

**ANTI-SUIT INJUNCTIONS IN PATENT LITIGATION: A RACE TO THE BOTTOM** | *ANTI-SUIT INJUNCTIONS EM DISPUTAS PATENTÁRIAS: UMA CORRIDA SEM VENCEDORES*

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**ABSTRACT** | The article examines anti-suit injunctions and their use in patent disputes. The article traces back the origins of anti-suit injunctions in the United Kingdom and discusses the situations where they can be granted. Then, it examines anti-suit injunctions in patent disputes and presents a case study. The article argues that the current patent system involving essential patents should be reviewed, in order to prevent the proliferation of injunctions issued by courts in different jurisdictions aimed at keeping their ability to judge. In the article we propose a suggestion for reviewing the system.

**KEYWORDS** | *International law. Intellectual property. Patents. Transnational litigation.*

**RESUMO** | O artigo examina as *anti-suit injunctions* e a sua utilização em disputas patentárias. Estuda-se o histórico das *anti-suit injunctions* no Reino Unido e as suas hipóteses de aplicação. Após, examinam-se as *anti-suit injunctions* em disputas patentárias. É feito estudo de caso. Argumenta-se que o atual sistema de patentes internacionais envolvendo patentes essenciais deve ser reformado, a fim de se evitar a proliferação de *injunctions* proferidas por cortes em jurisdições distintas que buscam manter a sua jurisdição. Apresentam-se sugestões para um sistema reformado.

**PALAVRAS-CHAVE** | *Direito internacional. Propriedade industrial. Patentes. Litígios transnacionais.*

## 1. INTRODUCTION

It is common that patent disputes span over several jurisdictions, with each lawsuit based on patent rights granted by the local patent office. Considering that the 1883 Paris Convention established that “patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries,” it is not possible in principle to enforce foreign patents at a national court. However, parties to patent disputes have been seeking measures that affect other jurisdictions due to different reasons. They may (i) wish to mitigate the litigation expenses by avoiding multiple lawsuits<sup>1</sup>; (ii) want to prevent the other party from taking measures in another jurisdiction; or (iii) just want to suspend the foreign proceedings in order to reach a global agreement, without fearing that a court renders a decision that tilts the balance in favor of one of the parties.

The potential for an internationalized patent dispute is even greater when the patent-in-suit covers technology that was incorporated into a standard. These patents – called standard essential patents (SEPs) – give to their holders the right to exclude others from using technology that must be employed in order for a device or infrastructure equipment to operate within a specific technical domain employed worldwide<sup>2</sup>.

In this context, it is common for national courts of one state to issue orders that have repercussions in lawsuits handled by national courts of another state, which are related to the lawsuit in the state where the order was issued. Many of those orders are anti-suit injunctions (ASIs), which are addressed to the parties in the proceedings where the order was issued, requiring the parties neither to initiate new proceedings nor to request the suspension of pending proceedings in other jurisdictions.

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1 According to Contreras and Eixenberger (2017), “[g]iven the global nature of much SEP litigation, anti-suit injunctions can serve as valuable tools for containing litigation costs and avoiding inconsistent and incompatible outcomes across jurisdictional borders”.

2 See Lemley (2011) for more on SEPs.

The lawsuits have the same parties and cause of action. The latter is based both on the ownership of patents with similar scopes, even though each patent is a different right, and on the claim that the defendant committed acts of infringement related to similar products or methods.

The history of ASIs can be traced back to England, but it was in the United States where they received this denomination (RAPHAEL, 2019, p. 2). At the outset, these were orders limited to the territory of the court's state that issued them, and they were used as a "method for distribution of jurisdiction among courts of a state, in England or in the independent United States"<sup>3</sup> (MOURA, 2020, p. 1). Only in the 19<sup>th</sup> century were ASIs employed with some frequency regarding proceedings in other states.

ASIs raise reflections on several topics: the limits of a court's jurisdiction, its impacts on sovereignty, and the very requirements for their grant in the countries where they exist as a legal measure. Concerning the international patent system, this subject is thought-provoking in view of the repercussions on comity and the fears on the very sustainability of the system (COTTER, 2021, p. 26). This is a complex topic, which has recently become even more so as will be seen in the following sections. This article aims to provide suggestions of measures that states could take to mitigate the (actual) problems created by ASIs in patent disputes.

To that end, it employs a simple methodology, which encompasses briefly reviewing the literature on the topics of anti-suit injunctions and of current patent disputes and analyzing a case that highlights the argument that the use of ASIs in international patent disputes could be a problem.

## 2. DEFINITION AND A BRIEF HISTORY OF ASIs

Thomas Raphael (2019, p. 2) defines anti-suit injunctions as follows:

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3 Translated by the author.

“An anti-suit injunction is an order of the court requiring the injunction defendant not to commence, or to cease to pursue, or not to advance particular claims within, or to take steps to terminate or suspend, court or arbitration proceedings in a foreign country, or court proceedings elsewhere in the court’s own territorial jurisdiction. The order is addressed to, and binds, the actual or potential litigant in the other proceedings, and is not addressed to, and has no effect on, the other court”.

This was an expansion of the common injunctions, by which the Court of Chancery limited the parties in disputes before the English common law courts from obtaining decisions that were contrary to the principles of equity (RAPHAEL, 2019, p. 37)<sup>4</sup>. There are indications that, in the late 18th century, for the first time a common injunction was addressed to parties in a foreign proceeding. During the 19th century, the practice became well-established inside the British empire<sup>5</sup>. At the end of the century, non-subjects were also the target of such decisions<sup>6</sup>.

English judges justified this indirect interference on courts with the “personal logic” of the injunction, as it targets the parties to the proceeding where it is issued – they do not bind the court of the other proceeding<sup>7</sup>. In the 19th century, the duplicity of proceedings was a reason for the grant of orders by English courts, as well as issues related to the foreign court’s international jurisdiction and the inadequacy of the foreign courts’ interference on assets in an English insolvency (RAPHAEL, 2019, p. 41).

Throughout the evolution of ASIs over the course of the 19th century, judges did not ignore the repercussions of these orders in other jurisdictions, and warned that the granting should be exceptional and the power exercised with restraint. This led to a small number of ASIs targeting foreign proceedings (RAPHAEL, 2019, p. 39).

4 According to Raphael (2019), the common injunctions were granted in two cases: “where the common law would fail to protect an equitable right; and where the ends of justice required interference, for example to put an end to vexatious and oppressive litigation or a multiplicity of suits”.

5 *Grey v The Duke of Hamilton* (RAPHAEL, 2019).

6 See note 12, chapter II in Raphael (2019) for a list of cases. Over time, the first requirement mentioned in the note above fell into disuse, and it was only necessary to show that the ends of justice required the grant.

7 In *Bushby v Munday* (1821), the court recognized the potential antagonism with foreign courts and thought necessary to refer to this justification in the text of the order. For Raphael (2019), the case represents the beginning of the modern jurisprudence on anti-suit injunctions.

However, in the second half of the 20th century, this scenario changed as a result of two forces:

1. The adoption of the concept of *forum non conveniens* as a requirement for stays of proceedings in English courts – whenever the foreign jurisdiction is more appropriate to a proceeding –, rather than the requirements of vexatious and oppressive litigation. Although a stay is not an ASI, Raphael (2019, p. 46) concluded that greater flexibility for the stays impacted the test to grant ASIs<sup>8</sup>.

2. The retaking of equity in *Airways Board v. Laker Airways* as a ground for granting ASIs when the filing of the foreign lawsuit takes place in unconscionable circumstances, giving rise to the unconscionable conduct requirement. More recently, in *Aérospatiale*<sup>9</sup>, the House of Lords decided that an ASI could be granted if the ends of justice required it, in case the foreign proceeding was also vexatious and oppressive. However, the requirement of ends of justice was considered as a wide and flexible concept, allowing the court to keep its jurisdiction even in the absence of frivolous litigation.

This was confirmed in *Airbus v. Patel* (RAPHAEL, 2019, p. 49), which became the reference for the tests required for an ASI to be granted<sup>10</sup> (TIBURCIO, 2019, p. 217). According to Carmen Tiburcio (2019, p. 218), the situations where an ASI can be granted are the following:

8 Thomas Raphael (2019, p. 46) curiously mentions that the rationale that resulted in greater flexibility in English law derived from a greater respect for foreign jurisdiction since the stays are used to suspend proceedings before the English court.

9 *Société Nationale Industrielle NI Aérospatiale v. Lee Kui Jak*.

10 US law provides a similar test: “Generally speaking, however, courts follow some variant of the three-part framework developed by the Ninth Circuit in *E. & J. Gallo Winery v. Andina Licores*. Under the Gallo framework, a court considering a request for an ASI must first determine whether the parties and the issues in the action in which the injunction is sought (the local action) are functionally equivalent to those in the action sought to be enjoined (the foreign action). If not, an injunction barring a party from pursuing the foreign action would not reduce duplicative litigation, and would thus be unjustified. If the parties and the issues are functionally the same, the court must next determine whether resolution of the local action would be dispositive of the foreign action. Generally, a court is unlikely to find that an ASI is justified if the local action does not result in the resolution of the foreign action. Second, the court must assess whether any of the four factors identified by the Fifth Circuit in *In re Unterweser Reederei* are present. These factors include whether the 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) prejudice other equitable considerations.’ Finally, if at least one of the Unterweser factors is present, the court must ask whether the injunction will have a significant impact on international comity. If not, then the ASI may be issued” (CONTRERAS, 2020, p. 3).

“first, those in which the foreign proceeding is vexatious or oppressive; second, those in which the commencement of a foreign proceeding would be unconscionable; third, when the foreign proceeding has commenced in violation of an agreement (jurisdiction and arbitration clauses)”<sup>11</sup>.

From the 1980s onwards, there has been a considerable increase in the number of ASIs granted by English courts; chiefly orders related to contracts, but not only. Thomas Raphael (2019, p. 51) indicates that the causes for that are not clear, since the test made by courts to grant ASIs today is not more flexible than in the past<sup>12</sup>. This was met with a strong opposition from civil law countries, and the European Court of Justice (ECJ) has been against ASIs by English courts<sup>13</sup>.

### 3. ASIs IN PATENT DISPUTES

In theory, an anti-suit injunction, when aimed at preventing the commencement or the suspension of a patent lawsuit in another jurisdiction, does not arise from a contract, although this is not a necessary feature<sup>14</sup>. Therefore, these orders in this type of suits should be less frequent, given that a *contrario sensu* “anti-suit injunctions in cases involving jurisdiction and arbitration clauses have a more favorable framework for their grant” (TIBURCIO, 2019, p. 218). However, we have seen an increasing number of ASIs in patent lawsuits.

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11 Translated by the author.

12 According to Thomas Raphael (2019, p. 51), “[i]t may be that the expansion of the contractual tests has led to a greater comfort with the grant of the remedy, which has transferred itself into a greater willingness to grant non-contractual injunctions”.

13 In *Turner v. Grovit*, the European Court of Justice considered the anti-suit injunctions incompatible with the duty of mutual trust defined in the Brussels Convention of 1968. In *West Tankers and Gazprom*, the ECJ ruled against ASIs. In *Nori Holding*, the English High Court held that West Tankers remained good law.

14 An infringement lawsuit can be filed in the context of a breach of a license agreement with jurisdiction and arbitration clauses.

Certain patent disputes have a global character, that is, the same parties (or their local subsidiaries)<sup>15</sup> litigate over patents from the same family<sup>16</sup> (patents that cover the same technology)<sup>17</sup> and similar products or methods<sup>18</sup>. One patent dispute can involve several jurisdictions. For example, for four years, Vringo and ZTE fought over a pool of patents in twelve different jurisdictions<sup>19</sup>.

The number of lawsuits in a single patent dispute has been considered as a nuisance both by parties and courts. In this context, the litigants have sought measures to prevent the proliferation of proceedings. ASIs have been resorted to in large amounts. Orders to prevent that the opposing party seeks an ASI have been granted (the anti-anti-suit injunctions, or AASI)<sup>20</sup>. Even orders to prevent the grant of anti-anti-suit injunctions (that is, an anti-anti-anti-suit injunction, or AAASI) have been considered<sup>21</sup>.

Yet, the ASIs in patent disputes should also be understood as part of the strategy of the parties to the dispute. Mostly, these orders were granted in lawsuits dealing with standard essential patents, which claim the protection of technology adopted by the industry as the standard to a certain technical domain.

In view of the commitment made by the holders of SEPs to offer licenses in fair, reasonable and non-discriminatory terms (FRAND)<sup>22</sup>, complaints involving SEPs can include a request for the court to arbitrate the

15 The standing of the plaintiff is based on the patent right and that of the defendant in its relation with the acts of infringements recited in the complaint.

16 According to the USPTO, “[a] *patent family is the same invention disclosed by a common inventor(s) and patented in more than one country*”. Available on: <https://www.uspto.gov/learning-and-resources/glossary#sec-P>. Accessed on January 14, 2021.

17 The corresponding patents are often a translation of the first application filed. However, as the national patent offices grant patents under their national laws, besides the rules from the offices themselves, it is common to have differences (not just due to mistranslations) in patents in the same patent family. These differences could amount to differences in scope, resulting in differing analysis of infringement in the various jurisdictions.

18 The same can be said about the products or methods that are targeted in an infringement lawsuit. It is possible that there are differences in the products or methods marketed globally, following local technical rules or due to strategic business considerations by the company.

19 According to Contreras (2020, p. 1), the other countries were Australia, China, France, Germany, India, Malaysia, the Netherlands, Romania, Spain, the United Kingdom, and the United States.

20 As a reflection of the civil-law rejection to anti-suit injunctions, anti-anti-suit injunctions have been granted in countries in that legal tradition.

21 According to Contreras (2020, p. 1), “a procedural move that seeks to prevent a litigant from obtaining an AASI to block another litigant from requesting an ASI”.

licensing royalties<sup>23</sup>. The lawsuit, therefore, can be filed by the owner of the patent rights with a view to preventing that the defendant uses the protected technology, but can also be filed by the implementer of said technology, to whom a license was neither offered nor considered FRAND.

Courts in different jurisdictions such as China and the United Kingdom have affirmed their jurisdiction to determine the FRAND terms in patent lawsuits. However, even though the injunctive relief and damages sought by one of the parties are grounded on the title granted by the local patent office, the discussion over licensing on FRAND terms can involve a portfolio including foreign patents. As a matter of fact, the business practice is that license agreements between large companies contemplate a global patent portfolio.

If a national court is asked to determine royalties in a suit in which large companies with global outreach are parties, it would consider the national patents-in-suit. However, the court may find that it has jurisdiction to issue a judgment in relation to the corresponding patents. In the jurisdictions cited above, courts have found they can arbitrate global royalties<sup>24</sup>. This recent development in patent litigation has made the filing of the lawsuit a defining moment in the dispute.

ASIs appear, in this context, as a measure available to parties fearing that a court in a jurisdiction they consider less favorable issues a decision with global consequences. It is an instrument of forum shopping. Therefore, the high number of ASIs in these disputes in recent years is not a result of the evolution of ASIs (that is to say, its requirements) – which, as mentioned above, have assumed their modern shape in the final quarter of the last century. This reflects, therefore, the increase of patent disputes involving SEPs, which have in many cases been decided by one court that takes an international jurisdiction to issue decisions with an impact on foreign patents.

22 See the IPR Policy of the first standard setting organization, the European Telecommunications Standards Institute: <https://www.etsi.org/images/files/IPR/etsi-ipr-policy.pdf>. Accessed on January 14, 2021.

23 Such a request in the complaint is not required so the party holder can obtain exclusionary remedies, as recently declared by the USPTO, the DoJ and the NIST: <https://www.justice.gov/atr/page/file/1228016/download>. Accessed on January 14, 2021.

24 *Unwired Planet v. Huawei* in the UK. In a dispute between Oppo and Sharp, the Shenzhen Intermediate People's Court has ruled that it can set a global FRAND rate over Sharp's portfolio relating to 3G, 4G and WLAN technology (RENAUD; WODARSKI; GALICA, 2020).



#### 4. A SUSTAINABLE SYSTEM?

In recent years, patent disputes have come into the spotlight because of their increasing international impact<sup>25</sup>. Parties have not only litigated over corresponding patents in various jurisdictions, but have also sought measures that interfered with ongoing disputes in other countries<sup>26</sup>.

5G and Internet of Things (IoT) will give a boost to that, as standardization to enable devices' interoperability will increase even further. In the near-future, not only devices but “also automobiles, medical devices, and even home appliances” will be able to “transmit data within and across national borders” (COTTER, 2021, p. 2).

Thomas Cotter (2021, p. 3) signals two problems regarding current and future patent disputes: (i) the FRAND terms are not clear, so parties bicker over what is fair<sup>27</sup>; (ii) courts do not adjudicate foreign patent rights, as these are territorial, while “commercial realities” are transnational in their nature (patent holders license on a country-by-country basis, but grant worldwide licenses).

Then, a big problem of the “imperfect institutions” (COTTER, 2021, p. 5) is how and where to determine the terms of a global FRAND license. The parties can either voluntarily submit to binding arbitration – for example, the WIPO Alternative Dispute Resolution (ADR) for FRAND disputes (WIPO, 2017) – or to national courts. Yet, as mentioned above, this raises questions about the courts' jurisdiction to hear cases involving foreign patents<sup>28</sup>.

25 According to Cotter (2021, p. 23), “[i]t's not clear where all of this will eventually lead, but it wouldn't be surprising if 2021 witnesses a rising tide of anti- and anti-anti-suit injunctions (and perhaps further permutations)”.

26 To use the terms used by Prof. Cotter, those “measures” are nothing less an attempt to try to “preserve one's own ability to forum-shop, while preventing the other party from doing so” (COTTER, 2021, p. 17).

27 This is one factor why parties choose different fora – forum shopping. Prof. Cotter mentions that courts might have different methodologies to determine what is FRAND, might have different views on license-to-all versus access to all licenses, the availability of injunctions, the meaning of the non-discriminatory aspect of FRAND, the significance of holdup by patent owners versus holdout by implementers, among other differences that might make the national courts of one country to be more appealing than others.

28 It might be interpreted, however, as an issue of contract law, as UK courts do. In any case, the courts need to go over issues of validity and essentiality of the patents, not to mention their value, in order to come to a decision of the license terms to a given portfolio.

The latter option has become more frequent, especially after the 2020 judgment in the *Unwired* case by the UK Supreme Court affirming the lower court's authority to determine global FRAND terms<sup>29</sup>. Until some sort of global agreement is reached, disputes over SEPs should become more frequent, as the first to move will gain advantage in choosing the jurisdiction that will determine global rates.

The most recent and notorious example is the ongoing dispute between Ericsson and Samsung<sup>30</sup>. It shows what commentators have described as “a race to the bottom” and why the system needs to be reformed.

Ericsson and Samsung own patents that are essential to 2G, 3G, 4G, and 5G cellular standards. In 2014, the parties had entered into global patent licenses. They established a cross-license for the reciprocal use of their SEPs. The 2014 agreement expired at the end of 2020, but the parties were not able to extend it.

On December 7, Samsung filed a civil complaint in the Wuhan Intermediate People's Court of Hubei Province with a request to the court to determine the global licensing terms in accordance with FRAND terms for the 4G and 5G SEPs owned by Ericsson and to order Ericsson to bear the costs of the proceedings.

On December 11, Ericsson filed a complaint against Samsung in the US District Court for the Eastern District of Texas (District Judge Rodney Gilstrap), claiming that it failed to license its SEPs on FRAND terms. On that same day, the Wuhan lawsuit was assigned to a collegiate panel.

Samsung then applied for an ASI in the Wuhan Court to prevent Ericsson from seeking relief related to its 4G and 5G SEPs anywhere in the

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29 Other courts have followed the British understanding, including China as shown below. Thomas Cotter (2021, p. 22) notes that civil-law jurisdictions like China reject the doctrine of *forum non conveniens*, which could be invoked for the court not to take a global determination if not appropriate. However, this did not prevent the UK Supreme Court from determining the royalties for Huawei and ZTE in the *Unwired* and *Conversant* cases, even though most of their revenue was not obtained in the UK. It understood that any Chinese court would determine the terms of global FRAND licenses.

30 The facts of the case are based on the files of *Ericsson Inc. et al v. Samsung Electronics Co., Ltd. et al*, No. 2:20-cv-00380-JRG (E.D. Texas).

world. After other filings by Samsung and the posting of a RMB 50 million bond, on December 25 the Wuhan Court issued an ASI enjoining Ericsson from:

“(1) applying for any preliminary and permanent injunctive relief or administrative measures before any courts, customs offices, or administrative enforcement agencies either in China or other countries and regions or through any other procedures against Samsung Electronics Co., Ltd., Samsung (China) Investment Co., Ltd., Samsung (China) Investment Co., Ltd. Wuhan Branch and their affiliates, and other subjects which manufacture, use, offer to sell, sell or import Samsung telecommunications products, in terms of the 4G and 5G SEPs involved in this Case, and the Respondent and its affiliates shall immediately withdraw or suspend such claims that have already been filed;

(2) .applying for the enforcement of any preliminary and permanent injunctive relief or administrative measures or that has been granted or is likely to be granted by any courts, customs offices, or administrative enforcement agencies either in China or any other countries and regions or through any other procedures against Samsung Electronics Co., Ltd., Samsung (China) Investment Co., Ltd., Samsung (China) Investment Co., Ltd. Wuhan Branch and their affiliates, and other subjects which manufacture, use, offer to sell, sell or import Samsung telecommunications products, in terms of the 4G and 5G SEPs involved in this Case;

(3) .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 4G and 5G SEPs involved in this Case and the Respondent and its affiliates shall immediately withdraw or suspend such claims that have already been filed;

(4) .initiating any legal proceedings requesting to determine whether the Respondent and its affiliates have fulfilled their FRAND obligations in terms of the present negotiations for licensing the 4G and 5G SEPs involved in this Case before any courts either in China or other countries and regions, and the Respondent and its affiliates shall immediately withdraw or suspend such claims that have already been filed;

(5) .requesting any courts either in China or other countries and regions to order Samsung Electronics Co., Ltd., Samsung (China) Investment Co., Ltd., and Samsung (China) Investment Co., Ltd. Wuhan Branch to withdraw this application for behavior preservation or to prevent Samsung Electronics Co., Ltd., Samsung (China) Investment Co., Ltd., and Samsung (China) Investment Co., Ltd. Wuhan Branch from applying for the enforcement of the behavior preservation ruling issued by this Court, and the Respondent and its affiliates shall immediately withdraw or suspend such claims that are likely to be filed or have already been filed.”

Under Chinese law, should Ericsson violate the ASI, it would be punished in accordance with China’s Civil Procedural Law and would be subject to substantial fines. Samsung defended that the Wuhan Court legitimately exercised its jurisdiction in issuing the ASI, as it was the court handling the first filed action between Samsung and Ericsson.

Ericsson was then notified by Samsung of the ASI and sought an *ex parte* temporary restraining order (in effect an AASI) to prevent Samsung from interfering with the US lawsuit. On December 28, the Eastern Texas court granted the motion and issued the temporary restraining order.

On January 11, 2021 the US court ordered and enjoined Samsung as follows:

“(1) Take no action in the Chinese Action that would interfere with this Court’s jurisdiction to determine whether Ericsson<sup>11</sup> or Samsung have met or breached their FRAND obligations as they relate to both Ericsson and Samsung’s 4G and 5G SEPs, or that would interfere with any other cause of action before this Court;

(2) Take no action in the Chinese Action that would deprive Ericsson 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; and

(3) Jointly and severally indemnify Ericsson from and against any and all fines or other penal assessments levied against and actually incurred by Ericsson pursuant to the enforcement of the ASI, either on the motion of Samsung, sua sponte by the Wuhan Court, or otherwise, as such pertains, and only as such pertains, to actions Ericsson has taken or takes in the future in the United States to lawfully litigate or adjudicate claims relating to the 4G and 5G SEPs identified or involved in this case.”

Although recognizing the lack of guidance in the case law for the particular circumstances of the case, the Eastern Texas court referred to the test adopted by the Fifth Circuit, known as the Unterweser factors, which require that the court weighs “the need to ‘prevent vexatious or oppressive litigation’ and to ‘protect the court’s jurisdiction’ against the need to defer to principles of international comity”. Further, the judge wrote:

“Pursuant to the Unterweser factors, an injunction against the prosecution of a foreign lawsuit may be appropriate when the 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<sup>31</sup>; or (4) cause prejudice or offend other equitable principles”.

31 The court considered this factor to be inapplicable since Samsung acknowledged that the scope of the ASI is only the breach of contract claims, not Ericsson’s claims for patent infringement.

The court also elaborated on what constitutes litigation that is vexatious or oppressive and a threat to the court's jurisdiction. The court has to consider the following "interrelated factors":

"(1) the inequitable hardship resulting from the foreign suit; (2) the foreign suit's ability to frustrate and delay the speedy and efficient determination of the cause; and (3) the extent to which the foreign suit is duplicative<sup>32</sup> of the litigation in the United States".

The US court clarified that the Ericsson application was not an ASI aimed at the Chinese action, but rather that "Ericsson [was] seeking an anti-suit injunction (sometimes called an anti-interference injunction) to prevent Samsung from attempting to enforce the ASI and thereby interfering with this Court's exercise of its own jurisdiction."

In addition, the judge discussed the Unterweser factors. When dealing with the frustration of a policy of the forum issuing the injunction, it responded to Samsung's argument that the first filing in Wuhan allowed the court to issue the ASI, by saying that both courts could properly exercise jurisdiction over the lawsuits brought before them, and that it was in the public interest for the court to continue to exercise its jurisdiction. Further, the court maintained that the Chinese and the US suits were not duplicative – they "may be factually similar but involve very separate legal questions"<sup>33</sup>.

The court analyzed whether the litigations were oppressive and vexatious from its own perspective and from that of the Chinese court and it concluded that the oppressive and vexatious factor supported the AASI. In addition, the court weighed that the ASI would impose an inequitable hardship on Ericsson by depriving it of the right to bring claims in the US and appeared to

32 Duplicative is when the cases involve the same or similar legal bases or identical claims.

33 The US court's view of the proceedings was the following: "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 determine whether the parties breached or complied with their mutual FRAND obligations. The Wuhan Court is asked to provide a number. This Court is asked to evaluate conduct. The legal questions presented to each Court are different".

give special consideration to Samsung not giving notice prior to the issuance of the order.

Finally, the court considered that the AASI would neither cause prejudice to Samsung, nor offend other equitable principles. In fact, the court mentioned that Samsung had filed a complaint to the US International Trade Commission, seeking injunctive relief against Ericsson for the infringement of its 4G and 5G patents – “the very type of injunctive relief the ASI bars Ericsson from seeking”<sup>34</sup>.

## 5. SUGGESTIONS FOR A MORE SUSTAINABLE SYSTEM

The *Samsung v. Ericsson* case highlights the imperfection of an SEP transnational litigation that sees patents as territorial rights, while holders and implementers enter into global agreements, and that does not provide a determined way of defining royalties terms. These two legal facts, together with the technological development in telecommunications, have resulted in the current state of affairs, where courts – handing down judgments on royalties for global portfolios – grant ASIs in order to protect their jurisdictions against foreign courts that might see themselves as capable of determining royalty rates. One can thus question whether this is a desirable system for patent litigation<sup>35</sup>.

In such a context, the risk of duplicative lawsuits increases, since parties willing to discuss the terms for the complete portfolio will make similar claims at the court they find more advantageous. How to deal with court

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<sup>34</sup> The court referred to Samsung in strong terms: “If Samsung can seek redress of its claims through injunctive relief in the United States, it would be the height of inequity (and hypocrisy) to allow the ASI to tie Ericsson’s hands from doing the same ... The issues present before this Court, the Wuhan Court, the United States International Trade Commission, and elsewhere should be resolved on the merits and not based on unfair economic leverage gained through litigious gamesmanship. Equity demands no less.” It should be observed that Samsung informed that it was not seeking injunctive relief as to any SEPs, that is, all the asserted patents are non-SEPs (MUELLER, 2021a).

<sup>35</sup> According to Thomas Cotter (2021, p. 26), “while I doubt that the present system, with its incentives for forum shopping and jurisdiction-grabbing – and the frictions that may result from a proliferation of anti- and anti-anti-suit injunctions – is sustainable in the long run, things may simply have to deteriorate for a while before any workable compromise is attainable. If nothing else, the next few years promise to provide a wild ride”.

decisions that find different rates? In view of this concern, courts have been granting ASIs. Yet, one may doubt whether this has solved the problem (or made things even worse) by creating an incentive to be the first to file and the first to obtain the anti-suit order, which potentially guarantees that the more advantageous court's judgment will be the only one enforced. However, as seen in the Samsung case, this is not obvious. The other party can seek an AASI (or anti-interference) and the future becomes more uncertain.

In this context, there have been calls for a more certain international process for adjudicating patent disputes.

First, to handle the lack of clarity regarding FRAND terms, the SDOs could determine the rates together with their members. This would require investing in capacities to transform them into a competent price regulator, which they are not. SDOs are organizations tasked with handling technical issues and concluding technical specifications with their members, which become the standards for a certain technical domain. It is not clear whether SDOs would like to meddle with business issues, as it would be a departure from their technical mindset<sup>36</sup>.

Indeed, Anne-Catherine Chriariny confirmed:

“Not only does ETSI not have the competence to intervene and play the role of price regulator, but beyond that it does not seem to want to interfere in this contractual negotiation and be held responsible for the fair and reasonable character of the FRAND license”<sup>37</sup> (Dhenne, 2021).

Second, another option could be granting a specific court with jurisdiction to hear cases involving claims over rates for a global patent portfolio. It has been suggested that it would be the court of the forum of the corresponding SDO where the holder made the commitment to license in FRAND terms. This is the opinion of Anne-Catherine Chriariny:

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36 The only open positions for ETSI as of the writing of this article was for two technical officers for the operations divisions which required a university degree or equivalent in Electronic, Telecommunications, or Information Technology Engineering.

37 According to Chriariny (Dhenne, 2021), “[i]t only has the power to exclude a member who refuses to fulfil its commitment”.

“The intervention of a Judge to set the price in a contract – which by definition is consensual – is debatable ... if negotiations failed, the intervention of a judicial authority will be made necessary to set the license royalty rate in accordance with the FRAND commitment, in order to allow the operator who wishes to use the SEP to be able to do so under fair, reasonable and non-discriminatory conditions. This creates a new difficulty: the appointment of a competent Judge to fix the price of these global licenses between operators established in different States. Given ETSI’s location on French territory (in Nice), the competence of the French Judge seems natural to set a global royalty rate. However, in a questionable way, the English Judge has already assumed that he could also do so” (Dhenne, 2021).

In principle, the fact that the English judge already took the role does not make this option entirely impossible. ETSI members could devise a clause in the members’ declarations stating that the French judge has jurisdiction over the global portfolio. Yet, many questions would be raised, especially if a particular dispute does not have anything to do with France – except for the fact that ETSI is based in Nice. That is a problem: deeming the court in the forum of the defendant as the one with jurisdiction does not have an impact on the current situation, as the defendant in these cases is based in several jurisdictions.

Third, whenever implementers are also members of the same SDO, they could opt for a jurisdiction where they want the royalty cases to be heard<sup>38</sup>. Then, whether they file the lawsuit or the holder, there would be one court with jurisdiction to hear a case on royalty determination. This could not prevent the holder from filing an infringement lawsuit to obtain an injunctive relief in any jurisdiction where acts of infringement are being carried out. It would only grant jurisdiction over the specific issue of royalty determination.

Fourth, states could establish an institution through an international treaty that would rule over royalties. Such a treaty would expressly prevent national courts from arbitrating royalties by transferring these discussions to a specialized institution. This body could either be a permanent court or an arbitral tribunal constituted for each dispute, or hold different characteristics given the numerous factors that need to be taken into account when reaching a

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38 Of course the details should be better thought out in order to prevent the difficulties arising from this more rigid attribution of jurisdiction. The focus should be on reaching solutions that creates a more predictable system.



decision. These discussions involve the evaluation of the patents and include considerations on competition.

The WIPO Arbitration and Mediation Center (the WIPO Center) already has a model for submission of FRAND disputes. It has a list of mediators, arbitrators and experts for patent standards (WIPO, n.d.). As referral to ADR is consensual, it requires the consensus of both parties. They may have agreed to submit royalty disputes to the WIPO Center “in dispute resolution clauses of pre-existing licensing agreements.” Yet, if any such understanding does not exist, the parties can agree to submit their dispute through a submission agreement. These can only refer to specific aspects of the dispute (WIPO, 2017).

Using the WIPO Center, which is part of the international organization in charge of handling IP law issues, seems to be the logical choice to devise a system with more clarity. The mere fact that it has a FRAND ADR procedure suggests that it is well-equipped to adjudicate royalty rates. The advantages frequently mentioned to consider ADR for IP disputes are that: (i) the solutions are less costly and more time-efficient (up to 18 months according to the WIPO submission model), (ii) solutions are cross-border and consolidated in one procedure, and (iii) proceedings are confidential<sup>39</sup>.

However, not always will ADR be more advantageous than court proceedings. As WIPO points out in the Guidance on WIPO FRAND ADR:

“While there is no general response as to whether ADR processes are preferable to conventional court-based IP litigation, each type of ADR has features that, if well managed, can translate into substantial time and cost savings, making them a more affordable and accessible avenue for resolving FRAND-related disputes” (WIPO, 2017).

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39 For example, these were cited at a conference in Strasbourg, France, in 2016, on Resolving IP Disputes outside the Courts through WIPO ADR: [https://www.eipin.org/bilder/congress\\_docs/17th\\_congress/presentations\\_2016/landolt-p.pdf](https://www.eipin.org/bilder/congress_docs/17th_congress/presentations_2016/landolt-p.pdf).

Furthermore, there is criticism that “arbitration gravitates toward the middle between both parties' demands while courts are more likely to enter ‘sharp’ rulings”<sup>40</sup>.

Fifth, another idea has been to create an international patent, allowing for rapid enforcement at the international level:

“An international patent could be created. This would allow for rapid patent enforcement at the international level. Alternatively, one could design the patent system in such a way that international enforcement would not affect national sovereignty. Instead, the international enforcement body could, just like the PCT, only undertake formality checks and then rely on national courts to enforce patents according to their national laws. Such a one-stop shop could facilitate international trade. By allowing one body to determine the FRAND rate at the global level, this system could gather information on validity, essentiality, and infringement from national courts and then use this information to offer a global FRAND licensing rate. This would lead to a significant improvement in efficiency while also relying on national courts to determine the validity, essentiality, and infringement of patents. Additionally, the system could use information gleaned from national courts to determine a global FRAND licensing rate. In this way, a global FRAND licensing rate could be calculated by using enhanced information needed to undertake a global FRAND licensing rate. Presently, the international IP system enables swift international patent filing but not equally swift patent enforcement” (GHAFELE, 2020, p. 20).

Nonetheless, none of the options seem to be preferred by the stakeholders. As Thomas Cotter (2021, p. 26) mentioned, perhaps the situation needs to worsen before a reform is sought. Changes on the rules of conflict of law in patent disputes depend on the political will of states. SDO members could take the matter in their hands, but it is not clear if they want to do so, as they often shift sides in lawsuits.

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40 According to Florian Mueller (2021): “I'm a longstanding critic of the notion that arbitration is the answer to SEP disputes. It's not hard to see why policy makers, competition enforcers, and at times even judges would rather refer parties to arbitration, just so they wouldn't have to deal with the intricacies of SEP licensing. Unlike the other popular alternative dispute resolution method, mediation, arbitration is sure to yield a result. But as Apple explained in a court filing almost a decade ago, arbitration gravitates toward the middle between both parties' demands while courts are more likely to enter “sharp” rulings. The way I always explain this to people is that if you're an implementer of a standard and you're dealing with a SEP holder asking for \$5 per unit when \$0.50 might be more accurate, you can't counterbalance that demand in arbitration: even if you proposed \$0.01, the middle would still be \$2.50, and negative royalties are obviously a non-starter. And that's not the only issue. That is not to say arbitration could never be fair. It depends on the parameters”.

## 6. CONCLUSION

This article analyzed the issue of ASI from the perspective of global SEP disputes.

The ASIs were first defined, with a brief overview of their historical evolution, in order to discuss their development in a non-patent context. We presented the situations in which they are allowed and the problems arising from their characteristic of interfering in proceedings in third countries.

We saw that in countries that allow ASIs their grant is restricted to exceptional situations, bearing in mind considerations regarding comity.

Further, we studied ASIs in patent suits, underlining the possible causes for their growth in number, not only in the jurisdictions where ASIs are allowed, but also in jurisdictions that granted AASIs to prevent the interference in proceedings.

In this regard, we examined a specific type of patent dispute, which involves patents with technology that was incorporated into an international standard defined by an SDO. This type of dispute increased significantly over the past years, given the high value of such cases that are related to technologies employed globally in the telecommunications sector.

Furthermore, we showed that the essential patent disputes involve the analysis of the commitment that the patent holder makes to an SDO in regards to offering to implementers of the patented technology a license under fair, reasonable, and non-discriminatory terms. As a result, courts hear cases to arbitrate royalties, which, in some jurisdictions, led to adjudications of royalties not only related to national patents, but to a global patent portfolio.

This evolution of the case law has made the first movement in a patent dispute a crucial strategic moment. The concern that the other party will obtain an ASI triggered the start of lawsuits in order to ensure that the favored court's decisions will be protected.

Then, we presented the ongoing dispute between Samsung and Ericsson, in which the parties wrestle over FRAND royalties and have sought orders to prevent the other party from obtaining judgments in the foreign court. As a negative example of the current patent transnational litigation, this case highlights why change in the system is called for.

Finally, we proposed some options to reform the system. Change will only take place if states have the will to agree on a solution or if members of SDOs take the matter into their hands.

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