



SEP Litigations & Issues in Determining the FRAND License

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Lately, there have been several multi-jurisdiction litigations involving SEPs. In large part this is because of the complexity of executing FRAND licenses for SEP portfolios. This work focuses on, and explains, some of the issues that arise in the context of FRAND licensing- including, the problem of over-declaration by SEP holders, the possibility of patent hold-out, difficulties associated in court determination of terms of a global FRAND license for SEP portfolios, lack of awareness regarding the nuances of SEP/FRAND space, and the intrinsic informational imbalances that exist in any FRAND negotiation. The issues discussed here are by no means exhaustive and many of them do not have easy answers.

Keywords: SEP, SSO, FRAND, Licenses, Injunction

SEP & FRAND

Disputes involving SEPs are the focus of an increasing number of multi-jurisdictional litigations. This is not surprising because a SEP, which is valid and essential to a standard, will be irreplaceable for products incorporating the concerned standard. Although holders agree to license their SEPs on Fair, Reasonable and Non-Discriminatory (FRAND) terms, the real-world negotiations and licensing terms may or may not really be FRAND. The inability to conclude a FRAND license is the root cause of SEP litigations.

Part of the problem is the role of the Standard Setting Organizations (SSOs). Owners self-declare to SSOs that their patents are standard essential and the SSOs do not check if these declarations are indeed true.¹ Further, SSOs require that the self-declared SEPs be licensed on so-called FRAND terms-meaning, *inter-alia*, that the terms of license should be reasonable and non-oppressive- and obtain declarations in this regard from owners. However, the SSOs do not determine what is FRAND conduct or FRAND license in a given situation.²

There is no guidance on what constitutes FRAND either. Further, SSOs do not interfere in the real-world FRAND negotiations between owners and implementers, nor are the SSOs part of any litigations/ arbitrations for determining FRAND.

This leads to a situation where the body tasked with standard setting, merely obtains (i) a self-

declaration that a patent is standard-essential, and (ii) an undertaking that such standard essential patent will be licensed on FRAND terms. However, the body has no role in validating or regulating the declarations and undertakings made to it. National patent office's- which grant patents, also have no role to play in the process of determining essentiality and FRAND rate. SEP holders and users/implementers are free to negotiate licenses they believe are FRAND in a given fact situation, and if they fail to do so and end up in a litigation, the rather unenviable task of FRAND determination falls upon courts.

This kind of a system, of leaving the FRAND determination to the parties, is prone to exploitation by whosoever is more powerful and experienced in each given situation- with experienced and resourceful SEP holders and implementers almost equally capable of negotiating a license that suits their interest.

Quite obviously, smaller, and/or less-experienced players are at a distinct disadvantage- such players may agree to licenses that may not be truly FRAND, or licenses that may not reflect the true worth of the technological contribution made by the SEP portfolio. Lacking awareness and the financial or technical resources to effectively negotiate, as well as the wherewithal to engage in a potential litigation, a small or less experienced implementer could be used as easy target and made to accept non-FRAND licenses. Once such a non-FRAND license is concluded, it can allow the SEP holder to at least argue in subsequent- more complex and demanding-negotiations or

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litigations that its portfolio has found acceptance amongst takers and that its rates executed with such implementers are FRAND. Indeed, in context of the costs of negotiations, and potential litigations, the UK High Court has recognized that the “*significant costs*” of SEP litigations “*put it out of reach of all but the larger implementers*”.³

But why would SEP holders who give FRAND commitments to SSOs- by which they are supposedly bound- act in a non-FRAND manner? And what makes the SEP licensing system equally prone to exploitation by at least the experienced or major implementers? Several factors contribute to this, making FRAND licensing a complex exercise. Some of these factors- applicable to FRAND negotiations across jurisdictions and technology sectors, are discussed here. By no means, the discussion here is exhaustive, and perhaps, in the SEP space, there are no easy solutions.

Over-Declaration and Supra-FRAND Rates

First, patents in the so-called SEP portfolio might eventually turn out to be invalid, non-infringed, or non-essential.⁴ Any potential FRAND license must take this into account. Over-declaration of essentiality is a real problem, with research showing that SEPs “*don’t seem to be all that essential, at least when they make it to Court*”.⁵ The UK Supreme Court in *Unwired Planet* recognized as much.⁶ SEP holders, especially the non-practicing entities (NPEs)- who merely rely on patent licensing incomes, are intrinsically prone to over-declaration- of their portfolio and of its worth. The motivations to extract the maximum with minimum contribution to a technology space- maximizing profits- cannot be disregarded as merely a theoretical concern.

SEP holders may also demand high license fee or supra-FRAND rates, i.e., a price which is not merited, given the actual technical contribution made by SEP portfolio. Illustratively, a single judge of UK High Court recently concluded that Inter-digital “*consistently*” sought “*supra-FRAND rates*” and “*did not act as a willing licensor*”.⁷ It also noted that, “*there is little or no downside for a licensor in pressing for supra-FRAND rates and thereby not acting as a willing licensor, apart from*”, litigation costs and time management.⁸ While the threat of injunction might not loom over a willing licensee⁹, such a willing licensee will still have to ensure that it does not end up agreeing to supra-FRAND terms for a given SEP portfolio.

In context of FRAND and SEPs, an Indian court has viewed SEP holders as having “*a disadvantage*” in that they lack freedom to (i) choose whom they give license to, (ii) choose terms of license since the license must be FRAND, and (iii) claim injunction, sans negotiations¹⁰. However, it is equally true that once a mandatory standard is set, the entire industry is locked-in to the mandatory standard and is deprived of choice in terms of which technology to use. The holder made a self-declaration of its own violation and enjoys an exalted status as holder of SEPs. Licensing, including by way of a FRAND license, is how the SEP holders, especially the NPEs will make money. Not surprisingly, the EU considers that “*the SEP owner wields a privileged market power over the implementer of standardized technology, as there is no alternative to using their SEPs*”¹¹. Ultimately, patent right is a right to exclude, not a right to practice, and mere grant of patent doesn’t mean that economic success or industry acceptance of technology will ensue. However, the SEP label changes this dynamic in favour of the holder-ensuring licensing income. Because of standardization, implementers can no longer walk away from the licensing process- something possible in case of non-SEPs- since by definition there are no alternatives to a true SEP. Practicing the standard provides market advantage and public can reject non-standardized technology which does not offer interoperability. The implementers are, therefore, stuck with implementing the standard just like SEP holders are stuck with their FRAND commitments. Consequently, when faced with what it perceives as a supra-FRAND rate, a willing potential licensee will have to make a FRAND counter-offer of its own, since it cannot walk away to an alternative.¹² Ultimately, FRAND licensing commitments must be viewed as, and must operate as, a balance- for the respective expectations of the holder and the implementer. The end goal is to ensure diffusion of standardized technology at competitive prices.

Patent Hold-out by Implementers

Second, it is possible for experienced or major implementers to delay negotiations thus placing SEP holders at a disadvantage. Patent hold-out by experienced implementers cannot be ruled out.

Negotiating a license under threat of an injunction is seen as non-FRAND and anti-competitive. Further, if a licensee is willing to take a FRAND license- even where FRAND terms are determined by courts- an

injunction cannot ensue.¹³ This is something to which companies who act in dual capacity-as holders as well as users of SEPs- agree.¹⁴ In the US, at least, it is recognized that injunctions “*can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent*”.¹⁵ While not granting injunctions against willing licensees in the SEP space can serve to (i) spread the benefits of standardization and (ii) permit parties to negotiate truly FRAND licenses without any non-competitive effects that negotiating under a threat of injunction might produce, this system might make competent implementers hold out, at least theoretically, for as long as possible- by delaying negotiations on technical or economic aspects of the potential license.

But how severe is the threat of a hold-out? Once a license is concluded between parties, they may include terms to factor in past acts of infringement-acts committed during the period during which there was no license. Alternatively, when facing a particularly stubborn implementer, the SEP holder might approach a court at some point during the negotiations. If the implementer is then proven to be unwilling, as having acted unreasonably, or refuses to take a license on terms the Court determines as FRAND, an injunction will have to ensue.¹⁶ But this would bring us to another aspect: Is injunction the end goal of a SEP holder, particularly the NPEs?

Recently, three brands exited the German market, at least two of them due to adverse orders in patent disputes- direct fallout of failed FRAND licensing negotiations.¹⁷ This leads to several interesting questions- (i) where does this leave the SEP holder, especially a NPE, who has an injunction order but still no licensing money, (ii) to what extent will implementers, who believe that they are not being offered FRAND terms, keep exiting markets, (iii) what will be the impact of injunctions and strategic market exits on competition and consumer choice, and (iv) how long will policy makers or SSOs not interfere and lay down at least some parameters for FRAND negotiations? Ultimately, both parties have to act in a reasonable manner- and neither ought to abuse the FRAND balance.

Difficulties in Executing Global FRAND Licenses

Third, patent rights are territorial, but SEP portfolios and licenses can be global. The SEP holder is generally not seeking license for patents granted in

one or a handful of jurisdictions. There is, usually, a bundle of patents- several 100s or 1000s of them- granted across several jurisdictions. An implementer will likely be practicing, and therefore infringing, the portfolio patents in several jurisdictions simultaneously. For this reason, the licenses are generally global or cover more than just a few markets. It also seems logical and makes business sense to not negotiate a license country by country. In appropriate cases, a global patent license is considered FRAND compliant.¹⁸

However, negotiating a global FRAND license is not free of complexities. A global license will have to, *inter-alia*, factor in the following- (i) there may be jurisdictions where the holder’s patent portfolio is particularly strong- for example, in countries with more permissive patent systems- like the USA where- “*anything under the Sun that is made by man*”¹⁹ can qualify as patent eligible subject matter. However, the implementer’s market penetration in these jurisdictions might be low or non-existent and (ii) there could be jurisdictions where the implementer has considerable market share and sales, but the patent holder has a weak patent portfolio. A FRAND global license must account for these aspects- easier said than done, especially when it comes to FRAND determination in a litigation.

In context of court determination of global FRAND license terms/rates, a fundamental dilemma exists- from where does a domestic court get the power to determine a global patent portfolio license? Patents are territorial rights, and a domestic court can only determine validity and infringement of patents in its country. How can such a court determine a license rate or terms that will apply to patents granted elsewhere, i.e., a global license rate/terms- when those foreign patents can only be enforced or invalidated in the countries where they are granted. In other words, how can a court determine global licensing rates for a multi-jurisdictional patent portfolio, when it cannot grant injunctions in respect of patents granted elsewhere?

Parties may consent to a particular court for determination of the global/ multi-jurisdictional FRAND rate. But what happens when parties do not agree?

At least the UK Supreme Court assumed jurisdiction for determination of global FRAND rates- even where parties do not consent. This jurisdiction, in the Court’s view, came from the contractual

arrangement created by ETSI.²⁰ It noted that the implementer could still reserve its right to challenge patents and the parties could revisit the FRAND terms as and when patents are invalidated, i.e., when portfolio changes occur. The jurisdiction was assumed even though the implementers- Huawei and ZTE, had argued that only a “*very small proportion of their worldwide sales were made in UK*” and that Huawei’s “*principal market is in China... in which Unwired had no patent protection*”- essentially the problem that the authors highlighted above, i.e., patent portfolio of the holder might be strong in jurisdictions where implementer might not have a strong market presence. The argument of *forum non conveniens*- that “*China rather than England was the appropriate forum*” in respect of at least Huawei and ZTE, was also rejected.²¹

If the UK practice is considered as correct, and if a court can assume jurisdiction to settle global FRAND rates even when parties do not consent to yield to such court’s jurisdiction, then what happens to infringement proceedings initiated by a non-consenting SEP holder in other jurisdictions, or to a FRAND determination proceeding that the non-consenting party may have preferred in another jurisdiction? Will the Court which first takes up the task of determining global FRAND rate then go on to issue Anti-Suit injunctions (ASIs)? What will be the legitimacy of such ASIs when courts in other jurisdictions might refuse to be held down by such injunctions? Illustratively, an Indian court has held one such anti-suit injunction “*totally impermissible*”.²²

Informational Imbalance

Fourth, there are informational imbalances or asymmetries, perhaps on either side which can make settlement of FRAND terms difficult. Parties engaged in negotiations for a FRAND license will generally exchange, mostly under confidentiality contracts, considerable information- (i) technical information: details of SEP portfolio, claim charts mapping the patents to relevant standard(s), details of infringement, etc. and (ii) commercial information: royalty offers/counter-offers and computational basis for the same.²³ Exchange of this information is central to make informed choices about a potential license that either party is willing to execute. Bulk of this information, at least initially, will have to come exclusively from the SEP holder whose portfolio is the one being licensed. Since much of the information

exchanged will obviously be within exclusive knowledge of one party this necessarily creates information imbalances where one party may choose to strategically divulge or hide information to gain advantage over the other party.

Highlighting this, the European Commission has noted that “*a number of courts*” have emphasized that implementer/ SEP licensee “*has to receive sufficiently detailed and relevant information to determine relevance of SEP portfolio and compliance with FRAND*”.²⁴ This, as per the Commission, necessarily include explanations on “*essentiality for a standard, allegedly infringing products of the SEP user, the proposed royalty calculations and the non-discrimination element of FRAND*” which can enable the implementer to evaluate the FRANDness of SEP holder’s offer and to make a counter-offer of its own.²⁵

FRAND license and Comparable Licenses

As to why the Commission might so opine is quite simple to see. The FRANDness of the offer, including non-discrimination in relation to other licensees- particularly the ‘similarly situated’²⁶ ones- is the kind of information that the SEP holder alone has, thus creating an information asymmetry. It is the prospective license granted by the SEP holder whose fairness, reasonableness and non-discrimination are in question- especially when there is litigation. The patent portfolio to be licensed is of the SEP holder. And non-discrimination against one implementer must be established *qua* the other licenses executed by the holder in respect of its portfolio. The implementer, quite obviously, would have little knowledge of the terms offered by the SEP holder to other licensees, including those licenses which might be similarly situated to the implementer.

This has been acknowledged in *Huawei*, where the CJEU noted that “*Furthermore, in the absence of a public standard licensing agreement, and where licensing agreements already concluded with other competitors are not made public, the proprietor of the SEP is better placed to check whether its offer complies with the condition of non-discrimination than is the alleged infringer*”.²⁷ In such circumstances, the holder ought to provide sufficient information and justification for the FRAND offer it is making- even during negotiations.²⁸ After all, FRAND is not simply restricted to terms or rate of the license, but “*to the process by which the license is negotiated*”.²⁹

Computing FRAND rate using comparable licenses has been done in *Unwired Planet* by the UK High Court. The comparable licenses were- (i) 2014 Unwired Planet-Lenovo, (ii) Unwired Planet-Samsung 2016, (iii) Ericsson-Huawei 2016, (iv) Ericsson-Samsung 2014, (v) Ericsson-Huawei 2009, (vi) Ericsson-M 2013, (vii) Ericsson: [N,O,P]- 3 licenses, (viii) Ericsson-ZTE 2011, (ix) Ericsson-RIM, (x) Ericsson-Apple 2008, (xi) Ericsson- Sony 2012, and the Court relied on at least 6 batches of these (the [N,O,P] batch being 3 licenses). The Ericsson licenses were important since the SEP holder- Unwired, had acquired the patents from Ericsson. The Court also noted that “*the only other licenses worth mentioning at all are all by Qualcomm. The rates are much higher...*” and that the Court “*will not place weight on the absolute levels of Qualcomm’s rates in assessing the level of a benchmark rate*”.³⁰

Another case where ‘comparable licenses’ approach was used is *Huawei v Inter-digital*³¹, where the Guangdong High People’s Court affirmed the FRAND rate determined for Inter-digital portfolio by an intermediate Court. The court determined rate was considerably low- merely 0.019%, obtained by comparison with Inter-digital’s licenses with Samsung and Apple.³² Again, the comparable licenses were those executed by Inter-digital- the SEP holder.

Site/Manner of Infringement

Information about the site or manner of infringement will also be relevant and the same ought to be provided by the SEP holder- who again will be best positioned to provide the same.³³ Indicating the site of the infringement can at the least help avoid double-dipping by the holder- who must, at least in jurisdictions which have incorporated the patent exhaustion doctrine³⁴, be prevented from charging, more than once, for the same invention from various entities in a supply chain. To avoid double-dips, SEP holders and implementers might have to share details of their respective licenses with other parties in a supply chain- and this can be done during negotiations, and quite obviously, during litigations where evidentiary rules may so require.

Ultimately, outside of a litigation context, it is up to the parties involved in the FRAND license negotiations to demonstrate their FRANDness and divulge enough information to enable the other party to negotiate effectively. Each party must also request as much information as it requires being able to

execute a FRAND license. However, the information each party seeks, or even divulges, may be limited by another factor- lack of awareness.

Awareness

Fifth, lack of awareness about the complexities of SEP/FRAND negotiations is another factor contributing to the process’ complexity. The major players- the ones who can engage in multi-jurisdiction patent litigations-might not face this problem, but the small and mid-size players might not have the requisite experience or ability to know or understand challenges in relation to SEP/ FRAND domain. Some of the players- whether holders or implementers, might not be able to negotiate FRAND terms owing to their lack of understanding of the nuances involved, or simply because they did not ask for the relevant information. This aspect has been recognized by the European Commission.³⁵

Conclusion

The complexities and problems presented here are just some of the ones associated with concluding a FRAND license. Courts, particularly those with comparatively less experience in engaging with SEP/FRAND litigations, face an onerous task when it comes to determining what qualifies as (i) FRAND conduct and (ii) FRAND license terms, in each situation.

It is not just courts that have grappled with FRAND determinations and SEP disputes. Even competition authorities have been involved in SEP/FRAND disputes. As the European Commission notes, “*issues related to SEP licensing are also regularly raised with competition authorities, including the European Commission’s Directorate General for Competition*”.³⁶ In contrast to this, in a recent development, an Indian Court has ruled that the Competition Commission of India “*cannot exercise jurisdiction over actions of an enterprise that are in exercise of their*” patent rights³⁷, thus ousting the role of competition authority in matters of SEP infringement disputes.

Given the continued existence of problems in SEP/FRAND space- even though various national courts and competition authorities have tried to evolve norms in this context- perhaps, there is a need to evolve a policy framework or regulations to govern SEP/FRAND space. Illustratively, on 27th April 2023, the European Commission came up with a proposal for a Regulation of the European Parliament and of

the Council on standard essential patents and amending Regulation (EU) 2017/1001 for, *inter-alia*, “improving the licensing of SEPs, by addressing the causes of inefficient licensing such as insufficient transparency with regard to SEPs” and FRAND terms etc. Whether this proposal will be adopted, and will later be emulated elsewhere, remains to be seen.

References

- 1 In *Huawei Technologies Co. Ltd. v ZTE Corp.*, (Court of Justice for European Union, 16 July 2015) it is noted, in context of European Telecommunications Standards Institute (ETSI)- a prominent SSO, that, “ETSI does not check whether intellectual-property right, the use of which an ETSI member has brought to its attention as necessary, is valid or essential. Nor does Annex. 6 define the concept of a ‘license on FRAND terms’” (paragraph 20). The same is also noted in *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another*, [2020] UKSC 37 (paragraph 6).
- 2 Simcoe T S & Shampine A L, Economics of Patents and Standardization: Network Effects, Hold-up, Hold-out, Stacking, (100-124), in *The Cambridge Handbook of Technical Standardization Law, Competition, Antitrust and Patents*, edited by Jorge L. Contreras, (Cambridge University Press, Cambridge, UK, 2018), page 118, noting that “SSOs generally do not make any determinations about the reasonableness of a license, but leave such determination to courts or arbitrators”. A similar view is expressed in *Huawei Technologies Co. Ltd. v ZTE Corp.*
- 3 *Inter-digital Technology Corporation v Lenovo Group Limited*, [2023] EWHC 539 (Pat), paragraph 927.
- 4 *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another*, [2020] UKSC 37 (paragraph 40) noting that, “As we have said, many of the foreign judgments have been appealed, but they nonetheless show what is in fact common ground between the parties, that declared SEPs within a portfolio are often invalid or not essential”.
- 5 Lemley, Mark A & Simcoe, Timothy, How essential are Standard Essential Patents? *Cornell Law Rev*, 104 (3) (2019) 607-642 at 608.
- 6 *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another*, [2020] UKSC 37 at paragraph 44, noting that “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”.
- 7 *Inter-digital Technology Corporation v Lenovo Group Limited*, [2023] EWHC 539 (Pat), paragraph 928.
- 8 *Inter-digital Technology Corporation v Lenovo Group Limited*, [2023] EWHC 539 (Pat), paragraph 927.
- 9 *Unwired Planet International Ltd. v Huawei Technologies Co. Ltd.*, [2017] EWHC 711 (Pat), paragraph 562, noting that, “I remain of the view however that UK court’s power to grant an injunction against an implementer will only arise once at least two conditions are satisfied - there must be a FRAND license available for the licensee to accept (or subject to case management some proper means of settling one) and there must be a SEP held by the court to be valid and essential. Only an implementer who refuses to take a FRAND license will be at risk of an injunction”. Further, in *Optis Cellular Technology LLC v Apple Retail UK Limited*, [2019] EWHC 3538 (Pat), paragraph 29, it is noted that, “The practice in the cases which have so far taken place is that the English court will, first of all, require the proprietor to establish that there has been infringement of a UK patent, and only at that stage will consider the question of whether the terms that have been put forward on either side are FRAND or not. Until it has resolved the question of whether they are FRAND or not, the English court’s practice is not to grant an injunction, with the result that the implementer can continue to sell its technology in the UK, despite the finding of infringement which, by then, will have taken place. It is only at the stage at which the court has settled the FRAND terms, or they have been agreed, that the question arises whether the implementer will take a license on those terms or not, it being recognized that there is no legal obligation on the implementer, however much there may be in practice a commercial one, to take a license on the terms settled by the court”. In *Intex Technologies (India) Ltd. v Telefonaktiebolaget LM Ericsson (PUBL)*, 2023: DHC: 2243-DB, the High Court of Delhi has held that “Standard Essential Patent owners who file lawsuits can pray for interim and final injunctive relief if an infringer is deemed by a Court to be an “unwilling licensee,” often as indicated by the use of “stalling” and other opportunistic bargaining and litigation tactics” (paragraph 91).
- 10 *Intex Technologies (India) Ltd. v Telefonaktiebolaget LM Ericsson (PUBL)*, 2023: DHC: 2243-DB, paragraph 62.
- 11 European Commission, Commission Staff Working Document, Executive Summary of the Impact Assessment Report accompanying the document Proposal for Regulation of the European Parliament and of the Council on standard essential patents and amending Regulation (EU) 2017/1001, dated 27 April 2023, page 1.
- 12 *Huawei Technologies Co. Ltd. v ZTE Corp.*, (Court of Justice for European Union, 16 July 2015) notes that “Should the alleged infringer not accept the offer made to it, it may rely on the abusive nature of an action for a prohibitory injunction or for the recall of products only if it has submitted to the proprietor of the SEP in question, promptly and in writing, a specific counter-offer that corresponds to FRAND terms” (paragraph 66).
- 13 *Optis Cellular Technology LLC v Apple Retail UK Limited*, [2019] EWHC 3538 (Pat), paragraph 29.
- 14 For example, Nokia, which has been litigating in India for several of its SEPs, had stated way back in 2013 in its SEP dispute against Inter-digital that “Allowing Inter-digital to obtain an exclusion order against a willing licensee... would upset this delicate balance and would threaten to undermine the very purpose of standardisation”. Nokia Corporation and Nokia Inc.’s Public Interest Statement pursuant to 19 C.F.R.

- § 210.14(f) (21 February 2013), <https://www.essentialpatentblog.com/wp-content/uploads/sites/64/2013/02/337-TA-868-Nokia-Public-Interest-Statement-2-21-2013.pdf> (accessed on 17 July 2023).
- 15 *eBay Inc. et al. v Merc Exchange, L.L.C.*, 547 U.S. 388 (2006), concurring opinion of Justice Kennedy.
- 16 *Unwired Planet International Ltd. v Huawei Technologies Co. Ltd.*, [2017] EWHC 711 (Pat), paragraph 562.
- 17 <https://www.news18.com/tech/oppo-oneplus-and-realme-forced-to-exit-the-german-mobile-market-heres-why-8134669.html> (accessed on 21 June 2023).
- 18 *Unwired Planet International Ltd. v Huawei Technologies Co. Ltd.*, [2017] EWHC 711 (Pat), paragraph 562 and *Unwired Planet (2020)*, *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another*, [2020] UKSC 37 (paragraph 40).
- 19 This comes from the famous US Supreme Court ruling in *Diamond v Chakrabarty*, 447 U.S. 303 (1980, S.Ct.) where the Court dealt with eligible subject matter under U.S. law and paved the way for biotechnology patents while noting that, “the Congress intended statutory subject matter to include anything under the Sun that is made by man”.
- 20 *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another*, [2020] UKSC 37, paragraph 58.
- 21 *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another*, [2020] UKSC 37 paragraphs 37 and 92 for submissions by Huawei and ZTE, and paragraphs 97 and 98 for views of the Court in relation to the *forum non conveniens* argument.
- 22 In, *Inter-digital Technology Corporation & Ors. v Xiaomi Corporation & Ors.*, 3 May 2021, a Single Judge of High Court of Delhi dealt with an application by Inter-digital, essentially seeking an anti-anti suit injunction (AASI)- in respect of an anti-suit injunction order issued by Wuhan Intermediate People’s Court. The Wuhan court was tasked with the determination of global FRAND rate to be paid by Xiaomi for Inter-digital’s patents. The Indian Court was dealing with infringement actions brought by Inter-digital against Xiaomi. The Indian court noted that “the mere fact that one or other aspect of the controversy may overlap cannot be a ground to grant” an anti-suit injunction by a foreign court. Even “the consideration of the two courts arriving at differing decisions on that part of the issue which may overlap” is not sufficient reason for granting anti-suit injunction by Wuhan Court. This would imply that the Wuhan Court and the Indian court could have independently dealt with FRAND aspect of the dispute, even if they reached different conclusions.
- 23 For a chronology of how negotiations should proceed and what information is required to be shared, *Huawei Technologies Co. Ltd. v ZTE Corp.*, (Court of Justice for European Union, 16 July 2015).
- 24 European Commission, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Setting out the EU approach to Standard Essential Patents (29 November 2017), page 9.
- 25 European Commission, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Setting out the EU approach to Standard Essential Patents (29 November 2017), page 10.
- 26 “Non-discrimination is most often interpreted as requiring that similarly situated firms be offered the same terms and conditions”. What is, or who are, “similarly situated is not defined by SSOs”- Simcoe, Timothy S. and Shampine, Allan L., Economics of Patents and Standardization: Network Effects, Hold-up, Hold-out, Stacking, in *The Cambridge Handbook of Technical Standardization Law, Competition, Antitrust and Patents*, edited by Jorge L. Contreras, Cambridge University Press, Cambridge, UK, 2018), 100-124, page 122.
- 27 *Huawei Technologies Co. Ltd. v ZTE Corp.*, (Court of Justice for European Union, 16 July 2015) paragraph 64.
- 28 *Huawei Technologies Co. Ltd. v ZTE Corp.*, (Court of Justice for European Union, 16 July 2015) at paragraph 63: “Secondly, after the alleged infringer has expressed its willingness to conclude a licensing agreement on FRAND terms, it is for the proprietor of the SEP to present to that alleged infringer a specific, written offer for a license on FRAND terms... specifying in particular, the amount of the royalty and the way in which that royalty is to be calculated”.
- 29 *Unwired Planet International Ltd. v Huawei Technologies Co. Ltd.*, [2017] EWHC 711 (Pat), paragraph 806.
- 30 *Unwired Planet International Ltd. v Huawei Technologies Co. Ltd.*, [2017] EWHC 711 (Pat), paragraph 468.
- 31 The Guangdong High People’s Court handed the decision in 2013.
- 32 <https://www.competitionpolicyinternational.com/assets/Uploads/AsiaNovember3.pdf> (accessed on 17 July 2023).
- 33 Indeed, in *Huawei v ZTE*, the CJEU requires that prior to bringing an action for infringement, “it is thus for the proprietor of the SEP in question, first, to alert the alleged infringer of the infringement complained about by designating that SEP and specifying the way in which it has been infringed”(paragraph 61).
- 34 The first sale exhausts the rights of the IP/patent holder. For details on exhaustion, and for the link between parallel imports and exhaustion, Matsushita, Mitsuo, Schoenbaum, Thomas J. et. al., *The World Trade Organization Law, Practice, and Policy* (2nd Ed., OUP, New York, 2006), 720-721 and 734.
- 35 European Commission, Communication from the Commission to the European Parliament, the Council and the European Economic and Social Committee Setting out the EU approach to Standard Essential Patents (29 November 2017), page 12.
- 36 European Commission, Commission Staff Working Document, Executive Summary of the Impact Assessment Report accompanying the document Proposal for Regulation of the European Parliament and of the Council on standard essential patents and amending Regulation (EU) 2017/1001, dated 27 April 2023.
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