

# International Attitudes Towards Injunctions and SEPs

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# Injunctions Upon Patent Liability Judgment



# Stays Pending Appeal



## The United States: Injunctions

- Before 2006, broad injunctions were the norm in the U.S. for patents found to be valid and infringed.



## ***eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006)***

- SCOTUS unanimously determined that an injunction should not be automatically issued.
- “That test requires a plaintiff to demonstrate:
  - (1) that it has suffered an irreparable injury;
  - (2) that remedies available at law are inadequate to compensate for that injury;
  - (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and
  - (4) that the public interest would not be disserved by a permanent injunction.”



# Europe: Injunctions and Brexit



## Injunctions in Europe – automatic or not?

- UK: injunction = remedy in equity
  - Typically granted unless “grossly disproportionate”



- Repeated hints that no SEP injunction if licensee is willing, but no decision on the point ...



- Rest of Europe: injunction is mandatory
  - But may be refused on anti-trust grounds “abuse of dominant position”
  - For example Orange Book in Germany

Anti-trust?

Abuse of dominant position?

Willing licensee?

Unconditional offer?

Right to challenge?



## **SAMSUNG & MOTOROLA EU Commission Decisions: abuse of dominant position**

- Seeking injunction on SEP against willing licensee by dominant undertaking is an abuse of dominant market position
- Challenging the SEP does not make a willing licensee unwilling
- Samsung gave commitment not to seek SEP injunction within certain willingness parameters; Motorola received prohibitory notice but no fine
- Willing licensee? Clarified in Huawei v ZTE reference to ECJ from Düsseldorf ...

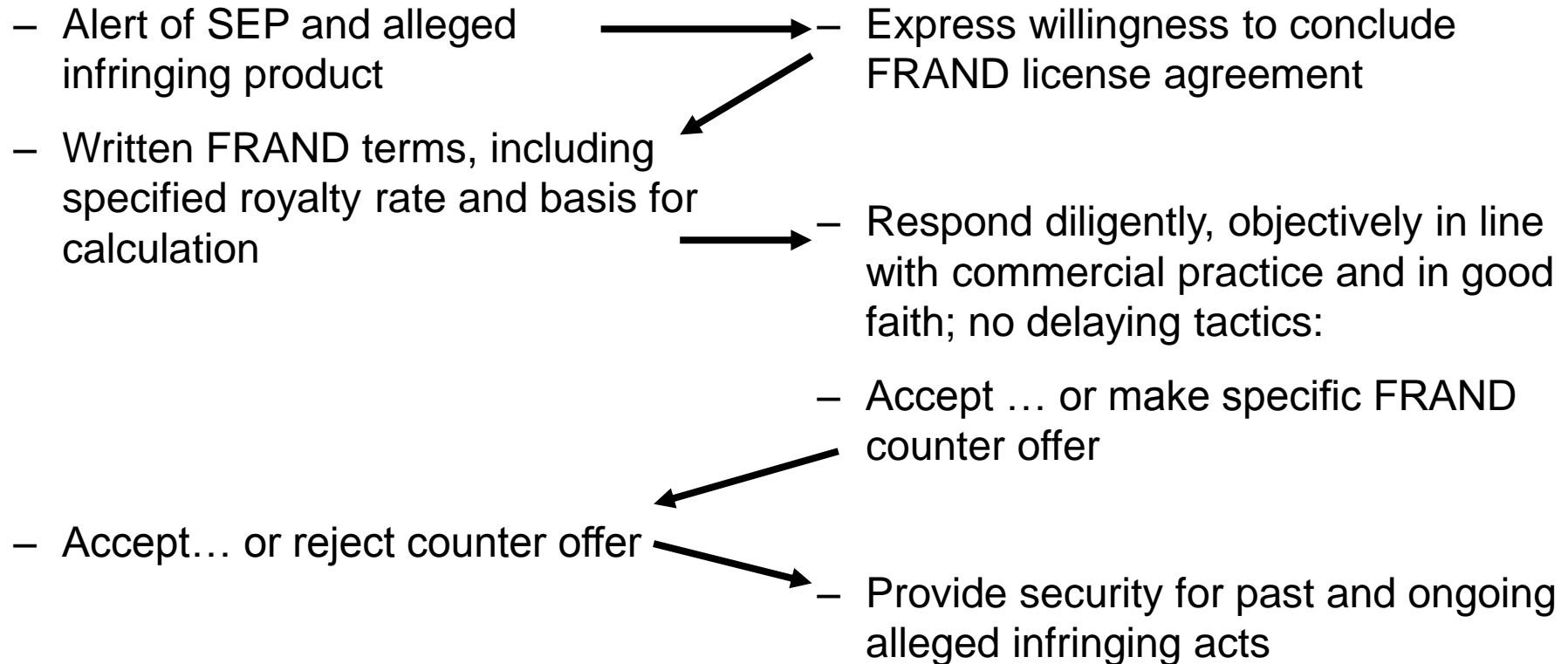


## Huawei v ZTE – ECJ referral (to be cont'd Dec 2016)

- Detailed protocol for behaviour outside of which seeking an SEP injunction is an abuse of a dominant position
  - Obligation on SEP holder – must comply to avoid abuse
  - Obligation on potential licensee – must comply to remain in “safe harbour”
- Potential licensee is allowed to challenge SEP
- When is SEP holder in dominant position? Left open!

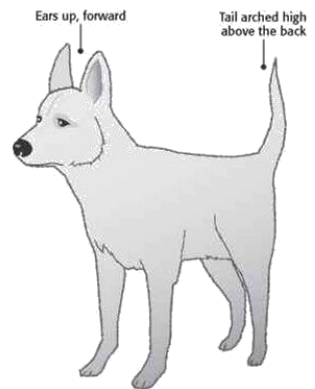


## Huawei v ZTE – the safe harbour dance



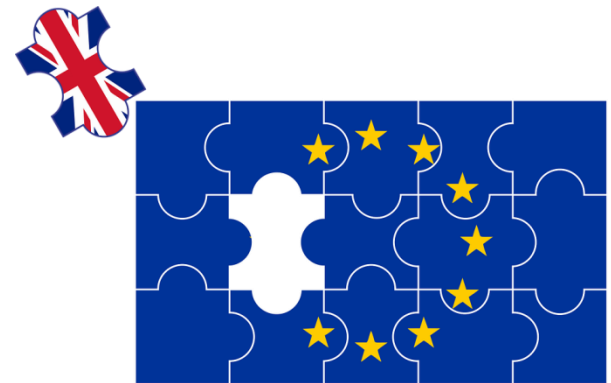
So...

- Courts in Europe will probably not grant an injunction unless the claimant follows the Huawei v ZTE protocol and the defendant does not
- A lot will turn on how the courts apply concepts like “diligent”, “commercial practice”, “good faith”, “delaying tactics” in connection with the defendant’s response to a FRAND offer
  - Sisvel v Haier in DE: delay of more than a month too slow for response
- **Under EU anti-trust rules, seeking an injunction by SEP holder in a dominant market position could be actionable ...**



## WHAT ABOUT BREXIT, THEN??

- June 2016: advisory referendum returned narrow majority for leaving EU
- PM plans to trigger two year “Article 50” negotiation window in March 2017, which would lead to BREXIT in 2019
- HCEW has ruled that triggering Article 50 requires a bill by parliament, appeal to Supreme Court being heard this week
- If HCEW ruling upheld, time table is likely to be delayed



## BREXIT & Patents: NO CHANGE IN STATUS QUO

- EPO is not an EU body, contracting to the EPC is independent of EU membership (e.g. CH)
  - UK will remain an EPC contracting state
- National patents (granted by national offices or EPO) remain national patents, litigated in national courts
  - no link to EU membership
- UK recently stated its intention to ratify UP/UPC
  - the project is delayed but likely to still go ahead if UK indeed does ratify



**KEEP  
CALM  
AND  
DRINK  
TEA**

## BREXIT & SEP Injunctions

- No change in EU, with or without the UK
- In the UK ...
  - EU competition rules likely to remain in case of access to single market, likely to remain influential anyway
  - Injunction = equitable remedy, common sense approach of UK judges
  - UK competition rules unlikely to diverge rapidly
  - Long reach of EU competition commission

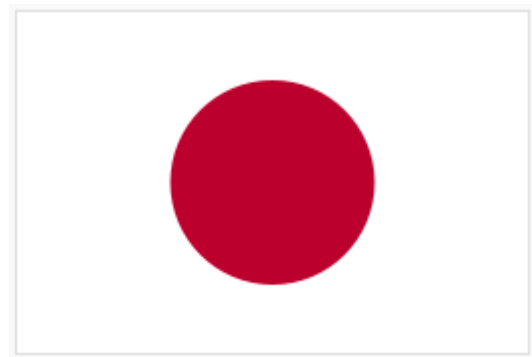


# Asia: Injunctions





# Injunctions in Japan



- Article 100 of Japan Patent Act authorizes injunctions in patent cases, which are routinely granted upon a finding of validity and infringement
  - Patent holders may also petition Japan Customs Office to suspend importation of infringing articles
- *However*, a patentee cannot enforce a permanent injunction until all appeals are final – and the appellate court may consider evidence and review factual findings *de novo*

## Japan: Injunctions in SEP Cases

- Recent court decisions indicate that cases involving FRAND-committed patents may present special circumstances that foreclose injunctions
- In 2014, Japan IP High Court rendered a Grand Panel Judgment in 3 cases where Samsung asserted SEPs against Apple
- Court denied Samsung's request for preliminary injunctions, holding it would be “abuse or right” for Samsung to seek injunctions based on SEPs if Apple proved itself to be willing licensee under FRAND terms



## Japan: Injunctions in SEP Cases (cont.)



- Japan Fair Trade Commission recently updated its guidelines on how courts should evaluate whether SEP owner violates antitrust law by seeking injunction against entity implementing standard
  - JFTC noted that FRAND-committed patent owners cannot sue for injunction against willing licensee without risking determination of illegal “exclusion of business activities” of target companies

# Injunctions in China



- Injunctions are nearly automatic, subject to case-specific considerations, mainly public interest
- In 2009 the Supreme People's Court stated that an injunction could be denied if the injunction would “significantly harm the interests of the parties concerned; or is contrary to the public interest; or would be impractical to enforce”
- *Wuhan Jingyuan v. Japanese Fuji*: Court denied injunction on infringing thermal plant because plant “produced good social benefits, and power supply had direct impact on the local economy and life of the local people”

## China: Injunctions in SEP Cases

- Chinese courts hesitant to grant injunctions in SEP/FRAND cases
- In *Huawei v. InterDigital*, Chinese court found that SEP owner violated Chinese antitrust laws by seeking an injunction in the U.S. while defendant was simultaneously negotiating a license with SEP owner “in good faith”



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## China: Injunctions in SEP Cases

- On December 31, 2015, the National Development and Reform Commission of China published draft Anti-Monopoly Guidelines on Abuse of Intellectual Property Rights, providing a four-factor test for determining whether an SEP holder's request for injunctive relief should be granted:
  - (1) the real intention of the parties;
  - (2) any injunction-related commitments made by the patent owner relating to the SEPs;
  - (3) the parties' proposed licensing conditions during negotiation; and
  - (4) impact on competition in the relevant market and the consumers' interests.

# Conclusion

**Thank you - Any questions?**

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