

Recent Japanese Cases Regarding Standard Essential Patents and FRAND Licensing Declaration

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The Cases – Apple v. Samsung

- ◆ Tokyo District Ct. 2011 (YO) 22027, 2011 (YO) 22098, decided on Feb. 28, 2013.
 - ❖ Samsung sued Apple seeking preliminary injunction to halt importation and assignation, etc.
- ◆ Tokyo District Ct. 2011 (WA) 38969, decided on Feb. 28, 2013.
 - ❖ Apple sued Samsung seeking declaratory judgment of the non-existence of obligations to pay monetary damages.

Background facts

- ◆ The Patent (JP 4642898, PCT/KR2006/001699) titled “Method and Apparatus for transmitting / receiving packet data using pre-defined length indicator in a mobile communication system”
- ◆ The patent is a standard essential patent (SEP) for UMTS network (Radio Link Control protocol, ver. 6.4.0 and later).
- ◆ Samsung submitted FRAND licensing declaration to European Telecommunication Standard Institute (ETSI) in accordance with ETSI IPR policy.

Infringement

- ◆ Infringing?
 - ❖ Yes, iPhone 4/ 4S / iPad 2 Wi-Fi+3G falls within the technical scope of the patent
 - ❖ No, iPhone 3GS / iPad Wi-Fi+3G does not fall within the technical scope of the patent
- ◆ Nonetheless, the court found Samsung is not allowed to seek the preliminary injunction nor to seek monetary damage from Apple ...

Standardization/Negotiation process before and during the litigation

- ◆ May, 2005 Samsung's proposal to SSO
- ◆ Aug., 2007 Samsung's disclosure of the existence of patent
- ◆ April, 2011 Apple sued Samsung in the USA
- ◆ April, 2011 Samsung filed preliminary injunction
- ◆ May, 2011 Apple and Samsung entered into a secrecy agreement.
- ◆ July, 2011 Samsung proposed license rate
- ◆ Aug., 2011 Apple requested Samsung to disclose terms and conditions of license agreements with other entities.
- ◆ Sept., 2011 Apple filed lawsuit against Samsung
- ◆ Jan., 2012 Samsung requested Apple to propose reasonable counteroffer.
- ◆ Mar., 2012 Apple proposed detailed license terms.
- ◆ April, 2012 Samsung refused the offer asserting the proposed royalty rate is too low.
- ◆ Sept., 2012 Apple proposed comprehensive license.
- ◆ Sept., 2011 Samsung's counteroffer.
- ◆ Sept., 2011 Apple's counteroffer.

Court Opinion in Detail (1)

- ◆ Given the fact that Samsung submitted FRAND declaration, when Samsung was proposed specified offer to enter into license agreement based on FRAND condition from a third party, both parties have non-statutory obligation to disclose material information to the other and faithfully negotiate.
- ◆ As Apple proposed detailed terms and conditions, Samsung is duly obliged to disclose Apple material information including terms and conditions of license agreements with other entities, and obliged to faithfully negotiate with Apple for entering into license agreement based on FRAND conditions.

Court Opinion in Detail (2)

- ◆ Since Samsung failed to fulfill this obligation, and Samsung still maintained petition for preliminary injunction, and it was approximately two years after incorporation to the standard when Samsung disclosed the existence of patent, seeking to collect monetary damage is abuse of right and therefore not allowed.
- ◆ Court also rejected preliminary injunction by separate orders based on similar ground.

Structure of Court Opinion



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Injunctions

- ◆ Pre-existing cases
- ◆ Injunction is basically automatic. (Patent Act Art. 100(1))
- ◆ Injunction using SEPs is somehow not allowed?
 - ❖ Third party contract
 - ❖ Anti-monopoly act
 - ❖ Compulsory license
 - ❖ Exhaustion
 - ❖ Abuse of right
 - ◆ “No abuse of rights is permitted.” (Civil Code Art. 1(3))

Monetary Damage

- ◆ There was little discussion whether seeking monetary damage was allowed or not when there are not enough negotiations.
- ◆ Effect of closing the door of the courts...

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Conclusion

Future...unknown

- ◆ The Tokyo District Court's decisions probably will be appealed to IP High Court and eventually to the Supreme Court.
- ◆ Other interesting litigations are currently underway at Tokyo District Court.
- ◆ Keep your eyes on future Japanese cases!

Thank you for your attention.

