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# How To Avoid Jurisdictional Clashes On Standard Essential Patents – A Short Summary Of Some Proposals

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The past decade has witnessed a sharp increase in litigation over standard essential patents (SEPs) around the world. National courts in several countries including UK have ruled they can set global FRAND rates, the Unwired Planet case in UK being a notable example. This approach is controversial and has sparked debates over the ability of national judges to impose their determination on FRAND terms over foreign courts. The issuance of anti-suit injunctions (ASIs) and even anti-anti-suit injunctions in several countries have just added further complexity to an already complicated scenario. The on-going WTO row between the EU and China, with the former complaining about recent ASIs issued by Chinese courts, epitomises the current tense situation.

Jurisdictional collaboration on SEPs litigation is thus needed to avoid clashes between national judges. Adjudicating FRAND royalty rates presently constitutes a challenge – a sort of conundrum between the territoriality nature of patent laws and the multi-jurisdictional operation of ICT companies across the globe. The disagreement, the lack of transparency and the systemic inefficiency of FRAND rate determination over patents covering standards points to the need to establish a forum of consistency. The idea of creating a SEP international tribunal which could operate with coherent set of principles and procedures, has thus gained ground. After all, the UK Supreme Court in Unwired Planet pointed out that "[t]he participants in the relevant industry … can devise methods by which the terms of a FRAND licence may be settled, … by amending the terms of the policies of the relevant SSOs [standard-setting organisations] to provide for an international tribunal …".

Specifically, Jorge Contreras has already put forward a proposal to establish a global non-governmental body tasked with putting forth global FRAND rates for all SEP holders with respect to a given standard. The forum – Contreras believes – could be similar to the existing rate-setting bodies established in the area of copyright law, i.e. the US Copyright Royalty Board. And the proposed tribunal would remain functional only to adjudicate matters which relate to the determination of the rate-setting. The forum will be designed in a way that it will not adjudicate any other matters such as breach of contract or antitrust issues which remain subjected to national courts.

Under this proposal, the tribunal could adopt any methodology that can be utilised efficiently to determine the rates. The tribunal could structure FRAND rates on the basis of a reasonable rate schedule (this includes rate which can vary by countries, can be volume based and can also vary by

different tiers in a distribution chain). However, the tribunal's discretion would remain subject to any limitations which may arise out of a SSO's policy. All evidence regarding the patented and unpatented technology involving a standard would be collected by the FRAND tribunal to "determine an aggregate (top-down) royalty rate for the standard as a whole, and appropriately apportion royalties among all holders of essential patents." Thus, adopting this approach would make sure that royalty rates are equally distributed among all SEPs owners.

Transparency would be encouraged under this proposal. Indeed, the international tribunal's proceedings and the schedule of FRAND allocations to each SEP holder would need to be different from the privately conducted (and confidential) arbitration proceedings. They should remain open to the public for increasing consistency, allowing national courts and adjudicators to potentially determine a unified rate for the standard. Contreras also argued that national courts should voluntarily "stand down" from determining global FRAND royalty rates and instead restrict their adjudication to royalties pertaining to patents issued within their home countries in order for the international tribunal to develop a more thorough, effective, and transparent methodology for resolving FRAND licencing disputes.

Similarly to Contreras, Roya Ghafele has recommended the adoption of an international body (via an international treaty) to determine a global FRAND rate. Such a system "could gather information on validity, essentiality, and infringement from national courts and then use this information to offer a global FRAND licensing rate." (Ghafele 2020). Several attorneys and law firms also agree on establishing a neutral global body for FRAND licensing rates.

Other opinions on setting FRAND licensing disputes have been voiced which focus on soft law mechanisms, instead. Damien Geradin and Dimitrios Katsifis have called for a supranational adjudication body where governments and other actors should take steps to establish SEP "best practices" over licensing disputes and FRAND methodologies. However, Geradin and Katsifis still emphasise the role of national courts in adjudicating FRAND rates. They make the point that national courts can potentially exert "judicial self-restraint" in order to avoid deciding on worldwide licencing rates without both parties' assent and to also restrict the use of ASIs. This, the scholars argue – could materialise through a soft law approach focusing on formulating practices that can serve in the future as a foundation for introducing a binding legal instrument. This means developing an international convention setting norms and rules, which will likely be followed in SEP disputes for preventing conflicts between different jurisdictional clashes or parallel proceedings. Likewise, Thomas Cotter believes that national governments and other actors could build a better consensus on the FRAND calculation aspects with the purpose of minimising the risk of jurisdictional clashes. He also emphasises that governments can consider allocating more efforts to adopt approaches for "developing the sort of empirical evidence that can enhance rational decision-making with regard to SEPs and FRAND."

In their paper, Geradin and Katsifis also underlined the above approach through "some minimum steps" which governments can take: "It could be for example that two different national courts have been asked to set global FRAND rates for the same portfolio. Or it could be that one court is seized of the FRAND issue while another court is asked to grant injunctive relief in the context of patent infringement proceedings." (Geradin and Katsifis, 2021; see footnote: 134 of the paper) Yet, according to them, such strategy may not be particularly effective and may even encourage tactical litigation. Rather, the connection of the dispute to the forum could be considered as the deciding factor: in the context of the global rate setting, this could be the jurisdiction in which the major part of the patents that constitute the SEP portfolio have been granted or where the vast majority of the

infringing products are sold.

Another opinion has been voiced by Eli Greenbaum. She points out that merging all relevant SEP disputes in a unique judicial forum should not be the solution – this is because FRAND litigations are "particularly unamenable to centralization, and the costs of centralizing FRAND disputes are high". She also argues that typical FRAND commitments are abrupt and ambiguous which often leaves parties without any direction during a disagreement over the availability of the royalties with respect to the technology. Instead, having a recognised (and enforceable) FRAND commitment by SEP owners can act as a mechanism to ease the heavy jurisdiction-by-jurisdiction costs of litigation. Greenbaum suggests that FRAND commitments should be changed to include a territorial forum selection provision that, absent other agreement by the parties, allows national courts to adjudicate FRAND licensing disputes. Under this proposal SSOs could offer "choice-of-law" rules within their own patent policies which also includes incorporating cost saving rules and procedures. Greenbaum further highlights the American Law Institute's proposed principles for transnational IP disputes in the light of FRAND disputes, focusing on the need for direct communication between the various national courts handling FRAND cases in order to find ways to pool resources and come to agreements on effective cross-border processes.

Finally, a proposal has been made to create an "International Panel on Multijurisdictional SEP Litigation" which could be composed of judges from major jurisdictions and determine whether certain disputes should be resolved in one country or another, or whether (or to what extent) parallel proceedings are tolerable because of a different focus. This new forum would be based on the "Judicial Panel on Multidistrict Litigation" in the US, which comprises seven members from various circuits and districts. The panel is vest with the authority to move cases to specific locations and is also legally recognised by statute under 28 U.S.C. 1407. Under a similar approach, the parties to a SEP cross-jurisdictional dispute would have the option of asking for a panel decision.

All these proposals are academically interesting. They aim at finding a solution to a thorny issue – how to avoid or at least minimise jurisdictional clashes when adjudicating SEPs disputes, especially the quantification of FRAND licensing fees. Doubts remain as to whether such proposals are practically implementable, though. On the other hand, what is clear is that if no tangible change is brought, the risk is that the current jurisdictional "jockeying" between national judges (Yu – Contreras 2020) gets out of control and further exacerbates the already existing geopolitical tensions in the global ICT market (Colangelo – Torti 2022). So something must be done … but what?

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