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# Licensing Markets

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## Patent Licensing

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### **Joint Policy Statement and Recent Cases Confirm That Injunctive Relief on SEPs Is Available at the ITC**

When licensing discussions with an intransigent implementer break down, Standard Essential Patent (SEP) owners face a difficult question: what remedies are available (injunctive relief or damages) in each US court (International Trade Commission and US district courts) as redress against infringement? A recent policy statement, co-authored by the US Patent & Trademark Office (USPTO), Department of Justice (DOJ), and National Institute of Standards and Technology (NIST), clears up the confusion: injunctive relief *is* available for SEP owners at the ITC, and continues to gain momentum. “Policy Statement on Remedies For Standards-Essential Patents Subject To Voluntary F/Rand Commitments” December 19, 2019, <https://www.justice.gov/atr/page/file/1228016/download>. As evidence of the growing trend, in a recent, closely-watched decision—*In the Matter of Certain Memory Modules and Components*

*Thereof*, Inv. No. 337-TA-1089—Chief ALJ Bullock found a violation of Section 337 based on a SEP, and recommended that the ITC issue an exclusion order against the infringer. This was the first time an ALJ recommended an injunction for a SEP since 2013. The new policy statement, viewed in combination with the 1089 decision, indicates that the ITC is the forum of choice for SEP owners seeking redress for infringement of their SEPs by unwilling licensees.

The ITC has long been recognized as a useful and effective forum for resolving patent disputes, largely due to its short time to resolution and robust injunctive relief. However, in the context of SEPs, the availability of injunctive relief—especially at the ITC—has been the subject of confusion and misinterpretation for years. In the aftermath of *In the Matter of Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, And Tablet Computers*, Inv. No. 337-TA-794, practitioners and commenters wondered whether injunctive relief was available at the ITC for SEP owners. In that case, Samsung obtained an exclusion order on SEP claims against Apple, but the US Trade Representative (USTR) vetoed the order based on “policy considerations” related

to “competitive conditions in the U.S. economy.” Chief among the USTR’s justification for vetoing the injunctive relief was a 2013 Joint Policy Statement, which explored whether injunctive relief at the ITC could harm competition by allowing patentees to secure higher royalties than they would otherwise be able to under their obligation to license SEPs on FRAND terms. Observers viewed this veto as casting doubt as to whether injunctive relief is permissible, or practically obtainable, at the ITC. That has all changed now.

Any effect the 2013 Joint Policy Statement may have had on the availability of exclusionary relief at the ITC has been eliminated. The USPTO and DOJ recently withdrew support of the 2013 statement and, on December 19, 2019, replaced it with a new joint policy statement authored with the NIST. The 2019 Joint Policy Statement makes clear that, when SEP negotiations breakdown, “appropriate remedies should be available to preserve competition, and incentives for innovation and for continued participation in voluntary, consensus-based standards-setting activities.”

The new joint policy statement clearly extinguishes any lasting effect of the 2013 Joint Policy Statement:

In the years since the 2013 policy statement issued, the USPTO, NIST, and the DOJ [] have heard concerns that the 2013 policy statement has been misinterpreted to suggest that a unique set of legal rules should be applied in disputes concerning patents subject to a F/RAND commitment that are essential to standards (as distinct from patents that are not essential), and that injunctions and other exclusionary

remedies should not be available in actions for infringement of standards-essential patents. Such an approach would be detrimental to a carefully balanced patent system, ultimately resulting in harm to innovation and dynamic competition.

The new statement concludes that “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 this way, the new statement articulates that, even if a patent is essential to an industry standard and subject to FRAND obligations, its owner can obtain injunctions against infringing implementers. (emphasis added)

Beyond the policy statement and determination in Inv. No. 337-TA-1089, the ITC’s advantage over district courts with respect to SEP disputes became more pronounced in view of a recent Federal Circuit decision. In particular, the Federal Circuit’s *TCL v. Ericsson* decision vacated the district court’s attempt to determine a FRAND royalty rate and

subjected a 10-year-long dispute to an entirely new jury trial. Many thought that the Federal Circuit might use this case to provide long-sought guidance regarding FRAND negotiations but were left disappointed.

With all of this in mind, it is apparent that the ITC is the preferred forum within the United States for asserting SEPs, and, where the implementer desires to meaningfully participate in the US market, may be the most important venue in the world. As US district courts struggle to articulate—let alone decide on—a coherent and consistent methodology for determining FRAND rates, and without Federal Circuit scrutiny and guidance, the ITC provides an efficient and effective venue for SEP owners seeking redress against efficient infringement by standards implementers. With the 2013 joint policy statement replaced, and the ITC showing it will provide effective relief concerning infringement of SEPs, observers should expect an uptick in SEP activity at the ITC.

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