

■ **FRAND Disputes: Court Jurisdiction vs ADR**

Ignacio de Castro, Director, IP Disputes and External Relations Division, WIPO Arbitration and Mediation Center

David Perkins, Independent Arbitrator and Mediator

Lord David Neuberger, Arbitrator and former President of the UK Supreme Court

Judge Matthias Zigann, Presiding Judge at the Regional Court Munich I

Judge Paul Michel, former Chief Judge of the US Court of Appeals for the Federal Circuit (CAFC)

Steve Faraji, Chief IPR Policy Manager and Senior Manager of Patents and Licensing at AUDI AG

Clemens Heusch, Vice President, Head of Global Litigation and Disputes at Nokia

Christian Loyau, Director of Legal Affairs and Governance at ETSI

February 22, 2021

Housekeeping

- **Slides:** Slides will be sent to participants via email after the webinar
- **Recording:** Webinar will be recorded and made available on the WIPO Center website [here](#)
- **Q&A:** Participants can submit questions via the Chat function. Questions will be addressed during the Q&A session at the end of the webinar
- **Duration:** Webinar is scheduled to last 1.5 hours
- Participants will remain muted throughout the webinar

So what about FRAND disputes?

- *Motorola Mobility v. Google* (2014): the FTC Consent Order provided that, if FRAND negotiations failed after six months, the potential licensee could request a Determination or Binding Arbitration. Qualified **Arbitration Providers** for resolving such dispute were identified in the FTC Consent Order to be the AAA/ICDR; the ICC; JAMS; and WIPO.
- *Motorola v. Samsung Electronics* (2014): the EU Commission's Consent Order provided that, should negotiations fail after 12 months, the dispute was to be resolved by a Court or by ICC **arbitration**.
- *InterDigital v. ZTE and Nokia* (Delaware District Court Civ. 2015): "It does not seem to me that the litigation by itself is a very effective means to make an agreement between willing parties. I understand that the parties cannot agree on the scope of **arbitration**. If they could, or they could decide to have the arbitrator decide the scope, that would appear to be a possible way forward."
- 2014 European Commission Study "*Patents and Standards*" (pp.177-184): "Efficient SEP licensing requires efficient mechanisms to resolve disputes when they occur" and identified **mediation and arbitration** as appropriate mechanisms.

Unwired Planet v Huawei [2020] UKSC 37

- “...Huawei submits that if a national court were prepared to determine that a worldwide licence is FRAND and that entering into such a licence is a precondition of the refusal of an injunction to prohibit infringement of a national patent, there is a risk of forum shopping, conflicting judgments and applications for anti-suit injunctions. In so far as that is so, it is the result of the policies of the SSOs which various industries have established, which limit the national rights of a SEP owner if an implementer agrees to take a FRAND licence. Those policies, which either expressly or by implication provide for the possibility of FRAND worldwide licences when a SEP owner has a sufficiently large and geographically diverse portfolio and the implementer is active globally, do not provide for any international tribunal or forum to determine the terms of such licences. Absent such a tribunal it falls to national courts, before which the infringement of a national patent is asserted, to determine the terms of a FRAND licence. The participants in the relevant industry, which have pragmatically resolved many disputes over SEPs by the practice of agreeing worldwide or international licences, can devise methods by which the terms of a FRAND licence may be settled, either by amending the terms of the policies of the relevant SSOs to provide for an **international tribunal** or by identifying respected national IP courts or tribunals to which they agree to refer such a determination. ...” (para. 90)

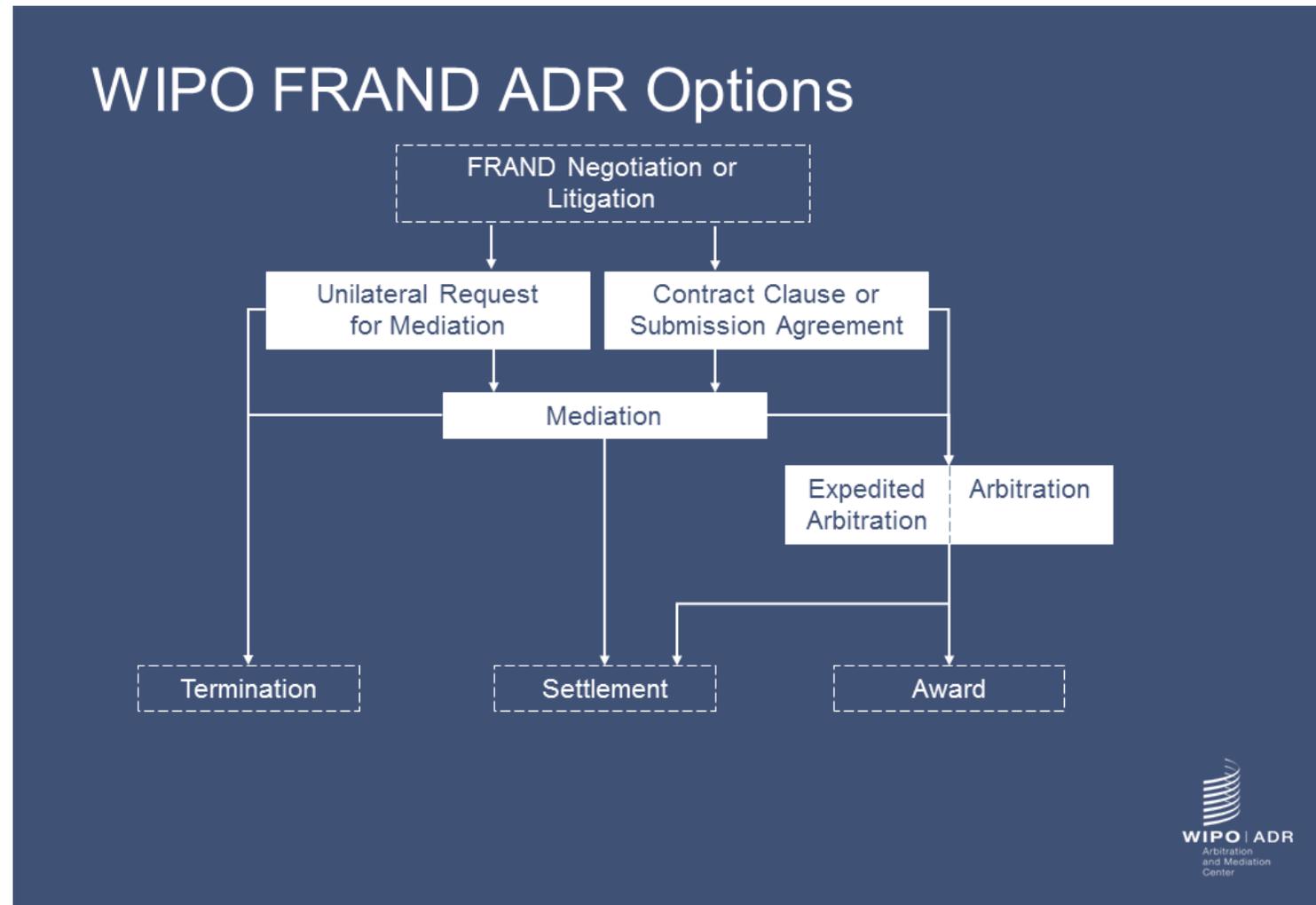
Mediation, Arbitration, Expert Determination

- **Mediation:** informal consensual process in which a neutral intermediary, the mediator, assists the parties in reaching a settlement of their dispute, based on the parties' respective interests. The mediator cannot impose a decision. The settlement agreement has force of contract. Mediation leaves open available court or agreed arbitration options.
- **Arbitration:** consensual procedure in which the parties submit their dispute to one or more chosen arbitrators, for a binding and final decision (award) based on the parties' rights and obligations and enforceable internationally. Arbitration normally forecloses court options.
- **Expert Determination:** consensual procedure in which the parties submit a specific matter (e.g., technical question) to one or more experts who make a determination on the matter, which can be binding unless the parties have agreed otherwise.

FRAND Disputes – Litigation v. Arbitration

- Promote Agreement on FRAND Rates
- **Jurisdiction:** Where parties chose to submit FRAND disputes to arbitration giving the arbitral tribunal jurisdiction to resolve the dispute globally, issues relating to whether the jurisdiction of a National Court extends to determining FRAND terms globally, or not, do not arise.
- **Scope of Disputes:** parties may agree to limit claims or defences that they may bring in the arbitration, including patent essentiality, validity, infringement and enforceability. For example, they may agree that such arguments may be heard and, if requested, be determined as binding between the parties. Alternatively, that such arguments may be heard but no binding decision on those issues may be taken by the tribunal. Or, that such arguments may not be heard or decided upon by the tribunal.
- **Decision-maker Expertise:** few countries have specialist Patent Judges or judges with experience of trying patent cases. By contrast, international arbitration enables parties to select a suitably qualified tribunal, usually a three person tribunal.
- **International Enforceability:** The New York Convention 1958 provides for recognition and enforcement of international arbitration awards in more than 166 countries worldwide.

FRAND Disputes: Routes to ADR



WIPO ADR for FRAND Disputes

- Tailored Model WIPO FRAND ADR Submission Agreements :
Mediation, Arbitration, Expedited Arbitration, developed in collaboration with ETSI, telecom stakeholders and WIPO neutrals
- Unilateral Request for WIPO FRAND Mediation
- Guidance on WIPO FRAND ADR
<http://www.wipo.int/amc/en/center/specific-sectors/ict/frand/>

Model WIPO FRAND ADR Submission Agreements

- Parties can shape the procedure
- **Scope**
 - SEP portfolio or sample
 - Claims and defenses (including essentiality, validity, infringement, enforcement)
 - Geographical scope
 - If large SEP portfolio involved: Case management conference may address scope (sampling), stages of the proceedings
 - No specific substantive methodology

Model WIPO FRAND ADR Submission Agreements

- **Appointment of mediators/arbitrators:**
 - Special WIPO List of Neutrals for FRAND Disputes (non-exclusive), WIPO Neutral Database (+2000)
 - Parties can agree
 - Default: WIPO list procedure

- Use of WIPO eADR

Model WIPO FRAND ADR Submission Agreements

■ Interim measures

- Available under WIPO Rules, including security in escrow account
- Parties can limit the tribunal's power to issue interim injunctions

■ Tailored procedural schedule

- Based on WIPO case experience in complex patent arbitrations

■ Applicable law, language and place of arbitration

- Agreed by the parties

Model WIPO FRAND ADR Submission Agreements

■ Confidentiality

- High level of protection under WIPO Rules (e.g. concerning comparable licenses), including protective orders and confidentiality advisor
- Parties can agree otherwise if they wish

■ Award

- Final (no appeal), unless otherwise agreed
 - Model Appeal Clause (Annex IV WIPO Guidance)
- Internationally enforceable (1958 New York Convention)

Unilateral Request for WIPO FRAND Mediation

- In the absence of a mediation agreement: Request for WIPO Mediation by one party (Art. 4 WIPO Mediation Rules)
- Court referrals



Request for WIPO Mediation (Article 4 WIPO Mediation Rules)

1. Parties

Please provide the following contact information:

Requesting Party	Responding Party
Name:	Name:
Country of domicile:	Country of domicile:
Tel:	Tel:
E-mail:	E-mail:
Address:	Address:
Represented by:	Represented by:
Tel:	Tel:
E-mail:	E-mail:
Address:	Address:

2. Dispute

Please provide a brief description of the dispute:

The dispute concerns the determination of FRAND terms relating to the Declaration[s] of [Name[s] of Company[ies]] to [Name of Standard-Setting Organization] and [list standard(s)] concerning [its/their patents referred to in the Declaration[s]] or [the following patents]:

Nothing in this Request shall prevent any party from bringing any argument or defense it chooses in the mediation.

3. Submission to WIPO Mediation

a) The requesting party agrees to submit the above-described dispute to mediation in accordance with the WIPO Mediation Rules.

Please sign this form and submit it to arbiter.mail@wipo.int and the other party.

Place and Date: _____
Signature: _____

b) The responding party agrees to submit the above-described dispute to mediation in accordance with the WIPO Mediation Rules.

Please sign this form and submit it to arbiter.mail@wipo.int and the other party.

Place and Date: _____
Signature: _____

Panelists



Moderator:
David Perkins

Independent Arbitrator and Mediator



Lord David Neuberger

Arbitrator and former President of the UK Supreme Court



Judge Matthias Zigann

Presiding Judge at the Regional Court Munich I



Judge Paul Michel

Former Chief Judge of the US Court of Appeals for the Federal Circuit (CAFC)



Ignacio de Castro

Director, IP Disputes and External Relations Division, WIPO Arbitration and Mediation Center



Clemens Heusch

Vice President, Head of Global Litigation and Disputes at Nokia



Christian Loyau

Director of Legal Affairs and Governance at ETSI



Steve Faraji

Chief IPR Policy Manager and Senior Manager of Patents and Licensing at AUDI AG

Questions for the Panelists

■ **Unwired Planet**

- Do you agree with the UK approach in *Unwired Planet*?
- Is there in ETSI's IPR Policy which supports a national court assuming jurisdiction to settle worldwide FRAND license terms?
- Do you agree with the U.S. approach and, if you do, why?
- What has been the approach of the German courts?
- From the innovator's perspective, do you welcome national courts taking global jurisdiction or is the current U.S. practice to be preferred?
- Do you foresee that global FRAND license terms settled by the English court will be accepted by the courts in other countries?
- Are you aware of cases where global FRAND terms settled by a national court have been successfully challenged by the implementer in another national court?

■ **Anti-Suit Injunctions**

- How are SEP holders dealing with anti-suit and anti anti-suit injunctions?

■ **FTC v Qualcomm**

- Do you see this as the last word on the issue of whether the SEP holder subject to the FRAND obligation may choose where to license in the supply chain?

■ **Mediation**

- Have you had any experience of mediating FRAND disputes?
- Do you see an increasing role for mediation of disputes with the new IoT stakeholders - particularly, SMEs - who require FRAND licenses?
- Do the German courts encourage mediation at the Case Management Conference?
- Is it correct that a U.S. District Court judge can order an action to be stayed pending mediation? Is that much used in patent disputes?

■ **Arbitration**

- Why are parties continuing to litigate FRAND disputes?
- What can the WIPO Center do to encourage mediation/arbitration of FRAND disputes?

Further Information

- WIPO ADR for FRAND Disputes, including model submission agreements and WIPO Guidance:
<http://www.wipo.int/amc/en/center/specific-sectors/ict/frand/>
- WIPO procedures, neutrals and case examples:
<http://www.wipo.int/amc/en/>
- 2020 WIPO Rules:
<https://www.wipo.int/amc/en/rules/>
- Contact information, general queries and case filing:
arbiter.mail@wipo.int

