

# US Anti-Suit Injunctions and German Anti-Anti-Suit Injunctions in SEP Disputes

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*Tech giants are taking their disputes over the licensing of standard essential patents (“SEPs”) to courts around the world. At the heart of the disputes are the terms of global licences. The patentee is obliged to license its SEPs on fair, reasonable and non-discriminatory (“FRAND”) conditions. Courts in different jurisdictions have different opinions on which licensing terms are FRAND. Hence, both parties will fight tooth and nail to bring the dispute to the jurisdiction most favourable to them. To this end, they may try to enjoin each other from litigating in a foreign court by applying for an anti-suit injunction. Particularly noteworthy are cases in which both sides obtain anti-suit injunctions and the proceedings in both jurisdictions come to a halt. The surge of (anti-)anti-suit injunctions has left commentators wondering whether litigation on SEPs is spinning out of control. This essay aims to show why anti-suit injunctions granted by US courts in SEP disputes are inconsistent with the general standards governing anti-suit injunctions. Subsequently, the paper discusses German anti-anti-suit injunctions.*

## 1. SEP Disputes in a nutshell

To enable mobile phones, laptops, and other connected devices to work worldwide, telecommunications infrastructure and equipment must be interoperable. This is achieved by standards. Prominent standards, such as UMTS (3G) or LTE (4G), are set by Standard Setting Organizations (“SSOs”). For a patent to be recognized as a SEP, the patentee must commit to the respective SSO to license the SEP on FRAND terms (“FRAND Commitment”). Usually, implementers already use the standard during ongoing contract negotiations. Since SEPs are rarely licenced individually but in large portfolios, determining what is “fair and reasonable” may take several years. Possibly, the SEP owner fears that the implementer deliberately delays contract negotiations to pay less licence fees or because some patents are about to expire. It may then threaten injunctive relief to gain bargaining power. An injunction could lead to the implementer having to withdraw from the market. To avoid the injunction, the implementer would have to agree to adverse conditions.

As frequent injunctions would threaten the availability of standards, courts around the world agree that enforcement of SEPs is subject to certain limitations. In particular, no injunction will be granted against implementers who are genuinely interested in and trying to reach an agreement on FRAND terms (“willing licensee”, or in the opposite case,

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an “unwilling licensee”).<sup>1</sup> Although courts agree on this point, the courts’ views on what constitutes a willing licensee differ considerably. Courts in some jurisdictions regularly grant injunctions against implementers. In other jurisdictions, injunctions are generally not issued if the infringed patent is an SEP. For example, German courts are considered SEP owner friendly.<sup>2</sup> Injunctions are granted quicker and under lesser requirements than in other jurisdictions in major markets. In contrast, US courts will mostly deny the SEP owner injunctive relief, as the requirements for injunctive relief set out in *Ebay v MercExchange*<sup>3</sup> are usually not met in SEP disputes.<sup>4</sup>

Since procedural and substantive law differ considerably, both parties aim to take the dispute to the jurisdiction most favourable to them. Global licences in conjunction with the territoriality of patents make up for forum shopping opportunities on both sides. SEP owners usually seek injunctive relief in jurisdictions whose courts are more inclined to grant an injunction. Implementers may try to counter the SEP owners’ forum shopping. Courts in some jurisdictions accept that the FRAND Commitment constitutes a contract for the benefit of any willing licensee as third party (“FRAND Obligation”). This enables the implementer to bring an action for an alleged breach of the FRAND Obligation. Courts in China, England, and the US may even determine the royalties of a worldwide licence upon request.<sup>5</sup> However, the threat of an injunction on a relevant market could force the implementer into a licence, before the court has determined the FRAND rate. To avoid an injunction, the implementer may apply for an anti-suit injunction against the SEP owner.

## 2. Anti-Suit Injunctions

Anti-suit injunctions enjoin the injunction defendant from initiating or pursuing proceedings abroad, or from enforcing a judgement. For lawyers with a civil law background, the need for anti-suit injunctions may be hard to understand. Civil law jurisdictions aim to prevent jurisdictional conflicts from the outset through exhaustive rules (e.g. Brussels I

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<sup>1</sup> *Unwired Planet v Huawei* [2020] UKSC 37, at [14]; *Huawei v Samsung*, Yue 03 Min Chu No. 840, 20189 (Shenzhen Intermediate People’s Court, 2016); *Huawei v ZTE* [2015] CJEU, Case C-170/13, ECLI:EU:C:2015:477, at [71]; *Microsoft v Motorola*, 795 F.3d 1024, 1048 (9th Cir. 2015); *Samsung v Apple*, Case No. Hei 25 (ra) 10008, pp. 24-25 (IP High Court, Tokyo, 2014), an English translation is available at [https://www.ip.courts.go.jp/eng/vc-files/eng/file/25\\_ra\\_10008zenbun.pdf](https://www.ip.courts.go.jp/eng/vc-files/eng/file/25_ra_10008zenbun.pdf) (last visited 3.1.2022).

<sup>2</sup> Alison Jones, (2014) *European Competition J.* Vol. 10, 1, 11-13; FCJ, GRUR 2020, 961, 972, remark by Peter Georg Picht; Bolko Ehlgen, *GRUR* 2022, 537; cf. Torsten Körber, (2016) *Common Market L.R.* Vol. 53, 1107, 1119; Stefan Bechtold, Jens Frankenreiter, and Daniel Klerman, (2019) 92 *S. Cal. L.R.* 487, 501.

<sup>3</sup> *Ebay v MercExchange*, 547 U.S. 388, 391 (2006).

<sup>4</sup> *Apple v Motorola*, 757 F.3d 1286, 1332 (Fed. Cir. 2014); J. Gregory Sidak in Jorge L. Contreras (ed), *Cambridge Handbook of Tech. Standard. Law* Vol. 1 (2017), p. 389, 390.

<sup>5</sup> *Opvo v Sharp*, (2020) Zui Gao Fa Zhi Min Xia Zhong No. 517 (Supreme People’s Court of the People’s Republic of China, 2021); *Unwired Planet v Huawei* [2020] UKSC 37; *Microsoft v Motorola*, 795 F.3d 1024, 1048 (9th Cir. 2015).

Regulation). Unless a foreign court was seized first and the doctrine of *lis pendens* is applicable, a court with jurisdiction cannot stay its proceedings.<sup>6</sup>

Courts in common law jurisdictions generally exercise wider jurisdiction. To prevent parallel proceedings, courts are supposed to stay domestic proceedings if a foreign forum is more appropriate to hear the dispute. The common law approach aims to ensure that the court with the closest connection to the dispute and the parties decides the case. However, it relies on the acceptance by courts of other jurisdictions.<sup>7</sup> If a foreign court is less appropriate but does not stay its proceedings, courts may enjoin a party from litigating in the foreign court by granting an anti-suit injunction. Civil law jurisdictions may perceive anti-suit injunctions as a hostile intervention on their own jurisdiction. Although an anti-suit injunction may not be enforceable in a civil law jurisdiction,<sup>8</sup> the defendant will usually comply with it. Otherwise, it would have to pay fines in the forum granting the injunction. Moreover, ignoring the order could expose the defendant to a default judgement on the merits.<sup>9</sup>

One effective way to protect a party affected by a foreign anti-suit injunction is to enjoin the other party from enforcing the order in the foreign jurisdiction or from applying for an anti-suit injunction. Such an order is called an anti-anti-suit or counter injunction. Anti-anti-suit injunctions were exclusively granted by courts in common law jurisdictions until 2019.<sup>10</sup> Lately, courts in civil law jurisdictions started to issue anti-anti-suit injunctions in SEP disputes. So far, mainly practical concerns have been raised against (anti-)anti-suit injunctions in SEP disputes.<sup>11</sup> The main argument is as obvious as reasonable: If one party applies for an anti-suit injunction and the other party for an anti-anti-suit injunction, the case may not be heard at all.

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<sup>6</sup> Cf. *Owusu v Jackson* [2005] CJEU, Case C-281/02, ECLI:EU:C:2005:120, at [41]-[46]; Trevor C. Hartley, *Int'l Commercial Litigation*, 3d ed. 2020, pp. 245-246.

<sup>7</sup> Cf. *Airbus GIE v Patel* [1999] 1 A.C. 119, 131-133 (1998).

<sup>8</sup> Cf. HRC Düsseldorf, IPRax 1997, 260; French courts may recognize anti-suit injunctions granted to enforce jurisdictional or arbitration agreements, cf. *In Zone Brands*, Cour de cassation, Chambre civile 1, 14 octobre 2009, Docket-Nos. 08-16.369, 08-16.549.

<sup>9</sup> Richard Fentiman in Jürgen Basedow et al. (eds), *Encyclopedia of Private Int'l Law* Vol. 1 (2017), p. 82.

<sup>10</sup> For anti-anti-suit injunctions granted by courts in the UK cf. *Sabah Shipyard (Pakistan) v Islamic Republic of Pakistan* [2002] EWCA Civ 1643 [2004] 1 C.L.C. 149; *Tonicstar v American Home Assurance* [2004] EWHC 1234 (Comm); *Ecom Agroindustrial v Mosharaf Composite Textile Mill* [2013] EWHC 1276 (Comm); *IPCom v Lenovo* [2019] EWHC 3030 (Pat); for further references, cf. Thomas Raphael, *The Anti-Suit Injunction*, 2d ed. 2019, para. 5.60. For anti-anti-suit injunctions granted by courts in the US, cf. *Laker v Sabena*, 731 F.2d 901 (DC Cir. 1984); *Mutual Service Ins. v Frit Industries*, 805 F.Supp. 919, 925 (M.D. Alab. 1992), aff'd 3 F.3d 442 (11th Cir. 1993); *Ericsson v Samsung*, 2021 WL 89980 (E.D. Tex. 2021).

<sup>11</sup> Thomas F. Cotter, 2021 *Patently-O L.J.* 1, 23; Jorge L. Contreras, (2019) 25 *B.U. Sci. & Tech. L.* 251, 286; Damien Geradin and Dimitrios Katsifis, *The Use and Abuse of Anti-Suit Injunctions in SEP Litigation* (2011), pp. 3, 27 (available via SSRN, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3807899](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3807899), last visited 24.1.2022); Haris Tsilikas, (2021) 16 *JILPL* 729, 736-737.

### 3. US Anti-Suit Injunctions

The circuits are split over the standards governing anti-suit injunctions. Most circuits argue that anti-suit injunctions potentially create political tension and should only be issued under the most compelling circumstances (“strict approach”).<sup>12</sup> The Fifth, Seventh, and Ninth Circuits aim to protect litigants from vexatious and abusive foreign actions and will regularly restrain foreign parallel litigation (“lax approach”).<sup>13</sup> Both approaches name similar requirements which they interpret differently. This section provides a brief overview of the criteria courts in the US consider and examines whether the criteria are met in SEP disputes. District courts have relied on the judgement rendered by the Courts of Appeals for the Ninth Circuit (“Court of Appeals”) in *Microsoft v Motorola* in subsequent decisions.<sup>14</sup> Hence, this essay focuses on the reasoning therein.

Before the general criteria for anti-suit injunctions are outlined, a brief summary of the facts of the case is helpful. During contract negotiations, the implementer, Microsoft, sued Motorola for an alleged violation of the FRAND Commitments which Motorola had given to two SSOs, the International Telecommunication Union (“ITU”) and the Institute of Electrical and Electronics Engineers (“IEEE”). Six months after legal action was initiated in the US, Motorola brought an action for patent infringement in Germany against Microsoft. Subsequently, Microsoft applied for an anti-suit injunction to enjoin Motorola from enforcing a judgement obtained in Germany.

#### 3.1 Threshold Criteria

Under both approaches, “[t]he threshold consideration for a foreign anti-suit injunction is whether or not the parties and the issues are the same [...] and whether or not the first [domestic] action is dispositive of the [foreign] action to be enjoined.”<sup>15</sup> In determining whether the parties are the same in the domestic and foreign proceedings, affiliated companies are generally considered as one party. Parties usually disagree on whether the foreign and domestic lawsuits concern the same issue. Courts applying the lax approach require both actions to be based on “the same underlying dispute”.<sup>16</sup> This neither requires

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<sup>12</sup> *Beijing Fito Medical v Wright Medical Technology*, 763 Fed.Appx. 388, 399 (6th Cir. 2019); *Rancho Holdings v Manzanillo Associates*, 435 Fed.Appx. 566 (8th Cir. 2011); *Goss Int'l v Man Roland*, 491 F.3d 355, 359-60 (8th Cir. 2007); *Quaak v KPMG-B*, 361 F.3d 11, 17 (1st Cir. 2004); *General Electric v Deutz AG*, 270 F.3d 144, 161 (3d Cir. 2001); *Computer Associates Int'l v Altai*, 126 F.3d 365, 372 (2d Cir. 1997); *Gau Shan v Bankers Trust*, 956 F.2d 1349, 1354 (6th Cir. 1992); *China Trade v M.V. Choong Yong*, 837 F.2d 33, 36-37 (2d Cir. 1987); *Laker Airways v Sabena*, 731 F.2d 909, 927-28 (D.C. Cir. 1984).

<sup>13</sup> *MWK Recruiting Incorporated v Jowers*, 833 Fed.Appx. 560, 562 (5th Cir. 2020); *H-D Michigan v Hellenic Duty Free Shops*, 2012 WL 404895, \*2 (E.D. Wisc. 2012), aff'd 694 F.3d 827 (7th Cir. 2012); *Gallo Winery v Andina Licores*, 446 F.3d 984, 991 (9th Cir. 2006); *Kaepa v Achilles*, 76 F.3d 624, 627 (5th Cir. 1996); *Allendale v Bull Data Systems*, 10 F.3d 425, 431 (7th Cir. 1993).

<sup>14</sup> Cf. *Huawei v Samsung*, 2018 WL 1784065 (N.D. Cal. 2018); *Apple v Qualcomm*, 2017 U.S. Dist. LEXIS 145835 (S.D. Cal. 2017); *TCL v Ericsson*, 2015 U.S. Dist. LEXIS 191512 (C.D. Cal. 2015).

<sup>15</sup> *Microsoft v Motorola*, 696 F.3d 872, 882 (9th Cir. 2012); *Canon Latin America v Lantech*, 508 F.3d 597, 601 (11th Cir. 2007); *Paramedics v GE Medical Systems*, 369 F.3d 645, 652 (2d Cir. 2004).

<sup>16</sup> *Jolen v Kundan Rice Mills*, 2019 WL 1559173 \*2 (S.D.N.Y. 2019); *AU New Haven v YKK*, 2018 WL 2128373, \*3 (S.D.N.Y. 2018).

both courts to apply the same substantive law, nor that domestic law provides a similar remedy or provision as available under foreign law. It may be sufficient that both proceedings arise from the same factual basis. This is supposedly the case in SEP disputes.

Other courts “choose to read ‘dispositive’ for what it means: to settle or finish the dispute”.<sup>17</sup> If the remedy available in the foreign forum is not available under the *lex fori*, the actions concern different issues. Under the latter definition, a foreign patent infringement action does not concern the same issue as a contractual action brought by an implementer for an alleged breach of an SEP owner’s FRAND Obligation. All circuits recognize that proceedings on different national patents regarding the same invention concern different issues.<sup>18</sup> Put to the heart of the matter:

„Foreign patents, despite covering precisely the same product as an American patent, present separate and independent rights [...]. Where patents are at issue, the subject matter is not the same.“<sup>19</sup>

This does not apply to disputes which concern patents but are contractual in nature.<sup>20</sup> For instance, courts have granted anti-suit injunctions to enforce contractual agreements not to bring patent infringement actions abroad.<sup>21</sup> Even courts applying the strict approach recognize that the foreign action concerns the same issue as the domestic action if the injunction defendant brought the foreign action in breach of a waiver, or an exclusive jurisdiction or arbitration agreement.<sup>22</sup>

### 3.1.1 Comparability of the FRAND Commitment and Jurisdiction Agreements

In *Microsoft v Motorola*, the Court of Appeals relied on case law concerning contractual agreements not to sue abroad and compared the FRAND Commitment to a jurisdiction agreement. According to the Court of Appeals, the SEP owner declares “not [to] take steps to keep would-be users from using the patented material, such as seeking an injunction” by undertaking the FRAND Commitment.<sup>23</sup>

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<sup>17</sup> *Canon Latin America v Lantech*, 508 F.3d 597, 601 (11th Cir. 2007).

<sup>18</sup> *Stein Associates v Heat & Control*, 748 F.2d 653, 658 (Fed. Cir. 1984); *Canadian Filters v Lears Siegler*, 412 F.2d 577, 579 (1st Cir. 1969); *Sperry Rand v Sunbeam*, 285 F.2d 542, 545 f. (7th Cir. 1961); *Zynga v Vostu USA*, 816 F.Supp. 2d 824, 829 (N.D. Cal. 2011); *Black & Decker v Sanyei America*, 650 F.Supp. 406, 410 (N.D. Ill. 1986); *Rauland-Borg v TCS*, 1995 WL 31569, \*4 (S.D.N.Y. 1995); This is also recognized in English Law, cf. *Apple Corps v Apple Computer* [1992] R.P.C. 70, 77 (1990); *IPCom v Lenovo* [2019] EWHC 3030 (Pat), at [48]-[49]; James J. Fawcett and Paul Torremanns, *Intellectual Property and Private Int'l Law* (2011), para. 6.133.

<sup>19</sup> *Medtronic v Catalyst Research*, 518 F.Supp. 946, 955 (D. Minn. 1981).

<sup>20</sup> *Microsoft v Motorola*, 696 F.3d 872, 883 (9th Cir. 2012); *Medtronic v Catalyst Research*, 518 F.Supp. 946, 955 (D. Minn. 1981).

<sup>21</sup> *Medtronic v Catalyst Research*, 518 F.Supp. 946 (D. Minn. 1981); cf. *Fairchild Semiconductors v 3D Semiconductors*, 589 F.Supp.2d 84, 97-100 (D. Me. 2008); *Warner & Swasey v Salvagnini Transferica*, 633 F.Supp 1209 (W.D.N.Y. 1986), aff'd 806 F.2d 1045 (Fed. Cir. 1986).

<sup>22</sup> *Beijing Fito Medical v Wright Medical Technology*, 763 Fed.Appx. 388, 399-400 (6th Cir. 2019); *WTA Tour v Super Slam*, 339 F.Supp.3d 390, 405 (S.D.N.Y. 2018).

<sup>23</sup> *Microsoft v Motorola*, 696 F.3d 872, 884 (9th Cir. 2012).

Similarly, a party consenting to a jurisdiction agreement “*relinquishes any benefits that it might receive from statutory rights or favorable canons of contractual interpretation only available in other forums*”.<sup>24</sup> In both cases, the anti-suit injunction would enforce contractual obligations. The ITU Licensing Declaration Form, which the Court of Appeals compared to a jurisdictional agreement, provides:

*“The Patent Holder is prepared to grant a license to an unrestricted number of applicants on a worldwide, non-discriminatory basis and on reasonable terms and conditions to make, use and sell implementations of the relevant ITU-T/ITU-R Recommendation. Negotiations are left to the parties concerned and are performed outside the ITU-T/ITU-R.”*<sup>25</sup>

At first glance, the wording does not imply an obligation not to claim injunctive relief. However, the SEP owner shall offer a licence on FRAND terms to any implementer. An SEP owner who seeks injunctive relief at the first opportunity breaches this duty. In general, the purpose of SSOs is to develop widely available standards and to balance the interests of SEP owners and implementers. Implementers should be able to use the standard at a reasonable price, while SEP owners (or their legal successors) should be compensated and rewarded for their R&D efforts.<sup>26</sup> The Court of Appeals only took into account the implementers’ interests and interpreted the licensing declaration as a unilateral waiver of the right to claim injunctive relief by the SEP owner.

Neither the wording nor the purpose of the declaration or the ITU Policy support this interpretation.<sup>27</sup> The SEP owner’s obligation not to bring patent infringement actions is not unconditional. If SEP owners could not obtain injunctive relief, implementers would have little incentive to conclude a licence agreement. Hence, SEP owners are entitled to injunctive relief against unwilling licensees.<sup>28</sup>

The Court of Appeals did not examine whether the injunction claimant, Microsoft, was a willing licensee. It stated that Motorola “*may or may not have [...] breached its contract with the ITU*”.<sup>29</sup> Thus, the Court of Appeals has neither considered the precise scope of the FRAND Obligation, nor whether Motorola had violated it by filing the German suit. To stick to the comparison of the FRAND Commitment with a choice of court agreement: The court would have issued an anti-suit injunction to enforce a jurisdiction agreement whose scope and enforceability were uncertain.

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<sup>24</sup> *Id.*

<sup>25</sup> ITU-T Licensing Declaration Form, available at <https://www.itu.int/oth/T0404000003/en> (last visited 24.1.2022).

<sup>26</sup> *Unwired Planet v Huawei* [2020] UKSC 37, at [7].

<sup>27</sup> Cf. Kristian Henningson, *Int’l Rev. of IP and Competition Law (IIC)* 2016, 438, 463, 466.

<sup>28</sup> *Supra* note 1.

<sup>29</sup> *Microsoft v Motorola*, 696 F.3d 872, 884 (9th Cir. 2012).

Some courts have issued anti-suit injunctions to enforce jurisdiction agreements valid under US law and invalid under foreign law. There is no precedent in which a US court has granted an anti-suit injunction to enforce a jurisdiction agreement, of which it did not know whether it was valid and enforceable. In all cases an obligation not to sue abroad likely existed and the injunction defendant had likely violated it.<sup>30</sup> Courts refused to grant anti-suit injunctions where it was uncertain whether the foreign claims fell inside the scope of the jurisdiction agreement.<sup>31</sup>

### 3.1.2 Contractual Umbrella

The second straw on which the court relied is a “*contractual umbrella*” of the Californian action.<sup>32</sup> Even if Motorola did not breach its contract, the court would have had to determine a FRAND rate. If Microsoft had agreed to take a licence under the conditions set by the court, Motorola would not have been entitled to injunctive relief. Therefore, as in *Medtronic*,

*“the [injunction claimant] was not seeking to enjoin a party from litigating in a foreign court on the basis of a patent validity or infringement finding by a United States court but on the basis of a contract interpretation by a U.S. court.”*<sup>33</sup>

In *Medtronic*, the agreement provided inter alia:

*“[Injunction defendant] agrees to and does hereby grant [injunction claimant] complete release and immunity from suit for any and all claims in law or in equity for damages, profits or any injunctive relief or relief of any kind resulting from the transfer [...].”*<sup>34</sup>

However, the contract was ambiguous. Another paragraph suggested that the injunction defendant was entitled to injunctive relief under certain circumstances. Judge *Larson* provided a textbook example of contract interpretation. He ascertained “*the intent of the parties and determine[d] the meaning of the language by looking to the circumstances surrounding the making of the contract and to the parties' own subsequent interpretation of the agreement.*”<sup>35</sup> No such interpretation of the words “non-discriminatory” and “reasonable terms and conditions” occurred in *Microsoft v Motorola* until the substantive proceedings. Besides, what Judge *Robart* did in the later FRAND trial to determine the royalties has little to do with contract interpretation in the traditional sense. He assessed the

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<sup>30</sup> *Gallo Winery v Andina Licores*, 446 F.3d 984, 991 (9th Cir. 2006); *Paramedics v GE Medical Systems*, 369 F.3d 645 (2d Cir. 2004); *Medtronic v Catalyst Research*, 518 F.Supp. 946, 953, 955 (D. Minn. 1981), aff'd 664 F.2d 660, 665 (8th Cir. 1981).

<sup>31</sup> *Canon Latin America v Lantech*, 508 F.3d 597, 600-602 (11th Cir. 2007); *Fisher & Company v Fine Blanking & Tool*, 2019 WL 5853539, \*2 (E.D. Mich. 2019).

<sup>32</sup> *Microsoft v Motorola*, 696 F.3d 872, 883 (9th Cir. 2012).

<sup>33</sup> *Id.*, internal citations omitted.

<sup>34</sup> *Medtronic v Catalyst Research*, 518 F.Supp. 946, 949 (D. Minn. 1981).

<sup>35</sup> *Id.*, 951-953.

technical utility of different patent families and the extent to which Microsoft’s products utilized the respective functions.

The assessment seems closely related to that of the validity and infringement of patents. This classification would be consistent with the distinction of federal and state court jurisdiction in patent licensing disputes. Generally, as long as no rule provides for the jurisdiction of federal courts, state courts have subject-matter jurisdiction. One example for such rule is 28 USCA § 1338 (a), under which federal courts have exclusive jurisdiction for civil actions relating to patents. The purpose of the provision is to prevent conflicting decisions on patents. In some “contractual cases” federal courts had jurisdiction under 28 USCA § 1338 (a), because the contractual issues were interconnected with patent law.

However, not any breach of contract case involving patents establishes federal jurisdiction.<sup>36</sup> Patent law must be a substantial part of the claim. In *Jang v Boston Scientific Corp.*, the claimant had assigned two patents to the defendant. The defendant had agreed to pay an additional amount based on later sales of products “covered by” the assignment. Later, the claimant alleged that a product sold by the defendant fell inside the scope of the licensing agreement. The product would have been covered by the agreement if it infringed the assigned patent.<sup>37</sup> As the complaint relied on the infringement of patents, the Court of Appeals confirmed federal jurisdiction over the contractual claim to avoid conflicting decisions.<sup>38</sup>

In *Microsoft v Motorola*, Judge Robart examined the relevant patents and patent families in detail to determine the royalties. He concluded the technical value of six patent families to the H.264 Standard.<sup>39</sup> Invalid patents are likely not valuable or even essential. Determining the technical value of patent families therefore contains an implicit decision on patent validity. The court did not stop there and “*examine[d] the importance of Motorola’s H.264 SEPs not only to the H.264 Standard itself, but also with respect to Microsoft’s products*”.<sup>40</sup> As 14 out of the 16 H.264 SEPs in question contributed to a function called “interlaced video”, the court examined the extent to which Microsoft’s products utilized interlaced video. It found that for the most relevant products, Windows and the Xbox, there was hardly any use for interlaced video, as only minor functionalities, which most consumers did not use, supported the H.264 Standard. The Windows Phone

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<sup>36</sup> *Board of Regents v Nippon*, 414 F.3d 1358, 1363-64 (Fed. Cir. 2005); *AT & T v Integrated Network*, 972 F.2d 1321, 1322 (Fed. Cir. 1992).

<sup>37</sup> *Jang v Boston Scientific*, 532 F.3d 1330, 1332, 1336 (Fed. Cir. 2008).

<sup>38</sup> *Id.*, 1334, n. 5, aff’d 767 F.3d 1334, 1336-38 (Fed. Cir. 2014); for similar cases, cf. *U.S. Valves v Dray*, 212 F.3d 1368, 1371 (Fed. Cir. 2000); *Ameranth v ChowNow*, 2021 WL 3686056, \*11-12 (S.D. Cal. 2021).

<sup>39</sup> *Microsoft v Motorola*, 2013 WL 2111217, paras. 163-256 (W.D. Wash. 2013); cf. *In re Innovatio*, 2013 WL 5593609, \*43 (N.D. Ill. 2013), where the court established a “moderate-high importance” of Innovatio’s SEPs.

<sup>40</sup> *Microsoft v Motorola*, 2013 WL 2111217, paras. 257-406 (W.D. Wash. 2013).

did not support the H.264 Standard at all.<sup>41</sup> In examining the importance and utility of the SEPs to Microsoft’s products, Judge *Robart* decided whether and to what extent Microsoft infringed Motorola’s SEPs. Under the above-mentioned principles on 28 USCA § 1338 (a), resolution of the contractual claim relied substantially on questions of patent law. Moreover, the court acknowledged that the eighteen US patents on which it relied to calculate the royalty rate, have had many foreign counterparts essential to the H.264 Standard.<sup>42</sup> That the assessment was limited exclusively to the US patents therefore seems hardly plausible. How can a court assess the utility of inventions protected by foreign patents without implicitly ruling on the foreign patents?<sup>43</sup>

### 3.1.3 Summary

Regardless of whether a national court has jurisdiction to adjudicate a global SEP portfolio, the Court of Appeals’ comparison with *Medtronic* and the case law on anti-suit injunctions enforcing jurisdiction agreements fails for two reasons. First, the court did not examine whether Motorola was more likely than not to have breached its FRAND Obligation, i.e. whether Microsoft had a right not to be sued abroad.<sup>44</sup> Second, there is no contractual umbrella over the patent law claims, as the decision on the merits substantially concerned patent law. Therefore, the US and German proceedings did not concern the same issue.<sup>45</sup>

### 3.2 Grounds for Relief

Under the strict approach, courts will almost exclusively grant anti-suits injunctions on two grounds: (i) to protect the court’s jurisdiction and (ii) to protect important US public policies. An (anti-)anti-suit injunction to protect the court’s jurisdiction may be appropriate to protect the injunction claimant from a foreign anti-suit injunction.<sup>46</sup> The most important public policies, which may be protected by anti-suit injunctions, are the protection of final judgements (*res iudicata*)<sup>47</sup> and the protection of choice of court and arbitration agreements.<sup>48</sup>

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<sup>41</sup> *Id.*, paras. 261-302.

<sup>42</sup> *Id.*, para. 163.

<sup>43</sup> This question was raised but remained unanswered in *Optis v Apple*, 2020 U.S. Dist. LEXIS 36104, \*11 (E.D. Tex. 2020).

<sup>44</sup> Above at 3.1.1. The same applies to the anti-suit injunction granted in *Huawei v Samsung*, 2018 WL 1784065, \*8-9 (N.D. Cal. 2018).

<sup>45</sup> Cf. *InterDigital v Xiaomi*, I.A. 8772/2020 in CS (COMM) 295/2020, para. 109 (Delhi High Court, 2021), finding the Court of Appeals’ reasoning “unacceptable”.

<sup>46</sup> *Laker v Sabena*, 731 F.2d 901, 930 (DC Cir. 1984); *Ericsson v Samsung*, 2021 WL 89980 \*4 (E.D. Tex. 2021); *Mutual Service Cas. Ins. v Frit Industries*, 805 F.Supp. 919, 925 (M.D. Alab. 1992); *Owens-Illinois v Webb*, 809 S.W.2d 899, 902 (Tex. App. 1991).

<sup>47</sup> *Gau Shan v Bankers Trust*, 956 F.2d 1349, 1356 (6th Cir. 1992); *China Trade v M.V. Choong Yong*, 837 F.2d 33, 36 (2d Cir. 1987); Gary B. Born and Peter B. Rutledge, *Int’l Civil Litigation in US Courts*, 6th ed. 2018, p. 583.

<sup>48</sup> *Supra* note 22.

Courts applying the lax approach will additionally grant anti-suit injunctions to protect the injunction claimant from what the court considers “vexatious or oppressive” foreign proceedings or on other equitable grounds. As the mere inconvenience for parties and witnesses to participate in parallel proceedings in courts of different countries is considered vexatious and oppressive,<sup>49</sup> the lax approach will usually provide injunctive relief.

In *Microsoft v Motorola*, the anti-suit injunction was justified on the grounds of protecting the court’s jurisdiction. As Motorola had claimed injunctive relief in California and in Germany, there would have been a risk of inconsistent judgements. Moreover, it would only be clarified in the breach of contract proceedings, whether Motorola was entitled to injunctive relief. Hence, “*Motorola’s actions have frustrated this court’s ability to adjudicate issues properly before it. Without the issuance of an anti-suit injunction, the integrity of the action before this court will be lessened.*” Additionally, the delay in filing the German infringement claim had indicated a forum shopping, rendering the German action vexatious and oppressive.<sup>50</sup>

### 3.3. Comity

Finally, a court must consider the impact of the anti-suit injunction on comity. Comity is a self-imposed obligation to respect the courts, judgements, and laws of other nations. The Supreme Court described comity as “*the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation having due regard both to international duty and convenience, and to the rights of its own citizens or of other persons who are under the protection of its laws.*”<sup>51</sup> One rationale is that foreign courts may in turn recognize and enforce the decisions of US courts.

Under the strict approach, anti-suit injunctions will only be granted under exceptional circumstances, as they interfere with a foreign court’s process.<sup>52</sup> This is reflected by the limited grounds for relief. The Sixth Circuit questioned whether any public policy of a state could ever justify a foreign anti-suit injunction.<sup>53</sup> If the dispute affects the national interests of other nations, courts must be particularly mindful.<sup>54</sup> In such cases, only the

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<sup>49</sup> *Kaepa v Achilles*, 76 F.3d 624, 627-28 (5th Cir. 1996); *Allendale v Bull Data Systems*, 10 F.3d 425, 431 (7th Cir. 1993); *Seattle Totems v National Hockey League*, 652 F.2d 852, 855-56 (9th Cir. 1981).

<sup>50</sup> *Microsoft v Motorola*, 871 F.Supp.2d 1089, 1100 (W.D. Wash. 2012), aff’d 696 F.3d 872, 886 (9th Cir. 2012).

<sup>51</sup> *Hilton v Guyot*, 159 U.S. 113, 164, 16 S.Ct. 139 (1895).

<sup>52</sup> *Supra* note 12.

<sup>53</sup> *Gau Shan v Bankers Trust*, 956 F.2d 1349, 1358 (6th Cir. 1992).

<sup>54</sup> *Fisher & Company v Fine Blanking & Tool*, 2019 WL 5853539, \*2 (E.D. Mich. 2019); Michael D. Schimeck, (1993) 45 *Baylor L.R.* 499, 506; Thomas E. Burck, (1993) 18 *N.C. J. Int’l & Com. Reg.* 475, 488; Laura M. Salava, (1994) 205 *J. of Legisl.* 267, 270.

most compelling national public policies can justify an anti-suit injunction. The D.C. Circuit additionally weighs the interests of the United States against the national interests of the jurisdiction affected by the anti-suit injunction.<sup>55</sup>

Courts applying the lax approach “*decline [...] to genuflect before a vague and omnipotent notion of comity every time that [a court] must decide whether to enjoin a foreign action.*”<sup>56</sup> The Ninth Circuit’s standard is whether the injunction’s impact on comity is “tolerable”.<sup>57</sup> If the anti-suit injunction serves to enforce a contract between two private parties, it would have little impact on comity, if any.<sup>58</sup> The Fifth and Seventh Circuits set even lower standards.<sup>59</sup> There would have to be concrete evidence that the specific anti-suit injunction would affect comity. As long as no foreign state complains to the US court, the impact on comity is negligible, according to Justice *Posner*.<sup>60</sup>

In *Laker v Sabena*, one of the most authoritative cases on anti-anti-suit injunctions to date, Justice *Wilkey* emphasised the importance of comity. He criticised that US courts largely ignore comity. Back in 1984, he found, “[s]cholarly criticism has intensified”.<sup>61</sup> Over the past decades, criticism on the lax approach has further intensified.<sup>62</sup>

### 3.3.1 Reasoning in *Microsoft v Motorola*

In *Microsoft v Motorola*, a negligible impact on comity was mainly explained by the contractual nature of the dispute. It served to enforce a contract between two US companies.<sup>63</sup> The Court of Appeals considered the fact that German courts do not recognise contractual obligations of the SEP owner towards the implementer to be irrelevant. Would the impact on comity be intolerable if courts in the other jurisdiction answer legal issues differently, “*there could virtually never be a foreign anti-suit injunction*”.<sup>64</sup> Both courts also relied

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<sup>55</sup> *Laker Airways v Sabena*, 731 F.2d 909, 927-28 (D.C. Cir. 1984).

<sup>56</sup> *Kaepa v Achilles*, 76 F.3d 624, 627 (5th Cir. 1996).

<sup>57</sup> *Microsoft v Motorola*, 696 F.3d 872, 886 (9th Cir. 2012); *Gallo Winery v Andina Licores*, 446 F.3d 984, 996 (9th Cir. 2006).

<sup>58</sup> *Microsoft v Motorola*, 696 F.3d 872, 888 (9th Cir. 2012); *Applied Medical v Surgical*, 587 F.3d 909, 921 (9th Cir. 2009); *Gallo Winery v Andina Licores*, 446 F.3d 984, 994 (9th Cir. 2006).

<sup>59</sup> *Kaepa v Achilles*, 76 F.3d 624, 630-633 (5th Cir. 1996); *Allendale v Bull Data Systems*, 10 F.3d 425, 431 (7th Cir. 1993).

<sup>60</sup> *Allendale v Bull Data Systems*, 10 F.3d 425, 431 (7th Cir. 1993).

<sup>61</sup> *Laker v Sabena*, 731 F.2d 901, 950 (DC Cir. 1984).

<sup>62</sup> Teresa D. Baer, (1984) 37 *Stanford L.R.* 155, 173; Trevor C. Hartley, (1987) 35 *Am. J. Comp. L.* 487, 509; George A. Bermann, (1990) 28 *Colum. J. Transnat'l Lit.* 589, 630-31; Thomas E. Burck, (1993) 18 *North Carolina J. Int'l Law* 475, 488-489; Michael D. Schimeck, (1993) 45 *Baylor L.R.* 499, 520-22; Haig Najarian, (1994) 68 *St. John's L. Rev.* 961, 983-985; Laura M. Salava, (1994) 20 *J. of Legisl.* 267, 269-270; Steven R. Swanson, (1996) 30 *Geo. Wash. J. Int'l L. & Econ.* 1, 33, 36-37; Eric Roberson, (1998) 147 *U. Pa. L.R.* 409, 433; John Ray Phillips III., (2002) 69 *U. Chi. L.R.* 2007, 2023-2024; N. Jansen Calamita, (2006) 27 *U. Pa. J. Int'l Econ. L.* 601, 680; Kathryn E. Vertigan, (2007) 76 *Geo. Wash. L.R.* 155, 180; Samantha Koeniger and Richard Bales, (2014) 22 *Cardozo J. Int'l & Comp. L.* 473, 491-495; Trevor C. Hartley, *Int'l Commercial Litigation*, 3d ed. 2020, p. 280; cf. Eli Greenbaum, (2019) 94 *Wash. L.R.* 1085, 1100; Haris Tsilikas, (2021) 16 *JIPLP* 729, 736 (both referring to SEP disputes).

<sup>63</sup> *Microsoft v Motorola*, 696 F.3d 872, 888 (9th Cir. 2012).

<sup>64</sup> *Id.*

on the sequence, in which the claims were filed. Comity concerns would be mitigated because the German action was initiated even though the dispute was pending in the US.<sup>65</sup>

### 3.3.2 Discussion

The Court of Appeals relied on its assumption that the anti-suit injunction serves to enforce a contract. As seen, the court has neither explained, when an obligation not to claim injunctive relief arises from the FRAND Commitment, nor if the obligation existed because Microsoft was likely to be a willing licensee. The second assumption, that SEP disputes are purely commercial disputes, is also questionable. With an unsubstantiated classification as a contractual dispute, the Court of Appeals attempts to undermine the principle of territoriality in patent law.

US courts consider the technical importance of the patents and the extent to which the implementer utilizes the relevant functions in determining the royalty rate. This assessment is interconnected with patent law. The court did not consider that patent law only operates domestically and that courts must pay particular caution if their judgement on patents affects other jurisdictions. In *Microsoft v AT & T*, the Supreme Court warned, “[t]he presumption that United States law governs domestically but does not rule the world applies with particular force in patent law”.<sup>66</sup> US courts shall take into account the interest of foreign jurisdictions in the protection of their national patents. This is what a district court did in *Optis v Apple* in declining jurisdiction to assess whether the SEP owner (*Optis*) was FRAND compliant and whether the implementer (*Apple*) was an unwilling licensee and therefore not entitled to raise the FRAND defence in the US. The district court declined jurisdiction, as, “[l]ike claims for foreign patent infringement, claims asking the Court to pass upon foreign obligations under foreign laws related to foreign patents [the FRAND Obligation] are best left to the courts of those foreign countries”.<sup>67</sup>

In granting an anti-suit injunction, the Court of Appeals ignored Germany’s national interest in an effective protection of German and European patents.<sup>68</sup> Moreover, German courts assess the SEP owner’s licensing obligation under antitrust laws. US case law recognizes that courts in any country whose markets are affected by an abuse of dominance or by a conspiracy should be able to decide on the legal consequences.<sup>69</sup> As a district

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<sup>65</sup> *Microsoft v Motorola*, 871 F.Supp.2d 1089, 1101 (W.D. Wash. 2012), aff’d 696 F.3d 872, 887-888 (9th Cir. 2012).

<sup>66</sup> *Microsoft v AT & T*, 550 U.S. 437, 454-55 (2007).

<sup>67</sup> *Optis v Apple*, 2020 U.S. Dist. LEXIS 36104, \*9 (E.D. Tex. 2020).

<sup>68</sup> HRC Munich, GRUR 2020, 379, para. 57; RC Munich, BeckRS 2019, 25536, paras. 58-61; cf. Dicky King Fung Tsang and Jyh-An Lee, *The Ping-Pong Olympics in Antisuit Injunction in FRAND* (2011), p. 28-29, (available via SSRN, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3968645](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3968645), last visited 24.1.2022) forthcoming in (2022) 28 *Mich. Tech. L. Rev.*

<sup>69</sup> *Laker v Sabena*, 731 F.2d 901, 932-933 (DC Cir. 1984).

court has recognized, a “breach of contract judgment that relies on private law will not affect a *GWB*<sup>70</sup>- or *EC Treaty*-based antitrust analysis that relies on public law.”<sup>71</sup>

Even if one were to stick to the classification as a contractual dispute, SEP disputes involve national interests.<sup>72</sup> For example, Chinese courts allegedly determine low FRAND royalties to strengthen the domestic industry.<sup>73</sup> The political significance is illustrated by former US President Trump’s veto on the acquisition of Qualcomm by Broadcom. Qualcomm is one of the most important SEP owners. The Treasury Department stated that the acquisition of Qualcomm through (formerly) Singapore-based Broadcom could reduce US influence on telecommunications infrastructure and thus harm national security:

“Given well-known national security concerns about Huawei and other Chinese telecommunication companies, a shift to Chinese dominance in 5G would have substantial negative national security consequences for the United States.”<sup>74</sup>

National security concerns had little significance in *Microsoft v Motorola*, as both parties were US companies. However, the District Court paid no attention to the national interests at stake in *Huawei v Samsung*<sup>75</sup> which ignored the political dimension of the SEP dispute between two foreign companies.<sup>76</sup>

It is also questionable to attach any significance to the chronological order in which the domestic and foreign actions were filed. Although some authority supports this criterion,<sup>77</sup> it cannot be relevant in SEP disputes. The SEP owner is obligated by its FRAND Obligation to claim injunctive relief as late as possible. If Motorola had filed the German actions six months earlier, before Microsoft initiated the contractual action in California, filing of the German action would likelier have violated the FRAND Obligation. In this case, the court would have been less reluctant to grant an anti-suit injunction. Furthermore, Motorola would have jeopardized its chances to obtain injunctive relief in Germany, as Microsoft was more likely to be considered a willing licensee at an earlier point. At least where the SEP dispute involves a foreign party, the anti-suit injunction’s impact

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<sup>70</sup> Gesetz gegen Wettbewerbsbeschränkungen (German Competition Act).

<sup>71</sup> *SynCardia Systems v MEDOS Medizintechnik*, 2008 WL 11339957, \*3 (D. Az. 2008).

<sup>72</sup> *Apple v Qualcomm*, 2017 U.S. Dist. LEXIS 145835, \*53-54. (S.D. Cal. 2017); Eli Greenbaum, (2019) 94 *Wash. L.R.* 1085, 1100-1103; Tsang and Lee, *supra* note 68, pp. 16-17.

<sup>73</sup> Adam Mossoff, Brief as Amicus Curiae in Support of Claimant in *Ericsson v Samsung*, Case-No. 2:20-cv-380-JRG (E.D. Tex. 2021), pp. 7-9; D. Daniel Sokol and Wentong Zheng in Jorge L. Contreras (ed), *Cambridge Handbook of Tech. Standard. Law* Vol. 1 (2017), pp. 306, 316-318; Tsang and Lee, *supra* note 68, p. 35.

<sup>74</sup> Department of the Treasury, Public Letter dated 5 March 2018, [https://www.sec.gov/Archives/edgar/data/804328/000110465918015036/a18-7296\\_7ex99d1.htm](https://www.sec.gov/Archives/edgar/data/804328/000110465918015036/a18-7296_7ex99d1.htm) (last visited 20.12.2012).

<sup>75</sup> *Huawei v Samsung*, 2018 WL 1784065, \*11-12 (N.D. Cal. 2018).

<sup>76</sup> Tsang and Lee, *supra* note 68, pp. 22-23.

<sup>77</sup> *Applied Medical v Surgical*, 587 F.3d 909, 920 (9th Cir. 2009); *Kaepa v Achilles*, 76 F.3d 624, 627 (5th Cir. 1996). In *Huawei v Samsung*, 2018 WL 1784065, \*12 (N.D. Cal. 2018), the court found that the anti-suit injunction “would not intolerably impact comity”, as the US action was filed minutes or hours earlier.

on comity is not tolerable. Even under the Ninth Circuit’s standard, the issuance of an anti-suit injunction in such cases appears as an abuse of discretion.

### 3.4 Summary

Until 2019, foreign courts and governments have tolerated anti-suit injunctions. This may be because they were mostly issued in disputes which were simply too unimportant to risk a clash of jurisdictions. Because of the significant national and economic interests at stake in SEP disputes, the lax approach is now facing resistance of foreign courts. Anti-suit injunctions granted by English, French, and German courts to prevent US anti-suit injunctions<sup>78</sup> indicate that the impact on comity might not have been “tolerable”. Interestingly, the District Court for the Eastern District of Texas seems to share this view if a foreign anti-suit injunction deprives an SEP owner of its right to bring patent infringement actions in the US.<sup>79</sup>

The lax approach construes the grounds for relief so broadly and attaches so little importance to comity that the only requirement for an anti-suit injunction are the “threshold criteria”.<sup>80</sup> In most SEP disputes not even the threshold criteria are satisfied, as there is no “contractual umbrella” and the FRAND Commitment is not comparable to a jurisdiction agreement. Foreign anti-suit injunctions should not be granted, unless the SEP owner has obviously breached its FRAND Obligation and both parties are US companies. The numerous anti-anti-suit injunctions triggered by the Ninth Circuit’s anti-suit injunctions may also give cause to reconsider the lax approach in general. The premise that comity is negligible in contractual actions between private parties is incorrect.

## 4. Chinese Anti-Suit Injunctions

In 2020, Chinese courts followed suit and started to grant anti-suit injunctions in SEP disputes. A press release by the Supreme People’s Court of China states:

*“[T]he anti-suit injunction is an unavoidable issue confronting the Chinese intellectual property judicial system. Many Chinese lawsuits have encountered [foreign] anti-suit injunctions. The trend of anti-suit injunctions deeply reflects the competitive situation among major powers for jurisdiction and dominance in rulemaking. Anti-suit injunctions are an important tool to prevent parallel litigation and safeguard the country’s judicial sovereignty. Without anti-suit injunctions, Chinese courts will be in a passive position in international judicial competition.”*<sup>81</sup>

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<sup>78</sup> *IPCom v Lenovo* [2019] EWHC 3030 (Pat); Cour d’appel de Paris, 3 Mars 2020, RG 19/21426 (*Lenovo v IPCom*); RC Munich, BeckRS 2019, 25536 (*Nokia v Continental*).

<sup>79</sup> *Ericsson v Samsung*, 2021 WL 89980, \*5 (E.D. Tex. 2021).

<sup>80</sup> Contreras, (2019) 25 *B.U. J. Sci. & Tech. L.* 251, 278-279; cf. Geradin and Katsifis, *supra* note 11, p. 12.

<sup>81</sup> Press Release of the Supreme People’s Court, available at <http://ipc.court.gov.cn/zh-cn/news/view-1056.html> (last visited 23.12.2021); cf. Jorge L. Contreras, Peter K. Yu, and Yu Yang, *Transplanting Anti-Suit Injunctions* (Draft of 6 November 2021, available via SSRN, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3937716](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3937716), last visited 4.1.2022, forthcoming (2022) 71 *Am. U. L. Rev.*), pp. 41-42.

Chinese courts take a similar approach as the Ninth Circuit in granting anti-suit injunctions.<sup>82</sup> However, Chinese courts do not require the domestic action to be dispositive of the foreign action. The approach is broader in that it only requires a substantial negative impact of the foreign proceedings on the Chinese proceedings.<sup>83</sup> Notably, Chinese courts may grant anti-suit injunctions without hearing the injunction defendant (*ex parte*) and may not only enjoin the party from litigating in a certain jurisdiction, but in any jurisdiction other than China.<sup>84</sup> The reasons for which US anti-suit injunctions granted in SEP disputes appear unlawful apply *a fortiori* to the even broader Chinese anti-suit injunctions.<sup>85</sup>

## 5. German Anti-Anti-Suit Injunctions

Until January 2022, German courts have issued anti-anti-suit injunctions in five cases. Four anti-anti-suit injunctions were granted to protect SEP owners affected by Chinese anti-suit injunctions,<sup>86</sup> one against an US anti-suit injunction.<sup>87</sup> For the following part, “Injunction Claimant” and “Injunction Defendant” respectively refer to the anti-anti-suit injunction.

### 5.1 Legal Basis

Foreign anti-suit injunctions could be granted within days. Therefore, a decision on the anti-anti-suit injunction would come too late in ordinary proceedings. For such cases, Sec. 935 ff. of the German Code of Civil Procedure (“ZPO”) provide the possibility of preliminary injunctions. Under Sec. 935 ZPO the Injunction Claimant must show that it is *prima facie* entitled to a claim under substantive law (“Verfügungsanspruch”) and that the realization of its right could be frustrated if it had to wait until an ordinary judgement is rendered (“Verfügungsgrund”).

### 5.2 Substantive Claim

The substantive claim for an (anti-)anti-suit injunction is based on Sec. 823 para. 1 of the German Civil Code (“BGB”) in conjunction with Sec. 1004 para. 1 BGB. According to

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<sup>82</sup> Geradin and Katsifis, *supra* note 11, pp. 9-10; Brief of IP Law professors as amici curiae, 1 March 2021, *Ericsson v Samsung*, Case-No. 21-1565, p. 16 (available via SSRN, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3802235](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3802235), last visited 24.12.2021); for a discussion of Chinese anti-suit injunctions cf. Tsang and Lee, *supra* note 68, pp. 27-37.

<sup>83</sup> *Huawei v Conversant*, (2019) Zui Gao Fa Zhi Min Zhong 732, 733 and 734 No 1 (Supreme People’s Court of the People’s Republic of China, 2020). An unofficial English translation is available at <https://patentlyo.com/media/2020/10/Huawei-V.-Conversant-judgment-translated-10-17-2020.pdf> (last visited 23.1.2022); Tsang and Lee, *supra* note 68, pp. 28-29, 35-37.

<sup>84</sup> *Xiaomi v InterDigital*, (2020) E 01 Zhi Min Chu No. 169 (Wuhan Intermediate People’s Court, 2020); Tsang and Lee, *supra* note 68, p. 32.

<sup>85</sup> Cf. the anti-anti-suit injunctions granted in *InterDigital v Xiaomi*, I.A. 8772/2020 in CS (COMM) 295/2020 (Delhi High Court, 2021), and RC Munich, GRUR-RS 2021, 3995.

<sup>86</sup> RC Düsseldorf, BeckRS 2021, 36218 (*HEVC Advance v Xiaomi*); RC Munich, GRUR-RS 2021, 17662 (*IP Bridge v Huawei*); RC Munich, GRUR-RS 2021, 3995 (*InterDigital v Xiaomi*); a fourth one was granted by the RC Munich in *Sharp v Oppo*, but was not enforced, cf. Contreras, Yu, and Yu, *supra* note 81, p. 32.

<sup>87</sup> HRC Munich, GRUR 2020, 379; RC Munich, BeckRS 2019, 25536.

these provisions, the Injunction Claimant is entitled to injunctive relief if the Injunction Defendant unlawfully violates a certain right of the Injunction Claimant. Such rights are life, health, freedom, property, and “other” rights. All protected rights are effective against anyone and not only against certain individuals, as for example contractual rights. German jurisprudence refers to such rights as “absolute rights”.<sup>88</sup> Patents are absolute rights and protected by Sec. 823 para. 1 BGB.<sup>89</sup> German courts regard anti-suit injunctions which enjoin the Injunction Claimant from initiating or continuing patent infringement proceedings, as an interference with the patent. The patent would be meaningless if injunctive relief was unenforceable.<sup>90</sup>

Generally, the violation of an absolute right indicates its unlawfulness.<sup>91</sup> This does not apply if a procedural act violates the right. According to the case law of the German Federal Court of Justice (“FCJ”), procedural acts are generally considered lawful.<sup>92</sup> This also applies to procedural acts in foreign countries.<sup>93</sup> Therefore, the court must establish the unlawfulness of the foreign anti-suit injunction. Although the infringing act, the application for an anti-suit injunction, happens abroad, German courts will apply German law.<sup>94</sup> This raises the question of how to establish the legality of a remedy alien to German law.

### 5.2.1 Approach of the RC Munich

In its first ruling on anti-suit injunctions, the Regional Court (“RC”) Munich assumed that any anti-suit injunction was incompatible with the German legal system and thus unlawful.<sup>95</sup> As the German court issued an (anti-)anti-suit injunction itself, this argument is not convincing. However, the anti-suit injunction prevented the Injunction Claimant from enforcing its patents. The court viewed this as contradictory to the proprietary nature of the patent according to Sec. 9, 10, and Sec. 139 ff. of the German Patent Act (“PatG”).<sup>96</sup> On appeal, the Higher Regional Court (“HRC”) Munich agreed.<sup>97</sup> In two subsequent judgements, the court relied on the same reasoning.<sup>98</sup>

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<sup>88</sup> Ulrich Magnus in Gerhard Dannemann and Reiner Schulze (eds), *German Civil Code – Commentary* (2020), Sec. 823, para. 3.

<sup>89</sup> Cf. FCJ, GRUR 2016, 1257, para. 24; NJW 2004, 3102, 3105.

<sup>90</sup> HRC Munich, GRUR 2020, 379, para. 55; RC Munich, BeckRS 2019, 25536, paras. 56-58; RC Düsseldorf, BeckRS 2021, 36218, paras. 23-26.

<sup>91</sup> Ulrich Magnus, *supra* note 88, paras. 39-40.

<sup>92</sup> FCJ, NJW 2020, 399, para. 44; GRUR 2018, 832, para. 76; NJW 2009, 1262, paras. 12-13.

<sup>93</sup> FCJ, NJW 2020, 399, paras. 44-45; HRC Nuremberg, RIW 1993, 412, 413; RC Konstanz, BeckRS 2011, 11373; the RC Munich seems to disagree, RC Munich, BeckRS 2019, 25536, paras. 62-65. The applicability to foreign proceedings is also controversial in German literature. For further references, cf. Michael Stürmer, (2007) 71 *RabelsZ* 597, 602.

<sup>94</sup> RC Düsseldorf, BeckRS 2021, 36218, para. 30; RC Munich, BeckRS 2019, 25536, para. 62; Courts in other jurisdictions also assess the legality of foreign acts under their own law when considering anti-suit injunctions, cf. Adrian Briggs, *Civil Jurisdiction and Judgements*, 7th ed. 2021, p. 621.

<sup>95</sup> RC Munich, BeckRS 2019, 25536, para. 62.

<sup>96</sup> *Id.*, para. 61.

<sup>97</sup> HRC Munich, GRUR 2020, 379, para. 55.

<sup>98</sup> RC Munich, GRUR-RS 2021, 17662, para. 29; GRUR-RS 2021, 3995, para. 55.

The reasoning merely describes how an anti-suit injunction operates. Its purpose is precisely to enjoin the Injunction Claimant from enforcing its rights in the foreign forum. This could lead to the conclusion that a German court will always grant an anti-anti-suit injunction in case of a foreign anti-suit injunction in the face of German proceedings. However, the court referred to the patent and its proprietary nature. If the foreign anti-suit injunction only threatens the Injunction Claimant's assets and does not limit the enforcement of patents or other absolute rights, no anti-anti-suit injunction will be granted.

### 5.2.2 Approach of the RC Düsseldorf

The RC Düsseldorf focusses on whether the foreign anti-suit injunction can be recognized and enforced in Germany.<sup>99</sup> Referring to an older decision of the HRC Düsseldorf,<sup>100</sup> the court stated that anti-suit injunctions are generally not recognizable, as they indirectly deprive a German court of its competence to decide on its own jurisdiction (competence-competence). Anti-suit injunctions are considered unlawful unless the German court is required to recognize the foreign anti-suit injunction, e.g. by an international treaty.<sup>101</sup> As no such treaty exists, the Chinese anti-suit injunction was unlawful, according to the RC Düsseldorf.

Furthermore, the Injunction Claimant's constitutional right of access to justice required protection by means of an anti-anti-suit injunction.<sup>102</sup> The RC Düsseldorf considered whether the SEP owner is entitled to injunctive relief against the implementer, or whether its right of access to justice is restricted by the SEP owner's obligations under antitrust law.<sup>103</sup> It concluded that an implementer who impairs the licensing negotiations by applying for an anti-suit injunction, is an unwilling licensee.<sup>104</sup> Therefore, the Injunction Claimant's constitutional right of access to justice was not restricted by its obligation to license the SEP on FRAND terms.

### 5.2.3 Imminent Threat of Interference

A further requirement under Sec. 1004 para. 1 BGB is an imminent threat of an unlawful violation of a protected right.<sup>105</sup> German courts will assume an imminent threat of an unlawful violation of a German patent if the Injunction Defendant has applied for an anti-suit injunction abroad.<sup>106</sup> In *Nokia v Continental*, the RC Munich did not examine whether the claim filed in the US was likely to be successful. It was sufficient that a Californian court had already granted an anti-suit injunction in another SEP dispute.

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<sup>99</sup> RC Düsseldorf, BeckRS 2021, 36218, para. 30.

<sup>100</sup> HRC Düsseldorf, IPRax 1997, 260, 261.

<sup>101</sup> RC Düsseldorf, BeckRS 2021, 36218, para. 32.

<sup>102</sup> *Id.*, paras. 34-36.

<sup>103</sup> *Id.*, para. 36.

<sup>104</sup> *Id.*

<sup>105</sup> According to its wording, Sec. 1004 BGB only protects property. Other absolute rights are protected by analogy, cf. Ulrich Magnus, *supra* note 88, Sec. 1004, para. 2.

<sup>106</sup> HRC Munich, GRUR 2020, 379, para. 56; RC Munich, GRUR-RS 2021, 3995, para. 86.

If the Injunction Defendant has not applied for a foreign anti-suit injunction, it is harder to establish an imminent threat. The burden of proof lies with the Injunction Claimant. It must provide factual evidence for a substantial risk that the Injunction Defendant will act unlawful. The specific act of infringement must be imminent so that it can be reliably assessed for all other requirements of the substantial claim whether they will be met.<sup>107</sup> It is not sufficient that a certain right or remedy exists in a foreign forum, as it is unknown if the Injunction Defendant will assert it.

According to the RC Munich, these general principles cannot be applied to cases involving anti-suit injunctions. Otherwise, the Injunction Claimant would have to prepare claims for anti-anti-suit injunctions against multiple implementers without knowing if they will apply for an anti-suit injunction.<sup>108</sup> Therefore, the RC Munich has listed five groups of cases in which it will assume an imminent threat of a foreign anti-suit injunction. An imminent threat will be assumed if (i) the Injunction Defendant has threatened the Injunction Claimant to apply for an anti-suit injunction; (ii) the Injunction Defendant has already applied for an anti-suit injunction against the Injunction Claimant; (iii) the Injunction Defendant has applied for the determination of global licensing fees in a jurisdiction which provides anti-suit injunctions, or threatened to do so; (iv) the Injunction Defendant had previously applied for, or threatened an anti-suit injunction against other SEP owners and has not yet signalled that he won't do so again; or (v) the Injunction Defendant did not confirm in writing within a short period of time, after a request by the Injunction Claimant, not to apply for an anti-suit injunction.<sup>109</sup>

The RC Düsseldorf rejected the RC Munich's broad approach<sup>110</sup> and examined whether an imminent threat existed under the general principles set out by the FCJ. The Düsseldorf court noted that the Injunction Defendant was generally willing to apply for further anti-suit injunctions, as its affiliated companies had recently applied for multiple anti-suit injunctions in China and had not stated that they will not apply for further anti-suit injunctions.<sup>111</sup> The Düsseldorf court also examined whether the requirements for a Chinese anti-suit injunctions were met. It concluded that a Chinese court may grant an anti-suit injunction which the RC Düsseldorf found sufficient to affirm an imminent threat.<sup>112</sup>

In case of an imminent threat of a foreign anti-suit injunction, urgent relief is usually required. The Injunction Claimant may lose its right to obtain injunctive relief if it waits too long before filing the claim. In this case, courts assume that the matter is not urgent.<sup>113</sup>

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<sup>107</sup> FCJ, GRUR 2021, 607, para. 50; GRUR 2015, 603, para. 17.

<sup>108</sup> RC Munich, GRUR-RS 2021, 17662, para. 37.

<sup>109</sup> RC Munich, GRUR-RS 2021, 3995, para. 90; GRUR-RS 2021, 17662, paras. 34, 37.

<sup>110</sup> RC Düsseldorf, BeckRS 2021, 36218, para. 40.

<sup>111</sup> *Id.*, paras. 47-51.

<sup>112</sup> *Id.*, paras. 42-46.

<sup>113</sup> Cf. FCJ, GRUR 2000, 151, 152; Klaus Grabinski and Carsten Zülch in *Benkard PatG*, 11th ed. 2015, Sec. 139, para. 153c.

For foreign anti-suit injunctions, the time limit is at least one month. It begins at the earliest when the Injunction Claimant is informed about the foreign anti-suit injunction or would have become aware of it if it had exercised due diligence.<sup>114</sup>

### 5.3 Suggested Approach

Under the framework of the RC Munich, every foreign anti-suit injunction, which interferes with an absolute right, would justify a German anti-anti-suit injunction. The approach goes further than necessary.<sup>115</sup> If the foreign anti-suit injunction serves to enforce a waiver or jurisdiction agreement that is valid and enforceable under the applicable law, an anti-anti-suit injunction would indeed lead to duplicative and vexatious parallel proceedings. The same applies to the approach set out by the RC Düsseldorf. Since no international treaty allows anti-suit injunctions, any anti-suit injunction is unlawful in the view of the court. Both approaches reflect a general mistrust towards a remedy which is considered lawful in major jurisdictions.<sup>116</sup> This harms comity and could lead to further counter injunctions. More importantly, the general mistrust reflected in both approaches seems contrary to German case law which generally considers foreign procedural acts as lawful.<sup>117</sup>

It would be preferable to adopt the standards developed in common law jurisdictions to assess the lawfulness of a foreign anti-suit injunction. Establishing the unlawfulness of the foreign anti-suit injunction, as Justice *Wilkey* did in *Laker v Sabena*,<sup>118</sup> enables the foreign court to grasp the reasoning of the anti-anti-suit injunction. Courts in the UK and in the US will restrain foreign proceedings if they threaten the courts' jurisdiction or proceedings or would lead to the evasion of important public policies. In turn, foreign anti-suit injunctions should be considered unlawful under German law if they threaten the jurisdiction of German courts or important public policies. In such cases, the foreign court has misjudged the anti-suit injunction's impact on comity. As German courts are the only forum available to enforce German patents, anti-suit injunctions granted in SEP disputes threaten the German courts' exclusive jurisdiction.

An anti-anti-suit injunction also prevents the evasion of an important public policy. If German courts cannot enforce patents, confidence in Germany as a business location will be impaired. More importantly, under Art. 41 para. 1 of the TRIPS Agreement, members must ensure that remedies for patent infringement are "available" and permit effective action. According to the correct view, remedies must not only be effective in theory, but

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<sup>114</sup> RC Munich, GRUR-RS 2021, 3995, paras. 84, 86; GRUR-RS 2021, 17662, paras. 65-66; BeckRS 2019, 25536, para. 90; RC Düsseldorf, BeckRS 2021, 36218, para. 56.

<sup>115</sup> Maximilian Haedicke, *GRUR Int.* 2022, 101, 110.

<sup>116</sup> *Id.*

<sup>117</sup> *Supra* note 93.

<sup>118</sup> *Laker v Sabena*, 731 F.2d 901, 939 (DC Cir. 1984).

also in a real world setting.<sup>119</sup> Damages are often an insufficient remedy to prevent patent infringement. Hence, the member's judicial authority should be able to grant injunctive relief under Art. 44 para. 1 TRIPS. If German courts stand by and watch as patentees are enjoined from enforcing German patents, Germany could violate its obligation under the TRIPS Agreement which would lead to the evasion of an important national policy.

## 6. Conclusion

US Courts applying the lax approach will usually grant anti-suit injunctions to enjoin parallel litigation in foreign jurisdictions. This neglects comity, as commentators<sup>120</sup> and most circuits<sup>121</sup> have already pointed out. Since anti-suit injunctions are particularly problematic in SEP disputes due to the principle of territoriality and the economic and political importance of SEPs, the backlash through anti-anti-suit injunctions was only a matter of time. Besides, if one jurisdiction provides anti-suit injunctions, others are encouraged to follow suit to provide a comparable level of protection. This is reflected by recent Chinese anti-suit injunctions.

This essay does not seek to blame any jurisdiction for the rise of anti-suit injunctions and counter injunctions in SEP disputes. Although the anti-suit injunctions granted by courts in the US and China appear unlawful, it is important to consider why anti-suit injunctions often target German proceedings. In German infringement actions regarding SEPs, the implementer's FRAND defence usually fails.<sup>122</sup> German courts interpret the CJEU's ruling in *Huawei v ZTE* in a way favouring the SEP owner. This is because German courts mainly rely on the conduct of the parties and only examine the FRAND compliance of the SEP owner's licence offers to a very limited extent.<sup>123</sup> Even if the implementer has made a FRAND compliant counteroffer it may be deemed an unwilling licensee if the SEP owner's offer is not an obvious violation of the FRAND Commitment.<sup>124</sup>

Again, *Microsoft v Motorola* provides a good example. The US court set a royalty rate of 0.555 cents per unit sold for Motorola's H.264 portfolio. Motorola had demanded 2,25 % of the retail price of any product sold by Microsoft. If one applied an average retail price of USD 100 per product, the license offered by Motorola exceeded the

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<sup>119</sup> Sascha Vander and Christian Steigüber in Jan Busche et al. (eds), *TRIPS – Kommentar*, 2d ed. 2013, Art. 41, para. 3; Justin Malbon, Charles Lawson, and Mark Davison, *The WTO Agreement on Trade-Related Aspects of Intellectual Property – A Commentary* (2014), para. 41.08.

<sup>120</sup> *Supra* note 62.

<sup>121</sup> *Supra* note 12.

<sup>122</sup> JRC, *Licensing Terms of Standard Essential Patents: A Comprehensive Analysis of Cases* (2017), p. 71, available at <https://publications.jrc.ec.europa.eu/repository/handle/JRC104068> (last visited 24.1.2022); cf. Peter Georg Picht, *Wirtschaft und Wettbewerb* 2018, 300, 308.

<sup>123</sup> Until now, the FCJ and the Munich and Mannheim courts have only determined the FRAND compliance of licence offers in a formal sense (e.g. scope of the licence). The HRC Düsseldorf has found that a license offer was discriminatory, cf. HRC Düsseldorf, GRUR 2017, 1219, paras. 170-178. The RC Düsseldorf has deemed an offer not reasonable because it contained patents already licensed by the implementer, GRUR-RS 2021, 50360, paras. 169-217.

<sup>124</sup> RC Munich, GRUR-RS 2020, 50638, para. 203.

FRAND royalties determined by the US court by an astonishing 40541 %. According to the RC Mannheim, however, Motorola's offer did not obviously exceed the FRAND range.<sup>125</sup> Hence, the implementer's FRAND defence was unsuccessful.

In 2021, no anti-suit injunction was granted in SEP disputes. Courts have only issued anti-anti-suit injunctions to protect parties affected by anti-suit injunctions issued in 2020. Whether the decline is temporary or whether courts and parties have realized that anti-suit injunctions are not helping to resolve SEP disputes is unclear. In addition to anti-anti-suit injunctions, the threat of German courts to consider implementers who have applied for an anti-suit injunction as unwilling licensees in later infringement actions may have contributed to the decline in anti-suit injunctions.

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<sup>125</sup> RC Mannheim, BeckRS 2012, 11804.