

Antitrust Convergence on Substantive Norms for SEP Licensing Negotiations

Should and Could It Be?

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I. INTRODUCTION

Two truths must guide antitrust agency policy and enforcement with respect to intellectual property (IP). First, strong patent rights foster innovation. Second, licensing is a cornerstone of a strong system of IP. With the advent of 5G and the proliferation of the Internet of Things (IoT), it is critically important that the US antitrust agencies calibrate policy and enforcement priorities with respect to IP in a manner that ensures efficient licensing – in turn, maintaining strong patent rights. The agencies can achieve this by striking the appropriate balance between the rights of innovators and those of implementers. They should take a cautious and clear approach to wielding antitrust as a tool to address licensing disputes lest they inadvertently exacerbate bargaining frictions resulting from legal standards that are ambiguous. European courts have gone further than US courts and agencies in some of these areas to date. Recent developments signal that the United States may be taking cues from the European approach going forward where courts have begun articulating guardrails surrounding the interplay of IP and antitrust with respect to licensing negotiations.

II. THE EVOLUTION OF IP/ANTITRUST AND SEP LICENSING IN THE UNITED STATES

Antitrust regulators have long sought to strike the right balance and tone in approaching and evaluating the exercise of IP. After all, the antitrust laws prohibit monopolies, while the patent laws confer exclusive rights on an IP holder. It comes as no surprise then that the evolution of the interplay between antitrust and IP – and specifically, whether and how antitrust should be brought to bear on situations involving IP – has taken some twists and turns over the decades.

This is especially the case where standard-essential patents (SEPs) are involved. Open standardization and healthy competition on the merits when technologies vie for inclusion in a standard carry tremendous consumer benefits, for example in the form of interoperability, safety, or energy consumption. And collaborative technical standards have been critically important to global growth. It bears emphasizing in this context that IP and antitrust are “two bodies of law [that] are actually complementary, as both are aimed at encouraging innovation, industry and competition.”¹ But innovation spurred by technical standards and progress toward new and improved standards such as 5G and new environments such as the IoT can only come about when innovators are assured that their contributions will secure them the appropriate return.

On the flip side, in order to realize these standards, implementers must be assured access to patented technologies incorporated into a standard once the standard-development process is complete. Voluntary commitments by innovators to make SEPs available to implementers on a fair, reasonable, and non-discriminatory (FRAND) basis emerged as a means to promote access after a standard is adopted. These FRAND commitments are contractual obligations between a SEP holder and standards-development organizations (SDOs), to which implementers are a third party and meant to facilitate and guide bilateral negotiations between SEP holders and implementers. Of course, the devil is in the details and disputes can arise during these bilateral licensing negotiations over what exactly constitutes FRAND rates and terms.

This is where industry participants have called for guidance from the antitrust agencies as to when and how antitrust law will step in. On one side of the debate are those who view most IP/antitrust issues to be a matter for contract law. Others call for a more expansive role for antitrust law in enforcing companies’ practices with respect to wielding their IP portfolios in what may be perceived to be an anti-competitive manner. As a result, depending on who you ask, US antitrust agency guidance over the years has been viewed as either too implementer friendly or too innovator friendly. As the agencies embark on what may be viewed as yet another shift in policy, it is critical that they be careful to shape policy in such a manner that bargaining frictions attendant to SEPs not devalue the contribution of patents to standards so much that innovators are incentivized to instead create walled garden technologies with closed standards. Historical shifts – and constants – can be instructive here.

A. *An About-Face on Package Licensing*

In the 1970s – long before the current disputes over SEP licensing – the then Deputy Assistant Attorney General of the Antitrust Division of the United States

¹ Atari Games Corp. v. Nintendo of Am., Inc., 897 F.2d 1572, 1576 (Fed. Cir. 1990).

Department of Justice (Division) articulated a list of “Nine No-Nos” – patent licensing practices that the Division would likely view as presumptively unlawful.² One of these “No-Nos” was “requiring mandatory package licensing.”³ Package licensing is a license on a bundle or portfolio of patents, which can be charged at a single royalty rate or a formula that does not take into account the specific subset of patents used by the licensee. That approach was informed by the concern that aggregating licenses in such a manner may be a form of a tying arrangement that in certain circumstances violates antitrust law. Today, of course, package licenses – and global portfolio licenses – are often the norm as it pertains to standard-essential technology, including 5G. And for very good reason.

In 1979, the Supreme Court weighed in on package licensing when it decided *Broadcast Music, Inc. v. Columbia Broadcasting System (BMI Decision)*.⁴ The Court unequivocally removed package licensing from the universe of per se prohibitions, announcing that these licensing arrangements should instead be evaluated under the rule of reason framework, a case-by-case, fact-based analysis. In its decision, the Court extolled the procompetitive virtues of such licensing arrangements: They provide for “unplanned, rapid, and indemnified access to any and all of the repertory of [works], and [provides rights owners] a reliable method of collecting for the use of their [intellectual property].”⁵ Indemnification and lowering monitoring costs promote patent peace. And aggregating licenses to IP into portfolios, or packages, lowers transaction costs to negotiating access to those rights. As such, the Court changed the trajectory of the IP/antitrust interplay in an important manner. Informed in large part by the *BMI Decision*, the Division characterized the “No-Nos” by 1981 as “contain[ing] more error than accuracy” when viewed through the lens of “rational economic policy.”⁶

In 2020, the Division issued a business review letter (BRL) to Avanci regarding its platform for joint licensing of SEPs for 5G telecommunications technologies for use in vehicles and other IoT devices.⁷ The Division reaffirmed the principles of the *BMI Decision*. By acting as a centralized agent for licensing a large percentage of 5G SEPs, the BRL notes that Avanci can facilitate licensing and help integrate emerging 5G technologies into vehicles faster, with less infringement risk, and at

² Bruce B. Wilson, Deputy Assistant Attorney General, Antitrust Division, Address before the Michigan State Bar Antitrust Section and the Patent, Trademark and Copyright Section (Sept. 21, 1972), *partial text reprinted in* 4 TRADE REG. REP. (CCH) ¶ 13,126.

³ *Id.*

⁴ 441 U.S. 1 (1979).

⁵ *Id.* at 20.

⁶ Abbott B. Lipsky, Jr., Deputy Assistant Attorney General, *Current Antitrust Division Views on Patent Licensing Practices*, 50 ANTITRUST L.J. 515, 517 (1982) (text of remarks before the American Bar Association Antitrust Section, Washington, DC (Nov. 5, 1981)).

⁷ US Department of Justice, Antitrust Division, Response to the Avanci LLC’s Request for a Business Review Letter (July 28, 2020), www.justice.gov/atr/page/file/1298626/download.

reduced transaction costs.⁸ And given Avanci's scale, it could also reduce other transaction costs such as those associated with monitoring and compliance.⁹

B. *Steadfast Adherence to the Principle that the Antitrust Laws Require Harm to Competition*

In April 1995, more than a decade after jettisoning the "No-Nos," the Division, together with the Federal Trade Commission (FTC), set out their first formal guidance on enforcement policies with respect to IP issues in their *Antitrust Guidelines for the Licensing of Intellectual Property* (1995 IP Guidelines).¹⁰ The two agencies (Agencies) then issued a joint report in 2007, *Antitrust Enforcement and Intellectual Property Rights: Promoting Innovation and Competition*,¹¹ that affirmed the principles of the 1995 IP Guidelines and applied them to conduct beyond licensing. The 2007 publication was bookended by two reports issued by the FTC: one in 2003, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*;¹² the other in 2011, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition*.¹³ Both reports followed extensive hearings with industry participants to inform observations and recommendations.

The Agencies then modernized their 1995 IP Guidelines in 2017.¹⁴ The 2017 IP Guidelines largely reaffirmed the Agencies' core enforcement philosophy first announced in 1995. Both the 1995 and 2017 IP Guidelines embrace the Agencies' stance that recognized the procompetitive and welfare-enhancing effects of licensing IP. The 2017 Guidelines state:

Licensing, cross-licensing, or otherwise transferring intellectual property ... can facilitate integration of the licensed property with complementary factors of production. This integration can lead to more efficient exploitation of the intellectual property, benefiting consumers through the reduction of costs and the introduction

⁸ *Id.* at 9.

⁹ *Id.* at 10.

¹⁰ US Dep't of Just. & Fed. Trade Comm'n, Antitrust Guidelines for the Licensing of Intellectual Property (Apr. 6, 1995), www.justice.gov/sites/default/files/atr/legacy/2006/04/27/0558.pdf.

¹¹ US Dep't of Just. & Fed. Trade Comm'n, Antitrust Enforcement and Intellectual Property Rights: Promoting Innovation and Competition (Apr. 2007), www.justice.gov/sites/default/files/atr/legacy/2007/07/11/222655.pdf.

¹² Fed. Trade Comm'n, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy* (Oct. 2003), <http://ftc.gov/os/2003/10/innovationrpt.pdf>.

¹³ Fed. Trade Comm'n, *The Evolving IP Marketplace: Aligning Patent Notice and Remedies with Competition* (Mar. 2011), www.ftc.gov/sites/default/files/documents/reports/evolving-ip-marketplace-aligning-patent-notice-and-remedies-competition-report-federal-trade/110307patentreport.pdf.

¹⁴ US Dep't of Just. & Fed. Trade Comm'n, Antitrust Guidelines for the Licensing of Intellectual Property (Jan. 12, 2017), www.justice.gov/atr/IPguidelines/download.

of new products. Such arrangements increase the value of intellectual property to consumers and owners.¹⁵

When the Agencies announced the proposed updates to the 1995 IP Guidelines, then Chairwoman Ramirez stressed that “U.S. antitrust law leaves licensing decisions to IP owners, licensees, private negotiations, and market forces unless there is evidence that the arrangement likely harms competition.”¹⁶ It is important to note that this principle applies to all patent licensing negotiations, including those over SEPs, subject to voluntary FRAND royalty rate commitments. Simply put, as courts have held repeatedly over the years in agreement with the Agencies’ approach, a breach of FRAND by itself cannot be a violation of the Sherman Act.¹⁷

Even when the Agencies seemed to have taken a divergent path on some IP/antitrust approaches during the Trump Administration (as further discussed), then Chairman Simons could not have been more clear that the FTC and the Division saw eye to eye on this fundamental principle: “We agree . . . that a breach of a FRAND commitment, standing alone, is not sufficient to support a Sherman Act case, and . . . the breach, fraud or deception must also contribute to the acquisition or maintenance of monopoly power . . . or involve an agreement that unreasonably restrains trade.”¹⁸

The Agencies have not wavered in their conviction that efficient licensing boosts innovation and that antitrust laws should stay out of the way until and unless there is cognizable harm to the competitive process and thus cause to intervene to preserve consumer welfare. In fact, the Division reaffirmed this principle in several statements of interest filed during the Trump Administration. For example, in *Lenovo v. Interdigital*, the Division emphasized that alleged violations of FRAND commitments are not cognizable under Section 1 or Section 2 of the Sherman Act.¹⁹ In *Continental v. Avanci*, the Division again submitted a statement of interest

¹⁵ *Id.* at 5.

¹⁶ Press Release, Fed. Trade Comm’n, FTC and DOJ Seek Views on Proposed Update of the Antitrust Guidelines for Licensing of Intellectual Property (Aug. 12, 2016), www.ftc.gov/news-events/press-releases/2016/08/ftc-doj-seek-views-proposed-update-antitrust-guidelines-licensing.

¹⁷ *Rambus Inc. v. FTC*, 522 F.3d 456, 464 (D.C. Cir. 2008); *FTC v. Qualcomm Inc.*, 969 F.3d 974 (9th Cir. 2020); *Cont’l Auto. Sys. v. Avanci, LLC*, 485 F. Supp. 3d 712 (N.D. Tex. 2020), *appeal docketed*, No. 20-11032 (5th Cir. Oct. 15, 2020).

¹⁸ Joseph Simons, Chairman, Fed. Trade Comm’n, Prepared Remarks of Chairman Joseph Simons before the Georgetown Law Global Antitrust Enforcement Symposium 5–6 (Sept. 25, 2018), www.ftc.gov/system/files/documents/public_statements/1413340/simons_georgetown_lunch_address_9-25-18.pdf.

¹⁹ Statement of Interest of the United States of America, *Lenovo v. Interdigital*, No. 20-493-LPS (D. Del. July 17, 2020), ECF 13, www.justice.gov/atr/case-document/file/129526/download. The court in this case held the deception claim to be cognizable.

arguing that alleged violations of FRAND commitments are not cognizable under Section 2.²⁰ In that case, the district court agreed and dismissed the claims.²¹

C. *The Perceived Back-and-Forth Regarding Remedies Available for SEPs*

In addition to the IP Guidelines, the Division also put forth in 2013, in collaboration with the US Patent and Trademark Office (USPTO), the *Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/Rand Commitments* (2013 Remedies Statement).²² Issues at the forefront of the ongoing IP/antitrust debate, especially with respect to SEP licensing negotiations, include the availability of injunctions for infringement of SEPs, the related issue of holdup versus holdout, and the essential facilities doctrine – that is, whether a duty to deal should apply to SEPs. Holdup refers to bad faith behavior by innovators, which is typically a threat of exclusion from the market to extract unreasonably high royalty rates or licensing terms that are unreasonably favorable to the SEP holder. Of course, effectuating such an exclusion requires the SEP holder to seek, and then be granted, a court order. Holdout, on the other hand, refers to conduct by implementers to drag out licensing negotiations and legal maneuvers such as anti-injunction suits that in effect prolong their SEP infringement and are meant to pressure innovators to accept unreasonably low royalty rates or unreasonable licensing terms in the implementer's favor. The US International Trade Commission (ITC) has summed up holdout as follows:

[A]n implementer utilizes declared-essential technology without compensation to the patent owner under the guise that the patent owner's offers to license were not fair or reasonable. The patent owner is therefore forced to defend its rights through expensive litigation. In the meantime, the patent owner is deprived of the exclusionary remedy that should normally flow when a party refuses to pay for the use of a patented invention.²³

²⁰ Statement of Interest, *Cont'l Auto. Sys. v. Avanci, LLC*, No. 3:19-cv-02933 (N.D. Tex. Feb. 27, 2020), ECF 278, www.justice.gov/atr/case-document/file/1253361/download.

²¹ *Cont'l Auto. Sys. v. Avanci, LLC*, 485 F. Supp. 3d 712, 734 (N.D. Tex. 2020). The Fifth Circuit vacated and remanded with instructions to dismiss the case for lack of Article III standing but did not opine on antitrust injury or the merits. *Opinion, Cont'l Auto. Sys. v. Avanci, LLC*, 27 F.4th 326, 336 (5th Cir. 2022). The court found that (1) Continental's claim of injury was too speculative – it had not established that OEMs accepted non-FRAND licenses and then invoked indemnification rights against Continental, and (2) Continental could not establish that it was a third-party beneficiary of the FRAND commitment at issue – it was not a member of the relevant SDO and does not need the SEPs at issue to operate. *Id.* at 332–34.

²² US Dep't of Just. & US Patent & Trademark Off., *Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments* (Jan. 8, 2013) [hereinafter 2013 Remedies Statement], www.justice.gov/atr/page/file/1118381/download.

²³ *Certain Elec. Devices, Including Wireless Commc'n Devices, Portable Music & Data Processing Devices, & Tablet Computs.*, Inv. No. 337-TA-794, at *38 (USITC July 5, 2013) (Comm'n Op.).

There are divergent schools of thought in the United States on whether a SEP holder's breach of FRAND or an implementer's holdout should be considered an antitrust concern rather than a dispute to be left strictly to contract law. And there are disagreements over whether an implementer should be able to seek an injunction against an infringing potential licensee – mainly centering on whether that infringer is a willing or unwilling licensee.

The 2013 Remedies Statement aimed to address the availability of injunctive relief in ITC investigations under Section 337 of the Tariff Act of 1930.²⁴ Importantly, the Statement took the position in no uncertain terms that injunctive relief (in the form of an exclusion order by the ITC) may be an appropriate remedy in certain circumstances involving an unwilling licensee, including, for example, where a “putative licensee refuses to pay what has been determined to be a F/RAND royalty, or refuses to engage in a negotiation to determine F/RAND terms.”²⁵

Some industry participants, however, read the 2013 Remedies Statement, coupled with prior Division statements and speeches, as advancing an anti-injunction stance for SEPs.²⁶ For example, in 2012, the Division's then deputy assistant attorney general, Renata Hesse, gave a speech calling on SDOs to clarify FRAND commitments, limit injunctions, create guidelines or arbitration provisions governing determinations of FRAND rates, and the like.²⁷ That same year, the Division, in its statement in connection with Google's acquisition of Motorola Mobility (including its SEP portfolio), had also lauded “clear commitments” by rights holders to license on FRAND terms and “not to seek injunctions in disputes involving SEPs.”²⁸ In addition, the 2013 Remedies Statement was expressly invoked by the US Trade Representative in vetoing an ITC exclusion order in the high-profile dispute between Samsung and Apple over Apple's infringement of cellular SEPs, in which Apple had failed to show that Samsung violated FRAND commitments. The US Trade Representative wrote, “[E]xclusionary relief ... based on FRAND

²⁴ 2013 Remedies Statement, *supra* note 22, at 1 (“[The agencies] provide the following perspectives on ... whether injunctive relief in judicial proceedings or exclusion orders in investigations under section 337 of the Tariff Act of 1930 are properly issued when a patent holder seeking such a remedy asserts standards-essential patents that are encumbered by a RAND or FRAND licensing commitment.” (citations omitted)).

²⁵ *Id.* at 7.

²⁶ See, for example, Paul H. Saint-Antoine, *IP, Antitrust, and the Limits of First Amendment Immunity: Shouting “Injunction” in a Crowded Courthouse*, ANTITRUST MAG. (Summer 2013), at 41, 43; J. Gregory Sidak, *The Antitrust Division's Devaluation of Standard-Essential Patents*, 104 GEO. L.J. ONLINE 48 (2015).

²⁷ Renata B. Hesse, Deputy Assistant Att'y Gen., Antitrust Div., US Dep't of Just., Six “Small” Proposals for SSOs before Lunch, Address before the ITU-T Patent Roundtable 9–10 (Oct. 10, 2012), www.justice.gov/atr/file/518951/download.

²⁸ Press Release, US Dep't of Just. Antitrust Div., Statement of the Department of Justice's Antitrust Division on Its Decision to Close Its Investigations of Google Inc.'s Acquisition of Motorola Mobility Holdings Inc. (Feb. 13, 2012), www.justice.gov/opa/pr/statement-department-justice-s-antitrust-division-its-decision-close-its-investigations.

encumbered SEPs should be available based only on the relevant factors described in the [2013 Remedies] Statement.”²⁹ This was despite the fact that the 2013 Remedies Statement made clear the examples of factual scenarios in which an exclusion order may be appropriate “is not an exhaustive one.”³⁰

By 2014, the United States’ top specialized patent court, the US Court of Appeals for the Federal Circuit (Federal Circuit), clearly articulated in *Apple v. Motorola* that claims involving infringement of SEPs subject to FRAND commitments were to be treated as any other patent case would be in an analysis as to whether an injunction should issue in federal court.³¹ The Federal Circuit was explicit – the Supreme Court’s *eBay* framework for injunction standards, grounded in the traditional principles of equity, applies to SEPs:

To the extent that the district court applied a *per se* rule that injunctions are unavailable for SEPs, it erred. While Motorola’s FRAND commitments are certainly criteria relevant to its entitlement to an injunction, we see no reason to create, as some *amici* urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents.³²

Similarly, with respect to damages, the Federal Circuit explained in *Ericsson v. D-Link*: “We believe it unwise to create a new set of *Georgia-Pacific*-like factors for all cases involving RAND-encumbered patents.”³³ The court thus made clear that cases involving SEPs do not warrant special rules.

Against this backdrop, during the Trump Administration, the Division took to heart calls for more clarity on its enforcement policy in the IP/antitrust space. The Division announced a policy change – the “New Madison” approach.³⁴ That new approach included several important points, namely that: (1) holdup is not an antitrust problem; (2) holdout is a danger to incentives to innovate; (3) injunctions for SEP infringement should be protected rather than persecuted; and (4) innovators have no duty to deal, for example, to license a valid patent. The FTC agreed with some of this approach but did not go so far as to minimize the antitrust risks from holdup. The Division then filed several statements of interest in cases involving

²⁹ Letter from Ambassador Michael B. G. Froman, US Trade Rep., to The Hon. Irving A. Williamson, Chairman, US Int’l Trade Comm’n, Vetoing ITC-794 Exclusion Order 2 (Aug. 3, 2013), www.ustr.gov/sites/default/files/o8032013%20Letter_1.PDF (citing the policy statement and instructing the ITC to make findings regarding the potential for patent holdup).

³⁰ 2013 Remedies Statement, *supra* note 22, at 7.

³¹ *Apple Inc. v. Motorola Inc.*, 757 F.3d 1286, 1331 (Fed. Cir. 2014), *overruled on other grounds by Williamson v. Citrix Online, LLC*, 792 F.3d 1339 (Fed. Cir. 2015) (en banc).

³² *Id.* at 1331–32.

³³ *Ericsson v. D-Link Sys., Inc.*, 773 F.3d 1201, 1232 (Fed. Cir. 2014).

³⁴ Makan Delrahim, Assistant Att’y Gen., Antitrust Div., US Dep’t of Just., The “New Madison” Approach to Antitrust and Intellectual Property Law, Address before the University of Pennsylvania Law School (Mar. 16, 2018), www.justice.gov/opa/speech/file/1044316/download.

issues at the core of the IP/antitrust debate as discussed earlier – all as part of its “multi-pronged effort to help educate and modernize the approach to antitrust and intellectual property law.”³⁵

The Division also explicitly disavowed prior guidance where it felt that developments showed that the intended message had been misunderstood. For example, in 2019, the Division withdrew the 2013 Remedies Statement over concerns it was misconstrued as calling for a different set of rules for licensing SEPs than nonessential patents. At the time, the Division issued a new remedies statement in conjunction with the USPTO and the National Institute of Standards Technology (NIST), *Policy Statement on Remedies for Standard-Essential Patents Subject to F/RAND Commitments* (2019 Remedies Statement).³⁶ The press release accompanying the 2019 Remedies Statement elaborated: “A previous statement on the matter issued in 2013 had been misinterpreted Today’s joint statement seeks to ensure that US patent law is appropriately calibrated . . . [and] sets a positive example for other jurisdictions that have sought to diminish the value of SEPs.”³⁷

The 2019 Remedies Statement made clear – in line with prevailing case law and pointing to the Federal Circuit’s *Apple v. Motorola* decision – that SEPs and non-standard-essential patents are subject to the same remedies, including injunctions, and that the same framework applies for any analysis as to the availability of remedies.³⁸ Specifically, the 2019 Remedies Statement advanced the position that “[a]ll remedies available under national law, 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 the case warrant them.”³⁹ The 2019 Remedies Statement also cited to examples of both holdout and holdup when discussing conduct of negotiating parties that would be relevant to remedies determinations.⁴⁰ Ultimately, the 2019 Remedies Statement pointed confidently to “courts – and other relevant neutral decision makers – [to] continue to determine remedies for infringement of standards-essential patents subject to F/RAND

³⁵ US Dep’t of Just., *New Heights for the New Madison Approach* (June 23, 2020), www.justice.gov/atr/division-operations/antitrust-division-update-2020/new-heights-new-madison-approach.

³⁶ US Patent & Trademark Off., Nat’l Inst. of Standards & Tech. & US Dep’t of Just., *Policy Statement on Remedies for Standard-Essential Patents Subject to F/RAND Commitments* (Dec. 19, 2019) [hereinafter 2019 Remedies Statement], www.justice.gov/atr/page/file/1228016/download.

³⁷ Press Release, US Patent & Trademark Off., *US Patent and Trademark Office Releases Policy Statement on Standards-Essential Patents Subject to Voluntary F/RAND Commitments* (Dec. 19, 2019), www.uspto.gov/about-us/news-updates/us-patent-and-trademark-office-releases-policy-statement-standards-essential#:~:text=Today's%20joint%20statement%20seeks%20to,diminish%20the%20value%20of%20SEPs.

³⁸ 2019 Remedies Statement, *supra* note 36, at 6 (quoting *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1331–32 (Fed. Cir. 2014)).

³⁹ *Id.* at 4–5.

⁴⁰ *Id.* at 5.

licensing commitments pursuant to the general laws” that would preserve competition and incentives to innovate.⁴¹

Similarly, the Division took “the extraordinary step to supplement”⁴² a 2015 BRL to an SDO, the Institute of Electrical and Electronics Engineers (IEEE), explaining that recent developments had “proven [the 2015 letter] outdated and [the Division] fear[ed] that reliance on its analysis, both in the United States and abroad, could actually harm competition and chill innovation.”⁴³ The Division pointed to three primary ways that the IEEE’s policy “may undercut current U.S. law and policy”: (1) by limiting the scope of rights available to a SEP owner, including that of seeking injunctive relief against an infringer (here the Division went so far as to suggest the IEEE consider changing its policy to make it easier for SEP holders to pursue injunctive relief); (2) by not dedicating sufficient attention to holdout, conduct that would undermine the bargaining position of innovators; and (3) by possibly limiting the scope of royalties.⁴⁴

D. *There Is No Special Duty to Deal for SEPs in US Antitrust Law*

The FTC’s highest profile case during the Trump Administration that brought antitrust law to bear in an IP dispute was its monopolization case against Qualcomm over licensing practices related to modem chips.⁴⁵ In that case, the FTC had actually filed its complaint in the last days of the Obama Administration and eventually took the case all the way to a request for rehearing en banc at the US Court of Appeals for the Ninth Circuit (Ninth Circuit). While an outlier, the district court’s decision in the case threw into flux well-settled antitrust law on the essential facilities doctrine when it ruled in favor of the FTC.⁴⁶ That decision inappropriately expanded a company’s antitrust duty to deal beyond any prior course of conduct by extrapolating from a prior course of licensing certain patents to certain limited parties a duty to deal across all patents and with all allegedly similarly situated parties.

But decades of precedent establish that US antitrust law does not support a broad duty to deal. The Sherman Act imposes a duty to deal with or continue dealing with rivals only in the rarest circumstances because “once you start, the Sherman Act may

⁴¹ *Id.* at 7.

⁴² Letter from Makan Delrahim, Assistant Attorney General, US Dept. of Justice, Antitrust Div., to Sophia Muirhead, General Counsel and Chief Compliance Officer, IEEE (Sept. 10, 2020) [hereinafter 2020 IEEE BRL], www.justice.gov/atr/page/file/1315291/download.

⁴³ Press Release, US Dep’t of Just., Antitrust Div., Justice Department Updates 2015 Business Review Letter to the Institute of Electrical and Electronics Engineers (Sept. 10, 2020), www.justice.gov/opa/pr/justice-department-updates-2015-business-review-letter-institute-electrical-and-electronics.

⁴⁴ 2020 IEEE BRL, *supra* note 42, at 4–9.

⁴⁵ Fed. Trade Comm’n, *Qualcomm, Inc.*, www.ftc.gov/enforcement/cases-proceedings/141-0199/qualcomm-inc.

⁴⁶ *FTC v. Qualcomm Inc.*, 411 F. Supp. 3d 658, 820–24 (N.D. Cal. 2019), *rev’d and vacated*, 969 F.3d 974 (9th Cir. 2020).

be read as an antitrust statute.”⁴⁷ The extremely limited circumstances include, for example, the unilateral termination of a voluntary (and thus presumably profitable) prior course of dealing that suggests a willingness to forsake short-term profits to achieve an anticompetitive end.⁴⁸

The Ninth Circuit reversed the district court’s *Qualcomm* decision,⁴⁹ making clear that the long-standing precedent of *Aspen Skiing Co. v. Aspen Highlands Skiing Corp.*⁵⁰ continues to be “at or near the outer boundary of § 2 liability”⁵¹ – the Sherman Act simply does not impose a duty to deal with or continue to deal with competitors absent the rarest exceptions.⁵² The FTC petitioned for rehearing en banc,⁵³ which the Ninth Circuit denied. *FTC v. Qualcomm* also brought to light a rift between the Division and the FTC as the Division filed a statement of interest at the district court level asking Judge Koh to schedule a hearing on a remedy should she find for the FTC, followed by an amicus curiae brief in which the Division sided with *Qualcomm* at the Ninth Circuit.⁵⁴ The Division’s amicus brief specifically addressed that antitrust law did not require *Qualcomm* to deal on specific terms with component-level manufacturers even if it was part of the FRAND commitment.⁵⁵

III. INTERNATIONAL IP/ANTITRUST DEVELOPMENTS GO FURTHER THAN THE UNITED STATES HAS TO DATE

Courts in the United States, Europe, and China have repeatedly found that where an SEP holder is seeking to license a worldwide portfolio of cellular SEPs, and the implementer’s operations are worldwide, a FRAND license is a global portfolio

⁴⁷ Philip Areeda, *Essential Facilities: An Epithet in Need of Limiting Principles*, 58 ANTITRUST L.J. 841, 850 (1990); see also *Aspen Skiing Co. v. Aspen Highlands Skiing Corp.*, 472 U.S. 585, 600–01 (1985).

⁴⁸ *Verizon Commc’ns v. Law Offices of Curtis V. Trinko, LLP*, 540 U.S. 398, 409 (2004). See also Brief of Dr. Janusz A. Ordovery as Amicus Curiae in Support of Petitioner, Swisher Int’l Inc. v. Trendsethah USA, Inc., 140 S. Ct. 443 (2019) (No. 19-349), www.supremecourt.gov/DocketPDF/19/19-349/118554/20191009124442125_19-349acDrJanuszAOrdovery.pdf.

⁴⁹ *FTC v. Qualcomm Inc.*, 969 F.3d 974 (9th Cir. 2020).

⁵⁰ 472 U.S. 585 (1985).

⁵¹ *Trinko*, 540 U.S. at 399.

⁵² *Aspen Skiing*, 472 U.S. at 600–01.

⁵³ Petition of the Fed. Trade Comm’n for Rehearing En Banc, *FTC v. Qualcomm Inc.*, No. 19-16122 (9th Cir. Sept. 25, 2020), www.ftc.gov/system/files/documents/cases/1410199qualcommrehearingpetition.pdf.

⁵⁴ See, for example, John D. McKinnon & James D. Grimaldi, *Justice Department, FTC Skirmish over Antitrust Turf*, WALL ST. J. (Aug. 5, 2019), www.wsj.com/articles/justice-department-ftc-skirmish-over-antitrust-turf-11564997402.

⁵⁵ *FTC v. Qualcomm, Inc.*, Brief of the United States of America as Amicus Curiae in Support of Appellant and Vacatur, No. 19-16122 (9th Cir. Aug. 30, 2019), www.justice.gov/atr/case-document/file/1199191/download. The Division also argued that the district court failed to identify harm to competition where it observed only that *Qualcomm*’s power to demand high royalties was a function of its patents and did not find that *Qualcomm* was pricing below cost in the chip market.

license.⁵⁶ In fact, a UK court in *Unwired Planet v. Huawei* specifically found that where a portfolio is “sufficiently large and has sufficiently wide geographical scope that a licensor and licensee acting reasonably and on a willing basis would agree on a worldwide licen[s]e. They would regard country by country licensing as madness. A worldwide licen[s]e would be far more efficient.”⁵⁷

In contrast to the United States, however, courts in Europe and the United Kingdom have provided industry participants more guidance in terms of FRAND licensing and the negotiation process by giving more examples and commentary around the contours of what is considered good faith negotiations and circumstances pertaining to the availability of injunctive relief. For example, in Europe, an innovator who does not provide notice of infringement and does not explain why the license terms and rates sought are FRAND – considered the proper negotiation process – risks losing its right to injunctive relief in case of a finding that it abused its dominant market position.⁵⁸ On the other hand, when an implementer is unwilling to take a license on FRAND terms or unduly delays negotiations, this conduct can open the path to injunctive relief for the innovator.⁵⁹ Some courts have found a delay of several months (for example, five months) to signal an unwilling licensee.⁶⁰ And European courts have found that a steadfast refusal to pay any royalties whatsoever to the SEP holder classifies as a case of holdout.⁶¹ In the United

⁵⁶ *Unwired Planet Int'l Ltd. v. Huawei Tech. (UK) Co. Ltd. et al.* [2020] UKSC 37 [15] (upholding trial court's reasoning that a global portfolio license is the appropriate and efficient approach); BGH, May 5, 2020, KZR 36/17 (¶ 78) (Ger.) <https://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&sid=3abd1b29fc1a5b129c0360985553448&n1=107755&pos=0&anz=1>; Landgericht Mannheim [LG] [Mannheim Regional Court] Jan. 8, 2016, 7 o. 96/14 (¶ 63) (Ger.) (in light of usual industry practice, offer of a worldwide license is FRAND); see also Britain Eakin, *China's Top Court Affirms Right to Set Global FRAND Rates*, LAW 360 (Sept. 10, 2021), www.law360.com/articles/1419376/china-s-top-court-affirms-right-to-set-global-frand-rates (discussing *Opvo v. Sharp* (2020) Yue 03 Min Chu 689 (Shenzhen Intern. People's Ct. 2020)).

⁵⁷ *Unwired Planet Int'l Ltd. v. Huawei Tech. (UK) Co. Ltd. et al.* [2017] EWHC 2988 [543] (Pat).

⁵⁸ BGH May 5, 2020, KZR 36/17 (¶¶ 69–72).

⁵⁹ *Id.* ¶¶ 69–70; *Unwired Planet Int'l Ltd. v. Huawei Tech. (UK) Co. Ltd. et al.* [2020] UKSC 37, [145–47, 158]; Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] July 16, 2015, C-170/13 (¶ 74) (Ger.) <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:62013CJ0170>.

⁶⁰ BGH May 5, 2020, KZR 36/17 (¶ 92) (implementer taking several months to respond to a notification of infringement indicative of unwilling licensee); Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] May 9, 2016, I-15 U 36/15 (¶¶ 2, b, bb) (Ger.) (taking five months to respond to an infringement letter is a delay tactic).

⁶¹ *TQ Delta LLC v. Zyxel Communications Ltd. & Zyxel Communications AS*, [2019] EWHC 745 [12] (Pat) (“I accept that this is a case of ‘hold-out’ by ZyXEL. They have not paid any royalties to TQ Delta (or any other patent holder) in respect of any standards essential patent. Of the two patents from TQ Delta's portfolio which have now been litigated in this jurisdiction, infringement of the ‘268 Patent has been established, and has been continuing for many years. ZyXEL have blown hot and cold as to whether they will accept whatever licence is considered by the Court to be RAND. They have refused to ‘agree to submit to the outcome of an appropriate [RAND] determination’ and yet have claimed the benefit of the RAND undertaking.”).

Kingdom, a “willing licensee” is “one willing to take a FRAND licen[s]e on whatever terms are in fact FRAND.”⁶²

Additionally, the case law in China has shifted on injunctive relief in line with European developments. In an encouraging development, in 2018, the Beijing IP Court handed down a landmark decision in *Iwncomm v. Sony*, upholding the first injunction related to a dispute over FRAND licensing terms for a SEP in that country.⁶³ The court made clear the circumstances under which a SEP holder may secure an injunction. It held that SEP holders may obtain an injunction where a potential licensee negotiated in bad faith (for example, procrastinated as a tactic to draw out discussions and avoid paying royalties).⁶⁴

European courts have also recognized that FRAND licensing negotiations are context-specific in assessing both the process and the terms offered.⁶⁵ As such, they have weighed in on specific issues such as making non-FRAND offers,⁶⁶ substantiating infringement claims,⁶⁷ considering comparable licenses,⁶⁸ requiring confidentiality and nondisclosure agreements,⁶⁹ licensing downstream users,⁷⁰ and selective licensing.⁷¹ And while some European courts have avoided wading into this particular area, the United Kingdom and at least one court in China have asserted

⁶² *Unwired Planet Int’l Ltd. v. Huawei Tech. Co. Ltd. et al.* [2017] EWHC 711 [708] (Pat).

⁶³ Hui Zhang, Mengling Liu, & James Yang, *Beijing High Court Upholds China’s First-Ever SEP Injunction in Iwncomm v. Sony*, KLUWER PATENT BLOG (May 29, 2018), <http://patentblog.kluweriplaw.com/2018/05/29/beijing-high-court-upholds-chinas-first-ever-sep-injunction-iwncomm-v-sony/>.

⁶⁴ Jacob Zhang & Li Yang, *New Lessons From a Milestone SEP-Based Infringement Litigation*, MANAGING IP (Mar. 21, 2018), www.managingip.com/article/b1kbppqbxg3j5s/new-lessons-from-a-milestone-sep-based-infringement-litigation.

⁶⁵ BGH May 5, 2020, KZR 36/17 (¶ 79).

⁶⁶ Landgericht Mannheim [LG] [Mannheim Regional Court] Nov. 17, 2016, 7 O. 96/14 (§ IV.1) (Ger.).

⁶⁷ *Id.*

⁶⁸ *Unwired Planet Int’l Ltd. v. Huawei Tech. (UK) Co. Ltd. et al.* [2020] UKSC 37 [105–19] (assessing discrimination by comparison to comparable licenses as part of a “single, unitary obligation” to license on FRAND terms).

⁶⁹ Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] July 13, 2017, 4a O 16/16; Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] Mar. 22, 2019, I-2 U 31/16 (assessing the effect of “contractual nondisclosure agreements with its licensees” in light of a licensor’s FRAND commitment).

⁷⁰ *See, for example*, Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] Nov. 26, 2020, 4c O 17/19 (¶¶ 17–29) (“[W]hile an SEP holder may preferentially solicit end-manufacturers of a particular product to take a licence, it may not ignore or reject legitimate licence requests/offers from a supplier.”); Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] July 11, 2018, 4c O 81/17 (“[A] patentee must be allowed to freely choose the distribution level at which he intends to conclude license agreements.”).

⁷¹ Landgericht Düsseldorf [LG] [Düsseldorf Regional Court] July 11, 2018, 4c O 81/17 (stating that “[a] difference of treatment shall be permissible where objectively justified,” but finding discrimination in selective enforcement).

jurisdiction to set global FRAND rates,⁷² offering an alternative to what is typically left for determination by a jury in the United States.⁷³

On the international front, it is concerning that, as some have remarked, China has both misunderstood or misapplied the essential facilities doctrine⁷⁴ and recently announced that it has a national policy to advance its own companies' interests in standards organizations.⁷⁵ Neither of these developments serves to uphold strong patent rights and maximizes incentives to innovate. The United States should continue to lead by example here and avail itself of potential avenues for engagement to share its experience on these fronts.

IV. WHERE DO WE GO NEXT: IS THE UNITED STATES MOVING TOWARD SUBSTANTIVE CONVERGENCE WITH EUROPE?

We have come a long way in refining the interplay of antitrust and IP. And US courts have certainly made some headway in clarifying in what instances antitrust can and should be used to address IP disputes. The Division and the FTC have sought to clarify their policy approaches but at times took divergent paths on some critical issues, creating uncertainty both within the United States and with respect to its global leadership on substantive convergence regarding principles impacting innovation incentives and technological progress.

Against this backdrop, when the American Bar Association's Antitrust Law Section (Section) submitted its 2021 Presidential Transition Taskforce Report to the Biden Administration, it called for additional guidance on licensing practices and obligations associated with SEPs.⁷⁶ The Section's "Presidential Transition Taskforce" reports – the tradition of which goes back to special reports first compiled

⁷² *Unwired Planet Int'l Ltd. v. Huawei Tech. (UK) Co. Ltd. et al.* [2020] UKSC 37; Britain Eakin, *China's Top Court Affirms Right to Set Global FRAND Rates*, LAW 360 (Sept. 10, 2021), www.law360.com/articles/1419376/china-s-top-court-affirms-right-to-set-global-frand-rates (discussing *Oppo v. Sharp*, (2020) Yue 03 Min Chu 689 (Shenzhen Intern. People's Ct. 2020)).

⁷³ *TCL Comm'n Tech. Holdings v. Telefonaktiebolaget LM Ericsson*, 943 F.3d 1360, 1375 (Fed. Cir. 2019), *cert. denied*, 141 S. Ct. 239 (2020).

⁷⁴ *See, for example*, Maureen K. Ohlhausen, Comm'r, Fed. Trade Comm'n, Hearing on the Foreign Investment Climate in China: U.S. Administration Perspectives on the Foreign Investment Climate in China, Before the U.S.-China Econ. & Sec. Review Comm'n (Jan. 28, 2015), www.uscc.gov/sites/default/files/Maureen%20Ohlhausen_Testimony.pdf.

⁷⁵ *See, for example*, Arjun Gargayas, *China's 'Standards 2035' Project Could Result in a Technological Cold War*, THE DIPLOMAT (Sept. 18, 2021), <https://thediplomat.com/2021/09/chinas-standards-2035-project-could-result-in-a-technological-cold-war/>.

⁷⁶ Am. Bar Ass'n, Antitrust Law Sec., Presidential Transition Report: The State of Antitrust Enforcement 17–19 (Feb. 2021) [hereinafter 2021 Presidential Transition Report], www.americanbar.org/content/dam/aba/administrative/antitrust_law/lp-files/presidential-transition-report.pdf.

with the election of President George H. W. Bush in 1988⁷⁷ – are prepared every presidential election year.⁷⁸ They are meant to educate the incoming administration on the then current state of antitrust and suggest areas of focus going forward.

The task force, chosen anew every four years, includes “attorneys in private practice, in-house counsel, and antitrust law and economics scholars.”⁷⁹ Its members typically also represent a cross section of “political, ideological, and professional views, . . . [leading to] often vibrant and spirited debate among the Members” who reach consensus on the recommendations in the task force report.⁸⁰ The intersection of IP and antitrust has featured in these transition reports since at least 2001, and the report’s observations and recommendations present a timely look at industry participants’ understanding of the state of agency enforcement policy and case law. Notably, the Section did not endorse a specific policy view for IP/antitrust in general but rather requested that the Agencies provide transparency and additional, more detailed guidance, for example, “on what may constitute exclusionary conduct where a breach of a FRAND commitment is involved” and “when seeking an injunction related to FRAND-encumbered patents might raise antitrust concerns.”⁸¹

Since then, President Biden issued Executive Order No. 14036 on Promoting Competition in the American Economy (Competition EO), which in part encourages the attorney general and the secretary of commerce to consider reevaluating their positions on the intersection of IP and antitrust to safeguard the standard-development process and potential harm to competition from industry participants leveraging their IP in anticompetitive ways.⁸² Specifically, the Competition EO questioned whether the Division’s 2019 Remedies Statement should again be revised. It did not take long for the Division to heed the Administration’s call – about five months later, the Division, in conjunction with the USPTO and NIST, released a new *Draft Policy Statement on Licensing Negotiations and Remedies for*

⁷⁷ The current format of the reports was adopted with the 1993 transition report. Prior to this, the Section produced the 1989 Report of the ABA Antitrust Section Special Committee to Study the Role of the Federal Trade Commission, the 1989 Report of the ABA Antitrust Section Task Force on the Antitrust Division of the US Department of Justice, and the 1991 Report of the ABA Antitrust Section Special Committee on International Antitrust. See AM. BAR ASS’N, SEC. OF ANTITRUST LAW, 1993 REPORT OF THE ABA ANTITRUST SECTION SPECIAL TASK FORCE ON COMPETITION POLICY 1 (Feb. 23, 1993), www.americanbar.org/content/dam/aba/administrative/antitrust_law/v12/report_1993-comp-policy.pdf.

⁷⁸ AM. BAR ASS’N, SEC. OF ANTITRUST LAW, THE STATE OF FEDERAL ANTITRUST ENFORCEMENT 9 (2001), www.americanbar.org/content/dam/aba/administrative/antitrust_law/v12/report_antitrustenforcement.pdf.

⁷⁹ 2021 Presidential Transition Report, *supra* note 76, at 6.

⁸⁰ *Id.*

⁸¹ *Id.* at 18.

⁸² Exec. Order No. 14036, 86 Fed. Reg. 36987 (July 9, 2021).

*Standards-Essential Patents Subject to Voluntary F/RAND Commitments*⁸³ and solicited public comments (2021 Draft Remedies Statement).⁸⁴

The 2021 Draft Remedies Statement followed a speech by the Division's Economics Director of Enforcement, Jeffrey Wilder, that already walked back some of the statements contained in the 2019 Remedies Statement.⁸⁵ Comments from the Division's Assistant Attorney General Jonathan Kanter during his confirmation hearings before the Senate Judiciary Committee were largely consistent with Mr. Wilder's speech.⁸⁶ That speech previewed some significant potential shifts, including seemingly suggesting that a breach of FRAND may amount to deception under relevant IP/antitrust case law and as such present a cognizable antitrust claim,⁸⁷ while also promising "clearer guidance on what good-faith [licensing] negotiation looks like and how bad-faith conduct can hinder competition."⁸⁸ Related to the latter, Mr. Wilder also seemed to indicate that the Division would favor IP policies that prescribe what licensing negotiations should look like.⁸⁹

The 2021 Draft Remedies Statement correctly described the purpose of the FRAND commitment as one to "facilitat[e] access on F/RAND terms to the technology needed to implement a standard and help[] to ensure that the rights of patent holders whose technology is used are appropriately respected."⁹⁰ While the 2021 Draft Remedies Statement retained the central point of the 2019 Statement and developed case law that there is not "a unique set of legal rules for SEPs subject to F/RAND commitments,"⁹¹ other aspects were concerning. For example, the

⁸³ US Patent & Trademark Off., Nat'l Inst. of Standards & Tech. & US Dep't of Just., Draft Policy Statement on Licensing Negotiations and Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments (Dec. 6, 2021) [hereinafter 2021 Draft Remedies Statement], www.justice.gov/opa/press-release/file/1453826/download.

⁸⁴ Press Release, US Dep't of Just., Public Comments Welcome on Draft Policy Statement on Licensing Negotiations and Remedies for Standards-Essential Patents Subject to F/RAND Commitments (Dec. 6, 2021), www.justice.gov/opa/pr/public-comments-welcome-draft-policy-statement-licensing-negotiations-and-remedies-standards.

⁸⁵ Jeffrey Wilder, Econ. Dir. of Enft, Leveling the Playing Field in the Standards Ecosystem: Principles for a Balanced Antitrust Enforcement Approach to Standards-Essential Patents (Sept. 24, 2021), www.justice.gov/opa/speech/file/1437421/download.

⁸⁶ Gene Quinn, *Jonathan Kanter Responses to Senate Provide Insight on Approach to Antitrust-IP Nexus*, IPWATCHDOG (Oct. 24, 2021), www.ipwatchdog.com/2021/10/24/jonathan-kanter-responses-senate-provide-insight-approach-antitrust-ip-nexus/id=139124/.

⁸⁷ Wilder, *supra* note 85, at 3 ("Consequently, this commitment assures standards implementers that they will have access to SEPs on reasonable terms While SDO IPR policies should facilitate efficient licensing, there are often disputes and unsavory negotiation tactics that make reaching a licensing agreement difficult."); *id.* at 6 (stepping back from recent position that "a patent owner's breach of a FRAND commitment can *never* constitute an antitrust violation").

⁸⁸ *Id.* at 5.

⁸⁹ *Id.* at 3 ("While SDO IPR policies should facilitate efficient licensing, there are often disputes and unsavory negotiation tactics that make reaching a licensing agreement difficult. In these circumstances, standardized products can be delayed and consumers suffer.").

⁹⁰ 2021 Draft Remedies Statement, *supra* note 83, at 3.

⁹¹ *Id.* at 8.

2021 Draft Remedies Statement contained various legally unsupported suggestions of antitrust liability and vague references to what negotiators “should” do to act in good faith.

After a review of the many public comments received, the Division, USPTO, and NIST announced in June 2022 that they were withdrawing the 2019 Remedies Statement rather than revising it.⁹² Such a move, they concluded, “is the best course of action for promoting both competition and innovation in the standards ecosystem.”⁹³ USPTO and NIST spokespersons highlighted that the decision was informed by the importance of ensuring American companies’ continued global leadership in research and development as well as engagement by those stakeholders in international standards development.⁹⁴ The Division revealed its plan to use a case-by-case approach in evaluating conduct by SEP holders and implementers – with a focus on scenarios involving small- and medium-sized businesses or highly concentrated markets.⁹⁵

In implementing this case-by-case enforcement approach, the Division (and FTC) should be careful to heed clear case law that antitrust liability does not attach where a SEP holder merely seeks an injunction as a remedy to an infringing implementer or supra-FRAND rates or terms in SEP licensing negotiations. More is required for a cognizable antitrust claim. And with respect to lesser explored IP/antitrust issues in US case law to date, including, for example, factual scenarios that could indicate a party is either a willing or unwilling licensing negotiation participant, the Agencies would do well to look to European case law developments to benefit from lessons learned by European and UK courts that have already grappled with these issues in more detail than their US counterparts have done. This approach would also serve to foster convergence substantively on IP/antitrust principles and inject certainty for innovators and implementers alike who must negotiate global portfolio licenses. The important tenet that must remain front and center is that Agency guidance, even through case-by-case developments, must be clear, and it cannot stand settled case law on its head – lest the Agencies undermine efficient licensing negotiations and thereby undermine stability and certainty for industry participants.

V. CONCLUSION

A reliable IP system – one that maintains strong patent rights – is essential for enabling US companies to compete on a level playing field and maintain their

⁹² Press Release, US Dep’t of Just., Justice Department, US Patent and Trademark Office and National Institute of Standards and Technology Withdraw 2019 Standards-Essential Patents (SEP) Policy Statement (June 8, 2022), www.justice.gov/opa/pr/justice-department-us-patent-and-trademark-office-and-national-institute-standards-and-technology-withdraw-2019-standards-essential-patents-sep-policy-statement.

⁹³ *Id.*

⁹⁴ *Id.*

⁹⁵ *Id.*

leadership position. Case law developments worldwide have moved the needle to clarify legal rules and create an environment with at least some guardrails for SEP licensing that helps shape conduct by industry participants during negotiations. In the United States specifically, there is legal consensus that a breach of FRAND alone is not a cognizable antitrust claim under the Sherman Act, and injunctions for SEP infringement are properly sought and issued against an unwilling licensee (but not a willing licensee). Any next steps in terms of agency guidance, including its newly announced case-by-case enforcement approach, should be careful not to devalue technical contributions to standards by innovators or depart from the lessons learned to date not only in the United States but also abroad.