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Anti-Suit and Anti-Anti-Suit Injunctions**

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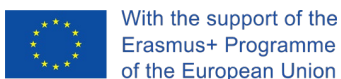
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Abstract

The global litigation of standard essential patents (SEP) is taking a new turn with the jurisdictional battle between national courts. Some courts have started issuing anti-suit injunctions (ASI) to prohibit parallel litigation and consolidate the dispute at a single venue, while others have retaliated with anti-anti-suit injunctions (AASI), barring parties from seeking or enforcing foreign ASIs. The anti-suit injunction saga benefits no one: the parties in SEP licensing disputes are faced with legal uncertainty as to which court will hear their case; it incentivises a race to the court to secure the most favourable jurisdiction instead of focusing on licensing negotiations; it increases litigation costs of having to pursue multiple ASIs and AASIs; and parties face fines and imprisonment of officials for non-compliance. The article examines the general conditions for the grant of ASIs and AASIs and analyses their application in SEP disputes. The article then proposes three measures that courts can take to stop the global jurisdictional race. First, courts should exercise judicial restraint and return to the originally strict criteria for the granting of ASIs. In principle, ASIs in SEP cases should not be granted as they are incompatible with international comity, fundamental rights to property and access to a court. Only anti-enforcement injunctions may exceptionally be granted, and under strict conditions. Second, a court could hold a party seeking an ASI as 'unwilling' to license, acting as a strong deterrent from seeking this type of remedy. Third, courts could encourage parties to agree on the arbitration of FRAND licensing terms by holding that an unjustified refusal to enter into arbitration is a sign of 'unwillingness' to license. Taking these principles into account would ensure that each national court is respected and would incentivise parties to focus on the resolution of the key issue behind every SEP dispute – the appropriate FRAND licensing terms.

Keywords

Anti-suit injunctions; anti-anti suit injunctions; SEPs; patent disputes; arbitration.

1. Introduction*

International technical standardisation has produced important technologies such as 2G, 3G, 4G, 5G and Wi-Fi, which enable connectivity for our smartphones, tablets, computers and many more devices.¹ Their importance for today's global economy is enormous. It is estimated that the recent 5G standard will produce up to €2.0 trillion in sales growth and add up to 20 million jobs across all sectors of the economy between 2021-2025.² It will bring connectivity to diverse industry sectors, from automotive, consumer devices, and healthcare to agriculture.³ With its wide applicability in various uses, some have characterised it as the next general-purpose technology.⁴

These technical standards are developed under the auspices of Standard Development Organisations (SDOs), where industry participants—including companies that develop technologies and the users of standards—cooperate to develop standards that address technological problems.⁵ The technologies that compose the standard are often protected by patents (standard essential patents - SEPs) and their owners typically commit to offer a licence to these SEPs on fair, reasonable and non-discriminatory (FRAND) terms.⁶ FRAND terms are intended to ensure that the standard is widely accessible to implementers while, at the same time, providing adequate returns on innovation to technology developers.⁷

At times, SEP owners and implementers clash over the precise meaning of FRAND licensing terms.⁸ This is despite the FRAND framework's general success, which has enabled unprecedented innovation in the information and communications technology (ICT) industry.⁹

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¹ On the benefits of international collaborative technical standardisation see. Jorge Padilla, John Davies, Aleksandra Boutin, 'Economic Impact of Technology Standards' (Compass Lexecon 2017) Commission, 'European Standards for the 21st Century' (Communication) COM(2016) 358 final; International Telecommunications Union, 'Understanding Patents, Competition & Standardization in an Interconnected World' (ITU 2014).

² Accenture, 'The Impact of 5G on the European Economy' (February 2021) 3.

³ Ibid., 7-8.

⁴ Karen Campbell et al., 'The 5G Economy: How 5G Will Contribute to the Global Economy' (November 2019) IHS Markit; David Teece, 'Profiting from Innovation in the Digital Economy: Enabling Technologies, Standards, and Licensing Models in the Wireless World' (2018) 47 *Research Policy* 1367.

⁵ On SDOs see Justus Baron, Jorge Contreras, Martin Husovec, Pierre Larouche 'Making the Rules: The Governance of Standard Development Organizations and their Policies on Intellectual Property Rights' (Publication Office of the European Union 2019).

⁶ Justus Baron, Daniel Spulber 'Technology Standards and Standard Setting Organisations: Introduction to the Searle Center Database' (2018) 27 *Journal of Economics & Management Strategy* 462 (finding that out of 37 surveyed SDOs, 32 provide for FRAND licensing).

⁷ See ETSI, 'Intellectual Property Rights Policy' (14 April 2021), Clause 3 ("the ETSI IPR Policy seeks a balance between the needs of standardization for public use in the field of telecommunications and the right of the owners of IPR. IPR holders [...] should be adequately and fairly rewarded for the use of their IPR in the implementation of STANDARDS [...]")

⁸ For an overview of SEP disputes and issues see Igor Nikolic, *Licensing Standard Essential Patents: FRAND and the Internet of Things* (Hart Publishing 2021); Chryssoula Pentheroudakis, Justus Baron, 'Licensing Terms of Standard Essential Patents: A Comprehensive Analysis of Cases' (Publication office of the European Union 2017).

⁹ Daniel Spulber, 'Licensing Standard Essential Patents with FRAND Commitments: Preparing for 5G Mobile Telecommunications' (2020) 18 *Colorado Technology Law Journal* 79.

In fact, most licences are concluded without litigation, and the openness and flexibility of FRAND terms enable licences to be adjusted to the specifics of each industry and individual company. Nevertheless, over the years, we have observed some disputes on issues related to SEPs, including the appropriate methodologies to calculate FRAND royalties, the appropriate royalty base for the application of a FRAND royalty rate, the availability of injunctions to SEP owners, the position in the production chain for licensing, and the application of competition laws to the SEP owners' conduct.

A controversial issue that has recently emerged in SEP litigation is the issuance of anti-suit injunctions (ASI) in one jurisdiction which prohibit a party from initiating or continuing with SEP litigation in other jurisdictions. Other courts may retaliate by granting a corresponding anti-anti-suit injunction (AASI) prohibiting the party from applying for or enforcing an ASI.

The argument typically presented in favour of using ASIs is that they enable the consolidation of global litigation before one court, thus saving litigation costs and preventing conflicting parallel judgments. Another argument is that they are a "powerful tool" for prospective licensees against SEP owners that may have failed to comply with their FRAND licensing obligations.¹⁰ This way, it is argued, the court may issue an ASI to prevent the SEP owner from bringing parallel foreign patent infringement and injunction suits until it has resolved the FRAND licensing dispute.

However, the wide use of ASIs may also lead to important undesirable effects. While ASIs could be helpful in some contexts, they may be seen in patent cases as a radical remedy that precludes a foreign court from adjudicating on a party's national patent. Additionally, they may be prone to abuse and litigation gamesmanship, as parties may, instead of negotiating a licence in good faith, race to be the first to sue in a favourable jurisdiction and secure an ASI. Correspondingly, ASIs may lead to a race to the bottom between courts to attract litigants to their jurisdictions by adopting approaches that may be viewed as more favourable to one side.¹¹ For example, courts that are perceived as granting lower FRAND royalties would naturally attract implementers to sue first and request an ASI preventing the SEP owner from initiating or maintaining parallel patent litigation in other jurisdictions. Equally, SEP owners may also want to quickly initiate litigation in a country seen as having stronger IP protection and determining higher FRAND royalties. ASIs thus raise the fundamental question of whether any court has the right to decide that it is better placed than other equally competent courts to resolve the terms of a FRAND licence.

Against this background, the aim of the article is to examine first why has there been a rise of ASI and AASI cases around the world in SEP licensing disputes and, second, what can be done to mitigate their use. The article shows that, in fact, the conditions for granting of ASIs in the UK and the US are strict and take into account the effects on international comity. To date, ASIs in the US have been rarely granted and only in the narrowest form – against the enforcement of foreign patent injunctions. Conflicts with other jurisdictions arise only when the conditions for the grant of ASIs are interpreted more flexibly and the scope of an issued ASI is so broad as to include any existing and future SEP disputes. A natural response to extremely wide ASIs is the issuance of AASIs by other courts to protect their jurisdictions. The jurisdictional battles drain judicial resources, while fines and imprisonment of corporate officials for non-compliance create business uncertainty and disproportionate costs to companies.

¹⁰ Jorge Contreras, M Eixenberger, 'The Anti-Suit Injunction – A Transnational Remedy for Multi-Jurisdictional SEP Litigation' in J Contreras (ed), *The Cambridge Handbook of Technical Standardization Law: Competition, Antitrust and Patents* (Cambridge University Press 2018) 451.

¹¹ Jorge Contreras, 'The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes Over Standard-Essential Patents' (2019) 25 *Boston University Journal of Science & Technology Law* 253.

Accordingly, the article suggests three measures that courts may take that could put an end to jurisdictional conflicts in SEP licensing disputes.

The article is structured as follows. First, the nature of SEP disputes will be explained to demonstrate why SEP litigation is global and how parallel cross-border litigations may impact each other. Next, the conditions for the grant of ASIs and AASIs in Europe and the US will be examined to understand the precise conditions for their application. Then, the use of ASIs and AASIs in SEP litigation will be analysed. Finally, the article will suggest three measures that may incentivise the parties to focus on resolving the underlying issue - the appropriate terms of a global FRAND licence, rather than pursuing ASI or AASI claims.

2. Global commercial disputes and national patent litigation

In today's globalised world, both SEP owners and implementers have a worldwide presence. According to one study, an average patent family at ETSI, an SDO responsible for cellular standardisation, spans 6.6 jurisdictions, while some are present in as many as 26 countries.¹² Implementers, like smartphone and car manufacturers, are often operating globally and have worldwide sales. Such companies would naturally negotiate licensing agreements that are global in scope in order to secure freedom to operate.

In case of disagreement over the precise terms of a FRAND licence, tensions arise between a commercial dispute that is global and patent rights that are national. Both parties have at their disposal several offensive actions before national courts if negotiations break down to advance their commercial licensing objectives. The SEP owner may sue on its national SEPs and request a court to issue an injunction in that jurisdiction or grant damages for the infringement of national SEPs. SEP litigation, for this reason, often occurs in multiple jurisdictions in Europe, North America, and Asia. For instance, a recent dispute between Ericsson and Samsung involved courts in the US, China, US, Germany, Belgium and the Netherlands.¹³ The SEP owner may also request a declaratory judgment that it offered FRAND terms in jurisdictions that allow such claims.¹⁴ On the other hand, implementers may also take proactive actions to invalidate SEPs or for declarations of non-infringement.¹⁵ In jurisdictions that characterise the FRAND commitment as a contract which is enforceable by the intended third-party beneficiaries, implementers may also raise breach of contract claims that the SEP owner failed to offer FRAND licensing terms, and request the court to set the terms of a FRAND licence.¹⁶ Finally, implementers have often invoked competition law claims, arguing that SEP

¹² Rudi Bekers et al. 'Landscaping Study of Potentially Essential Patents Disclosed to ETSI' (Publication Office of the European Union 2020) 34.

¹³ <https://www.juve-patent.com/news-and-stories/cases/ericsson-sues-samsung-for-patent-infringement-in-europe/>

¹⁴ Approach mostly used in the US, see *HTC v Ericsson* 12 F.4th 476 (5th Cir 2021); *Optis v Huawei* WL 1244707 (E.D. Tex. 2019).

¹⁵ Katrin Cremers et al., 'Patent Litigation in Europe' (2017) 44 *European Journal of Law and Economics* 1; European Patent Academy, 'Declarations of Non-Infringement and Compulsory Licences' available at https://e-courses.epo.org/wbts_int/litigation/NonInfringement.pdf; European Patent Academy, 'Proceedings for Invalidity' available at: https://e-courses.epo.org/wbts_int/litigation/ProclnInvalidity.pdf; Peter Shurn, 'Using Declaratory Judgments Offensively in Patent Cases' (2003) 3 *John Marshall Review of Intellectual Property Law* 1.

¹⁶ This appears to be the accepted position in the UK and the US, see *Unwired Planet v Huawei* [2017] EWHC 2988 (Pat); *Microsoft v Motorola*, 854 F.Supp.2d 993 (W.D. Wash. 2012). German courts, on the other hand, seem to see a FRAND commitment merely as declaratory in nature and have not yet recognised it as constituting a binding contract for the benefit of third parties, see *IPCom v Deutsche Telekom & Vodafone*, Regional Court of Dusseldorf, 4b O 274/10 (24 April 2012). Whether a FRAND commitment is breached will be assessed at the

owners abused their dominant position on the market. For instance, Apple sued Qualcomm in the US, UK, Japan, China and Taiwan raising contract, patent and antitrust claims.¹⁷ The list of actions that parties use in SEP litigation is listed in Table 1 below.

Table 1: List of actions used in SEP disputes

Type of action	SEP owner	Implementer
Patent claims	Patent infringement; injunction and/or damages	Invalidity and non-infringement of patents
FRAND claims	A declaratory judgment that it offered FRAND licensing terms and/or determination of FRAND licensing terms	Breach of contract action: offered terms not FRAND and a court determination of FRAND terms
Competition law claims	/	Abuse of dominant position by the SEP owner

The different patent and non-patent litigations in various jurisdictions may impact each other in different ways. If one court proceeds quickly in resolving a patent case and decides to grant an injunction, the implementer might be compelled to settle all litigation to avoid a national injunction. Similarly, a court that is the first to determine FRAND licensing terms between the parties might preclude remaining patent litigation in other countries if parties accept such a licence. Thus the ‘first to final judgment’ court can effectively be the one that resolves a global dispute between the parties.

For these reasons, some courts have started issuing anti-suit injunctions to consolidate all the litigation in one forum and assert their jurisdictions against other courts. The precise conditions for granting such a remedy will be examined in the section below.

3. Procedural remedies to consolidate SEP disputes

Courts faced with a SEP dispute may use different procedural tools to prevent other courts from interfering with domestic proceedings. Three remedies may be distinguished: 1) anti-suit injunctions; 2) anti-enforcement injunctions, and 3) anti-anti-suit injunctions.

An anti-suit injunction is an order from one court to the party not to pursue, or not to commence, court proceedings abroad.¹⁸ The compliance is secured by the threat of punishment for contempt of court. Thus, ASIs are not directed at a foreign court and do not stop foreign proceedings automatically but are addressed to the parties who will be practically compelled to withdraw or not pursue foreign proceedings because of the threat of punishment

injunction stage of the patent trial per the CJEU’s *Huawei v ZTE* requirements, see C-170/13, *Huawei Technologies v ZTE* ECLI:EU:C:2015:477.

¹⁷ *Apple v Qualcomm* 2017 WL 3966944 (S.D. Cal. 2017).

¹⁸ Thomas Raphael, *The Anti-Suit Injunction* (2nd edition, Oxford University Press 2019) 1, 2 (“An anti-suit injunction is an order of the court requiring the injunction defendant not to commence, or to cease to pursue, or not to advance particular claims within, or take steps to terminate or suspend, court or arbitration proceedings in a foreign country...”) also See G Bermann, ‘The Use of Anti-Suit Injunctions in International Litigation’ (1990) 28 *Columbia Journal of Transnational Law* 589; G Fisher, ‘Anti-Suit Injunctions to Restrain Foreign Proceedings in Breach of an Arbitration Agreement’ (2010) 22 *Bond Law Review* 1.

for non-compliance. Historically, ASIs originated in England, where the English Court of Chancery restrained litigants before the English common law courts from obtaining judgments that were contrary to the principles of equity.¹⁹ ASIs are, therefore, largely a characteristic of common law countries.²⁰ They are mostly used to safeguard the exclusive contractual jurisdiction of a national court or arbitration, and are used in cases with cross-border elements such as insolvency, insurance claims, tort claims and international commercial contract disputes.²¹ The concerns of international comity (i.e., respect for other jurisdictions) play a large role in a decision whether to grant this remedy.

In the UK, the legal test for the issuance of ASIs is relatively broad. Article 37 of the Senior Courts Act provides that a court “may by order [...] grant an injunction [...] in all cases in which it appears to the court to be just and convenient to do so.”²² Although the grant of an ASI is ultimately a discretionary remedy, courts will tend to grant them in three scenarios: 1) to secure the protection of the contractual choice of forum clause (i.e. if foreign proceedings are a breach of a contractual choice of the UK court as an exclusive dispute resolution forum or arbitration clause); 2) in cases where foreign proceedings overlap with matters that are being litigated in the UK and are considered to be ‘vexatious’ and ‘oppressive’ and 3) when foreign proceedings risk interfering with pending proceedings before the English courts, provided that it is in the interest of justice to do so.²³

Provided the criteria are met, the UK court will then assess the impact on international comity. Comity is an elastic concept which generally requires that courts and countries show each other mutual courtesy and respect.²⁴ Toulson LJ summarised the principle in *Deutsche v Highland* as requiring “... the court to recognise that, in deciding questions of weight to be attached to different factors, different judges operating under different legal systems with different legal policies may legitimately arrive at different answers, without occasioning a breach of customary international law or manifest injustice, and that in such circumstances it is not for an English court to arrogate to itself the decision how a foreign court should determine the matter.”²⁵ In other words, there must be a good reason for the UK court to direct a party to stop foreign litigation and not defer the decision to a foreign court. Generally, the stronger the connection of the foreign court with the parties and the subject matter of the dispute, the stronger the argument against issuing an ASI.²⁶

In the US, the grant of ASIs is also subject to the court’s discretion, and it is possible to distinguish three different approaches that have been adopted by various courts: ‘conservative’, ‘liberal,’ and ‘intermediary.’²⁷ As a threshold matter, all three approaches

¹⁹ Thomas Raphael, *The Anti-Suit Injunction* (2nd edition, Oxford University Press 2019) 37.

²⁰ Chukwudi Ojigbe, ‘From *West Tankers* to *Gazprom*: Anti-Suit Injunctions, Arbitral Anti-Suit Order and the Brussels I Recast’ (2015) 11 *Journal of Private International Law* 267.

²¹ S. I. Strong, ‘Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United States’ (2018) 66 *American Journal of Comparative Law* 153, 165,166.

²² UK Senior Courts Act 1981, Article 37(1).

²³ Thomas Raphael, *The Anti-Suit Injunction* (2nd edition, Oxford University Press 2019) 3; Steven Gee ‘Lord Bingham, Anti-Suit Injunctions and Arbitration’ (Oxford University Press 2009).

²⁴ See *Agbaje v Akkinoye-Agbaje* [2010] UKSC 13, 51-54.

²⁵ *Highland Crusader Partners v Deutsche Bank v* [2009] EWCA Civ 725, para 50.

²⁶ *Ibid.*

²⁷ See S. I. Strong, ‘Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United States’ (2018) 66 *American Journal of Comparative Law* 153, 159-161; Jorge Contreras, Michael Eixenberger, ‘The Anti-Suit Injunction – A Transnational Remedy for Multi-Jurisdictional SEP Litigation’ in Jorge Contreras (ed), *The Cambridge Handbook of Technical Standardization Law: Competition, Antitrust and Patents* (Cambridge University Press 2018) 453-454; Taryn Fry, ‘Injunction Junction, What’s Your Function – Resolving the Split

require establishing that 1) the parties to the dispute are the same and 2) that the adjudication of the US claim would be dispositive of foreign claims.²⁸ Once the threshold criteria have been satisfied, courts diverge on additional factors necessary for the granting of an ASI and the degree of permissible interference with international comity.²⁹

Some courts have adopted a more conservative approach in granting ASIs, issuing such only if “1) an action in a foreign jurisdiction would prevent United States jurisdiction or threaten a vital United States policy, and 2) the domestic interests outweigh concerns of international comity”.³⁰ ASIs should accordingly be used “sparingly and only in the rarest of cases”,³¹ and a greater emphasis should be given to the respect for international comity.³²

Other courts have adopted a more liberal approach, which places “only modest emphasis on international comity.”³³ They consider four *Unterweser* criteria and support the issuance of an ASI if at least one is fulfilled.³⁴ The *Unterweser* criteria would allow an ASI if foreign litigation: 1) frustrates a US policy; 2) is vexatious or oppressive; 3) may threaten the court’s *in rem* or *quasi in rem* jurisdiction; or 4) prejudices other equitable considerations.³⁵ As a final step, courts following the liberal approach would assess whether the issuance of an ASI represents a ‘tolerable’ impact on international comity,³⁶ which does not suggest the same deference to comity as in the conservative approach.

The intermediate approach sits between the two. It establishes a rebuttable presumption against the issuance of ASIs because considerations of international comity must be given

over Antisuit Injunction Deference in Favor of International Comity’ (2009) 58 *Catholic University Law Review* 1071; Daniel Tan, ‘Anti-Suit Injunctions and the Vexing Problem of Comity’ (2004) 45 *Virginia Journal of International Law* 283.

²⁸ S. I. Strong, ‘Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United States’ (2018) 66 *American Journal of Comparative Law* 153, 159.

²⁹ The principle of comity was mentioned by the US Supreme Court as “the recognition which one nation allows within its territory to the legislative, executive, or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens, or of other persons who are under the protection of its laws” see *Hilton v Guyot*, 159 U.S. 113, 164 (1895); see also *Societe Nationale Industrielle Aerospatiale v US Dist Ct SD Iowa*, 482 US 522, 543 (1987) (“the spirit of cooperation in which a domestic tribunal approaches the resolution of cases touching the laws and interests of other sovereign states”); G Bermann, ‘The Use of Anti-Suit Injunctions in International Litigation’ (1990) 28 *Columbia Journal of Transnational Law* 589

³⁰ S I Strong, ‘Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United States’ (2018) 66 *American Journal of Comparative Law* 153, 160, also *Quaak v. Klynveld*, 361 F.3d 11, 17 (1st Cir. 2004); *General Electric v. Deutz*, 270 F.3d 144, 161 (3rd Cir. 2001).

³¹ *Gau Shan v Bankers Tr.*, 956 F.2d 1349, 1354 (6th Cir. 1992).

³² The conservative approach is followed by the 1st, 2nd, 3rd, 6th, 8th and the D.C. Circuit, see S. I. Strong, ‘Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United States’ (2018) 66 *American Journal of Comparative Law* 153, 160.

³³ *Goss Int’l Corp. v. Man Roland Druckmaschinen Aktiengesellschaft*, 491 F.3d 355, 360 (8th Cir. 2007); *Kaepa v. Achilles*, 76 F.3d 624, 626-27 (5th Cir. 1996).

³⁴ The liberal approach is adopted by the 5th, 7th and 9th Circuits. See Jorge Contreras, Michael Eixenberger, ‘The Anti-Suit Injunction – A Transnational Remedy for Multi-Jurisdictional SEP Litigation’ in Jorge Contreras (ed), *The Cambridge Handbook of Technical Standardization Law: Competition, Antitrust and Patents* (Cambridge University Press 2018) 454; Taryn Fry, ‘Injunction Junction, What’s Your Function – Resolving the Split over Antisuit Injunction Deference in Favor of International Comity’ (2009) 58 *Catholic University Law Review* 1071, 1079-1083.

³⁵ *In re Unterweser Reederei GMBH*, 428 F.2d 888, 896 (5th Cir 1970).

³⁶ *Microsoft v Motorola* 696 F.3d 872, 881 (9th Cir. 2012).

substantial weight.³⁷ The presumption can be overcome by looking at the totality of circumstances in deciding whether a particular case warrants the issuance of an ASI.³⁸ Some of the factors are the nature of the two actions, the conduct of the parties, the importance of the policies at stake, and the extent to which a foreign action has the potential to undermine the court's ability to reach a just and speedy result.³⁹

In continental Europe, ASIs are viewed with hostility by civil law systems and courts are reluctant to grant them.⁴⁰ They are not allowed between EU courts under Regulation 1215/2015 on the jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. Article 29(1) provides that once a proceeding is begun in a court in any EU Member State, all other courts within the EU must decline jurisdiction over parallel proceedings.⁴¹ The CJEU confirmed that ASIs within the EU are incompatible with EU law since they contravene the principle of mutual trust underpinning Regulation 1215/2015.⁴² Thus, ASIs in the EU may only be possible to restrain parallel proceedings in non-EU countries, but the general distrust towards this type of remedy means that they are seldom given. More likely, the EU courts would simply refuse to recognise and enforce a foreign judgment.⁴³

A special form of ASI is an anti-enforcement injunction (AEI), which restrains a party from enforcing a foreign judgment in a foreign country.⁴⁴ AEIs have a lesser impact on comity than full ASIs because the foreign proceedings can move on in parallel. Only the enforcement of a foreign judgment will be prevented until the granting court decides the case. AEIs have become increasingly relevant in SEP cases but are rarely used in other contexts. Typically, a foreign judgment impinging on domestic principles and proceedings would be refused recognition and enforcement by a domestic court. In SEP litigation, however, the enforcement of a foreign patent injunction or determination of global FRAND licensing terms would impact domestic proceedings as the parties would be inclined to settle.

Finally, an anti-anti-suit injunction is an order from a court in one jurisdiction restraining a party from seeking or enforcing an ASI from a foreign court.⁴⁵ Failure to comply with an AASI

³⁷ The intermediate approach originated from *Quaak v. Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren*, 361 F.3d 11, 18 (1st Cir.). It is applied by the 1st and 2nd Circuits.

³⁸ *Quaak v. Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren*, 361 F.3d 11, 18 (1st Cir.).

³⁹ *Ibid.*, 19.

⁴⁰ A Briggs, 'Anti-Suit Injunctions and European Ideals' (2004) 120 *Law Quarterly Review* 529; Nikiforos Sifakis, 'Anti- Anti-Suit Injunctions in the European Union: A Necessary Mechanism in Resolving Jurisdictional Conflicts?' (2007) 13 *Journal of International Maritime Law* 100

⁴¹ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, [2012] OJ L 351, Article 29(1): "...where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.", also Article 27: "Where a court of a Member State is seised of a claim which is principally concerned with a matter over which the courts of another Member State have exclusive jurisdiction by virtue of Article 24, it shall declare of its own motion that it has no jurisdiction"

⁴² C-159/02 *Turner* ECLI:EU:C:2004:228; C-185/07 *Allianz v West Tankers* ECLI:EU:C:2009:69.

⁴³ Will Hueske, 'Rule Britannia – A Proposed Revival of the British Antisuit Injunction in the EU Legal Framework' (2009) 41 *George Washington International Law Review* 433, 456.

⁴⁴ Thomas Raphael, *The Anti-Suit Injunction* (2nd edition, Oxford University Press 2019) 142-144; S I Strong 'Anti-Suit Injunctions in Judicial and Arbitral Procedures in the United State' (2018) 66 *American Journal of Comparative Law* 153, 169.

⁴⁵ Jorge Contreras, M Eixenberger, 'The Anti-Suit Injunction – A Transnational Remedy for Multi-Jurisdictional SEP Litigation' in J Contreras (ed), *The Cambridge Handbook of Technical Standardization Law: Competition, Antitrust and Patents* (Cambridge University Press 2018) 452..

is also sanctioned as a contempt of court and subject to monetary penalties or imprisonment. It represents a response to an ASI granted by a foreign court and allows the continuation of domestic proceedings. It is generally recognised and used by civil law countries against ASIs issued by common law systems.⁴⁶

4. The use of ASIs, AASIs, and AEIs in global SEP litigation

4.1 US

The US courts were the first to use ASIs in SEP litigation. However, the granted ASIs were narrow in scope and awarded only sparingly. Only one full ASI was issued prohibiting parallel litigation where both parties consented that a US court should determine FRAND licensing. Where there was no consent, US courts in two cases issued only AEIs against foreign patent injunctions. In more cases ASIs were refused or courts have not reached a decision because ASI request was withdrawn.

Table 2: US SEP cases involving ASIs and AASIs

ASI Granted	AEI Granted	AASI granted	ASI refused	ASI requested but not decided
<i>TCL v Ericsson</i> (2015)	<i>Microsoft v Motorola</i> (2012)	<i>Ericsson v Samsung</i> (2021)	<i>Vringo v ZTE</i> (2015)	<i>Continental v Avanci</i> (2018)
	<i>Huawei v Samsung</i> (2018)		<i>Apple v Qualcomm</i> (2017)	<i>IPCom v Lenovo</i> (2019)
			<i>Optis v Huawei</i> (2018)	

TCL v Ericsson is the only instance where a full ASI was issued prohibiting parallel patent litigation.⁴⁷ TCL initiated the case by suing Ericsson in the US for breach of contract and requesting the determination of FRAND terms for Ericsson's SEP portfolio, as well as raising claims of invalidity and non-infringement of Ericsson's SEPs. Ericsson retaliated by bringing patent infringement claims in other jurisdictions (France, Brazil, Russia, the UK, Argentina and Germany) and also requesting from the US court determination of FRAND licensing terms. TCL then requested an ASI to prevent parallel patent infringement actions from going ahead. In the meantime, the parties agreed that a US court should resolve and determine global FRAND licensing terms. Given such consent, the court "determines that a bilateral preliminary anti-suit injunction is warranted based on the parties' mutual agreement".⁴⁸ It thus granted an ASI prohibiting both parties from initiating or continuing with patent infringement actions involving SEPs until the case is resolved.

⁴⁶ Thomas Raphael, *The Anti-Suit Injunction* (2nd edition, Oxford University Press 2019) 139-141.

⁴⁷ *TCL v Ericsson*, Case 8:14-cv-00341-JVS, Document 279-1, Order re Motions (C.D. Cal, 29th June 2015); *TCL v Ericsson*, Case SACV14-00341 JVS, Injunctions Following Granting, In Part, of TCL's Motion for Anti-Suit Injunction (C.D. Cal. 10th July 2015).

⁴⁸ *TCL v Ericsson*, Case 8:14-cv-00341-JVS, Document 279-1, Order re Motions (C.D. Cal, 29th June 2015) 11.

In two other cases, where there was no mutual consent for the US court to be the single forum for the determination of global FRAND licensing terms, courts granted only AEIs against the enforcement of foreign patent injunction.

In *Microsoft v Motorola*, the Court of Appeals for the Ninth Circuit approved an AEI barring Motorola from enforcing its patent injunction obtained in Germany.⁴⁹ Microsoft brought a breach of contract suit alleging that Motorola failed to offer a licence on its SEP portfolio on FRAND terms. Motorola retaliated by initiating patent infringement actions in the US and, six months later, in Germany. The German court was faster and, after finding two SEPs infringed, ordered an injunction against Microsoft, stopping it from selling Xbox consoles, Windows 7 and Internet Explorer software in Germany.⁵⁰ Microsoft then asked the US district court to enter an AEI against Motorola, prohibiting it from enforcing the German injunction until the contractual dispute was resolved in the US. The Ninth Circuit agreed, holding that a contractual action would dispose of the German action since a future FRAND licence would cover Motorola's worldwide SEP portfolio.⁵¹ The impact on comity was found to be tolerable because the AEI was limited in scope. It only prohibited Motorola from enforcing its German patent injunction but did "not otherwise affect Motorola's ability to pursue its German patent claims against Microsoft".⁵² The fact that both parties were US corporations and the US action was filed before the German one were seen as arguments that further supported the conclusion that the impact on comity was tolerable.⁵³

Huawei v Samsung was another case of an AEI.⁵⁴ After cross-licensing negotiations failed, Huawei decided to sue Samsung in the US for the infringement of its SEPs and requested the court to declare that Samsung breached its FRAND commitment and to set the terms and conditions of a global FRAND cross-licence. One day later, Huawei filed patent infringement actions in China. Again, foreign litigation proceeded faster than the US proceedings. The Chinese court found two of Huawei's SEPs infringed, and that Huawei had complied with its FRAND commitment, while Samsung "seriously delayed the negotiations and clearly violated FRAND principles".⁵⁵ Consequently, the Chinese court enjoined Samsung from manufacturing and selling its 4G smartphones in China. Samsung appealed and, at the same time, asked the US court to enter an AEI preventing Huawei from enforcing the Chinese injunction. Judge Orrick from the Northern District Court of California agreed, and granted an AEI. As in *Microsoft v Motorola*, he held that a breach of contract action and determination of global FRAND licensing terms would dispose of the Chinese action.⁵⁶ Moreover, he was concerned at the risk of inconsistent judgments and harm to Samsung, which would force it to accept Huawei's licensing terms before any court had the opportunity to adjudicate the breach of contract claim.⁵⁷ As for comity concerns, the court considered it tolerable because the US action was filed first (although by just one day) and the scope of the AEI was limited. It related only to the prohibition of enforcement of the Chinese injunction, did not impact other patent claims, and

⁴⁹ *Microsoft v Motorola* 696 F.3d 872 (9th Cir. 2012)

⁵⁰ *Ibid.*, 881-882

⁵¹ *Ibid.* 884-885.

⁵² *Ibid.*, 881.

⁵³ *Ibid.*, 881-882.

⁵⁴ *Huawei v Samsung* 2018 WL 1784056 (N.D. Cal. 2018).

⁵⁵ *Ibid.*, 4.

⁵⁶ *Ibid.*, 8-9.

⁵⁷ *Ibid.*, 10.

would last only until the US court had the opportunity to adjudicate the case (which was estimated to be less than six months).⁵⁸

In other cases, US courts have refused to grant full ASIs prohibiting parallel litigation abroad. In *Vringo v ZTE*, ZTE brought an antitrust action against Vringo in China using confidential licensing information obtained from the non-disclosure agreement (NDA) signed with Vringo.⁵⁹ In response, Vringo sued for the breach of NDA in the US and sought an ASI against ZTE to withdraw its antitrust case and prohibit it from further pursuing the same or similar antitrust claims. The court denied the ASI request holding that the US proceedings regarding the breach of NDA were not the same as the Chinese claims and would not dispose of the antitrust action in China.⁶⁰

In *Apple v Qualcomm*, Judge Curiel from the Southern District Court of California also denied an ASI.⁶¹ After failed SEP licensing negotiations, Apple brought an action in the Southern District Court of California alleging breach of contract, patent invalidity and non-infringement, and antitrust violation. Apple also filed lawsuits against Qualcomm in the United Kingdom, Japan, China, and Taiwan similarly alleging invalidity and non-infringement of national SEPs and violation of local competition laws. Qualcomm asked for an ASI prohibiting Apple from pursuing all foreign actions and from filing any other foreign suits during the pendency of the US case.⁶² According to Qualcomm, the essence of the dispute was whether Qualcomm's royalties were FRAND, and the US court would determine whether Qualcomm had satisfied its global FRAND commitment to Apple.⁶³ However, the court disagreed. It held that even if it found that Qualcomm offered a licence on FRAND terms, Apple was not obliged to accept it.⁶⁴ Thus, the court considered that Apple had not contracted away its right to ask foreign courts for declarations of invalidity, non-infringement or exhaustion of Qualcomm's foreign SEPs.⁶⁵ Moreover, the impact on comity was held to be intolerable. Even if the US court determined FRAND royalty terms, that would not dispose of the foreign antitrust cases. The court found that enjoining Apple from proceeding with its foreign suits "would effectively deprive the U.K., China, Japan, and Taiwan of its jurisdiction to consider whether licensing agreements that Qualcomm executes within those jurisdictions, have anticompetitive effects in those territories".⁶⁶

Optis v Huawei was another case where an ASI was denied.⁶⁷ PanOptis brought suit against Huawei in the Eastern District Court of Texas for the infringement of its SEPs, while Huawei alleged that PanOptis breached its FRAND commitment. Huawei additionally sued PanOptis in China, claiming breach of contract, antitrust violations, and asking the court to set the FRAND royalty rate for PanOptis' Chinese patents. PanOptis then requested an ASI from the US court to enjoin Huawei from pursuing actions in China. An ASI was denied because the Chinese and US actions were held to be different, and the US case would not dispose of the Chinese one. Namely, the US case dealt with US patents and Huawei's FRAND defence, while

⁵⁸ Ibid., 12.

⁵⁹ *Vringo v ZTE* WL 3498634 (S.D. New York 2015).

⁶⁰ Ibid., 11.

⁶¹ *Apple v Qualcomm* WL 3966944 (S.D. Cal. 2017).

⁶² Ibid., 5.

⁶³ Ibid.

⁶⁴ Ibid., 10.

⁶⁵ Ibid., 12.

⁶⁶ Ibid., 18.

⁶⁷ *Optis v Huawei* Case No. 2:17-cv-00123-JRG-RSP (Report and Recommendation) (E.D. Tex. 2018).

the Chinese action related to Chinese patents.⁶⁸ Although “there may be similar factual disputes”, the “scope of any relief awarded by this court or the Chinese court extends only as far as jurisdiction allows it”.⁶⁹

Therefore, courts in the US have to date been reluctant to grant wide ASIs and have limited themselves only to AEIs. The present experience demonstrates that AEIs would only be considered against a foreign patent injunction under strict conditions. Although the two cases where AEIs were granted followed the ‘liberal’ approach, even they carefully weighed the impact on comity. As a result, US courts have not been willing to generally prohibit SEP litigation from continuing in parallel jurisdictions.

4.2 Europe

European courts are reluctant to order ASIs interfering with parallel foreign proceedings but are willing to protect their own jurisdictions against foreign ASIs by granting AASIs.

Table 3: European SEP cases involving ASIs or AASIs

AASI
<i>Conversant v Huawei and ZTE</i> (UK 2018)
<i>IPCom v Lenovo</i> (UK 2019)
<i>IPCom v Lenovo</i> (France 2019)
<i>Nokia v Continental</i> (DE 2019)
<i>Sharp v Oppo</i> (DE 2020)
<i>Interdigital v Xiaomi</i> (DE 2021)
<i>IPBridge v Huawei</i> (DE 2021)

In the *Conversant v Huawei and ZTE* case in the UK, Conversant sued for infringement and requested the court to set FRAND terms for its global SEP portfolio.⁷⁰ Subsequently, ZTE initiated proceedings before the Shenzhen court in China, where it asked the court to determine a FRAND rate for Conversant’s Chinese SEPs and requested an ASI to restrain Conversant from pursuing the UK proceedings.⁷¹ In response, Conversant sought an ASI in the UK to prohibit ZTE from prosecuting conflicting claims in China.⁷² ZTE eventually agreed to withdraw

⁶⁸ Ibid, 2.

⁶⁹ Ibid.

⁷⁰ *Conversant v Huawei and ZTE* [2018] EWHC 2549 (Ch).

⁷¹ Ibid., 10-12.

⁷² Mr Justice Henry Carr talks about granting an ‘anti-suit injunction’ but effectively it is an ‘anti-anti suit injunction’ targeted against foreign ASIs.

its ASI request in China, which would have given rise to an ASI in the UK.⁷³ The UK court considered ZTE's request in China for an ASI to be vexatious as it could have had the effect of obstructing pending proceedings before the English court.⁷⁴

The UK and French courts in the respective *IPCom v Lenovo* cases issued AASIs barring Lenovo from seeking an ASI from a US court.⁷⁵ IPCom and Lenovo had been unsuccessfully negotiating for years over a FRAND licence when Lenovo brought an action before the US court seeking declarations of non-infringement, alleging a breach of the FRAND commitment, and a subsequent determination of global FRAND terms.⁷⁶ In response, IPCom initiated patent infringement litigation in the UK and France, while Lenovo asked the US court to enter an ASI barring IPCom from litigating its SEPs until the US action was resolved. IPCom then moved for an AASI to protect the UK and French proceedings. The UK court noted that "it would be vexatious and oppressive to IPCom if it were deprived entirely of its right to litigate infringement and validity" of its SEPs.⁷⁷ The principle of comity would not be significantly infringed as an AASI would "in no way interfere with the bulk of the issues before the US court"⁷⁸ Thus, the UK court enjoined Lenovo's UK group of companies from assisting the US ASI motion directed at preventing the UK proceedings. In France, the Court of Paris said that foreign ASIs are generally against public order, except in limited circumstances when they are aimed at complying with arbitration or choice of jurisdiction contractual clauses.⁷⁹ The court observed that in this specific case, the US ASI would infringe on IPCom's fundamental rights, such as the rights to property, to a fair trial and to be heard by a judge.⁸⁰ Consequently, the Court of Paris issued an AASI ordering Lenovo to withdraw its US ASI request directed at French proceedings and not to file any new ASIs.

In Germany, the Munich Regional and Higher Regional Courts issued an AASI in *Nokia v Continental*.⁸¹ The dispute related to licensing SEPs in the automotive industry where Avanci, a patent pool, and Nokia, one of its members, license to car manufacturers. Daimler, a car manufacturer, refused to take a licence and pointed to its suppliers as the right licensing counterparty, and among them Continental, that produces telematics control units (TCU) providing the car with internet connectivity. Eventually, Nokia sued Daimler for patent infringement in Germany and requested an injunction. Meanwhile, Continental brought an action in the Northern District Court of California alleging that Avanci and its members, including Nokia, violated their FRAND commitments and antitrust laws.⁸² Additionally, Continental requested an ASI to enjoin Nokia from prosecuting its lawsuits in Germany against Daimler and from filing additional patent infringement actions against Continental or its

⁷³ *Conversant v Huawei and ZTE* [2018] EWHC 2549 (Ch) 24.

⁷⁴ *Ibid.*, para. 24.

⁷⁵ *IPCom v Lenovo* [2019] EWHC 3030 (Pat); *IPCom v Lenovo*, Court of Appeal of Paris, RG 19/21426 (3 March 2020).

⁷⁶ *IPCom v Lenovo* [2019] EWHC 3030 (Pat) 7-11.

⁷⁷ *Ibid.*, para. 52.

⁷⁸ *Ibid.*, para. 58.

⁷⁹ *IPCom v Lenovo*, Court of Appeal of Paris, RG 19/21426 (3 March 2020), para 29. Also E Bonadio, L McDonagh, 'Paris Court Grants an SEP Anti-Anti-Suit Injunction in *IPCom v Lenovo*: A Worrying Decision in Uncertain Times?' (2019) *Journal of Intellectual Property Law & Practice* 149

⁸⁰ *IPCom v Lenovo*, Court of Appeal of Paris, RG 19/21426 (3 March 2020), paras. 56-57.

⁸¹ *Continental v Nokia*, 6 U 5042/19 Higher Regional Court Munich (12 December 2019).

⁸² *Continental v Avanci*, Case No. 5:19-cv-02520-NC (Continental's Motion for Anti-Suit Injunction) (N.D. Cal. 2019).

customers until the US court first resolved FRAND issues.⁸³ However, before the Northern District Court of California decided on an ASI, Nokia requested and obtained an AASI in Germany.

In issuing the AASI, the Munich Regional and Higher Regional Courts reasoned that a foreign ASI is an unlawful interference with a patent owner's property rights,⁸⁴ given that it would deprive the SEP owner of its right to enforce its patent before a German court. Accordingly, an AASI is viewed as the only defensive measure available against a foreign ASI and a lawful exercise of the right to self-defence.⁸⁵ Thus, the right of the SEP owner to self-defence against an unlawful, tortious measure was said to prevail over the interest of Continental to preserve its freedom to act.⁸⁶

As can be seen, courts in the UK, France, and Germany take a negative view of foreign ASIs that interfere with their SEP proceedings. Foreign ASIs are considered to violate patent owners' rights to property, access to justice and effective judicial protection guaranteed by the European Charter on Human Rights,⁸⁷ the European Convention on Human Rights,⁸⁸ and their national constitutions. As a result, European courts have used AASIs as a defensive measure to protect the rights of patent owners to enforce national patents and to safeguard their own jurisdictions. At the same time, they have refrained from granting offensive ASIs against parallel foreign proceedings.

4.3 China

Chinese courts have recently started issuing ASIs to secure their jurisdiction in global SEP litigation. Two opposing trends may be observed. In one case, a narrow AEI was ordered that resembles AEIs awarded by US courts and appears to mirror the US criteria for the grant of ASIs. On the other hand, in two other cases courts granted very wide ASIs that effectively prohibited any ongoing and future patent and FRAND royalty litigation anywhere in the world. The latter line of cases does not appear to correspond with existing international practices and has created an international backlash.

Table 4: Chinese SEP cases involving ASIs or AASIs

AEI	ASI
<i>Conversant v Huawei</i> (2020)	<i>Oppo v Sharp</i> (2020)
	<i>Intedigital v Xiaomi</i> (2020)
	<i>Samsung v Ericsson</i> (2020)

Huawei v Conversant represents the first approach of granting a narrower AEI.⁸⁹ After failed SEP licensing negotiations, Huawei sued Conversant in China requesting declarations of non-infringement for three SEPs and, if it did infringe, a determination of FRAND royalty for Chinese

⁸³ Ibid.

⁸⁴ *Continental v Nokia*, 6 U 5042/19 Higher Regional Court Munich (12 December 2019), para. 55.

⁸⁵ Ibid, 69-72.

⁸⁶ Ibid, 69.

⁸⁷ Articles 17 and 47

⁸⁸ Article 13 of the European Convention on Human Rights and Article 1 of the Protocol to the European Convention on Human Rights.

⁸⁹ *Huawei v Conversant*, Supreme People's Court, Case No 732, 733, 734 Part 1/2019 (28th August 2020).

SEPs. A few months later, Conversant sued Huawei in Germany for patent infringement under the equivalent German SEPs, and successfully obtained a first-instance injunction before the final ruling in China.⁹⁰ The Dusseldorf Regional Court found the German SEPs infringed, and that Conversant's licensing offer was FRAND. In China, while the case was under appeal to the Supreme People's Court of China (SPC), Huawei requested an "act of preservation" prohibiting Conversant from enforcing its German injunction before final judgment in the Chinese proceedings.

The Supreme People's Court first outlined the rules for granting ASIs. The legal test includes the assessment of five criteria: 1) the effect of enforcement of a foreign judgment on Chinese proceedings; 2) the necessity of adopting an ASI; 3) a reasonable balance of interest between the parties; 4) the impact of an ASI on the public interest, and 5) the impact of an ASI on international comity. These factors appear to resemble those used in the US.

The Supreme People's Court found all the criteria fulfilled in this case. Namely, in consequence of the German injunction, Huawei was said to have only two options: either be forced to accept an injunction and withdraw from the German market or be forced to settle on terms that were 18.3 times higher than the SEP licensing rate for Chinese SEPs determined in the Chinese case. In the view of the SPC, a German injunction would realistically interfere with Chinese proceedings and render its judgment meaningless. It would also cause irreparable damage to Huawei. An impact on comity was found to be tolerable because the Chinese case was initiated before the German one, and an AEI would not affect subsequent trials in Germany on the appeal concerning validity of the SEPs. Thus, the SPC ordered an AEI prohibiting Conversant from enforcing its German injunction with a daily penalty of around €135,000 for non-compliance.

Opvo v Sharp appears to be the first case in the world where a full ASI was granted prohibiting parallel patent litigation without the express consent of the parties. Sharp first filled a patent infringement suit in Japan, while Oppo brought an action in China asking the court to set a global FRAND rate for Sharp's SEPs.⁹¹ Oppo also requested an ASI which the Intermediate People's Court of Shenzhen granted. The ASI prohibited Sharp for filing new patent infringement suits on its SEPs against Oppo in other countries in the world. A daily fine for non-compliance was set at around €135,000.

The third line of cases witnessed the grant of extremely wide ASIs. In *Xiaomi v Interdigital*, Xiaomi sued Interdigital before the Wuhan Court and requested the determination of global FRAND royalty terms for InterDigital's portfolio of SEPs.⁹² Interdigital retaliated by suing in India for patent infringement and seeking damages and an injunction. In response, Xiaomi asked the Wuhan Court for an ASI against InterDigital. When granting an ASI, the Wuhan Court considered that Interdigital's parallel suit in India expressed a lack of respect for Chinese proceedings and was intended to interfere and obstruct the present case. The court was also concerned that parallel proceedings would lead to conflicting rulings, and that a potential Indian patent injunction would make Chinese judgment difficult to enforce. Moreover, an injunction in India would allegedly cause irreparable damage to Xiaomi, while InterDigital as a non-practising entity would not be significantly harmed except for a delay in obtaining a legal remedy. The Wuhan Court then ordered InterDigital to: 1) immediately withdraw or suspend

⁹⁰ *Conversant v Huawei*, Dusseldorf Regional Court Caso No 4bb O 30/18 (27th August 2020).

⁹¹ China IP Magazine, 'China's Top 20 Patent Cases of 2020: Oppo v Sharp' (June 2021), available at: <http://www.chinaipmagazine.com/en/journal-show.asp?id=1781>

⁹² *Xiaomi v Interdigital*, Wuhan Intermediate People's Court Case No E 01 Zhi Min Chu No.169 (23rd September 2020) For the English translation of the case and discussion see Y Yu, J Contreras, 'Will China's New Anti-Suit Injunction Shift the Balance of Global FRAND Litigation' (22 October 2020) *PatentlyO*.

injunction proceedings against Xiaomi in India; 2) not seek an injunction against Xiaomi in China or any other country in the world for infringement of its SEPs and 3) not request from any other court in the world the determination of SEP royalty terms. A daily penalty of around €135,000 was fixed for non-compliance with the ASI.

A few months later, an even wider ASI was issued by the Wuhan Court in *Ericsson v Samsung*.⁹³ After failed negotiations on the renewal of a global cross-licensing agreement, Samsung filed a suit before the Wuhan court asking for the determination of global FRAND licensing terms. Unaware of the Chinese action, Ericsson sued Samsung before the Eastern District Court of Texas, alleging that Samsung breached its FRAND obligation. A few days later, Samsung retaliated by requesting an ASI and, without hearing the other party, the Wuhan Court granted an ASI preventing Ericsson from: 1) seeking or enforcing any injunctive relief for infringement of its SEPs before any court, customs offices or administrative enforcement agencies anywhere in the world; 2) requesting any court anywhere in the world to adjudicate on SEP licensing terms or to determine whether Samsung fulfilled its FRAND licensing obligation and 3) requesting an ASI or AASI anywhere in the world.

The Wuhan Court reasoned that allowing parallel proceedings to run would impact its own proceedings. A foreign injunction would make the enforcement of its judgment difficult, while a foreign adjudication of FRAND licensing terms might overlap or conflict with its own judgment. In addition, parallel proceedings might cause disproportionate harm to Samsung, while an ASI would allegedly not lead Ericsson to fundamentally lose its patent rights as it would obtain a court-determined FRAND royalty after the proceedings. As to the impact on comity, the Wuhan Court argued that it was the first court to accept the dispute between the parties regarding a FRAND royalty rate and that the efficiency of having one court resolve a global licensing dispute between the parties favours wide ASIs.

The scope of the granted ASIs and the criteria for award used by the Wuhan Court depart from comparable practices in the US and Europe. While the US and European counterparts would make an assessment whether parallel suits are the same, whether they could be disposed of by domestic proceedings, and as to the impact on comity - no such assessment was performed by the Wuhan Court. Instead, it appears that the Wuhan Court was mainly concerned that foreign litigation might interfere and obstruct its proceedings. Its ASIs are both materially and geographically wider than any terms which could be ordered in the US and UK. First, they apply not only to current but to any future suits. Second, they relate not only to the determination of global FRAND rates, which was the issue in the Wuhan proceedings, but also to other forms of action (patent infringement and validity, non-compliance with FRAND commitments, and requests for AASIs). Third, the ASIs were not limited geographically to countries where the SEP owner had brought parallel suits (India and the US) but encompassed all jurisdictions in the world.

It further appears that the principal reason behind the Wuhan Court's wide ASIs is a desire to be the ultimate venue for setting global FRAND licensing rates between the parties, in response to what it sees as the same approach adopted by US and European courts. However, it would be incorrect to interpret that US and European courts are imposing global FRAND licensing rates. The US courts have only determined global SEP royalty terms when the parties themselves expressly consented.⁹⁴ Where there was no consent, US courts simply awarded

⁹³ *Ericsson v Samsung*, Wuhan Intermediate People's Court, Case no: E 01 Zhi Min Chu No. 743 (25th December 2020).

⁹⁴ *Microsoft v Motorola*, WL 2111217 (W.D. Wash. 2013); *TCL v Ericsson* WL 4488286 (C.D. Cal. 2018).

damages for litigated valid and infringed SEPs.⁹⁵ On the other hand, European courts are required by the CJEU's *Huawei v ZTE* framework, when deciding whether to grant an injunction for patent infringement, to assess whether the SEP owner offered the implementer a FRAND licence. Thus, if the SEP is found valid and infringed, the implementer may decide to accept a court-verified FRAND licence or be subject to a national injunction and leave the market in the country concerned. Consequently, there is a subtle but important difference between a stand-alone request by a prospective licensee to set global FRAND royalty terms (as before the Wuhan Court) and the assessment of FRAND terms tied to the injunction stage of a patent infringement claim brought by the owner.

4.4 Responses to Chinese ASIs

The Wuhan Court's wide ASIs have not gone unopposed. Ericsson obtained an AASI from the Eastern District Court of Texas, preventing Samsung from attempting to enforce a Chinese ASI.⁹⁶ Judge Gilstrap noted that Wuhan's ASI would frustrate the public interest in ensuring that litigation proceeds within its legitimate jurisdiction.⁹⁷ The ASI was also held to impose inequitable hardship to Ericsson, which was deprived of its right to bring claims it was entitled to bring under US law.⁹⁸ Interestingly, Judge Gilstrap noted that while both suits might be factual similar, they involved separate legal questions. The Chinese action was related to the determination of global FRAND rates, while the US action concerned whether the conduct of the parties was compliant with their respective FRAND obligations.⁹⁹ Given these differences, the Chinese action was viewed as not dispositive of the US claims. Finally, international comity was held not to be affected by an AASI. An AASI is targeted only at prohibiting the enforcement of an ASI. The US court was not ordering Samsung to stop prosecuting its claims in China. Rather, "this court believes it must act for the targeted purpose of allowing both suits to proceed without interference".¹⁰⁰

InterDigital also managed to obtain an AASI against Xiaomi in India and Germany. The Delhi High Court expressed similar reservations concerning ASIs as its European counterparts.¹⁰¹ It was concerned that an ASI would deprive the rights of Indian citizens to have access to justice. The court noted that allowing Wuhan's ASI to proceed would require the SEP owner to sit back and helplessly watch as its patents are continuously infringed without being able to "lift a finger to prevent it", rendering the Indian Patents Act "both otiose and impotent".¹⁰² It further stressed that the two cases were of a different nature. The Chinese case concerned the determination of global FRAND royalty terms, while the Delhi High Court was asked to rule on the infringement of SEPs and to decide whether to grant an injunction. The court thus ordered Xiaomi not to enforce its Chinese ASI and, if it did, to pay the same amount of fine that Interdigital would be forced to pay in China for any non-compliance with the ASI.

⁹⁵ *Ericsson v D-Link*, 773 F.3d 1201 (Fed. Cir. 2014); *Innovation IP Ventures LLC Patent Litigation*, WL 5593609 (N.D. Ill. 2013).

⁹⁶ *Ericsson v Samsung* WL 89980 (E.D. Tex. 2021).

⁹⁷ *Ibid*, 4.

⁹⁸ *Ibid*, 5.

⁹⁹ *Ibid*, 6.

¹⁰⁰ *Ibid*, 7.

¹⁰¹ *Interdigital v Xiaomi* High Court of Delhi, I.A. 8772/2020 in CS(COMM) 295/2020 (3rd May 2021).

¹⁰² *Ibid*, 107.

The Munich Regional Court also ordered an AASI on InterDigital's application, prohibiting Xiaomi from enforcing its Wuhan ASI.¹⁰³ It reiterated the concerns that the ASI violated public order and would deprive the patentee of the essential feature of its property rights and the right to access to courts. It ordered Xiaomi to refrain from enforcing the ASI, with the threat of a fine of up to €250,000 or detention of company officials up to six months.

The Munich Regional Court, however, also attempted to put an end to the interference of foreign ASIs and issued guidance for future cases. It stressed that it would not wait for an implementer to file and obtain an ASI before it would grant an AASI. The court was of the opinion that there may exist a 'risk of first infringement' of an SEP owner's property rights even when an ASI has not yet been granted. Accordingly, the court noted that it would pre-emptively grant an AASI if the implementer has:

The Munich Regional Court continued by holding that an implementer that does not follow the above conditions would be treated as an 'unwilling licensee' within the meaning of *Huawei v ZTE*.¹⁰⁵ In other words, such an implementer would risk an injunction if a SEP were found to be infringed without the examination of *Huawei v ZTE* criteria, such as the requirement for a FRAND offer by the SEP owner and a counter-offer by the implementer. The justification for such an interpretation is that a truly willing implementer should refrain from actions that would impair the SEP owner's property-like rights, such as filing a request for an ASI.¹⁰⁶ ASIs also prevent the *Huawei v ZTE* framework from being followed. If the SEP owner notifies the implementer of an infringement, it exposes itself to an application for an ASI which, if granted, would prevent the SEP owner from obtaining an injunction against an unwilling licensee. Moreover, the balance of negotiations between the parties would be harmed by an ASI - if the implementer can initiate patent invalidity actions, so must the patent owner be free to enforce its patents before a court.¹⁰⁷ The court also added that it would entail disproportionately high costs if SEP holders would be expected to pre-emptively file AASIs in many different jurisdictions to protect against ASIs.¹⁰⁸

Lastly, in *IP Bridge v Huawei* the Munich Regional Court followed its principles and pre-emptively entered an AASI because of the implementer's threat to seek an ASI.¹⁰⁹ During negotiations for a licence for IP Bridge's SEP portfolio, Huawei mentioned the Chinese Supreme People's Court's AEI in the *Huawei v Conversant* case, granted against a German injunction. After failed negotiations, IP Bridge initiated patent infringement proceedings against Huawei in Germany and the UK, while Huawei retaliated by filing a suit in China, asking the court to determine the FRAND royalty rate for IP Bridge's Chinese SEP portfolio. IP Bridge then asked the Munich Regional Court to grant an AASI against Huawei, prohibiting it from filing a motion for ASIs or AEIs in China. The court considered that its criteria for the 'risk of first infringement' were fulfilled and granted the AASI.¹¹⁰ Namely, Huawei's referral at negotiations to an AEI issued by the Chinese Supreme People's Court was considered as a threat to file an AEI or ASI in the future.¹¹¹ Moreover, Huawei did not declare at any point that

¹⁰³ *Interdigital v Xiaomi*, Munich Regional Court, Case No. 7 o 14276/20 (25th February 2021).

¹⁰⁴ *Ibid*, 142.

¹⁰⁵ *Ibid*, 146.

¹⁰⁶ *Ibid*.

¹⁰⁷ *Ibid*, 148.

¹⁰⁸ *Ibid*, 146.

¹⁰⁹ *IP Bridge v Huawei*, Munich Regional Court, Case No. 7 0 36/21 (24th June 2021).

¹¹⁰ *Ibid*, 42.

¹¹¹ *Ibid*, 45.

it would refrain from seeking an ASI even when explicitly asked by IP Bridge¹¹² and it initiated proceedings in China, a jurisdiction that has demonstrated willingness to grant ASIs and AEs.¹¹³

In conclusion, the cases illustrate that courts in the US, Europe and Asia alike are unwilling to tolerate extensive foreign ASIs restricting SEP litigation in their jurisdictions. The approach of the Munich Regional Court to order an AASI even against prospective potential ASIs and to hold an implementer as an unwilling licensee if it seeks an ASI may discourage any future requests for this remedy, at least with respect to Germany.

5. How courts may stop global jurisdictional battles

A global race to secure an ASI at the most favourable court and then a subsequent retaliation with an AASI is undesirable from a social and private perspective. Non-compliance with an ASI or AASI is subject to monetary fines and/or the imprisonment of company officials, which may lead to an absurd situation where both parties would have to pay fines and company executives would be imprisoned in a commercial licensing dispute. It also creates legal uncertainty as to which court will be competent to hear the case and wasteful use of private and judicial resources. To avoid this outcome, courts could consider using several measures that would put an end to harmful jurisdictional races in SEP disputes.

5.1 Judicial restraint

Courts should exercise judicial restraint and return to the originally strict criteria for the granting of ASIs. ASIs are an exceptional remedy used only: 1) in strictly limited circumstances and 2) where they do not appreciably impact international comity. In SEP cases, comity is always impacted as an ASI prevents the enforcement of national patents before the only competent court — the court in the country in which the patents have been granted. In the UK, the principle is that ‘the stronger the connection of the foreign courts with the parties and the subject matter of the dispute, the stronger the argument against intervention’.¹¹⁴ Given that a national patent can only be enforced and examined by a national court, a necessary connection with the foreign court examining the request for an ASI would scarcely be present. Even the US courts have not yet granted a full ASI and have been mindful of international comity. This is especially true for courts following the ‘conservative approach,’ which places greater emphasis on international comity and makes a presumption in favour of concurrent jurisdiction. The requesting party has a heavy burden to establish that equitable factors and strong public policy concerns would justify the granting of this remedy. Even the courts following the ‘liberal approach’ have also placed due weight on international comity, as seen in *Microsoft v Motorola* and *Huawei v Samsung*. Additional arguments for judicial restraint are the impact on fundamental rights to property, access to justice and effective judicial protection. As has been seen, European as well as Indian courts have rejected ASIs finding that the use of such a remedy would restrict the right to access to court and to enforce national patent rights. Therefore, as a general rule, ASIs preventing foreign SEP litigation should not be granted.

However, a limited exception may be possible for AEs. They have a narrower impact on comity as they do not stop foreign litigation but are targeted only at the enforcement of the

¹¹² Ibid, 52.

¹¹³ Ibid, 53.

¹¹⁴ *Highland Crusader Partners v Deutsche Bank v* [2009] EWCA Civ 725, para 50.

foreign judgment until the case is resolved by the issuing court.¹¹⁵ As such, it might be possible to use them exceptionally when a foreign patent injunction would impact a domestic case that has a stronger connection with the parties than a foreign one.

Nevertheless, the concern with AEs is that they may drag down the litigation until the slowest court makes a decision. Implementers may abuse this remedy to intentionally delay litigation. Additionally, since AEs last only until the issuing court arrives at a judgment, this may result in having two (or more) enforceable judgments at the same time,

Therefore, even an anti-enforcement injunction should be awarded only sparingly and in the rarest of circumstances. Key factors in its award should be: 1) a strong connection with the issuing court (such as domestic parties), 2) where foreign proceedings are obviously frivolous and vexatious, and 3) a short duration (i.e. the proceedings before the issuing court must be concluded within a reasonable time period).

5.2 An ASI as a sign of ‘unwillingness to license’

The innovative approach of the Munich Regional Court in holding companies that request ASIs as an ‘unwilling licensee’ or ‘unwilling licensor’ under the Huawei v ZTE framework could be more widely applied.¹¹⁶ The result of such an approach is that an implementer seeking a foreign ASI would risk an injunction in the EU without the examination of other Huawei v ZTE criteria if patent infringement is established. Conversely, an injunction could be denied for the SEP owner which pursues a strategy of seeking ASIs abroad. Similar approaches in the assessment of patent injunctions could be implemented in other jurisdictions as well, which would act as a further deterrent to parties not to seek this type of remedy. However, a distinction should be maintained between ASIs and AEs. There may still be legitimate reasons to grant an AEI in limited circumstances and requests for such a remedy should not be treated as giving rise to a presumption of unwillingness.

5.3 Facilitate arbitration

Arbitration may be an efficient mechanism to determine global FRAND licensing terms between the parties at a single forum, without conflicting parallel national litigation. Voluntary arbitration is encouraged by national authorities and commentators alike because parties can resolve their dispute faster and more cheaply than with global litigation.¹¹⁷ The arbitration may

¹¹⁵ But see *IP Bridge v Huawei*, Munich Regional Court, Case No. 7 O 36/21 (24th June 2021) para 43 (holding that AEs impact comity and the SEP owner’s right to access to justice even more strongly than ASIs, since they are directed against court decisions which have established both infringement and the existence of a claim for injunctive relief).

¹¹⁶ C-170/13 *Huawei v ZTE* ECLI:EU:C:2015:477. *The Huawei v ZTE* framework includes the following steps: 1) before seeking an injunction, the SEP holder must approach and notify the implementer about infringement and designate specific SEPs that are infringed and the way they are infringed; 2) the infringer should express its willingness to conclude the licensing agreement; 3) the SEP holder should then provide the specific, written offer for a licence on FRAND terms, specifying, in particular, the amount of the royalty and the way in which it is to be calculated; 4) the infringer must then diligently and in good faith respond to the offer, without any delaying tactics. If the infringer does not accept, it must submit promptly and in writing its FRAND counter-offer; 5) If the SEP holder rejects the counter-offer, the infringer must provide appropriate security (for example, by providing a bank guarantee or placing necessary amounts on deposit) and render accounts; 6) At that point, the parties may by common agreement request the FRAND royalty to be determined by an independent third party (presumably court or arbitration).

¹¹⁷ Commission ‘Setting Out the EU Approach to Standard Essential Patents’ COM(2017) 712 final 11; Japan Patent Office, ‘Guide to Licensing Negotiations Involving Standard Essential Patents’ (2018) 19-20; Jorge Contreras, D Newman, ‘Developing a Framework for Arbitrating Standard-Essential Patent Disputes’ (2014) 1

also be more reliable than court proceedings. Arbitrators may consist of experienced professionals with expertise in pricing intellectual property while, depending on the jurisdiction, judges may be reluctant to get directly involved in the pricing of SEPs. Specialised arbitration centres for FRAND disputes already exist today. For instance, WIPO has a dedicated Arbitration and Mediation Centre, and the Munich IP Dispute Resolution Forum also specialises in FRAND litigation.¹¹⁸ Many SEP disputes are already resolved through arbitration, although because arbitrations are usually confidential there is no reliable statistical evidence.¹¹⁹

Courts may therefore facilitate parties to reach an agreement on the arbitration of FRAND royalty terms. They may consider a party's refusal to enter into arbitration as an indication of unwillingness to license. Sometimes arbitration might not be possible, when parties should be able to provide a justification for their refusal. For example, this might be the case if parties cannot agree on the selection of arbitration rules, the appointment of arbitrators or the choice of applicable law. However, a rebuttable presumption of unwillingness would encourage the parties to try to resolve their dispute through arbitration, rather than multi-jurisdictional litigation.

Conclusion

Recently there have been several cases in which courts issued ASIs that had the practical effect of limiting FRAND disputes to one jurisdiction. While having one court settling the global FRAND licensing dispute would be ideal from the perspective of the efficient management of judicial resources and litigation cost savings, wide ASIs prohibiting parallel patent litigation are incompatible with patent owners' fundamental rights to property and access to courts, as well as with international comity.

An analysis of the existing courts' decisions shows that US courts are reluctant to issue wide ASIs and have granted AEIs in only two cases. European courts are also reluctant to interfere with foreign proceedings and have not issued ASIs but are ready to protect their jurisdiction against foreign intrusion with the grant of AASIs. China initially mirrored the US approach by granting only AEIs, but has recently changed course and issued wide ASIs, which prohibited any existing and future patent or FRAND royalty litigation anywhere in the world.

Courts may put an end to global SEP jurisdiction battles by adopting the three principles advanced in the article. First, courts should exercise judicial restraint and get back to originally strict requirements for the granting of ASIs. As a rule, ASIs should not be available in SEP litigation as they represent significant interference with international comity, the patent owner's fundamental right to property, and access to courts. Only an AEI may exceptionally be available under strict conditions since they have a lesser impact on international comity. Key factors in their award should be: 1) a strong connection with the issuing court; 2) where foreign proceedings are obviously frivolous and vexatious, and 3) a short duration of the AEI. Second, courts should hold a party seeking an ASI as 'unwilling to license' under the *Huawei v ZTE* framework. This would act as a strong deterrent against parties seeking ASIs. Third, courts should facilitate parties to reach an agreement on arbitration of global FRAND licensing terms by holding that an unjustified refusal to arbitrate is a sign of unwillingness to license under *Huawei v ZTE*.

Journal of Dispute Resolution 23; Mark Lemley, Carl Shapiro, 'A Simple Approach to Setting Reasonable Royalties for Standard-Essential Patents' (2013) 28 *Berkeley Technology Law Journal* 1135.

¹¹⁸ WIPO, 'Guidance on WIPO FRAND Alternative Dispute Resolution' (2017).

¹¹⁹ Damien Geradin, 'FRAND Arbitration: The Determination of Fair, Reasonable and Non-discriminatory Rates for SEPs by Arbitral Tribunals' (2016) *CPI Antitrust Chronicle*.

The implementation of these principles might put an end to global jurisdiction battles with ASIs and AASIs and incentivise parties to focus on the resolution of the underlying issue – the determination of the appropriate global FRAND royalty terms.

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