

Standards Essential Patents: UK and US

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Overview – UK

- Key cases: *Nokia v IPCOM* and *IPCOM v HTC*
- Availability of Injunctions
- FRAND determinations

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IPCom cases – EP 1 841 268

	Nokia v IPCom	IPCom v HTC	EPO
2010	Nokia sued IPCom		
June 2010	Directions: All issues except validity/infringement stayed		
16 June 2011	First instance: Patent valid and infringed. No injunction granted as FRAND issues had been stayed		
17 June 2011		IPCom sued HTC	
January 2012		Directions: Technical issues first	
April/May 2012			OD hearing and decision: Patent invalid. Appeal lodged
10 May 2012	Appeal: Patent valid and infringed		
18 May 2012	Injunction not granted. FRAND determination ordered		
May 2012		Parties agreed to progress FRAND determination. Technical trial stayed until after TBA decision	
November 2012	Supreme Court decision on permission to appeal: refused appeal on added matter issue and revocation issue; part of application adjourned until after EPO appeal/Virgin appeal		
March 2013			TBA hearing: amended claim remitted to OD
July 2013	FRAND trial due to take place	FRAND trial due to take place	

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Injunctions

- Injunctions are a discretionary remedy
- “*Shelfer*” criteria: As a “general working rule”, damages in substitution for an injunction may be given when:
 - The injury to the claimant’s legal right is small
 - The injury is one capable of being estimated in money
 - The injury is one which can be adequately compensated by a small money payment
 - The case is one in which it would be **oppressive** to the defendant to grant an injunction

Shelfer v City of London Electric Lighting Co. [1895] 1 Ch. 287

- Generally an injunction will be granted where the invasion of a property right is demonstrated, and where repetition is threatened

Jaggard v Sayer [1995] 1 WLR 269

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Injunctions

“It is clear ... that it would have to be a very strong case for an injunction to be withheld. Pumfrey J put it well in *Navitaire Inc v EasyJet (No 2)* [2006] RPC 4 213 at page 250 ...

“Accordingly, the grant or refusal of a final injunction is not merely a matter of the balance of convenience. Justice requires that the court observe the principles enunciated in *Shelfer’s* case and remembers that if the effect of the grant of an injunction is not oppressive the defendant cannot buy his way out of it, even if the price, objectively ascertained, would be modest. My understand of the word ‘oppressive’ in this context is that the effect of the grant of the injunction would be grossly disproportionate to the right protected. The word ‘grossly’ avoids any suggestion that all that has to be done is to strike a balance of convenience.”

So although the case for withholding the injunction has to be strong, it is clear that a permanent injunction can be withheld, indeed even on a permanent basis. The test is whether enforcement would be “grossly disproportionate”.”

Virgin Atlantic v Premium Aircraft [2009] EWCA Civ 1513

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Injunctions – *Nokia v IPCOM* [2012] EWHC 1446 (Ch)

- On 18 May 2012, Roth J. did not grant an injunction against Nokia – no judgment on the issue but useful commentary from the hearing transcript

Background:

- Nokia had stated in its pleadings in 2010: “*If, but only if, the Patent is valid and infringed (which is denied), Nokia will contend that Nokia has or is entitled to a licence under the Patent on FRAND terms*”
- The FRAND issues had been stayed pending the technical trials
- After the technical trials:
 - Nokia further particularised its objections to an injunction being granted
 - IPCOM applied to strike out or for summary judgment dismissing all of the objections raised by Nokia
- IPCOM’s application was heard on 18 May 2012

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Injunctions – Nokia v IPCOM [2012] EWHC 1446 (Ch)

- IPCOM confirmed that it considered itself bound by an undertaking given to the European Commission in 2009 that it would grant a licence of the Patent to Nokia on FRAND terms
- Nokia confirmed its willingness to take a licence on FRAND terms
- Roth J.: *“I have to say in those circumstances I am very uncertain, to put it mildly, to see why a permanent injunction should be granted in this case at all or indeed any injunction. It seems to me a classic case for consideration of the Shelfer criteria, given those circumstances. You are willing to give a licence. Nokia wants a licence. You cannot agree on the terms. They will be determined. There will then be a licence. In those circumstances for a non-trading entity to get an injunction seems to me quite extraordinary.”*
- IPCOM then accepted not to proceed with its application for an injunction

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Injunctions

- European Commission’s “Statement of Objections” to Samsung:
“The European Commission has informed Samsung of its preliminary view that Samsung’s seeking of injunctions against Apple in various Member States on the basis of its mobile phone standard-essential patents (“SEPs”) amounts to an abuse of a dominant position prohibited by EU antitrust rules. While recourse to injunctions is a possible remedy for patent infringements, such conduct may be abusive where SEPs are concerned and the potential licensee is willing to negotiate a licence on Fair, Reasonable and Non-Discriminatory (so-called “FRAND”) terms.”
European Commission Press Release, 21 December 2012
- Impact on UK court’s approach? Problem of defining a “willing” vs “unwilling” licensee

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FRAND Determinations

- The English courts have long recognised a wide discretionary power to grant declarations in circumstances where there is utility to do so and where the application is not otherwise an “abuse of process”

Mercury Communications v Director General of Telecommunications [1996] All ER 565 (HL)

- In *Nokia v Interdigital* [2006] EWCA Civ 1618, the Court was asked to consider whether declarations could be made that certain patents were not essential to the UMTS standards
 - Court held that there was a ‘real commercial reason’ for seeking the declarations sought and accordingly they were permissible
 - Court clarified that it retains a discretion not to grant a declaration if it considers it would not serve a useful purpose
- Therefore the UK court has the power to grant a declaration as to whether an offer is FRAND or to determine what the FRAND terms of a licence are

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FRAND Determinations – IPCom cases

- In *Nokia v IPCom*, Roth J. ordered a trial to determine the FRAND terms to take place in summer 2013. The UK Court will examine for the first time the methodology which it is appropriate to adopt to arrive at a licence which is FRAND in respect of a SEP
- In *IPCom v HTC*, the parties have agreed that a FRAND determination in that action should take place at the same time
- Have already been numerous fights as to disclosure of comparable licences and protection of confidential information
- Will the FRAND trial take place? Impact of TBA decision / settlement?

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Overview – US

- Key cases:
 - *Apple v Motorola*
 - *Microsoft v Motorola*
- Availability of Injunctions (including anti-suit injunctions)
- FRAND determinations

Injunctions

- Injunctions are a discretionary remedy
- Test set out in *eBay v MercExchange* (US Supreme Court, 15 May 2006) – Plaintiff must demonstrate that:
 - It has suffered an irreparable injury
 - Remedies available at law, such as monetary damages, are inadequate to compensate for that injury
 - Considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted
 - The public interest would not be disserved by a permanent injunction

Injunctions – *Apple v Motorola*

- Circuit Judge Posner, 22 June 2012:

“To begin with Motorola’s injunctive claim, I don’t see how, given FRAND, I would be justified in enjoining Apple from infringing the ‘898 unless Apple refuses to pay a royalty that meets the FRAND requirement. By committing to license its patents on FRAND terms, Motorola committed to license the ‘898 to anyone willing to pay a FRAND royalty and thus implicitly acknowledged that a royalty is adequate compensation for a license to use that patent.”

“A FRAND royalty would provide all the relief to which Motorola would be entitled if it proved infringement of the ‘898 patent, and thus it is not entitled to an injunction.”

- Motorola has appealed this aspect of the decision, and numerous amicus curiae briefs have been filed

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Injunctions – *Motorola v Microsoft*

- 9 November 2010 – Microsoft filed US breach of contract claim arguing that Motorola’s proposed licence terms were in breach of its F/RAND obligations
- 10 November 2010 – Motorola sued Microsoft in US for infringement of 3 SEPs
- July 2011 – Motorola sued Microsoft in Mannheim in relation to 2 SEPs, seeking injunctions
- April 2012 – US court ordered an “temporary restraining order” (TRO) to prevent Motorola enforcing an injunction (if granted) by the Mannheim Court
- 2 May 2012 – Mannheim Court held that Microsoft infringed its patents
- 14 May 2012 – US court converted TRO into preliminary injunction
- October 2012 - US appeals court upheld preliminary injunction
- November 2012 – Judge Robart held that Motorola was not entitled to injunctive relief over any of its SEPs essential to the standards in issue; anti-suit injunction dissolved on basis that a worldwide licence will be granted in the US proceedings

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Injunctions

- FTC considers that seeking to obtain an injunction on the basis of an SEP may constitute an unfair method of competition and/or an unfair act:
 - In the Matter of Robert Bosch GmbH (FTC Docket No. C-4377)
 - In the Matter of Google (FTC Docket No. 121-0120) – FTC alleged that Google and Motorola breached Motorola’s F/RAND commitments by “seeking to enjoin and exclude willing licensees”. Google has subsequently settled with the FTC on terms that are designed to ensure that disputes are resolved through FRAND determinations rather than via injunctions
- US Justice Department and US PTO jointly issued a policy statement in January 2013 in which they agreed with the FTC that an injunction based on an SEP could harm competition and consumers. Said that consideration of the eBay factor should generally preclude an injunction

FRAND Determination

- US Courts are prepared to determine F/RAND rate for a licence of SEPs
- For example, in *Motorola v Microsoft*, Judge Robart will determine FRAND rate for licence – trial in November 2012 but decision not yet released