



WASHINGTON STATE
PATENT LAW ASSOCIATION

September 20, 2017

SEP's and Royalties
“Where the FRAND Are We?”

Judge James L. Robart
United States District Court for the Western District of Washington

Terms

- SEP – Standard-Essential Patent
- SSO – Standard Setting Organization
- FRAND – Fair, Reasonable & Non-Discriminatory
- RAND – Reasonable & Non-Discriminatory
- PAE – Patent Assertion Entity

SSO's

International – Regional – National

- ETSI – European Telecommunications Standards Institute
- IEEE – Institute of Electrical and Electronics Engineers
- ITU – International Telecommunications Union
- ANSI – American National Standards Institute

U.S. Treatment of Patent Infringement

- *Georgia-Pacific Corp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116 (S.D.N.Y. 1970), *modified and aff'd*, 446 F.2d 295 (2d Cir. 1971)
 - 15 factor *Georgia-Pacific* framework for calculating “reasonable royalty” patent damages
 - Quiz: Who was the district court judge?

U.S. 15 Factor Test

- *Georgia-Pacific* (1970)
- *Microsoft Corp. v. Motorola, Inc.*, 963 F. Supp. 2d 1176 (W.D. Wash. 2012), *aff'd* 696 F.3d 872 (9th Cir. 2012)
- *In re Innovatio IP Ventures*, 886 F. Supp. 2d 888 (N.D. Ill. 2012)
- *Ericsson Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201 (Fed. Cir. 2014)
- *CSIRO v. Cisco Sys. Inc.*, 809 F.3d 1295 (Fed. Cir. 2015)

Europe

- *Huawei Techs. Co. Ltd v. ZTE Deutschland GmbH*, Case C-170/13 – CJEU
 - A SEP holder, before bringing an action seeking an injunction, must comply with two requirements:
 - Inform the alleged infringer of the infringement, specifying the patent and alleged infringing actuality; and
 - Present a specific, written license offer on FRAND terms, including the way it will be calculated
- Orange is now D.O.A.

Different Countries – Different Approaches

- **Japan:** *Godo Kaisha v. Samsung Electronics Co.*, IP High Court of Japan (May 16, 2014)
- **China:** *Huawei Techs. Co. v. InterDigital*
- **English:** *Unwired Planet Int'l Ltd v. Huawei Techs. Co. Ltd*
 - ▣ Common Principle: The owner of a SEP should receive a royalty that is proportionate to the technology's value to the standard

Now Showing

The Right Honourable Mister Justice Sir Colin Briss
High Court of Justice of England and Wales, Patents
featuring:

- ▣ A British Justice
- ▣ A European Standard
- ▣ French Law

Unwired Planet Int'l Ltd v. Huawei Techs. Co. Ltd

Unwired Planet

“[U]nder the intellectual property rights (IPR) policy of the European Telecommunications Standards Institute (ETSI), there can be only a single FRAND royalty rate for a given set of circumstances between parties negotiating a license for an SEP. Read narrowly, Justice Birss’ conclusion that FRAND is a point means that a judge must, as a practical matter, render a decision regarding a FRAND or RAND royalty so as to resolve a justiciable dispute. Read too broadly, some might improperly infer from Justice Birss’ opinion that FRAND or RAND can be only a single point in a voluntary negotiation between two parties, or that a given SEP must command the same price from every licensee.”

- Academic comment on *Unwired Planet*

Unwired Planet

So many questions:

- 1) Inconsistent with U.S. law
- 2) Importing antitrust principles
- 3) Is it anti-standardization?
- 4) Contrary to SSO undertakings/agreements

Is FRAND Still An Issue?

- *Apple v. Qualcomm*, No. 3:17-CV-0108-GPC (Judge Curiel S.D. Cal.)
 - ▣ Order denying anti-suit injunction (Sept. 7, 2017)
 - ▣ Interaction of domestic patents and foreign patents

Questions and Comments
