

WIPO ARBITRATION: A PROMISING SOLUTION TO THE INJUNCTION CHAOS OF FRAND DISPUTES

INTRODUCTION

The legal battles in the telecommunications industry are fierce. The fact that no single industrial player is the single global leader in 5G technologies stimulates a sweeping wave of patent cross-licensing throughout the industry.¹ Standard-setting organizations and standard development organizations play important roles in developing 5G technical standards, which provide technical specifications for equipment by different manufacturers.² Many technologies included in industrial standards also “appear in granted patents or pending patent applications.”³ To help promote subsequent licensing transactions within the industry, especially to reduce the time of resolving patent enforcement disputes and conducting patent licensing negotiations for each jurisdiction,⁴ standard-setting organizations urge their members to grant irrevocable licenses for such standard-essential patents (SEPs) with fair, reasonable, and non-discriminatory (FRAND) terms.⁵

1. The United States Patent and Trademark Office identified six 5G companies that consistently compete in patenting activity: Ericsson, Huawei, LG, Nokia, Qualcomm, and Samsung. *See* U.S. PAT. & TRADEMARK OFF., PATENTING ACTIVITY BY COMPANIES DEVELOPING 5G 1 (2022) [hereinafter USPTO 5G REPORT], <https://www.uspto.gov/sites/default/files/documents/USPTO-5G-PatentActivityReport-Feb2022.pdf> [<https://perma.cc/HR8N-EVUC>].

2. *See generally* Paul Nikolich et al., *Standards for 5G and Beyond: Their Use Cases and Applications*, IEEE 5G TECH FOCUS, June 2017, <https://futurenetworks.ieee.org/tech-focus/june-2017/standards-for-5g-and-beyond> [<https://perma.cc/UYZ2-FCD7>]. *See also* 5G, ETSI, <https://www.etsi.org/technologies/5G> [<https://perma.cc/XXQ5-JUNB>] (last visited Jan. 27, 2023).

3. *See* USPTO 5G REPORT, *supra* note 1, at 2.

4. The average time to adjudicate SEP litigation is twenty to forty months in U.S. federal district courts, thirteen to fifteen months in German courts, fifteen to eighteen months in U.K. courts, and twelve months in Chinese courts. *See* STEVEN PEPE, KEVIN POST & SHONG YIN, PRO. PERSPS. (BL), LICENSING AND LITIGATION OF 5G STANDARD-ESSENTIAL PATENTS 4, <https://www.ropesgray.com/-/media/Files/articles/2020/December/5G-SEP-Licensing-Litigation-Factors-Bloomberg-Law-Article-12-7-20.pdf?la=en&hash=99AD9749E72663BAB007C58C8E9043EB2DE2CAE8> [<https://perma.cc/8FY2-67BH>].

5. *See, e.g.*, IEEE, IEEE-SA STANDARDS BOARD BYLAWS § 6 (2022) [hereinafter IEEE-SA STANDARDS BOARD BYLAWS], https://standards.ieee.org/content/dam/ieee-standards/standards/web-documents/other/sb_bylaws.pdf [<https://perma.cc/6KKT-MKAY>]. “If the IEEE receives notice that a [proposed] IEEE Standard may require the use of a potential Essential Patent Claim, the IEEE shall request licensing assurance . . . from the patent holder or patent applicant.” Such assurance includes a general commitment not to “enforce any present or future” SEPs against any potential infringers or to “make available a license . . . on a worldwide basis” with reasonable rates. *Id.* *See also* Thomas F. Cotter, *Is Global FRAND Litigation Spinning Out of Control?*, 2021 PATENTLY-O PAT. L.J. 1, 2.

Despite patent prosecution and enforcement falling within national courts' exclusive jurisdiction,⁶ patent licensing, as part of the commercialization of patent rights, is global.⁷ The complex reality is, though standard-setting organizations ask their members to license patents on FRAND terms, out of antitrust concerns, the organizations also purposefully avert themselves from providing details on the definition of "fair, reasonable, and non-discriminatory."⁸ Members are left to negotiate the licensing terms, especially licensing rates, on their own. As a result, major industrial players rush to courts of major markets and seek injunctive relief in order to add bargaining power in their FRAND term negotiations.⁹ One particular type of injunction frequently sought is an anti-suit injunction (ASI), which is "issued by a court in one jurisdiction to prohibit a litigant from initiating or continuing parallel litigation in another jurisdiction."¹⁰ Courts in the United States, United Kingdom, Germany, France, and China are among the major jurisdictions issuing ASIs in FRAND disputes.¹¹ ASIs in FRAND disputes lead to the concern that parties are motivated to file lawsuits in different jurisdictions while a FRAND negotiation is ongoing, which subverts the very purpose of establishing the FRAND term regime.¹²

But this is not the end of the game. On January 11, 2021, upon motion by Ericsson Inc., the United States District Court for the Eastern District of Texas granted a modified anti-interference injunction, enjoining Samsung Electronics Co., Ltd. and its affiliates from taking any action in a parallel case, filed in the Wuhan Intermediate People's Court of Hubei Province, China, that would interfere with the Texas court's jurisdiction over the breach of FRAND obligations.¹³ The decision by the Eastern District of

6. *Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd.* [2022] EWCA (Civ) 1411 [10] (Eng.), <https://www.bailii.org/ew/cases/EWCA/Civ/2022/1411.pdf> [<https://perma.cc/39L4-YWXA>]; see also Jorge L. Contreras, *The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes over Standards-Essential Patents*, 25 B.U. J. SCI. & TECH. L. 251, 253 (2019) [hereinafter Contreras, *The New Extraterritoriality*]; Cotter, *supra* note 5, at 2.

7. Technologies in the industry of 5G and related devices feature cross-border patent licensing. Cotter, *supra* note 5, at 2.

8. "[F]irms might prefer the ambiguous RAND commitment over a more conventional, explicit pricing term' . . . out of concerns over antitrust liability." *Id.* at 3 n.5 (quoting Doug Lichtman, *Understanding the RAND Commitment*, 47 HOUS. L. REV. 1023, 1027–29, 1046 n.65 (2010)).

9. See generally Contreras, *The New Extraterritoriality*, *supra* note 6, at 255–65. See also *Optis*, [2022] EWCA (Civ) 1411 [13] ("Although the real issue between the parties is as to the FRAND terms for a licen[s]e of the portfolio, it is in the interests of the implementer where possible to challenge validity, essentiality and infringement of the selected patents.").

10. See Contreras, *The New Extraterritoriality*, *supra* note 6, at 265 (quoting Jorge L. Contreras & Michael A. Eixenberger, *The Anti-Suit Injunction – A Transnational Remedy for Multi-Jurisdictional SEP Litigation*, in THE CAMBRIDGE HANDBOOK OF TECHNICAL STANDARDIZATION LAW: COMPETITION, ANTITRUST, AND PATENTS 451 (Jorge L. Contreras ed., 2017)).

11. See *id.* at 277.

12. See *id.* at 280–86.

13. See *Ericsson Inc. v. Samsung Elecs. Co.*, No. 2:20-CV-00380-JRG, 2021 WL 89980, at *8 (E.D. Tex. Jan. 11, 2021).

Texas marks the United States as a jurisdiction granting “anti-ASIs.”¹⁴ The prevalence of ASIs and anti-ASIs demonstrates the slippery slope of parties’ forum shopping and initiating of vexatious litigations. On October 27, 2022, the Court of Appeal of England and Wales ruled that an SEP owner is entitled to an immediate injunction against an SEP implementer before a court decides on the FRAND terms, unless and until the implementer agrees to accept the FRAND terms to be determined.¹⁵

This Note proposes developing the World Intellectual Property Organization (WIPO) arbitration mechanism to resolve the chaos. Part II summarizes the background of FRAND terms. Part III introduces the rationales of courts of different jurisdictions in granting ASIs and ruling on global FRAND terms, examining the most recent decisions by U.K courts and Chinese courts in 2022. Part IV analyzes how the latest issuance of an anti-ASI by the Eastern District of Texas adds complexity that will frustrate the purpose of FRAND, and it summarizes the rationales of courts of different jurisdictions in their recent anti-ASI decisions. Part V analyzes why current proposals fail and proposes a WIPO arbitration mechanism. This Note delves into courts’ detailed reasoning when issuing ASIs and anti-ASIs in different jurisdictions and proposes a dispute resolution mechanism outside the current territorial approach.

II. STANDARD-SETTING ORGANIZATIONS AND FRAND TERMS

Standard-setting organizations and standard development organizations (collectively SSOs)¹⁶ are “industry groups that set common standards in a variety of significant areas.”¹⁷ Many SSOs create bylaws intended as enforceable contracts to bind member companies,¹⁸ or incorporate the bylaws by reference in SSO contracts.¹⁹ “Patents covering technology necessary to comply with a standard are ‘standard-essential patents.’”²⁰ The Institute of Electrical and Electronics Engineers (IEEE), with its Standards Association, develops standards in industries including wired and wireless

14. See *infra* Part IV; see also Cotter, *supra* note 5, at 20–21.

15. Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd. [2022] EWCA (Civ) 1411 [1]–[3], [114] (Eng.).

16. “The term SDO is often used interchangeably with the term SSO (standard setting organization).” Jorge L. Contreras, *Global Rate Setting: A Solution for Standards-Essential Patents?*, 94 WASH. L. REV. 701, 703 n.6 (2019) [hereinafter Contreras, *Global Rate Setting*].

17. Mark A. Lemley, *Intellectual Property Rights and Standard-Setting Organizations*, 90 CALIF. L. REV. 1889, 1892 (2002).

18. The IEEE Bylaw requires members who are a “patent holder or patent applicant” to submit a “Letter of Assurance” to assure licensing when “a [Proposed] IEEE Standard may require the use of a potential Essential Patent Claim”. IEEE-SA STANDARDS BOARD BYLAWS, *supra* note 5, § 6.2.

19. See Lemley, *supra* note 17, . at 1909–10.

20. Mark A. Lemley & Carl Shapiro, *A Simple Approach to Setting Reasonable Royalties for Standard-Essential Patents*, 28 BERKELEY TECH. L.J. 1135, 1136 (2013).

communications, power electronics, and computer technology.²¹ Many IEEE standards require the implementation of technologies patented by IEEE's members.²² When other members need to "implement either a mandatory or optional portion of a normative clause" in IEEE's standards, usually there are "no commercially and technically feasible non-infringing alternative" unpatented technical solutions.²³ As a result, IEEE requests that its members commit to licensing patented or to-be-patented "Essential Patent Claim."²⁴ Such licensing assurances shall either provide "[a] general disclaimer to the effect that the [patent holder would] not enforce any present or future Essential Patent Claims against" other members or "make available a license" for such claims globally, "without compensation or under Reasonable Rates."²⁵

Another major standard-setting organization is the European Telecommunications Standards Institute (ETSI), which "produces globally-applicable standards for Information and Communications Technologies."²⁶ Recognized by the European Union, ETSI has more than 900 members worldwide, including Apple and Qualcomm and their affiliates.²⁷ Like IEEE, ETSI also requires SEP holders to give an irrevocable written commitment to grant irrevocable licenses on FRAND terms and to set conditions for the "manufacture," sale, "lease, or otherwise disposal of equipment" using their SEPs.²⁸

FRAND terms aim to balance the need to reward inventors' efforts in developing SEPs and the need to make such patents available for public

21. "IEEE Standards Association (IEEE SA) is a leading consensus building organization that nurtures, develops and advances global technologies, through IEEE." *About Us*, IEEE STANDARDS ASS'N, <https://standards.ieee.org/about/index.html> [<https://perma.cc/X33Q-6UZZ>] (last visited Jan. 27, 2023); see also *Search Standards*, IEEE STANDARDS ASS'N, <https://standards.ieee.org/standard/> [<https://perma.cc/9S3G-AYVL>] (last visited Jan. 27, 2023) (listing standards developed by IEEE).

22. See IEEE-SA STANDARDS BOARD BYLAWS, *supra* note 5, § 6.1 ("Essential Patent Claim").

23. *Id.*; see also *Broadcom Corp. v. Qualcomm Inc.*, 501 F.3d 297, 310 (3d Cir. 2007). Once a standard includes a patented technology, other industry participants "who have invested significant resources developing products and technologies that conform to the standard will find it prohibitively expensive to abandon their investment and switch to another standard." *Broadcom*, 501 F.3d at 310.

24. IEEE-SA STANDARDS BOARD BYLAWS, *supra* note 5, § 6.2. As leverage, SEP owners' refusal to make irrevocable assurances will preclude the standards from taking effect. See *id.*

25. *Id.*

26. *ETSI: European Telecommunications Standards Institute*, EUR. COMM'N, <https://joinup.ec.europa.eu/collection/etsi-european-telecommunications-standards-institute> [<https://perma.cc/6S9L-CL8A>] (last visited Jan. 27, 2023).

27. *Membership of ETSI*, ETSI, <https://www.etsi.org/membership> [<https://perma.cc/NP6Q-Q4SM>] (last visited Jan. 27, 2023).

28. See ETSI, INTELLECTUAL PROPERTY RIGHTS POLICY § 6.1 (2022), <https://www.etsi.org/images/files/IPR/etsi-ipr-policy.pdf> [<https://perma.cc/RGF2-G538>].

use.²⁹ First, FRAND terms serve to prevent patent “hold ups” and “hold outs.”³⁰ A “hold up” refers to the situation where after an industrial standard incorporates an SEP, the SEP owner “use[s] the threat of an injunction to restrain infringement to extract licence terms” and royalty rates “exceed[ing] the reasonable market value.”³¹ A “hold out” refers to the situation where an implementer of an SEP “implement[s] a technical solution covered by a[n] SEP without paying the reasonable market value for a licence.”³² Therefore, FRAND terms serve to reduce costs for market participants. Second, FRAND aims to save both parties time otherwise spent arguing over the merits of the validity of every single patent in a licensing portfolio.³³ In addition to reasonable monetary compensation, SEP holders may also require reciprocal licensing so that the SEP holders can access any other SEPs held by licensees.³⁴

The proliferation of information and communication technology drives stakeholders to file patent applications, giving rise to rapid growth in the number of SEPs in recent years.³⁵ Despite standard-setting organizations’ role in publishing standards and requiring commitment from SEP holders, out of antitrust concerns the specific licensing conditions are left to parties’ separate and confidential negotiations.³⁶ As a result, due to the lack of detailed FRAND rate-setting guidance, disputes over FRAND terms arise in multiple jurisdictions.³⁷

29. See ETSI, GUIDE ON INTELLECTUAL PROPERTY RIGHTS (IPRs) § 1.1 (2021) [hereinafter ETSI GUIDE ON IPR], <https://www.etsi.org/images/files/IPR/etsi-guide-on-ipr.pdf> [<https://perma.cc/596H-CFJ5>]; see also YANN MÉNIÈRE, EUR. COMM’N JOINT RSCH. CTR., FAIR, REASONABLE AND NON-DISCRIMINATORY (FRAND) LICENSING TERMS: RESEARCH ANALYSIS OF A CONTROVERSIAL CONCEPT 7 (Nikolaus Thumm ed., 2015), <https://publications.jrc.ec.europa.eu/repository/handle/JRC96258> [<https://perma.cc/QZ6U-6ZG5>].

30. See *Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd.* [2022] EWCA (Civ) 1411 [7] (Eng.). See generally Mark A. Lemley, *Ten Things to Do About Patent Holdup of Standards (And One Not To)*, 48 B.C. L. REV. 149 (2007).

31. *Optis*, [2022] EWCA (Civ) 1411 [7]; Such industry participants are usually at disadvantages in negotiating for royalties because they either have to bear the high cost of “switch[ing] to an alternative technology or standard . . . ex post” or stay “locked into the standard and the technologies” with a high royalty. See A. Douglas Melamed & Carl Shapiro, *How Antitrust Law Can Make FRAND Commitments More Effective*, 127 YALE L.J. 2110, 2113 (2018).

32. *Optis*, [2022] EWCA (Civ) 1411 [7].

33. See Lichtman, *supra* note 8, at 1028 (2010).

34. See IEEE-SA STANDARDS BOARD BYLAWS, *supra* note 5, § 6.2.

35. See MÉNIÈRE, *supra* note 29, at 12.

36. See ETSI GUIDE ON IPR, *supra* note 29, § 4.1 (“Specific licensing terms and negotiations are commercial issues between the companies and shall not be addressed within ETSI.”); see also Contreras, *Global Rate Setting*, *supra* note 16, at 705–06, 752–53.

37. See Contreras, *The New Extraterritoriality*, *supra* note 6, at 254.

III. JURISDICTION COMPETITION: ANTI-SUIT INJUNCTIONS AND JUSTIFICATIONS

A. *Justification for Anti-Suit Injunctions*

Courts of multiple jurisdictions, including but not limited to the United Kingdom, the United States, China, Japan, India, and Germany, are frequently involved in anti-suit injunctions or seek to exclusively rule in global FRAND dispute cases to prohibit parties from initiating or continuing parallel litigations in another foreign jurisdiction.³⁸

An ASI against a foreign lawsuit functions to prohibit the parties from bringing a relevant claim in other jurisdictions pending judgment by the order-issuing court.³⁹ The different standards among jurisdictions for securing an ASI produce an incentive for FRAND dispute parties to forum shop.⁴⁰ Therefore, it is necessary first to overview the different standards adopted by major jurisdictions for granting an ASI.

1. *The United States*

In the United States, in the absence of the Supreme Court's decision on a similar issue, circuit courts are split on the standard for granting ASIs.⁴¹ This Part briefly introduces the standards adopted by the Ninth Circuit and Fifth Circuit, which are believed to be among "the best forums" for seeking ASIs in the United States.⁴²

The Ninth Circuit articulated its standard for granting an ASI in *E. & J. Gallo Winery v. Andina Licores S.A.*⁴³ Gallo, a California-based winery, filed suit in California against its distributor, Andina, seeking injunctive relief from a claim Andina had filed in an Ecuadorian court.⁴⁴ Gallo alleged that Andina had disregarded a forum selection clause in the distributorship

38. See generally *id.*

39. See Contreras, *Global Rate Setting*, *supra* note 16, at 724 n.109; see also Contreras, *The New Extraterritoriality*, *supra* note 6, at 266.

40. See Contreras, *The New Extraterritoriality*, *supra* note 6, at 282. Seeking an ASI is considered to be a way to "preserve one's own ability to forum-shop, while preventing the other party from doing so." Cotter, *supra* note 5, at 17.

41. See Alexander Shaknes, *Anti-Suit and Anti-Anti-Suit Injunctions in Multi-Jurisdictional Proceedings*, 21 INT'L L. PRACTICUM 96, 97 (2008).

42. "[T]he Fifth and Ninth Circuits have adopted a liberal standard when granting anti-suit injunctions. . . . The Seventh Circuit has not expressly adopted the liberal standard but appears to support it." *Id.* at 97–98 (footnotes omitted). Some other circuits are believed to have adopted more "restrictive/conservative standards" when granting ASIs. For example, both the Eighth Circuit and Sixth Circuit have ruled that ASIs against foreign proceedings should be granted "only in the rarest of cases." *Id.* (quoting *Goss Int'l Corp. v. Man Roland Druckmaschinen Aktiengesellschaft*, 491 F.3d 355, 359 (8th Cir. 2007)).

43. See generally *E. & J. Gallo Winery v. Andina Licores S.A.*, 446 F.3d 984 (9th Cir. 2006).

44. *Id.* at 987–88.

agreement.⁴⁵ The Ecuadorian suit was still pending when Gallo petitioned for an ASI in California.⁴⁶

The Ninth Circuit lays out three issues when granting an ASI: First, a court should decide “whether or not the parties and the issues” of each litigation “are the same,” and “whether or not the first action is dispositive of the action to be enjoined.”⁴⁷ Second, based on *In re Unterweser Reederei GmbH*, it should consider whether the foreign litigation would “(1) frustrate a policy of the forum issuing the injunction; (2) be vexatious or oppressive; (3) threaten the issuing court’s *in rem* or *quasi in rem* jurisdiction; or (4) where the proceedings prejudice other equitable considerations” (*Unterweser* factors).⁴⁸ Third, if any one of the *Unterweser* factors is present, the court needs to consider “if the impact on comity is tolerable.”⁴⁹

In *Gallo*, the Ninth Circuit reversed the trial court’s denial of an ASI. The Ninth Circuit reasoned that, in this case, issuing an ASI was the only way to effectively enforce the forum selection clause agreed upon by both parties.⁵⁰ In addition, the choice-of-law clause made the courts of California more competent.⁵¹ The Ninth Circuit found no international comity concern here because, in light of the contract dispute, both parties are private parties, and the government of Ecuador was not involved.⁵² The Ninth Circuit rejected the district court’s approach that “comity barred the anti-suit injunction.”⁵³ Rather, the Ninth Circuit held that comity is not breached anytime parties “evade the enforcement of an otherwise-valid forum selection clause” and “rush to another forum and file suit” because “the obligation of comity expires when the strong public policies of the forum are vitiated,” such as when a party breaches a forum selection clause.⁵⁴

45. *Id.* The forum selection clause, in this case, reads:

This agreement is entered into under the laws of the State of California, U.S.A., and shall be construed thereunder, and any cause of action arising between the parties, whether under this agreement or otherwise, shall be brought only in a court having jurisdiction and venue at the home office of Winery.

Id. at 987. “Winery” refers to Gallo, headquartered in Modesto, California. *Id.*

46. *Id.* at 988–89.

47. *Id.* at 991 (quoting *Sun World, Inc. v. Lizarazu Olivarría*, 804 F. Supp. 1264, 1267 (E.D. Cal. 1992)).

48. *Id.* at 990 (quoting *Seattle Totems Hockey Club, Inc. v. Nat’l Hockey League*, 652 F.2d 852, 855 (9th Cir. 1981)). The four factors were first cited in *In re Unterweser Reederei GmbH*, 428 F.2d 888, 890 (5th Cir. 1970).

49. *Gallo*, 446 F.3d at 991.

50. *Id.* at 993–95.

51. *Id.* at 994.

52. *Id.*

53. *Id.*

54. *Id.* at 994–95 (quoting *Laker Airways Ltd. v. Sabena, Belgian World Airlines*, 731 F.2d 909, 937 (D.C. Cir. 1984)).

The Fifth Circuit has adopted a similar standard in granting ASIs. When granting an ASI enjoining foreign lawsuits, the Fifth Circuit seeks to balance “the need to ‘prevent vexatious or oppressive litigation’ and to ‘protect the court’s jurisdiction’ against the need to defer to principles of international comity.”⁵⁵ The Fifth Circuit also rejects barring an ASI based only on international comity concerns.⁵⁶ Additionally, the Fifth Circuit followed the *Unterweser* factors and noted that comity should not “dominate [the] analysis” in an ASI decision.⁵⁷ A party’s filing of a suit in a foreign court after the counterparty has already filed an identical claim in a U.S. court is regarded as “cynicism, harassment, and delay,” thus justifying an ASI.⁵⁸

2. *The United Kingdom*

In the United Kingdom, as in the Ninth Circuit, equity concerns lead courts to grant ASIs to uphold the parties’ contractual promises regarding forum selection or arbitration.⁵⁹ English courts have the power to grant an injunction “if the bringing of the suit in the foreign court is in the circumstances so unconscionable that in accordance with our principles of a ‘wide and flexible’ equity it can be seen to be an infringement of an equitable right of the applicant.”⁶⁰ The injunction is widely granted in cases involving arbitration agreements. For example, in *Joint Stock Asset Management Co. Ingosstrakh-Investments v. BNP Paribas SA*, the Court of Appeal upheld an ASI against parallel litigation in Russia when a party to an arbitration agreement colluded with a non-contractual party to impede

55. *MWK Recruiting Inc. v. Jowers*, 833 F. App’x 560, 562 (5th Cir. 2020) (quoting *Karaha Bodas Co. v. Perusahaan Pertambangan Minyak Dan Gas Bumi Negara*, 335 F.3d 357, 364 (5th Cir. 2003)).

56. *Id.*

57. *Id.* (citing *Kaepa, Inc. v. Achilles Corp.*, 76 F.3d 624, 627 (5th Cir. 1996)).

58. *Kaepa*, 76 F.3d at 628.

59. “In England, anti-suit injunctions are routinely granted in cases of violation of a forum selection clause. . . . ‘In the circumstances, a claim for damages for breach of contract would be a relatively ineffective remedy. . . .’” *Gallo*, 446 F.3d at 993. See also *Inside Arbitration: ASIS to the Rescue Using Anti-Suit Injunctions to Protect an Arbitration Agreement*, HERBERT SMITH FREEHILLS (Feb. 25, 2021), <https://www.herbertsmithfreehills.com/latest-thinking/inside-arbitration-asis-to-the-rescue-using-anti-suit-injunctions-to-protect-an> [<https://perma.cc/9M8N-6Y5L>]. “There is no good reason for diffidence in granting an injunction to restrain foreign proceedings on the clear and simple ground that the defendant has promised not to bring them.” PRAC. L. ARB., REMEDIES FOR BREACH OF THE ARBITRATION AGREEMENT: ANTI-SUIT INJUNCTIONS IN THE ENGLISH COURTS, WESTLAW, [https://www.westlaw.com/6-382-1125?transitionType=Default&contextData=\(sc.Default\)&VR=3.0&RS=cblt1.0](https://www.westlaw.com/6-382-1125?transitionType=Default&contextData=(sc.Default)&VR=3.0&RS=cblt1.0) (last visited Jan. 27, 2023) (quoting *Aggeliki Charis Compania Maritima SA v. Pagnan SpA (The Angelic Grace)* [1995] 1 Lloyd’s Rep. 87 [96] (Eng.)).

60. Richard W. Raushenbush, *Antisuit Injunctions and International Comity*, 71 VA. L. REV. 1039, 1062 (1985) (quoting *British Airways Bd. v. Laker Airways* [1985] AC 58 (HL) 60 (appeal taken from Eng.)).

arbitration.⁶¹ In discussing whether the English court is a *forum conveniens*, the court held that such foreign proceedings were “vexatious” and “unconscionable.”⁶² Concerning comity, the Court of Appeal reasoned that because judges of different legal systems may rule on a matter under different legal policies, such difference is not “a breach of customary international law or manifest injustice.”⁶³ The Court of Appeal held that with an exclusive jurisdiction clause, unlike “a contract governed by English law with a non-exclusive English jurisdiction clause,” comity “does not preclude the right . . . to an anti-suit injunction.”⁶⁴

3. China

China has adopted a civil law system, unlike the United States and the United Kingdom. As a type of civil injunction, an ASI is listed in its codified civil procedure law and granted under the following statutory judicial interpretations. A party is entitled to an injunction if another party to the lawsuit causes difficulty in enforcing a judgment or causes harm to the moving party for any other reason.⁶⁵ Specifically for an intellectual property-related lawsuit, Chinese courts focus on a mixture of factual basis, legal basis, and policy concerns, including, among others, whether the applicant has a “stable” intellectual property right, whether the applicant would suffer “irreparable damage,” whether the decision would be “difficult to enforce,” and whether the “public interest” would be harmed due to the injunction.⁶⁶ The law also requires Chinese courts to weigh the potential damage to the applicant without an injunction against potential damage to the respondent with an injunction.⁶⁷ The law takes “significant reduction in

61. Joint Stock Asset Mgmt. Co. *Ingostrakh-Invs. v. BNP Paribas SA* [2012] EWCA (Civ) 644 [2], [86] (Eng.).

62. *Id.* [51].

63. *Id.* [67] (quoting *Deutsche Bank AG v. Highland Crusader Offshore Partners LP* [2009] EWCA (Civ) 725, (2009) 2 All ER (Comm.) 987, [2010] 1 WLR 1023 [50]).

64. *Id.* [68]. The difference between a contract with and without an exclusive jurisdiction clause is essential in FRAND disputes because many SSO policies have governing law provisions without exclusive jurisdiction clauses. *See infra* Section III.B.

65. *See* *Minshi Susong Fa* (民事诉讼法) [Civil Procedure Law] (promulgated by the Nat’l People’s Cong., Apr. 9, 1991; rev’d by the Standing Comm. Nat’l People’s Cong., June 27, 2017, effective July 1, 2017), art. 100, 2017 STANDING COMM. NAT’L PEOPLE’S CONG. GAZ. 508, 517 (China).

66. *See* *Zuigaorenminfayuan Guanyu Shencha Zhishichanquan Jiufen Xingweibaoquan Anjian Siyongfalü Ruogan Wentide Jueding* (最高人民法院关于审查知识产权纠纷行为保全案件适用法律若干问题的规定) [Provisions of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Review of Act Preservation in Intellectual Property Disputes] (promulgated by the Sup. People’s Ct., Dec. 12, 2018, effective Jan. 1, 2019), art. 7, 2018 SUP. PEOPLE’S CT. GAZ., <https://www.court.gov.cn/zixun-xiangqing-135341.html> (China).

67. *Id.*

the relevant market share” as a form of “irreparable damage” in intellectual property rights and unfair competition cases.⁶⁸

B. Anti-Suit Injunctions in FRAND Disputes

Despite the established precedent for granting ASIs in other types of disputes, granting ASIs in FRAND disputes may create ripples.

First, an ASI is a powerful tool to tip over the bargaining power in FRAND negotiations.⁶⁹ In a FRAND dispute, a potential licensee of SEPs usually files a breach of contract claim as a third-party contract beneficiary against SEP holders and asks courts to decide a reasonable royalty rate.⁷⁰ To gain more robust bargaining power, parties of FRAND disputes file patent invalidation processes, patent infringement, and anticompetition lawsuits targeting the other party’s patents in other jurisdictions.⁷¹ But the ultimate goal is to reach a favorable licensing rate, not to pursue patent

68. *Id.* art. 10.

69. In an SEP licensing negotiation, the resulting license terms are “heavily influenced by [parties’] predictions” as to the court’s possible decision in the infringement lawsuit concerning the SEPs. Melamed & Shapiro, *supra* note 31, at 2114. In the FRAND dispute between Huawei and Samsung, the Northern District of California acknowledged that “[t]he Chinese injunctions would likely force [Samsung] to accept Huawei’s licensing terms, before any court has an opportunity to adjudicate the parties’ breach of contract claims.” *Huawei Techs., Co. v. Samsung Elecs. Co.*, No. 3:16-CV-02787-WHO, 2018 WL 1784065, at *10 (N.D. Cal. Apr. 13, 2018).

70. *See, e.g.*, *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 878 (9th Cir. 2012).

71. *See Huawei Techs.*, 2018 WL 1784065 at *2–3 (Huawei and Samsung began SEP FRAND licensing negotiation in 2011. On May 24, 2016, Huawei filed SEP infringement claims in the Northern District Court of California, and sought to “enjoin Samsung from ‘seeking injunctive relief against Huawei (including affiliates) in any jurisdiction’ with respect to any alleged infringement of any patent essential to 3GPP standards.” Huawei further filed 11 SEP infringement cases in China and obtained injunction from Chinese court to “enjoin[] Samsung’s Chinese affiliates from manufacturing and selling its 4G LTE standardized smartphones in China.”); *see also* *TCL Commc’n Tech. Holdings Ltd. v. Telefonaktiebolaget LM Ericsson*, 943 F.3d 1360, 1364–65 (Fed. Cir. 2019) (In 2012, Ericsson filed patent infringement lawsuits against TCL for Ericsson’s 3G technologies in France, the United Kingdom, Brazil, Russia, Argentina, and Germany. TCL initiated this action seeking a declaratory judgment of FRAND rates in March 2014 in California after negotiations with Ericsson for its 4G technology SEP portfolio on FRAND terms failed. Ericsson filed a suit against TCL in Texas in June 2014 alleging infringement of two SEPs.); *Apple Inc. v. Qualcomm Inc.*, No. 3:17-CV-00108-GPC-MDD, 2017 WL 3966944, at *4–5 (S.D. Cal. Sept. 7, 2017) (stating that after the FRAND negotiation failed between Apple and Qualcomm, Apple filed “a total of eleven lawsuits against Qualcomm and its subsidiaries in the United Kingdom, Japan, [Mainland] China, and Taiwan,” and introducing the court’s reasoning for refusing an ASI upon request by Qualcomm). On March 14, 2019, Qualcomm announced that “a jury in the U.S. District Court for the Southern District of California . . . awarded Qualcomm \$31 million in damages for infringement of the patents” and that “[i]n the past six months, patent courts in China and Germany have ruled that Apple is infringing additional Qualcomm non-standard essential patents and issued injunctions on infringing devices.” Press Release, Qualcomm, Qualcomm Wins Patent Infringement Case Against Apple in San Diego (Mar. 14, 2019), <https://www.qualcomm.com/news/releases/2019/03/qualcomm-wins-patent-infringement-case-against-apple-san-diego> [<https://perma.cc/WD4Z-S2PJ>]. The disputes between Apple and Qualcomm serve as a typical example of deadlock litigations resulting from a failed FRAND negotiation and a court’s refusal to grant an ASI.

infringement or invalidation of patents.⁷² Therefore, an ASI aims to stop the deadlock of parties endlessly filing patent invalidation and patent enforcement lawsuits as an “important tactical weapon.”⁷³ The FRAND lawsuit then will provide a one-basket disposition of royalty rates under FRAND terms, even if the validity of such patents is the basis for FRAND negotiations and may still be subject to review in other jurisdictions.⁷⁴

Second, the influence of ASIs in such FRAND litigations reaches beyond the parties of the dispute. While the validity of SEPs or actual infringement is not fully adjudicated, the FRAND regime between the two parties provides a critical reference to negotiations between the other holders of SEPs.⁷⁵ In addition, a settlement pushed by ASIs may influence the competitiveness of other industrial players. For example, after the United States District Court for the Southern District of California denied Qualcomm’s motion for an ASI in its FRAND dispute with Apple,⁷⁶ both parties dropped all litigation worldwide and entered into a global patent license agreement for smartphones.⁷⁷ The settlement between Apple and Qualcomm on FRAND disputes not only boosted Qualcomm’s stock price⁷⁸ but also hurt Intel’s 5G modem business as Apple switched back to Qualcomm’s technology.⁷⁹

72. Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd. [2022] EWCA (Civ) 1411 [13] (Eng.).

73. *Id.* [11]–[13]. An ASI may especially function “to restrain a party from ‘potentially fraudulent’ foreign litigation.” *Microsoft Corp.*, 696 F.3d at 888 (quoting *E. & J. Gallo Winery v. Andina Licores S.A.*, 446 F.3d 984, 993 (9th Cir. 2006)).

74. *See generally* *Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024 (9th Cir. 2015).

75. *See* Richard A. Epstein & Kayvan B. Noroozi, *Why Incentives for “Patent Holdout” Threaten to Dismantle FRAND, and Why It Matters*, 32 *BERKELEY TECH. L.J.* 1381, 1419–20 (2017). LG refused Core Wireless’s invitation to negotiate for a license on a portfolio of SEPs and non-SEPs and preferred to “wait until another major cell phone manufacturer licensed the portfolio, at which point LG intended to be ‘a follower’ in the established royalty scheme.” *Id.* at 1420 (quoting *Core Wireless Licensing S.a.r.l. v. LG Elecs., Inc.*, No. 2:14-CV-912-JRG, 2016 WL 10749825, at *1 (E.D. Tex. Nov. 2, 2016)).

76. *See Apple Inc.*, 2017 WL 3966944, at *1.

77. *See* Press Release, Apple, Qualcomm and Apple Agree to Drop All Litigation (Apr. 16, 2019), <https://www.apple.com/newsroom/2019/04/qualcomm-and-apple-agree-to-drop-all-litigation/> [<https://perma.cc/RQ3M-49Y7>].

78. *See* David Faber & Kif Leswing, *Qualcomm Surges After Announcing a Settlement with Apple Over Patent Royalties*, CNBC (Apr. 17, 2019, 5:49 AM), <https://www.cnbc.com/2019/04/16/apple-qualcomm-settle-royalty-dispute-sources-say.html> [<https://perma.cc/8EWX-CN2A>].

79. *See* Jeremy Horwitz, *Intel Exits 5G Phone Modem Business After Apple-Qualcomm Settlement*, VENTUREBEAT (Apr. 16, 2019, 4:45 PM), <https://venturebeat.com/2019/04/16/intel-exits-5g-phone-modem-business-after-apple-qualcomm-settlement/> [<https://perma.cc/F2PV-TYV7>] (stating that upon Apple’s announcement of a settlement with Qualcomm, Intel announced its exit from the 5G modem competition in smartphone market). Other players in the 5G modem competition were also influenced. *See* Jack Gold, *Apple-Qualcomm 5G Settlement Isn’t a Simple Case of Winner and Loser*, VENTUREBEAT (Apr. 23, 2019, 2:10 PM), <https://venturebeat.com/2019/04/23/apple-qualcomm-5g-settlement-isnt-a-simple-case-of-winner-and-loser/> [<https://perma.cc/GV4Y-M2DN>].

The benefits of having an ASI in hand drive major technology giants' "race to the courthouse" . . . to quickly file suits in their preferred jurisdiction" when a FRAND negotiation fails.⁸⁰ Courts favoring higher FRAND rates can also build up a reputation for favoring ASIs by proactively granting ASIs, which in turn encourages forum shopping.⁸¹ However, when patent validity serves as a basis for FRAND negotiation, there are several issues worth discussing when ASIs are granted in such FRAND disputes.

1. *Contract Dispute vs. Patent Enforcement*

Though multiple courts may have jurisdiction over a contractual dispute, only the court of the patent-issuing state has jurisdiction over the validity and enforcement of a patent.⁸² Granting ASIs in FRAND disputes differs from the situation in *Gallo*. First, the *Gallo* standard easily justified an ASI by relying on a forum selection clause. However, in a FRAND dispute, parties have not yet agreed on forum selection. The commitment to a FRAND license is merely a basis for a private negotiation.⁸³ Second, while a patent's validity and enforceability determine its licensing royalty, courts have generalized FRAND disputes as contract disputes, averting themselves from ruling on the fundamental issue of validity and enforceability of the licensed patents.⁸⁴ This situation creates the contract-patent dispute dichotomy.⁸⁵ Although courts of various jurisdictions generally adopt the contract dispute route, the detailed justifications for their jurisdiction over global FRAND licensing differ.

In the United States, in *Microsoft Corp. v. Motorola, Inc.*, Microsoft filed a breach-of-contract lawsuit as a third-party beneficiary against Motorola in the Western District of Washington, alleging that Motorola breached its

80. See Eli Greenbaum, *No Forum to Rule Them All: Comity and Conflict in Transnational FRAND Disputes*, 94 WASH. L. REV. 1085, 1102 (2019) [hereinafter Greenbaum, *No Forum to Rule Them All*].

81. See *id.* at 1101.

82. "[I]f the district court had based its injunction in an expectation that U.S. patent claims could dispose of German patent claims, then it would have erred." *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 883 (9th Cir. 2012) (citing *Stein Assocs., Inc. v. Heat & Control, Inc.*, 748 F.2d 653, 658 (Fed. Cir. 1984) (acknowledging that "[o]nly a British court, applying British law, can determine validity and infringement of British patents")).

83. See Daryl Lim, *Standard Essential Patents, Trolls, and the Smartphone Wars: Triangulating the End Game*, 119 PA. ST. L. REV. 1, 29 (2014). Note that not every country relies on a third-party beneficiary theory as a basis for a contract dispute. For example, German courts do not accept the third-party beneficiary theory and thus rejected Motorola's FRAND commitment as a contract dispute. See *Microsoft*, 696 F.3d at 879–80.

84. "[I]ntricate negotiations over patent validity and patent value would take an enormous amount of time," and commitment to a specific royalty could be conditional on additional information. Lim, *supra* note 83, at 26 (quoting Lichtman, *supra* note 8, at 1028).

85. *Microsoft*, 696 F.3d at 884.

contractual obligations to the International Telecommunication Union (ITU) and IEEE for unreasonable license offers for its SEPs.⁸⁶ The lawsuit was filed under Washington state contract law.⁸⁷ The ITU's Common Patent Policy requires SEPs to be "accessible to everybody without undue constraints," and a SEP owner is asked to commit to "negotiate licenses with other parties on a non-discriminatory basis on reasonable terms and conditions."⁸⁸ However, the Common Patent Policy does not specify details for qualifying licensing terms.⁸⁹ As a result, the parties soon stalled into a deadlock of filing patent infringement lawsuits against each other. Motorola's affiliate sued Microsoft's affiliate in Germany, alleging infringement of two German patents, seeking to prevent Microsoft from selling any products using the German patents in Germany.⁹⁰ In response, "Microsoft moved the [U.S.] district court for a temporary restraining order ("TRO") and preliminary injunction to enjoin Motorola from enforcing any German injunctive relief it might obtain."⁹¹

In reviewing the district court's grant of injunction relief, the Ninth Circuit spotted the contract-patent dispute dichotomy and opted for the contract dispute route.⁹² First, to circumvent the territorial limit of patent validity and infringement claims, the Ninth Circuit reasoned that the issue before the U.S. court was a "contract interpretation" related to the patent licensing, not the validity or infringement of such patents.⁹³ Second, the Ninth Circuit took a step further and held that the contract dispute action in the U.S. court was dispositive of the dispute between the parties, including "the patents at issue in the German suit" because Motorola made an implicit promise under the ITU's Common Patent Policy to refrain from seeking an injunction to stop Microsoft from implementing its SEPs worldwide.⁹⁴ The Ninth Circuit justified its ASI as an enforcement of Motorola's commitment under contract law without stepping on the German court's jurisdiction on

86. *Microsoft*, 696 F.3d at 878.

87. *Id.*

88. *Id.* at 876.

89. *Id.*

90. *Id.* at 879. The German court ruled in favor of Motorola's claim, including an injunction prohibiting Microsoft from "offering, marketing, using or importing or possessing" its Xbox360 products in Germany. *Id.* at 879–80. This also facilitated Motorola's litigation plan to gain bargaining power from the German patent litigation. *See id.* at 878.

91. *Id.* at 880.

92. "But the district court did not base its injunction on the pendency of parallel patent proceedings. Rather, it is Microsoft's Washington state *contract* claims that the district court determined could resolve the German patent claims." *Id.* at 883. "When that contract is enforced by a U.S. court, the U.S. court is not enforcing German patent law but, rather, the private law of the contract between the parties." *Id.* at 884.

93. *Id.* at 883 (citing *Western Elec. Co. v. Milgo Elec. Corp.*, 450 F. Supp. 835, 838 (S.D. Fla. 1978)).

94. *Id.* at 883–84.

the validity and enforcement of German patent claims.⁹⁵ The Ninth Circuit then upheld the district court's ruling that the German infringement lawsuit was "duplicative and vexatious" because Motorola picked two out of approximately 100 patents to claim infringement to exert "external pressure" and "harass Microsoft with the threat of an injunction removing its products from a significant European market" before the U.S. court ruled on the FRAND contractual dispute.⁹⁶

The *Microsoft v. Motorola* decision is quite limited in scope—its reasoning applies only when the SEP owner files a patent infringement claim against an SEP implementer in a foreign jurisdiction.⁹⁷ The judgment raises more questions than answers: Should there be a priority between decisions on patent validity and FRAND rate-setting when patent validity is the prerequisite of patent licensing?⁹⁸ Should the "same issue" inquiry focus on the actual impact of the litigations on a FRAND negotiation or facial dichotomy of contract dispute/patent enforcement? Nevertheless, the decision confirmed the application of the *Gallo* standard in FRAND-related ASI disputes and opened the door for courts granting ASIs in SEP licensing negotiations.

The U.K. Supreme Court also treats FRAND disputes as contract disputes. In its decision in *Unwired Planet International Ltd. v. Huawei Technologies (UK) Co.*, the court construed ETSI's IPR Policy and contractual framework as being "governed by French law" and Clause 6 of ETSI's IPR Policy as an SEP owner's "irrevocable undertaking or contract" to grant a patent license to SEP implementers, leaving the details of the FRAND licensing unspecified.⁹⁹ An SEP owner limits its ability to seek an injunction in exchange for ensuring the validity of such patents goes

95. *Id.*

96. *Id.* at 886.

97. The Northern District of California reasons that differences in parties' positions in an ASI motion and the decision of the foreign court matter when courts rule on ASI motions. *See Huawei Techs., Co. v. Samsung Elecs. Co.*, No. 3:16-CV-02787-WHO, 2018 WL 1784065, at *7 (N.D. Cal. Apr. 13, 2018).

98. "[P]atents are probabilistic rights and allowing patentees to bargain based on the presumptions of validity and infringement would allow them to 'extract far more in expectation than in a process in which validity and infringement could be determined instantaneously.'" Lim, *supra* note 83, at 46 (quoting Kai-Uwe Kühn, *Justifying Antitrust Intervention in ICT Sector Patent Disputes: How to Address the Hold-Up Problem*, 9 COMPETITION POL'Y INT'L 100, 105 (2013)).

99. *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [5], [6], [12] (appeal taken from Eng.), <https://www.supremecourt.uk/cases/docs/uksc-2018-0214-judgment.pdf> [<https://perma.cc/3LVG-NAPV>].

unchallenged.¹⁰⁰ The U.K. Supreme Court regards the IPR Policy as an industry-wide enforceable contract among ETSI members.¹⁰¹

Likewise, the Supreme People's Court of the People's Republic of China recently held that a FRAND dispute is a contract formation dispute, ruling on a jurisdictional challenge raised by Nokia Corporation and its affiliates against OPPO Guangdong Mobile Communications Co.¹⁰² The Supreme People's Court reasoned that once an SEP holder promises to license under FRAND terms, the court is no longer ruling on the eligibility of SEP licensing, but rather on the specific licensing conditions.¹⁰³ Therefore, "a dispute arising from a negotiation of FRAND terms is a contract formation dispute, which is, in principle, a contract dispute."¹⁰⁴

Despite its prevalence among courts of different jurisdictions, the contract dispute route has limitations in practice. In *Apple Inc. v. Qualcomm Inc.*, the Southern District of California explicitly declined to extend *Microsoft* to foreign litigations initiated by SEP implementers because an implementer has not made any similar commitment to ETSI.¹⁰⁵ In contrast to *Microsoft*, where Motorola's commitment to FRAND terms effectively mooted Motorola's right to bring patent enforcement actions in a foreign court, in *Apple*, Apple is a third-party beneficiary and is not prevented from challenging the validity of Qualcomm's patents nor questioning anti-competitive actions related to such patents by Qualcomm under foreign laws.¹⁰⁶ The court found Apple's use of such claims was not vexatious because "antitrust laws differ significantly from jurisdiction to jurisdiction" and Apple had "a reasonable interest in challenging Qualcomm's patents forum by forum" to verify the validity and essentiality of Qualcomm's patents before it could agree to a cross-license arrangement and a FRAND rate with Qualcomm.¹⁰⁷ The reasoning in *Apple* casts doubt on the rationale

100. *Id.* [61] ("The IPR Policy imposes a limitation on a SEP owner's ability to seek an injunction, but that limitation is the irrevocable undertaking to offer a licen[s]e of the relevant technology on FRAND terms, which if accepted and honoured by the implementer would exclude an injunction.").

101. *Id.* [8] ("The ETSI IPR Policy . . . is a contractual document, governed by French law. It binds the members of ETSI and their affiliates . . . By requiring an IPR holder whose invention appears to be an Essential IPR to give an irrevocable undertaking to grant a licen[s]e of the IPR on FRAND terms, it creates a 'stipulation pour autrui', in other words an obligation which a third-party implementer can enforce against the IPR holder. The IPR Policy falls to be construed, like other contracts in French law, by reference to the language used in the relevant contractual clauses of the contract and also by having regard to the context.").

102. Nokia Corporations Su OPPO Guangdong YidongTongxin Youxian Gongsi (诺基亚公司诉OPPO 广东移动通信有限公司) [Nokia Corp. v. OPPO Guangdong Mobile Commc'ns Co.], (2022) ZuiGaoFa Zhimin Xiazhong No. 167 (Sup. People's Ct. 2022) (China).

103. *Id.*

104. *Id.*

105. *Apple Inc. v. Qualcomm Inc.*, No. 3:17-CV-00108-GPC-MDD, 2017 WL 3966944, at *10 (S.D. Cal. Sept. 7, 2017).

106. *Id.*

107. *Id.* at *13.

courts apply when granting ASIs in FRAND disputes: when a foreign country's public concern—for example, market competition—is under review in a foreign jurisdiction, should a court ruling on a FRAND dispute still enjoin parties from continuing lawsuits in a foreign court?¹⁰⁸ In response, courts of different jurisdictions provide different justifications.

2. *Justifications for Jurisdiction*

While the courts use similar factors—including the nature of FRAND disputes, nationality of patents, and judicial efficiency—to justify their jurisdiction for global FRAND terms, the persuasive weight given to each factor is different. For example, U.S. and U.K. courts focus more on domestic implications by exclusively ruling on a global FRAND rate. China, on the other hand, focuses its analysis much more significantly on seeking the best venue out of all the international venues in which to handle the global FRAND rate.

a. *The United States*

As discussed earlier, U.S. courts rely heavily on the contract-dispute theory. In *Microsoft*, the Ninth Circuit reasoned that while patent rights are enforceable under foreign laws within the granting territory, a party could still agree to reserve or limit rights related to a foreign patent “in a contract enforceable in U.S. courts.”¹⁰⁹ Even absent a forum selection clause, when an SEP holder promises to license its SEP worldwide and avail itself of a U.S. court, the Ninth Circuit saw a “broader principle” that courts should “give effect to freely made contractual agreements” before it under “the private law of the contract.”¹¹⁰

b. *The United Kingdom*

The U.K. Supreme Court justifies its jurisdiction on ruling on a global FRAND rate, instead of U.K. patents only, in its opinion in *Unwired Planet v. Huawei*.¹¹¹ Though no ASIs were issued, the U.K. Supreme Court discussed extensively its justification for deciding a global FRAND rate, disregarding the fact that the parties have filed patent infringement lawsuits and even FRAND term lawsuits in other jurisdictions.¹¹² While U.S. courts

108. *Id.* at *17–18.

109. *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 884 (9th Cir. 2012).

110. *Id.* at 884–85.

111. *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [25], [171] (appeal taken from Eng.).

112. *Id.* [31], [34].

mainly focus on SEP owners' breach of commitment to SSOs, the U.K. Supreme Court mainly focuses on preventing SEP implementers overstepping the protection rendered by SSOs.¹¹³ This is also evidenced by the recent decision in *Optis v. Apple* by the U.K. Court of Appeals, in which the court explained that an ASI in a FRAND dispute seeks to both prevent "hold-up" by SEP owners and "hold-out" by SEP implementers.¹¹⁴

In *Unwired Planet v. Huawei*, Unwired Planet became an SEP owner by acquiring a portfolio of SEPs from Ericsson.¹¹⁵ Huawei obtained a license from Ericsson but continued to use the technology after the license expired in 2012.¹¹⁶ Unwired Planet sued Huawei for infringement of five out of the twenty-nine U.K. patents.¹¹⁷ Unwired also filed similar complaints in Germany simultaneously,¹¹⁸ while Huawei challenged the validity of Unwired's patents in China.¹¹⁹

In the same decision, the U.K. Supreme Court also ruled on the FRAND dispute between Conversant Wireless Licensing, Huawei, and ZTE Corp. Conversant is an intellectual property licensing company registered in Luxembourg and acquired a portfolio of about 2,000 Nokia patents and applications covering more than forty countries.¹²⁰ It performs licensing declaration for ETSI based on Nokia's SEPs.¹²¹ Conversant sued Huawei and ZTE, both telecommunications technology companies headquartered in China, in England, and asked the court to determine a global FRAND term.¹²² Before the hearings in U.K. courts, Huawei and ZTE challenged the validity of Conversant's eleven Chinese patents, eight of which were ruled invalid in China.¹²³ In the patent invalidation proceedings in China, Huawei and ZTE also "offered Conversant to allow the Chinese courts to address global FRAND terms and rates."¹²⁴ Conversant rejected the offer.¹²⁵ Besides the U.K. and Chinese proceedings, the parties filed lawsuits in other jurisdictions. Conversant also sued Huawei, ZTE, and their German subsidiaries in Germany for infringement of German patents.¹²⁶

113. *Id.* [59], [61].

114. *Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd.* [2022] EWCA (Civ) 1411 [7] (Eng.).

115. *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [16] (appeal taken from Eng.).

116. *Id.*

117. *Id.* The portfolio covers a total of 276 patents or applications of patents covering 42 countries. *Id.*

118. *Id.* [19].

119. *Id.* [22].

120. *Id.* [17].

121. *Id.*

122. *Id.* [30].

123. *Id.* [31], [34].

124. *Id.* [34].

125. *Id.*

126. *Id.* [31].

The U.K. Supreme Court affirmed the trial court's decision that U.K. courts have jurisdiction over a global FRAND license.¹²⁷ The U.K. Supreme Court justified its jurisdiction for three reasons.

First, in response to Huawei's challenge that U.K. courts are "setting themselves up as a de facto global licensing tribunal,"¹²⁸ the U.K. Supreme Court reasoned that the practice of ruling on a global FRAND in an appropriate case is in line with the practices of other jurisdictions.¹²⁹

Second, the U.K. Supreme Court agreed with U.S. courts that the nature of the contractual arrangement between SEP holders and implementers enables a court to enforce the FRAND agreement in its own jurisdiction.¹³⁰ While the U.S. courts focus on SEP holders' promise not to bring a patent infringement lawsuit, the U.K. Supreme Court focused on SEP implementers' benefit of accepting a FRAND license.¹³¹ Following this logic, the U.K. court viewed SEP implementers' rights under FRAND license as an exchange for "exclud[ing] the risk of [prohibitory] injunction" otherwise entitled to SEP owner.¹³² U.K. courts now view FRAND arrangements as bilateral: the implementers are also contractually obligated to accept FRAND terms.¹³³ After establishing the contractual nature of the dispute, the U.K. Supreme Court justifies its jurisdiction as a national court over the global FRAND dispute as a result of parties' choice to enforce the contracts, when absent an international tribunal.¹³⁴ The parties' choice is demonstrated by SEP owners' right to seek injunctive relief for an English patent if they are found complying with FRAND obligation and SEP implementers' contractual defense under the ETSI IPR Policy.¹³⁵

Third, in response to ZTE's argument that China is a more suitable venue,¹³⁶ the U.K. Supreme Court looked for a "more suitable as a forum for the determination of the dispute between the parties."¹³⁷ The rationale for

127. *Id.* [25], [84].

128. *Id.* [66].

129. *Id.* [67]. After an examination of court decisions in the United States, Germany, China, Japan, and the European Commission, the U.K. Supreme Court reasoned that it is not deviating from the practices of other jurisdictions. *Id.* [68]–[83].

130. *Id.* [88].

131. *Id.*

132. *Id.*

133. *Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd.* [2022] EWCA (Civ) 1411 [68] (Eng.) (“[S]eeking a licen[s]e on FRAND terms must involve agreeing to take a licen[s]e on terms that are objectively FRAND.”).

134. *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [90] (appeal taken from Eng.).

135. *Id.* [90].

136. ZTE's argument is also called *forum non conveniens*. ZTE argued that China is a more appropriate jurisdiction to resolve the FRAND dispute in this case because Chinese courts have already been ruling on patent enforcement claims. *See Unwired*, [2020] UKSC 37 [57].

137. *Id.* [94].

determining such a forum should not compel the owner of patent portfolios to enforce patents granted in other countries that the owner does not seek to enforce in the current case.¹³⁸ The U.K. Supreme Court rejected China as a more suitable forum for two reasons. First, ZTE failed to prove that China is a more appropriate jurisdiction.¹³⁹ The parties had not agreed on litigating the case in China since Conversant had declined Chinese courts' jurisdiction over the FRAND dispute.¹⁴⁰ Also, the prospect of Chinese courts determining a global FRAND license is "no more than speculative."¹⁴¹ Second, in such a dispute, the SEP owner, not the implementer, should not be forced to change its decision on which patents to enforce merely because of "a common FRAND defence."¹⁴² The U.K. Supreme Court insisted on ruling on a global FRAND rate notwithstanding identical claims in other jurisdictions and refused to grant further stay due to the "adverse commercial effect of further delay" for enforcing the SEP owner's right.¹⁴³

c. China

China's Supreme People's Court, in its most recent 2022 decision in *Nokia v. OPPO*, justified itself as the proper venue for setting global FRAND terms between parties by emphasizing the nationality of patent portfolios and future enforcement of FRAND terms.¹⁴⁴ Based on the following factors, China's Supreme People's Court found that China is the venue with a closest connection:¹⁴⁵ Chinese patents make up 46% of the SEP portfolio; both the licensor and the licensee involve entities registered in China; the negotiation of the FRAND license took place within the territory of China; it is reasonably foreseeable that the FRAND agreement would primarily be performed within the territory of China; and it is more

138. *Id.* [95].

139. *Id.* [97].

140. *Id.* [34].

141. *Id.* [104].

142. *Id.* [95]–[96].

143. *Id.* [104].

144. See *Nokia Corporations Su OPPO Guangdong YidongTongxin Youxian Gongsi (诺基亚公司诉 OPPO 广东移动通信有限公司)* [Nokia Corp. v. OPPO Guangdong Mobile Commc'ns Co.], (2022) ZuiGaoFa Zhimin Xiazhong No. 167 (Sup. People's Ct. 2022) (China), at 7.

145. *Id.* The "most significant relationship test" is a choice-of-law rule, not a choice-of-venue rule, under private international law. See, e.g., RESTATEMENT (SECOND) OF CONFLICT OF L. § 145(1) (AM. L. INST. 1971) ("The rights and liabilities of the parties with respect to an issue in tort are determined by the local law of the state which, with respect to that issue, has the most significant relationship to the occurrence and the parties under the principles stated in § 6."); *Shewai Minshiguanxi Fali Shiyongfa (涉外民事关系法律适用法)* [Law of the People's Republic of China on the Application of Laws to Foreign-Related Civil Relations] (promulgated by the Standing Comm. Nat'l People's Cong., Oct. 28, 2010, effective April 1, 2011), art. 2, http://www.gov.cn/flfg/2010-10/28/content_1732970.htm [<https://perma.cc/W8RD-WRGX>] (China) (In Chinese courts, the laws of the jurisdiction most significantly related to the case applies in a civil case, except when specified by other laws.).

efficient for a Chinese court to examine OPPO's actual implementation of licensed SEPs.¹⁴⁶

3. *International Comity and Conflicting Court Decisions*

Comity is "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."¹⁴⁷ While the courts of different jurisdictions weigh international comity and potential conflicting court decisions differently, China weighs international comity much more heavily.

The ASI issued by the Supreme People's Court in *Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.* is the first ASI in FRAND disputes issued by a Chinese court.¹⁴⁸ On January 25, 2018, Huawei sued Conversant in Nanjing Intermediate People's Court of Jiangsu Province (the "Nanjing Court") for a declaratory judgment of noninfringement of Conversant's Chinese patents and FRAND terms and rate within the territory of China.¹⁴⁹ On April 20, 2018, Conversant sued Huawei for patent infringement and FRAND rate in Düsseldorf, Germany.¹⁵⁰ On August 27, 2020, the Düsseldorf court ruled that Huawei infringed Conversant's European

146. See *Nokia Corp. v. OPPO Guangdong Mobile Commc'ns Co.*, ZuiGaoFa Zhimin Xiazhong No. 167 (Sup. People's Ct. 2022) (China), at 6, 8.

147. E. & J. Gallo Winery v. Andina Licores S.A., 446 F.3d 984, 994 (9th Cir. 2006) (quoting *Hilton v. Guyot*, 159 U.S. 113, 164 (1895)). The Ninth Circuit in *Gallo* reversed the district court's finding on the doctrine of comity and decided that the doctrine is neither an "absolute obligation" nor "mere courtesy and good will." *Gallo*, 446 F.3d at 994-95 (quoting *Hilton*, 159 U.S. at 163-64). A nation is not under "an unremitting obligation to enforce foreign interests which are fundamentally prejudicial to those of the domestic forum. Thus, from the earliest times, authorities have recognized that the obligation of comity expires when the strong public policies of the forum are vitiated by the foreign act." *Id.* at 995 (quoting *Laker Airways Ltd. v. Sabena Belgian World Airlines*, 731 F.2d 909, 937 (D.C. Cir. 1984)). For a detailed explanation of U.S. courts' reasoning on comity, see *supra* Section III.A.1.

148. On August 28, 2020, the Supreme People's Court of the People's Republic of China issued its first ASI on a motion by Huawei. See *Huawei Jishu Youxian Gongsi, Kangwensen Wuxian Xuke Youxian Gongsi Shenqing Chengren He Zhixing Waiguo Fayuan Minshi Panjuecaiding Ershen Minshi Caidingshu* (华为技术有限公司、康文森无线许可有限公司申请承认和执行外国法院民事判决、裁定二审民事裁定书) [*Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.*], ZuiGaoFa Zhimin Xiazhong No. 732, 733, 734-1, 1 Sup. People's Ct. Gaz. (Sup. People's Ct. Aug. 28, 2020) (China). The injunction was further affirmed by the Supreme People's Court of the People's Republic of China itself on September 11, 2020. See *Huawei Jishu Youxian Gongsi, Kangwensen Wuxian Xuke Youxian Gongsi Queran Buqinhai Zhuanliquan Jiufen Ershen Minshi Caiding* (华为技术有限公司、康文森无线许可有限公司确认不侵害专利权纠纷二审民事裁定书) [*Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.*], ZuiGaoFa Zhimin Xiazhong No. 732, 733, 734-2, 1 Sup. People's Ct. Gaz. (Sup. People's Ct. Sept. 11, 2020) (China).

149. *Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.*, ZuiGaoFa Zhimin Xiazhong No. 732, 733, 734-1, 1 Sup. People's Ct. Gaz. (Sup. People's Ct. Aug. 28, 2020) (China).

150. *Id.*

patent.¹⁵¹ As a result, Huawei was enjoined from selling, using, importing, or possessing any mobile terminals in Germany.¹⁵² The Düsseldorf court also ruled that Conversant's offered licensing rate, which is 18.3 times the FRAND rate decided by the Nanjing Court, complies with FRAND.¹⁵³ On the same day, Huawei moved for an ASI at the Supreme People's Court against the enforcement of the decision by the Düsseldorf court until the Supreme People's Court made a final decision on the FRAND rate in China.¹⁵⁴ In September 2019, the Nanjing Court granted the FRAND rate of Chinese patents FRAND terms and in November 2019, the Supreme People's Court accepted Conversant's appeal for a higher FRAND rate.¹⁵⁵ The procedural histories of the Chinese and German cases demonstrate how parties to a FRAND dispute become entangled with each other by filing suits in different jurisdictions and how court decisions conflict in deciding the FRAND rate.

In its ASI decision, the Supreme People's Court extensively discussed international comity and the impact of conflicting decisions. It listed the factors it considers when granting ASIs: whether the parties to the Chinese and foreign litigation are identical; whether there is overlap in the litigated issue; whether the effect of the respondent's extraterritorial litigation interferes with the Chinese litigation; whether the failure to grant an ASI would cause irreparable damage to the legitimate rights and interests of the applicant or impede enforcement of the Chinese court's ruling; and the impact of the doctrine of comity, including which case was filed first, the appropriateness of the jurisdiction, and the impact on the hearing and adjudication by extraterritorial courts.¹⁵⁶

Though none of the factors are dispositive, the Supreme People's Court attached particular importance to conflicting court decisions.¹⁵⁷ In this case, first, the Supreme People's Court took Huawei's filing of a lawsuit in China before Conversant's filing of a lawsuit in Germany as a critical factor under the doctrine of international comity.¹⁵⁸ In contrast, both the Ninth Circuit in *Microsoft* and the U.K. Supreme Court in *Unwired Planet* focused on the contractual arrangement between parties and were less concerned about comity.¹⁵⁹

151. *Id.*

152. *Id.*

153. *Id.*

154. *Id.*

155. *Id.*

156. *Id.*

157. *Id.*

158. *See id.*

159. *See Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 887–88 (9th Cir. 2012); *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [57]–[58] (appeal taken from Eng.).

Second, the Supreme People's Court found the conflicts between the German decision and Chinese decision to be intolerable.¹⁶⁰ The Supreme People's Court found it unacceptable that its decision would be practically unenforceable when Huawei will be either forced out of the German market or accept Conversant's global royalty offer under the German decision.¹⁶¹ The Supreme People's Court based its decision on balancing both parties' interests: namely, comparing Conversant's damages associated with not having one trial court decision enforced immediately with Huawei's damages related to being forced out of the entire German market or accepting Conversant's global FRAND rate, practically forfeiting any remedies in Chinese courts.¹⁶² Likewise, the U.K. Supreme Court viewed one-basket FRAND dispute resolution in one jurisdiction as the principle.¹⁶³ However, when both jurisdictions seek to resolve a global FRAND dispute within their own jurisdiction, the problem of which jurisdiction should prevail arises. In other words, what China's Supreme People's Court takes as a concern is precisely what the U.K. Supreme Court takes as an advantage for asserting its own jurisdiction in a global FRAND decision.

Huawei and Conversant settled the FRAND rate of the Chinese market and patent infringement claims approximately one month after the ASI was issued.¹⁶⁴ The scope of the injunction granted in *Huawei v. Conversant* is consistent with the ASI granted in *Microsoft*: parties are enjoined from enforcing a specific foreign injunction on SEP implementation. What makes ASIs issued by the Chinese court controversial is the *Xiaomi Communication Technology Co. v. InterDigital, Inc.* decision, which prohibited InterDigital from filing any FRAND claims in other courts worldwide.¹⁶⁵

160. *Conversant*, 1 Sup. People's Ct. Gaz. 732, 733, 734-1.

161. *Id.*

162. *Id.* The Supreme People's Court of China rejected Conversant's argument that the decision limited its rights under German law. The Supreme People's Court of China reasoned that the decision is made under the laws of China, and its decision does not rule on infringement of any European patents disputed in German lawsuit, does not comment on the German court's judgment or enforcement of such judgment, and does not interfere with any substantial rights in the German lawsuit nor legality of German court's decision. *Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.*, ZuiGaoFa Zhimin Xiazhong No. 732, 733, 734-2, 1 Sup. People's Ct. Gaz. (Sup. People's Ct. Sept. 11, 2020) (China).

163. See *Unwired*, [2020] UKSC 37 [61]–[62] (“The IPR Policy imposes a limitation on a SEP owner's ability to seek an injunction, but that limitation is the irrevocable undertaking to offer a licence of the relevant technology on FRAND terms, which if accepted and honoured by the implementer would exclude an injunction.... The IPR Policy is intended to have international effect....”).

164. See *Huawei Jishu Youxian Gongsi, Kangwensen Wuxian Xuke Youxian Gongsi Queran Buqinhai Zhuannliquan Jiufen Ershen Minshi Caiding* (华为技术有限公司、康文森无线许可有限公司确认不侵害专利权纠纷二审民事裁定书) [*Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.*], ZuiGaoFa Zhimin Xiazhong No. 732, 733, 734-3, (Sup. People's Ct. Nov. 2, 2020) (China).

165. See Josh Zumbun, *China Wields New Legal Weapon to Fight Claims of Intellectual Property Theft*, WALL ST. J. (Sept. 26, 2021, 7:01 AM), <https://www.wsj.com/articles/china-wields-new-legal-weapon-to-fight-claims-of-intellectual-property-theft-11632654001> [<https://perma.cc/8FMP-VRTA>].

In *Xiaomi*, the Intermediate People’s Court of Wuhan (the “Wuhan Court”) first confirmed that a FRAND dispute is a contract dispute.¹⁶⁶ The Wuhan Court also implicitly confirmed the parties had the right to apply for injunctive relief outside the territory of China, but the Wuhan Court found malice of “abusing injunctions” in InterDigital’s filing injunctions in India court in this case and damage to Xiaomi’s operations in the Indian market.¹⁶⁷ The Wuhan Court took a step further to prevent any “interference” of the ongoing litigation: since the Wuhan Court had accepted the global FRAND claim, InterDigital should thus refrain from filing and enforcing any temporary or permanent injunctions and filing any SEP licensing claims in other courts in China and courts in other jurisdictions.¹⁶⁸ The *Xiaomi* decision shows Chinese courts’ determination in granting ASIs with wide geographic coverage and the sweeping effort to enjoin any other parallel proceedings when they are reviewing a global FRAND dispute.¹⁶⁹

4. *Non-Practicing Entities*

China also takes non-practicing entities as essential consideration when granting ASIs. In *Xiaomi*, the Wuhan Court took issue with non-practicing entities bringing patent infringement claims in other jurisdictions. A non-practicing entity refers to an entity that does not produce or manufacture patent-bearing products.¹⁷⁰ The Wuhan Court reasoned that an ASI is justified in this case because InterDigital, a non-practicing entity that does not manufacture any SEP bearing products, would suffer minimal damages even if they are enjoined from filing suits against Xiaomi in foreign jurisdictions.¹⁷¹ The reasoning here echoes Justice Kennedy’s concern in *eBay Inc. v. MercExchange, L.L.C.*: non-practicing entities using injunctions as “undue leverage in negotiations [of patent licensing]” serves

166. See *Xiaomi Tongxun Jishu Youxian Gongsi, Xiaomi Zhijia Shangye Youxian Gongsi, Beijing Xiaomi Yidong Ruanjian Youxian Gongsi Su InterDigital, Inc., InterDigital Holdings, Inc. Biao zhunbiyao Zhuanlixukefeilü Zhengyijiejue Jiufen An* (小米通讯技术有限公司、小米之家商业有限公司、北京小米移动软件有限公司诉 InterDigital, Inc., InterDigital Holdings, Inc. 标准必要专利许可费率争议裁决纠纷案) [*Xiaomi Commc’n Tech. Co. v. InterDigital, Inc.*], 2020 E01 Zhiminchu No. 169-1, at 6 (Wuhan Interm. People’s Ct. Sept. 23, 2020) (China).

167. *Id.* at 8.

168. *Id.* at 11.

169. See Jorge L. Contreras & Yang Yu, *Will China’s New Anti-Suit Injunctions Shift the Balance of Global FRAND Litigation?*, PATENTLYO (Oct. 22, 2020), <https://patentlyo.com/patent/2020/10/contreras-injunctions-litigation.html> [<https://perma.cc/HF7K-XY2Z>].

170. See *Xiaomi*, 2020 E01 Zhiminchu No. 169-1, at 8.

171. *Id.*

no public interest.¹⁷² The U.K Supreme Court shares the same concern, but found its hands tied because there is “no legal basis” for treating non-practicing entities differently in a FRAND dispute.¹⁷³

5. Summary

The above decisions demonstrate several critical issues in FRAND-ASI disputes. First, is it appropriate for courts to rule on FRAND disputes while disregarding an ongoing patent validity challenge in a different jurisdiction?¹⁷⁴ On the one hand, courts generally recognize the contractual obligation on SEP owners to license SEPs;¹⁷⁵ on the other hand, in practice, an SEP owner, based on its strong bargaining power to potentially exclude implementers’ products from a particular geographic market,¹⁷⁶ enjoys great discretion in determining details of licensing terms, including royalties.¹⁷⁷ Determining the FRAND royalty rate requires consideration of various factors, including a reasonable aggregate rate for the standard,¹⁷⁸ “reasonable licen[s]e fee expectations on both sides,”¹⁷⁹ the SEP implementer’s efforts to promote the standard,¹⁸⁰ and validity of patents in a specific jurisdiction, given the importance of that jurisdiction as a

172. See *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 396–97 (2006) (Kennedy, J., concurring) (“An industry has developed in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees For these firms, an injunction, and the potentially serious sanctions arising from its violation, can be employed as a bargaining tool to charge exorbitant fees to companies that seek to buy licenses to practice the patent When the patented invention is but a small component of the product the companies seek to produce and the threat of an injunction is employed simply for undue leverage in negotiations . . . an injunction may not serve the public interest.” (citations omitted)).

173. *Unwired Planet Int’l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [89] (appeal taken from Eng.).

174. See *Apple Inc. v. Qualcomm Inc.*, No. 3:17-CV-00108, 2017 WL 3966944, at *13 (S.D. Cal. Sept. 7, 2017); *Unwired*, [2020] UKSC 37 [31], [34]; *Huawei Jishu Youxian Gongsi, Kangwensen Wuxian Xuke Youxian Gongsi Shenqing Chengren He Zhixing Waiguo Fayuan Minshi Panjuecaiding* (华为技术有限公司、康文森无线许可有限公司申请承认和执行外国法院民事判决、裁定) [*Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.*], 1 Sup. People’s Ct. Gaz. 732, 733, 734-1 (Sup. People’s Ct. Aug. 28, 2020) (China).

175. See *Unwired*, [2020] UKSC 37 [12]–[13]; *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 884 (9th Cir. 2012); *Xiaomi*, 2020 E01 Zhiminchu No. 169-1, at 5–6.

176. *Microsoft*, 696 F.3d at 886; *Unwired*, [2020] UKSC 37 [90]; *Conversant*, 1 Sup. People’s Ct. Gaz. 732, 733, 734-1.

177. *Unwired*, [2020] UKSC 37 [15] (“SEP owners . . . would as a matter of practice voluntarily negotiate worldwide licen[s]es, or at least licen[s]es from which a given territory is carved out while the rest of the world is licensed.”); see also *Conversant*, 1 Sup. People’s Ct. Gaz. 732, 733, 734-1.

178. *Unwired*, [2020] UKSC 37 [42].

179. See *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*, at 6, COM (2017) 712 final (Nov. 29, 2017), <https://ec.europa.eu/docsroom/documents/26583/attachments/1/translations/en/renditions/native> [https://perma.cc/L42K-MP2Z].

180. *Id.*

market.¹⁸¹ Royalty rates in FRAND disputes largely depend on the royalties payable in major markets.¹⁸² It is not practical to adjudicate invalidity and infringement claims for each patent in the portfolio to reach a final decision on FRAND terms.¹⁸³ Another concern is to ensure SEP owners' right to enforce patent rights when an implementer refuses to accept a FRAND rate.¹⁸⁴ The problem is, who has the authority to say "that is enough," and when?

Second, what is the justification for a court to rule on a global FRAND rate covering patents of other jurisdictions? The U.K. Supreme Court refers to other jurisdictions' practices in deciding on a global FRAND rate.¹⁸⁵ Such a reference precisely reveals the concern: a court may lose its status as a convenient forum for global FRAND disputes if it does not rule early.¹⁸⁶ This also explains the motivation of courts granting ASIs: courts aim to build up their jurisdiction on global FRAND rates by ruling on such disputes.¹⁸⁷ This in turn drives the parties of a FRAND dispute to file FRAND-related lawsuits in the jurisdictions potentially favorable to them.¹⁸⁸ As discussed above, while U.S. courts and Chinese courts focus

181. *Unwired*, [2020] UKSC 37 [64] ("Under a FRAND process the implementer can identify patents which it wishes to challenge on reasonable grounds . . . with the possibility of consequential adjustment of royalty rates, given the importance of China as a market and a place of manufacture.").

182. *See id.* [37], [47].

183. *See generally* Huawei Techs., Co. v. Samsung Elecs. Co., No. 3:16-CV-02787-WHO, 2018 WL 1784065 (N.D. Cal. Apr. 13, 2018). Judge Orrick ruled that Huawei should be enjoined from enforcing the Intermediate People's Court of Shenzhen's orders, which enjoined Samsung's implementation of Huawei's patents, before Judge Orrick could determine the breach of FRAND commitment claim. *Id.* at *12. Judge Orrick reasoned: "How am I to adjudicate whether those offers were FRAND, if that determination depends on valuation of global portfolios, and can only be made subsequent to finding each patent valid and essential to the standard? . . . 'As a result, no tribunal, here or elsewhere, will have ever critically examined Huawei's licensing structure and determine what appropriate rates would be—let alone adjudicated issues of validity or infringement of the patents at issue, which is a predicate to a true FRAND analysis.'" *Id.* at *9 (quoting Reply ISO Samsung's Mot. for a Prelim. Antisuit Inj. at 2, *Huawei Techs., Co. v. Samsung Elecs. Co.*, 2018 WL 1784065).

184. "[W]hat if the SEP owner is willing to do so but the implementer is not?" Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd. [2022] EWCA (Civ) 1411 [15] (Eng.).

185. *See Unwired*, [2020] UKSC 37 [67]–[84].

186. "The Supreme Court held that the Chinese court could not be the appropriate forum, because Chinese courts have not yet found that they have jurisdiction to determine the terms of a global FRAND licen[s]e without the parties' agreement. . . . The issue of *forum non conveniens* may be decided differently if and when the alternative foreign courts *do* have jurisdiction to set worldwide rates." CLEARY GOTTlieb, ANALYSIS OF THE UK SUPREME COURT'S DECISION IN UNWIRED PLANET V HUAWEI 5 (2020) (footnote omitted), <https://www.clearygottlieb.com/-/media/files/alert-memos-2020/analysis-of-the-UK-supreme-courts-decision-in-unwired-planet-v-huawei.pdf> [<https://perma.cc/8LTN-KPSG>].

187. *Id.*

188. *Id.* The phenomenon of courts establishing themselves as models for certain rules is defined as the "race to the bottom." *See Contreras, The New Extraterritoriality, supra* note 6, at 280–82. "[T]he tendency of courts in particular jurisdictions to determine high global FRAND rates or otherwise favor the positions of patent holders could attract patent holders to those jurisdictions. . . . [J]urisdictions that

more on implementers' rights to enforce SEP owners' commitments to FRAND terms, U.K. courts set themselves up as a pro-patentee jurisdiction. The competition among jurisdictions leads to the proliferation of ASIs.

Third, what do ASIs seek to achieve? The *Gallo* test shows how the Ninth Circuit decisions would dispose of a foreign lawsuit.¹⁸⁹ In contrast, the Supreme People's Court of China focuses on how a foreign case would impact the enforcement of Chinese court decisions.¹⁹⁰ As a result, courts defending their jurisdiction to decide FRAND disputes start to issue anti-ASIs in response.¹⁹¹

IV. ENDLESS GAME: ANTI-ANTI-SUIT INJUNCTIONS AND JUSTIFICATIONS

A. Anti-ASI Suits

On January 11, 2021, upon motion by Ericsson Inc., the U.S. District Court for the Eastern District of Texas granted a preliminary injunction enjoining Samsung from taking any action in a parallel FRAND claim in the Wuhan Court, including enforcement of an ASI granted by the Wuhan Court.¹⁹² The injunction aimed to prevent interference with the district court's jurisdiction to decide the FRAND dispute between Ericsson and

establish reputations for setting *low* global FRAND rates, or which are otherwise hostile to patent holders' claims, may attract manufacturers seeking to challenge the rates that those patent holders offer. . . . It is likely to encourage a party to initiate litigation in the most favorable jurisdiction possible, as quickly as possible, often to foreclose a later suit in a less favorable jurisdiction." *Id.* at 282–83 (footnotes omitted).

189. See E. & J. Gallo Winery v. Andina Licores S.A., 446 F.3d 984, 991 (9th Cir. 2006).

190. See Huawei Jishu Youxian Gongsi, Kangwensen Wuxian Xuke Youxian Gongsi Shenqing Chengren He Zhixing Waiguo Fayuan Minshi Panjucaiding (华为技术有限公司、康文森无线许可有限公司申请承认和执行外国法院民事判决、裁定) [Huawei Techs. Co. v. Conversant Wireless Licensing S.a.r.l.], ZuiGaoFa Zhimin Xiazhong 732, 733, 734-1, 1 Sup. People's Ct. Gaz. (Sup. People's Ct. Aug. 28, 2020) (China).

191. See *infra* Section IV.A.

192. Ericsson Inc. v. Samsung Elecs. Co., No. 2:20-CV-00380-JRG, 2021 WL 89980, at *1–3, *8 (E.D. Tex. Jan. 11, 2021). The ASI granted by the Wuhan Court enjoins Ericsson from bringing FRAND claims concerning the SEPs in the FRAND license portfolio through any other judicial or administrative proceedings. See Sanxing Dianzi Zhushi Huishe, Sanxing (Zhongguo) Touzi Youxian Gongsi Su Sanxing Dianzi Zhushi Huishe, Sanxing (Zhongguo) Touzi Youxian Gongsi, Sanxing (Zhongguo) Touzi Youxian Gongsi (Wuhan Branch) Su Ailixin Gongsi Biaozhunbiyao Zhuanlixukefeilü Zhengyijiejue Jiufen An (三星电子株式会社、三星(中国)投资有限公司、三星(中国)投资有限公司武汉分公司诉爱立信公司标准必要专利许可使用费纠纷案) [Samsung Elecs. Co. v. Telefonaktiebolaget LM Ericsson], 2020 E01 Zhiminchu No. 743 (Wuhan Interm. People's Ct. 2020) (China). The injunction was later confirmed by Wuhan Court in its review. See Sanxing Dianzi Zhushi Huishe, Sanxing (Zhongguo) Touzi Youxian Gongsi Su Sanxing Dianzi Zhushi Huishe, Sanxing (Zhongguo) Touzi Youxian Gongsi, Sanxing (Zhongguo) Touzi Youxian Gongsi (Wuhan Branch) Su Ailixin Gongsi Biaozhunbiyao Zhuanlixukefeilü Zhengyijiejue Jiufen An (三星电子株式会社、三星(中国)投资有限公司、三星(中国)投资有限公司武汉分公司诉爱立信公司标准必要专利许可使用费纠纷案) [Samsung Elecs. Co. v. Telefonaktiebolaget LM Ericsson], 2020 E01 Zhiminchu No. 743-1 (Wuhan Interm. People's Ct. 2021) (China).

Samsung.¹⁹³ Samsung filed a lawsuit in China four days before Ericsson filed its lawsuit in the Eastern District of Texas, and it obtained an ASI after Ericsson filed suit in Texas.¹⁹⁴ The injunction by the Eastern District of Texas functions as a rejection of the ASI issued by the Wuhan Court and stimulates extensive discussion of parties filing duplicative FRAND claims to forum shop around the world.¹⁹⁵ The Eastern District of Texas followed the ASI standard set up by the Fifth Circuit.¹⁹⁶ The anti-ASI added more complexity to the chaos.

First, the decision by the Eastern District of Texas would, in effect, encourage parties of FRAND disputes to rush to different countries to file identical lawsuits and seek bargaining power. Different from *Microsoft*, where the German patent infringement lawsuit was filed after the breach of contract claim in U.S. court,¹⁹⁷ Ericsson filed the breach of FRAND claim in the United States after Samsung filed its claim in the Wuhan Court in China.¹⁹⁸ To justify its jurisdiction, the Eastern District of Texas found separate legal questions, and thus no duplicative lawsuits, by rigidly distinguishing the issue in the Wuhan Court (Samsung asking for a specific FRAND licensing rate) from the issue in this case (Ericsson asking for an evaluation of a potential breach of FRAND commitment).¹⁹⁹ But in a FRAND dispute, the cross-licensing of SEPs is so common that parties will generally reach one global FRAND license agreement.²⁰⁰ Separating the legal questions may not be a practicable solution in FRAND disputes.

193. See *Ericsson*, 2021 WL 89980, at *8.

194. *Id.* at *1–3. On December 7, 2020, Samsung filed the complaint in the Wuhan Court, requesting a FRAND licensing term. On December 11, 2020, Ericsson filed the complaint in the Eastern District of Texas, alleging breach of FRAND terms. *Id.* at *1. On December 17, 2020, Ericsson was notified of Samsung’s complaint in the Wuhan Court. On December 25, 2020, the Wuhan Court issued the ASI. *Id.* at *2. On January 11, 2021, the Eastern District of Texas signed the anti-ASI. *Id.* at *1.

195. According to a recent Federal Circuit amicus curiae brief filed by six international intellectual property law professors in the United States, the order by the Eastern District of Texas was “counterproductive . . . and presents a prime example of the slippery slope facing FRAND litigants.” Corrected Brief of International Intellectual Property Law Professors as *Amici Curiae* in Support of Neither Party at 6, *Ericsson Inc. v. Samsung Elecs. Co.*, No. 21-1565 (Fed. Cir. Mar. 16, 2021).

196. See *Ericsson*, 2021 WL 89980, at *3; see also *supra* Section III.A.

197. See *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 878–79 (9th Cir. 2012).

198. See *Ericsson*, 2021 WL 89980, at *1.

199. *Id.* at *6.

200. See, e.g., *id.* Samsung, in its Chinese complaint, asked the court to determine the global licensing terms, including the royalty rates, for Samsung according to FRAND for licensing of SEPs held or controlled by Ericsson and its affiliates. Ericsson, in its complaint, alleged that Samsung breached its obligation to license SEPs to Ericsson on FRAND terms pursuant to Samsung’s promise to ETSI. “Samsung and Ericsson have entered into global patent licenses, most recently in 2014 a cross-license to reciprocally use their SEPs. . . . [O]ver the past year the parties have negotiated terms of a renewed global cross-license.” *Id.* at *1 (citations omitted). See also *Unwired Planet Int’l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [15] (appeal taken from Eng.) (“Implementers in the telecommunications industry are often also owners of many SEPs and negotiate cross-licen[s]es with other implementers.”).

Second, the Eastern District of Texas's decision brings back the discussion of the contract dispute/patent invalidation dichotomy. Senator Thom Tillis, former Federal Circuit judge Paul R. Michel, and former PTO director Andrei Iancu argued in an amicus brief that the Wuhan Court's ASI limits U.S. courts "to adjudicate the potential infringement of U.S. patents on U.S. soil" and to determine the monetary value of U.S. patents.²⁰¹ The problem is that courts define the FRAND obligation as a contractual dispute unrelated to patent evaluation when granting an ASI, but define the same dispute as a patent enforcement claim when granting anti-ASIs.²⁰²

Third, the decision by the Eastern District of Texas leaves the question open: could a global FRAND rate ever be resolved by a single jurisdiction when it is inevitable that a FRAND court ruling will include the evaluation of patents granted in other jurisdictions? Admittedly, the Eastern District of Texas sought to rescue Ericsson from the "inequitable hardship" of "being excluded from bringing causes of actions" in the United States, a forum "where both parties have a significant presence";²⁰³ however, the court here should be careful not to presuppose one jurisdiction as a preferred forum to rule on FRAND terms over another. While U.S. courts recreate a hypothetical negotiation and follow a comparable license approach,²⁰⁴ other jurisdictions should be allowed to follow their own rules to decide on FRAND rates.²⁰⁵ By presupposing particular methods to determine a FRAND rate, courts are doing precisely what they objected to in the first place: stepping into the shoes of other jurisdictions' authority on patent evaluation.²⁰⁶ The decision of the Eastern District of Texas also produces a

201. Brief of *Amici Curiae* Senator Thom Tillis, Honorable Paul R. Michel, and Honorable Andrei Iancu in Support of Appellees at 9, *Ericsson Inc. v. Samsung Elecs. Co.* No. 21-1565 (Fed. Cir. Apr. 9, 2021).

202. See *infra* Section III.C.

203. *Ericsson*, 2021 WL 89980, at *5.

204. See *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 60 (Fed. Cir. 2012) (the *Georgia-Pacific* case set up the "analytical framework for assessing a reasonable royalty, which also is referred as "hypothetical negotiation.") (citing *Georgia-Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970)).

205. "FRAND determinations rest not only on cold economic calculus, but also on the particular social or political bedrock of the jurisdiction making the royalty calculations." Greenbaum, *No Forum to Rule Them All*, *supra* note 80, at 1100. This is also evidenced in *Unwired v. Huawei*, where the U.K. Supreme Court recognized that Japan and China use methods similar to the "top down" approach, which calculates the royalty based on the proportional value of SEPs in each licensor's patent portfolio for a product. See *Unwired*, [2020] UKSC 37 [42], [46]. Specifically, Chinese courts consider actual losses suffered by the patentee, the actual gains derived by the infringer, a reasonable license royalty, and statutory compensation subject to courts' discretion when ruling on damages. *Zhuanli Fa* (专利法) [Patent Law] (promulgated by the Standing Comm. Nat'l People's Cong., effective Mar. 12, 1984; rev'd Oct. 17, 2020), art. 71 (China).

206. "A forum that takes control of a global FRAND dispute, with all the associated elements of innovation, competition and economic policy, presumes the authority to impose its own values worldwide." Greenbaum, *No Forum to Rule Them All*, *supra* note 80, at 1101.

sliding-scale effect of courts disregarding international comity: courts may engage in an endless game of granting anti-ASIs and anti-anti-ASIs.²⁰⁷

Ericsson settled with Samsung before the Fifth Circuit ruled on the anti-ASI motion.²⁰⁸ However, the Eastern District of Texas' decision in *Ericsson* demonstrates how Pandora's box can be opened.²⁰⁹ The growing concern of courts stepping on other jurisdictions' exclusive authority to evaluate patents and costly court proceedings in multiple jurisdictions calls for an efficient and effective dispute resolution mechanism for FRAND disputes worldwide.

B. A FRAND Injunction

On October 27, 2022, in ruling on the patent infringement and FRAND licensing dispute between Optis (the SEP owner) and Apple (the SEP implementer), the Court of Appeal of England and Wales supported a new path to establish its jurisdiction: granting a FRAND injunction.²¹⁰ A FRAND injunction entitles an SEP owner to "an immediate injunction" against an SEP implementer before a court decides on the FRAND terms, unless and until the implementer agrees to accept the to-be-determined FRAND terms.²¹¹ A FRAND injunction ties patent enforcement claims to FRAND licensing disputes.

In *Optis v. Apple*, among multiple claims, Optis sued Apple for infringement of eight patents out of Optis's global SEP portfolio.²¹² In response, Apple counterclaimed that Optis "abused a dominant position."²¹³ Apple argued that an injunction would allow Optis to charge "excessive prices" for its SEPs by placing "undue and unfair pressure on Apple to take whatever licence terms were demanded."²¹⁴ Though the *Optis v. Apple* case does not involve a court issuing any injunctions against proceedings in other jurisdictions, the Court of Appeal indicated it had the ability to disregard

207. See, e.g., Mathieu Klos, "Anti-Suit Injunctions Are a Road to Nowhere", JUVE PATENT (Mar. 25, 2021), <https://www.juve-patent.com/news-and-stories/legal-commentary/anti-suit-injunctions-are-a-road-to-nowhere/> [<https://perma.cc/JM6H-65CG>].

208. See Andrew Karpan, Ericsson And Samsung Ink Licensing Deal, Ending Patent War, LAW360 (May 7, 2021 11:37 AM), <https://www.law360.com/articles/1382510/ericsson-and-samsung-ink-licensing-deal-ending-patent-war> [<https://perma.cc/2K6R-5WWW>]; Press Release, Ericsson, Ericsson and Samsung Sign Global Patent License Agreement (May 7, 2021), <https://www.ericsson.com/en/press-releases/2021/5/ericsson-and-samsung-sign-global-patent-license-agreement> [<https://perma.cc/8NDA-R39C>].

209. See *infra* Section III.C.

210. *Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd.* [2022] EWCA (Civ) 1411 [1]–[3], [114] (Eng.).

211. *Id.*

212. *Id.* [16].

213. *Id.* [18].

214. *Id.* [42].

other jurisdictions' ASIs. The Court of Appeal confirmed the lower court's reasoning that waiting for "other proceedings in other jurisdictions" forms a "potential hold-out which damages the patentee" because such waiting would be like a "compulsory licence," constituting a "substantive loss of rights" for SEP owners.²¹⁵

The Court of Appeal's decision has a sweeping effect. The decision requires SEP implementers to choose either to accept the court's decision of FRAND terms or cease having products bearing SEPs on the U.K. market.²¹⁶ What the decision left unanswered is, what if the implementer wants or has already initiated a FRAND term claim in another jurisdiction? This is precisely the concern the Supreme People's Court of China discussed in its *Huawei v. Conversant* decision.²¹⁷

C. The Proliferation of Anti-ASIs and Alike Practice Around the World

This section summarizes courts' major reasoning for granting anti-ASIs or judgments of similar effect in recent years. The reasoning shows that courts in major jurisdictions generally refute ASIs by emphasizing the SEP owners' right to enforce their patents in the patent-granting jurisdiction.

TABLE 1

Case Name	Year	ASI/FRAND Jurisdiction	Anti-ASI Jurisdiction	Summary of Reasoning for Anti-ASI or Judgment of Similar Effect
Continental v. Nokia	2019	U.S. District Court for the Northern District of California (withdrawn by parties)	Munich Higher Regional Court, Germany ²¹⁸ (first anti-ASI by a German court)	An anti-suit injunction would prevent parties from asserting their patent rights in court, and it would encroach on the patent owner's exclusive right, thus "endanger[ing] the sovereign rights of the

215. *Id.* [45]; *see also id.* [63] ("Hold out by the implementer will be avoided by allowing the SEP owner to enforce its normal right under the general law to obtain an injunction to prevent infringement of the SEP by the implementer save to the extent that this would be inconsistent with the SEP owner's ETSI Undertaking.").

216. "All that Apple have to do to obtain a licen[s]e upon FRAND terms is to accept the court's determination." *Id.* [94].

217. *See supra* Section III.B.3.

218. OLGZ, Dec. 12, 2019, No. 6 U 5042/19, juris (Ger.), <https://www.gesetze-bayern.de/Content/Document/Y-300-Z-GRURRS-B-2019-N-33196?hl=true> [<https://perma.cc/532F-A4CT>]. Germany is also regarded as a jurisdiction "hostile" to foreign ASIs. King Fung Tsang & Jyh-An Lee, *The Ping-Pong Olympics of Antisuit Injunction in FRAND Litigation*, 28 MICH. TECH. L. REV. 305, 359 (2022). While the United States has issued the highest number of ASIs, Germany has championed the most anti-ASIs. *Id.* at 322–23 tbl.1.

				Federal Republic of Germany. ²¹⁹
IPCom v. Lenovo	2020	U.S. District Court for the Northern District of California (withdrawn by parties)	Court of Appeal of Paris, France ²²⁰ (first anti-ASI by a French court)	The ASI “characterizes a manifestly unlawful disturbance” of a patent holder’s right because it withholds “access [to] the only judge competent to rule on the infringement.” ²²¹ Even if the ASI “only lasts for the time of the proceedings before the American judge,” considering the “limited duration of protection granted to the owner of a patent,” an ASI “amounts to a concrete deprivation of the right[s]” of patent holders. ²²²
InterDigital v. Xiaomi	2020	Intermediate People’s Court in Wuhan, China	Regional Court of Munich, Germany; ²²³ High Court of Delhi in New Delhi, India ²²⁴	Enforcing the ASI will make the plaintiff “completely prohibited . . . from prosecuting its claim for injunction against infringement . . . of the suit patent” and subject to a court that “does not possess the jurisdiction to decide the issue of infringement of the plaintiff patent,” thus “interdict[ing] the plaintiff from prosecuting the said claim before the only

219. See Johann Pitz, *Anti-Suit-Injunctions in Germany*, 4 ACTA SCI. MED. SCIS. 65, 66 (2020), <https://actascientific.com/ASMS/pdf/ASMS-04-0743.pdf> [<https://perma.cc/CU5X-HF6G>]; see also OLGZ, No. 6 U 5042/19, ¶¶ 6–8; Tsang & Lee, *supra* note 218, at 360–65.

220. Cour d’appel [CA] [regional court of appeal] Paris, civ., Mar. 3, 2020, 14/2020 (Fr.), <https://www.cours-appel.justice.fr/sites/default/files/2020-03/3%20March%202020%20ICCP-CA%20RG%201921426%20EN.pdf> [<https://perma.cc/AT3Q-2KWK>].

221. *Id.* [57].

222. *Id.* [58]. The French court laid down the principle that an anti-suit injunction can only be sought if it is “intended to seek compliance with a choice of court or arbitration clause.” David Por & Charles Tuffreau, *First French Anti-Anti-Suit Injunction: Don’t Tell Me What I Can’t Do!*, ALLEN & OVERY (Nov. 15, 2019), <https://www.allenoverly.com/en-gb/global/news-and-insights/publications/first-french-anti-anti-suit-injunction-dont-tell-me-what-i-cant-do> [<https://perma.cc/S4ZK-FMQQ>].

223. LG, Feb. 25, 2021, No. 7 O 14276/20, juris (Ger.).

224. See InterDigital Tech. Corp. v. Xiaomi Corp., CS(COMM) 295/2020 (India), http://164.100.69.66/jupload/dhc/CHS/judgement/06-05-2021/CHS03052021SC2952020_162933.pdf [<https://perma.cc/N2VM-L26A>].

				Court which has the jurisdiction to entertain it. ²²⁵
Oppo v. Sharp	2021	Shenzhen Intermediate People's Court in China, Supreme People's Court of China	Tokyo District Court, Japan ²²⁶	The court granted a judgment on patent validity and infringement, notwithstanding the ASI issued by the Chinese court. ²²⁷
Samsung v. Ericsson	2021	Intermediate People's Court in Wuhan, China	U.S. District Court for the Eastern District of Texas ²²⁸	See Section IV.A for detailed discussion.
Optis v. Apple	2022	United Kingdom	Not applicable.	"[H]aving to wait in a state of uncertainty as to whether other proceedings in other jurisdictions are needed is a form of potential hold-out which damages the patentee. . . . It is . . . a substantive loss of rights for the patentee in respect of an ageing property right." ²²⁹

V. PROPOSAL: UNIFORM FRAND DISPUTE RESOLUTION MECHANISM

Specifically, in response to Huawei's concern about forum shopping, conflicting judgments, and applications for ASIs, the U.K. Supreme Court pointed out that such risks result from a lack of "any international tribunal

225. See *id.* [106]; see also *id.* [107] ("What the defendants suggest is, therefore, that the plaintiffs should sit back and helplessly watch continued infringement of their suit patents by the defendants (as the plaintiffs would allege) without being able to lift a finger to prevent it, even while legal remedies, for redressal, continue to remain available in this country under the Patents Act. This would, clearly, render the Patents Act, and the statutory guarantees available thereunder, both otiose and impotent."). The High Court of Delhi also commented on the ASI granted in *Microsoft v. Motorola*, 696 F.3d 872 (9th Cir. 2012). The argument that "Motorola could . . . continue agitating for damages or other non-injuncting remedies . . . is completely unacceptable The right to seek remedy against infringement of patents, validly held by the plaintiff, is a pre-eminent right, with the right to claim damages being residuary in nature, and not vice versa." *Id.* [109].

226. Tōkyō Chihō Saibansho [Tokyo Dist. Ct.] Sept. 24, 2021, Reiwa 2 (wa) no. 2146 (Japan). https://www.courts.go.jp/app/files/hanrei_jp/835/090835_hanrei.pdf [<https://perma.cc/TBQ2-GAU4>].

227. *Id.*

228. See *supra* Section III.B.

229. Optis Cellular Tech. LLC v. Apple Retail U.K. Ltd. [2022] EWCA (Civ) 1411 [45] (Eng.) (quoting a lower court judge).

or forum to determine the terms of [FRAND] licenses.”²³⁰ The Court of Appeal of England and Wales acknowledged the current jurisdiction-by-jurisdiction “dysfunction[]” of resolving FRAND disputes.²³¹ Accordingly, this section first reviews the current interventions to resolve FRAND term disputes and why they fail. Then, it explores the potential of developing a mandatory WIPO arbitration mechanism for FRAND disputes.²³²

A. Current Interventions

This section discusses some of the current interventions to the FRAND dispute chaos and their strengths and weaknesses.

1. Territorial Adjudication Under TRIPS

Territorial adjudication refers to the idea that a court’s jurisdiction in a FRAND dispute should be limited to determining the FRAND licensing terms only for patents issued by that specific jurisdiction.²³³ No national court would have “the authority to set global FRAND royalty rates,” and parties would be required to litigate in each national court “[t]o the extent the litigating parties could not agree on applicable royalty rates for [such] countries’ patents.”²³⁴ Territorial adjudication would be a quick solution to the existing courts’ competition for jurisdiction,²³⁵ but it also has problems.

First, territorial adjudication subverts the aim of the FRAND licensing regime. The idea of FRAND licensing, by its very nature, aims to require patentees to grant licenses worldwide to “minimize . . . economic distortions.”²³⁶ The territory adjudication approach brings back the exact cost of jurisdiction-by-jurisdiction resolution that FRAND licensing aims to

230. *Unwired Planet Int’l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [90] (appeal taken from Eng.).

231. *Optis*, [2022] EWCA (Civ) 1411 [115].

232. In the most recent decision in *Optis v. Apple*, the Court of Appeal, in its postscript, proposed that “[t]he only way to put a stop to such behaviour is for SDOs like ETSI to make legally-enforceable arbitration of such disputes part of their IPR policies.” *Id.*

233. Greenbaum, *No Forum to Rule Them All*, *supra* note 80, at 1117–18. “[A]bsent other agreement by the parties, the national courts of each country will have jurisdiction for FRAND licensing determinations only for patents issued by that territory.” *Id.* at 1117.

234. *Id.* at 1118–19.

235. “[T]erritorial adjudication ends the jurisdictional competition” and “is consistent with principles of comity” by allowing each country to “determine the validity and enforceability of its own patent rights.” *Id.* at 1119.

236. See Lichtman, *supra* note 8, at 1033–35. In *Unwired Planet International Ltd. v. Huawei Technologies (UK) Co.*, the U.K. Supreme Court specifically affirmed that “a UK portfolio licen[s]e” is not FRAND, but “a worldwide license” is FRAND because the telecommunication industrial practice is that “every patent licen[s]e which the parties had produced in the trial bundles was a worldwide portfolio contract” and “[t]he IPR Policy [of IEEEE] is intended to have international effect.” See [2020] UKSC 37 [25], [48], [62] (appeal taken from Eng.).

reduce—the cost devoted to determining the value of specific patents in the portfolio in each jurisdiction.²³⁷ The sliding scale effect of parties knocking at the doors of courts of each jurisdiction to get a FRAND term jurisdiction by jurisdiction practically overturns the very essence of having a FRAND term in the first place.²³⁸

Second, territorial adjudication only works if each and every jurisdiction facing a FRAND dispute observes the same boundary, which usually functions only under a formal treaty. With the prevalence of ASIs and anti-ASIs, it is unlikely that courts will voluntarily surrender their claimed authority over the global FRAND rate-setting.²³⁹ In fact, despite their treaty obligations under the U.N.’s Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), courts still compete to issue ASIs and anti-ASIs and pick on each other’s practices.²⁴⁰

2. “Baseball-Style” SSO-Enforced Arbitration

A “baseball-style” SSO-enforced arbitration refers to a mechanism where parties agree to allow an arbitration association specified by the SSO to resolve the FRAND dispute.²⁴¹ Under the regime, when disputes arise, each party submits to the arbitrator a binding, “purely monetary” offer that it would accept for licensing of the SEP portfolio (a “Final Offer”) and promises that if no consensus is reached between the parties, the arbitrator

237. *See id.*; *see also supra* Part II.

238. Territorial adjudication leads to “a war of attrition” favoring SEP implementers because it would delay enforcement of SEPs and “starve [SEP owners] of income from licensing.” *Optis Cellular Tech. Co. v. Apple Retail U.K. Ltd.* [2022] EWCA (Civ) 1411 [11] (Eng.); *see also* Tsang & Lee, *supra* note 218, at 379–80.

239. “The courts of an increasing number of countries have held that they have jurisdiction to determine the terms of a global FRAND licen[s]e either with or, in some cases, even without the consent of both parties.” *Optis*, [2022] EWCA (Civ) 1411 [12]; *see also supra* Section III.B.5.

240. Article 41.1 of TRIPS requires that its members’ domestic intellectual property enforcement procedures shall be “applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.” *See* Agreement on Trade-Related Aspects of Intellectual Property Rights art. 41, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 (amended by the 2005 Protocol Amending the TRIPS Agreement), https://www.wto.org/english/docs_e/legal_e/trips_e.htm#art41 [<https://perma.cc/LJ3P-3G35>]. While European courts issue ASIs and anti-ASIs, the European Union picked on China’s recent issuing of ASIs as a breach of TRIPS due to China’s failure to disclose the full judicial decision of ASIs. *See* Request for Consultations by the European Union, *China – Enforcement of Intellectual Property Rights*, WTO Doc. WT/DS611/1 (Feb. 22, 2022), https://trade.ec.europa.eu/doclib/docs/2022/february/tradoc_160061.pdf [<https://perma.cc/PWU5-FBG8>]. The past few years’ actions by courts of various jurisdictions also prove the failure of the territorial adjudication approach. *See* Erik R. Puknys & Michelle (Yongyuan) Rice, *Where Will Be the Most Favorable FRAND Forum?*, FINNEGAN (Mar. 2021), <https://www.finnegan.com/en/insights/articles/CDMR-where-will-be-the-most-favorable-frand-forum.html> [<https://perma.cc/VKX3-DG2Y>].

241. Lemley & Shapiro, *supra* note 20, at 1141.

is authorized to pick from the Final Offers submitted and bind the parties.²⁴² The “baseball-style” arbitration seeks to have “a private decision maker who does not have the power to issue an injunction” to end the ASI chaos²⁴³ and incentivize parties to “mak[e] reasonable proposals” to avoid losing their Final Offer.²⁴⁴

The regime leads the discussion of resolving FRAND disputes through arbitration, but leaves many critical issues unanswered.²⁴⁵ First, which arbitration association or arbitrator should the parties choose? Since the arbitration serves to set the license fee of SEPs, out of the same antitrust concern, SSOs may be reluctant to set up such an arbitration regime within the organization.²⁴⁶ This leaves the parties to find arbitration associations or arbitrators without input of SSOs. While the “baseball-style” Final Offer arbitration has been adopted to settle salaries of Major League Baseball players in the United States, the mechanism may face challenges in other jurisdictions.²⁴⁷ The potential annulment, set-aside, and challenge of such arbitral awards²⁴⁸ and the unfamiliarity of the Final Offer mechanism by arbitrators of certain countries will bring back the forum-shopping concerns associated with FRAND litigations.

Second, the regime is no guarantee that a FRAND rate will be chosen.²⁴⁹ FRAND royalty negotiations usually consider various factors on top of the

242. *Id.* at 1141, 1144–45.

243. *Id.* at 1143.

244. *Id.* at 1144.

245. Besides the questions discussed in this Note, other criticisms include the dissimilarity of baseball player salaries and FRAND licensing rates, oversimplification of FRAND disputes by adopting the Final Offer regime, insufficient transparency in award-making, and inconsistency of FRAND rates for similar SEP portfolios. See J. Gregory Sidak, *Mandating Final-Offer Arbitration of FRAND Royalties for Standard-Essential Patents*, 18 STAN. TECH. L. REV. 1, 10–11, 14 (2014); Contreras, *Global Rate Setting*, *supra* note 16, at 732.

246. Many SSOs’ IPR policies are intentionally left vague. Apart from uncertainties in “the ultimate value of the technology,” “fear of antitrust liability” arising from “unlawful price fixing” also plays a role. Joshua D. Wright, *SSOs, FRAND, and Antitrust: Lessons from the Economics of Incomplete Contracts*, 21 GEO. MASON L. REV. 791, 796 (2014). See also Contreras, *Global Rate Setting*, *supra* note 16, at 705–06, 752–53.

247. See Danilo Ruggero Di Bella (Bottego Di Bella), “*Final-Offer Arbitration*: A Procedure to Save Time and Money?”, KLUWER ARB. BLOG (Jan. 25, 2019), <http://arbitrationblog.kluwarbitration.com/2019/01/25/final-offer-arbitration-a-procedure-to-save-time-and-money/> [https://perma.cc/W99U-7UYF]. “[I]n some jurisdictions the lack of reasons is *per se* a ground to annul the award.” *Id.* For example, the Spanish Arbitration Act requires an arbitration award to state reasons. *Id.* (citing Spanish Arbitration Act art. 37 (B.O.E. 2003, 309)). An award made under the baseball-style “could be also set aside” because “such an award could not fulfil arbitrator’s mandate to address every relevant issue of the dispute.” *Id.* Such an award may also be challengeable when a party may not be “able to present its case.” *Id.*

248. *Id.*

249. Contreras, *Global Rate Setting*, *supra* note 16, at 732; see also Sidak, *supra* note 245, at 27–33, 35. See *supra* Section III.B.1. In the FRAND dispute between Apple and Qualcomm, as part of Apple’s strategy in FRAND negotiation with Qualcomm, Apple filed allegations under China’s Anti-Monopoly Law and charged “excessive royalties on Apple’s products sold in China.” *Apple Inc. v. Qualcomm Inc.*, No. 3:17-CV-00108-GPC-MDD, 2017 WL 3966944, at *5 (S.D. Cal. Sept. 7, 2017).

licensing rate of the SEPs; such factors also include the longevity and success of the industrial standard,²⁵⁰ potential antitrust allegations,²⁵¹ and net balancing of cross-licensing.²⁵² By mandating the arbitrator to choose between two Final Offers, the regime neglects the possibility that neither party submits a genuine FRAND royalty due to lack of information and lack of ability to adjust Final Offers.²⁵³ Even if one of the Final Offers is reasonable, an arbitrator may fail to choose the reasonable FRAND rate by avoiding “overcompensating—not undercompensating—the SEP holder” if the arbitrator weighs consumer prices heavily.²⁵⁴

3. *Global FRAND Tribunal*

The proposal of a global FRAND rate-setting tribunal provides that SSOs should mandate or offer their members the ability to “resolve all disputes regarding the level of FRAND royalties . . . through an international, non-governmental rate-setting tribunal.”²⁵⁵ The new non-governmental body would host prevalent commercial arbitration associations and technology-specific arbitration associations to hear FRAND disputes.²⁵⁶ Proposed functions include the capability of determining SEP validity, reevaluating the essentiality of SEPs in standards, determining FRAND rates for specific standards, and disclosing the reasoning and methodology behind FRAND rate calculations.²⁵⁷

While the idea of a global FRAND tribunal inspires discussion of resolving FRAND disputes through a third-party independent non-governmental organization, the barriers of time and cost of establishing a new organization, obtaining consensus among SSOs and other stakeholders, and concerns of national interest may make the proposal impractical in the short term.²⁵⁸

250. See Lim, *supra* note 83, at 41. “If the standard is commercially successful, implementers are willing to pay a much larger royalty for the use of the patented technology than they would have paid ex ante, when the SEP holder faced competition from other technologies.” Melamed & Shapiro, *supra* note 31, at 2114.

251. See generally Apple Inc., 2017 WL 3966944, at *4–5.

252. See Sidak, *supra* note 245, at 37.

253. The parties are denied “the opportunity to observe information about the other party’s beliefs regarding the magnitude of the true FRAND royalty” and “lack the ability and incentive to adjust their proposals closer to each other’s proposal,” which may “distort” the FRAND rate awarded by the arbitration based on the parties’ Final Offers. *Id.* at 29.

254. *Id.* at 32. “From a static perspective, the arbitrator may perceive that the greater evil to avoid is overcompensating—not undercompensating—the SEP holder, since the royalties that the implementer pays on its downstream products may affect consumer prices and may be observable in the near term.” *Id.*

255. Contreras, *Global Rate Setting*, *supra* note 16, at 738.

256. See generally *id.* at 738–53.

257. See generally *id.*

258. See Tsang & Lee, *supra* note 218, at 381–82.

B. A New Proposal: Adjusted WIPO Mandatory Arbitration for FRAND Disputes

1. Reference to the Domain Name Dispute Resolution Mechanism

The Uniform Domain Name Dispute Resolution Policy (UDRP) regime sheds light on a practical way to resolve FRAND disputes.²⁵⁹ Like FRAND disputes, domain name disputes arise from territorial rights of trademarks or service marks with worldwide impact.²⁶⁰ The Internet Corporation for Assigned Names and Numbers (ICANN), with its UDRP, resolves domain name disputes related to trademarks or service marks through a “mandatory administrative proceeding” at ICANN.²⁶¹ The UDRP, including the dispute resolution mechanism, applies to almost all domain name holders because it is “incorporated by reference into” domain name holders’ registration agreements.²⁶² The disputes are decided by a panel appointed by a dispute resolution service provider approved by ICANN.²⁶³ The panel decision is reviewable at a court of “Mutual Jurisdiction,” which refers to a court at the location of either “the principal office of the Registrar [of the domain name] . . . or . . . the domain-name holder’s address.”²⁶⁴ The ICANN mechanism provides expedited and low-cost resolution of domain name

259. “[N]ot all arbitration agreements are negotiated between sophisticated parties.” See Contreras, *Global Rate Setting*, *supra* note 16, at 729–31.

260. See Jason M. Osborn, Note, *Effective and Complementary Solutions to Domain Name Disputes: ICANN’s Uniform Domain Name Dispute Resolution Policy and the Federal Anticybersquatting Consumer Protection Act of 1999*, 76 NOTRE DAME L. REV. 209, 214–18 (2000).

261. See INTERNET CORP. FOR ASSIGNED NAMES AND NUMBERS, UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY art. 4 (Aug. 26, 1999) [hereinafter UDRP], <http://www.icann.org/udrp/udrp-policy-24oct99.htm> [<https://perma.cc/28HL-PFF2>] (see Article 4); see also Osborn, *supra* note 260, at 217–19.

262. See UDRP, *supra* note 261, art. 1.

263. See generally *id.* The approved dispute resolution service providers include, but are not limited to, the World Intellectual Property Organization. See INTERNET CORP. FOR ASSIGNED NAMES AND NUMBERS, LIST OF APPROVED DISPUTE RESOLUTION SERVICE PROVIDERS, <https://www.icann.org/resources/pages/providers-6d-2012-02-25-en> [<https://perma.cc/CP79-4N4F>] (last visited Jan. 31, 2023). The UDRP allows parties to submit the dispute to “a court of competent jurisdiction for independent resolution before such mandatory administrative proceeding is commenced or after such proceeding is concluded.” See UDRP, *supra* note 261, art. 4(k). Once the administrative panel decides on the dispute, parties are allowed to commence a lawsuit within ten business days. *Id.* Otherwise, the domain name will be cancelled or transferred following the panel decision. *Id.*

264. See INTERNET CORP. FOR ASSIGNED NAMES AND NUMBERS, ARCHIVED RULES FOR UNIFORM DOMAIN NAME DISPUTE RESOLUTION POLICY art. 1 (Aug. 26, 199) [hereinafter ICANN RULES], <http://www.icann.org/udrp/udrp-rules-24oct99.htm> [<https://perma.cc/WG99-3EPX>].

disputes under the hands of experts from specific areas of technologies and reaches parties in almost any jurisdiction.²⁶⁵

The ICANN domain name dispute resolution provides an essential reference to FRAND dispute resolution. Both dispute resolutions involve territorial intellectual property right (trademark in domain name disputes and patents in FRAND disputes); both have a global impact; and both could be “time-consuming and costly.”²⁶⁶ ICANN’s practice of resolving domain name disputes demonstrates the possibility of resolving intellectual property enforcement-related disputes through “mandatory arbitration.”²⁶⁷

2. *Introduction to the Current FRAND Arbitration and Mediation System at WIPO Center*

As discussed above, relying on courts of different jurisdictions to rule on a global FRAND dispute has led to ASI-anti-ASI deadlocks. Currently, FRAND disputes do have their own arbitration regime.²⁶⁸ The WIPO Arbitration and Mediation Center (“WIPO Center”) currently accepts arbitration claims concerning FRAND terms.²⁶⁹ The WIPO Center provides “tailored model submission agreements” to enable parties to resolve FRAND disputes under either “WIPO Mediation, WIPO Arbitration, WIPO Expedited Arbitration or WIPO Expert Determination.”²⁷⁰

Under the current WIPO arbitration regime, a party may initiate the proceedings at WIPO by a “unilateral request for mediation,” a “unilateral request for expert determination,” or a demand for arbitration under a contract clause.²⁷¹ The scope of the arbitration, at the choice of parties, could be “specific SEPs, a collection of SEPs, an entire SEP-portfolio, or a ‘sample’ of representative patents (consensually) chosen from a[n] SEP-portfolio” for a global FRAND licensing or for a particular jurisdiction.²⁷² The parties may agree that the arbitral decision is not binding.²⁷³ “[E]ach party will be requested to appoint one arbitrator; the two arbitrators thus

265. See generally Donna L. Howard, Comment, *Trademarks and Service Marks and Internet Domain Names: Giving ICANN Deference*, 33 ARIZ. ST. L.J. 637, 641–50 (2001).

266. See generally *id.*

267. Contreras, *Global Rate Setting*, *supra* note 16, at 730–31.

268. See Eli Greenbaum, *Forgetting FRAND: The WIPO Model Submission Agreements*, LES NOUVELLES, June 2015, at 82–83 [hereinafter Greenbaum, *Forgetting FRAND*].

269. See WORLD INTELL. PROP. ORG., WIPO ADR FOR FRAND DISPUTES, <https://www.wipo.int/amc/en/center/specific-sectors/ict/frand/> [https://perma.cc/LWS4-F5LJ] (last visited Jan. 31, 2023).

270. See *id.*

271. See WORLD INTELL. PROP. ORG., WIPO ADR OPTIONS FOR FRAND DISPUTE MANAGEMENT AND RESOLUTION 4-5 (2022), <https://www.wipo.int/export/sites/www/amc/en/docs/wipofrandadrguidance.pdf> [https://perma.cc/X59K-L8DP] [hereinafter WIPO GUIDANCE].

272. *Id.* at 8.

273. *Id.*

appointed will then appoint the presiding arbitrator.”²⁷⁴ “[U]nless otherwise agreed by the parties or required by law, the existence of the arbitration, information on disclosures made during the arbitration, and the arbitration award itself enjoy high standards of confidentiality protection.”²⁷⁵ An arbitral tribunal will have limited power to take any interim measures.²⁷⁶

3. *Proposed Mandatory Arbitration at WIPO*

The fact that an arbitral decision, at the option of parties, could be nonbinding renders WIPO arbitration unattractive: why would parties extend costs on a nonbinding arbitral decision, while a court’s decision, even an ASI, may add bargaining power in FRAND negotiations? The lack of an ex ante agreement to have WIPO arbitration as the final and binding dispute resolution channel for FRAND disputes also impedes FRAND dispute parties’ ability to resort to the existing WIPO arbitration mechanism.²⁷⁷

Under the proposed WIPO arbitration regime, as part of SSOs’ bylaws and intellectual property policies, SSO members would undertake that WIPO arbitration should be mandatory and the sole and final dispute resolution channel for a global FRAND dispute, regardless of the nationality of the counterparty or the jurisdiction of patents under dispute.²⁷⁸ SSOs should further incorporate WIPO’s Model Submission Agreement for FRAND disputes as an appendix in their policies, and the parties should be required to sign the agreement upon either party’s submission of the FRAND dispute to WIPO. Since some jurisdictions do not accept the third-party beneficiary theory, thus refusing to enforce contractual commitments under SSO policies,²⁷⁹ the proposed dual agreement to arbitrate ex ante and ex post would ensure that parties of a FRAND dispute enter into valid

274. *Id.* at 9.

275. *Id.* at 12.

276. “The model submission agreements propose limiting the arbitral tribunal’s power concerning interim injunctions in a FRAND arbitration, unless otherwise agreed by the parties.” *Id.*

277. Greenbaum, *Forgetting FRAND*, *supra* note 268, at 86–87.

278. In practice, some SSOs have adopted a similar mandatory arbitration approach in intellectual property-related disputes. For example, the Digital Video Broadcasting Project mandates disputes among members to be resolved under the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The arbitration takes place in Frankfurt, Germany. German substantive law applies. See DIGIT. VIDEO BROAD. PROJECT, MEMORANDUM OF UNDERSTANDING art. 14.7 (2014), http://www.dvb.org/resources/public/documents_site/dvb_mou.pdf [<https://perma.cc/9M3D-ABMV>]; see also Contreras, *supra* note 16, at 730 (introducing other SSOs with mandatory arbitration clauses).

279. Enforcing an “exclusive forum selection clause” against standard implementer may be problematic in jurisdictions where “a forum selection clause may not bind a third party even if he or she knows the existence of the clause.” See Tsang & Lee, *supra* note 218, at 376–77.

arbitration agreements and would facilitate enforcement of arbitral awards made by WIPO in domestic courts.²⁸⁰

WIPO's current Model Submission Agreement for FRAND disputes and its guidance on alternate dispute resolution options in FRAND disputes should be revised to require parties to take WIPO arbitral awards as final and binding determinations of the FRAND disputes between the parties. Under the proposed WIPO mandatory arbitration, a party initiating the arbitration could still decide the size and composition of the SEP portfolio, subject to the other party's counterclaim of resolving other SEPs' licensing rates and cross-licensing requests.²⁸¹ The proposed WIPO arbitration mechanism, as a dispute resolution forum not attached to any specific jurisdiction, would overcome the very concern of losing exclusive judicial authority over evaluating patents to another jurisdiction.²⁸² The proposed mechanism also provides a neutral forum by allowing parties to elect arbitrators and having the party-elected arbitrators elect a presiding arbitrator.²⁸³

4. Authority to Interim Measures

Despite the fact that the proposed WIPO arbitration would only hear FRAND disputes and would solely decide FRAND licensing terms, the WIPO arbitrators should have the authority to grant interim measures, including the power to order parties to suspend or withdraw all court proceedings that could influence the FRAND arbitration.²⁸⁴ During the arbitration, the arbitral tribunal should be the sole adjudicator of the dispute. This rule serves to provide a more efficient resolution to FRAND disputes by deterring the arbitrating parties from filing lawsuits in courts of different

280. An arbitration agreement signed by parties in writing is a basic prerequisite for enforcing arbitral award. U.N. Conference on International Commercial Arbitration, *Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, 330 U.N.T.S. 3, art. II (June 10, 1958) [hereinafter *New York Convention*].

281. Some scholars view the flexibility of the scope of arbitration as a problem of "royalty-stacking." See Greenbaum, *Forgetting FRAND*, *supra* note 268, at 86. The practice of SEP owners or SEP implementers holding certain SEPs out of an ongoing litigation serves a practical purpose when courts of different jurisdictions may grant different SEPs based on different benchmark rates. See Contreras, *The New Extraterritoriality*, *supra* note 6, at 262. However, under the mandatory WIPO arbitration, it would be cost-inefficient for parties to do so because WIPO arbitration would be the sole dispute resolution entity.

282. See *supra* Section IV.C.

283. See *supra* Section V.A.2.

284. See WORLD INTELL. PROP. ORG., WIPO ARBITRATION RULES (July 1, 2021), <https://www.wipo.int/amc/en/arbitration/rules/index.html> [https://perma.cc/Q4B6-YGRG] (providing, under Article 48(a), that the arbitral tribunal may issue "provisional orders or take other interim measures it deems necessary"); see also WORLD INTELL. PROP. ORG., WIPO EXPEDITED ARBITRATION RULES art. 42(a) (July 1, 2021), <https://www.wipo.int/amc/en/arbitration/expedited-rules/> [https://perma.cc/9JEG-M9EN].

jurisdictions to add to their own bargaining power and by ensuring acceptance of a FRAND term decided by the arbitral tribunal.²⁸⁵ This also aims to stop the chaos of seeking ASIs and anti-ASIs by parties and concentrates the sole adjudicating authority on the WIPO arbitral tribunal.²⁸⁶

5. Promising Enforcement Arbitral Award

The arbitral awards rendered by WIPO arbitration should be enforced under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.²⁸⁷ For recognition and enforcement of the award, the arbitral award should limit its decision on FRAND terms as a contract dispute and avoid making decisions on potential public policy issues, including, but not limited to, patent validity, patent infringement, and antitrust violations.²⁸⁸ This ensures that local courts will enforce the arbitral award made by WIPO without nonarbitrability or public interest concerns.²⁸⁹ In addition, the SSO should require its members' consent that any arbitral award made under WIPO arbitration on FRAND terms be binding on the parties only. This serves to shield SSOs from price-fixing antitrust concerns.²⁹⁰

CONCLUSION

ASIs and anti-ASIs are dragging technology market participants into a bottomless chasm. Parties utilize the territorial nature of SEPs to gain bargaining chips for their FRAND negotiations. At the same time, courts of different jurisdictions compete to set up their authority to rule on a global FRAND rate. Courts generally consider the identities of the parties in dispute, the impact of the foreign parallel litigation, the parties' interests,

285. "The IPR Policy imposes a limitation on a SEP owner's ability to seek an injunction, but that limitation is the irrevocable undertaking to offer a licen[s]e of the relevant technology on FRAND terms, which if accepted and honoured by the implementer would exclude an injunction." *Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co.* [2020] UKSC 37 [61] (appeal taken from Eng.).

286. "[B]y centralizing the dispute resolution in one single venue, arbitration procedures can avoid the costs and conflicts of ASIs and subsequent legal proceedings in multiple jurisdictions." Tsang & Lee, *supra* note 218, at 380 (citing Guillaume Areou & Christophe Arfan, *The Use of Arbitration in FRAND Disputes*, 2021 INT'L BUS. L.J. 327, 339).

287. The New York Convention applies to "the recognition and enforcement of arbitral awards made in the territory of a State other than the State where the recognition and enforcement of such awards are sought." *New York Convention*, *supra* note 280 art. I.

288. Ruling by arbitration on antitrust issues may lead to refusal of recognition and enforcement of an arbitral award under Article V of the New York Convention. *See id.* art. V. Arbitral awards ruling on intellectual property may even preclude application of the New York Convention. Tsang & Lee, *supra* note 218, at 382.

289. *New York Convention*, *supra* note 280, art. V.

290. *See supra* Section V.A.2.

and international comity in adjudicating ASIs and anti-ASIs. However, due to courts' exclusive authority to rule on patent validity and enforcement disputes, in FRAND disputes, courts struggle to justify their decisions in extraterritorial global FRAND rates. The race to grant ASIs, anti-ASIs, and even anti-anti-ASIs is frustrating the purpose of FRAND commitment in the first place: to provide a one-basket deal for SEP holders and implementers by reducing the monetary and time cost of resolving patent enforcement disputes.

The chaotic territorial practice of the past several years proves the need for a forum not attached to any particular jurisdiction to adjudicate global FRAND disputes. This Note proposes modifying the existing WIPO arbitration mechanism to serve as a mandatory dispute resolution mechanism for FRAND disputes. With cooperation from SSOs, a revised WIPO arbitration rule would minimize the monetary and time cost of resolving global FRAND rate-setting disputes. Rather than filing vexatious and duplicative lawsuits in various courts and assuming the uncertainties in cross-border enforcement of judicial decisions, parties under a mandatory WIPO arbitration mechanism would resolve global FRAND disputes effectively and efficiently.

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