# How policy and case law are transforming the ITC as a venue for FRAND disputes

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Owners of standard essential patents have faced a tough environment in many parts of the world over the last decade, but as Mintz's Michael Renaud, James Wodarski , and Associate Matthew Galica explain, the tide might be turning.

As we enter the new decade, multiple technology standards are poised for adoption and implementation. In the telecommunication space, 5G and the Internet of Things (IoT) will revolutionise how people and machines, alike, interact. In the streaming video sector, Versatile Video Coding (VVC) will enable significant improvements for video content producers and consumers, including 8K resolution and seamless virtual reality viewing.

A common thread between these otherwise disparate applications is that they both exploit technology that is built on a foundation of standard essential patents (SEPs). As SEP owners look forward to the 2020s, a question from the last ten years lingers: how will public policy influence their ability to enforce their rights against recalcitrant infringers?

Fortunately for those owners, recent statements in the US and Europe provide a clearer picture of how public policy will impact SEP rights and enforcement. The pronouncements, coupled with impending court decisions on both sides of the Atlantic, suggest that the International Trade Commission (ITC) in the US and the courts in the UK are available and attractive fora to enforce SEP rights. SEP owners should take these recent developments as good news for the future.

## The US changes course

In the United States, injunctive relief is available for SEP owners. That welcome news came late last year courtesy of a joint policy statement from the US Patent & Trademark Office (USPTO), the Department of Justice (DOJ), and the National Institute of Standards and Technology (NIST). Earlier policy statements and events had led to some uncertainty about the availability of injunctive relief for SEPs—especially at the ITC.

In a well-publicised 2013 ITC investigation (Inv No 337-TA-794) Samsung obtained a recommendation for an exclusion order on SEP claims against Apple, but the US Trade Representative (USTR) vetoed the order based on "policy considerations" and "competitive conditions in the US economy".

The USTR's veto relied heavily on a 2013 USPTO/DOJ policy statement that questioned whether injunctive relief at the ITC could harm competition by allowing an SEP owner to secure royalties that are not fair, reasonable and non-discriminatory (F/RAND). The 2013 policy statement generated a significant amount of criticism and controversy.

The 2019 policy document rejects the earlier statements that an SEP owner could use injunctive relief to achieve non-F/RAND royalties. It recognises the confusion that the 2013 statement created as to whether "injunctions and other exclusionary remedies should [] be available in actions for infringement of standards-essential patents", and makes clear that "such an approach would be detrimental to a carefully balanced patent system, ultimately resulting in harm to innovation and dynamic competition".

The 2019 statement confirmed that, when SEP negotiations breakdown, "all remedies available under national law, including injunctive relief and adequate damages, should be available for infringement of standards-essential patents subject to a F/RAND commitment", and that "a patent owner's promise to license a patent on F/RAND terms is not a bar to obtaining any particular remedy, including injunctive relief".

In the months leading up to the publication of the 2019 statement, courts and tribunals were already acting in harmony with the statement's underlying tenets. In a recent, closely watched ITC investigation (Inv No 337-TA-1089), Chief ALJ Bullock found a violation of section 337 based on an SEP, and recommended that the ITC should issue an exclusion order against the infringer. This was the first time that an ALJ had recommended an injunction for a SEP at the ITC since 2013 - a result that, in view of the 2019 statement, should become more common.

The Initial Determination in the 1089 Investigation (1089 ID) provided useful guidance for SEP owners seeking injunctive relief at the ITC. It reiterated that "the burden to prove an affirmative defense based on a breach of complainant's RAND obligations lies with respondents". The 1089 ID also questioned whether the JEDEC agreement (the standard at issue in the investigation) was enforceable, but determined that even if the agreement was enforceable, the administrative record did not demonstrate that the complainant had violated its RAND obligations.

A final determination in the 1089 Investigation is expected by 7th April 2020. If left undisturbed by the Commission, the initial determination would make satisfying FRAND obligations and obtaining injunctive relief much easier for SEP owners at the ITC. Coupled with the 2019 policy statement, this would cement the ITC, already an attractive venue for many rights owners, as a go-to forum for SEP owners.

## A brighter future

As a further boost to patent owners, the policy shift in the US has come as the landscape in Europe has improved for SEP owners thanks to new guidelines published by the European Commission in 2017. Those guidelines sought to implement a "predictable enforcement environment for SEPs" by addressing two important issues: the appropriateness of "litigation on the basis of patent portfolios" and "availability of injunctive relief under the Huawei vs. ZTE jurisprudence".

Despite the guidance, European courts have applied the policy framework differently but the Unwired Planet case currently before the UK's Supreme Court may soon provide clarity and more positive news for SEP owners.

With a decision in that case and the ITC's final determination in the 1089 Investigation expected in the early stages of 2020, SEP owners will hopefully see jurisprudence that confirms that both the ITC and UK courts are compelling fora for SEP assertion.