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The Rise of FRAND Interim Licenses

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Standard Essential Patents (SEPs) are at the heart of global technology markets, particularly in 4G/5G communications. While SEPs ensure interoperability, they also raise significant licensing challenges. As is known, to curb potential abuses, SEP holders must commit to licensing their patents on FRAND terms. However, determining what **qualifies** as “fair” and “reasonable” remains contentious.

This ongoing uncertainty has fueled international forum shopping, with SEP holders favouring jurisdictions and fora where injunctive relief is more readily available, e.g., Germany or the U.S. International Trade Commission, while some implementers seek declaratory relief in implementer-friendly jurisdictions like China. In this global context, the UK courts have turned their attention to a tool which has recently gained significant attention: FRAND interim licenses.

The UK Court of Appeal rules ...

Interim licenses are designed to “hold the ring” during ongoing FRAND disputes, preventing **hold-up** by SEP holders while ensuring implementers do pay for the use of the patented technology. Courts thus determine a preliminary royalty rate, subject to later adjustment once final FRAND terms are decided. This pragmatic solution has recently gained traction in the UK following key recent decisions: *Panasonic v. Xiaomi* (October 2024), *Nokia (Alcatel-Lucent) v. Amazon* (January 2025), and *Lenovo v. Ericsson* (February 2025).

The first major case, *Panasonic v. Xiaomi*, addressed whether an implementer was entitled to an interim FRAND license while litigation continued. Xiaomi argued that it had already committed to accepting whatever terms the court deemed FRAND, yet Panasonic was pursuing injunctions in other jurisdictions to pressure it into a settlement. The Court of Appeal found this conduct inconsistent with Panasonic’s FRAND commitments and issued an interim license, thereby preventing coercive litigation tactics. On the other hand, it held that Xiaomi, which was seeking the interim license, was a willing licensee. It was also interestingly held that concluding such licenses “is not merely much less intrusive than an ASI [anti-suit injunction], but also designed to promote the overall resolution of the dispute” (para 68).

Shortly after, in *Nokia (Alcatel-Lucent) v. Amazon*, the Court of Appeal granted Amazon’s request to amend its defence to seek an interim license, reinforcing the principle that SEP holders should not leverage parallel injunction threats to force settlements. The latest case, *Lenovo v. Ericsson*, provided another comprehensive analysis (not very different from those conducted in the previous

two cases), with the Court of Appeal addressing four key factors, i.e. (i) good faith; (ii) FRAND terms; (iii) useful purpose; and (iv) comity.

The court first analysed whether Ericsson's aggressive global litigation strategy was consistent with its FRAND duty to negotiate in good faith. While Lenovo had committed to accepting a FRAND determination, by seeking injunctions in the US, Brazil, and Colombia, Ericsson's actions were deemed coercive. The Court of Appeal also emphasised that setting interim terms does not require the exhaustive economic analysis needed for a final FRAND determination. Instead, it used a broad-brush approach, selecting a midpoint between the parties' offers to ensure fairness.

Ericsson had argued that it would refuse to sign an interim license even if ordered. However, the Court of Appeal held that an interim license would serve a useful purpose, as they aim to shift negotiating leverage and signal that SEP holders must act as "willing licensors." Moreover, given the multi-jurisdictional nature of FRAND disputes, the court weighed concerns about jurisdictional overreach. Specifically, granting Lenovo an interim licence – the court noted – would further comity because it would relieve the courts of other countries (i.e. US, Colombia and Brazil Colombia) "of a great deal of burdensome and wasteful litigation" (para 149).

These three decisions send a clear message: the UK courts will not permit SEP holders to use injunction threats to force settlements. Instead, they are willing to impose interim FRAND licenses to maintain commercial stability while substantive FRAND terms are determined.

Global Settlement Between Ericsson and Lenovo

The broader *Lenovo v. Ericsson* dispute has very recently taken a new turn. In early April 2025, Ericsson and Lenovo [announced](#) a multi-year, global patent cross-license agreement, effectively settling their long-running SEP conflict.

Under the settlement, all ongoing litigation and administrative proceedings between the companies will be withdrawn. The remaining disputes are now set to be resolved through arbitration, highlighting the growing role of alternative dispute resolution. This also reinforces the idea that arbitration can serve as a tool for resolving complex global SEP disputes especially when litigation threatens to spiral across multiple jurisdictions.

Comparative Approaches: Germany, US, and China

Outside the UK, however, courts have largely been reluctant to impose an interim license. Under German law, for example, implementers can [prevent](#) injunctions by declaring their willingness to license, submitting a counteroffer, and providing security. Yet, the German system does not seem to recognise interim licenses.

US courts for their part discourage injunctions in SEP disputes, emphasising monetary damages as an adequate remedy. While courts have set FRAND royalty rates through litigation, e.g. in *Microsoft v. Motorola*, they have not forced SEP holders to grant interim licenses before final adjudication. However, in *Netgear v. Huawei*, Netgear requested an interim license as an alternative to an anti-suit injunction, an unprecedented argument in US courts. A ruling is currently pending.

Chinese courts have been [proactive](#) in setting global FRAND rates and issuing anti-suit injunctions but have yet to impose interim licenses. Nevertheless, China's growing influence in FRAND

litigation may lead to future developments in this area.

Conclusion

The UK's interim license approach has sparked debate, with some commentators arguing that it mitigates **hold-up risks** and prevents **forum-shopping** tactics. What is certain is that the emergence of FRAND interim licenses in the UK represents a significant shift in SEP litigation strategy.

However, achieving broader international harmonization remains challenging. As FRAND disputes continue to evolve, regulatory and judicial interventions that curb the threat of injunctive hold-up should be welcomed. The *Ericsson-Lenovo* global settlement highlights that parties may ultimately prefer arbitration and negotiated licenses over years of costly litigation.

Given the scale of SEP involvement in modern technologies, from smartphones to IoT devices, a world where each SEP owner can enjoin entire product lines would be unworkable. Thus, mechanisms like interim FRAND licenses, which channel disputes into fair royalty adjudication rather than coercive injunctions, and global interim settlements may become an increasingly critical tool for achieving commercial stability in a complex, fragmented legal landscape.

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