

OCTOBER 2020

## Contents

Chair's Corner P.1

Subcommittee Reports P.3

Liaison Report P.3

Noteworthy Cases P.4

Trends in Standard  
Essential Patent Litigation P.6

Updated DOJ Business Review  
Letter to IEEE Regarding Standard  
Essential Patents P.7

AI Standardization Efforts in India P.8

UK continues to retain role as  
a go to forum for SEP holders  
seeking worldwide royalties P.11

Endnotes P.14

Written by Members of the  
Standards and Open Source Committee  
of the American Intellectual Property  
Law Association

Chair: Paul Ragusa  
Paul.Ragusa@BakerBotts.com

Vice Chair: Wenjie Li  
WenjieLi@us.ibm.com

Secretary: Per Larsen  
PHLarsen@hollandhart.com

Sub-Committee, Standards  
Michael Atlass  
matlass@qualcomm.com

Sub-Committee, Open Source  
John Lyon  
John.Lyon@thomashorstemeyer.com

Sub-Committee, Programs  
Dennis Duncan  
dennisjduncan@gmail.com

Contribute to the SOS Newsletter!

Please send submissions to  
Per Larsen  
PHLarsen@hollandhart.com

## CHAIR'S CORNER

The Standards and Open Source (“SOS”) Committee continued to be actively engaged throughout this past summer by arranging for speakers to discuss topics of interest each month, maintaining an open forum for attendees to join, and enlisting a student volunteer to assist with programming and outreach efforts. Those efforts are set to continue during the coming year.

Over the summer SOS speakers addressed the US Department of Commerce’s Bureau of Industry and Security’s (BIS) ban of Huawei and its effect on global Standards Developing Organizations (SDOs), the rapidly growing list of recently posted caselaw regarding Standards and Open Source issues, and global FRAND issues. With summer drawing to a close, we pivoted our programming and launched a new initiative involving a series of Standards and Open Source “101” presentations. Our goal is to cover issues relevant to all facets of Standards and Open Source, including litigation and licensing, and relevant to both newer and experienced practitioners. We would also like to make the presentation interactive and targeted to the issues facing Committee members.

Our new initiative started in September with a discussion covering Standards 101 including background, statistics, and trends, as well as addressing a timely topic, the 2020 IEEE Business Review Letter. Copies of our presentation materials are available on the AIPLA SOS microsite. The series is set to continue during the Annual Meeting,

and thanks to Dennis Duncan, we have received a license to use ETSI’s Educational Material for a presentation. Our own Michael Atlass has thankfully volunteered to present on important aspects of those materials during our Annual Meeting Committee event, scheduled for Friday, October 23, at 4:00 EDT.

We continue to have approval to invite non-AIPLA members to participate in our Committee Meetings and special events, and therefore invite all to attend our event. We anticipate continuing this practice over the coming months to broaden the reach of the Committee and our information sharing efforts. We also have a new position on the committee – a student liaison! We welcomed Brian Smith, who just completed his first year of law school at Seaton Hall, to our team in June. Brian has provided outstanding assistance with porting materials from the legacy AIPLA website to our current website, generating posts and brainstorming on how to best reach a younger generation of lawyers. As always, please reach out to our Committee leadership if you have thoughts on ways to improve our efforts.

## SUB-COMMITTEES

The Committee has established subcommittees to focus on three important topics at the intersection of IP and

*(Continued on P.2)*



*(Chair's Corner continued from P.1)*

competition law—Standards, Open Source, and Programs—with periodic telephone conference calls in which members of our subcommittees share important developments in their focus areas with members of the Committee as a whole. Please reach out to the subcommittee chairs to get involved!

Standards: Michael Atlass, Qualcomm

Open Source: John Lyon, Thomas Horstemeyer, LLP

Programs: Dennis Duncan

### **OUR CURRENT NEWSLETTER**

Our current newsletter includes short articles on Trends in Standards Essential Litigation, the Updated DOJ Business Review Letter to IEEE Regarding Standard Essential Patents, and AI Standardization Efforts in India. The SOS Committee publishes this newsletter three times a year in connection with the three regularly scheduled AIPLA meetings and is distributed electronically to our Committee members. It is also posted on the Committee webpage, and more widely distributed by the AIPLA. We welcome articles from regular as well as first-time contributors on any relevant topics of interest. If you would like to contribute an article, please contact our newsletter editor Per Larsen of Holland & Hart.

### **GUEST SPEAKERS AT MONTHLY CALLS**

We have continued our series of guest speakers at our monthly Committee calls, and we have also opened attendance to the calls to non-members. Recent presenters have included:

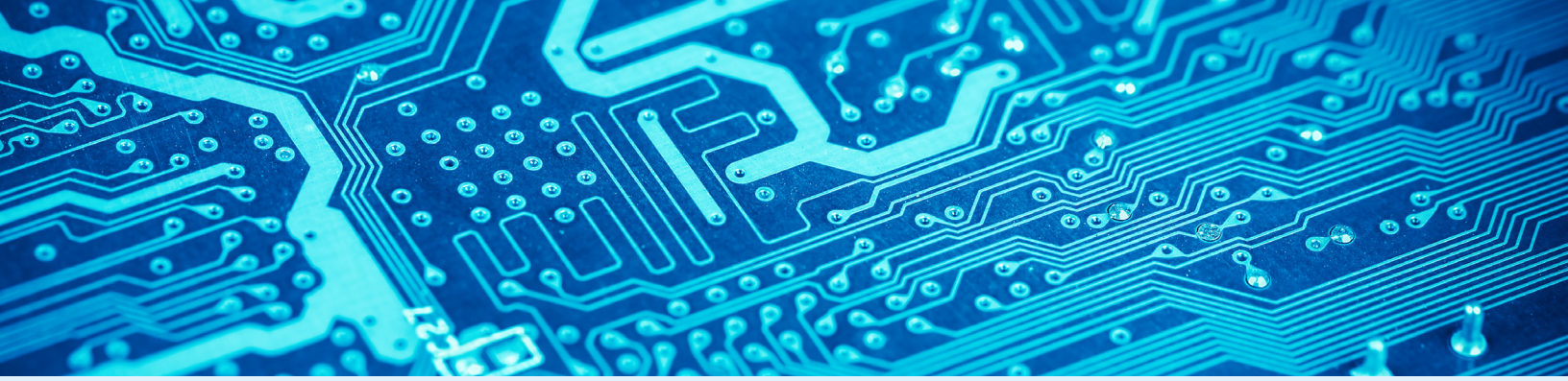
- Mark A. Cohen, Distinguished Senior Fellow and Director, Berkeley Center for Law and Technology, and Jim Harlan, Senior Director, Standards & Competition Policy, InterDigital, Inc., presented on the US Department of Commerce's Bureau of Industry and Security's (BIS) ban of Huawei and its effect on global Standards Developing Organizations (SDOs).

- David Long and James Calkins presented on recent Standards and Open Source cases.
- Katie Coltart and Steven Baldwin presented on global FRAND issues.
- Paul Ragusa and Wenjie Li presented on Trends in Standards Essential Patent (SEP) Litigation in the US and Updated DOJ Business Review Letter to IEEE.

All relevant presentation materials are posted on the SOS website. We welcome our Committee members (and non-members who are interested) to present any relevant topics of interest as guest speakers at our monthly calls. If you would like to present as a guest speaker, please contact Wenjie Li.

Finally, please check out the SOS web site for access to papers presented at meetings, and to help you plan to participate in our monthly committee calls. Participation in these calls will help you to keep abreast of SOS activities and give you opportunities to participate and strengthen our community.

*Best regards,  
The SOS Committee Leadership,  
Chair: Paul Ragusa, Baker Botts LLP  
Vice Chair: Wenjie Li, IBM*



## SUB-COMMITTEE REPORTS

### STANDARDS – MICHAEL ATLASS

The Standards Subcommittee has held lively discussions on topics related to Standards and SEPs. In particular, the Standards Subcommittee provides a forum for in-depth discussion of current events, with the goal of highlighting topics and possible presenters for future presentations either for the SOS Committee meetings, or CLE events at the AIPLA meetings. Additionally, we look for areas where AIPLA comments may be warranted.

Recent topics of discussion at Standards Subcommittee meetings have included analyzing developments related to the placing of Huawei on the Department of Commerce BIS entities list including the BIS Interim Final Rule, the 2020 IEEE Business Review Letter (BRL) issued by the DOJ, possible standards implications of the recent Executive Orders barring Tik Tok and other services, and developments or decisions in standards-related cases.

The Standards Subcommittee meets the third Tuesday of each month at noon Eastern. Please email Michael Atlass (matlass@qualcomm.com) if interested in attending.

### OPEN SOURCE – JOHN LYON

The Open Source Subcommittee has been discussing ideas for future CLE presentations, likely targeting the Spring Meeting. The discussed ideas have included:

- 1) Open hardware, possibly in partnership with another committee such as ECLC
- 2) Ethical-sourced licenses
- 3) Code audits

Please email John Lyon (John.Lyon@thomashorstemeyer.com) if interested in attending.

### PROGRAMS – DENNIS DUNCAN

There have been several areas of activity with regard to programs for the SOS Committee, including:

- 1) Porting materials from the legacy AIPLA website to our current website for use by committee members or in presentations
- 2) Securing a license to use ETSI's Educational Material, which will provide the foundation for presentations with the SOS Committee meetings
- 3) Developing and proposing topics for CLE presentations. We are currently looking to propose topics for the Mid-Winter meeting, the topics we have discussed are:
  - a) Standards for AI,
  - b) Open-hardware licensing, and
  - c) The difference between patent pools and platforms
- 4) Establishing a presence related to Blockchain, for example developing a presentation and putting together a task force of experts on to allow AIPLA to respond to developments or requests for comment quickly and efficiently

### LIAISON REPORT

#### ANTITRUST – DINA KALLAY

- There has been substantial activity in Antitrust recently, we are looking for speakers to cover some of the developments during our meetings. has filed a statement of interest.



## NOTEWORTHY CASES

### ***U.S. Department of Commerce issues interim final rule related to SDO activities for entities on the BIS Entity list***

On June 18, 2020, the Bureau of Industry and Security (BIS) amended the Export Administration Regulations (EAR) to authorize the release of certain technology to Huawei and its affiliates on the Entity List without a license if such release is made for the purpose of contributing to the revision or development of a “standard” in a “standards organization.” For the purpose of this interim final rule, a “standard” is as defined in Office of Management and Budget (OMB) Circular A-119. Available at <https://www.bis.doc.gov/index.php/documents/regulations-docs/federal-register-notice/federal-register-2020/2565-85-fr-36719/file>.

### ***German Supreme Court clarifies availability of injunctive relief to a SEP holders***

On July 9, 2020, the German Federal Supreme Court (Bundesgerichtshof (BGH)) issued its reasoning for its decision in the case of *Sisvel v. Haier*. The BGH clarified that in order for an implementer to be in compliance with the *Huawei v. ZTE* framework—thus precluding availability of injunctive relief—the implementer must leave no doubt that it is a willing licensee and participate in the negotiation process towards a FRAND license. The decision is expected to be influential for legal standards applied across EPC jurisdictions. An English translation of the decision is available at <http://eplaw.org/wp-content/uploads/2020/07/DE-FCJ-Sisvel-v-Haier-English.pdf>.

### ***DOJ issues BRL to Avanci indicating it will not challenge the patent pool licensing program***

On July 28, 2020, the Department of Justice (DOJ) issued a Business Review Letter (BRL) to Avanci in response to their request for antitrust enforcement intentions of the DOJ related to their patent licensing platform of patents

essential to the 2G/3G/4G/5G cellular standards. The DOJ indicated that the Avanci platform may have potential procompetitive benefits including licensing efficiency for both licensors and licensees. In addition, the DOJ found that certain safeguards in place such as permitting independent licensing outside the pool, evaluation of SEPs for essentiality by independent experts, exclusion of non-essential patents, transparency of license terms, and limited exchange of competitively sensitive information between parties reduced concerns of anticompetitive effects. On balance, the DOJ found that Avanci’s platform is unlikely to harm competition and they had no intent to challenge the platform if it operated in the proposed manner. Available at <https://www.justice.gov/atr/page/file/1298626/download>.

### ***Federal Circuit hears appeal in *Conversant v. Apple****

On August 4, 2020, the Federal Circuit heard oral arguments as to an appeal by *Conversant Wireless Licensing, S.A.R.L.* by the decision of the District Court that they were prevented from enforcing an SEP due to involuntary waiver for concealment of the patent during standards development activities before the European Telecommunications Standards Institute (“ETSI”). Available at <http://www.cafc.uscourts.gov/node/26462>.

### ***Federal Circuit confirms that infringement of SEPs is properly determined by a jury***

On August 4, 2020, the Federal Circuit issued a decision in *Godo Kaisha IP Bridge v. TCL Comm’n Tech. Holdings, Ltd.*, holding that it was proper for the District Court to resolve infringement of an SEP by jury determination of essentiality of the patent claims. Available at [http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/19-2215.OPINION.8-4-2020\\_1630479.pdf](http://www.cafc.uscourts.gov/sites/default/files/opinions-orders/19-2215.OPINION.8-4-2020_1630479.pdf).



*(NOTEWORTHY CASES continued from P.4)*

***Ninth Circuit vacates District Court victory for FTC in FTC v. Qualcomm***

*On August 11, 2020, a Ninth Circuit panel issued an opinion that vacated the judgment against Qualcomm issued by the District Court, and reversed the permanent world-wide injunction prohibiting certain business practices by Qualcomm. In particular, the Ninth Circuit found that Qualcomm's business practices including its OEM-level licensing policy and "no license-no chips" policy did not violate sections 1 and 2 of the Sherman Act. The FTC filed a petition on September 25, 2020, requesting rehearing en banc by the Ninth Circuit. The Ninth Circuit decision is available at <https://cdn.ca9.uscourts.gov/datastore/opinions/2020/08/11/19-16122.pdf>.*

***German court issues an injunction against Daimler for infringement of an SEP***

On August 18, 2020, the Mannheim Regional Court issued an injunction against Daimler for infringement of an SEP owned by Nokia. In particular, the court found that in light of the overall circumstances, Daimler could not be considered a willing licensee. In addition, the European Court of Justice rejected a request by Germany's Federal Cartel Office (competition enforcement agency) that the court should refer certain legal questions related to component-level licensing cases to the European Court of Justice. In Nokia seeks to enforce the judgement, it may have to post a bond of €7bn. More information available at <http://eplaw.org/nokia-v-daimler/>.

***UK Supreme Court upholds decision that a worldwide license may be FRAND***

On August 26, 2020, the UK Supreme Court issued a judgement on appeals involving Unwired Planet and Huawei of whether a UK court can issue an injunction to restrain infringement of UK patent unless the infringer is willing to enter into a global license, and determine royalty rates of a global FRAND license. Available at <https://www.supremecourt.uk/cases/docs/uksc-2018-0214-judgment.pdf>.

***DOJ issues supplemental BRL for IEEE IPR Policy***

On September 10, 2020, the Department of Justice (DOJ) issued a supplement to its Feb. 2, 2015 Business Review Letter from the Antitrust Division to the Institute of Electrical and Electronics Engineers, Incorporated (IEEE). The supplement is intended to align the now outdated analysis in the 2015 Letter with current U.S. law and policy in relation to licensing of SEPs. In particular, the supplement clarifies that the 2015 Letter was not an endorsement of the IEEE policy prohibiting essential patent holders from seeking or obtaining injunctive relief unless a potential licensee refuses to comply with the outcome of infringement litigation. Available at <https://www.justice.gov/atr/page/file/1315291/download>.

# Trends in Standard Essential Patent Litigation

By Paul A. Ragusa<sup>1</sup> & Matthew M. Welch<sup>2</sup>

Standard Essential Patents (“SEPs”), a niche area of patent law, have seen continued growth over the past twenty years as the telecommunication industry has expanded both domestically and abroad. To understand SEPs and where the SEP market is heading, this article briefly describes SEPs, analyzes recent developments, and predicts future trends.

## Background

SEPs claim an invention that is essential to the implementation of a technical standard and represent core principles upon which entire industries can build upon. A few examples include the LTE mobile network, 802.11 Wi-Fi, and WCDMA (3G technology). Standard Setting Organizations (“SSOs”) are the entities responsible for developing, promulgating, and revising the technical standards that are at the heart of SEPs. SSOs are comprised of members from various industry groups that seek to have their patented technology incorporated into technical standards. Examples of prominent SSOs include:

- **3rd Generation Partnership Project (3GPP):** maintains and develops the Global System for Mobile communication (GSM) technical specifications
- **W3C:** develops protocols and guidelines that ensure the long-term growth of the World Wide Web
- **Association for Standardization of Automation (ASAM):** defines protocols, data models, file formats, and application programming interfaces (APIs) for use in the development and testing of automotive electronic control units
- **International Telecommunication Union (ITU):** facilitates international connectivity in communication networks, allocates global radio spectrum and satellite orbits, and develops the technical standards that ensure networks and technologies seamlessly interconnect

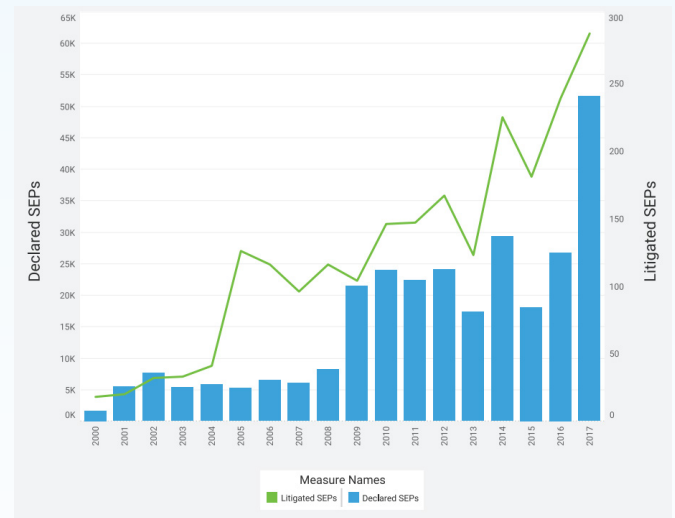
SSOs often require SEP owners to license SEPs to implementers under fair, reasonable, and non-discriminatory (“FRAND”) terms. Typically, before the SSO

will incorporate the SEP owner’s technology into a technical standard, the SSO requires the SEP owner to execute an agreement which provides that prospective implementers of the technology are intended third-party beneficiaries and that the SEP owner will license the technology under FRAND terms. This prevents patent hold-up situations where the SEP owner uses the increased bargaining power derived from the SEP’s inclusion in a technical standard to license the SEP at a higher royalty rate.

## Trends

SEPs, and litigation involving SEPs, have increased dramatically over the last twenty years across the globe, as shown by Figure 1 below.<sup>3</sup> In 2017, over 50,000 SEPs were declared and almost 300 SEPs were litigated worldwide. In one year, from 2016 to 2017, the number of declared SEPs doubled and the number of SEP litigations increased by almost one-third. And, compared to 2002, 2017 saw six times as many SEPs declared and nearly nine times as many SEPs litigated.

**Fig. 1: Increase in SEP Litigation and Declarations Worldwide (2000-2017)**

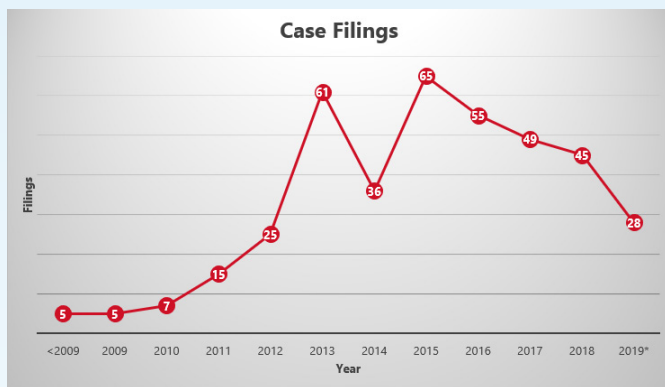


The dramatic increase in SEPs and SEP litigation corresponds to the growth in four technology areas: telecommunications, digital communication, audio-visual technology, and computer technology.<sup>4</sup> These industries,

which require standards to operate, have flourished over the past two decades. Accordingly, SEPs and SEP litigation have followed suit.

SEP litigation in the United States has also followed this trend, as shown by Figure 2 below.<sup>5</sup> In 2009, there were only five (5) SEP district court litigations. This number increased to twenty-five (25) in 2012 and then to sixty-five (65) in 2015. And, even though there has been a decline in recent years, the average number of filings from 2012 to 2019 was forty-five (45), which is illustrative of general growth in SEP litigation in the United States.

**Fig. 2: U.S. SEP District Court Litigations (2009-2019)**



As Figure 3 shows, in United States district court cases involving SEPs, many of the players are in the telecommunication and computer industries. For example, the most frequent defendants are major telecommunication

and computer companies like Apple and AT&T, and, like in many areas of patent law, the most frequent plaintiffs are non-practicing entities (“NPEs”). In particular, four of the five most frequent plaintiffs in SEP litigations are NPEs.

**Fig. 3: U.S. SEP District Court Litigations—Most Frequent Plaintiffs**

Most Frequent Defendants	# Cases	Most Frequent Plaintiffs	# Cases
Apple	37	Cellular Communications Equipment	26
AT&T	36	Intellectual Ventures	24
T-Mobile	34	Ericsson	16
Sprint	30	Uniloc	15
Samsung Electronics	27	Innovatio IP Ventures	10
LG Electronics	26	TQ Delta	10
Boost Mobile	24	Princeton Digital Image	9
Sprint Solutions	21	Saint Lawrence Communications	8
Verizon Communications	20		

### Conclusion

SEPs and SEP litigations are on the rise both globally and in the United States and mirrors the explosion in telecommunication and computer technologies over the past twenty years. To maintain competency and competitiveness, patent practitioners and in-house counsel should be aware of this niche field as it is likely to continue expanding as the interconnected global communication industry continues its exponential growth in the coming years.

## Updated DOJ Business Review Letter to IEEE Regarding Standard Essential Patents

By Wenjie Li<sup>6</sup> & Matthew M. Welch<sup>7</sup>

On September 10, 2020, the Antitrust Division of the U.S. Department of Justice (the “Department”) issued a letter (“2020 letter”) updating its 2015 Business Review Letter (“2015 letter”) to the Institute of Electrical and Electronics Engineers, Inc. (“IEEE”).<sup>8</sup> The 2015 letter analyzed proposed revisions to the IEEE patent policy (“Policy”).<sup>9</sup> The 2020 letter was issued to correct misapplications of the 2015 letter, to align the 2015 letter with current law and policy, and to prevent discouraging innovation.<sup>10</sup>

### Misapplication of the 2015 Letter

The Department found that the 2015 letter had been widely misconstrued as an endorsement of the IEEE

Policy by the Department.<sup>11</sup> The Department made clear in the newly issued 2020 letter that the 2015 letter was only an indication that the Department did not plan on challenging the Policy at that time—nothing more.<sup>12</sup> It was not an endorsement of any kind. Of particular concern, the Department noted that foreign authorities had misapplied the 2015 letter to the detriment of standard essential patent (“SEP”) holders.<sup>13</sup>

For example, in 2017, Korean authorities claimed the Department expressed support for the IEEE’s injunctive relief provisions which penalized SEP holders.<sup>14</sup> And, more recently, a policy report from another foreign jurisdiction

referred to the 2015 letter as “soft precedent” to guide the design of SDOs’ IPR policies.<sup>15</sup>

The Department found that the misapplication of the 2015 letter has led to negative impacts on global enforcement policies regarding SEPs as the policies may be unexpectedly discouraging innovation.<sup>16</sup> Further, the Department found that the 2015 letter was outdated in light of recent changes in U.S. law and policy as described below.<sup>17</sup>

### Aligning with Current U.S. Law and Policy

The IEEC Policy prohibits SEP holders from seeking or obtaining injunctive relief unless a potential licensee refuses to comply with the outcome of infringement litigation.<sup>18</sup> The 2015 letter found that this was not out of step with then-existing U.S. law on FRAND commitments.<sup>19</sup> However, the Department noted that the 2015 letter was incorrect in anticipating that hold-up (*i.e., where a SEP owner uses increased bargaining power derived from inclusion in a technical standard to license SEPs at a higher royalty rate and/or restrictive terms*) would be a competitive problem.<sup>20</sup> The Department also found that recent jurisprudence has not inferred diminished rights on SEP holders as part of a FRAND commitment and that there is a consensus view in the U.S. that seeking an injunction is an exclusive right of a patent holder as conferred by the Constitution.<sup>21</sup> Accordingly, the Department found that denying SEP holders

access to injunctive relief may lessen returns for inventors and thereby harm incentives for future innovations.<sup>22</sup>

The Department also found that limiting the way to calculate reasonable royalties runs afoul of current case law and may further stifle innovation.<sup>23</sup> The 2015 letter found that the Policy’s recommendation of using the smallest saleable patent practicing unit (“SSPPU”) as the FRAND royalty base was appropriate.<sup>24</sup> However, recent cases on FRAND and patent damages have developed various means of determining royalties and damages such as using the end-product as a royalty base and apportioning through the royalty rate.<sup>25</sup> Accordingly, the Department found that there is no single way to calculate a reasonable royalty in the FRAND context, and that flexibility should be given to encourage innovation.<sup>26</sup>

### Discouraging Innovation

The Department found that numerous misconceptions and inaccuracies in the 2015 letter may have discouraged SEP innovation. For example, as previously addressed, limiting injunctive relief and the means to calculate a reasonable royalty rate can harm SEP holders which may harm innovation. In addition, the Department found that the 2015 letter was so hyper-focused on hold-up by SEP holders that it failed to consider the possibility of hold-out by patent implementers.<sup>27</sup>



## AI Standardization Efforts in India

By Divyendu Verma<sup>28</sup> & Dennis Duncan<sup>29</sup>, Student Editor Aastha Tandon<sup>30</sup>

This article provides a summary of current AI development and standardization efforts in India including private and government efforts to contribute to furthering India as a leader in AI.

### NITI-Aayog – AI Vision

The NITI Aayog (National Institution for Transforming India), a policy think tank of the Government of India established January 01, 2015, aims to achieve sustainable development goals with cooperative federalism by fostering the involvement of State Governments of India in

the economic policy-making process using a bottom-up approach. NITI Aayog takes initiative on Blockchain usages in E-governance and conceptualized the tech stack as “IndiaChain.” It allows for development of a nation-wide blockchain network. In June 2018 NITI Aayog published a discussion paper titled National Strategy for AI.<sup>31</sup>

NITI Aayog embraces a three-pronged methodology – undertaking exploratory Proof of Concept AI projects in different areas, making a national policy structure for energetic AI ecosystem in India, and teaming up with





different specialists and partners. NITI Aayog cooperated with a few driving AI innovation players to execute AI extensions in core areas, such as agriculture and healthcare.

Furthermore, NITI-Aayog published a draft paper titled “Towards Responsible-AI For All.” The paper was prepared for an expert consultation held on July, 21, 2020. They invited stakeholders to review the document and provide comments on or before 10 August 2020. According to the paper, the Indian government is quite optimistic about the AI benefits for the country’s overall growth and may consider funding specific AI research. Due to AI, the paper forecasted India’s annual growth rate to increase 1.3% by 2035.<sup>32</sup>

### **Artificial Intelligence Task Force**

The Artificial Intelligence Task Force is constituted by the Ministry of Commerce & Industry, Government of India in 2018. The identified key enablers for AI deployment in India are Data and Data Marketplaces, and Innovation and Patents. Moreover, the Task Force also identified Ethical AI framework to focus on Responsible AI, Privacy and Data, Liability, AI and Employment, Education and Re-skilling, and Policy Recommendations.

### **National Artificial Intelligence Mission**

The National Artificial Intelligence Mission’s task force made a recommendation to establish a National Artificial Intelligence Mission (N-AIM) — a centralised nodal agency for coordinating and facilitating research, collaboration and providing economic impetus to AI startups. The mission would have a budget allocation of 1,200 crore Rupees (approx. 200 million USD) over five years, and aims, among other things, to encourage AI research and deployment in India.<sup>33</sup>

### **Bureau of Indian Standards (BIS)**

In February 2019, BIS — National Standards Body of India — launched a project called Standards National Action Plan. The action plan proposes a set of actions enabling BIS to fulfil specific objectives, drive national standardization work, and participate in international standardization work. The action plan prioritizes standardization issues ranging

from engineering to services, IoT to AI, and smart cities to e-mobilities.<sup>34</sup>

The BIS set up a committee, Committee for Standardisation in Artificial Intelligence, in 2018. It is now headed by the senior Scientist, Prof. Pushpak Bhattacharyya, who is also a director at Indian Institute of Technology, Patna. The committee comprises of (1) IISC Bengaluru, IIT Delhi, IIT Bombay, IIT Madras, IIT Kanpur, IIIT Hyderabad; (2) MeitY, Centre for Artificial Intelligence & Robotics (CAIR); (3) TCS, Google India, IBM India, Samsung, CSI (Computer society of India), IBM Research, Intel Research, and Microsoft Research.

### **Ministry of Electronics & Information Technology (Meity):**

Meity, in July 2019, published a report of committee on National Artificial Intelligence (AI) Resource Platform (NAIRP) of India. It expected that the NAIRP platform will be built in a contributory and participatory manner by all stakeholders, initially primarily driven and mainly funded by the Government along with Academic and Research Institutions, Industry and corporate bodies, Entrepreneurs, and Thought Leaders.

The proposed NAIRP Platform provided the development of an open National Artificial Intelligence Resource Platform (NAIRP) to become the central hub for knowledge integration and dissemination in Artificial Intelligence and Machine Learning. They developed a generalized meta-data standard for NAIRP that enables integration of a variety of resources including but not limited to data, tools, literature, etc. from multiple resources and owners of these resources.

Additionally, they created mechanisms for data / meta-data harvesting and integration from all contributors and partners to ensure information in NAIRP is updated and owners take responsibility for their own data. They strengthen [www.data.gov.in](http://www.data.gov.in) and use it as a base data source of NAIRP for storing Government and other data from public sources.

NAIRP encourages unbiased, reliable, safe, open by default, inclusive data sharing. They suitably develop data



standards, access, federation, usage, security, privacy, and rights issues for data integration and dissemination in NAIRP.

They created a Data Committee to Monitor and Evaluate the progress of data / meta-data /links received from various public and private contributors in NAIRP. Furthermore, they related an Ethical committee to monitor the ethical aspects AI's use and its interplay with the laws related to security and privacy along with the ability to ask the relevant questions on practices followed by AI systems.

In addition to public display of general information, they conceived a user community of registered users of NAIRP to access data and resources. NAIRP Club of AI/ML rapidly annotate, curate and share information. This allows the AI/ML Knowledge Directory and Catalogue, in a well-designed crowdsourced manner, to use hackathons and other mechanisms for exponential knowledge, services, creation, and dissemination. They partner with appropriate Institution to develop a basic compute infrastructure for AI/ML around NAIRP from the National Supercomputing Mission Programme. It enables development of Knowledge Verticals, Capacity Building, Training Programmes, National Missions, Commercial and Entrepreneurship ecosystem, Policies and Regulatory Framework around NAIRP.

### Other Than AI:

It is reported that Reliance Jio is working with the Government of India and BIS to develop Application layer Telecom Standards in India. Very limited information is in public as of now, but we hear in bits and pieces about this development.

In alliance with India's government, Reliance Jio and BIS will develop Application layer Telecom Standards for the country. As of now, we have limited public information but hear about the development.<sup>35</sup>

A recently concluded Zoom meeting included discussion from a Government of India representative talking about standards.<sup>36</sup>

According to an internal report, the Government of India has been pushing Indian telecom players to build 5G technology in-house. To further the agenda, the Telecommunications Standard Development Society (TSDSI) has been pushing for the adoption of Indian standards for 5G as compared to global standards developed by ETSI.<sup>37</sup>



## UK continues to retain role as a go to forum for SEP holders seeking worldwide royalties

by Steven Baldwin<sup>38</sup> and Katie Coltart<sup>39</sup>

Recent decisions relating to standard essential patents (**SEPs**) and fair, reasonable and non-discriminatory (**FRAND**) licences have only increased the focus of the global telecommunications industry on the developing positions of courts around the world. In particular, the UK Supreme Court's seminal decision in *Unwired Planet*<sup>40</sup> has recently reinforced the UK as a go to jurisdiction for SEP holders seeking to negotiate worldwide royalty licences. This article provides an overview of that landmark decision, along with the novel legal issues currently being faced by the UK courts in relation to the advent of patent pool owners and administrators litigating against multi-national telecoms-device companies, and addresses the recent decision of the Paris High Court in *TCL v Philips & ETSI*<sup>41</sup> which signals the beginnings of jurisdictional tension relating to the determination of worldwide global FRAND licences. The article also highlights a number of questions that were left unanswered by the UK Supreme Court and that will be the subject of continuing case law development in the UK courts.

### UK Supreme Court's recent landmark judgment

In the UK, the UK Supreme Court recently handed down its judgment on the conjoined appeals from the long-running *Unwired Planet*<sup>42</sup> and *Conversant* cases<sup>43</sup>. This is a decision that has been widely noted as a significant victory for SEP holders and is likely to cement the UK as one of the (if not the) preferred jurisdictions for SEP holders seeking to litigate SEP/FRAND issues. Although nominally concerned with allegations of infringement of UK patents, the UK Supreme Court decision determined five key issues on conjoined appeal from the Court of Appeal that are, as the UK Supreme Court noted, 'important to the international market in telecommunications'<sup>44</sup>.

Firstly, the UK Supreme Court concluded that the English courts do have the jurisdiction to determine and set FRAND royalty rates for a global licence involving a multi-national patent portfolio and to grant an injunction against an implementer if they choose not to enter into it. In making

this finding, the Court was careful to distinguish the national character of the underlying patent rights from the international character of the ETSI contractual obligation, grounding the jurisdiction to determine a global FRAND licence in the ETSI obligation. This reasoning means that any court of competent jurisdiction could in principle determine a global FRAND licence. However, it currently remains the case that only the English court will do so without the consent of all the parties involved.

The UK Supreme Court also emphasised that whilst the determination of certain matters, such as the validity of foreign patents, was beyond the competence of the English court, it could draw upon 'commercial practice'<sup>45</sup> when determining whether terms are FRAND or not. The UK Supreme Court noted that such considerations would not usurp the jurisdiction of any relevant foreign courts, because it would remain open for an implementer to bring national FRAND proceedings in other jurisdictions and to argue that the determinations of the relevant foreign courts (e.g. in this case the Chinese courts) should be taken into account in any FRAND licence set in England. This leaves open the question of how such decisions will be accommodated and is likely to be the subject of further case law in the future. However, the UK Supreme Court made clear that

*"it might in our view be fair and reasonable for the implementer to reserve the right to challenge [patents] in the relevant foreign court and to require that the licence provide a mechanism to alter the royalty rates as a result. It might also be fair and reasonable for the implementer to seek to include in the licence an entitlement to recover sums paid as royalties attributable to those patents in the event that the relevant foreign court held them to be invalid or not infringed"*,

thus proposing that both an adjustment and/or a clawback mechanism<sup>46</sup> could be built into any settled FRAND licences



that reserves the implementers' rights to challenge particular foreign patents and require royalties to be repaid if such challenges were successful.

Secondly, the Court held that despite the significant commercial nexus with China and the UK being of relatively limited commercial importance, the UK was a suitable forum to determine the FRAND dispute. The reasoning was tied to the fact that on the evidence in the case, it was not proven that the Chinese Courts had the jurisdiction to determine a global FRAND licence<sup>47</sup>, even in circumstances where the parties requested them to do so (i.e. a more suitable alternative forum was not in fact available on the facts of the case). It is worth noting that in a different case with different evidence it may well be that the Chinese court, or another court of competent jurisdiction, is found to be a more suitable forum to determine a global FRAND dispute if that court has either decided that it has jurisdiction to determine global FRAND rates or at least has confirmed that it will do so with the consent of the parties.

Thirdly, the Court held that FRAND is not 'hard-edged'<sup>48</sup> and so there is no requirement for a SEP owner to grant a licence on terms equivalent to the most favourable terms granted to another licensee. Given the composite and 'unitary'<sup>49</sup> nature of the elements of the FRAND obligation, the UK Supreme Court considered it sufficient for a SEP holder to have a set of terms that were freely available to all prospective licensees. It would then be a matter for competition/antitrust law to regulate any agreements that deviated from these terms.

Fourthly, the Court held that SEP-holders do not abuse their dominant position from a competition/anti-trust perspective (under Article 102 TFEU) by bringing a claim for injunctive relief<sup>50</sup>. The only mandatory condition in the *Huawei v ZTE* framework is that a SEP holder consults with the alleged infringer before bringing its claim. This finding, is consistent with the English court's perspective that the *Huawei v ZTE*<sup>51</sup> framework is a guidance framework rather than a "mandatory protocol", albeit there is a mandatory requirement for the SEP holder to notify the alleged infringer before bringing a claim for an injunction<sup>52</sup>.

Finally, the court held that damages in lieu would not be an adequate substitute for an injunction<sup>53</sup>. In their view an

injunction was the appropriate remedy, as otherwise, it would give implementers an incentive to hold out country-by-country until compelled to pay damages in each country. Of most significance here is that the UK Supreme Court appears to confirm (albeit implicitly) that under English law damages for patent infringement are different to, and severable from, royalties under a FRAND licence and are limited to the infringed UK national patent<sup>54</sup>. This must follow from their reasoning otherwise the Court's logic of stating that a SEP holder would be required to go "country-by-country" if only damages were to be available would not apply.

Whilst the UK Supreme Court's decision is significant, it still leaves open a number of different developing strands of case law, in which we are likely to see developments in some of the ongoing SEP/FRAND cases in the UK. First is the impact of the validity of foreign patents in UK FRAND proceedings. In February 2021, the UK courts will for the first time, undertake an analysis of over 20 patent families in the *Conversant v Huawei & ZTE* FRAND Trial to inform the valuation of Conversant's patent portfolio. Second is the question of how the English court will accommodate the decisions of foreign courts in relevant parallel proceedings, including whether it will exercise its case management powers to allow relevant foreign FRAND proceedings to conclude before the UK FRAND trial so that their outcome can be taken into account (e.g. in *Conversant v Huawei & ZTE*<sup>55</sup> in 2018). However, there is no obligation on the Court to delay the date of the FRAND trial and this decision is specific to the facts of the case (*Sisvel v Xiaomi*<sup>56</sup>). Applications can, in any case, be made to move the trial if justified by developments in foreign proceedings. Cases such as *Sisvel v Xiaomi* and *InterDigital v Lenovo* are likely to contribute to the case law in this area, as both involve significant parallel FRAND proceedings in foreign jurisdictions. A third example of another area of the law under development is that affirmed by the English Court of Appeal in *TQ Delta v ZyXel*<sup>57</sup>, in which the implementer accepted an injunction rather than proceed to a FRAND trial. This affirmed that it is an implementer's right to decide whether it will avail itself of a (court determined) FRAND licence that a SEP holder is obliged to offer. However, how this sits with the attempts of SEP holders to pre-empt such an election by seeking a determination that



the implementer is an unwilling licensee if it refuses to be bound by a FRAND determination of the English court is yet to be seen.

### **FRAND determination in the context of patent pools**

Patent pool owners, such as Sisvel and Avanci, have become frequent litigants in the SEP/FRAND space. However, due to their nature, they present a range of novel issues specific to the patent pool context that have not been considered before in the courts, many of which are currently being played out in the UK case of *Sisvel v Xiaomi*.

*Sisvel v Xiaomi* involves three patents from Sisvel's 'MCP Pool' which are alleged to be standard essential and infringed by Xiaomi and the other defendant parties. The MCP Pool contains a number of declared SEPs belonging to a number of different patentees, nearly all of whom are not parties to the UK litigation. However, Sisvel is seeking a determination of the global FRAND royalty and licence for the entire MCP Pool.

Consequently, the case is likely to see further developments of already evolving English case law, including how to apply the FRAND case law in the pool context and how foreign decisions on FRAND should be taken into account. In addition, the parties have been at the heart of a debate over the scope of disclosure of comparable licences and the confidentiality restrictions that can legitimately be imposed on such disclosure. This aspect of the litigation is currently on appeal to the UK Court of Appeal.

### **The Paris High Court's decision in *Philips v TCL***

A sign of the continuing jurisdictional tension between courts relating to the settlement of global licensing disputes was seen in a recent decision by the Paris High Court<sup>58</sup> in the ongoing parallel UK<sup>59</sup> and French proceedings between TCL and Philips. In October 2018, Philips commenced a UK patent infringement action against TCL on two SEPs seeking an injunction unless TCL agreed to take a worldwide FRAND licence. TCL commenced an action in the Paris High Court against Philips and ETSI to obtain a worldwide licence, seeking to avail as a third party beneficiary of Philips' irrevocable FRAND undertaking given

to ETSI, in relation to its UMTS/LTE portfolio. The UK courts subsequently scheduled two infringement trials for 2020, along with the UK FRAND trial, which TCL accepted subject to its French FRAND action. Philips applied to challenge the jurisdiction of the French court on the basis of Article 8 and Articles 29/30 of Brussels Regulation Recast. One of the central questions was whether there was a close enough link between the claims brought by TCL against Philips and those against ETSI. This depended on the scope of Philips' undertaking to negotiate and grant a FRAND licence to TCL (one of ETSI's members). TCL and ETSI argued that the FRAND undertaking amounted to a '*stipulation pour autrui*' which was the result of an exchange of consent between a promisor (Philips) and a stipulator (ETSI), where the promisor irrevocably undertook to grant FRAND licences to a beneficiary (TCL). By contrast, Philips argued that it was only bound by an undertaking to negotiate in good faith and was not contractually bound. Separately, Philips argued that the proceedings should not be permitted to continue on further jurisdictional grounds, because it said it had already commenced a claim for a global FRAND licensing determination in the UK.

In February 2020, the Paris High Court rejected Philips' jurisdiction challenge and suggested that the French Courts did have jurisdiction to make a global FRAND determination being the first decision of its kind by the French courts. Separately, in October 2020, the English Court rejected TCL's application to stay the English proceedings following on from the Paris High Court's decision, such that these two FRAND cases in respect of the same patent portfolio will now continue to proceed in parallel.

Given this was the first decision of its kind by the French courts and it remains to be seen how this potential jurisdiction will evolve and how the relationships will develop between different courts (e.g. in the UK and France) each of which is in principle able to carry out global FRAND determinations.

## Endnotes

### Trends in Standard Essential Patent Litigation

---

- 1 Paul Ragusa is a partner in the Intellectual Property section of Baker Botts' New York office, and the Chair of AIPLA's SOS Committee. His practice encompasses patent litigation, inter-partes reviews, IP portfolio management and licensing particularly with respect to Standard Essential Patents.
- 2 Matt Welch is an associate in the Intellectual Property section of Baker Botts' Washington, D.C. office. He works on a range of intellectual property matters, focusing primarily on patent litigation and patent prosecution.
- 3 *Litigation Landscape of Standard-Essential Patents* at 2, darts-ip (2019); see <https://www.darts-ip.com/blog-sep-litigation-landscape-2019/>
- 4 *Id.* at 13, 15.
- 5 *Id.*

### Updated DOJ Business Review Letter to IEEE Regarding Standard Essential Patents

---

- 6 Wenjie Li is Lead IP Counsel for IBM's AI Applications business unit. In his current role, he leads a team to advise and counsel the IBM business unit on all aspects of IP Law and related matters.
- 7 Matt Welch is an associate in the Intellectual Property section of Baker Botts' Washington, D.C. office. He works on a range of intellectual property matters, focusing primarily on patent litigation and patent prosecution.
- 8 Letter from Makan Delrahim, Assistant Attorney General at the Antitrust Division of the DOJ, to Sophia Muirhead, General Counsel at the IEEE (Sept. 10, 2020).
- 9 *Id.* at 1.
- 10 *Id.*
- 11 *Id.* at 2-3.
- 12 *Id.*
- 13 *Id.*
- 14 *Id.*
- 15 *Id.*
- 16 *Id.*
- 17 *Id.*
- 18 *Id.* at 4-6.
- 19 *Id.*
- 20 *Id.*
- 21 *Id.*
- 22 *Id.*
- 23 *Id.* at 6-8.
- 24 *Id.*
- 25 *Id.*
- 26 *Id.*
- 27 *Id.* at 8-9.

### AI Standardization Efforts in India

---

- 28 Divyendu Verma is an Advocate and Patent & Trademark attorney with over 10 years of experience. Mr. Verma has vast experience in Intellectual Property (IP) Strategy Advisory, Patent Drafting, Prosecution and Analytics. He has handled and managed large Intellectual Property (IP) portfolios for multiple national and international organizations involving drafting IP implementation framework, and assisting clients to build their IP portfolio. He also has rich experience in technology deployment involving implementation of telecom and IT infrastructure, and software development.
- 29 Dennis Duncan is Managing Director at Essentiality Check and former Dolby Senior IP Counsel. He provides support for various companies' intellectual property portfolios which includes drafting and negotiating IP and commercial licensing agreements, counseling on IP and commercial litigation in federal and state courts as well as before agencies and boards, claim charting standard essential patents (SEPs) as well as conducting essentiality checks on SEPs, and other advising and representation for technology companies related to IP.
- 30 Aastha Tandon is a current law student at Antonin Scalia Law School, George Mason University.
- 31 [http://niti.gov.in/writereaddata/files/document\\_publication/NationalStrategy-for-AI-Discussion-Paper.pdf](http://niti.gov.in/writereaddata/files/document_publication/NationalStrategy-for-AI-Discussion-Paper.pdf)
- 32 <https://niti.gov.in/sites/default/files/2020-07/Responsible-AI.pdf>
- 33 [http://dipp.nic.in/sites/default/files/Report\\_of\\_Task\\_Force\\_on\\_ArtificialIntelligence\\_20March2018\\_2.pdf](http://dipp.nic.in/sites/default/files/Report_of_Task_Force_on_ArtificialIntelligence_20March2018_2.pdf)
- 34 <https://bis.gov.in/wp-content/uploads/2019/03/SNAP-Documents.pdf>
- 35 See, e.g., The Ping Pong Of 5G Telecoms Lobbying, From Geneva To Delhi And Back, February 4, 2020, *available at* <https://www.communicationstoday.co.in/the-ping-pong-of-5g-telecoms-lobbying-from-geneva-to-delhi-and-back/>
- 36 <https://www.youtube.com/watch?v=rX9SOXRd6RA&feature=youtu.be>
- 37 See, e.g., TSDSI's 5th Generation Radio Interface technology reaches final step to be notified as an IMT2020 standard by ITU, July 23, 2020, <https://tsdsi.in/tsdsis-5th-generation-radio-interface-technology-reaches-final-step-to-be-notified-as-an-imt2020-standard-by-itu/>; TSDSI Newsletter, March, 2020, *available at* [https://tsdsi.in/wp-content/uploads/2020/04/TSDSI\\_Newsletter\\_March20\\_FINAL.pdf](https://tsdsi.in/wp-content/uploads/2020/04/TSDSI_Newsletter_March20_FINAL.pdf)

- 38 Steven Baldwin is a partner in Kirkland's IP Litigation team in London with significant experience representing clients in patent, life sciences regulatory, copyright, trademark and trade secrets matters. His practice focuses primarily on complex cross-border telecommunications (SEP/FRAND) and life sciences patent disputes and former employee trade secrets cases.
- 39 Katie Coltart is a partner in Kirkland's London IP Litigation team. Katie focuses her practice on patent litigation, particularly in the life sciences and tech sectors. Katie is experienced in dealing with multi-jurisdictional cases requiring significant cross-border coordination across multiple forums at both first instance and on appeal.
- 40 *Unwired Planet v Huawei and Conversant Wireless Licensing v Huawei & ZTE [2020] UKSC 37* ("*Unwired Planet UKSC*")
- 41 *TCL v Philips & ETSI* (Paris High Court) No. RG 19/02085
- 42 *Unwired Planet v Huawei* [2018] EWCA Civ 2344
- 43 *Conversant v Huawei & ZTE* [2019] EWCA Civ 38
- 44 Para 1, ***Unwired Planet UKSC***
- 45 Para 62, ***Unwired Planet UKSC***
- 46 Para 64, ***Unwired Planet UKSC***
- 47 Para 96, ***Unwired Planet UKSC***
- 48 Para 112, ***Unwired Planet UKSC***
- 49 Para 113, ***Unwired Planet UKSC***
- 50 Para 158, ***Unwired Planet UKSC***
- 51 *Huawei v ZTE (C-130/15) CJEU*
- 52 Paras 146, 149, ***Unwired Planet UKSC***
- 53 Para 166, ***Unwired Planet UKSC***
- 54 Para 87, ***Unwired Planet UKSC***
- 55 *Conversant v Huawei & ZTE [2019] EWHC 48*
- 56 *Mitsubishi Electric Corporation and another v Archos SA and others [2020] EWHC*
- 57 *TQ Delta LLC v Zyxel Communications UK Limited [2019] EWHC 745 (Pat)*
- 58 *TCL v Philips & ETSI* (Paris High Court) No. RG 19/02085
- 59 *Koninklijke Philips NV v Tinno Mobile Technology Corp. and others [EWHC]*