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**Anti-suit Injunctions and Geopolitics in
Transnational SEPs Litigation: the EU, U.S.,
and China Scenarios**

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Abstract

Anti-suit injunctions (ASIs) have recently emerged as a phenomenon significantly affecting the dynamics of standard essential patent (SEP) litigation. The enhanced role played by these patents in the Internet of Things scenario and the willingness of national courts to set themselves up as global licensing tribunals have spurred a race to the courthouse, incentivising forum shopping and the adoption of countermeasures such as anti-anti suit injunctions (AASIs) and anti-anti-anti suit injunctions (AAASIs). The implications of these litigation strategies have become a matter of geopolitics, as countries fear that the intellectual property rights of their companies may be undervalued by foreign courts to promote domestic economic interests. Against this backdrop, this paper aims to provide a comparative overview of European, U.S., and Chinese SEP disputes in which these injunctions have been issued or claimed and to identify some policy recommendations to curb the frictions affecting SEP licensing.

Keywords: Standard essential patents, litigation, FRAND licensing, anti-suit injunctions.

JEL codes: K41, L24.

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1. Introduction.

In recent decades, no topic has been able to capture the attention of scholars, courts and policymakers as standardisation has. Technology standards, in particular their development and setting processes, and the protection of related patent rights have constantly fuelled the debate by providing new issues and additional layers of complexity. Indeed, standards are apparently the most important and at the same time fragile pillars of the modern global tech-economy.

Firms taking part in a standardisation initiative are required to license their standard essential patents (SEPs) on fair, reasonable and non-discriminatory (FRAND) terms. The FRAND commitment aims to avoid or reduce the risk of holdup, that is the extent of *ex post* opportunism and monopoly pricing by SEP holders, by making these patents available at a price equivalent to what they would have been worth in the market prior to the time they were declared essential. However, both the economic rationale underlying FRAND commitments and their effectiveness in preventing the risk of holdup have been severely questioned, mainly because of the unclear meaning of the FRAND acronym. Indeed, there are no generally agreed-upon tests to determine whether a particular license satisfies a FRAND commitment, and there is also no consensus on its legal effects, particularly as to whether FRAND commitments should imply a waiver of the general law of remedies.

Because of this uncertainty, parties have regularly failed to reach agreement on FRAND outcomes, hence a spate of cross-border litigation has arisen, often leading to inconsistent and conflicting rulings. However, some courts have claimed the authority to set global FRAND rates, thereby setting themselves up as global licensing tribunals determining the

terms of worldwide FRAND licenses in the context of national proceedings. As a consequence, parties have been incentivised to litigate rather than to find negotiated solutions, and to look for the most convenient jurisdiction. Therefore, concerns have been raised about the risks related to a ‘race to the courthouse’ among litigants and a ‘race to the bottom’ among jurisdictions.¹ Indeed, whereas by setting global licensing terms courts may be interested in making themselves attractive venues for specific types of litigants (SEP holders rather than implementers), parties are encouraged to bring suits in favourable jurisdictions as quickly as possible in order to exploit the advantages of being the first to strike.²

As part of these forum shopping strategies, litigants are also increasingly eager to request (and courts appear prone to issue) anti-suit injunctions (ASIs), that is orders restraining a party from pursuing foreign proceedings or enforcing a judgment obtained in foreign proceedings. ASIs may bring benefits by containing litigation costs and reducing the likelihood of inconsistent results across jurisdictions.³ However, rather than ending the game, the issuance of an ASI has resulted in a new form of unwelcome competition with litigants and courts involved in anti-anti suit injunctions (AASIs) aimed at blocking a party from seeking or enforcing an ASI, anti-anti-anti suit injunctions (AAASIs), which would prevent a party from obtaining an AASI to block another party from requesting or enforcing an ASI, and so on and so forth.

¹ Jorge L Contreras, ‘The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes over Standards-Essential Patents’ (2019) 25 *Boston University Journal of Science & Technology Law* 251; Damien Geradin and Dimitrios Katsifis, ‘The use and abuse of anti-suit injunctions in SEP litigation: Is there a way forward?’ (2021) <<https://ssrn.com/abstract=3807899>> accessed 5 November 2021.

² Contreras (n 1) 289-290.

³ Jorge L Contreras and Michael A Eixenberger, ‘The Anti-Suit Injunction - A Transnational Remedy for Multi-Jurisdictional SEP Litigation’ (2018) in Jorge L Contreras (ed) *The Cambridge Handbook of Technical Standardization Law: Competition, Antitrust, and Patent Law* (Cambridge University Press) 451.

Although ASIs have been historically known in the context of transnational litigation dating back to fifteenth-century England, SEP disputes assign them a brand new life. The phenomenon reflects the global reach of markets for technology and the growing importance of SEPs as building blocks in the modern global economy, but also appears a natural by-product of the poison tree of FRAND determination. Furthermore, as the rise of the Internet of Things (IoT) and the evolution of many industries hinge on advanced mobile telecommunication standards (4G and 5G) to ensure interoperability and technical compatibility, SEP licensing has become a matter of geopolitics. In general, countries have policy interests in not allowing the intellectual property rights of their companies to be adjudicated in foreign courts. More specifically, since the smooth implementation of mobile telecommunication standards is crucial to the economic potential of the IoT and U.S. and European companies hold a significant amount of SEPs for these technologies, policymakers are worried that ASIs may represent a new and dangerous unfair practice adopted by Chinese companies with the support of Chinese courts and authorities to promote domestic economic interests and undervalue foreign patents by setting significantly lower FRAND rates.⁴

⁴ See European Commission Staff Working Document, 'Report on the protection and enforcement of intellectual property rights in third countries', SWD(2021) 97 final, 19; and the Office of the United States Trade Representative, '2021 Special 301 Report', (2021) <[https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20\(final\).pdf](https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20(final).pdf)> accessed 5 November 2021, 47-48. See also European Commission, 'Request for Information Pursuant to Article 63.3 of the TRIPS Agreement. Communication From the European Union to China' (2021) <<https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/IP/C/W682.pdf&Open=True>> accessed 5 November 2021, filing a request of information before the World Trade Organization (WTO) expressing concerns over the recent China's ASI case law. See also Jyh-An Lee, 'Implementing the FRAND Standard in China' (2016) 19 *Vanderbilt Journal of Entertainment & Technology Law* 37, reporting the suspect that rates are set low enough to meet the industrial policy aimed at promoting Huawei's competitiveness. Finally, on the recent judicial escalation, see *The Economist*, 'China is becoming more assertive in international legal disputes' (2021) 11 September <<https://www.economist.com/china/china-is-becoming-more-assertive-in-international-legal-disputes/21804496>> accessed 4 November 2021; *Wall Street Journal*, 'China Wields New Legal Weapon to Fight Claims of Intellectual Property Theft' (2021) 26 September <<https://www.wsj.com/articles/china-wields-new-legal-weapon-to-fight-claims-of-intellectual-property-theft-11632654001>> accessed 4 November 2021.

The aim of the present paper is to investigate the rationales of these litigation strategies, illustrate cases in which these orders have been granted or claimed and formulate some policy recommendations.

The work is structured as follows. Section 2 describes the scenario in which ASIs have traditionally played a role and the legal standards adopted for their application. Section 3 illustrates the reasons behind the emergence and the diffusion of anti-suit orders in SEP litigation and provides a comparative overview of cases in which these injunctions and countermeasures against them have recently been issued. Section 4 provides some policy recommendations to curb the frictions affecting SEP licensing. Section 5 concludes.

2. Transnational litigation, forum shopping and comity.

In the context of transnational litigation, ASIs have often played a decisive role. Their origins have been historically linked to English law and to the rise of equity and its struggle with common law courts.⁵ Indeed, this type of judicial order typically requires a party not to commence or not to continue legal proceedings in a foreign court. From this standpoint, ASIs allow courts the opportunity to affect the course and significance of foreign litigation. At the same time, a similar intervention – characterised by the emergence of extra territorial effects – entails a jurisdictional conflict rather than a cooperative relation.⁶

⁵ Trevor C Hartley, 'Comity and the Use of Anti-suit Injunctions in International Litigation' (1987) 35 *The American Journal of Comparative Law* 487.

⁶ George A Bermann, 'The Use of Anti-Suit Injunctions in International Litigation' (1990) 28 *Columbia Journal of Transnational Law* 589.

More recently, ASIs have started to influence the dynamics of SEP litigation on a global basis. In order to understand their scope, their capacity for mischief and the related effects in SEP transnational litigation, it is appropriate to briefly explore the concept of comity and the role it plays for judicial authorities in determining whether an anti-suit order should be granted.⁷

The notion of comity has traditionally been difficult to describe and it has been interpreted as a complex or elusive concept.⁸ It may perhaps be stated that it should neither be seen as a matter of absolute obligation on the one hand or of mere courtesy and good will on the other. Instead, it may be interpreted 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.”⁹ This approach, as recognised by the OECD, necessarily entails an accurate consideration of foreign countries’ important interests while conducting enforcement activities.¹⁰ In addition, from a similar standpoint, comity reflects the broad concept of respect among co-equal sovereign nations, leading a jurisdiction to exercise a sort of unilateral self-restraint.¹¹

This sense of respect for the adjudicatory powers of other judicial authorities is undoubtedly critical in a rules-based international order.¹² Some commentators have further underlined the cooperative function that comity often serves, whereby it is

⁷ *Microsoft Corp v Motorola Inc*, 696 F.3d 872 (9th Circuit 2012).

⁸ Haris Tsilikas, ‘Anti-suit injunctions for standard essential patents: the emerging gap in international patent enforcement’ (2021) 16 *Journal of Intellectual Property Law and Practice* 729; D. Tan, ‘Anti-Suit Injunctions and the Vexing Problem of Comity’ (2004) 45 *Virginia Journal of International Law* 283.

⁹ *Hilton v Guyot*, 159 U.S. 113 (1895).

¹⁰ OECD, *Challenges of International Co-Operation in Competition Law Enforcement* (2014) 11.

¹¹ Pedro Caro de Sousa, ‘The Three Body Problem – Extraterritoriality, Comity and Cooperation in Competition Law’ (2021) in Nuno Cunha Rodrigues (ed) *Extraterritoriality of EU Economic Law* (Springer) 119.

¹² Tsilikas (n 8).

interpreted by courts as the basis for legal doctrines promoting cooperation at the international level with the ultimate aim of aligning States' conduct, enhancing the effectiveness of their enforcement activities and neutralising potential conflicts. In brief, from a broader perspective, a court will usually grant comity if its default presumption is that foreign States are likely to be cooperating. On the other hand, it will probably reject deference if its default presumption is that foreign States are likely to be defecting. In this context, as the argument goes, a refusal to recognise deference to foreign authorities' decisions may amount to defection from a cooperative strategy unless the foreign decision itself constituted defection.¹³

Against this backdrop, the U.S. is among the jurisdictions where courts have enforced their power to issue ASIs (i.e. 'stays' of litigation) in the context of different transnational disputes. This does not mean that U.S. courts have been traditionally willing to grant such an extra-territorial remedy in order to prevent parties from beginning or continuing proceedings before foreign tribunals. Instead, as has been noted,¹⁴ ASIs in the U.S. should be interpreted as extraordinary remedies, also in the light of the established ('first to judgment') principle that "parallel proceedings on the same *in personam* claim should ordinarily be allowed to proceed simultaneously, at least until judgment is reached in one, which can be pled as *res judicata* in the other."¹⁵ This approach is supposed to avoid a 'race to the courthouse' typical of a first-to-file strategy.

¹³ Christopher R Drahozal, 'Some Observations on the Economics of Comity' (2014) in Thomas Eger, Stefan Oeter, and Stefan Voigt (eds) *Economic Analysis of International Law* (Mohr Siebeck) 147. On the concept of comity and the role it plays in relation to anti-suit relief, see also Cameron Sim, 'Choice of Law and Anti-suit Injunctions: Relocating Comity' (2013) 62 *International and Comparative Law Quarterly* 703.

¹⁴ SI Strong, 'Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United States' (2018) 66 *The American Journal of Comparative Law* 153.

¹⁵ *Laker Airways Ltd v Sabena, Belgian World Airlines*, 731 F.2d 909 (D.C. Circuit 1984).

As for the scope and conditions for granting ASIs, it is first worth clarifying that both suits may in theory be pending before U.S. courts (i.e. purely domestic cases), although in practice an ASI request may be more likely to be linked to parallel proceedings in a foreign country. As for the related legal standard, it has been interpreted as ambiguous and fragmented.¹⁶ A number of elements seem to be necessary for the grant of an ASI.¹⁷ In *Unterweser*, the Fifth Circuit set forth four factors, requiring evaluation of whether the foreign dispute 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) prejudice other equitable considerations.”¹⁸ In the case that at least one of the *Unterweser* factors is present, the court will eventually explore whether the ASI has an impact on the abovementioned comity principle. More recently, in *Gallo*, the Ninth Circuit relied on the identity of the parties and issues in the dispute, the dispositive nature of the U.S. dispute with regard to the foreign action, meeting of at least one of the *Unterweser* requirements and the tolerable impact of the injunction on comity.¹⁹

However, two different approaches have been developed by U.S. circuit courts: a conservative approach which seems to adopt the default presumption that States are likely to be cooperating; and a liberal approach which instead embraces the default presumption that States are likely to be defecting.²⁰ In the former, an ASI should only be permitted in rare cases, and in particular if an action in a foreign jurisdiction would prevent U.S. jurisdiction or threaten a vital U.S. policy, and domestic interests outweigh international comity concerns. Supporters of the conservative approach underline that this

¹⁶ Strong (n 14) 154.

¹⁷ Jorge L Contreras, ‘It’s Anti-Suit Injunctions All the Way Down – The Strange New Realities of International Litigation over Standards-Essential Patents’ (2020) 26 IP Litigator 1.

¹⁸ *In Re Unterweser Reederei GMBH*, 428 F.2d 888, 890 (5th Circuit 1970).

¹⁹ *E. & J. Gallo Winery v Andina Licores SA*, 446 F.3d 984, 991-995 (9th Circuit 2006).

²⁰ Strong (n 14) 160-161.

interpretation should be preferred as a matter of policy as it requires a judge to balance competing policy considerations, recognises the rebuttable presumption against issuing international ASIs and is ultimately more respectful of the fundamental principle of international comity. In contrast, the liberal approach endorses the issuance of ASIs when necessary to avoid vexatious and duplicative foreign disputes, and to prevent inconsistent decisions. This second approach, therefore, seems to put much less emphasis on the principle of international comity and recognises a greater weight of efficiency rationales.

Regardless of the approach chosen, a private contractual dispute is usually less likely to raise comity concerns compared, for instance, to litigation implicating public international law or involving government litigants. This means that if two parties have contractually committed to litigate any future dispute before a specific forum then enjoining one of the parties from beginning or continuing proceedings in a different forum should not be interpreted as an action in conflict with the comity principle.²¹ In contrast, when deciding on comity considerations is unavoidably more complex and controversial, it is up to the judicial authorities to exercise their discretion and explore whether an ASI would conflict with the nature and scope of the international comity principle. In making this comity inquiry, it may *inter alia* be relevant to examine the scope of the ASI and the order in which the domestic and foreign suits were filed, provided that “the sweep of the injunction should be no broader than necessary to avoid the harm on which the injunction is predicated.”²²

The balance between the policy considerations cited appears rather different in the EU legal framework. Indeed, the jurisprudence of the Court of Justice (CJEU) and normative

²¹ Ibid 162.

²² *Laker Airways* (n 15).

acts adopted by European institutions (e.g. Brussels Regulation No 44/2001)²³ have identified and developed the concept of ‘mutual trust,’ according to which courts in one Member State may never issue an ASI to prevent or block legal proceedings in another Member State. Therefore, under a sort of conclusive presumption, the fact that EU countries are necessarily part of a cooperative game rules out granting and enforcing anti-suit orders. In the words of the Brussels Regulation, “mutual trust in the administration of justice in the Community justifies judgments given in a Member State being recognised automatically without the need for any procedure except in cases of dispute.”²⁴

A few cases decided by the CJEU have also contributed to shedding light on the scope of jurisdictional conflicts emerging from civil or commercial disputes within the Union. In *Allianz Spa v West Tankers*, the Grand Chamber of the CJEU confirmed that an ASI would conflict with Regulation No 44/2001 insofar as such a restrictive order would prevent a national court from deciding on the applicability of that Regulation to the dispute brought before it and hence from ruling on its own jurisdiction.²⁵ Put differently, in the CJEU’s opinion, an ASI would be contrary to the general principle that every court in the EU determines whether it has jurisdiction to resolve disputes brought before it, and that “in no case is a court of one Member State in a better position to determine whether the court of another Member State has jurisdiction.”²⁶ In contrast, by allowing EU national courts to grant anti-suit restrictive orders, the mutual trust which Member States accord to one another’s legal and judicial frameworks would inevitably be impaired.²⁷

²³ Council Regulation (EC) No 44/2001 of 22 December 2000 [2001] OJ L 012.

²⁴ *Ibid* para 16.

²⁵ Case C-185/07 *Allianz Spa and Generali Assicurazioni Generali Spa v West Tankers Inc* EU:C:2009:69.

²⁶ *Ibid* paras 28-29. See also Case C-351/89 *Overseas Union Insurance and others v New Hampshire Insurance Company* EU:C:1991:279, paras 23-24; and Case C-116/02 *Erich Gasser GmbH v MISAT Srl* EU:C:2003:657, para 48.

²⁷ *Allianz Spa* (n 25) para 30.

Interference of this sort would not even be justified in circumstances where an ASI is merely sought to prevent an abuse of process or a bad faith action by a litigant before the foreign authority.²⁸

3. Anti-suit injunctions in SEP disputes.

As was previously mentioned, anti-suit orders nowadays strongly influence the dynamics of SEP disputes. The growing diffusion of ASIs is linked to the new role that certain national courts have come to play in setting themselves up as *de facto* global licensing tribunals. The main references in this regard are decisions by English courts in *Unwired Planet v Huawei*.²⁹

In particular, the High Court of Justice under Mr Justice Birss found that global portfolio licensing was common industry practice and offered efficiency benefits by saving transaction costs for licensors and licensees and by obviating the need to determine a royalty rate on a patent-by-patent basis.³⁰ Indeed, the patent portfolio at stake was “sufficiently large and had sufficiently wide geographical scope that a licensor and licensee acting reasonably and on a willing basis would have agreed on a worldwide licence and would have regarded country-by-country licensing as madness.”³¹

Furthermore, Birss held that the approach supported did not contravene jurisdictional

²⁸ Case C-159/02 *Turner v Grovit and others* EU:C:2004:228, paras 27-31.

²⁹ *Unwired Planet International Ltd v Huawei Technologies Ltd* [2017] EWHC 711 (Pat); [2018] EWCA Civ 2344; [2020] UKSC 37.

³⁰ [2017] EWHC 711 (Pat).

³¹ *Ibid* para 543. However, in the previous *Vringo Infrastructure Inc v ZTE Ltd* [2015] EWHC 214 (Pat), the same judge dismissed the argument according to which the failure to accept a global license would indicate the unwillingness of the licensee stating that “just because it may be so that the global portfolio offer is a FRAND offer, it does not follow that the global portfolio licence on offer is the only set of terms which could be FRAND” (at 107).

rules since the validity of patents would remain a matter falling within the exclusive jurisdiction of the judicial authorities of the territory where the patents subsist.

The UK Supreme Court upheld the ruling, confirming that national courts have the power to fix the conditions of a global FRAND license and grant an injunction to prevent infringements of SEPs: “We recognise that Birss J has gone further than other courts have done thus far in his willingness to determine the terms of a FRAND licence which the parties could not agree, but that does not involve any difference in principle from the approach of courts in other jurisdictions. Otherwise, his approach is consistent with several judgments in other jurisdictions [...]. The principles stated in those judgments contemplate that, in an appropriate case, the courts in the relevant jurisdictions would determine the terms of a global FRAND licence.”³² Notably, by referring to some of the most significant jurisdictions (i.e. Germany, China and the U.S.), the UK Supreme Court was able to identify a number of generally accepted principles or practices which recognise *inter alia* the lawfulness of i) taking into account the usual negotiation practices in the relevant industries when setting the terms of a FRAND licence; ii) determining a FRAND licence at a worldwide or international level in appropriate circumstances (e.g. when SEP holders have a sufficiently large and geographically diverse portfolio and the alleged infringers are active globally); and iii) granting injunctive relief against the infringement of SEPs if the implementer has refused to take a FRAND licensing offer.³³

Moreover, regarding the risk that this approach may favour forum shopping, conflicting judgments and applications for ASIs, the Court argued that this would result from standard-setting organisations’ (SSOs) policies which, albeit allowing “FRAND

³² [2020] UKSC 37, para 67.

³³ *Ibid* para 84.

worldwide licences when a SEP owner has a sufficiently large and geographically diverse portfolio and the implementer is active globally, do not provide for any international tribunal or forum to determine the terms of such licences.’³⁴

Besides UK courts, the U.S. District Court for the Central District of California took a similar approach determining a global FRAND royalty rate in *TCL v Ericsson*.³⁵ However, unlike *Unwired Planet v Huawei*, TCL and Ericsson agreed to engage in a binding court adjudication of terms for a worldwide portfolio license. Moreover, Chinese judicial authorities have recently manifested their willingness to set themselves up as global licensing tribunals and other jurisdictions may soon follow.³⁶ The phenomenon has in turn encouraged SEP owners and implementers to request ASIs (and also AASIs and AAASIs), hence confirming the risk mentioned in *Unwired Planet* of the possibility of unleashing an inter-jurisdictional race to the bottom.³⁷

3.1 ASI cases.

It is worth noting that ASIs in SEP litigation were granted for the first time in the U.S., notably in *Microsoft v. Motorola*, where a U.S. district court eventually concluded that resolution of the U.S. dispute would dispose of the German one.³⁸ As a consequence,

³⁴ Ibid para 90.

³⁵ *TCL Comm Tech Holdings Ltd v Telefonaktiebolaget LM Ericsson*, Case No 8:14-cv-00341 (C.D. California 2017).

³⁶ See Hubei Province - Wuhan Intermediate People’s Court, Case E 01 Zhi Min Chu No 169 (2020), *Xiaomi Communication Technology Co Ltd v Inter Digital Inc*; Intermediate People’s Court of Shenzhen City of Guangdong Province, Case Yue 03 Min Chu No 689 (2020), *Guangdong OPPO Mobile Telecommunications Corp Ltd v Sharp Corp*; Hubei Province - Wuhan Intermediate People’s Court, Case E 01 Zhi Min Chu No 743 (2020), *Samsung v Ericsson*.

³⁷ For a useful summary of ASIs and AASIs issued in FRAND cases, see Jorge L Contreras, ‘Anti-Suit Injunctions and Jurisdictional Competition in Global FRAND Litigation: The Case for Judicial Restraint’, (forthcoming) *Landslide*.

³⁸ *Microsoft Corp v Motorola Inc*, 871 F. Supp. 2d 1089 (W.D. Washington 2012).

Motorola would not be entitled to seek an injunction against Microsoft in Germany (or in any other jurisdiction) if it were charged with breach of contract (i.e. its FRAND commitment) in the United States.

In the U.S. district court's view, the German action raised a number of serious concerns, namely from the risk of forum shopping and inconsistent judgements to duplicative or vexatious foreign litigation, which would even undermine other equitable considerations by hampering, for instance, the U.S. judge's ability to reach a fair adjudication of the FRAND dispute. Furthermore, the facts that both litigants were U.S. corporations, that the conduct challenged took place within the U.S. and that the German action had been filed after the U.S. action also contributed to overcoming any concern related to international comity.

The soundness of the U.S. district court's approach was ultimately acknowledged by the Court of Appeal, showing the U.S. courts' willingness to grant ASIs once the *Gallo* and *Unterweser* factors are met and the impact on comity is considered tolerable.³⁹

In *Huawei v. Samsung*, for instance, District Judge Orrick found that only an ASI could preserve the integrity of the U.S. action even though the lawsuits before the U.S. and the Chinese court were different.⁴⁰ This was considered irrelevant to disposal of the Chinese action since the cases depended on whether the SEP holder had breached its FRAND commitment. Furthermore, the Shenzhen injunction would entail substantial commercial risks for Samsung with impacts on a worldwide basis, and would also interfere with equitable considerations by hindering the U.S. district court's ability to reach a fair

³⁹ *Microsoft Corp v Motorola Inc*, 696 F.3d 872 (9th Circuit 2012).

⁴⁰ *Huawei Technologies Co Ltd v Samsung Elecs Co Ltd*, Case No 3:16-cv-02787 (N.D. California 2018).

adjudication of the dispute. Finally, because of the limited scope and duration of the ASI at stake, the impact on international comity was found to be tolerable.

Previously, in the light of the fact that both parties had agreed that the U.S. action should result in a global resolution of their SEP dispute, in *TCL v Ericsson* the district court granted an ASI without even conducting an exhaustive analysis of the required conditions.⁴¹

The relevance of the established threshold requirements was confirmed in *Vringo v ZTE*,⁴² *Apple v Qualcomm*⁴³ and *Optis v Huawei*,⁴⁴ where applications for ASIs were instead rejected. Notably, in *Vringo*, the court argued that even though the litigants were the same in both actions the outcome of the U.S. claim was not dispositive of the Chinese action because while the former concerned a breach of contract by disclosing confidential information the latter was based on abuse of market position. In *Apple v Qualcomm*, the court stated that none of the *Unterweser* factors had been satisfied. In fact, Apple's foreign suits (pending before UK, Chinese, Japanese and Taiwanese courts) were not considered either vexatious or oppressive, also in the light of Apple's reasonable interest in challenging its counterpart's intellectual property rights (IPRs) on a country-by-country basis. Moreover, contrary to the comity principle, granting an ASI would deprive the foreign courts of their jurisdiction to examine the anticompetitive character of Qualcomm's licensing practices. In a similar vein, in *Optis v Huawei*, the district court found that since the foreign action only related to foreign patents there was nothing obviously vexatious or oppressive in allowing the lawsuits to proceed simultaneously,

⁴¹ *TCL* (n 35).

⁴² *Vringo Inc v ZTE Corp*, Case No 14-cv-4988(LAK) (S.D.N.Y. 2015).

⁴³ *Apple Inc v Qualcomm Inc*, Case No 3:17-cv-00108 (S.D. California, 2017).

⁴⁴ *Optis Wireless Tech LLC v Huawei Technologies Co Ltd*, Case No 2:17-Cv-00123 (E.D. Texas 2018).

and neither would any relief awarded by either court overlap with relief awarded by the other.

In sum, the U.S. courts have been frequently involved in ASI requests in SEP litigation. Four cases (*Vringo v ZTE*, *Apple v Qualcomm*, *Optis v Huawei* and *Huawei v Samsung*) involved the Chinese jurisdiction and in two of them the Chinese action was disposed by the court.

In 2018, UK courts joined the club issuing ASIs against Chinese companies. In *Conversant v. Huawei and ZTE China*, the High Court was concerned about the artificial attempt to anchor proceedings in another country although the true connection of the case was with the UK jurisdiction, and it considered that some aspects of the parallel Shenzhen proceedings “were vexatious in that they sought to obstruct, or could have had the effect of obstructing pending proceedings before the English court or of undermining or frustrating the performance of a judgment given by the English court.”⁴⁵

Against this background, interest in the role of ASIs in SEP litigation has been captured by the sudden increase in the number of ASIs issued by Chinese courts. In particular, in 2020, four decisions were taken relating to applications for ASIs, signalling the courts’ intention to set China as the jurisdiction of choice for global disputes.⁴⁶ Three of the rulings were in favour of Chinese telecom companies and one of them was against a U.S. company.

⁴⁵ *Conversant Wireless Licensing v Huawei Technologies Co Ltd and ZTE Corp* [2018] EWHC 2549 (Ch).

⁴⁶ See Jorge L Contreras, Peter K Yu, and Yang Yu, ‘Transplanting Anti-Suit Injunction’ (forthcoming) *American University Law Review*, arguing that Chinese courts have apparently been sensitive to the words of Justice Luo Dongchuan (the President of the Intellectual Property Court of the Supreme People’s Court), which, during the National People’s Congress in May 2020, advanced some proposals aimed to enhance Chinese judicial procedures, including the expansion of China’s act preservation system, i.e. a remedy equivalent to ASI.

In this scenario, the Supreme Court's decision in *Huawei v Conversant* can be considered a model for the Chinese approach, hence providing guidance to lower courts facing similar claims.⁴⁷

In parallel with the German action brought by Conversant,⁴⁸ Huawei applied to the Supreme Court of China seeking an 'act preservation' order to prevent Conversant from enforcing the German injunction order until the conclusion of the Chinese dispute. By granting an ASI, the Chinese Supreme Court defined as relevant factors the impact of foreign litigation on actions pending before Chinese courts, the necessity of issuing an ASI, the balance of interests between defendant and claimant deriving from the issuance of an ASI and the impact of the ASI on public interest and on the international comity principle.

Regarding the first factor, the Court noted that in the case at stake the parties were the same and the subject matters of the disputes partly overlapped (i.e. assessment of a FRAND licence). Furthermore, enforcement of the German injunction would interfere with the Chinese litigation producing a negative impact on the Chinese trial's progress or enforcement of the outcome. As for the second factor, issuance of an ASI was considered necessary because of the irreparable damage that Huawei would suffer from withdrawing from the German market or accepting Conversant's license offer, which was much higher than the FRAND rate set in China. On the contrary, and with regard to the balance of interests factor, the Court argued that suspension of enforcement of the Düsseldorf court's

⁴⁷ Supreme People's Court of the People's Republic of China, Case Zui Gao Fa Zhi Min Zhong No 732, 733, 734 (2020), *Huawei Technologies Co Ltd and another v Conversant Wireless Licensing*. As part of the same litigation, an ASI has also been granted to ZTE: see Intermediate People's Court of Shenzhen, Case Yue 03 Min Chu No 335-1 (2020).

⁴⁸ See District Court (LG) of Düsseldorf, Case No 4b O 30/18 (2020), *Conversant Wireless Licensing SARL v Huawei Technologies Co Ltd*.

injunction would cause only limited damage to Conversant since it would not affect Conversant's other litigation rights before the German courts. Finally, neither public interest nor the comity principle would be prejudiced. Regarding the latter, the Court took into consideration the time sequence of case acceptance, whether the case jurisdiction was appropriate and whether the impact on the trial and judgment of the extraterritorial court was moderate. In this respect, the Court noted that the Chinese litigation started before the German action and that the ASI would not harm the subsequent German trial and would not affect the validity of the German ruling.

The Supreme Court's judgement in *Huawei* was followed by three other ASIs issued in *Xiaomi v Inter Digital*,⁴⁹ *OPPO v Sharp*⁵⁰ and *Ericsson v Samsung*,⁵¹ in which Chinese courts expanded the reach of *Huawei* by asserting their jurisdiction to globally grant injunctive relief barring legal action in any other country and to globally set FRAND rates. Indeed, in upholding the decision in *OPPO*, the Supreme Court celebrated it as the emergence of China as a guide, rather than a follower, in setting international intellectual property rules.⁵²

⁴⁹ *Xiaomi* (n 36).

⁵⁰ *OPPO* (n 36).

⁵¹ *Samsung* (n 36).

⁵² Supreme People's Court of the People's Republic of China, Case Zui Gao Fa Zhi Min Xia Zhong No 517 (2021), *Sharp Corp v Guangdong OPPO Mobile Telecommunications Corp Ltd*. In particular, the Chinese Supreme Court identified the following five factors which would affect whether the Chinese court of first instance had jurisdiction to settle global terms for licensing SEPs: (i) the willingness of the parties to agree a global licence, (ii) the proportion of the SEPs to be licensed having been granted in any one country, in particular China, (iii) the principal place of business of the implementer, (iv) the place where negotiations have been conducted and (v) location of property available for seizure or enforcement of the licence.

3.2 AASI cases.

In SEP global litigation, ASIs were soon followed by AASIs, aimed at preventing the opponent from seeking or enforcing an ASI. As a form of counter-ASI, an AASI seeks to preclude the blocking of an action before another court, thereby allowing the action to continue in parallel.

The *Nokia v Daimler and Continental* dispute is the first case where the clash between SEP holders and implementers turned into legal battles generating both ASI and AASI requests. In 2019, Nokia sued the automobile manufacturer Daimler and one of its suppliers (Continental) for patent infringements. Afterwards, Continental brought an action before the U.S. District Court of California against Nokia and other firms (including Conversant and Panoptis, all members of the Avanci licensing platform) alleging violations of both their FRAND commitments and antitrust provisions, and eventually requiring an ASI preventing them from continuing their actions against Daimler and Continental in Germany or anywhere else.⁵³ Nokia responded by asking the German court to grant an AASI preventing Continental from enforcing an ASI against Nokia in Germany.

By issuing an AASI, the Landgericht of Munich held that an ASI blocking Nokia's actions in Germany would unlawfully limit the property law content of patents and deprive Nokia of its legal standing and protected legal interests, namely access to justice and effective judicial protection of its rights.⁵⁴ On the contrary, granting an AASI would not affect the prosecution of the U.S. proceedings on the FRAND quantification.

⁵³ *Continental Automotive Systems Inc v Avanci LLC et al*, Case No 5:19-cv-02520 (N.D. California 2019).

⁵⁴ District Court (LG) of Munich, Case No 21 O 9333/19 (2019), *Nokia v Daimler and Continental*.

The Higher Regional Court of Munich upheld the ruling, concluding that an AASI was the only effective means of defence against an ASI that would threaten a patent holder's property rights.⁵⁵ Such an AASI did not infringe either international law (as it did not challenge U.S. sovereignty) or European law (since the case at stake concerned violation of German IPRs by a domestic firm).

The tension between the U.S. and E.U. jurisdictions in the global SEP battle regained momentum in the *IPCom v Lenovo* litigation. Once IPCom (a patent assertion entity) and Lenovo failed to reach an agreement on the licensing level of some patents essential to ETSI's 2G/3G/4G wireless communications standards, Lenovo brought an action in the U.S. claiming that IPCom's offers were contrary to its FRAND commitment and seeking a global FRAND royalty determination.⁵⁶ In parallel, IPCom brought an action against Lenovo before the England and Wales High Court, seeking both a declaration that Lenovo had infringed one of IPCom's UK SEPs and an injunction against further infringement.⁵⁷ Lenovo then responded by asking the California District Court for an ASI barring IPCom from continuing any infringement action in the UK or elsewhere pending the U.S. litigation. Unsurprisingly, IPCom filed a motion for an AASI before the UK court.

Although it recognised that an AASI usually presents an "even greater danger of interfering improperly with the conduct of foreign proceedings," the UK High Court of Justice eventually granted the motion arguing that it would be vexatious and oppressive to IPCom if it were entirely precluded from litigating on both infringement and validity

⁵⁵ Higher Regional Court (OLG) of Munich, Case No 6 U 5042/19 (2019), *Continental v Nokia*.

⁵⁶ *Lenovo (United States) Inc and Motorola Mobility, LLC v IPCom GmbH & Co KG*, Case No 5:19-cv-1389 (N.D. California 2019).

⁵⁷ *IPCom GmbH & Co v Lenovo Technology (United Kingdom) Limited and Motorola Mobility UK Ltd* [2019] EWHC 3030 (Pat).

of its UK patents.⁵⁸ Furthermore, the AASI sought by IPCom would have limited scope and would not materially interfere with the U.S. proceedings, the latter being mostly focused on determining FRAND royalty terms and on a declaration of non-infringement of the U.S. patents.⁵⁹

Interestingly, the aforementioned disputed issues were also previously explored by a French court, as the patent assertion entity had started parallel proceedings before the Paris Tribunal in relation to its French SEPs.⁶⁰ Reaching the same conclusion as the UK court, the Paris Tribunal held that ASIs are contrary to French public order unless they seek to enforce contractual arbitration or jurisdiction clauses, and that in the case at stake the ASI sought by Lenovo in the U.S. would limit IPCom's fundamental rights to protect and enforce its French property rights and to have access to fair legal proceedings.

The order was upheld by the Court of Appeal, which argued that the U.S. ASI would inflict on IPCom manifestly illicit harm by preventing it from filing any new infringement action. It eventually confirmed the need to put an end to the manifestly unlawful disturbance posed by Lenovo.⁶¹

An even broader conflictual scenario emerged in the *Xiaomi v InterDigital* litigation, encompassing judicial interventions by Chinese, German and Indian courts.

In response to the ASI granted by the Chinese judge, the Delhi High Court issued its first AASI, which the Court preferred to label an anti-enforcement injunction.⁶² Although a

⁵⁸ Ibid paras 20 and 52.

⁵⁹ Ibid paras 46-47.

⁶⁰ Tribunal de Grande Instance of Paris, Case No RG 19/59311 (2019).

⁶¹ Court of Appeal of Paris, Case No 14/2020 (2020).

⁶² High Court of Delhi, Case IA 8772/2020 in CS(COMM) 295/2020 (2021), *InterDigital Technology Corp v Xiaomi Corp*. The Court, indeed, argued that “[r]eferring to “anti-enforcement injunctions” as “anti-anti-suit injunctions” would ... be a misnomer. It would not be correct to equate a prayer for injuncting the opposite party from continuing to prosecute a proceeding pending in a foreign Court, with a prayer for

court should refrain from restraining enforcement of an order passed by another sovereign country's court merely on the ground that such enforcement might prejudice one of the parties, if the order without due justification negatively impacts the legitimate invocation of legal remedies available in another sovereign country the court in the latter country must then react against the unlawful incursion on its jurisdiction and on the fundamental right to demand legal redress.⁶³ International comity considerations under these circumstances could not avoid granting such AASI relief.

Analogous considerations emerged in the German branch of the litigation.⁶⁴ After balancing the different parties' interests at issue and after noting that an AASI would neither impair Xiaomi's rights in China nor impact the Chinese main proceedings, the Munich Regional Court ultimately found sufficient grounds for granting a preliminary AASI.

Furthermore, the court stated that any implementer requesting or threatening to request an ASI outside Germany might be considered an unwilling licensee within the meaning of the CJEU's ruling in *Huawei v ZTE*,⁶⁵ and subject to a sales ban in Germany. In the German court's view, in the CJEU's negotiation model an implementer who has been notified about a SEP infringement may be required not only to properly demonstrate willingness to acquire a FRAND license but also to confirm that it will not seek an ASI against the SEP owner.⁶⁶ More generally, in the German court's perspective, preventing

injuncting execution of an order passed by the foreign Court. It would be completely unrealistic for a Court not to recognize the distinction between these two categories of cases" (para 80).

⁶³ Ibid para 90.

⁶⁴ District Court (LG) of Munich, Case No 7 O 14276/20 (2021), *InterDigital Inc v Xiaomi Communication Technology Co Ltd*.

⁶⁵ Case C-170/13 *Huawei Technologies Co Ltd v ZTE Corp* EU:C:2005:176.

⁶⁶ See also District Court (LG) of Munich, Case No 7 O 36/21 (2021), *Huawei Technologies v IP Bridge*, concluding that an implementer seeking a foreign ASI cannot be considered as a 'willing licensee' in the context of a potential FRAND defence raised in the main proceedings.

the enforcement of an injunction for patent infringement in Germany (through an ASI or even an AAASI blocking an AASI) amounted to unlawful interference with the proprietary rights and access to justice rights of the SEP holder, which may then legitimately invoke the right to self-defence.

Finally, the court recalled its power under German law to grant preventive AASIs, which means issuing an AASI even if a foreign ASI has not yet been granted provided there is a “risk of first infringement” of patent rights. A ‘risk of first infringement’ is especially likely when the implementer has requested or threatened to request an ASI against the SEP owner, or filed or threatened to file a main action for the grant of a licence or for determination of a FRAND global royalty in a jurisdiction that usually grants ASIs.

In sum, while German courts have never granted an ASI so far, at the same time they have taken a hard stance against ASIs issued by foreign courts. Indeed, German courts also granted AASI requests against Chinese companies in *Sharp v OPPO*,⁶⁷ *Huawei Technologies v IP Bridge*,⁶⁸ *HEVC Advance v Xiaomi*⁶⁹ and *Nokia v OPPO*.⁷⁰

On the geopolitical chessboard, it is worth noting that in the Netherlands the Court of The Hague has recently rejected an Ericsson petition for an AASI against Apple, noting that Ericsson had not stated anything from which a concrete threat followed and had erroneously referred to a U.S. proceedings where Apple instituted an ASI in a dispute with Qualcomm, while actually it was the latter that requested an ASI in that case.⁷¹

⁶⁷ District Court (LG) of Munich (2020).

⁶⁸ *IP Bridge* (n 66).

⁶⁹ District Court (LG) of Düsseldorf, Cases No 4c O 73 /20, 4c O 74/20, 4c O 75/20 (2021).

⁷⁰ District Court (LG) of Munich, Case No 21 O 8690/21 (2021). See also *Nokia Technologies OY v OPPO Mobile UK Ltd and Others* [2021] EWHC 2952 (Pat), where the UK High Court denied the request to stay the proceedings pending a Chinese case: indeed, OPPO has asked the Intermediate People’s Court of Chongqing to set the terms of a global FRAND licence of Nokia’s SEPs.

⁷¹ Court of The Hague, Case No C/09/618542 / KG ZA 21-914 (2021), *Telefonaktiebolaget LM Ericsson v Apple Retail Netherlands BV*.

Finally, an AASI was considered by a U.S. District Court in *Ericsson v. Samsung*.⁷² In fact, the Texas court noted that several *Unterweser* conditions were satisfied. Notably, public interest strongly supported the court's continued exercise of its jurisdiction because permitting Samsung to enjoin Ericsson from requesting the U.S. judge to adjudicate legally cognisable claims under U.S. law would frustrate the latter's interest in ensuring that litigation falling within its legitimate jurisdiction continued in the U.S. forum. As the judge pointed out, "[i]f unaddressed, the ASI would frustrate and delay the speedy and efficient determination of legitimate causes of action" before the U.S. court, while the causes of action had no implication on the speedy and efficient determination of the issues raised before the Chinese court.⁷³ Furthermore, the Chinese proceedings were vexatious and oppressive and the suits before the U.S. court and the Chinese court involved separate legal questions. Therefore, the actions were not duplicative and both courts could properly exercise jurisdiction over the corresponding causes of action brought before them. Moreover, enforcement of the ASI would not only impede Ericsson's ability to bring lawful causes of action but it would also unfairly put the latter in a weaker negotiating position. Conversely, Samsung would not suffer inequitable hardship if litigation proceeded in both courts.

Nonetheless, the court acknowledged that any injunctive relief is an extraordinary remedy that should be narrowly tailored in order to prevent irreparable harm. Indeed, a narrowly focused indemnification provision would ensure that both proceedings could "progress on the merits without the risk of unbalanced economic pressure being imposed by one party on another."⁷⁴ Accordingly, the Texas District Court permitted Ericsson to request

⁷² *Ericsson Inc v Samsung Electronics Co Ltd*, Case No 2:20-CV-00380 (E.D. Texas 2021).

⁷³ *Ibid* 10.

⁷⁴ *Ibid* 14.

a FRAND royalty determination and bring patent infringement claims against Samsung before the U.S. courts, but declined, however, to order Samsung to withdraw the ASI or bar Samsung from taking part in the Chinese lawsuit.

3.3 AAASI and AAAASI scenarios.

The frontiers described in SEP global battles could be even widened if litigants started seeking AAASIs as antidotes to AASIs and a way to preserve or resuscitate the legal effects of previous ASIs.

AAASIs have recently made their appearance in the context of FRAND litigation. In the previously mentioned *InterDigital v Xiaomi* litigation, the Munich District Court briefly envisioned a scenario where an implementer applies or threatens to apply for an AAASI to block or prevent the SEP owner's claim for an AASI.⁷⁵ In a similar context, as the German judge reasoned, it would not be inappropriate for a SEP holder to react by requesting the court to issue an anti-anti-anti-anti-suit injunction order (AAAASI) as a provisional countermeasure still based on the risk of SEP infringement.

Another example can be traced in the *Ericsson v Samsung* dispute. Indeed, the Wuhan Intermediate People's Court not only issued an ASI but also prohibited Ericsson from seeking an order (i.e. an AASI) elsewhere to prevent Samsung from enforcing the ASI granted by the Chinese court, thereby for the first time issuing an AAASI.⁷⁶

⁷⁵ *InterDigital* (n 64).

⁷⁶ *Samsung* (n 36).

4. Looking for a viable and effective solution.

The dynamics of ASIs and their countermeasures perfectly depict the evolution of the ‘race to the court-house’ and ‘race to the bottom’ phenomena which have engaged stakeholders and courts at the global level. Furthermore, these disputes have highlighted the increasingly central role played by the Chinese jurisdiction on the standard-setting stage, together with the clear divide between European common law (i.e. UK) and civil law (e.g. France and Germany) jurisdictions, with the latter reluctant to recognise the effectiveness of ASIs and more inclined to resist interference by foreign courts. More generally, the new wave of litigation has raised unresolved questions about international comity relations, conflicts of laws and effective judicial protection, which have significantly amplified the already existing tensions among the players involved in SEP licensing. Indeed, if SEP owners have unfettered freedom to select the jurisdiction in which to bring an action for infringement, they potentially get to select the jurisdiction likely to settle FRAND terms most favourable to them. By the same token, if implementers have unfettered freedom to bring a claim in any jurisdiction for settlement of FRAND terms, they will select the country which is most favourable to them.⁷⁷ Therefore, ASIs may have a pernicious impact on the protection of patent rights and on the proper functioning of standardisation processes.

Regarding solutions, some proposals advocate an intervention by international bodies. Such intervention could either lead to an international agreement or to an industry-wide arbitral forum for resolving global FRAND disputes. More specifically, on the one hand, there could be a role for inter-governmental cooperation, which may entail the

⁷⁷ See *Nokia v OPPO* (n 70) paras 117-118, stating that a race to the bottom is no more attractive than a race to the top. See also *Tsilikas* (n 8) 736, arguing that ASIs represent an additional tool for holdout by unwilling licensees.

development of soft law instruments (e.g. best practices) to deal with FRAND methodologies or of international treaties supporting a drastic revision of the current SEP framework.⁷⁸ On the other hand, international coordination may even lead to the founding of a global non-governmental tribunal entitled to fix global FRAND rates for all SEP owners with respect to a specified standard.⁷⁹ Any request for injunctive relief by licensors or licensees before a national court would then have to be stayed until the global tribunal fixed the scope of FRAND licensing terms. However, solutions requiring substantial international cooperation may be particularly complex to achieve.⁸⁰

It may be reasonable to enquire, instead, whether a robust intervention at the upstream policy level would be more desirable. This may entail substantial rethinking of IPR licensing policies widely adopted so far by SSOs. After all, ASI global disputes epitomise the negative externalities of the fuzzy FRAND paradigm, which has proved to be an abysmal policy failure rather than optimal licensing guidance.⁸¹

As has been attested by national courts, SEP disputes are contractual in nature.⁸² Therefore, it is not disputed that a company's violation of a FRAND pledge amounts to a breach of contract. If anything, it is the role and the appropriateness of antitrust law to police opportunistic behaviours that is debatable. Accordingly, problems concerning the licensing of SEPs should be essentially addressed by contract law. Indeed, strategic conducts are forms of contractual opportunism that reflect incomplete contracting at the

⁷⁸ Thomas F Cotter, 'Is global FRAND litigation spinning out of control?' (2021) *Patently-O Law Journal* 1.

⁷⁹ Jorge L Contreras, 'Global Rate-Setting: A Solution for Standards-Essential Patents?' (2019) 94 *Washington Law Review* 701.

⁸⁰ Geradin and Katsifis (n 1) 28-31; Maximilian Haedicke, 'Anti-Suit Injunctions, FRAND Policies and the Conflict between Overlapping Jurisdictions' (forthcoming) *GRUR International*.

⁸¹ Aron Devlin, 'Standard-Setting and the Failure of Price Competition' (2009) 65 *NYU Annual Survey of American Law* 217, 236.

⁸² See eg *Unwired Planet* (n 32) para 14.

time of standardisation. It follows that problems in SEP licensing stem from a lack of contractual or organisational solutions provided by SSOs, which exacerbates the risk of strategic behaviour.⁸³ Further, SSOs are the closest to all market players, have advanced knowledge of the standards and their main contributors, and hence are best positioned to tackle the licensing dilemma at its roots.⁸⁴

Given these premises, by focusing on the crucial position of SSOs, some policy recommendations can be put forward to curb the economic and legal frictions affecting SEP licensing. First, SSOs should require all SEP owners involved in a standardisation process to disclose, ahead of the standard being adopted, the most restrictive licensing terms, comprising the highest licensing rates and most stringent non-pricing terms. SSOs are best placed to determine a reasonable aggregate rate for standards by imposing joint *ex ante* price commitments. Coordinated predetermination of the most restrictive licensing terms may deliver aggregate royalties widely accepted in the industry, avoiding hold-up problems and royalty stacking. This, in turn, would bring a substantial reduction in litigation rates involving FRAND commitments.

Second, should SSOs maintain the much-debated FRAND framework, they should at least impose mandatory bilateral arbitration (i.e. between licensors and licensees) in order to prevent forum shopping through the strategic use of ASIs and related countermeasures.⁸⁵ In more detail, SSOs should amend their IPR policies and ensure that,

⁸³ Charles River Associates, 'Transparency, Predictability, and Efficiency of SSO-based Standardization and SEP Licensing' (2016) Report for the European Commission <https://ec.europa.eu/growth/content/study-transparency-predictability-and-efficiency-sso-based-standardization-and-sep-0_en> accessed 3 November 2021, 12-13.

⁸⁴ Kung-Chung Liu, 'Arbitration by SSOs as a Preferred Solution for Solving the FRAND Licensing of SEPs?' (2021) 52 *International Review of Intellectual Property and Competition Law* 673.

⁸⁵ Richard Arnold, 'SEPs, FRAND and Mandatory Global Arbitration' (2021) *GRUR* 123; Geradin and Katsifis (n 1); Haedicke (n 80); Mark A Lemley and Carl Shapiro, 'A Simple Approach to Setting Reasonable Royalties for Standard-Essential Patents' (2013) 28 *Berkeley Technology Law Journal* 1135.

if there is a lack of consensus between licensors and licensees on the scope of a FRAND licence, the matter should be referred to an arbitration panel. As a form of alternative dispute resolution (ADR), arbitration would be endorsed by the European Commission, whose IP Action Plan explicitly encourages industry-led initiatives (like ADR) to bring more transparency and legal certainty in SEP licensing.⁸⁶ In this perspective, it is also worth noting that the Commission has tabled a proposal for a regulation setting out a roadmap for establishing a new framework for SEPs.⁸⁷

For the sake of clarity, even an arbitration mechanism implemented by SSOs would not be immune from criticism. For instance, as some authors have pointed out, mandatory arbitration would deprive SEP owners and implementers of access to the judicial system.⁸⁸ Furthermore, it may still be complex for the SSO community to reach an agreement on the scope of an arbitral award. Should the arbitrator be allowed to also evaluate the essentiality and validity of the standard essential patent? And should the arbitral award be covered by a confidentiality clause, or should it be disclosed to all SSO members? In the case that an arbitration mechanism is promoted in a SSO policy, all these issues need to be clarified to ensure a level playing field. However, as the UK Supreme Court held in *Unwired Planet*, the risk of irreconcilable judgments and applications for ASIs are the very result of SSO policies that while allowing FRAND worldwide licences do not provide any forum to determine the terms of such licences.⁸⁹

⁸⁶ European Commission, 'Making the most of the EU's innovative potential. An intellectual property action plan to support the EU's recovery and resilience' COM(2020) 760 final, para 4.

⁸⁷ European Commission, 'Intellectual property – new framework for standard-essential patents' (2021) <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13109-Intellectual-property-new-framework-for-standard-essential-patents_en> accessed 3 November 2021.

⁸⁸ Liu (n 84).

⁸⁹ *Unwired Planet* (n 32) para 90.

5. Concluding remarks.

To quote the recent UK High Court's decision in *Nokia v OPPO*, the current unevolved framework for the settlement of SEP global licences is “plainly not satisfactory.”⁹⁰ It encourages uncertainty and expensive parallel litigation in several jurisdictions, and it is probably unsustainable in the long term.⁹¹ In fact, the conflictual dynamics triggered at the international level have also raised substantial concerns among various government authorities.

In this regard, the European Commission has signalled a need to nurture a more stable and effective global intellectual property framework and to firmly address the challenges deriving from weak protection and enforcement for EU businesses operating abroad, explicitly alluding to the risks related to broad extraterritorial anti-suit orders.⁹² The Commission has identified the Chinese legal framework as a particularly complex and legally uncertain environment from the standpoint of firms holding relevant SEPs and willing to monetise their IPRs. In a similar vein, the Office of the U.S. Trade Representative has remarked on the failure by Chinese courts to thoroughly protect U.S. intellectual property, also pointing to the emerging practice in Chinese tribunals of granting ASIs in SEP cases without notice or an opportunity for all litigants to take part in the proceedings.⁹³

⁹⁰ *Nokia v OPPO* (n 70) para 116.

⁹¹ *Ibid.*

⁹² European Commission (n 86) 17. See also European Parliament, ‘An intellectual property action plan to support the EU’s recovery and resilience’ (2021) para 19 <https://www.europarl.europa.eu/doceo/document/TA-9-2021-0453_EN.pdf> accessed 16 November 2021, calling on the Commission to continue observing the conduct of third country companies in international standardisation bodies which, together with recent decisions by foreign courts, places European companies at a significant disadvantage by undermining the competitiveness of the European market.

⁹³ Office of the United States Trade Representative (n 4) 47-48.

ASI wars are a new side effect of the FRAND mechanism. Since its adoption by the ICT standard-setting environment, this licensing framework has triggered a significant number of disputes over two decades related *inter alia* to the precise meaning and scope of a FRAND license, the nature and legal implications of a FRAND commitment and the value chain level at which a SEP holder must grant FRAND licenses.⁹⁴

Rather than waiting for international coordination, a prompt adjustment of SSO licensing policies seems desirable at this stage, also considering the increasing importance SEPs have been acquiring in other sectors, from automobiles to health and energy. Such a change, in a moderate version, could entail the inclusion of an arbitration clause, according to which licensees and licensors – in the absence of consensus over the scope of a FRAND license – would be required to refer the matter to an arbitral panel rather than bring the case before a national court. A more drastic solution, instead, would lead to abandoning the much-debated FRAND mechanism and imposing on SEP holders a duty to disclose *ex ante* the most restrictive licensing terms applied for a given essential patent.

⁹⁴ See Mark A Lemley and Timothy Simcoe, ‘How Essential Are Standard-Essential Patents?’ (2019) 104 Cornell Law Review 607, 612-614, noting that everything about the FRAND commitment is still controversial, namely “whether a FRAND commitment prevents a patentee from getting an injunction, whether the fact that a patent is standard-essential should bar an injunction even if there is no FRAND commitment, whether a patentee that makes a FRAND commitment must offer it to everyone or only willing licensees, who is a willing licensee, whether the FRAND commitment is an enforceable contract, who decides what royalty is FRAND, what a FRAND royalty rate actually is, and what the consequences are of reneging on a FRAND commitment.” See also European Parliament (n 92) para 18, underlining that FRAND are vague legal terms that include legal uncertainty and calling on the Commission to monitor industry developments and provide more clarity on various aspects of FRAND.

