



ANTI-SUIT INJUNCTIONS IN PATENT LITIGATION IN THE UNITED STATES

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Background

Anti-suit injunctions (ASIs) are a legal remedy that have been applied by courts to prevent a party from pursuing parallel proceedings in another jurisdiction. The use of ASIs has grown in Standard Essential Patent (SEP) litigation and disputes over FRAND licensing commitments. In the case of *Unwired Planet v. Huawei*, the Supreme Court of the United Kingdom held that a UK court has the power to grant an injunction to prevent the infringement of a SEP and to determine the royalty rates and terms of a global FRAND license for the use of such SEP.³ Last year, China's Supreme People's Court affirmed the right of Chinese courts to set global FRAND licensing rates for SEPs based on a nexus to China in the case of *OPPO v. Nokia*.⁴

Given different legal standards and approaches used by various courts and tribunals, the complex situation regarding FRAND licensing of SEPs can get worse once ASIs, as a litigation tool, are applied as a procedural remedy.

Approaches of ASIs in the United States

The approach of ASIs emerged as *in personam* remedies under common law centuries ago, and they are influenced by the development of ASIs as a remedy in federal and state courts of the United States.⁵ An underlying principle is that multiple legal proceedings involving the same *personam* claim should ordinarily be allowed to proceed until a final judgment is reached in one, which can be pled as *res judicata* in the other(s).⁶ Much of the law relating to ASIs was developed by the lower federal courts, with the Supreme Court remaining silent on certain important issues.⁷ This influenced and generated certain features of ASIs in the United States.

First, parallel proceedings exist between federal courts and state courts, and federal courts tend to issue ASIs to enjoin parties in another federal courts, but not enjoin state courts.⁸ Second, since the law for granting ASIs is roughly the same as it is in the international context, parties and jurisdictions outside the United States are often involved and recognized.⁹ Third, state courts are currently split on how to proceed over

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³ *Unwired Planet v. Huawei and Conversant Wireless Licensing v. Huawei & ZTE* UKSC 37 (2020).

⁴ <https://www.natlawreview.com/article/china-s-supreme-people-s-court-again-affirms-right-to-set-global-frand-rates>.

⁵ Jason P. Waguespack, *Anti-suit Injunctions and Admiralty Claims: The American Approach*, 24 U. S.F. Mar. L. J. 294-295 (2011).

⁶ *See U.S. Const. art. IV, § 1.*

⁷ Chris Heikaus Weaver, *Comment, Binding the World: Full Faith & Credit of State Court Antisuit Injunctions*, 36 U.C. Davis L. Rev. 993, 997 (2003).

⁸ Charles A. Wright et al., *Federal Practice & Procedure* § 4468 (3d ed. 2017); 28 U.S.C. § 1738 (2017).

⁹ *Cook v. Delmarva Power & Light, Co.*, 505 A.2d 447, 450 (Del. Super. Ct. 1985).

the Full Faith and Credit Clause of the U.S. Constitution.¹⁰ With these standard features, there are significant unanswered questions regarding variations and different threshold criteria for determining ASIs in SEP litigations from jurisdiction to jurisdiction in the United States.

ASIs have been applied in cases involving the licensing of SEPs for technologies including 802.11 and H.264, and a well-known example where an ASI was applied in the context of a SEP dispute is during a dispute between *Microsoft and Motorola*.¹¹ During an H.264 licensing rate negotiation, Motorola sought an injunction prohibiting Microsoft from selling alleged infringing products in Germany. In response to the injunction issued by the German court, Microsoft sought to have a United States District Court grant an ASI to enjoin Motorola from enforcing any injunction it obtained. The rationale for the district court to grant such ASI is based on concerns of inconsistent judgement, forum shopping, and duplicative and vexatious litigation.

The district court applied a three-part framework developed in *E. & J. Gallo Winery v. Andina Licores*,¹² according to which the court must determine whether the parties and issues are the same, whether the first action is dispositive of the action to be enjoined, and most importantly whether any of the so-called *Unterweser* factors¹³ exists. For example, the district court in the *Microsoft* case noted that Motorola had commitments involving approximately one hundred SEPs but only invoked two of them in the German action and sought the injunction before the district court could rule on the propriety of the injunction for infringement. The district court viewed Motorola's legal action in Germany as being oppressive to Microsoft, and that it interfered with the court's ability to reach a fair and just outcome. The court concluded that "the timing of the filing of the German Action raises concerns of forum shopping and duplicative and vexatious litigation."¹⁴ This example provided sufficient rational under the *Unterweser* criteria, and served later as an exemplary basis for determining ASI jurisdiction in the United States.

Controversy over ASI and Anti-ASI Cases

ASIs in the United States are not always granted, and courts have been cautious in issuing them. For example, In *Lenovo US v. IPCOM*,¹⁵ Lenovo US sought a US ASI in a United States District Court against IPCOM, which licenses cellular standards, because of IPCOM's infringement action in the United Kingdom. Lenovo had initiated legal action against IPCOM due to their failure to offer Lenovo US a license relevant to the 2G, 3G, and 4G cellular standards on FRAND terms and conditions. Moreover, IPCOM had demanded Lenovo US to pay royalties for patents that were not deemed essential to the standard.

The court found that Lenovo US failed to make a *prima facie* showing of personal jurisdiction over IPCOM, primarily because IPCOM's licensing negotiations were not directed to the United States. The parties thus were granted leave to conduct discovery regarding specific personal jurisdiction only. Ultimately, the court decided to terminate both IPCOM's motion to dismiss and Lenovo's motion for an ASI, and the parties were allowed to renew their respective motions after jurisdictional discovery had been completed.

In contrast, ASIs have been issued where a stay of the foreign litigation would allow the parties to concentrate on overriding FRAND issues. In *TCL v. Ericsson*,¹⁶ TCL, a manufacturer and distributor of cell phones on a worldwide scale, sought to license Ericsson's SEPs related to telecommunication technologies. The parties were unable to agree on terms, and Ericsson filed a series of infringement actions against TCL in different jurisdictions. In response, TCL sought an ASI in the United States to prohibit Ericsson from pursuing foreign lawsuits. The court found that TCL had made a showing that the foreign lawsuits were oppressive, and that the ASI was necessary to prevent irreparable harm. It is important to note that simply being dissatisfied with the outcome of a previous lawsuit or feeling that a defendant has acted unjustly is not enough to establish vexatiousness and/or oppressiveness. A court must consider all facts and circumstances of the case and make a determination based on the evidence presented.

¹⁰ U.S. Const., art. IV, § 1; see *Laker Airways Ltd. v. Sabena, Belgian World Airlines*, 731 F.2d 909 (D.C. Cir. 1984).

¹¹ *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872 (9th Cir. 2012) [hereinafter *Microsoft I*].

¹² *E. & J. Gallo Winery v. Andina Licores S.A.*, 446 F.3d 984 (9th Cir. 2006).

¹³ *In re Unterweser Reederei, GmbH*, 428 F.2d 888 (5th Cir. 1970), on reh'g en banc sub nom. *In the Matter of the Complaint of Unterweser Reederei, GmbH*, 446 F.2d 907 (5th Cir. 1971), vacated sub nom. *M/S Bremen v. Zapata Off-Shore Co.*, 407 U.S. 1, 92 S. Ct. 1907, 32 L. Ed. 2d 513 (1972).

¹⁴ *Microsoft I*, 696 F.3d at 880.

¹⁵ *LENOVO Inc. & Motorola Mobility, LLC v. IPCOM GMBH & Co. KG*, 2019 WL 10504766 (N.D.Cal.).

¹⁶ *TCL Commc'n Tech. Holdings Ltd. v. Telefonaktiebolaget LM Ericsson*, 943 F.3d 1360 (Fed. Cir. 2019).



Beginning in 2018, the use of ASIs in SEP litigation in foreign courts has grown, leading to the development of more complex proceedings, such as anti-anti-suit-injunctions (AASIs) and anti-AASIs (AAASIs). For example, Chinese courts have issued several AASIs in response to earlier ASIs issued by courts in the United States, where the Chinese court also examined factors similar to the *Unterweser* factors. In *Ericsson v. Samsung*, a Chinese court issued an ASI to prevent Ericsson from litigating in the United States, and the U.S. court issued an AASI to bar the enforcement of the Chinese ASI, which later led to an AAASI sought in China.¹⁷ Notably, neither party is from China or the United States. The case demonstrates the potential for political responses from different countries, including the United States, facing ASI issues. The matters have become concerning enough to draw a World Trade Organization (WTO) complaint from the European Union, for which the WTO has now agreed to empanel a body to decide the matter (based on complaint about failure to issue judicial guidance in opinions).¹⁸

The Future

One position that seems reasonable for using ASIs is when parties to a contract have previously agreed to resolve disputes arising from that contract in arbitration or in a specified court. In such a situation, letting that court or arbitration tribunal conclude its dispute resolution outside of interference by other national court interference via an ASI would be a good baseline rule to start from.

There have been legislative responses. The Defending American Courts Act (DACA) was introduced in the United States Congress in March 2022.¹⁹ The bill includes several

provisions related to the use of ASIs in patent litigation. For example, pursuant to § 274 (b) and (c) of the bill, “the court shall presume that the infringement is “willful” when determining whether to increase damages under section 284” upon a finding of the infringement against any person asserting an ASI in any tribunal of the United States. Further, the party could be prohibited from challenging the validity of the underlying patent(s) at the Patent Trial and Appeal Board (PTAB); the provision states that “[i]n determining whether to institute a review . . . , the Director shall decline to institute such a review if the petitioner, . . . has asserted an anti-suit injunction.” Furthermore, the United States Patent and Trademark Office (USPTO) would be tasked with conducting a study to examine “the importance of patents . . . in critical and emerging technologies” and “the harm resulting from anti-suit injunctions” after the enactment of the act, according to the subsection (c) of the above section 274. The results of this study must be reported within one year.²⁰

Some have proposed that the DACA or similar legislation could trigger foreign legislative efforts, while others argue that the text of the bill is not detailed enough and leaves open questions about its implementation.²¹ While legislation may play a role in considering ASIs, it is likely that a multi-faceted approach will continue to be applied by the courts when faced with an application for an ASI or related remedy.

¹⁷ *Ericsson Inc. v. Samsung Elecs. Co.*, No. 2:20-CV-00380-JRG, 2021 WL 89980 (E.D. Tex. Jan. 11, 2021).

¹⁸ https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds611_e.htm details the decision on a panel, panel composed described at <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/DS/611-6.pdf&Open=True>, and dispute described in this complaint: <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:WT/DS/611-1.pdf&Open=True>

¹⁹ S. 3772 — 117th Congress: Defending American Courts Act.

²⁰ *Id.*

²¹ <http://www.fosspatents.com/2022/03/defending-american-courts-act-presently.html>.