

December 24, 2019

## A Shift on Standard-Essential Patent Remedies? DOJ, USPTO, and NIST Issue New Joint Policy Statement

On December 19, 2019, the U.S. Department of Justice's ("DOJ") Antitrust Division, the United States Patent & Trademark Office ("USPTO"), and the National Institute of Standards and Technology ("NIST") issued a joint "[Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments](#)" ("2019 Statement"). The 2019 Statement replaces a withdrawn [2013 DOJ-USPTO joint policy statement](#) by the same title ("2013 Statement"). Importantly, the 2019 Statement clarifies the agencies' joint position that, regardless of whether particular standard-essential patents ("SEPs") are the subject of F/RAND (Fair, Reasonable, and Non-Discriminatory) licensing commitments, whether injunctive relief is available to SEP owners is governed by the same principles that govern non-SEPs.

**Attorneys**  
[Steven Pepe](#)  
[Kevin J. Post](#)  
[Matthew J. Rizzolo](#)  
[Mark S. Popofsky](#)  
[Chong S. Park](#)  
[Samuel Brenner](#)  
[Ryan Brunner](#)

Notably, like the 2013 Statement it replaces, the new 2019 Statement was issued just months before an anticipated decision from the International Trade Commission ("ITC") regarding whether to exclude infringing products from the United States based on the infringement of a FRAND-encumbered SEP.

### Background: The 2013 Statement

The question of when—if at all—the owner of a FRAND-encumbered SEP may seek injunctive relief is hotly contested and important for patent holders and accused infringers alike. Addressing this topic in the 2013 Statement, the DOJ and USPTO observed that an injunction or exclusion order may be "incompatible" with a FRAND commitment and "inconsistent with the public interest." *See* 2013 Statement at 6. In particular, the agencies concluded, "the public interest may preclude the issuance of an exclusion order in cases where the infringer is acting within the scope of the patent holder's F/RAND commitment and is able, and has not refused, to license on F/RAND terms." *Id.* at 9. Among other issues, the 2013 Statement noted concerns with potential "patent hold-up," where an SEP holder seeks to leverage the standard-essential nature of its patent(s) to exclude a competitor or obtain higher royalties. *Id.* at 4. While expressing concern over misuse of SEPs and the public interest, the 2013 Statement identified a set of circumstances under which an SEP holder potentially should be able to obtain an injunction or exclusion order. Those circumstances included, among other things, where a putative licensee "refuses to pay what has been determined to be a FRAND royalty, or refuses to engage in a negotiation to determine F/RAND terms." 2013 Statement at 7-8.

The 2013 Statement was issued while the ITC was reviewing an Initial Determination in Inv. No. 337-TA-794, an investigation that involved the alleged infringement of FRAND-encumbered SEPs relating to cellular standards. In that investigation, the ITC [found infringement of one patent and issued an exclusion order](#). The U.S. Trade Representative ("USTR"), however, later disapproved of (*i.e.*, vetoed) that exclusion order, issuing his decision [in a letter that discussed the 2013 DOJ/USPTO Statement](#) and explained that he "strongly share[d]" the agencies' concerns over potential SEP misuse. The 2013 Statement was also issued against the backdrop of FTC consent decrees asserting that, in certain circumstances, an SEP holder's threat to attain injunctive relief on a F/RAND committed patent could comprise a violation of Section 5 of the FTC Act. *See, e.g., In re Robert Bosch GmbH*, FTC File No. 121-0081 (Apr. 12, 2013) (involving consent decree where SEP owner agreed to abandon claims for injunctive relief).

More recently, however, the DOJ signaled that its position on FRAND-encumbered SEPs has evolved. For example, in a [December 7, 2018 speech](#), Makan Delrahim, Assistant Attorney General for the Antitrust Division, took the position that the 2013 Statement had been misinterpreted as suggesting a "special set of rules" for exclusion orders or injunctions for SEPs. Because of this "potential for confusion," Delrahim announced that the DOJ's Antitrust Division was withdrawing its assent to the 2013 Statement.

## The 2019 Statement

In the 2019 Statement, the USPTO and the DOJ expressly withdraw the 2013 Statement, and (together with NIST) replace it with a statement instead concluding that “a patent owner’s F/RAND commitment is a relevant factor in determining appropriate remedies, but need not act as a bar to any particular remedy.” 2019 Statement at 4. “All remedies available under national law,” the agencies add, “including injunctive relief and adequate damages, should be available for infringement of standards-essential patents subject to a F/RAND commitment, if the facts of a given case warrant them.” *Id.* at 4-5. Moreover, the agencies explain, “[w]hile the existence of F/RAND or similar commitments, and conduct of the parties, are relevant and may inform the determination of appropriate remedies, the general framework for deciding these issues remains the same as in other patent cases.” *Id.* at 5.

Put another way, the agencies explicitly concluded that “there are no special rules limiting the remedies available for the infringement of any standards-essential patent, whether subject to a F/RAND commitment or not.” *Id.* at 4 n.10. And to support their conclusion, the agencies point to two Federal Circuit decisions that declined to create special rules for injunctions or damages in cases involving SEPs. *Id.* at 6-7 (quoting *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1331 (Fed. Cir. 2014) (“To the extent that [a]...district court applied a per se rule that injunctions are unavailable for SEPs, it erred.”) (alterations in 2019 Statement); *Ericsson v. D-Link Sys., Inc.*, 773 F.3d 1201, 1232 (Fed. Cir. 2014) (“We believe it unwise to create a new set of *Georgia-Pacific*-like factors for all cases involving RAND-encumbered patents.”)).

There are some additional notable aspects of the 2019 Statement. For example, while the 2013 Statement had addressed patent hold-up—the improper actions of an SEP holder—the 2019 Statement expresses concern *both* about patent hold-up and concerted patent hold-out—the “coordinated delay” by potential infringers “in agreeing to a license to drive down its cost.” *Id.* at 2 n.3. The 2019 Statement also states that the 2013 Statement may have been misinterpreted as suggesting that antitrust law is always applicable to FRAND disputes, and clarifies the agencies’ position that this is not necessarily the case. *Id.* at 4 nn.9-10.

## Implications

The 2019 Statement establishes that the agencies together believe that FRAND-encumbered SEPs should be treated the same as all other patents, with the full scope of remedies—including lost profits, enhanced damages for willfulness, and even injunctive or exclusionary relief—being available to patent holders. While the 2019 Statement noted that it “has no force or effect of law” (at 1 n.1), it will surely be cited by parties in litigation, and it may result in an uptick in SEP holders seeking exclusion orders at the ITC or injunctive relief in court, or (on the other side of the ledger) earlier settlements and licenses given the possibility of increased dangers of injunctions.

The 2019 Joint Statement likely signals the current administration’s position regarding the importance of patent rights, and—again, though it lacks the force of law—either indicates or may impact the positions of other Executive Branch agencies or officials as well. For example, the USTR commonly consults with the DOJ, USPTO, and other federal agencies in deciding whether to veto an exclusion order, so this policy statement may signal that any veto of an SEP-related exclusion order is far less likely. Moreover, the policy statement also encourages parties on both sides of a licensing transaction to be reasonable, because it withdraws special protection from injunctions for so-called willing licensees. But it is worth noting that another federal agency which has taken an interest in SEP-related issues in the past, the Federal Trade Commission, is not a signatory to this policy statement. Whether the FTC may agree with the positions of the DOJ, USPTO, and NIST is unclear.

The 2019 Statement may also have an immediate effect on an important aspect of the tech industry. On October 21, 2019, ITC Chief Administrative Law Judge Bullock issued an Initial Determination finding infringement in Inv. No. 337-TA-1089, in which complainant Netlist accuses certain SK Hynix products of infringing Netlist’s SEPs relating to certain memory standards. The ITC’s Final Determination is expected by February 21, 2019. If the ITC issues an exclusion order, it would be the first exclusion order since Inv. No. 337-TA-794 based on infringement of an alleged FRAND-encumbered SEP—and it will be worth paying attention to what, if any, action is taken by the USTR and how, if at all, it relies on the 2019 Statement.