licores - Gallo* framework
 1. Local action functionally equivalent to foreign action?
 2. Resolution of the local action would be dispositive of the foreign action?
 3. Any of four factors identified by the Fifth Circuit in *In re Unterweser Reeder* are present – i) frustrate a policy of the issuing forum, ii) vexatious or oppressive, iii) threaten the issuing court's jurisdiction, iv) prejudice other equitable considerations.
4. If at least one of *Unterweser* factors present, determine whether injunction will have significant impact on international comity; if not, then ASI may be issued.

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