

United States Court of Appeals  
*for the Federal Circuit*

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ERICSSON INC., TELEFONAKTIEBOLAGET LM ERICSSON

*Plaintiffs-Appellees,*

— v. —

SAMSUNG ELECTRONICS CO., LTD., SAMSUNG ELECTRONICS  
AMERICA, INC., SAMSUNG RESEARCH AMERICA

*Defendants-Appellants.*

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*On Appeal from the United States District Court for the  
Eastern District of Texas, No. 2:20-cv-380-JRG,  
Honorable J. Rodney Gilstrap, Chief District Judge*

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**CORRECTED BRIEF OF INTERNATIONAL INTELLECTUAL  
PROPERTY LAW PROFESSORS AS *AMICI CURIAE*  
IN SUPPORT OF NEITHER PARTY**

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March 16, 2021

## CERTIFICATE OF INTEREST

Counsel for *amici curiae* certify the following:

**1. The full name of all entities represented by us are:**

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**2. The full names of all real parties in interest:**

Not applicable.

**3. All parent corporations for the entities and any publicly held companies that own 10% or more in the entities:**

Not applicable.

**4. All law firms, partners, and associates that appeared for the entities in the originating court or agency or are expected to appear in this court for the entities:**

Willkie Farr & Gallagher LLP, Indranil Mukerji, Stephen A. Marshall, Devon W. Edwards.

**5. The title and number of any case known to be pending in this court or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal:**

The Court's decision in the pending appeal may affect *Samsung Electronics Co., Ltd. v. Telefonaktiebolaget LM Ericsson*, (2020) E 01 Zhi Min Chu No. 743, currently pending in the Wuhan Intermediate People's Court, Hubei Province in the Republic of China.

**6. Any information required under Fed. R. App. P.26.1(b) (organizational victims in criminal cases) and 26.1(c) (bankruptcy case debtors and trustees):**

Not applicable.

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Six professors of international intellectual property law submit this brief as *amici curiae* pursuant to Federal Circuit Rule 29 and Federal Rule of Appellate Procedure 29. This brief argues that the District Court's preliminary injunction should be reversed or vacated.

## **IDENTITY AND INTEREST OF AMICI CURIAE AND SOURCE OF AUTHORITY TO FILE**

*Amici curiae* are the following six professors of international intellectual property law:

- Jorge L. Contreras, University of Utah S.J. Quinney College of Law
- Ann Bartow, University of New Hampshire Franklin Pierce School of Law
- Michael A. Carrier, Rutgers Law School
- Christa Laser, Cleveland-Marshall College of Law
- Joshua D. Sarnoff, DePaul University College of Law
- Peter K. Yu, Texas A&M University School of Law

*Amici* have no personal interest in the outcome of this case, but do have a professional interest in ensuring that the law develops in a way that serves the public interest. This brief is filed on behalf of *amici*, and not on behalf of their academic institutions. This brief was not authored in whole or in part by counsel to either party in this action, and no party, party's counsel, or any other person has

contributed financial resources intended to fund the preparation or submission of this brief.

This brief seeks to draw to the Court’s attention historical, practical, and policy matters pertaining to technical standardization and dispute resolution that bear on the arguments made on appeal by Samsung and Ericsson, including by providing context on the use of anti-suit injunctions (ASIs) and anti-anti-suit injunctions (AASIs) in litigation involving global portfolios of standards-essential patents (SEPs) that are encumbered by “fair, reasonable, and non-discriminatory” (FRAND) licensing commitments.

Pursuant to Fed. R. App. P. 29(a)(2), *amici* are authorized to file this brief. Both parties have consented to its filing. Additionally, on March 15, 2021, the Court granted *amici*’s unopposed motion to file this brief. (D.I. 19.)

## **SUMMARY OF THE ARGUMENT**

Technology knows no national boundaries. A user expects her laptop or smartphone to connect to a wireless network in Europe or Asia just as easily as it would in the United States. That interoperability is made possible through the existence of worldwide technical standards, like Wi-Fi and LTE. The present appeal highlights a fundamental disconnect between that technical reality, on the one hand, and the international jurisdictional conflicts that have come to characterize this industry.

The parties here are corporations headquartered at opposite ends of the earth, in Sweden and South Korea, and make devices that are used worldwide. Neither they, nor any other manufacturer, would be able to compete globally without the interoperability provided by the many technical standards embodied in those devices. Yet, those global standards rest on tens of thousands of national patents, many of which patent holders commit to license on FRAND terms. When those patents are asserted at a national level, particularly when accompanied by contractual disputes over compliance with FRAND licensing commitments, the inevitable result is redundant and duplicative proceedings in jurisdictions throughout the world. That state of affairs generates uncertainty for manufacturers as to the availability and cost of implementing the subject standards into products, and for scientists and engineers seeking to advance them through research and development.

There is no forum that conclusively holds sole jurisdiction over global interoperability standards or related patent disputes. Consequently, litigants have searched for procedural mechanisms that can provide the certainty of comprehensive resolution and avoid inconsistent results across national courts. One such mechanism, the anti-suit injunction (ASI), has become increasingly attractive to FRAND litigants. The ASI, a centuries-old procedure, avoids multijurisdictional litigation and promotes judicial efficiency and consistency by

enjoining parallel actions in other courts until the underlying disputes have been resolved in a first court. Given the multinational nature of many FRAND disputes, ASIs have been issued with increasing frequency, particularly by courts in the United States, to preclude the same issues from being simultaneously litigated before courts in other countries.

Although disputes concerning SEPs and contractual FRAND commitments are global in their reach, any national court decision on those issues will necessarily have to decide questions implicating the national law interests of other countries, including patent and contractual rights. But without the enforceability of ASIs, any such conflicts of law or contractual interpretation would result only in national law determinations that are impracticable or impossible to enforce, and in punitive national sanctions in the issuing jurisdictions for violating ASI terms (including terms prohibiting the filing of foreign judicial actions to seek anti-ASI orders). Until a new worldwide system for addressing these problems is developed, ASIs will reduce, rather than exacerbate, the inevitable worldwide conflicts over national interests in contract interpretation and patent rights.

This case presents an opportunity to ensure that a foreign court’s FRAND-related ASI is given the same deference expected of an analogous ASI issued by a U.S. court. The foreign ASI comes from the Wuhan Intermediate People’s Court, Hubei Province (the “Chinese Court”), which Samsung has asked to set global

FRAND licensing rates consistent with Ericsson’s contractual obligations for its worldwide SEPs. The Chinese Court’s ASI precludes Ericsson from initiating parallel litigation in other jurisdictions seeking either a FRAND adjudication or asserting infringement of those SEPs. Yet, Ericsson has done just that.

An English-language translation of the ASI decision indicates not only that the Chinese Court generally analyzed Samsung’s ASI request in a manner similar to that of U.S. courts, but also that the ASI would have satisfied the standards that U.S. courts use when issuing ASIs. *See* Appx342-354. The Chinese Court expressly issued the ASI to ability to resolve the global dispute between the parties, recognizing that if Ericsson were able to royalty adjudications in other jurisdictions, they could be inconsistent with a decision in the Chinese action. *See* Appx347-348, Appx352-353. The Chinese Court also recognized that the availability of such relief was subordinate to Ericsson’s contractual FRAND commitments. Appx350-351. And, the Chinese Court considered the effects on “the international civil order” before enjoining Ericsson from initiating any duplicative, parallel litigation. Appx351-352. These are the very issues considered by U.S. courts weighing a requested ASI.

However, upon motion from Ericsson, the District Court in this case issued a preliminary injunction against Samsung – an anti-anti-suit injunction (AASI) precluding it from enforcing the Chinese Court’s ASI. Appx1-16. The District

Court’s injunction permits Ericsson both to seek a FRAND determination and to bring infringement claims against Samsung before the U.S. courts, while effectively precluding Samsung from having the Chinese Court determine a global FRAND royalty rate that encompasses the same U.S. SEPs that Ericsson has asserted in the present action. Appx15. In other words, the preliminary injunction frustrates the Chinese Court’s ASI and its ability to resolve the global contractual case before it.

The District Court’s injunction was counterproductive as a matter of policy and presents a prime example of the slippery slope facing FRAND litigants: if one court can issue an AASI, rejecting an ASI validly issued in another jurisdiction, then parties may feel the need to seek another layer of protection against duplicative proceedings: an *anti-anti-anti-suit* injunction (AAASI), to preclude others from attempting to overturn an ASI in parallel litigation. This is no mere hypothetical: “[t]he AAASI is a rare but not unknown procedural mechanism, and has recently emerged in FRAND disputes.”<sup>1</sup> Left unchecked, as one *amicus* has cautioned, it’s anti-suit injunctions “all the way down.”<sup>2</sup>

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<sup>1</sup> Jorge L. Contreras, “It’s Anti-Suit Injunctions All the Way Down: The Strange New Realities of International Litigation over Standards-Essential Patents,” 26(4) IP LITIGATOR 1, 7 (July/August 2020) (“Anti-Suit Injunctions”).

<sup>2</sup> *Id.* at 1.

In addition, respecting, and disrespecting, foreign ASIs in FRAND disputes has serious implications for international comity, which courts recognize as a pertinent factor in ASI determinations. If U.S. courts expect foreign legal systems to respect their own injunctions, it is difficult to see how that deference will be maintained if it is not reciprocal.

To be clear, *amici* do not express any opinion as to the jurisdiction, capability, or procedures of the Chinese courts, including when resolving contractual FRAND disputes and setting worldwide royalty rates, particularly when the District Court’s patent expertise is well-known and respected. But absent any form of international agreement or industry-wide arbitral forum for resolving global FRAND disputes (which some *amici* have previously proposed<sup>3</sup>), existing judicial systems should be permitted to exercise their legitimate authority, and the District Court’s AASI precludes that possibility.

## **ARGUMENT**

The Chinese Court’s ASI was an appropriate exercise of its authority to protect its jurisdiction over the parties’ dispute and conformed with the ASI analysis conducted by U.S. courts. Because the Chinese action will result in the

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<sup>3</sup> Jorge L. Contreras, *Global Rate-Setting: A Solution for Standards-Essential Patents?*, 94 WASH. L. REV. 701, 712, 738-755 (2019) (“Global Rate Setting”) (proposing “a non-governmental, global FRAND rate-setting tribunal”).

setting of a global FRAND rate for Ericsson’s SEPs, it will necessarily dispose of Ericsson’s related claims in the present litigation.<sup>4</sup> Despite this, the District Court not only enjoined Samsung from enforcing the Chinese ASI, but issued its own injunction, which will prevent the parties from ensuring the resolution of their dispute in a single forum. The District Court’s AASI should be overturned or vacated.

## **I. LICENSING OF STANDARD ESSENTIAL PATENTS IS NECESSARY FOR THE GLOBAL ECONOMY**

Technical standards, like those to which Ericsson’s SEP portfolio are directed, are developed, issued, and promulgated by multinational standards development organizations (SDOs). Ericsson’s relevant patents in this case concern technology for the telecommunications industry – in particular, 4G and 5G standards for mobile data exchange – but standards reach and involve all aspects of technology. Indeed, SDOs include such far-ranging groups as the “BluRay Disc

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<sup>4</sup> To the extent Ericsson has brought claims against Samsung in this action that are unrelated to Ericsson’s contractual FRAND obligations, those claims can be heard without upsetting the Chinese Court’s jurisdiction by complying with the ASI, and waiting to adjudicate them until after the Chinese Court has addressed dispositive, threshold issues.

Association,” the “Advanced Television Systems Committee,” the “Institute of Electrical and Electronics Engineers,” and the “Open Mobile Alliance.”<sup>5</sup>

SDOs are comprised of firms operating in the relevant industry, and those firms often secure voluminous worldwide patent protection covering their contributions.<sup>6</sup> For instance, Ericsson’s complaint in this action notes that it has “been awarded more than fifty-four thousand patents worldwide.” Appx423. Of course, any company that develops technology necessary to practice a particular standard (a standards-essential patent, or SEP) could exert significant leverage on competitors once that standard is formally adopted. To avoid those consequences, many SDOs require participating firms to license their SEPs on terms that are “fair, reasonable, and non-discriminatory” (FRAND). The FRAND commitment reflects a contractual commitment between the SEP holder and the SDO. *See generally* *TCL Comm’n Tech. Holdings Ltd. v. Telefonakietbolaget LM Ericsson*, 943 F.3d 1360, 1363 (Fed. Cir. 2019) (discussing Ericsson’s FRAND obligations regarding telecommunications SEPs); *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201,

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<sup>5</sup> Justus Baron and Tim Pohlmann, *Mapping Standards to Patents using Declarations of Standard-Essential Patents*, 27 J. ECON. & MGMT. STRATEGY 504, 508, 533 (2018) (identifying 23 different SDOs).

<sup>6</sup> *See id.* at 508, 520-21 (2018) (“we have identified 139,620 unique patents belonging to 38,803 different patent families” that have been designated SEPs).

1231 (Fed. Cir. 2014) (same); *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 876-77 (9th Cir. 2012) (discussing Motorola’s SEP commitment).

Thus, like patent protection itself, the standards system involves a trade-off: firms may opt to have their proprietary technologies incorporated into industry standards, but doing so requires accepting contractual encumbrances on their relevant SEPs.

#### **A. With Few Benchmarks for FRAND Rates, SEP Disputes Often Require Sprawling, Multi-Jurisdictional Litigation**

Despite the primacy of these FRAND commitments in developing technological standards, there is little consensus for determining what royalty rates are “fair” or “reasonable,” especially with so many SEPs required to practice a single standard. The analysis is further complicated when, as here, both negotiating parties may hold SEPs pursuant to a particular standard, adding the specter of mandatory cross-licensing. This complexity may be why, far from defining FRAND terms, SDOs often disclaim any role in setting SEP royalties.<sup>7</sup> As a result, when parties cannot agree on a FRAND license, there is typically no alternative to costly, expansive litigation, which may involve contract, antitrust, and patent claims and counterclaims between large, sophisticated entities.

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<sup>7</sup> Global Rate Setting, *supra* n. 3, at 705. (“No SDO defines, even broadly, how to calculate royalty rates that are FRAND, and many SDOs expressly disclaim any role in establishing, interpreting, or adjudicating FRAND royalty rates.”).

Moreover, because SEP holders often hold patents in numerous jurisdictions – and because national courts typically only resolve disputes arising under their own patent laws and involving their own national patents<sup>8</sup> – where parties cannot agree on a royalty rate for SEPs, they will not simply litigate their dispute in one forum, but on several fronts across the world. For instance, in sprawling global litigation involving smartphone SEPs, Apple and Samsung sued each other in at least ten jurisdictions across three continents.<sup>9</sup> Likewise, after purchasing a portfolio including several telecommunications SEPs, Vringo, Inc. sued smartphone manufacturer ZTE for patent infringement “in Australia, Brazil, France, Germany, India, Malaysia, the Netherlands, Romania, Spain, and the United Kingdom, perhaps among other places.” *Vringo, Inc. v. ZTE Corp.*, No. 14-cv-4988-LAK, 2015 WL 3498634, at \*1 (S.D.N.Y. Jun. 3, 2015).

Not only is such parallel litigation duplicative, but, as an *amicus* has noted, it renders impossible any hope of consistency in royalty determinations: “there are more than a dozen points of serious divergence among courts and other

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<sup>8</sup> Jorge L. Contreras, *The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom In Disputes Over Standards-Essential Patents*, 25 B.U. J. SCI. & TECH. L. 251, 255 (2019) (“The New Extraterritoriality”) (“[N]ational courts have seldom sought to reform, or create, private contractual arrangements that extend beyond their national borders and involve patents over which they otherwise lack adjudicatory power.”).

<sup>9</sup> Global Rate Setting, *supra* n.3, at 723.

adjudicatory bodies with respect to the methods of calculating FRAND royalty rates.”<sup>10</sup> Even different courts within the same jurisdiction often use different methodologies to reach different conclusions about the same patents.<sup>11</sup> Given this lack of a generally-accepted framework, litigants and district courts must craft their own means of calculating an appropriate royalty rate, compounding the risk of inconsistency. For instance, in *TCL*, the two parties “proposed different FRAND rates based on different methodologies” – both of which were rejected by the district court, which instead “devised its own” calculation of an appropriate royalty rate. 943 F.3d at 1363, 1368-70.

The current situation only serves to further uncertainty in the marketplace, as parties lack a clear benchmark to determine the reasonableness of SEP licenses offered in private negotiations.

#### **B. Courts Have Increasingly Issued ASIs in FRAND Cases to Avoid Duplicative Litigation**

In light of the increasing complexity, expense, and inefficiency of simultaneously adjudicating similar issues in different jurisdictions, courts adjudicating FRAND cases have breathed new life into the ASI as a procedural

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<sup>10</sup> *Id.* at 707-08.

<sup>11</sup> *Id.* at 708.

mechanism to limit parallel litigation.<sup>12</sup> In fact, it is the U.S. courts that have recently popularized the use of ASIs in of FRAND disputes.<sup>13</sup> When proper, ASIs can ensure that issues are resolved by one court before they are litigated elsewhere, containing litigation costs and reducing the risk of inconsistent results.

The ASI dates back to fifteenth-century England, and its initial use was domestic, aimed at avoiding duplicative litigation in multiple different court systems within the nation.<sup>14</sup> The use of ASIs by U.S. courts to limit foreign litigation dates back more than a century; in one of the earliest such decisions, a federal district court in California enjoined duplicative English proceedings that commenced later. *See Gage v. Riverside Trust Co.*, 86 F. 984, 994, 999 (C.C.S.D. 1898). That court's reasoning is echoed in more contemporary decisions: because the U.S. action was duplicative of the English one, the district court had the authority to protect its jurisdiction to avoid cumulative proceedings. "The proposition that the court which first acquires jurisdiction of a cause and of the parties thereto will hold and maintain it, in order to settle and end the controversy,

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<sup>12</sup> Anti-Suit Injunctions, *supra* n.1, at 2-5.

<sup>13</sup> *See* The New Extraterritoriality, *supra* n.3, at 265-67.

<sup>14</sup> George A. Bermann, *The Use of Anti-Suit Injunctions in International Litigation*, 28 COLUM. J. TRANSNAT'L L. 589, 593-94 (1990).

does not admit of question. From the views expressed, it results that the injunction asked for should be granted, and it is so ordered.” *Id.* at 999.

U.S. courts analyze various factors in determining whether to issue an ASI, but two prominent analyses are those set forth in *In re Unterweser Reederei*, 428 F.2d 888 (5th Cir. 1970) (“*Unterweser*”) and *E. & J. Gallo Winery v. Andina Licores S.A.*, 446 F.3d 984 (9th Cir. 2006) (“*Gallo*”).

In *Unterweser*, the Fifth Circuit set out four instances that may justify an ASI: where foreign litigation would “(1) frustrate a policy of the forum issuing the injunction; (2) be vexatious or oppressive; (3) threaten the issuing court’s in rem or quasi in rem jurisdiction; or (4) where the proceedings prejudice other equitable considerations.” 428 F.3d at 890.

The Ninth Circuit set forth a similar but more comprehensive test in *Gallo*: “the first step… is to determine whether or not the parties and the issues are the same, and whether or not the first action is dispositive of the action to be enjoined”; the second is to consider whether any of the *Unterweser* factors have been met, and the third is to assess whether the ASI’s “impact on comity is tolerable.” *Id.* at 991-92, 994-95 (citations and quotations omitted).

In practice, however, ASI determinations appear to rise and fall on a single factor: whether the local action will be dispositive of the foreign action.<sup>15</sup> Indeed, even where the two actions implicate different issues of fact or law, U.S. courts have issued ASIs where resolution of the U.S. case would resolve threshold matters of concurrent litigation in another jurisdiction.<sup>16</sup> The Ninth Circuit has explained that this is the true focus of the “same issues” prong, which considers “whether the issues are the same not in a technical or formal sense, but in the sense that all the issues in the foreign action can be resolved in the local action.” *Microsoft*, 696 F.3d at 882-83 (quotation omitted).

In recent SEP cases, U.S. courts have considered ASIs to prevent parties from pursuing actions in Chinese and other foreign courts. For instance, in *Vringo*, 2015 WL 3498634, at \*11, the district court denied Vringo’s motion for an ASI because the resolution of the U.S. action “would not necessarily foreclose” the parallel action in a Chinese court. In contrast, in another U.S. case, Samsung’s motion for an ASI in the U.S. was granted when the district court recognized that the litigation at bar, a contractual dispute implicating whether Huawei was entitled to injunctive relief for infringement of its SEPs, was “dispositive of Huawei’s

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<sup>15</sup> The New Extraterritoriality, *supra* n.8, at 267-278 (collecting and summarizing cases).

<sup>16</sup> *Id.* at 277-78.

Chinese action” seeking such injunctions, because “the availability of injunctive relief for each party’s SEPs depends on the breach of contract claims.” *Huawei Techs. Co. v. Samsung Elecs. Co.*, No.3:16-cv-02787-WHO, 2018 WL 1784065, at \*6-8 (N.D. Cal. Apr. 13, 2018).

In short, U.S. courts have frequently issued ASIs to protect their jurisdiction, including over FRAND cases that have the potential to resolve global disputes between the litigants – the very reason for the development of this important procedural mechanism in the context of multinational SEP litigation.

## **II. THE DISTRICT COURT’S PRELIMINARY INJUNCTION IS COUNTER TO PUBLIC POLICY AND INTERNATIONAL COMITY**

In furtherance of many of the same principles discussed above, the Chinese Court in the instant case issued an ASI precluding Ericsson from initiating parallel litigation while it determined a worldwide FRAND license rate for Ericsson’s relevant global SEP portfolio. Appx342-354. The Chinese Court applied reasoning to its issuance that was comparable to that applied by U.S. courts in similar cases and, as in the U.S., Ericsson maintains a right to object to the issuance of the ASI. *See* Appx354.<sup>17</sup>

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<sup>17</sup> *Amici* understand that Ericsson has exercised such right. *See* Appellants’ Opening Brief, D.I. 16, at 22.

To be clear, *amici* do not express any opinion as to the Chinese Court’s authority to set global FRAND rates, or the procedural or substantive processes and methodologies exercised by that court in resolving the parties’ dispute, including the breadth of the ASI it issued. Regardless, that ASI was a legitimate exercise of the Chinese Court’s jurisdiction to resolve the parties’ worldwide dispute, and it applied the factors applied by U.S. courts. As the Chinese Court held, its ASI “will not only provide [a] way out for the disputes that the parties have failed to resolve after multiple rounds of negotiations, but also help to resolve the disputes in a package. It can also eliminate judicial litigation and jurisdiction conflicts caused by multiple lawsuits between the [parties] in different countries or regions to the greatest extent.” Appx351-352.

The District Court counteracted those efforts to resolve the dispute in a single forum by issuing an AASI enjoining Samsung from enforcing the ASI. While the District Court noted that “Ericsson is not seeking an anti-suit injunction to prevent the Chinese Action from proceeding,” Appx7, the District Court’s preliminary injunction may effectively provide such relief by enabling the District Court to establish FRAND rates that are inconsistent with those established by the Chinese Court.

## **A. The Chinese Court’s ASI Appropriately Protected Its Jurisdiction to Resolve a Global Dispute**

Having asserted its jurisdiction over the parties’ dispute, the Chinese Court issued an ASI to prevent wasteful and duplicative parallel litigation in other fora. *See Appx351* (noting that the ASI “will help ensure the proceeding of this case and the enforcement of the judgment”). Of paramount concern, *amici* believe that it is inappropriate for U.S. courts to enjoin parallel litigation in China and other jurisdictions, while failing to respect ASIs ordered by those same foreign courts in accordance with their own legal standards, especially where, as here, they overlap considerably with the analysis undertaken by U.S. courts.

Because the Chinese Court has indicated that it will determine a worldwide FRAND licensing rate for Ericsson’s SEPs, Appx346-347, there is no need for Ericsson to do what it has done here: hale Samsung into court in the United States (or in any other jurisdiction) asserting infringement of some of those very same patents, and ask the District Court (and this Court) to set a potentially *different* quantum of damages to compensate Ericsson for Samsung’s use of those SEPs. Ericsson has initiated this action despite the Chinese Court’s ASI specifically enjoining it from, *inter alia*, “requesting any courts either in China or other countries and regions to adjudicate the licensing terms (including the royalty rate) or royalty amount in terms of the [ ] SEPs involved in this Case,” and from “initiating any legal proceedings requesting to determine whether [Samsung] have

fulfilled their FRAND obligations in terms of the present negotiations for licensing the [ ] SEPs involved in this case.” Appx3-5. The present action implicates both of these questions. Because the Chinese Court’s ASI effectuates the core principles of certainty and efficiency and was appropriate under both the *Gallo* and *Unterweser* tests (the latter of which was applied by the District Court, *see* Appx8-12), and because the District Court’s AASI is contrary to international comity, the ASI should be upheld, and the preliminary injunction should be reversed.

### **1. The Chinese Action Is Dispositive of the Claims in the U.S. Litigation**

“The threshold consideration for a foreign anti-suit injunction is ‘whether or not the parties and the issues are the same’ in both the domestic and foreign actions, ‘and whether or not the first action is dispositive of the action to be enjoined.’ *Microsoft*, 696 F.3d at 882 (quoting *Gallo*, 446 F.3d at 991). Both of these prongs were met when the Chinese Court issued its ASI. This action and the Chinese Action concern the same parties, the same SEPs, and the same contractual FRAND commitments, and ask for judicial intervention in determining how much Samsung may have to pay Ericsson for its use of those SEPs. As such, the FRAND determination by the Chinese Court, and the subsequent license that Ericsson is obligated to grant to Samsung, will necessarily dispose of the present U.S. action.

Despite these circumstances, the District Court ruled that the two cases “may be factually similar but involve very separate legal questions.” Appx11. The District Court reasoned that “Samsung asks the Wuhan Court to determine the global licensing terms, including the FRAND royalty rates applicable for Samsung’s communication products implementing all of Ericsson’s 4G and 5G SEPs. Ericsson, on the other hand, asks this Court to look at the parties’ pre-suit negotiation conduct” and consider whether Samsung was indeed a willing FRAND licensee of Ericsson’s SEPs. Appx11-12. But this is a distinction without a difference. These facially-disparate “separate legal questions” rise and fall together, as the Chinese Court recognized in specifically enjoining Ericsson from initiating proceedings alleging misconduct by Samsung in the parties’ pre-suit negotiations. Indeed, the Chinese Court expressly noted that if Ericsson were to challenge such conduct in a parallel litigation – as it has done here – “it will lead to an overlap or conflicts between the scope of trial and outcomes in earlier filed case and the later ones.” Appx348.

In its Complaint, Ericsson alleges that Samsung offered unreasonably low, non-FRAND royalty rates for its SEP portfolio. Appx434-436. Thus, in adjudicating that claim, the District Court will be required to answer the same threshold question as the Chinese Court: what *is* a proper FRAND rate for the relevant patents? *Compare* Appx346 (Samsung requested “the court to determine,

based on FRAND principle, *the global license conditions, including royalty rates, of [Ericsson's] 4G and 5G SEPs*”) (emphasis added) *with TCL Comm'n Tech. Holdings Ltd. v. Telefonaktiebolaget LM Ericsson*, No. 2:15-cv-2370-JVS, 2018 WL 4488286, at \*1 (C.D. Cal. Sep.14, 2018) *rev'd in part on other grounds* 943 F.3d 1360 (“The court must determine whether … Ericsson's final offers before litigation [ ] satisfy FRAND. If they [do] not, the Court must determine **what terms are material to a FRAND license, and then supply the FRAND terms.**”) (emphasis added).

Should the Chinese Court determine a FRAND royalty rate that substantially exceeds Samsung's offers during the parties' negotiations, then Ericsson would be able to proceed with its claim that Samsung was “only willing to pay Ericsson a rate for Ericsson's Essential Patents that was significantly below FRAND.” Appx435. Alternatively, if the Chinese Court's global FRAND determination aligns more closely with Samsung's pre-litigation position, then Ericsson's claims will fail. Either possibility supports the Chinese Court's ASI, as allowing the Chinese Court first to determine an appropriate FRAND rate will avoid cumulative litigation and the risk of inconsistent results. Contrary to the District Court's determination, U.S. courts recognize that “[t]he issues need not be precisely and verbally identical” in order to justify an ASI, provided that the second action be

resolved by a ruling in the first. *Microsoft*, 696 F.3d at 883 (internal quotation omitted). As set forth above, that is the case at bar.

Ericsson’s narrow framing of the U.S. litigation is also suspect. Ericsson has not merely alleged that Samsung was not willing to pay FRAND royalty rates, but also brings infringement claims as to several of its U.S. SEPs covering 4G and 5G technology pursuant to 35 U.S.C. §§ 284 and 285, *see Appx436-440, Appx480-481* – claims that would necessarily be resolved by any global license entered into by the parties following the Chinese Court’s determination of an appropriate FRAND royalty rate. Indeed, the “contractual umbrella” of FRAND commitments encompasses these infringement allegations. *Microsoft*, 696 F.3d at 883. To that end, some courts have even held that an SEP holder is contractually barred from asserting infringement claims against a willing licensee; judicial adjudication of an appropriate FRAND rate is the *only* remedy available in these circumstances.

*Apple Inc. v. Qualcomm Inc.*, No. 3:17-cv-00108-GPC-MDD, 2017 WL 3966944, at \*10 (S.D. Cal. Sep. 7, 2017). This, too, supports the ASI.

Given these circumstances, the Chinese Court’s ASI effectively mirrors the one issued by the district court in *Microsoft Corp. v. Motorola, Inc.*, 871 F.Supp. 2d 1089 (W.D. Wash. 2012), *aff’d*, 696 F.3d 872. There, the district court recognized that a U.S. action seeking, *inter alia*, the setting of FRAND terms for Microsoft’s license of Motorola’s SEPs, would be dispositive of Motorola’s

infringement claims in German court and thus the issues were effectively the same across the two jurisdictions. *Id.* at 1098-1100. Likewise, because in this case the parties and issues are the same between both the Chinese action and the present litigation, and the Chinese action would be dispositive of Ericsson’s claims, the first *Gallo* factor supports the ASI.

## **2. The ASI Satisfies at Least One *Unterweser* Factor**

The Chinese Court’s ASI was also proper under U.S. law because the “foreign litigation” – *i.e.*, the present U.S. action – both frustrated a policy of the Chinese courts and because it is vexatious and oppressive to Samsung. The Chinese courts have seemingly adopted a policy favoring resolution of worldwide FRAND disputes, rather than piecemeal patent litigation in various jurisdictions.<sup>18</sup> Whatever the merits of this policy may be, it cannot be denied that the Chinese courts are within their rights to seek to resolve global contractual FRAND disputes on their own terms. Notably, the U.S. courts have likewise held “that court policies against avoiding inconsistent judgments … [are] sufficient to satisfy this step.” *Microsoft*, 871 F. Supp. 2d at 1100. Thus, in *Microsoft*, the court’s

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<sup>18</sup> Yang Yu and Jorge L. Contreras, *Will China’s New Anti-Suit Injunctions Shift the Balance of Global FRAND Litigation?*, UNIV. UTAH COLL. OF L. RES. PAPER No. 403, at 4-5 (Dec. 1, 2020) (“China has clearly joined the international race to be the jurisdiction of choice for determining FRAND royalty rates in global disputes involving standard-essential patents.”).

“concerns against inconsistent judgments,” *id.*, satisfied *Unterweser* and merited an ASI. The Chinese Court justified its ASI on precisely these grounds. *See Appx348* (if Ericsson files parallel actions in other courts, “it will lead to an overlap or conflicts between the scope of trial and outcomes of this earlier filed case and the later ones, and further result in difficulties in the enforcement of the judgment rendered by this Court”).

Similarly, the present action is vexatious or oppressive to Samsung because it “compromis[es] the [Chinese] court’s ability to reach a just result in the case before it.” *Microsoft*, 696 F.3d at 886. As discussed in Section II.B, *infra*, the preliminary injunction issued by the District Court does not merely prevent enforcement of the Chinese Court’s ASI in this action, but it also strips from the Chinese Court jurisdiction regarding Ericsson’s U.S. patents, without which a global FRAND determination is impossible. *See Appx15*. Indeed, as the Chinese Court recognized, parallel litigations such as the case at bar “intervene in the adjudication of the [Chinese] case and thus render the judgment of the [Chinese] case hard to enforce.” Appx344-345. Absent the Chinese Court’s ability to craft global relief, Ericsson might consider itself free to file suit for infringement not only in the United States, as it has done, but in each and every jurisdiction in which it holds national patents, inviting the same sprawling, worldwide litigation that the Chinese Court’s ASI sought to prevent.

In granting the preliminary injunction, the District Court seemingly did not to consider these consequences, instead ruling that “[t]he public interest strongly supports this Court’s continued exercise of its jurisdiction,” and that “[a]llowing Samsung to enjoin Ericsson from asking this Court to adjudicate legally cognizable claims under United States law would frustrate this Court’s compelling interest in ensuring that litigation within its legitimate jurisdiction proceed in this forum.”

Appx8. But such a determination, taken to its logical conclusion, would hold that *no* ASI affecting any U.S. court could *ever* be appropriate, because *every* court could rely on its own “compelling interest” in adjudicating claims arising under its jurisdiction. The District Court essentially suggests that Article III courts need never comply with a foreign ASI,<sup>19</sup> and its rationale equally provides foreign courts a basis to reject valid, U.S.-issued ASIs. This reasoning would only portend the precise type of wasteful, duplicative, and inconsistent litigation that the ASI was intended to prevent. Public policy weighs in favor of allowing the Chinese action to first resolve threshold issues, particularly in view of considerations of international judicial reciprocity.

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<sup>19</sup> See Appx8 (“The purpose of an Article III Court is to be an impartial adjudicator or cases and controversies within its lawfully conferred jurisdiction. To enforce the ASI in this case would frustrate the virtually unflagging obligation of the federal courts to exercise the jurisdiction given them.”) (citations and quotations omitted).

Thus, as a matter of U.S. law, the Chinese Court’s ASI satisfied the second prong of the *Gallo* test, and the *Unterweser* analysis in its entirety.

### **3. The ASI Has a Tolerable Impact on Comity—But the AASI Does Not**

The District Court, applying Fifth Circuit law, recognized that “notions of comity do not wholly dominate the analysis to the exclusion of these other concerns.” Appx6, *citing Unterweser*, 428 F.2d at 890. As discussed above, those “other concerns” support the Chinese Court’s ASI. In any event, the ASI also meets this prong, in no small part because the Chinese action was filed first.<sup>20</sup> *See Huawei*, 2018 WL 1784065, at \*12 (where U.S. action preceded foreign litigation, “if only by one day[,] enjoining the foreign action would not intolerably impact comity”).

Moreover, the different legal procedures between the Chinese and U.S. courts do not implicate comity concerns that justify the District Court’s AASI. As the Ninth Circuit recognized:

[T]he mere fact that different jurisdictions answer the same legal question differently does not, without more, generate an intolerable comity problem. If that were the case, then there could virtually never be a foreign anti-suit injunction: Parallel proceedings in different jurisdictions would have to be

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<sup>20</sup> The Chinese Court also conducted a thorough analysis as to whether the ASI would “harm the public interest and the international civil litigation order,” determining that it would not; rather, the ASI would ensure a global resolution of the parties’ dispute. Appx351-352.

permitted to proceed any time the two jurisdictions had different rules of law, which is almost always the case.

*Motorola*, 696 F.3d at 888. In fact, it is the District Court’s AASI that implicates comity concerns; as discussed *supra*, its reasoning provides foreign courts equal basis to reject ASIs issued by U.S. courts. It should not be ignored that many such ASIs have been directed at enjoining parallel Chinese proceedings.<sup>21</sup> *See, e.g.*, *Vringo*, 2015 WL 3498634 (seeking ASI to enjoin proceedings before court in Shenzhen, China); *Huawei*, 2018 WL 1784065 (same). If a Chinese ASI will not be honored by U.S. courts, Chinese courts may well respond in kind, denying litigants in both jurisdictions streamlined resolution of their disputes and exacerbating the problem *amici* seek to solve.

#### **B. The District Court’s AASI May Itself Operate as an ASI, Preventing the Chinese Court from Adjudicating Its Case**

The District Court specifically noted that “Ericsson is not seeking an anti-suit injunction to prevent the Chinese Action from proceeding.” Appx7. It does not appear that the District Court intended to affect the jurisdiction of the Chinese Court; indeed, it expressly noted that it “is not instructing Samsung that it cannot continue to prosecute its claims in the Wuhan Court nor is this Court seeking to

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<sup>21</sup> The New Extraterritoriality, *supra* n.8, at 277-78. Of the six U.S. FRAND cases in which an ASI was sought prior to 2020, five were aimed at enjoining parallel litigation in China. *Id.*

enjoin the furtherance of that proceeding.” Appx13. Rather, the District Court “believe[d] it must act for the targeted purpose of allowing both suits to proceed without interference.” (*Id.*) The District Court recognized that Ericsson’s proposed relief was “too broad,” and declined to “insert itself into matters of Chinese law or civil procedure.” Appx14. Despite these caveats, the relief it fashioned may frustrate the Chinese Court’s ability to fully adjudicate Samsung’s case before it. *Even if* Samsung is not permitted to enforce the Chinese ASI in U.S. courts, the District Court’s AASI is overbroad, and merits vacatur.

In particular, the District Court enjoined Samsung from taking any action in the Chinese action “that would interfere with any other cause of action before this Court,” or “that would deprive Ericsson, Inc. or all of its corporate parents, subsidiaries, and affiliates of their rights to assert the full scope of their U.S. patent rights before any Article III Court, customs office, or administrative agency in the United States.” Appx15. At face value, these orders arguably would preclude Samsung from asking the Chinese Court to set global FRAND terms that include a license to Ericsson’s U.S. SEPs – including those asserted in this litigation – and could significantly erode the Chinese Court’s jurisdiction. Indeed, the District Court’s assertion that “[t]he [Chinese] Court can continue to adjudicate the claims that Samsung has brought before it” does not reflect the worldwide nature of Ericsson’s FRAND commitment, nor the corresponding relief that court is capable

of issuing; as in *Microsoft*, Ericsson’s obligation constitutes a “contractual umbrella over [its] patent claims” that requires adjudication in that forum. 696 F.3d at 883 (issuing ASI enjoining German proceeding involving German patent claims).

Notably, while the Chinese Court enjoined *Ericsson* – the party that made the relevant contractual commitment pursuant to its SEP obligations – the District Court’s injunction precludes *Samsung* from seeking comprehensive relief in China. “This distinction is legally significant.” *Apple*, 2017 WL 3966944, at \*10 (denying motion for ASI). “By striking this bargain … [Ericsson] willingly limited itself to one of two alternatives: either make [Samsung], and all other willing licensees, a [F]RAND offer through bilateral negotiation or after adjudication by the courts.” *Id.* “In other words, by making a FRAND commitment, [Ericsson] surrendered its right to seek infringement actions against a willing licensee.” *Id.* Samsung appears to be such a willing licensee, and its actions in China are in furtherance of Ericsson’s contractual obligation. The District Court inverted this analysis, and, as it pertains to the relevant U.S. SEPs, exclusively allowed Ericsson to pursue its infringement action.

In short, the District Court’s AASI may essentially operate as an ASI, divesting from the Chinese court any jurisdiction pertaining to Ericsson’s license of U.S. patents included in its global portfolio. The preliminary injunction should

be overturned as overly broad, as it could deny the parties the judicial efficiency of a single judicial procedure to resolve their contractual matter.

### **III. CONCLUSION**

For the reasons set forth herein, the Court should reverse the District Court's preliminary injunction and affirm the Chinese Court's ASI, or, in the alternative, vacate the preliminary injunction and remand for entry of an AASI that does not potentially interfere with the Chinese Court's ability to resolve the parties' contractual dispute by setting a global FRAND rate that includes a license to Ericsson's relevant U.S. SEPs.

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Respectfully submitted,

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## **CERTIFICATE OF COMPLIANCE**

This brief complies with the type-volume limitations under Fed. R. App. P. 32(a)(7)(B)(i) and Fed. Cir. R. 32(b), and contains 6,503 words, excluding the parts of the brief exempted by Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b).

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