

Extraterritorial Restraint

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Overview

- Patents are territorial rights.
- Recent developments challenge this traditional understanding, to some degree.
 - Global FRAND terms.
 - Anti-suit injunctions.
 - Damages for extraterritorial harms.
- Best practices for reducing risks of abuse, unwarranted interference with other nations' laws.

Global FRAND Rates

- If a court must ultimately determine the terms of a FRAND license, there are two possibilities:
 - Determine the terms of a domestic license only.
 - Determine the terms of a global license.
 - In a few cases courts have done this by consent of the parties.
 - See, e.g., *Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024 (9th Cir. 2015);
 - *TCL Comm'n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson*, Case No. SACV 14-341 JVS (DFMx) (C.D. Cal. Dec. 22, 2017).
 - But maybe there is no subject matter jurisdiction to adjudicate the terms of a global license, regardless of consent?
 - *Optis Wireless Tech., LLC v. Huawei Techs. Co.*, Civ. Action No. 2:17-cv-123-JRG-RSP (E.D. Tex. Aug., 9, 2018).

Global FRAND Rates

- Alternatively, consider *Unwired Planet Int'l Ltd v Huawei Tech. Co.* [2017] EWHC 711, *appeal dismissed*, [2018] EWCA Civ 2344 (Ct. App) (Eng.) . . .
 - A FRAND license would be global.
 - Proceeding country-by-country would be “madness,” would encourage “holdout.”
 - Comity was not undermined, because Huawei could still challenge infringement and validity on a country-by-country basis, and the global FRAND license would be adjusted accordingly.
 - Alternatively, Huawei could reject the global FRAND license, but the court would enjoin it from selling infringing products in the U.K. on the basis of the U.K. patents in suit.
- See also *Conversant Wireless Licensing S.A.R.L v Huawei Techs. Co.*, [2018] EWHC 808 (Pat.) (Eng.), *appeal dismissed*, [2019] EWCA Civ 38.
- But the U.K. Supreme Court agreed in April 2019 to hear an appeal in both cases . . .

Global FRAND Rates

- Advantages:
 - Efficiency
 - Discourages holdout behavior
- Disadvantages:
 - Forum shopping?
 - Conflicts with other countries' laws?
 - Leveraging?

Antisuit Injunctions

- In both common and civil law countries, a court with jurisdiction over the parties sometimes will order one party or the other to do, or refrain from doing, some act outside the jurisdiction.
- See, e.g.:
 - *Mareva* injunctions (freezing orders).
 - *Google Inc. v. Equustek Solutions, Inc.*, 2017 SCC 34 (Can.) (trademark infringement, trade secret misappropriation).
 - Decision and Order, *In the Matter of Motorola Mobility LLC and Google Inc.*, (FTC July 24, 2013) (competition law).
 - *Solvay SA v. Honeywell Fluorine Prods. Europe BV*, Case C-616/10 (CJEU 2012) (preliminary injunctions in patent cases).
 - Advocate General’s Opinion in *Google v. CNIL*, Case C-507/17 (CJEU Jan. 10, 2019) (right to be forgotten).
- Antisuit injunctions, where and when available, are another such example.

Antisuit Injunctions

- Generally permitted in common-law countries, e.g., to prevent a litigant from proceeding with “vexatious” or “oppressive” litigation in a foreign country.
 - Because an antisuit injunction operates *in personam*, the domestic court is not enjoining a foreign court.
 - U.S. law is somewhat stricter than U.K. law.
- Rare in civil-law countries.
 - If a court grants an antisuit injunction, it *is* interfering with a foreign court.

Antisuit Injunctions

- U.S. and U.K. courts have granted them in a few FRAND cases to date.
 - *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872 (9th Cir. 2012), *aff'g* 871 F. Supp. 1089 (W.D. Wash. 2012).
 - *Huawei Techs. Co. v. Samsung Elecs. Co.*, Case No. 3:16-cv-02787-WHO (Apr. 13, 2018).
 - *See also Unwired Planet Int'l Ltd. v. Huawei Techs. Co.*, [2017] EWHC 2831 (Pat.) (Eng.); *Conversant Wireless Licensing S.A.R.L v Huawei Techs. Co.*, [2018] EWHC 2549 (Pat.) (Eng.).
- In the two U.S. cases, the courts enjoined SEP owners from enforcing injunctions obtained, respectively, in Germany and China, in part to preserve the court's ability to determine if injunctive relief would be consistent with the SEP owner's FRAND obligations.

Antisuit Injunctions

- Advantages:
 - Reduces risk of foreign litigation undermining domestic court's ability to act.
 - Incidental to setting of global FRAND terms?
 - Avoids risk of inconsistent litigation, forum shopping, duplicativeness, holdup or holdout?
- Disadvantages:
 - Comity
 - *Increases* costs, risks of inconsistent litigation, forum shopping?

Damages

- If a right is not extraterritorial, can a court nevertheless grant a remedy that compensates for an extraterritorial loss?
- Some examples have been around for a while:
 - *Shevill v. Presse Alliance SA*, Case C-68/93 (ECJ 1995) (damages for defamation).
 - Copyright damages in the U.S. and Germany.

Recent examples in the patent arena

- *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129 (2018) (extraterritorial damages for violation of Patent Act § 271(f));
- *Power Integrations, Inc. v. Fairchild Semiconductor Int'l, Inc.*, Civil Action No. 04-1371-LPS (Oct. 4, 2018) (extraterritorial damages for violation of Patent Act § 271(a));
- *AstraZeneca Canada Inc. v. Apotex Inc.*, 2017 FC 726 (Can.) (ordering the disgorgement of profits earned in the U.S., minus the damages already awarded in the U.S.).
- Judgment of the Osaka District Court, Jan. 28, 2010, 2007 (Wa) 2076; Judgment of the Tokyo District Court, Sept. 25, 2013, 2010 (Wa) 17810, *aff'd in part*, Judgment of the IP High Court, Dec. 4, 2014, 2013 (Ne) 10103.

Recent examples in the patent arena

- Advantages:
 - Full compensation.
 - Vindicates domestic policy.
- Disadvantages:
 - Risk of duplicative recoveries.
 - Undermines policy choices of foreign jurisdictions?

Best practices: Global FRAND Rates and Antisuit Injunctions

- Develop a common methodology for determining FRAND terms, so that it matters less where a lawsuit is brought.
 - Easier said than done?
 - Differences currently exist regarding such matters as top-down versus bottom-up, the meaning of “nondiscriminatory,” whether the owner can recover any of the “value of the standard,” confidentiality issues, the appropriate royalty base, etc. . . .
 - Encourage the establishment of a global FRAND tribunal (Contreras 2018)?
- Forum non conveniens/ discretionary stays.

Best practices: Global FRAND Rates and Antisuit Injunctions

- Limit antisuit injunctions to cases in which enforcement in another jurisdiction would frustrate the domestic court's ability to render judgment?
 - Compare, e.g., *Microsoft v. Motorola* and *Huawei v. Samsung with Apple Inc. v. Qualcomm Inc.*, Case No. 3:17-cv-00108-GPC-MDD (S.D. Cal. Sept. 7, 2017); *Vringo, Inc. v. ZTE Corp.*, No. 14-cv-4988 (LAK) (S.D.N.Y. June 3, 2015).

Best practices: Extraterritorial Damages

- Avoid duplicative recoveries, as in *AstraZeneca v. Apotex*.
- Proximate causation as a limit on recovery.
- Outsourcing as a noninfringing alternative?