

CPI's North America Column Presents:

A Ringing Endorsement of “Regulatory Humility”: The New U.S. Statement on Remedies for Infringement of Essential Patents

By James F. Rill, Dina Kallay & James G. Kress¹



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I. INTRODUCTION

On December 19, 2019, with little fanfare, the U.S. Department of Justice, Antitrust Division (“DOJ”), U.S. Patent and Trademark Office (“USPTO”), and the National Institute of Standards and Technology (“NIST”) issued a joint U.S. government policy statement (“Policy Statement”) on remedies for infringement of standards-essential patents (“Essential Patents”) that are subject to voluntary fair, reasonable and non-discriminatory (“FRAND” or “F/RAND”) commitments.² Described as a product of extensive consultations among its signatory agencies and others within the Administration, the Policy Statement summarizes the Administration’s policy positions with respect to available remedies for infringement of Essential Patents and - by more directly focusing on the protection of innovation and dynamic competition - restores balance to the issue.

While the Policy Statement has received criticism from some quarters,³ and will undoubtedly be unpopular with those who may have benefited from the Obama Administration’s treatment of this issue, in many ways it reflects a straightforward endorsement of “regulatory humility”⁴ and basic patent law principles. The Policy Statement also reflects a firm belief that federal courts and the International Trade Commission (“ITC”) are well-equipped to discern the facts and apply traditional equity factors in the actual cases before them, and that they can do so in cases that involve Essential Patents and FRAND commitments - as with any other patents - without need for special rules, presumptions or pre-conceived notions of what may (or may not) be in the public interest.

II. THE 2013 POLICY STATEMENT

The Policy Statement supersedes a now-withdrawn January 2013 DOJ-USPTO policy statement (“2013 Statement”) that also addressed remedies for patents subject to FRAND commitments.⁵ The 2013 Statement expressed the DOJ-USPTO views of that time on how the ITC should consider FRAND commitments when considering “injunctive relief . . . or exclusion orders in investigations under section 337 of the Tariff Act of 1930” for infringement of Essential Patents.⁶ At its core, the 2013 Statement focused heavily on concerns based on the potential for “patent hold-up” in the standardization context.⁷ Under that theory, the owner of patented technology adopted into a standard may “potentially take advantage of it by . . . asserting the patent to exclude a competitor from a market or obtain a higher price for its use than would have been possible before the standard was adopted.” And, while the empirical record of hold-up is murky at best, the theory assumes that “hold-up generates unwarranted higher royalties and those royalties are passed on to consumers in the form of higher prices.”⁸

Although praised by some for its “balanced approach” due to its recognition that there could be an exception to the *de facto* bar on exclusion orders it advocated in cases of so-called

“unwilling licensees,” the 2013 Statement focused almost entirely on the potential for “opportunistic” behavior by patent owners and paid scant attention to the tactics that technology users could engage in to avoid taking a FRAND license (“hold-out” or “reverse hold-up”). As important, the 2013 Statement paid no attention to the potential harms from such licensee conduct on technology contributors, innovation incentives or to the standardization process that depends upon such voluntary participation and technical contributions.⁹ As a result, in the eyes of many, the 2013 Statement endorsed an imbalanced view of a FRAND commitment as a “bargaining chip” benefit for technology users, while ignoring its concomitant role in ensuring an adequate and fair reward to the contributors to technological standards.

The origins of the 2013 Statement did little to reassure the innovation community. While it was not accompanied by an explanatory press release, the 2013 Statement’s issuance is widely thought to have been tied to the prior administration’s support for Apple in its U.S. and worldwide patent litigations with Samsung Electronics (and other rivals). As one part of the Samsung-Apple litigations, Samsung brought a Section 337 case at the ITC, seeking an exclusionary order against Apple based on its alleged infringement of Samsung essential patents and alleging that Apple had failed to negotiate in good faith towards a license. Apple raised similar allegations regarding Samsung’s license negotiation conduct as a defense.¹⁰ In June 2013, five months after the 2013 Statement’s release, the ITC determined that: (i) Samsung had negotiated in good faith and that Apple had shown no breach of Samsung’s FRAND commitment;¹¹ and that (ii) Apple had failed to negotiate in good faith and had engaged in “reverse patent hold-up.”¹² Based, in part, on these findings, the ITC determined that the appropriate remedy for Apple’s infringement was an exclusion order prohibiting Apple from importing certain infringing devices.¹³ That decision was quickly followed by a rare proactive exercise of the President’s authority to evaluate ITC exclusion orders, when in August 2013, the U.S. Trade Representative (“USTR”) vetoed the ITC’s June 2013 exclusion order. The USTR’s reasoning for its actions relied heavily on the 2013 Statement for support – notwithstanding the tribunal’s factual findings regarding the parties’ licensing conduct.¹⁴

III. DOJ AND USPTO WITHDRAW THE 2013 POLICY STATEMENT

On December 7, 2018, Assistant Attorney General for Antitrust Makan Delrahim foreshadowed the new Policy Statement when he announced the DOJ’s withdrawal of its assent to the 2013 Statement.¹⁵ Explaining the reasons for this decision, AAG Delrahim noted that “patent law already strikes a careful balance that optimizes the incentive to innovate, for the benefit of the public. The test was articulated by the Supreme Court in *eBay v. MercExchange*.” He further noted that the 2013 Statement created “confusion” and should not have been construed “as a limitation on the careful balance that patent law strikes to optimize the incentive to innovate.” Finally, AAG Delrahim also noted the “potential for

confusion” from the 2013 Statement remained because by indicating that exclusion orders “may harm competition and consumers,” it had been understood to require an “antitrust inquiry that is distinct from the goal of optimizing the incentives for innovation—namely, dynamic competition.”

The USPTO did not immediately follow suit. Rather, in September 2019, Under Secretary of Commerce for Intellectual Property and Director of the USPTO, Andrei Iancu, revealed that the USPTO was also studying the issue of “remedies for infringement of patents subject to FRAND commitments,” and noted that any new policy “should be balanced and structured to incentivize technological development and growth of the standards-based industries. . . . [A]ny policy statement should incentivize good faith negotiations and dis-incentivize threats of either patent hold-up or patent hold-out.”¹⁶ Echoing the rationale of AAG Delrahim, Director Iancu further explained that “[g]overnment policy must ensure balance between patent owners and potential licensees,” and that continued incentives to “contribute to voluntary consensus standards organizations” must be maintained.¹⁷

IV. KEY ELEMENTS OF THE POLICY STATEMENT

The Policy Statement and accompanying press releases confirm the following key propositions:

1. **The Remedies Available for Essential Patents Are No Different Than Remedies for Non-Essential Patents.** At its heart, the Policy Statement makes clear that while the nature and scope of the FRAND commitment and the parties’ conduct in particular cases are relevant factors for the applicable court or adjudicative licensing body, Essential Patents “should be treated no differently than any other patents, such that all remedies are available depending on the facts of the case”¹⁸ and that “no ‘special set of legal rules’ apply” to that determination.¹⁹ Accordingly, “the remedies that may apply in a given patent case include injunctive relief, reasonable royalties, lost profits, enhanced damages for willful infringement, and exclusion orders issued by the U.S. International Trade Commission” and each of those should be “equally available in patent litigation involving standards-essential patents.” The appropriateness of a remedy in a given case should be decided according to the same “general framework” as in any other patent case.²⁰

Contrary to certain critiques, nothing in the Policy Statement suggests that the factual context of patents inclusion in a standard and/or the FRAND commitment are irrelevant to the determination of an appropriate remedy in a particular case. Rather, the Policy Statement expressly acknowledges that “the particular F/RAND commitment made by a patent owner, the SDO’s [Standard Development Organization’s] intellectual property policies, and the individual circumstances of licensing negotiations between patent owners and implementers all may be relevant in determining remedies for infringing a

standards-essential patent, depending on the circumstances of each case.”²¹ Where the Policy Statement departs from the 2013 Statement is in trusting the federal courts or the ITC to take these factors into account in particular cases, and to not prejudice their impact or saddle the decisionmaker with generalized presumptions divorced from the facts of the cases before them.

2. **The Licensing Conduct of Both Licensees and Licensors May Be Relevant to the Remedy Determination in a Particular Case.** While the Policy Statement’s comments regarding the desirability of parties working to resolve FRAND disputes have been criticized as mere “generalities,”²² the Agencies made clear that the importance of “good-faith negotiations to reach F/RAND license terms” applied equally to both Essential Patent owners and potential licensees.²³ Given the absence of an enforceable contractual commitment by implementers to the SDOs, the Policy Statement adds to the existing U.S. case law that the FRAND licensing framework’s obligation to negotiate in good faith is a “two-way street,” under which technology users also “posses[...] an obligation to negotiate in good faith and earnestly seek an amicable royalty rate.”²⁴ Indeed, as discussed below, by removing the *de facto* presumption against injunctive relief for infringement of Essential Patents subject to FRAND commitments, the Policy Statement may well increase the likelihood of successfully negotiated outcomes. It accomplishes this by making clear that “[w]hen licensing negotiations fail, . . . appropriate remedies should be available to preserve competition, and incentives for innovation and for continued participation in voluntary, consensus-based, standards-setting activities.”²⁵
3. **Disputes Over FRAND Commitments Are Grounded In and Should Be Resolved by Contract Law.** Finally, the Policy Statement represents another step in the DOJ’s efforts to limit the antitrust intrusion into routine FRAND licensing disputes, which the DOJ views primarily as matters of contract law. Accordingly, the Policy Statement explains that “[t]he 2013 policy statement may also have been misinterpreted to suggest that antitrust law is applicable to F/RAND disputes.” The ITC’s consideration of “competitive conditions in the United States economy” as part of its public interest analysis “does not signify that F/RAND licensing disputes raise antitrust concerns.”²⁶ In this respect the Policy Statement is consistent with DOJ advocacy in recent FRAND litigations that emphasized the Division’s position that: “It is not a violation of United States antitrust law for a[n] [Essential Patent] holder to seek an injunction for patent infringement”²⁷ and also with recent DOJ-USPTO statements explaining that “[t]he obligation to offer a license on FRAND terms sounds in contract law, not patent law... each contract may contain slightly different terms depending on the SDO involved.”²⁸

V. THE POLICY STATEMENT REPRESENTS A BALANCED APPROACH THAT RECOGNIZES THE NEED TO PROTECT INVENTORS AND PROMOTE INNOVATION

The Policy Statement is straightforward about the Administration's underlying goals to better protect and promote dynamic competition, and the incentives for innovators to make contributions to SDOs and to participate in standards-intensive industries. For that reason alone it should be welcomed. Previously, such incentives to participate and contribute were, at best, taken as a given.

As to the more mundane matters of patent policy and respect for the federal judiciary and ITC to enforce the patent laws and weigh equitable considerations, however, the Policy Statement stands on well-established legal footing. According to some critics, the Policy Statement fails to recognize that, for a variety of reasons, including the sheer number of declared Essential Patents, these patents should be seen as different from non-essential patents such that a virtual ban on injunctions to remedy their infringement was necessary to prevent "hold-up."²⁹ Yet, the Policy Statement's rejection of "special rules" for Essential Patents subject to voluntary FRAND commitments is fully consistent with the Supreme Court's *eBay* decision.³⁰ There, in the context of a non-practicing entity seeking to enforce a patent, the Court rejected "categorical rules" and reliance on "broad classifications" when deciding on the availability of injunctive relief, finding them inconsistent with "the principles of equity adopted by Congress."³¹ Rather, the availability of injunctive relief, in all situations, must be evaluated under the traditional four-factor test "consistent with the principles of equity, in patent disputes no less than in other cases governed by such standards."³²

Indeed, a few years later, after the adoption of the 2013 Statement, the Federal Circuit in *Apple v. Motorola* applied *eBay* in the context of claimed infringement of Essential Patents to reject a proposed *per se* ban on injunctions as a remedy for infringement of such patents.³³ The Federal Circuit's reasoning in that case is echoed by the Policy Statement:

To the extent that the district court applied a *per se* rule that injunctions are unavailable for SEPs, it erred. . . .The framework laid out by the Supreme Court in *eBay* . . . provides ample strength and flexibility for addressing the unique aspects of FRAND committed patents and industry standards in general.³⁴

Thus, like the Supreme Court and Federal Circuit, the Policy Statement does not take the view that a patent's status as "essential" to a standard or the patent holder's specific FRAND commitment are irrelevant to the inquiry. Rather, they are simply factors, among others, that courts can and should consider as part of their traditional equitable interest analysis.

Another criticism directed at the Policy Statement is that it is too general and therefore does not provide sufficient guidance or clarity for the courts.³⁵ While "clarity" in the form of bright line rules or presumptions may be efficient, courts deciding such patent cases have hardly clamored for such "bright line" guidance. Indeed, the Court of Appeals for the Federal Circuit

has twice rejected the suggested benefits of such “clarity” when dealing with Essential Patents. First, in *Ericsson v. D-Link*,³⁶ the Federal Circuit was urged by multiple *amici*, including the American Antitrust Institute (AAI), to apply a damages standard in cases for infringement of Essential Patents that differed from that applied in other cases, and to instruct juries accordingly.³⁷ In explicitly rejecting this proposition, the court reasoned:

We believe it unwise to create a new set of *Georgia Pacific*-like factors for all cases involving RAND-encumbered patents. Although we recognize the desire for bright line rules and the need for district courts to start somewhere, courts must consider the facts of record when instructing the jury and should avoid rote reference to any particular damages formula.³⁸

The Federal Circuit there also held that the “district court need not instruct the jury on hold-up or stacking unless the accused infringer presents actual evidence of hold-up or stacking.” In doing so, the Court implicitly rejected the approach of the 2013 Statement to assume the existence of a hold-up problem when considering remedies, regardless of the evidentiary basis.

Second, as referenced above, the Federal Circuit in *Apple v. Motorola*³⁹ rejected calls to adopt a “bright line rule” against issuance of injunctions in case of FRAND-assured patents. There, too, the Court noted that: “While Motorola’s FRAND commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some *amici* urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents.”⁴⁰

Thus, authoritative interpretation of U.S. patent law, like the Policy Statement itself, has refused to elevate “clarity” over a nuanced examination of “the evidence on the record before it,” nor to presume “hold-up” when “there is no competent evidence” in the record before it.⁴¹

Finally, while critics have suggested that the 2013 Statement was already “balanced” as between the interests of technology contributors and the users of such standards given its recognition that injunctions may be available in exceptional cases of “unwilling licensees,” the 2019 Policy Statement reflects the additional experience gained in dealing with Essential Patents disputes. At least in some cases, that experience from Judges on the front-lines of such patent battles have suggested that an outright prohibition on injunctions or exclusion orders would serve as a disincentive to good faith licensing negotiations and would encourage licensee hold-out.

According to ITC Administrative Law Judge Theodore Essex, for example, his study of the telecommunications industry led him to conclude that the implementers of the standards, not the Essential Patent owners, have resisted good faith licensing negotiations because they know that their worst fate upon finding infringement is the payment, years later, of the same FRAND rate they should have paid for their use of the technology in the first place. As such,

Judge Essex noted that infringers are “able to shift the risk involved in patent negotiation to the patent holder . . . There is no risk to the exploiter of the technology in not taking a license before they exhaust their litigation options if the only risk to them for violating the agreement is to pay a FRAND based royalty or fee. This puts the risk of loss entirely on the side of the patent holder, and encourages patent hold-out, which is as unsettling to a fair solution as any patent hold up might be.”⁴² Accordingly, ALJ Essex concluded on the factual record in that case that to incentivize such patent hold-out by removing the realistic threat of injunctive relief was *not* in the public interest.⁴³

The former Chief Judge of the Federal Circuit – no stranger to patent disputes – also noted that:

Market analysts will no doubt observe that a “hold out” (i.e., an unwilling licensee of an SEP seeking to avoid a license based on the value that the technological advance contributed to the prior art) is equally as likely and disruptive as a “hold up” (i.e., an SEP owner demanding unjustified royalties based solely on value contributed by the standardization). These same complex factual questions regarding “hold up” and “hold out” are highly relevant to an injunction request.⁴⁴

While these two observations and data points are not meant to suggest that “hold out” is always a problem or that “hold up” is never an issue, they are supportive of the notion that the Policy Statement’s “more balanced” position was warranted.

VI. CONCLUSION

The Policy Statement should be recognized as a major development in the role of competition policy when it comes to the evaluation of remedies for the infringement of Essential Patents subject to voluntary FRAND commitments. The Policy Statement lifts the Administrative Branch’s “thumb” from the scales of equity entrusted to federal courts and the ITC, thus allowing them to develop further evidence-based case law in this area. Whether the Policy Statement can accomplish its more ambitious goal of setting “a positive example for [non-U.S.] jurisdictions that have sought to diminish the value of [Essential Patents]”⁴⁵ remains to be seen. Regardless, by encouraging that Essential Patent licensing disputes should be decided by the courts based on the record evidence in particular cases and their inherent powers to do equity, the signatories to the Policy Statement have offered a welcome endorsement of “regulatory humility” and elevated the importance of the actual evidence and innovation in considerations of the public interest analysis.

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- ¹ Dina Kallay is Head of Antitrust (IPR, Americas & Asia-Pacific) at Ericsson. James Rill and James Kress are Senior Counsel and Partner, respectively, in the Antitrust and Competition Law practice at Baker Botts LLP. The views expressed here are the authors' alone and do not necessarily represent the views of Ericsson or Baker Botts.
- ² Press Release, U.S. Department of Justice, *Department of Justice, United States Patent and Trademark Office, and National Institute of Standards and Technology Announce Joint Policy Statement on Remedies for Standard-Essential Patents* (Dec. 19, 2019), <https://www.justice.gov/opa/pr/departments-justice-united-states-patent-and-trademark-office-and-national-institute-standards> ("DOJ Press Release"); Press Release, U.S. Patent and Trademark Office, *U.S. Patent and Trademark Office releases policy statement on standards-essential patents subject to voluntary F/RAND commitments: Extensive Discussions Yield Balanced Policy* (Dec. 19, 2019), <https://www.uspto.gov/about-us/news-updates/us-patent-and-trademark-office-releases-policy-statement-standards-essential> ("USPTO Press Release").
- ³ See Michael Carrier, *INSIGHT: New Statement on Standard-Essential Patents Relies on Omissions, Strawmen, Generalities*, Bloomberg Law - IP Law News (Jan 13, 2020), <https://news.bloomberglaw.com/ip-law/insight-new-statement-on-standard-essential-patents-relies-on-omissions-strawmen-generalities>; Herbert Hovenkamp, *Justice Department's New Position on Patents, Standard Setting, and Injunctions*, *The Regulatory Review* (Jan. 6, 2020), <https://www.theregview.org/2020/01/06/hovenkamp-justice-department-new-position-patents-standard-setting-injunctions/>.
- ⁴ In *Robert Bosch GmbH*, FTC File No. 121-0081 (Nov. 26, 2012), FTC Commissioner Maureen K. Ohlhausen dissented from an FTC consent decree which imposed Section 5 liability based on allegations of Essential Patent "hold-up" conduct, including the pursuit of injunctions for infringement. As one ground for her dissent, Commissioner Ohlhausen noted that the FTC's "enforcement policy appears to lack regulatory humility" by implying that the FTC's "judgment on the availability of injunctive relief on FRAND-encumbered SEPs is superior" to that of courts and the ITC (Dissenting Statement of Commissioner Maureen K. Ohlhausen, https://www.ftc.gov/sites/default/files/documents/public_statements/statement-commissioner-maureen-ohlhausen/121126boschohlhausenstatement.pdf).
- ⁵ U.S. Department of Justice and U.S. Patent and Trademark Office, *Policy Statement on Remedies for Standards Essential Patents Subject to Voluntary F/RAND Commitments* (Jan. 8, 2013) (withdrawn), <https://www.justice.gov/atr/page/file/1118381/download>.
- ⁶ *Id.* at 1 ("[DOJ and USPTO] ... provide the following perspectives on a topic of . . . whether injunctive relief in judicial proceedings or exclusion orders in investigations under section 337 of the Tariff Act of 1930 . . ."). See also Policy Statement at 3 note 6.
- ⁷ The "patent hold-up" theory also exists outside the Essential Patents realm. See Federal Trade Commission, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies With Competition* (2011) at 26, 58 and 79 (developing and explaining the patent hold-up theory outside the context of Essential Patents), <https://www.ftc.gov/sites/default/files/documents/reports/evolving-ip-marketplace-aligning-patent-notice-and-remedies-competition-report-federal-trade/110307patentreport.pdf>. Since the 2013 Statement appeared to be aimed at supporting certain market players' positions in litigation involving Essential Patents, it did not reference hold-up outside the Essential Patents context.
- ⁸ 2013 Statement at 4.
- ⁹ See e.g. Richard A. Epstein and Kayvan Noroozi, *Why Incentives for "Patent Holdout" Threaten to Dismantle FRAND, and Why It Matters*, *BERKELEY TECH. L. J.*, Vol. 32:1381 (2018), <https://doi.org/10.15779/Z38WD3019B>.
- ¹⁰ *Certain Electronic Devices, including Wireless Communication Devices, Portable Music and Data Processing Devices and Tablet Computers*, Inv. 337-TA-794 (ITC Opinion) (public version issued July 5, 2013), <https://essentialpatentblog.lexblogplatform.com/wp-content/uploads/sites/64/2013/07/337-TA-794-Commission-Opinion-Public-Version.pdf>. Interestingly, the DOJ Antitrust Division had opened an antitrust investigation into Samsung's patent-related conduct in its battle with Apple, which it later closed without action or any finding that Samsung's efforts to enforce its Essential Patent rights had violated the antitrust laws. DOJ referenced the 2013 Statement in the press release announcing the close of the Samsung investigation. See Department of Justice Press Release, *Statement of the Department of Justice Antitrust Division on Its Decision to Close Its Investigation of Samsung's Use of Its Standards-Essential Patents* (Feb. 7, 2014), <https://www.justice.gov/opa/pr/statement-department-justice-antitrust-division-its-decision-close-its-investigation-samsung>.
- ¹¹ *Certain Electronic Devices, including Wireless Communication Devices, Portable Music and Data Processing Devices and Tablet Computers*, Inv. 337-TA-794 (ITC Opinion) at 59.
- ¹² *Id.* at 62-63 ("Apple's submission to the Commission . . . indicates that Apple has no intention of paying Samsung any royalties until after the conclusion of litigation . . . Apple's position illustrates the potential problem of so-called reverse patent hold-up, a concern identified in many of the public comments received by the Commission. In reverse patent hold-up, an implementer utilizes declared-essential technology without compensation to the patent owner under the guise that the patent owner's offers to license were not fair or reasonable. The patent owner is

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- therefore forced to defend its rights through expensive litigation.”).
- ¹³ *Certain Electronic Devices, Inv. 337-TA-794*, Notice of the Commission’s Final Determination Finding a Violation of Section 337; Issuance of a Limited Exclusion Order and a Cease and Desist Order; Termination of the Investigation (ITC) (June 4, 2013), https://www.usitc.gov/secretary/fed_reg_notices/337/337-794_notice06042013sgl.pdf.
- ¹⁴ Letter from Michael Froman, U.S. Trade Representative to Irving Williamson, International Trade Association Chairman, Re: Disapproval of the U.S. International Trade Commission’s Determination *In the Matter of Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers*, Investigation No. 337-TA-794 (Aug. 3, 2013), https://ustr.gov/sites/default/files/08032013%20Letter_1.PDF. The USTR letter clarified that it did not “revisit the [International Trade] Commission’s legal analysis or its findings based on its record” and that it was “not an endorsement or a criticism of the Commission’s decision or analysis.”
- ¹⁵ Assistant Attorney General for Antitrust, Makan Delrahim, “*Telegraph Road*”: *Incentivizing Innovation at the Intersection of Patent and Antitrust Law*, Remarks Delivered at the 19th Annual Berkeley-Stanford Advanced Patent Law Institute (Dec. 7, 2018), <https://www.justice.gov/opa/speech/file/1117686/download>.
- ¹⁶ Andrei Iancu, Under Secretary of Commerce for Intellectual Property and Director of the USPTO, Remarks delivered at the Standard-Essential Patents Strategy Conference (Sept. 10, 2019), <https://www.uspto.gov/about-us/news-updates/remarks-director-iancu-standard-essential-patents-strategy-conference>.
- ¹⁷ *Id.*
- ¹⁸ USPTO Press release, *supra* note 2, first paragraph.
- ¹⁹ DOJ Press Release, *supra* note 2, third paragraph.
- ²⁰ Policy Statement at 5. While the discussion of the availability of injunctive relief and/or exclusionary orders has received the most attention, the Policy Statement also applies its “no special rules” to *Georgia-Pacific* analysis of reasonable royalty and patent damages. Policy Statement, at 6, citing *Ericsson Inc. v. D-Link Sys. Inc.*, 773 F.3d 1201, 1232 (Fed. Cir. 2014).
- ²¹ Policy Statement at 7.
- ²² See Carrier, *supra* note 3.
- ²³ Policy Statement at 4. See also Policy Statement at 1 (“Steps that encourage good-faith licensing negotiations between standards essential patent owners and those who seek to implement technologies subject to F/RAND commitments by the parties will promote technology innovation, further consumer choice, and enable industry competitiveness”); and 5 (“Similarly, good faith in negotiations involving F/RAND commitments, supported by availability of data and application of best practices, can promote licensing efficiency, just as it can in negotiations involving commitments for patents that are not essential to standards”).
- ²⁴ *Ericsson Inc. v. D-Link Sys. Inc.*, No. 6:10-cv-473 (E.D. Tex.) (Aug. 6, 2013) Memorandum Opinion and Order, at 51. (“RAND licensing also includes an obligation to negotiate in good faith. This obligation is a two-way street. As potential licensees in a RAND negotiation, Defendants possessed an obligation to negotiate in good faith and earnestly seek an amicable royalty rate.”) (The case was appealed to the Federal Circuit on different grounds.) <https://law.justia.com/cases/federal/district-courts/texas/txedce/6:2010cv00473/125363/615/>.
- ²⁵ Policy Statement at 1-2.
- ²⁶ Policy Statement at 4, note 9.
- ²⁷ Statement of Interest of the United States, *Lenovo (United States) v. IPCOM GMBH*, No. 5:19-cv-01389 (N.D. Cal.) (Oct. 25, 2019), ECF No. 36, at 7 *et seq.*, <https://www.justice.gov/atr/case-document/file/1213856/download>.
- ²⁸ Brief for the United States of America as Amicus Curiae in Support of Neither Party, *HTC v. Telefonaktiebolaget LM Ericsson*, No. 19-40566 (5th Cir.) (Oct. 30, 2019), ECF No. 00515181269, at 11, <https://www.justice.gov/atr/case-document/file/1214541/download>, citing *Ericsson Inc. v. D-Link Sys. Inc.*, 773 F.3d 1201, 1231 (Fed. Cir. 2014). The brief was signed by both the DOJ and USPTO.
- ²⁹ See, e.g. Hovenkamp, *supra* note 3.
- ³⁰ *eBay v. MercExchange*, 547 U.S. 388, 126 S. Ct. 1837 (2006).
- ³¹ *Id.* at 1840.
- ³² *Id.* at 1841.
- ³³ *Apple v. Motorola*, 757 F.3d 1286 (Fed. Cir. 2014), *overruled on other grounds by Williamson v. Citrix Online*, 792 F.3d 1339 (Fed. Cir. 2015) (*en banc*).
- ³⁴ Policy Statement at 6, citing *Apple v. Motorola* at 1331.
- ³⁵ See, e.g. Carrier, *supra* note 3.
- ³⁶ *Ericsson Inc. v. D-Link Sys. Inc.*, 773 F.3d 1201 (Fed. Cir. 2014).
- ³⁷ *Id.* at 1230 and 1233 (“In a case involving RAND-encumbered patents, many of the Georgia-Pacific factors simply are

not relevant; many are even contrary to RAND principles. See Br. of Amici Curiae American Antitrust Institute”) (“D-Link argues that the jury should have been instructed on the concepts of patent hold-up and royalty stacking because it argues that the jury should know the mischief that can occur if RAND royalty rates are set too high. Many of the amicus briefs echo D-Link’s concerns. See AAI Br. 4–9; Br. of Amici Curiae Cisco Sys., Inc., et al. (“Cisco Br.”) 14–19; Br. of Amici Curiae Broadcom Corp., et al. (“Broadcom Br.”) 10–14”).

³⁸ *Id.* at 1232.

³⁹ *Apple v. Motorola*, 757 F.3d 1286 (Fed. Cir. 2014), *overruled on other grounds by Williamson v. Citrix Online*, 792 F.3d 1339 (Fed. Cir. 2015) (*en banc*).

⁴⁰ *Id.* at 1331-1332.

⁴¹ *Ericsson Inc. v. D-Link Sys. Inc.*, 773 F.3d 1201 at 1234, citing *Nestier Corp. v. Menasha Corp.-Lewisystems Div.*, 739 F.2d 1576, 1579–80 (Fed. Cir. 1984).

⁴² *Certain Wireless Devices with 3G and/or 4G Capabilities and Components Thereof*, Inv. No. 337-TA-868, ITC Initial Determination on Violation of Section 337 and Recommended Determination on Remedy and Bond (public version issued June 13, 2014), at 114, <https://www.essentialpatentblog.com/wp-content/uploads/sites/64/2014/07/2014.06.26-Initial-Determination-on-Violation-PUBLIC-337-TA-868smMRC.pdf>.

⁴³ *Id.* at 177-180. More recently, in the context of the Policy Statement, Judge Essex has summarized similar empirical observations; see Theodore Essex, *Clearing Up Confusion on SEPs: A Line-by-Line Response to a Problematic Essay*, IP Watchdog (Feb. 5, 2020), <https://www.ipwatchdog.com/2020/02/05/clearing-confusion-seps-line-line-response-problematic-essay/id=118571/>.

⁴⁴ *Apple v. Motorola*, 757 F.3d 1286, 1333 (Rader, J., dissenting).

⁴⁵ USPTO Press Release, *supra* note 2, fourth paragraph.