

2021 PATENTLY-O PATENT LAW JOURNAL

Is Global FRAND Litigation Spinning Out of Control?¹

Thomas F. Cotter²

It has often been observed that, while patent rights are territorial in scope, commerce is global and, increasingly, interconnected. Indeed, with the advent of 5G and the Internet of Things (IoT), technical standards soon will enable not only devices such as smartphones and tablets, but also automobiles, medical devices, and even home appliances to receive and transmit data within and across national borders. To achieve these ends, firms participate in standard-setting organizations (SSOs) to hammer out the technical standards that enable communication and interoperability among devices. Moreover, because the implementation of these standards requires the use of many different, typically proprietary, technologies, SSOs generally encourage or require their members both to declare their ownership of patents that may be essential to the practice of the relevant standard, and to commit to licensing these standard-essential patents (SEPs) on fair, reasonable and nondiscriminatory (FRAND) terms. The FRAND commitments themselves, in turn, often are interpreted as binding contracts for the benefit of third parties (that is, for the benefit of implementers). In principle, these requirements work to ensure both that implementers are able to access essential technologies, and that owners are fairly compensated for their inventive contributions.

Two problems nevertheless can impede the smooth working of such a system. The first is that SSO rules typically do not define the term “FRAND,” for a variety of reasons. Disputes over the meaning of FRAND therefore are inevitable. The second is that, because patents are territorial, courts often have been reluctant to adjudicate foreign patent rights. This understanding of patent rights, however, might appear, to some observers at least, to collide with commercial realities, when parties are unable to reach agreement and opt for

¹ Cite as Thomas F. Cotter, *Is Global FRAND Litigation Spinning Out of Control?*, 2021 PATENTLY-O PATENT LAW JOURNAL 1 (2021).

² Taft Stettinius & Hollister Professor of Law, University of Minnesota Law School; Innovators Network Foundation Intellectual Property Fellow. Many thanks to Madison Murhammer Colon for editing the cites and adding permalinks. Any errors that remain are mine.

adjudication by national courts. Current responses to these problems are likely to prove unsatisfactory for both owners and implementers; a comprehensive solution nonetheless remains, for now, elusive.

Introduction

It has often been observed that, while patent rights are territorial in scope—a U.S. patent being enforceable in the U.S. but not in the U.K., for example, and vice versa—commerce is global and, increasingly, interconnected. Indeed, with the advent of 5G and the Internet of Things (IoT), technical standards soon will enable not only devices such as smartphones and tablets, but also automobiles, medical devices, and even home appliances to receive and transmit data within and across national borders. To achieve these ends, firms participate in standard-setting organizations (SSOs) to hammer out the technical standards that enable communication and interoperability among devices. Moreover, because the implementation of these standards requires the use of many different, typically proprietary, technologies, SSOs generally encourage or require their members both to declare their ownership of patents that may be essential to the practice of the relevant standard, and to commit to licensing these standard-essential patents (SEPs) on fair, reasonable and nondiscriminatory (FRAND) terms.³ The FRAND commitments themselves, in turn, often are interpreted as binding contracts for the benefit of third parties (that is, for the benefit of implementers).⁴ In principle, these requirements work to ensure both that implementers are able to access essential technologies, and that owners are fairly compensated for their inventive contributions.

³ See Norman V. Siebrasse & Thomas F. Cotter, *The Value of the Standard*, 101 MINN. L. REV. 1159, 1160 & n.1 (2017).

⁴ At least, this appears to be the dominant view under French law (which governs the interpretation of the European Telecommunications Standards Institute (ETSI) Intellectual Property Rights Policy), see *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co. Ltd.* [2020] UKSC 37, [8] (appeal taken from Eng.), <https://www.supremecourt.uk/cases/docs/uksc-2018-0214-judgment.pdf> [<https://perma.cc/FD9W-K9JH>], and under U.S. law, which governs several other SSO policies, see Herbert Hovenkamp, *FRAND and Antitrust*, 105 CORNELL L. REV. 1683, 1695–96 (2020) (citing sources).

Two problems nevertheless can impede the smooth working of such a system. The first is that SSO rules typically do not define the term “FRAND,” for a variety of reasons.⁵ To be sure, owners and implementers frequently are able to reach agreement, one way or another, for the licensing of FRAND-committed SEPs; and, given the global nature of commerce, these licenses often are granted on a worldwide, rather than country-by-country, basis. Disputes over the meaning of FRAND nevertheless are inevitable. The second is that, as noted above, patents themselves are territorial in scope. As a consequence, courts often have been reluctant to adjudicate foreign patent rights,⁶ partly out of concern that doing so might undermine the principle of

⁵ See Siebrasse & Cotter, *supra* note 3, at 1160 n.2:

A few SSOs require members to license SEPs on a royalty-free basis, but this does not appear to be the majority practice. See Jorge L. Contreras, *Technical Standards and Ex Ante Disclosure: Results and Analysis of an Empirical Study*, 53 JURIMETRICS 163, 173–75 (2013) (stating that some SSOs encourage or require members to disclose the maximum royalty rates they would seek). SSOs generally have avoided setting FRAND royalties for a variety of reasons. But see Doug Lichtman, *Understanding the RAND Commitment*, 47 HOUS. L. REV. 1023, 1027–29, 1046 n.65 (2010) (suggesting that “firms might prefer the ambiguous RAND commitment over a more conventional, explicit pricing term” due to “the desirable absence of lawyers,” time constraints, lack of information about the value of the technology at the point in time at which a standard is adopted, and out of concerns over antitrust liability).

In 2015, the IEEE published a revised IPR Policy that went further than most SSO policies in specifying some of the requirements for a FRAND-compliant license. See INST. OF ELEC. & ELECS. ENG’RS, INC., IEEE-SA STANDARDS BOARD BYLAWS § 6.1 (2021), http://standards.ieee.org/develop/policies/bylaws/sb_bylaws.pdf [<https://perma.cc/R4JN-7FU8>] (stating, *inter alia*, that a FRAND commitment signifies “that reasonable terms and conditions, including without compensation or under Reasonable Rates, are sufficient compensation for a license to use those Essential Patent Claims and precludes seeking, or seeking to enforce, a Prohibitive Order except as provided in this policy”). In a September 2020 Business Review Letter, however, the U.S. Department of Justice (DOJ) partially abrogated a 2015 Business Review Letter stating that the DOJ did not intend to challenge the revised IPR policy. For discussion, and links to the 2015 and 2020 Business Review Letters, see Thomas F. Cotter, *Antitrust Division Issues Supplement to 2015 IEEE Business Review Letter*, COMPAR. PAT. REMEDIES (Sept. 10, 2020, 4:30 PM), <http://comparativepatentremedies.blogspot.com/2020/09/antitrust-division-issues-supplement-to.html> [<https://perma.cc/EM34-Q9Q8>].

⁶ See, e.g., *Unwired Planet*, [2020] UKSC at [63] (“If the judgments of the English courts had purported to rule on the validity or infringement of a foreign patent, that would indeed be beyond their jurisdiction.”); *Voda v. Cordis*, 476 F.3d 887 (Fed. Cir. 2007)

comity—that is, of the respect due to the courts and other institutions of foreign nations.⁷ This understanding of patent rights, however, might appear, to some observers at least, to collide with commercial realities, when parties are unable to reach agreement and opt for adjudication by national courts. As I shall discuss in the following pages, current responses to these problems are likely to prove unsatisfactory for both owners and implementers; a comprehensive solution nonetheless remains, for now, elusive.

Who Decides?

Often the most consequential decision to make, in addressing difficult legal or policy questions, is the preliminary one of selecting *who* will have the authority to resolve those questions. The range of possible decisionmakers may include, among others, markets, firms, legislatures, courts, and administrative agencies, though as I have noted elsewhere all such institutions “function imperfectly, and . . . the policymaker’s task is to decide which of these

(holding that a U.S. district court lacked supplemental jurisdiction to adjudicate the infringement of foreign patents); *see also* *Lucasfilm Ltd. v. Ainsworth* [2011] UKSC 39, [60]–[99] (appeal taken from Eng.), <https://www.supremecourt.uk/cases/docs/uksc-2010-0015-judgment.pdf> [<https://perma.cc/YR4Y-6MUB>] (surveying various authorities from the U.K., U.S., and elsewhere); *cf.* *Actavis Group hf v. Eli Lilly & Co.* [2013] EWCA (Civ) 517, [51] (Eng.) (“[T]he English court has jurisdiction to entertain claims for infringement of foreign intellectual property rights provided validity is not in issue and there is a basis for exercising jurisdiction over the defendant.”); PRINCIPLES OF THE LAW—INTELLECTUAL PROPERTY § 211 (AM. L. INST. 2008).

⁷ *See, e.g.,* *Hilton v. Guyot*, 159 U.S. 113, 163–64 (1895) (defining comity as “the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens, or of other persons who are under the protection of its laws”); THOMAS RAPHAEL, *THE ANTI-SUIT INJUNCTION* 8 (2d ed. 2019) (stating that comity “refers to several different concepts that bear a family relationship,” and that “[t]he linking idea is the underlying notion that different nations, and in particular their courts and legal systems, owe each other mutual and reciprocal respect, sympathy, and deference, where appropriate”). For a summary of distinctions among different types of comity, and a game theoretic defense of the doctrine as inducing cooperation, see Christopher R. Drahozal, *Some Observations on the Economics of Comity*, in *ECONOMIC ANALYSIS OF INTERNATIONAL LAW: CONTRIBUTIONS TO THE 13TH TRAVEMUNDE SYMPOSIUM ON THE ECONOMIC ANALYSIS OF LAW (MARCH 29–31, 2012)* 147 (Thomas Eger, Stefan Oeter & Stefan Voigt eds., 2014), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2101400 [<https://perma.cc/S92N-5ZMM>].

imperfect institutions will best advance the relevant social goals.”⁸ Considerations that may be relevant to the allocation of decisionmaking responsibility may include not only the obvious one of identifying what those social goals are or should be, but also such matters as the expertise that different institutions may bring to the task of effecting those goals; relatedly, the reliability of the information available to decisionmakers; perceptions of fairness and representativeness in the procedures chosen for rendering decisions, and in the composition of the decisionmakers themselves; and, of course, cost, both in the obvious sense of financial costs and in the broader sense of longer-term or systemic consequences of allocating responsibility to the chosen institution.

Choosing the appropriate decisionmaker to determine the terms of a FRAND license presents many complexities. The parties themselves, of course, can (and sometimes do) engage these complexities on their own by voluntarily submitting to binding arbitration, or to a national court’s determination of the terms of a global FRAND license⁹—though the latter option might raise questions whether courts can adjudicate foreign patent rights, if that is the right way to think about what they are doing, even *with* consent of the parties.¹⁰ When the parties are unable to reach a legally enforceable

⁸ Thomas F. Cotter, *Legal Pragmatism and the Law and Economics Movement*, 84 GEO. L.J. 2107 (1996) (citing NEIL K. KOMESAR, *IMPERFECT ALTERNATIVES* chs. 1–2, 9 (1994)).

⁹ See *Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024 (9th Cir. 2015); *TCL Commc’n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, No. SACV 14-341 JVS (DFMx), 2018 WL 4488286 (C.D. Cal. Sept. 14, 2018), *vacated in part, rev’d in part, and remanded on other grounds*, 943 F.3d 1360 (Fed Cir. 2019), *cert. denied*, 141 S. Ct. 239 (2020).

¹⁰ See *Voda*, 476 F.3d at 890 (holding that a U.S. district court lacked supplemental jurisdiction to adjudicate the infringement of foreign patents); *Optis Wireless Tech., LLC v. Huawei Techs. Co.*, No. 2:17-cv-123-JRG-RSP, 2018 WL 3375192, at *7–9 (E.D. Tex. July 11, 2018) (recommending granting a motion to dismiss a request for a declaratory judgment that the patent owner had complied with its FRAND obligation, where adjudication would implicate foreign patent rights). It has been argued, however, that if the proper characterization is that courts are merely deciding the terms of a third-party beneficiary contract, this problem is avoidable. See Theodore Stevenson III, Nicholas Mathews & Patrick Pijls, *US Courts Should Adjudicate FRAND Rates on a Global Basis*, LAW360 (Dec. 3, 2020, 5:49 PM), https://www.law360.com/ip/articles/1332630/us-courts-should-adjudicate-frand-rates-on-a-global-basis?nl_pk=e6069cdd-ae4-4fa2-9719-0eb93573f1cf&utm_source=newsletter&utm_medium=email&utm_campaign=ip [<https://perma.cc/DPA2-H927>] (arguing that, although *Voda* constrains the jurisdiction of U.S. courts to adjudicate disputes over the

agreement on a decisionmaker, however, what then? Should national courts set the terms of global or only national licenses? If the former, pursuant to what authority, and applying what body of law—patent, contract, antitrust, something else—and which country’s (or region’s) law? Alternatively, should decisionmakers create a framework for private bargaining, while avoiding (to the extent possible) the task of affirmatively setting the terms of FRAND licenses themselves (a perspective that, arguably, is more consistent with the German courts’ approach to these issues)?¹¹

One option is simply for national courts to take upon themselves the responsibility for setting global licenses, even when one of the parties does not consent. As many readers will be aware, the first nation to have done so is the United Kingdom. In August 2020, the U.K. Supreme Court published its

infringement of foreign patent rights, U.S. courts should be amenable to adjudicating breach-of-contact claims that would establish the terms of a global FRAND license). Such a characterization, however, might be in some tension with the U.S. Court of Appeals for the Federal Circuit’s holding in *TCL Commc’n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, 943 F.3d 1360, 1373 (Fed. Cir. 2019), that the determination of FRAND royalties for past uses is subject to the constitutional right to trial by jury under U.S. law, precisely because it implicates the law of patent damages. Cf. Brief of Amici Curiae Twenty Legal Scholars in Support of Petitioners at 8, *TCL Commc’n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, 141 S. Ct. 239 (2020) (No. 19-1269), http://www.supremecourt.gov/DocketPDF/19/19-1269/144952/20200605105057025_19-1269%20Amici%20Brief.pdf [<https://perma.cc/S8P7-7DED>] (arguing, to the contrary, that FRAND disputes are contractual, and that there is no constitutional right to trial by jury on matters of contract interpretation). See also Timothy Syrett, *US Courts Have Limited Ability to Set FRAND Rates Globally*, LAW360 (Jan. 22, 2021 4:36 PM), https://www.law360.com/ip/articles/1347298/us-courts-have-limited-ability-to-set-frand-rates-globally?nl_pk=e6069cdd-ae4-4fa2-9719-0eb93573f1cf&utm_source=newsletter&utm_medium=email&utm_campaign=ip (responding to Stevenson, Mathews & Pijls, *supra*).

¹¹ See, e.g., ‘Courts Cannot Shy Away from Tackling FRAND Issues’, KLUWER PAT. BLOG (Nov. 27, 2020), <http://patentblog.kluweriplaw.com/2020/11/27/courts-cannot-shy-away-from-tackling-frand-issues/> [<https://perma.cc/FA5R-DSCE>] (suggesting that German courts to date have avoided some of the difficult issues surrounding FRAND); see also Jorge L. Contreras et al., *The Effect of FRAND Commitments on Patent Remedies*, in PATENT REMEDIES AND COMPLEX PRODUCTS: TOWARD A GLOBAL CONSENSUS 160, 176 (C. Bradford Biddle et al. eds., 2019) [hereinafter COMPLEX PRODUCTS] (noting two different interpretations of FRAND, with one viewing it “as a ‘comity device’ that generates bilateral fair play obligations on patent holders and prospective licensees,” and another that sees it “as imposing substantive limits on the royalty that may be charged”).

decision in the joined cases of *Unwired Planet International Ltd. v. Huawei Technologies (UK) Co. Ltd.*; *Huawei Technologies Co. Ltd. v. Conversant Wireless Licensing SÀRL*; and *ZTE Corp. v. Conversant Wireless Licensing SÀRL*,¹² affirming the lower courts' determination that they had authority to establish global FRAND terms, as an incident to resolving disputes over the infringement of domestic SEP rights.¹³ Although the decisions are factually complex, the underlying logic for establishing global FRAND terms is straightforward. First, in the U.K. courts' view, if a freely negotiated FRAND license would be global in scope,¹⁴ then a willing licensee would agree to a global FRAND license.¹⁵ Second, once it is established that the defendant has infringed one or more of the plaintiff's valid (domestic) SEPs, the court may enjoin the defendant from practicing the patented technology, if the defendant is an unwilling licensee.¹⁶ On the basis of these principles, the court may then offer the defendant a choice: either submit to the court's determination of the terms of a global FRAND license (one that a willing licensee would accept), or (as an unwilling licensee) be enjoined from the U.K. market.¹⁷

The result certainly offers advantages, in terms of efficiency, by resolving the terms of a global license in one single forum. It also avoids the risk of what the trial judge in *Unwired Planet* characterized as the "madness" of litigating on a country-by-country basis, an alternative that he believed would encourage implementers to "hold out"¹⁸ (that is, to seek strategic advantage through delay). Moreover, by establishing the terms of a global FRAND license the U.K. courts understand themselves to be determining an

¹² *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co. Ltd.* [2020] UKSC 37 (appeal taken from Eng.).

¹³ *See id.* at [95].

¹⁴ *See id.* at [29], [60].

¹⁵ *See id.*

¹⁶ *See id.* at [27]–[28], [165]; *see also* Case C-170/13, *Huawei Techs. Co. v. ZTE Corp.*, 2015 E.C.R. 477 (holding that the owner of a FRAND-committed SEP does not abuse its dominant position by seeking injunctive relief when, *inter alia*, "the alleged infringer continues to use the patent in question" and "has not diligently responded to" the owner's offer to license on FRAND terms, "in accordance with recognised commercial practices in the field and in good faith"). Whether courts within the U.K. will continue to follow E.U. competition law jurisprudence relating to SEPs, post-Brexit, remains to be seen.

¹⁷ *See Unwired Planet*, [2020] UKSC at [20], [27]–[28].

¹⁸ *See id.* at [25], [168]–[169].

issue of contract law, rather than adjudicating the validity or infringement of foreign patents;¹⁹ and in crafting the terms of that license, the court will estimate the portion of foreign and domestic patents that are likely not essential, infringed, or valid.²⁰ (Note, by the way, that this characterization suggests that courts following the U.K.'s lead might be amenable to setting global FRAND rates even when there is no patent infringement action, as such, pending—for example, in an action brought by the implementer for breach of the contractual FRAND commitment, or (where available) for a declaratory judgment.) In addition, the implementer retains the right to challenge the infringement or validity of any of the licensed patents, in accordance with the domestic laws of the issuing country; and if successful, the terms of a judicially-determined global license may be adjusted accordingly, on a periodic basis.²¹

Be that as it may, it nevertheless can seem a bit strange for an English court to be establishing global licensing terms, over the implementer's objection, in cases like *Unwired Planet* and *Conversant* in which the implementer derives most of its sales revenue from outside the U.K. (in these two cases, China).²² (In theory, the common-law doctrine of *forum non conveniens* might provide some hope that, in an appropriate case, the court would dismiss or stay domestic adjudication in deference to a nation with more significant contacts with the dispute taking charge of the litigation. Application of the doctrine, however, requires, among other things, the

¹⁹ See *id.* at [63], [95].

²⁰ See *id.* at [60].

²¹ See *id.* at [64].

²² See *id.* at [37]:

Huawei and ZTE point out that only a very small proportion of their worldwide sales are made in the UK. Huawei manufactures in China and its principal market is in China. It asserts that 64% of its relevant sales occur in China or in countries in which Unwired has no patent protection and is dependent on the validity and infringement of Chinese patents for its claim for royalties. In relation to the Conversant claim, Huawei asserts that the Chinese market accounts for 56% of its group's worldwide sales on which Conversant makes claims, and a further 19% of such sales occur in countries in which Conversant has no patents, so that Conversant's claims in those countries depend on the Chinese patents. The UK market comprises only 1% of Huawei's sales of those products. Similarly, ZTE manufactures in China and in the first six months of 2017 60% of the group's operating revenue was from China. At that time only 0.07% of its turnover was generated in the UK.

existence of another forum that would be willing to adjudicate the matter,²³ a matter I shall return to below. Moreover, to the extent that civil-law jurisdictions wind up following the lead of the U.K. in establishing global rates,²⁴ it may be relevant to note that, traditionally, these jurisdictions have

²³ See *id.* at [96]–[97] (noting that, while “China is the only candidate which the appellants have put forward” as an alternative forum,” the lower court “found that Chinese courts do not, at present, have jurisdiction to determine the terms of a global FRAND licence” absent consent by the parties). In the U.S. as well, the Supreme Court has held that a court may apply the doctrine only “when an alternative forum has jurisdiction to hear the case, and when trial in the chosen forum would ‘establish . . . oppressiveness and vexation to a defendant . . . out of all proportion to plaintiff’s convenience,’ or when the ‘chosen forum [is] inappropriate because of considerations affecting the court’s own administrative and legal problems.’” *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241 (1981) (quoting *Koster v. Lumbermens Mut. Cas. Co.*, 330 U.S. 518, 524 (1947)). To guide the analysis, further, a U.S. court should consider various private and public interest factors, *see id.* at 241 n.6 (stating that “[t]he factors pertaining to the private interests of the litigants included the ‘relative ease of access to sources of proof; availability of compulsory process for attendance of unwilling, and the cost of obtaining attendance of willing, witnesses; possibility of view of premises, if view would be appropriate to the action; and all other practical problems that make trial of a case easy, expeditious and inexpensive,’” and that “[t]he public factors bearing on the question included the administrative difficulties flowing from court congestion; the ‘local interest in having localized controversies decided at home’; the interest in having the trial of a diversity case in a forum that is at home with the law that must govern the action; the avoidance of unnecessary problems in conflict of laws, or in the application of foreign law; and the unfairness of burdening citizens in an unrelated forum with jury duty” (quoting *Gulf Oil Co. v. Gilbert*, 330 U.S. 501, 508–09 (1947))); but “[t]he possibility of a change in substantive law should ordinarily not be given conclusive or even substantial weight in the *forum non conveniens* inquiry,” *id.* at 247.

²⁴ Courts in China have now indicated that they intend to do so. See *infra* notes 67–70 and accompanying text. This was not an unexpected result. See, e.g., Douglas Clark, *After Unwired Planet Why Its Now Over to Chinas Courts to Set Global FRAND Rates*, ROUSE (Nov. 26, 2020), <https://rouse.com/insights/news/2020/after-unwired-planet-why-it-s-now-over-to-china-s-courts-to-set-global-frand-rates-1> [<https://perma.cc/5SNV-ZYUR>] (“[T]he UK Supreme Court’s decision was widely seen as a victory for SEP owners, but it might prove to be a Pyrrhic victory.”). But see Richard Vary, *The Wuhan Submarine Surfaces at Christmas in Global Ericsson/Samsung SEP Battle*, IPKAT (Jan. 6, 2021), <https://ipkitten.blogspot.com/2021/01/guest-post-wuhan-submarine-surfaces-at.html> [<https://perma.cc/KUF4-ER3P>] (stating that this “is an unfortunate misunderstanding of the UK Supreme Court’s decision. It is one thing to calculate global FRAND as part of a decision whether to grant a national injunction on a national patent, or in resolving a contractual dispute properly before that court, as

rejected the doctrine of forum non conveniens.²⁵) One might also question whether the option, left open to implementers, of challenging validity or infringement on a country-by-country basis, and subsequently requesting an adjustment of the royalty rate, as appropriate, will prove practicable.²⁶ And perhaps the perceived “madness” of litigating country-by-country if courts do not adjudicate global licenses is exaggerated, since one would expect most cases eventually to settle, if not after a first domestic judgment, then after a second or third.²⁷

the UK Supreme Court did. But in the absence of such a jurisdictional hook, it is not clear why any one national court would have jurisdiction to set FRAND internationally”).

²⁵ It is also generally inapplicable to matters falling within the scope of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, commonly known as the Brussels I Regulation. *See* Case C-281/02, *Owusu v. Jackson*, 2005 E.C.R. I-1383 (holding that the “Convention precludes a court of a Contracting State from declining the jurisdiction conferred on it by Article 2 of that convention on the ground that a court of a non-Contracting State would be a more appropriate forum for the trial of the action even if the jurisdiction of no other Contracting State is in issue or the proceedings have no connecting factors to any other Contracting State”); *Unwired Planet*, [2020] UKSC at [98] (noting that, even if China were an alternative forum, “a number of further issues would have arisen, in particular arising from the application of the *Owusu* principle . . . to the English defendants, set against the possibility that there might be a reflective application of article 24 of the Brussels I Regulation . . . and the recent decision of this court in *Lungowe v Vedanta Resources plc* [2019] UKSC 20; [2019] 2 WLR 1051. But we consider that those issues, which may well arise in future if and when other countries decide to exercise jurisdiction to settle global licences, would best be determined in a context when they might be decisive.”).

²⁶ One might also wonder whether the procedure reverses the normal burden of proof, by requiring affirmative action by the accused infringer to initiate such proceedings.

²⁷ *See* Eli Greenbaum, *No Forum to Rule Them All: Comity and Conflict in Transnational FRAND Disputes*, 94 WASH. L. REV. 1085, 1124 n.201 (2019) (stating that a “likely consequence of requiring territorial adjudication is that the parties will litigate a FRAND dispute in major markets, and then by settlement extend analogous royalty rates to other jurisdictions less central to their business”); *see also* Mauricio A. Uribe, *When It Comes to SEPs, Act Locally but Enforce Globally*, LAW360 (Nov. 25, 2020, 1:33 PM), https://www.law360.com/ip/articles/1330378?utm_source=rss&utm_medium=rss&utm_campaign=section [<https://perma.cc/EAP2-Q9A4>] (arguing, contra the efficiency argument, that “[g]iven the long-standing tradition of multijurisdictional licensing programs and the sophistication of the entities participating in SEP

At this point, nonetheless, there would seem to be little likelihood that the U.K. courts will change course. What seems more probable is that courts in at least some other countries will follow suit, thus presenting a risk of forum shopping, as discussed below.

Forum Shopping (or Selling?)

Often a person planning to file a lawsuit will be able to choose among several different courts in which to initiate the action. Cost and convenience are likely to factor into this decision to some extent, but often more important (depending on the amount at stake) is the expectation that certain forums are more likely than others to favor the plaintiff's interest, perhaps by interpreting the law in a desired fashion or by offering procedural or other advantages. Such selection of a forum believed to be favorable to one's side—referred to as “forum shopping”²⁸—is common to many jurisdictions, and many bodies of law.²⁹ Whether forum shopping is consistent with the public interest is another matter, however, the answer to which may vary from one case to another and from one observer to another—and is likely to be entwined with the observer's views of the merits of the competing legal standards. Nevertheless, when one forum appears to be attracting litigation over a particular type of subject matter in numbers disproportionate to what one would expect based on factors such as population or residence of the parties, and when the evidence further shows that parties choosing that forum are consistently more successful than when similar matters are litigated elsewhere, the hypothesis that litigants have “captured” the forum for their

standards organizations,” it would be “sheer madness to believe that convenience would be the actual driving factor in requiring a single, global royalty rate determined by a single jurisdiction”).

²⁸ See Francesco Parisi & Erin A. O'Hara, *Conflict of Laws*, in 1 THE NEW PALGRAVE DICTIONARY OF ECONOMICS AND THE LAW 387, 389 (Peter Newman ed., 1998). Parisi and O'Hara distinguish between bilateral, ex ante forum selection by means of forum selection clauses, and ex post forum shopping as described above, on the ground that the former, but not the latter, is likely to be efficient. *See id.*

²⁹ Libel plaintiffs, for example, prefer when possible to litigate in countries like the U.K., where the substantive law is much more favorable to their claims, than in the United States, where First Amendment considerations impose substantial obstacles to relief. The tables are turned for other types of personal injury claims, where more generous discovery and the availability of punitive damages sometimes make the U.S. the plaintiff's country of choice.

own private benefit seems highly plausible—though perhaps “capture” is a misleading term, since it may be the courts themselves that compete to attract certain litigants (a phenomenon sometimes decried as “forum selling”).³⁰ The result may be both a “race to the courthouse,” as litigants seek advantages by being the first to file (in their favored forum, of course), and a “race to the bottom,” to the extent courts adopt policies that systematically favor one side or the other (or their nation’s own domestic firms) without regard for the greater good.³¹

Formally, for forum shopping to exist there must be, first, a multitude of potential forums from which litigants may choose, and second an ability on the forums’ part to differentiate themselves from one another in terms of potential benefits they can offer.³² As for the first condition, since SEP owners typically own portfolios of patents issued by nations around the world, and implementers likewise sell devices throughout the world, there clearly is a broad range of countries in which actions for the infringement of domestic SEPs could be litigated. To the extent, however, that either a SEP owner or an implementer seeks, over the other’s objection, a judicial determination of *global* FRAND terms, until recently that range was considerably narrower. In the *Conversant* matter itself, for example, the Patents Court rejected the defendants’ forum non conveniens motion, in part because the evidence was lacking that China would offer an alternative forum for adjudicating a global FRAND license.³³ More recently, however, Chinese courts *have* accepted jurisdiction to determine the terms of global FRAND licenses—with the Wuhan Intermediate People’s Court apparently willing to establish global FRAND licenses in disputes between Xiaomi and InterDigital and between

³⁰ See Stefan Bechtold et al., *Forum Selling Abroad*, 92 S. CAL. L. REV. 487 (2019); Daniel Klerman & Greg Reilly, *Forum Selling*, 89 S. CAL. L. REV. 421 (2016).

³¹ See Jorge L. Contreras, *The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes over Standards-Essential Patents*, 25 B.U. J. SCI. & TECH. L. 251, 280–86 (2019).

³² Or, in Matthew Sag’s pithy formulation, “Advantage + Choice = Forum Shopping.” Matthew Sag, *IP Litigation in U.S. District Courts: 1994-2014*, 101 IOWA L. REV. 1065, 1104 (2016).

³³ See *Conversant Wireless Licensing S.A.R.L. v. Huawei Techs. Co. Ltd.* [2018] EWHC (Pat) 808, [64] (Eng.); *Conversant Wireless Licensing S.A.R.L. v. Huawei Techs. Co. Ltd.* [2019] EWCA (Civ) 38, [104], [121]–[126] (Eng.). The U.K. Supreme Court agreed. See *Unwired Planet Int’l Ltd. v. Huawei Techs. (UK) Co. Ltd.* [2020] UKSC 37, [96]–[97] (appeal taken from Eng.).

Samsung and Ericsson,³⁴ and the Shenzhen Intermediate People's Court in a dispute between Sharp and Oppo.³⁵ It remains to be seen whether other countries will follow suit, though one commentator recently has speculated that France might do so,³⁶ and others have urged U.S. courts to adopt the practice.³⁷

The second condition for the existence of forum shopping, differentiation, also is clearly present. Aside from procedural and cost differences of litigating in, say, the U.K. versus China, major substantive differences also may exist among courts and jurisdictions, and may influence the terms of any decision ultimately rendered. Among these substantive differences are:

Differences regarding FRAND methodology. As my coauthors and I have discussed in detail elsewhere,³⁸ some courts rely primarily on comparable licenses to evaluate whether an offer or counteroffer is FRAND, or to determine that rate for themselves (the so-called “bottom-up” approach). Others have estimated the implementer's aggregate royalty burden and then tried to determine the portion of this burden properly attributable to the plaintiff's valid and essential SEPs (the so-called “top-down” approach), or have used one method as a check on the other.³⁹ Other methodological issues

³⁴ I discuss these two cases *infra* at notes 68–70 and accompanying text, in the context of antisuit injunctions.

³⁵ To my knowledge, the decision has not been published yet. For discussion and citation to further sources, see Thomas F. Cotter, *Shenzhen Court to Set Global FRAND Rate*, COMPAR. PAT. REMEDIES (Dec. 9, 2020, 9:16 AM), <https://comparativepatentremedies.blogspot.com/2020/12/shenzhen-court-to-set-global-frand-rate.html?showComment=1608026401509> [<https://perma.cc/D8PT-9YZR>].

³⁶ See Matthieu Dhenne, *Unwired Planet Judgment and the French Riviera: je t'aime moi non plus*, KLUWER PAT. BLOG (Dec. 8, 2020), <http://patentblog.kluweriplaw.com/2020/12/08/unwired-planet-judgment-and-the-french-riviera-je-taime-moi-non-plus/> [<https://perma.cc/D5DS-J4TV>].

³⁷ See Stevenson et al., *supra* note 10.

³⁸ See, e.g., Contreras et al., *supra* note 11, at 165–68; Norman V. Siebrasse & Thomas F. Cotter, *Judicially-Determined FRAND Royalties*, in THE CAMBRIDGE HANDBOOK OF TECHNICAL STANDARDIZATION LAW 365 (Jorge L. Contreras ed., 2018) [hereinafter CAMBRIDGE HANDBOOK].

³⁹ See Contreras et al., *supra* note 11, at 168–70. In *Unwired Planet*, for example, the trial judge relied primarily on comparables but used top-down as a cross-check. See

may arise in regard to whether the appropriate royalty base is the end product or a component (the “smallest salable patent-practicing unit”)⁴⁰ and whether the FRAND rate should reflect any of the value derived from standardization itself.⁴¹

License-to-all versus access to all. Another issue that currently is generating intense debate is whether SEP owners are obligated, under contract or competition law, to license their patents on FRAND terms to any entity in a supply chain (e.g., component manufacturers), or are free to offer licenses only to end users (e.g., automobile manufacturers).⁴² Although the contract issue hinges on the correct interpretation of the relevant SSO policies, the competition law issue does not. The CJEU may be resolving the latter sometime in the next year or so.⁴³

Injunctions. Yet another issue relates to the circumstances under which SEP owners can obtain injunctions. In civil law countries, the general view is that the prevailing patent owner is entitled to injunctive relief as a matter of course, whereas in common law countries injunctive relief is, to

Unwired Planet Int’l Ltd. v. Huawei Techs. Co. Ltd. [2017] EWHC (Pat) 711, [806](10) (Eng.).

⁴⁰ See Siebrasse & Cotter, *supra* note 38, at 375–77.

⁴¹ Siebrasse & Cotter, *supra* note 3. Compare *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1232 (Fed. Cir. 2014) (stating that it shouldn’t), with *Unwired Planet*, [2017] EWHC (Pat) at [97] (stating that, in theory, it should).

⁴² For an overview of the various positions and citation to the relevant literature, see Thomas F. Cotter, *License to All Should Prevail in FRAND Patent Wars*, LAW360 (June 4, 2020, 2:14 PM), <https://www.law360.com/articles/1277844/license-to-all-should-prevail-in-frand-patent-wars> [<https://perma.cc/6T53-Z4EZ>].

⁴³ See Mathieu Klos, *BREAKING: Regional Court Düsseldorf Refers Nokia vs. Daimler Questions to CJEU*, JUVE PAT. (Nov. 26, 2020), <https://www.juve-patent.com/news-and-stories/cases/breaking-regional-court-dusseldorf-refers-nokia-vs-daimler-questions-to-cjeu/> [<https://perma.cc/YT63-ZGKC>] (linking to the Düsseldorf court’s press release); Florian Mueller, *Dusseldorf Regional Court Refers Component-Level Licensing of Standard-Essential Patents to Court of Justice of the EU*, FOSS PATS. (Nov. 26, 2020, 9:40 AM), <http://www.fosspatents.com/2020/11/developing-story-dusseldorf-regional.html> [<https://perma.cc/D8PX-G8EU>] (providing an unofficial translation into English). As of this writing, Nokia has lodged an appeal of the referral with the Düsseldorf Oberlandesgericht.

some degree, discretionary.⁴⁴ Even so, common law judges award prevailing patent owners permanent injunctions most of the time—though less so in the United States, following the U.S. Supreme Court’s 2006 decision in *eBay Inc. v. MercExchange, L.L.C.*,⁴⁵ than in other common law jurisdictions such as the U.K. With regard to FRAND-committed SEPs in particular, however, while there appears to be a rough consensus among the major patent litigation jurisdictions that courts should not award injunctions against “willing” licensees, the doctrinal basis for this result—and thus the precise conditions that must be in place before a court may deny injunctive relief—can vary considerably from one nation to another.⁴⁶ The CJEU’s decision in *Huawei v. ZTE*, for example, imposes limits based on competition law, but even within the E.U. the decision has given rise to varying interpretations⁴⁷ (some of which,

⁴⁴ For general discussion, see, for example, Norman V. Siebrasse et al., *Injunctive Relief, in* COMPLEX PRODUCTS, *supra* note 11, at 115, 125–43.

⁴⁵ *eBay Inc. v. MercExchange, LLC*, 547 U. S. 388, 391 (2006) (stating that the patent owner “must demonstrate (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction”). In 2019, the Antitrust Division of the United States Department of Justice, the U.S. Patent and Trademark Office, and the National Institute of Standards and Technology issued a policy statement urging courts to be more receptive to granting injunctions in SEP cases. See U.S. PAT. & TRADEMARK OFF., DEP’T OF JUST. & NIST, POLICY STATEMENT ON REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS (2019), <https://www.justice.gov/atr/page/file/1228016/download> [<https://perma.cc/PY4Z-3HXW>]. For critiques, see, for example, Michael A. Carrier, *New Statement on Standard-Essential Patents Relies on Omissions, Strawmen, Generalities*, BLOOMBERG L. (Jan. 13, 2020, 3:00 AM), <https://news.bloomberglaw.com/us-law-week/insight-new-statement-on-standard-essential-patents-relies-on-omissions-strawmen-generalities> [<https://perma.cc/5S73-V9JH>]; and Thomas F. Cotter, *Gov’t Policy Statement on SEP Remedies Should Be Cabined*, LAW360 (Jan. 6, 2020, 12:53 PM), <https://www.law360.com/articles/1231304> [<https://perma.cc/EY36-4VRF>] (noting, *inter alia*, that the policy statement lacks the force of law).

⁴⁶ See Contreras et al., *supra* note 11, at 171–90.

⁴⁷ See, e.g., Hetti Hilge, *Another German FRAND Ruling – OLG Karlsruhe, Judgment of 30 October 2019*, 6 U 183/16 (Philips v Wiko), KLUWER PAT. BLOG (Dec. 4, 2019), <http://patentblog.kluweriplaw.com/2019/12/04/another-german-frand-ruling-olg-karlsruhe-judgment-of-30-october-2019-6-u-183-16-philips-v-wiko/> [<https://perma.cc/H2PL-6HY5>] (noting differences, as of December 2019, among courts within Germany and among German, Dutch, and U.K. courts regarding the requisite specificity of the SEP owner’s offer and the meaning of nondiscrimination). Some of

however, the CJEU may resolve in response to the *Nokia v. Daimler* referral noted above).⁴⁸

Other differences. Although the differences noted above are perhaps the most prominent, they are by no means the only matters on which opinions among courts may diverge. Differences of opinion may remain on a number of other issues, including the meaning of the “nondiscriminatory” aspect of FRAND;⁴⁹ the relative significance of “holdup” on the part of SEP owners in comparison with “holdout” on the part of implementers; whether a FRAND license is, necessarily, global, such that an implementer’s refusal to accept such a license renders it an unwilling prospective licensee; relatedly, whether the refusal to accept a portfolio license is consistent with the licensee’s obligation to negotiate in good faith; and the appropriate role of competition law, both in mitigating holdup and in policing SSO behavior.⁵⁰ Moreover, even if a domestic court were to apply foreign law to some aspects of a FRAND dispute (for example, by applying foreign law to the calculation of FRAND royalties attributable to the use of foreign patents), there may be certain matters that simply cannot be replicated. The U.S., for example, uniquely among the nations

the differences the author noted between the Karlsruhe and Dutch courts may be less prominent following the Bundesgerichtshof’s May 5, 2020 judgment in *Sisvel v. Haier*, KZR 36/17, which is largely regarded as decisively pro-SEP owner. *See, e.g.*, Peter Georg Picht & Erik Habich, *Sisvel v. Haier: The German FRAND Approach Revisited*, IPKAT (July 7, 2020), <https://ipkitten.blogspot.com/2020/07/guest-post-return-of-orange-book-german.html> [<https://perma.cc/6AHC-7UHY>].

⁴⁸ *See supra* note 43.

⁴⁹ On this issue, see the Court of Appeal’s decision in *Unwired Planet Int’l Ltd. v. Huawei Techs. Co. Ltd.* [2018] EWCA (Civ) 2344, [148]–[207] (Eng.) (stating, *inter alia*, that while “it is desirable that an internationally accepted approach should ultimately emerge,” “there is as yet only a handful of decisions which attempt to grapple with these issues. It would be wrong, in our judgment, to harmonise on a first-to-decide basis”).

⁵⁰ As noted above, in the E.U. (and in many non-European countries) competition law imposes limits on SEP owners’ ability to demand injunctive relief. By contrast, in the U.S. it has generally placed a lesser role in SEP matters, though its precise contours remain a work in progress. For a general overview of the various positions, see Thomas F. Cotter, *Antitrust, Intellectual Property, and Dynamic Efficiency: An Essay in Honor of Herbert Hovenkamp*, CONCURRENCES, Sept. 2020, <https://www.concurrences.com/en/review/issues/no-3-2020/articles/antitrust-intellectual-property-and-dynamic-efficiency-an-essay-in-honor-of-95413-en> [<https://perma.cc/4F8D-4R95>]. *Cf.* *FTC v. Qualcomm, Inc.*, 969 F.3d 974 (9th Cir. 2020) (adopting a narrow view of antitrust oversight of SEP owner conduct).

of the world, sometimes affords litigants a constitutional right to a jury determination of FRAND royalties and related matters.⁵¹ All of this suggests that the temptation to forum-shop will be strong indeed.

Antisuit Injunctions and Comity Problems

One way to try to preserve one's own ability to forum-shop, while preventing the other party from doing so, is to obtain an "antisuit" injunction prohibiting the other party from litigating or enforcing a judgment in another jurisdiction.⁵² According to the leading British commentator, in England antisuit injunctions are

predominantly granted in two main situations: first, 'contractual' injunctions, where foreign proceedings are in breach of a contractual forum clause; and second, 'alternative forum' cases, where foreign proceedings overlap with matters that are being or can be litigated in England, and should be enjoined, in particular where they are considered vexatious or oppressive.⁵³

Courts in other common-law countries apply similar principles;⁵⁴ and while civil-law jurisdictions traditionally have rejected the remedy,⁵⁵ in recent years some civil courts and commentators have expressed a degree of openness to

⁵¹ See, e.g., *Godo Kaisha IP Bridge 1 v. TCL Commc'n Tech. Holdings Ltd.*, 967 F.3d 1380, 1385 (Fed. Cir. 2020) (jury trial on essentiality); *TCL Commc'n Tech. Holdings Ltd. v. Telefonaktiebolaget LM Ericsson*, 943 F.3d 1360, 1373 (Fed. Cir. 2019) (right to jury trial on past royalties due); *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1229 (Fed. Cir. 2014).

⁵² See, e.g., RAPHAELE, *supra* note 7, at 2 ("An anti-suit injunction is an order of the court requiring the injunction defendant not to commence, or to cease to pursue, or not to advance particular claims within, or to take steps to terminate or suspend, court or arbitration proceedings in a foreign country The order is addressed to, and binds, the actual or potential litigant in the other proceedings, and is not addressed to, and has no effect on, the other court.").

⁵³ *Id.* at 3.

⁵⁴ See *id.* at 3–5.

⁵⁵ See *id.* at 5, 8. This perspective is reflected in the Brussels I Regulation, which is generally understood as forbidding courts within the E.U. from entering antisuit injunctions directed against litigation in another E.U. member. For discussion, see, for example, *id.* at 260–68.

the concept, at least in certain limited circumstances⁵⁶—a trend that appears now to be on the rise in connection with FRAND matters, as discussed below. In the United States, the conditions for granting antisuit injunctions vary somewhat from one federal circuit to another, with some commentators distinguishing among “liberal,” “conservative,” and “middle” approaches.⁵⁷ The Ninth Circuit, for example, which applies the liberal approach, uses the following framework:

First, we determine “whether or not the parties and the issues are the same” in both the domestic and foreign actions, “and whether or not the first action is dispositive of the action to be enjoined.” Second, we determine whether at least one of the so-called “*Unterweser* factors” applies. Finally, we assess whether the injunction’s “impact on comity is tolerable.”⁵⁸

Like the liberal approach, the conservative and middle approaches require identity of parties and issues.⁵⁹ The former, however, cautions that courts should issue antisuit injunctions only if the foreign litigation would frustrate a policy of the forum or threaten its jurisdiction, while the latter applies a rebuttable presumption against issuance, which can be overcome if the *Unterweser* factors outweigh the negative effect on comity.⁶⁰

⁵⁶ See *id.* at 5–8.

⁵⁷ See Jorge L. Contreras & Michael A. Eixenberger, *The Anti-Suit Injunction - A Transnational Remedy for Multi-Jurisdictional SEP Litigation*, in CAMBRIDGE HANDBOOK, *supra* note 38, at 451, 454–55.

⁵⁸ *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 881 (9th Cir. 2012) (citations omitted). The *Unterweser* factors include “[whether the] foreign litigation . . . would (1) frustrate a policy of the forum issuing the injunction; (2) be vexatious or oppressive; (3) threaten the issuing court’s in rem or quasi in rem jurisdiction; or (4) where the proceedings prejudice other equitable considerations. *Id.* (citations omitted); see also Contreras & Eixenberger, *supra* note 57, at 454 (stating a fifth factor, namely “whether adjudication of the same issues in separate actions would result in delay, inconvenience, expense, inconsistency, or a race to judgment” (quoting VED P. NANDA ET AL., LITIGATION OF INTERNATIONAL DISPUTES IN U.S. COURTS § 16:15 (2017))).

⁵⁹ See Contreras & Eixenberger, *supra* note 57, at 454.

⁶⁰ See *id.*

In recent years, courts in the U.S. and elsewhere have granted antisuit injunctions in a few FRAND disputes. In *Microsoft Corp. v. Motorola, Inc.*,⁶¹ for example, Microsoft filed an action in U.S. district court accusing Motorola of breaching its FRAND commitment.⁶² While that suit was pending, Motorola sought and obtained an injunction in Germany for Microsoft's infringement of the German SEPs.⁶³ The U.S. court thereafter enjoined Motorola from enforcing the injunction in Germany, on the grounds that (1) "the pending *contract* action before it would be dispositive of the German *patent* action"; (2) "the German action raised 'concerns against inconsistent judgments,'" and of "forum shopping and duplicative and vexatious litigation," thus potentially frustrating the court's "ability to adjudicate issues properly before it"; and (3) "the injunction's 'impact on comity would be tolerable'" because the U.S. action was filed first, the injunction was limited in scope, and the court had a "strong interest" in adjudicating claims between two U.S. corporations.⁶⁴ The Court of Appeals affirmed.⁶⁵ Similarly, the Patents Court in both *Unwired Planet* and

⁶¹ *Microsoft Corp. v. Motorola, Inc.*, 871 F. Supp. 2d 1089 (W.D. Wash.), *aff'd*, 696 F.3d 872 (9th Cir. 2012).

⁶² *See Microsoft*, 696 F.3d at 878.

⁶³ *See id.* at 879.

⁶⁴ *Id.* at 880–81 (quoting *Microsoft*, 871 F. Supp. 2d at 1100–01). *Compare* *Stein Assocs., Inc. v. Heat & Control, Inc.*, 748 F.2d 653, 658 (Fed. Cir. 1984) (affirming denial of antisuit injunction directed against U.K. patent infringement litigation, on the ground that "the issues are not the same, one action involving United States patents and the other involving British patents"). The *Microsoft* court distinguished *Stein* on the ground that Microsoft's "domestic contract action could resolve the issues in the German patent action 'because the European Patents at issue in the German Action were included in Motorola's October 29 Letter offering a worldwide license for Motorola's H.264 Standard-essential patents, and because Motorola contracted with the ITU to license the European Patents on RAND terms to all applicants on a worldwide basis.'" *Microsoft*, 696 F.3d at 883 (quoting *Microsoft*, 871 F. Supp. 2d at 1099).

⁶⁵ *See id.* at 889. Similarly, in *Huawei Techs. Co. v. Samsung Elecs. Co.*, No. 3:16-cv-02787-WHO, 2018 WL 1784065 (N.D. Cal. Apr. 13, 2018), the district court temporarily enjoined Huawei from enforcing a judgment entered in a parallel proceeding in China, on the grounds, among others, that enforcement would undermine the court's ability to determine if injunctive relief was an appropriate remedy in the U.S. action. The matter thereafter settled pending appeal. *See* Florian Mueller, *BREAKING NEWS: Huawei and Samsung Settle Their Patent Infringement Dispute*, FOSS PATS. (Feb. 26, 2019, 8:20 PM), <http://www.fosspatents.com/2019/02/breaking-news-huawei-and-samsung-settle.html> [<https://perma.cc/X9PR-PET8>].

Conversant indicated that it *would* have enjoined the defendants from proceeding with parallel litigation in China, had the parties themselves not reached a compromise on the matter.⁶⁶

More recently, courts in China have entered antisuit injunctions in three decisions. First, in *Huawei v. Conversant*, the Supreme People's Court entered an ex parte order forbidding *Conversant* from enforcing an injunction against Huawei in Germany, on the basis of factors substantially similar to those employed by the U.S. court in *Microsoft v. Motorola*, pending the resolution of claims involving *Conversant's* Chinese SEPs.⁶⁷ Second, in *Xiaomi v. InterDigital*,⁶⁸ the Wuhan Intermediate People's Court entered an ex parte order forbidding *InterDigital* from asserting claims against *Xiaomi* relating to *InterDigital* SEPs *anywhere in the world*, pending the Wuhan's court determination of a *global* FRAND rate. As Yu and Contreras note, the relief entered by the Wuhan court is notable in that

its geographic scope is not limited to the country in which *InterDigital* sought injunctive relief (India), but extends to all jurisdictions in the world. As an anti-suit measure, this is more sweeping than any ASI [antisuit injunction] issued in U.S. or

⁶⁶ See *Conversant Wireless Licensing S.A.R.L v Huawei Techs. Co. Ltd.* [2018] EWHC (Pat) 2549, [24] (Eng.); *Unwired Planet Int'l Ltd. v. Huawei Techs. Co.* [2017] EWHC (Pat) 2831, [1], [9] (Eng.).

⁶⁷ See Enrico Bonadio et al., *China Enters the Realm of Anti-Suit Injunctions in Standard Essential Patent (SEP) Cases*, SPICYIP (Oct. 21, 2020), <https://spicyip.com/2020/10/china-enters-the-realm-of-anti-suit-injunctions-in-standard-essential-patent-sep-cases.html> [<https://perma.cc/K8FD-BGQA>]; Zheng (Sophia) Tang, *Anti-Suit Injunction Issued in China: Comity, Pragmatism and Rule of Law*, CONFLICT OF LAWS.NET (Sept. 27, 2020), <https://conflictoflaws.net/2020/anti-suit-injunction-issued-in-china-comity-pragmatism-and-rule-of-law/> [<https://perma.cc/PLY8-8VPC>]; Yang Yu & Jorge L. Contreras, *Guest Post by Profs. Contreras and Yu: Will China's New Anti-Suit Injunctions Shift the Balance of Global FRAND Litigation?*, PATENTLY-O (Oct. 22, 2020), https://patentlyo.com/patent/2020/10/contreras-injunctions-litigation.html?utm_source=dlvr.it&utm_medium=twitter [<https://perma.cc/8NBM-6HUQ>] (discussing, and providing translations of, the decisions in *Huawei v. Conversant* and *Xiaomi v. InterDigital*). Upon being notified of the orders in *Huawei v. Conversant* and *Xiaomi v. InterDigital*, the defendants moved for reconsideration, as authorized under Chinese law, but their requests were denied. See Yu & Contreras, *supra*.

⁶⁸ See Bonadio et al., *supra* note 67; Tang, *supra* note 67; Yu & Contreras, *supra* note 67. *InterDigital* has responded by moving for an anti-antisuit injunction in India, as discussed below.

other courts in FRAND cases. Under U.S. and UK law, a court considering a request for an ASI must compare the action in the domestic court with the parallel action in the foreign court and determine whether they address the same matter and whether the resolution of the domestic action would dispose of the foreign action. This type of analysis is not possible with an ASI that is not directed to a particular foreign action, but prospectively prohibits any attempt to seek an injunction anywhere in the world.⁶⁹

Third, and most recently, in *Samsung v. Ericsson* the Wuhan Intermediate People's Court entered an ex parte order forbidding Ericsson from asserting claims relating to Ericsson's SEPs anywhere in the world pending the Wuhan's court's determination of a global rate.⁷⁰

Not surprisingly, requests for antisuit injunctions have provoked opposing parties to seek anti-antisuit injunctions prohibiting their counterparties from obtaining or enforcing antisuit injunctions issued by

⁶⁹ Yu & Contreras, *supra* note 67.

⁷⁰ The decision is discussed in Mark Cohen, *Wuhan and Anti-Injunction Suits*, CHINA IPR (Dec. 28, 2020), <https://chinaipr.com/2020/12/28/wuhan-and-anti-suit-injunctions/> [<https://perma.cc/MRL6-83DH>]; and Vary, *supra* note 24. Ericsson responded by moving for an anti-antisuit injunction, as discussed below.

another court. More specifically, courts in France,⁷¹ Germany,⁷² India,⁷³ the U.K.,⁷⁴ and (most recently) the United States⁷⁵ have now issued anti-antisuit injunctions in SEP/FRAND cases. In general, these decisions have expressed concern over the use of antisuit injunctions to deny litigants their ability to

⁷¹ See Cour d'appel [CA] [regional court of appeal] Paris, Mar. 3, 2020, 19/21426 (Fr.), <http://patentmyfrench.com/wp-content/uploads/2020/03/2020-03-03-Lenovo.pdf> [<https://perma.cc/48YG-ZR8A>] (affirming an order requiring Lenovo to withdraw its motion for an antisuit injunction in the U.S.). For discussion, see, for example, Jorge L. Contreras, *It's Anti-Suit Injunctions All the Way Down—The Strange New Realities of International Litigation over Standards-Essential Patents*, IP LITIGATOR, July/Aug. 2020, at 1–7; and Léon Dijkman, *Proportionality and FRAND in France - Paris Appeal Court Upholds Anti-Anti-Suit Injunction but First Instance Court Refuses PI in IPCom v. Lenovo*, IPKAT (Mar. 10, 2020), <https://ipkitten.blogspot.com/2020/03/proportionality-and-frand-in-france.html> [<https://perma.cc/9SB9-FSU8>].

⁷² Landgericht München I [LG] [regional court Munich I] July 11, 2019, 21 O 9333/19 (*Nokia v. Continental*) (entering an ex parte order requiring defendants to withdraw their motion for an antisuit injunction in the U.S.), <https://www.katheraugenstein.com/wp-content/uploads/2019/12/EN-21-O-9333-19.pdf> [<https://perma.cc/V257-7WJ8>]; Landgericht München I [LG] [regional court Munich I] Aug. 30, 2019, 21 O 9512/19 (*Nokia v. Continental*) (subsequent decision reaching the same conclusion), *aff'd*, Oberlandesgericht München [OLG] [Higher Regional Court Munich] Dec. 12, 2019, 6 U 5042/19, GRUR 2020, 379. For discussion, see, for example, Contreras, *supra* note 71; and Mathieu Klos, *Another Win for Nokia and Arnold Ruess Against Continental*, JUVE PAT. (Sept. 3, 2019), <https://www.juve-patent.com/news-and-stories/cases/another-win-for-nokia-and-arnold-ruess-against-continental/> [<https://perma.cc/YX28-QQRW>].

⁷³ See *InterDigital Tech. Corp. v. Xiaomi Corp.*, (2020) IA 8772/2020 in CS(COMM) 295/2020 (Del. HC), https://techlawblog.in/rails/active_storage/blobs/eyJfcmFpbHMiOnsibWVzc2FnZSI6IkJBaHBVdz09IiwiaXhwIjpudWxsLCJwdXIiOiJibG9iX2lkIn19--2a867b99bffc73265adbf78f15e873b3d03f9b1e/InterDigitalvXiaomi.Judg.09102020.pdf?disposition=preview [<https://perma.cc/N9TB-B434>]; see also Bonadio et al., *supra* note 67; Rajiv Choudhry, *Delhi High Court Issues Anti Anti-Suit Injunction in InterDigital v. Xiaomi Patent Infringement Dispute*, SPICYIP (Oct. 12, 2020), <https://spicyip.com/2020/10/delhi-high-court-issues-anti-anti-suit-injunction-in-interdigital-v-xiaomi.html> [<https://perma.cc/5CLQ-KC3W>].

⁷⁴ See *IPCom v. Lenovo* [2019] EWHC (Pat) 3030 (Eng.) (granting an anti-antisuit injunction against Lenovo's pursuit of an antisuit injunction in the U.S.); Contreras, *supra* note 71.

⁷⁵ See *Ericsson, Inc. v. Samsung Elecs. Co.*, No. 2:20-CV-00380-JRG, 2021 WL 89980 (E.D. Tex. Jan. 11, 2021). The preliminary injunction requires, *inter alia*, Samsung to reimburse Ericsson for any fines it incurs in China as a result of violating the Chinese order by litigating in the Texas action. See *id.* at *8.

litigate in their chosen forum.⁷⁶ One might also imagine that, even though antisuit injunctions operate *in personam*—and thus do not directly undermine the jurisdiction of the targeted court—judges in the target forum generally *do* resent them as an interference with their authority to manage their own dockets.

It's not clear where all of this will eventually lead, but it wouldn't be surprising if 2021 witnesses a rising tide of anti- and anti-antisuit injunctions (and perhaps further permutations). What the long-term consequences will be are anyone's guess, though it seems reasonable to fear that such machinations could wind up undermining respect for the law, cooperation among nations, and perhaps even global trade relationships.⁷⁷

Where to go from here?

To return to the “who decides” question posed at the beginning of this essay, it is probably fair to assume that, from the standpoint of public policy, the relevant goals of any system for resolving SEP/FRAND disputes would include enhancing innovation, ensuring fairness and predictability, and keeping costs in check. Unfortunately, there may be little consensus right now about how best to achieve these goals. Notwithstanding the considerable effort and expertise that many judges and other decisionmakers throughout the world are willing to dedicate to these matters, there remains, as noted above, substantial disagreement on many foundational issues. These differences will continue to make forum shopping an attractive option for litigants, and will in turn provoke responses (such as antisuit and anti-antisuit injunctions) that seem destined to increase cost and to generate perceptions

⁷⁶ See *id.* at *4; see also *InterDigital Tech. Corp. v. Xiaomi Corp.*, (2020) IA 8772/2020 in CS(COMM) 295/2020 (Del. HC); Cour d'appel [CA] [regional court of appeal] Paris, Mar. 3, 2020, 19/21426 (Fr.); Landgericht München I [LG] [regional court Munich I] July 11, 2019, 21 O 9333/19.

⁷⁷ As noted above, while in theory the doctrine of forum non conveniens, under which a court could voluntarily relinquish its jurisdiction in deference to a forum with more significant contacts, could provide a check on the unwarranted use of antisuit and anti-antisuit injunctions, the doctrine may not be available at all in some jurisdictions, or may be of only limited applicability. See *supra* notes 23–25 and accompanying text. As a theoretical aside, is it an affront to comity to issue an anti-antisuit injunction, or is doing so consistent with comity because the issuance of an antisuit injunction itself undermines comity? Cf. Drahozal, *supra* note 7 (suggesting that comity promotes cooperation by permitting nations to depart from its norms to punish defection from cooperative behavior).

of unfairness. Subject to these pessimistic conclusions, I nevertheless close with a few modest proposals for moving forward.

First, governments and other actors could devote more effort to developing, if not consensus, at least some measure of best practices relating to FRAND methodology and related issues. Although some issues may simply be intractable for now, perhaps agreement could be reached on a few—for example, on whether bottom-up and top-down are both acceptable FRAND methodologies, and whether courts should resort to antisuit injunctions only in the rarest of circumstances. And perhaps a degree of consensus on other issues will be more readily achievable after the CJEU decides *Nokia v. Daimler*, which (it is to be hoped) will unify the position of the E.U. member states on issues relating to component-level licensing and injunctive relief.⁷⁸

Second, governments and other actors also could devote more effort to developing the sort of empirical evidence that would enhance rational decisionmaking with regard to SEPs and FRAND. At present, such evidence is often sorely lacking. It is commonly believed, for example, that a large percentage (perhaps a majority) of declared SEPs are not actually essential—though the European Commission is considering measures to improve transparency in this regard.⁷⁹ Similarly, as I have noted elsewhere, the data that would be necessary to carry out a top-down analysis—including such matters as aggregate royalty burdens and the relative distribution of value among SEPs—could be improved.⁸⁰ Two other evidentiary gaps, however, may prove even more difficult to overcome. The first is that no one really knows how important, if at all, the patent incentive is to innovation in telecommunications and related markets.⁸¹ Having an answer to this question

⁷⁸ See *supra* note 43 and accompanying text.

⁷⁹ See RUDI BEKKERS ET AL., PILOT STUDY FOR ESSENTIALITY ASSESSMENT OF STANDARD ESSENTIAL PATENTS (2020), https://publications.jrc.ec.europa.eu/repository/bitstream/JRC119894/jrc119894_online.pdf (last visited Jan. 24, 2021).

⁸⁰ See Thomas F. Cotter, *Patent Damages Heuristics*, 25 TEX. INTELL. PROP. L.J. 159, 207–10 (2016) (noting that, to apply a top-down approach, courts must employ some baseline assumptions regarding “the portion of the base that typically is (or should be) payable as royalties,” “the number of valid and essential SEPs reading on the base,” and (perhaps) the relative importance of the plaintiff’s SEPs compared to the average).

⁸¹ As I have noted elsewhere, “[s]urvey evidence . . . indicates that the patent incentive is most important in industries such as pharmaceuticals, medical devices and chemicals, and that in other fields patents play a lesser role in enabling firms to

would be very helpful in assessing how much effort should be devoted to determining the most “accurate” royalty in relation to some benchmark, as opposed to some less accurate, but also less costly to determine, measure of compensation.⁸² The second is that, while licensing agreements may be disclosed among parties to litigation, pursuant to confidentiality requirements that may differ in some respects among national courts, they generally are not matters of public record. Although the business rationales for keeping such information private are not hard to fathom, it is not at all clear how, in the absence of such information outside the litigation context, anyone can substantiate whether SEP owners are complying with their obligation to offer nondiscriminatory royalties (whatever the correct definition of “nondiscriminatory” happens to be)—or how decisionmakers can be confident that the comparables disclosed in litigation are representative of the whole.⁸³ That said, I don’t see any practical way for SSOs or, for that matter, even governments, to require such disclosure as a matter of course.⁸⁴

Third, it might seem that, in view of the problems noted above, the obvious solution would be for the nations of the world—or, failing that, the SSOs themselves—to take the matter out of the hands of national courts and

appropriate a return on research and development (R&D).” Thomas F. Cotter, *On the Economics of Injunctions in Patent Cases*, 11 ZEITSCHRIFT FÜR GEISTIGES EIGENTUM 293, 302 (2019) (citations omitted); see also Luke Froeb et al., *Technology Economics: Innovation, Licensing, and Antitrust*, in THE GLOBAL ANTITRUST INSTITUTE REPORT ON THE DIGITAL ECONOMY 192, 196, 199 n.28 (2020) (asserting, on the one hand, that “the main reason” that there is “too little investment in research and development” is “that inventors appropriate far less than the entire social value of their inventions,” while also stating that the “[e]mpirical evidence cited in Section IV of this chapter typically does not find that patents promote innovation”).

⁸² See generally Cotter, *supra* note 80 (arguing that standards relating to patent damages necessarily trade off some degree of accuracy for efficiency).

⁸³ See *id.* at 193–94.

⁸⁴ Cf. Curtis Dodd & Chris Dubuc, *Cellular Wireless Standard Essential Patents: A Survey of FRAND-Related Statements*, IP WATCHDOG (Oct. 28, 2020), <https://www.ipwatchdog.com/2020/10/28/cellular-wireless-standard-essential-patents-survey-frand-related-statements/id=126781/> [<https://perma.cc/HN4C-CSVB>] (expressing disagreement with the view, attributed to the Fair Standards Alliance, that there should be “not only be transparency between the SEP owner and a prospective licensee, but also with respect to all other prospective licensees” (citing FAIR STANDARDS ALLIANCE: AN INTRODUCTION (2015), <https://fair-standards.org/wp-content/uploads/2016/08/FSA-POSITION-PAPER-June2016.pdf> [<https://perma.cc/W6Y4-4MWR>])).

establish some sort of global tribunal to resolve disputes over the terms of global FRAND licenses.⁸⁵ Proposals along these lines are worth considering, even though, in the near term, there doesn't seem to be much chance of adoption⁸⁶ (not least because there isn't any consensus yet on many of the tough methodological issues, as discussed above).⁸⁷ Thus, while I doubt that the present system, with its incentives for forum shopping and jurisdiction-grabbing—and the frictions that may result from a proliferation of anti- and anti-antisuit injunctions—is sustainable in the long run, things may simply have to deteriorate for a while before any workable compromise is attainable. If nothing else, the next few years promise to provide a wild ride.

⁸⁵ For proposals, see Jorge L. Contreras, *Global Rate-Setting: A Solution for Standards-Essential Patents?*, 94 WASH. L. REV. 701 (2019); and Roya Ghafele, *Global FRAND Licensing in Light of Unwired Planet v. Huawei*, UCLA J.L. & TECH., Spring 2020, <https://uclajolt.com/wp-content/uploads/2020/04/Ghafele-Final.pdf> [<https://perma.cc/3SU8-9LRM>]. See also Dani Kass, *FRAND Rate 'Nightmare' Raises Call for International Tribunal*, LAW360 (Jan. 14, 2021, 7:11 PM), https://www.law360.com/ip/articles/1343824/frand-rate-nightmare-raises-call-for-international-tribunal?nl_pk=e6069cdd-ae4-4fa2-9719-0eb93573f1cf&utm_source=newsletter&utm_medium=email&utm_campaign=ip [<https://perma.cc/B75G-F8N>]. But see Greenbaum, *supra* note 27, at 1089, 1120 (arguing that “courts should resist the temptation to streamline worldwide FRAND litigation through consolidation of the dispute in one jurisdiction,” in part because “territorial adjudication would allow jurisdictions to set independent FRAND policies appropriate to their specific social, economic, and political circumstances”).

⁸⁶ See Clark, *supra* note 24 (“[E]stablishing such a body would be the best solution. However, given the numerous disparate interests, this is unlikely to ever occur.”).

⁸⁷ As far as U.S. antitrust liability is concerned, SSOs may have a bit more room to experiment under the incoming Biden administration than they did under the outgoing administration; but the heterogeneity of SSO membership makes agreement on requiring the submission of disputes to a global FRAND tribunal, in accordance with some agreed-upon methodological principles, unlikely for the foreseeable future. Cf. A. Douglas Melamed & Carl Shapiro, *How Antitrust Law Can Make FRAND Commitments More Effective*, 127 YALE L.J. 2110, 2130–31 (2018) (arguing that, because SSOs collectively confer market power on SEP owners, they have an antitrust duty to take “effective steps to minimize the harm from the monopolies that their collaboration confers upon SEP holders”).