

Fed. Circ. Told Samsung's FRAND Bid Distorts Int'l Norms

By Britain Eakin

Law360 (April 5, 2021, 6:20 PM EDT) -- Ericsson told the Federal Circuit on Friday that Samsung's attempt to get it to overturn U.S. District Judge Rodney Gilstrap's decision barring the companies from fighting over patents essential to the 4G and 5G wireless standards exclusively in China "rests on a funhouse-mirror version of international norms."

Ericsson Inc.'s brief came after Samsung Electronics Co. Ltd. appealed Judge Gilstrap's preliminary injunction in January maintaining his right to hear Ericsson's suit claiming that Samsung refused to accept a fair, reasonable and nondiscriminatory, or FRAND, rate when renegotiating a cross-license agreement, but without interfering with a Chinese court's ability to hear Samsung's suit seeking to have the dispute decided there.

Ericsson said in its brief that the two cases proceeding in tandem — Ericsson's suit in the Eastern District of Texas and Samsung's in Wuhan, China — without either court interfering in the other suit is exactly the international norm that the U.S. Supreme Court has recognized for more than a century.

But Ericsson said there's another reason to allow both cases to proceed: Samsung's suit in China "is deliberately partial" in that it asked the Chinese court only to calculate FRAND rates for Ericsson's patents and not its own. Since Ericsson's FRAND commitment depends on Samsung providing Ericsson with reciprocal FRAND terms for its own standard-essential patents, Ericsson said Samsung's suit can't decide any rights.

"Samsung's effort to forestall U.S. authority in favor of an incomplete foreign suit smacks of 'litigious gamesmanship' intended to tilt the negotiation playing field," Ericsson said.

The South Korea-based Samsung and Sweden's Ericsson have been sparring since they failed to negotiate a new cross-license for patents that are declared essential to 4G and 5G wireless standards — and their dispute is ever-sprawling.

Ericsson sued Samsung on Dec. 11 in the Eastern District of Texas, claiming that Samsung refused to accept a FRAND rate and that it would only cross-license its patents if Ericsson agreed to a lower rate. Ericsson said that was a breach of contract and that there is an obligation to negotiate on FRAND terms.

According to court filings, Samsung filed its own suit in China four days earlier on Dec. 7 seeking to adjudicate the dispute there, although Ericsson was not notified of the case until days later.

On Dec. 25, the Wuhan Intermediate People's Court of China granted Samsung an injunction prohibiting courts anywhere else from adjudicating the dispute, but Judge Gilstrap blocked enforcement of that ruling.

When Samsung soon after appealed that ruling, it argued that the judge's decision didn't square with a Chinese anti-suit injunction that would have stopped Ericsson from seeking its own injunctive relief on the patents anywhere else in the world. This meant that Samsung was now "subject to conflicting obligations in two courts," it argued.

But Ericsson said in its response on Friday that Judge Gilstrap was well within his rights to issue an anti-interference injunction.

"The Eastern District of Texas has an overwhelming interest in adjudicating this case; Wuhan has virtually none," Ericsson said. "It did not offend comity for the district court to issue a defensive injunction that merely restored the norm of parallel proceedings."

Counsel for the parties did not return a request for comment Monday afternoon.

The patents-in-suit are U.S. Patent Nos. 8,102,805; 8,607,130; 9,949,239; 9,532,355; 10,454,655; 10,193,600; 10,425,817; and 10,516,513.

Ericsson is represented by Jeffrey A. Lamken, Michael G. Pattillo Jr., Rayiner I. Hashem, Elizabeth K. Clarke and Jennifer E. Fischell of Mololamken LLP, and Theodore Stevenson III, Nicholas M. Mathews, Nicholas T. Matich, Christine M. Woodin, Blake H. Bailey and Samuel F. Baxter of McKool Smith PC.

Samsung is represented by John C. O'Quinn and William H. Burgess of Kirkland & Ellis LLP.

The case is Ericsson Inc. v. Samsung Electronics Co. Ltd., case number 21-1565, in the U.S. Court of Appeals for the Federal Circuit.

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