

**Provisional translation**

**Source:** The summary version of the report: Latest Global Trends in Standard Essential Patents (Japanese) (「標準必須特許を巡る国内外の動向について (裁判及び調停・仲裁による紛争解決の実態) の調査研究」の要約版) ([https://www.jpo.go.jp/resources/report/sonota/document/zaisanken-seidomondai/2019\\_12\\_02.pdf](https://www.jpo.go.jp/resources/report/sonota/document/zaisanken-seidomondai/2019_12_02.pdf))

## List of Recent Court Decisions on Standard Essential Patents (SEPs)

### (1) Recent Court decisions on SEPs in the U.S.

| # | TITLE OF THE CASE   | OUTLINE OF THE CASE  |
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| 1 | Federal Trade Commission (FTC) v. Qualcomm<br>(United States (UN) District Court for the Northern District of California, Case No. 17-cv-00220-LHK, May 21, 2019) | <ul style="list-style-type: none"><li>○ In the case, the Federal Trade Commission (FTC) brought suit against Qualcomm Incorporated (Qualcomm) for allegedly violating the FTC Act and asked the Court to seek a permanent injunction against Qualcomm's anticompetitive conduct.</li><li>○ The case was contested as to whether or not Qualcomm's practices, such as refusing to license SEPs to model chip rivals, violated Sections 1 and 2 of the Sherman Act and Section 5 of the FTC Act.</li><li>○ The Court concluded that Qualcomm's patent licensing practices violate Section 5 of the FTC Act because Qualcomm's conduct fall under unfair restraint of trade under Section 1 of the Sherman Act and was exclusionary conduct under Section 2 of the Sherman Act. Based on these, the Court permitted the FTC's claim for a permanent injunction, stating that Qualcomm's monopoly control over the relevant market by its illegal conduct would continue, causing a great deal of adverse effects.</li></ul> |
| 2 | Federal Trade Commission (FTC) v. Qualcomm<br>(US Court of Appeals for the 9th Circuit, Case No. 19-16122, August 23, 2019)                                       | <ul style="list-style-type: none"><li>○ In the case, Qualcomm filed a motion with the Court of Appeals to seek a partial stay pending appeal of the District Court's permanent injunction.</li><li>○ When determining whether to issue a stay pending appeal of the injunction due to the violation of the FTC Act, the Court of Appeals considered the following four decisive factors of: (1) whether the appellant, Qualcomm, had made a strong showing that it would be likely to succeed on the merits in its motion to seek a stay of the injunction; (2) whether the appellant would be irreparably injured absent a stay; (3) whether the issuance of the stay would substantially injure the other parties interested in the proceeding; and (4) whether the stay would be contrary to the public interest.</li></ul>   |

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|          |  | <ul style="list-style-type: none"> <li>○ In regard to the decisive factor (1), the Court of Appeals, unlike the District Court, determined that Qualcomm had made the requisite showing that its business practice of charging original equipment manufacturers (OEMs) royalties for its patents on a per-handset basis does not violate the antitrust laws.</li> <li>○ The Court of Appeals granted Qualcomm’s motion for a partial stay of the injunction pending appeal of the District Court during the period until the proceeding at the Court of Appeal would be settled or the Court would issue additional orders.</li> </ul>   |
| <b>3</b> | <p>Optis Wireless Technology v. Huawei<br/>(US District Court for the Eastern District of Texas (MARSHALL DIVISION), Case No. 2:17-cv-00123-JRG, March 18, 2019)</p> | <ul style="list-style-type: none"> <li>○ In the case, plaintiff PanOptis filed a motion to request declaratory judgment in its patent infringement lawsuit (claim of compensation for damages) against defendant Huawei, in order to affirm that it had complied with its obligation to offer a license to its SEPs on fair, reasonable, and non-discriminatory (FRAND) terms and that it had presented license conditions that satisfied FRAND terms in licensing negotiations involving its portfolio of SEPs consisting of both U.S. and non-U.S. patents.</li> <li>○ The Court determined to limit subject matter of declaratory judgment to PanOptis’ U.S. patents. And, since PanOptis had not presented any evidence on whether or not it offered license conditions on FRAND terms, the Court dismissed PanOptis’ claim for declaratory judgment.</li> </ul>   |
| <b>4</b> | <p>HTC v. Ericsson<br/>(US District Court for the Eastern District of Texas (Tyler Division), Case No. 6:18-CV-00243-JRG, May 23, 2019)</p>                          | <ul style="list-style-type: none"> <li>○ In the case, Ericsson asserted a counterclaim seeking a declaratory judgment that its licensing terms and conditions to HTC had complied with its contractual obligation to the European Telecommunications Standards Institute (“ETSI”).</li> <li>○ The Court rejected HTC’s arguments that Ericsson’s offers to HTC resulted in discrimination to HTC, based on the Ericsson’s submitted comparable license evidence, which showed royalty rates similar to the rates Ericsson offered to HTC. Also, the Court concluded that both of Ericsson’s license offers to HTC—a rate of \$2.50 per 4G device and a rate of 1% of the net selling price of HTC’s 4G device with a \$1 floor and a \$4 cap—were fair, reasonable, and non-discriminatory.</li> <li>○ In light of these findings and conclusions, the Court declared that Ericsson’s licensing terms and conditions, which were offered to HTC during the licensing negotiations, had complied with its contractual FRAND obligations to the ETSI.</li> </ul> |

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| <p><b>5</b></p> | <p>Conversant Wireless Licensing v. Apple<br/>(US District Court Northern District of California, Case No. 15-cv-05008-NC, May 10, 2019)</p> | <ul style="list-style-type: none"> <li>○ The case was contested as to whether or not defendant Apple had infringed “‘151 patent,” U.S. patent owned by plaintiff Conversant, and was remanded to the District Court from the Federal Circuit.</li> <li>○ The District Court found that Conversant had implicitly waived its rights to enforce its U.S. ‘151 patent because Nokia failed to disclose the U.S. patent before the ETSI at the most appropriate timing, and as a result, Nokia and Conversant inequitably benefited from Nokia’s inappropriate failure to disclose. Accordingly, the Court granted Apple’s motion for unenforceability of ‘151 patent.</li> </ul> |
| <p><b>6</b></p> | <p>TCL Communication Technology v. Ericsson<br/>(US CAFC, Case No. 2018-1363, 2018-1732, December 5, 2019)</p>                               | <ul style="list-style-type: none"> <li>○ The case was contested as to whether or not the release payment, which had been determined by the District Court for the Central District of California without conducting a jury trial, would be unjust and unreasonable.</li> <li>○ The US Court of Appeals for the Federal Circuit (CAFC) concluded that Ericsson had a right to a jury trial on the release payment term. Accordingly, the CAFC vacated the District Court’s determination and decided to remand the case to the District Court for further proceedings.</li> </ul>  |

**(2) Recent Court Decisions on SEPs in the UK**

| #               | TITLE OF THE CASE  | OUTLINE OF THE CASE   |
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| <p><b>7</b></p> | <p>TQ Delta v. ZyXEL Communications<br/>(UK, England and Wales High Court (Patents Court), Case No. [2019] EWHC 745 (pat), March 18, 2019)</p> | <ul style="list-style-type: none"> <li>○ The case was contested as to whether or not the grant of an injunction due to SEPs in suit, which were due to expire with no more than several months, was disproportionate.</li> <li>○ The Court determined that this was a case of “hold-out” by the Defendants ZyXEL because, before the SEPs in suit would expire in several months and the issue of taking a license on reasonable and non-discriminatory (RAND) terms would be settled by the Court, ZyXEL had constantly changed their position on whether they were prepared to take a license in such terms. And, the Court decided that ZyXEL had intentionally refused to agree to take a license.</li> <li>○ Therefore, the Court determined that to deprive the patentee TQ Delta of injunctive relief in these circumstances would be unjust.</li> </ul> |

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|  |  | ○ Further, the Court rejected ZyXEL’s request to grant a stay of the injunction and a carve-out from the injunction. |
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### (3) Recent Court Decisions on SEPs in Germany

| # | TITLE OF THE CASE   | OUTLINE OF THE CASE   |
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| 8 | Unwired Planet International v. Huawei<br>(Higher Regional Court (Oberlandesgericht (OLG)) of Düsseldorf, Case No. I-2 U 31/16, March 22, 2019) | <ul style="list-style-type: none"> <li>○ In the case, the claimant, Unwired Planet, sued the defendant, Huawei, for infringing its patent (one of the SEPs), asking the Court to recognize Huawei’s liability for damages on the merits.</li> <li>○ The Higher Regional Court found that Huawei had infringed Unwired Planet’s patent in suit and determined that the infringed patent in suit had been validly transferred from the previous holder, Ericsson, to Unwired Planet. Based on these, the Court recognized Huawei’s liability for damages on the merits.</li> <li>○ However, the Higher Regional Court also determined that when making specific FRAND licensing offers, Unwired Planet had not complied with the SEP holder’s FRAND obligation. In the Court’s view, that was because Unwired Planet had failed to adequately specify the non-discriminatory nature of its licensing offers to Huawei, compared to the existing licensing agreements.</li> </ul>  |
| 9 | Nokia v. Daimler and Continental<br>(Higher Regional Court (DE OLG) Munich, Case No. 6 U 5042/19, December 12, 2019)                            | <ul style="list-style-type: none"> <li>○ In the case, Continental appealed against the preliminary injunction issued by the Regional Court of Munich I, which ordered Continental to withdraw its motion for the issuance of an anti-suit injunction before the Northern District of California US Court. This motion had been filed to stay the patent infringement proceedings in Germany.</li> <li>○ The Higher Regional Court determined to justify the issuance of the preliminary injunction by the Regional Court of Munich I based on the following grounds, and rejected the Continental’s appeal: <ul style="list-style-type: none"> <li>- Nokia’s rights in Germany need to be protected in the context of the proceedings regarding the motion for the issuance of an anti-suit injunction in the U.S.</li> <li>- The preliminary injunction would not have any direct or indirect impact on the main proceedings filed by Continental against Nokia in the U. S., which aimed at obtaining a license to the Nokia patents on appropriate FRAND compliant terms.</li> </ul> </li> </ul> |

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|           |   | <ul style="list-style-type: none"> <li>- In regard to the Nokia’s claim that it would face disadvantages due to the imposition of a penalty in the U.S. in case of a violation of an anti-suit injunction, Continental had not presented disadvantages due to the issuance of the preliminary injunction by the Regional Court of Munich I.</li> </ul>  |
| <b>10</b> | Sisvel v. Wiko<br>(Regional Court (DE, Landesgericht (LG)) of Mannheim, Case No. 7 O 115/16, September 4, 2019) | <ul style="list-style-type: none"> <li>○ In the case, Sisvel filed a lawsuit in the Court to seek an injunction against Wiko, arguing that Wiko had infringed its patents in suit.</li> <li>○ The Court determined that: (1) under the circumstances in which Sisvel’s royalty rates in its license agreement on its patent pool “Mobile Communication Program (MCP)” had been already accepted by a significant number of licensees, Wiko had sufficient information to assess Sisvel’s license offer for the MCP pool patents; and (2) accordingly, there was no reason why Sisvel would have to disclose all of its prior license agreements.</li> <li>○ Also, in the Court’s ruling, the fact that Wiko had refused to sign a Non-Disclosure Agreement (NDA) with Sisvel was viewed as a sign that Wiko had no intention to negotiate a license agreement with Sisvel. In view of this, the Court determined that this Wiko’s delaying tactics in the negotiations was an act in bad faith. (In other words, Wiko’s act was considered to be a “hold out” strategy.)</li> <li>○ Based on these views, the Court granted Sisvel an injunction against Wiko for the patents in suit.</li> </ul> |

**(4) Recent Court Decisions on SEPs in China**

| #         | TITLE OF THE CASE  | OUTLINE OF THE CASE   |
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| <b>11</b> | Huawei v. Conversant Wireless Licensing<br>(Intermediate People’s Court of Nanjing (Nanjing Intermediate Court) in China, Case Nos. (first-instance judgment) 232, 233, 234, September 16, 2019) | <ul style="list-style-type: none"> <li>○ In the case, Huawei filed a lawsuit against Conversant to request the Court to declare that: (1) Huawei had not infringed Conversant’s patents; and (2) how the licensing rates should be determined even in case it had infringed the patents.</li> <li>○ In the judgment, the Court dismissed Huawei’s claim that it had never infringed any of Conversant’s patents, and after stating its idea to set licensing rates for a single patent family based on the Chinese industry practices, determined the licensing rates for Huawei’s products.</li> </ul> |

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|  | <ul style="list-style-type: none"> <li>○ The Court adopted the top-down approach in setting appropriate FRAND licensing rates, and presented a formula to determine the SEP licensing rates as follows:</li> </ul> <p>Formula:</p> <p>SEP FRAND rates in China (Chinese royalty rates for a single patent family)</p> <p>= (Accumulative rates of the SEP in a particular industry in China) x (the contribution rate of that single SEP family)</p> |
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**(5) Recent Court Decisions on SEPs in Korea**

| #  | TITLE OF THE CASE  | OUTLINE OF THE CASE  |
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| 12 | Korea Fair Trade Commission v. Qualcomm<br>(Seoul High Court of Justice in Korea (KR), Case No. 2017 48, December 4, 2019) | <ul style="list-style-type: none"> <li>○ In the case, Qualcomm requested the High Court to rescind the payment order of the fine (1.03 trillion won (about 94 billion yen)) that the Korea Fair Trade Commission (KFTC) had imposed on Qualcomm and to stay the KFTC's correction order to Qualcomm's anti-competitive behavior.</li> <li>○ The High Court determined that: (1) Qualcomm had abused its market-dominant position; and (2) Qualcomm had conducted unfair business transactions to unreasonably restrict competitions in the chipset market.</li> <li>○ In the ruling, the High Court found that the correction order issued by the KFTC was legitimate (nonetheless, a part of the correction order was illegal) and that the fine imposed by the KFTC was legitimate. Based on these, the Court dismissed Qualcomm's appeal in court.</li> </ul> |

**(6) Recent Court Decisions on SEPs in the Netherlands**

| #  | TITLE OF THE CASE   | OUTLINE OF THE CASE  |
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| 13 | Philips v. Asus<br>(NL, Court of Appeal of The Hague, Case No. 200.221.250/01, May 7, | <ul style="list-style-type: none"> <li>○ In the case, Philips appealed to the Court of Appeal of The Hague, in complaint of the decision made by the Regional Court of The Hague, which did not grant an injunction order requested by Philip to cease Asus' act of infringement on its patent in suit.</li> </ul> |

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| 2019) |  | <ul style="list-style-type: none"><li>○ In regard to Philips’ late declaration that disclosed its specific patents as potentially essential (SEPs) to the European Telecommunications Standards Institute (ETSI) two years after these patents had been granted, the Court of Appeal determined that Philips had fulfilled its obligations under the Intellectual Property Rights (IPR) Policy of the ETSI.</li><li>○ In the ruling, the Court of Appeal found that Philips had complied with the first step of the Huawei requirements* in SEP licensing negotiations (Licensing Negotiation Offer from Rights Holder). Meanwhile, the Court of Appeal held that Asus had not complied with the Huawei requirements due to its “hold-out” actions to delay licensing negotiations. In its view, in the second step of the Huawei requirements (Expression from Implementer of Willingness to Obtain a License), Asus was not represented in licensing negotiations by technical experts who could evaluate Philips’ patent portfolio, and Asus had repeatedly requested Philips to explain technical issues on the patents in dispute.</li><li>○ In view of these findings, the Court of Appeal overturned the Regional Court’s decision and granted Philips’ request for an injunction against Asus.</li></ul> <p>* The general principles provided by the Court of Justice of the European Union (CJEU) in the Huawei v. ZTE case, which set out a number of steps and guidance for SEP holders and implementers that should be followed in SEP licensing negotiations.</p> |
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