

Anti-Suit Injunctions in the U.S.

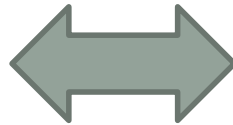
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Where it all started (not in America)...



Ecclesiastical courts (Chancery)



Law courts (King's bench)

U.S. Anti-Suit Injunction Analysis Framework

E & J Gallo Winery v. Andina Licores, 446 F.3d 984, 991 (9th Cir. 2006)

- Are the parties the same?
- If yes, are the issues functionally equivalent?
- If yes, will resolution of local action dispose of foreign action?
- If yes, will foreign action have *any* of the following effects (*Unterweser*, 428 F.2d 888 (5th Cir. 1970)):
 - (1) frustrate a policy of the local jurisdiction;
 - (2) be vexatious or oppressive;
 - (3) threaten the local court's in rem jurisdiction;
 - (4) prejudice other equitable considerations
- If yes, will ASI have a significant impact on international comity?
- If no, then ASI may issue.



US ASI Remedies

- US court has no authority over foreign courts
- Enjoined party may be ordered to:
 - Stay pending foreign claims (or dismiss w/o prejudice)
 - Refrain from enforcing orders already entered
 - Indemnify other party against penalties imposed by foreign court
- Authority over parties arises through contempt power of court
 - Civil or criminal
 - Fines and imprisonment (available in both civil and criminal proceedings)
- Bond/security - rare
 - ASI is usually a “final” injunction, not contingent on a later ruling that could make entry of the injunction “wrong”
 - Even when ASI is preliminary, under FRCP 65(c) amount is discretionary in court



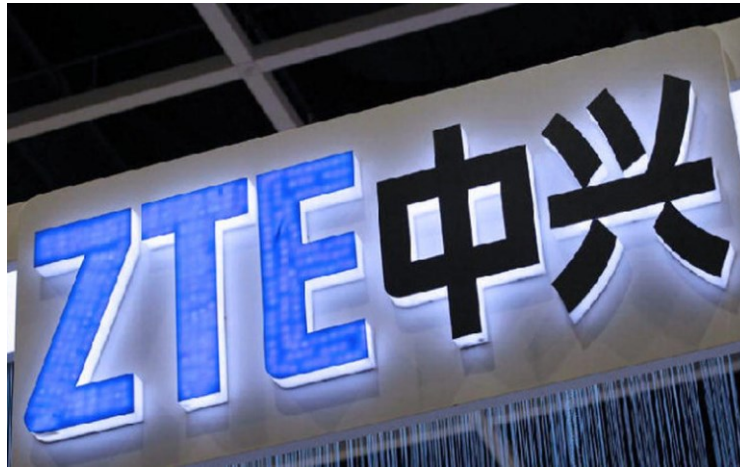
Microsoft v. Motorola (9th Cir. 2012)

- Microsoft sues Moto in WD Wash. for breach of FRAND K
 - Moto sues Microsoft in Germany for SEP infringement
 - German court issues injunction
 - Microsoft seeks ASI in Wash.
 - Same parties
 - Effectively same matter
 - FRAND commitment applies to ww patents
 - If Moto breached FRAND, then no injunction should have issued in Germany
 - Moto's litigation tactics frustrate court's ability to adjudicate issues before it
 - Comity: does not disfavor ASI:
 - Moto's German action came 6 months after US
 - Primarily a US dispute
- ASI granted preventing Moto from enforcing German injunction



Vringo v. ZTE (S.D.N.Y. 2015)

- ZTE sues Vringo for antitrust in Shenzhen
- Vringo sues for breach of K (NDA) in SDNY
- Vringo also seeks ASI against Shenzhen action
- SDNY denies ASI:
 - Parties are same
 - But matters are different
 - Resolution of breach of K claim in SDNY would not prevent antitrust action in Shenzhen



TCL v. Ericsson (C.D. Cal. 2015)

- Ericsson sues TCL for SEP infringement in France, Brazil, Russia, UK, Argentina, Germany
- TCL sues in Cal. for breach of FRAND contract
- TCL seeks ASI to prevent Ericsson from pursuing foreign infringement claims
 - Parties are same
 - Parties “agree that the present FRAND action should resolve their global licensing dispute”
 - ASI is granted



Apple v. Qualcomm (S.D. Cal. 2017)

- Apple sues QC in US, UK, JP, CN, TW for licensing/FRAND violations
- QC seeks ASI in SD Cal.
 - All actions are part of a single licensing dispute
- Court denies ASI:
 - QC, not Apple, made FRAND commitments
 - Resolution of suit in US would not dispose of foreign antitrust, infringement or other claims
 - Apple's foreign suits are not vexatious or oppressive



Optis v. Huawei (E.D. Tex. 2018)

- Optis sues Huawei in ED TX for infringing 6 patents acquired from Ericsson
- Huawei sues in Shenzhen
 - Breach of FRAND commitment, antitrust violations
 - Asks court to set FRAND rate(s) for CN
- Optis seeks ASI in TX
- ASI denied:
 - CN actions only relate to CN patents
 - Relief in TX will not affect CN action
 - Not vexatious or oppressive to allow suits to proceed simultaneously



Huawei v. Samsung (N.D. Cal. 2018)

- Shenzhen court issues injunction against Samsung
- Samsung seeks ASI in Cal. to prevent enforcement of Shenzhen injunction
 - Cases differ between US and China, but differences are irrelevant
 - “real” question is whether US action will dispose of Chinese action
 - yes
 - Chinese action will undermine ability of US court to consider injunctive relief
 - Chinese injunction would interfere with equitable considerations
 - ASI granted



Ericsson v. Samsung (E.D. Tex. 2020)

- Ericsson SEPs covering 3G/4G/5G
- Samsung sues in Wuhan for FRAND breach and royalty determination
- Wuhan court grants
 - ASI -- don't bring suit elsewhere
 - AAASI - don't try to undo this ASI
 - Penalty 1M RMB/day
- Ericsson sues in ED TX
- Court grants AASI (preliminary)
 - Applies *Unterweser* factors
 - Compelling interest in adjudicating matters w/in its jurisdiction
 - Samsung's CN action is vexatious & oppressive
 - Unfairly deprives Ericsson of rt. to bring US claims
 - Unfairly prejudices Ericsson in cross-license negotiations
 - "unfair economic leverage gained through litigious gamesmanship"
 - Prohibits Samsung from taking action in CN that would interfere w/ Ct's jurisdiction to determine whether parties breached FRAND
 - Samsung must indemnify Ericsson for penalties imposed by Wuhan court



Summary of US SEP ASI/AASI cases (2012-20)

Case	“Foreign” juris.	(a) Same Issues	(b) Local Disposition	(c) Vexatious Behavior	(d) Violates Comity or Policy	Inj. Granted
Microsoft v. Motorola (2012)	DE	No	Yes	Yes	No	Yes
Vringo v. ZTE (2015)	CN	No	No	No	n/a	No
TCL v. Ericsson (2015)	FR, BR, RU, UK, DE, AR	n/a	Yes	n/a	n/a	Yes
Apple v. Qualcomm (2017)	UK, JP, CN, TW	No	No	No	Yes	No
Optis v. Huawei (2018)	CN	No	No	No	n/a	No
Huawei v. Samsung (2018)	CN	No	Yes	No	No	Yes
Ericsson v. Samsung (2020)	CN	No	No	Yes	No	Yes (AASI)

Observations on US FRAND ASIs

- US ASI jurisprudence has evolved over decades
 - Not FRAND-specific
- FRAND ASI cases are not “protectionist” or “nationalist”
 - Several involve two US companies (Microsoft v. Motorola, Apple v. Qualcomm) or
 - two foreign companies (Huawei v. Samsung, Ericsson v. Samsung)
- Analysis focuses on whether local case will resolve dispute
 - Comity may follow
- Scope (due to *Gallo* factors) is usually (but not always) limited to specified foreign actions

Chinese Transplantation of US ASIs

- In 2020, Chinese courts issued five ASIs against international actions
 - Conversant v. Huawei (SPC)
 - Conversant v. ZTE (Shenzhen)
 - InterDigital v. Xiaomi (Wuhan)
 - Oppo v. Sharp (Shenzhen, aff'd SPC)
 - Ericsson v. Samsung (Wuhan)
- Chinese courts consider factors similar to US *Gallo* framework
- Penalties for noncompliance 1M RMB/Day
- Some Chinese courts grant “global” ASIs



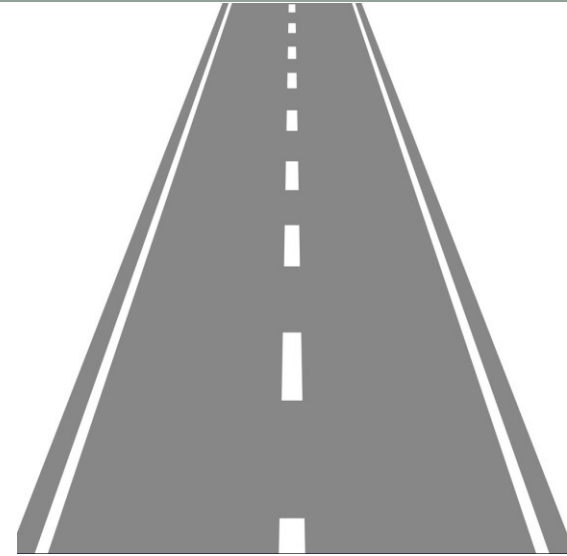
Proposed Protective US Legislation

- ***Defending American Courts Act (DACA)***
 - Statutory Anti-Anti-Suit Injunction (AASI)
 - Enforcing a foreign ASI in US court results in:
 - Presumption of “willful” infringement (for treble damages)
 - Presumption of “exceptional” case (for cost recovery)
 - Inability to challenge asserted patents at PTAB
- ***Rate Setting Legislation (SERA)***
 - FRAND royalty payable for US patents must be determined by a US court or rate-setting tribunal
 - Foreign-set rates are not recognized for US patents



Other Ways forward?

- Transnational solutions
 - Collective rate agreements
 - Global rate setting
 - Harmonization of FRAND methodologies
- Until then: mutual **stand-down** by national courts
 - Don't decide global FRAND rates
 - Limit decisions to national rates
 - Eliminate need for ASI arms race
- Acknowledgement by antitrust agencies that collective, neutral rate-setting is **procompetitive**



Further Reading

- Jorge L. Contreras, ***The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes over Standards-Essential Patents***, 25 B.U. J. SCI. & TECH. L. 251 (2019)
- Jorge L. Contreras, ***Global Rate-Setting: A Solution for Standards Essential Patents?*** 94(2) Wash. L. Rev. 701 (2019)
- Jorge L. Contreras, ***It's Anti-suit Injunctions All the Way Down – the Strange New Realities of International Litigation over Standards-Essential Patents***, IP LITIGATOR, 14-21, July/August 2020
- Jorge L. Contreras, ***Anti-Suit Injunctions and Jurisdictional Competition In Global FRAND Litigation: The Case For Judicial Restraint***, 11 NYU J. Intell. Prop. & Ent. L. 171 (2021)
- Peter K. Yu, Jorge L. Contreras, Yang Yu, ***Transplanting Anti-suit Injunctions***, 71 Am. U. L. Rev. 1537 (2022)
- Jorge L. Contreras, ***A Statutory Anti-Anti-Suit Injunction for U.S. Patent Cases?*** Univ. Utah College of Law Research Paper No. 495 (2022)

Thank you!



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