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Many Antagonisms, No Simple Solutions: International Enforcement of Standard Essential Patents

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As reported on Kluwer Patent Blog, the Supreme Court of England and Wales issued a key decision in the Case of Huawei and ZTE vs Conversant and Unwired Planet. Both lawsuits pertain to standard essential patents and seek to resolve how address international commercial activity from a legal perspective. The cases offer a wealth of insights on the complex interplay between standards and patents. Given the brevity of this opinion, I am unable to comment on all of these.

Of interest to me is that the Supreme Court confirmed that the Courts of England and Wales are the appropriate Forum to deal with extraterritorial IP and are in a position to set corresponding FRAND rates. I leave all other issues unaddressed.

The Court justified its position, among other factors, with reference to the Forum Non Conveniens Doctrine. This, in spite of the fact that in the Conversant case neither Huawei nor ZTE consented to having the English Courts decide on the matter. Their exposure to the British markets and IP system is minimal; an argument which the Court dismissed.

Many Antagonisms, No simple Solution

There are many antagonisms that overshadow this decision. Economic activity is increasingly international in character and cross border trade the norm rather than the exception. Alongside WiFi, the telecommunications standards subject to the dispute (3G, 4G/LTE for example), helped build such an international eco system. They contributed to instantaneous communication and have brought the world closer together.

The very instruments that enabled such disruptive change at the global level, remain however tied to a legal framework, which was not designed for this purpose. Markets for technology have outpaced the legal framework that underpins it. Patents remain regulated under national patent law. There is no global patent and it is also highly unlikely that there will ever be a global patent. Geopolitical interests are simply too far away from each other. How to eventually come to grips with this antagonism, remains to be resolved.

Yet, this is not the only antagonism. There also exist inherent tensions between patents and standards. Both instruments aim to foster technological progress. However, how they go along in doing that, sets standards quite apart from patents.

Standards are a success when many different entities adopt them. Patents, to the contrary, do best when they are able to exclude as many as possible. Combine both instruments and you have a recipe for conflict. (also called a standard essential patent…) The 'telecom wars' are an ample illustration of the argument.

The English Take on Standard Essential Patents (SEPs)

It is against this background that the British stand on ICT markets needs to be understood. The British effort to come to grips with extraterritorial SEPs rates is a good illustration of the many antagonisms that surround them. The question however remains if the British approach will be sustainable.

The Forum Non Conveniens Doctrine stems historically from Scots law. The doctrine allows to dismiss a civil action, where an appropriate and more convenient alternative forum exists in which to try the action. It is probably Scotland's most important contribution to private international law. Earlier versions of the doctrine can already be found in 1610 in the case of Vernor v Elvies. The so-called plea of 'forum non competens' goes back to the era where Mary Queen of Scots was beheaded by Elizabeth I.

For me, the doctrine is a symbol of an inherent conflict that prevails between Scotland and England ever since and arguably already before. Scotland, even though being part of the UK, has always preserved its own legal system. I taught International IP law in Edinburgh University during the 'referendum for an independent Scotland' and learned first-hand about the Scottish struggle for self-determination. I also found that there is no simple solution to such tensions.

I just wonder, if a doctrine that is so strongly interwoven with an inherent conflict the United Kingdom has lived with for centuries is the right instrument to resolve the type of conflict that prevails between global technology companies over SEPs. From a political perspective, the doctrine in and by itself is loaded with power struggle and quest for self- determination. To take such a politically burdened concept and apply it to standard essential patents risks, in my view, to further heat the debate.

Anti-Suit Injunctions

The Forum Non-Conveniencs doctrine, can trigger anti-suit injunctions, which again bring along anti-anti-suit injunctions and so on. As there is no limitation to anti-suit injunctions, this can bring cross border SEPs enforcement to a standstill.

Anti-suit injunctions are issued upon the request of a party that 'the other party be enjoined from initiating or from proceeding with a legal action in a different jurisdiction.' Anti-suit injunctions are frequent in common law countries. Most recently, they have however also been used in Germany, which does not have a common law tradition. The Munich regional Court (Landesgericht Muenchen I) recently issued an anti-anti-suit injunction in a FRAND dispute. This is the first of its kind in Germany.

Finds Emmanuel Gaillard: 'In English law, the seminal case was Cohen v Rothfield [1919] 1 KB

410, in which the Court of Appeal ordered a party to withdraw an action commenced in Scotland. Originally designed to prevent foreign litigation that was “oppressive or vexatious,” this practice has become a method for enforcing the English view of the most convenient forum.’ (‘forum conveniens’)

Take Away

For me, both the Forum Conveniens doctrine and the subsequent anti-suit injunctions, remain a symbol of the difficulty a ‘United’ Kingdom is facing. I doubt that their application to SEPs will be of help.

Last week’s decision risks that different Courts around the world could block each other. As anti-suit injunctions trigger anti-anti-suit injunctions and so on, this could result in quite some burden for the technology community. Perhaps, to circumvent this dilemma, an injured party may think it is best to race to Court, which does however also not present itself as a desirable solution. This could bring along fierce competition between various Courts.

There is no easy fix to international economic integration. Perhaps it would be the least complicated, to continue the existing practice of enforcing SEPs in a few key jurisdictions. Going forward, one may want to think how to enhance the coordination mechanisms between the world’s Courts.

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