

Injunctive Relief for FRAND Encumbered SEP: Antitrust Perspective

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要 旨

SEP保有者を妨害するFRANDに対する差止救済の有用性は、熱心な議論のテーマとなっている。欧州司法裁判所(CJEU)、日本の公正取引委員会(JFTC)ならびに米国連邦取引委員会(FTC)は、禁止命令や差止が許容されるべき(もしくは許容されるべきでない)事例の明確化を試みて、それら規制を修正し、または重要な裁定を変更した。本稿は、反トラストの視点からこのテーマを扱うものである。それぞれの司法管轄区、法規範、解決された事例や学説を展望し、分析することにより、法体系間の類似性と差異を確認し、将来の規制に向けた提言を行う。

Keywords: standard essential patent (SEP), FRAND, patent hold, injunctive relief

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Introduction

Smartphones operating over 3G/4G networks, computers using Wi-Fi, or even ear buds playing music from MP3 players are ubiquitous technology devices in our life. To function, however, the technology in each component has to work together. That means the devices typically need to comply with standards, *i.e.*, protocols by which devices communicate with each other and other technology to achieve their functionality.¹ These standards, in turn, may implicate hundreds or even thousands of patents that claim (*i.e.*, cover) parts of the technology that combine to make the devices work. A patent that controls any part of the technology used

in a standard is called a Standard Essential Patent (SEP).²

On the other hand, a FRAND commitment is a promise by a patentee to avoid opportunistic exploitation of their SEP, specifically to prevent exploiting the added market power gained as a result of its patents being included in a standard. This pledge seeks to give industry participants access to critical IP rights on terms that enable them to compete effectively and advance consumer welfare.³

A FRAND encumbered SEP is a patent included in a standard and restricted by the promise of licensing such patent in fair, reasonable and nondiscriminatory terms, as soon as the prospective licensee comply with the requirements of the respective standard setting organization (SSO).⁴

A contentious issue regarding FRAND encumbered SEP is the instances in which prohibitive orders and injunctions should (or should not) be permitted. Moreover, if injunctions are allowed, when such injunction request or enforcement would constitute an anticompetitive conduct.

Views on the implications of FRAND commitments run the gamut from those who argue that a FRAND commitment in no way limits injunctive suits to those who claim that a FRAND commitment always bars injunctions.⁵

During this year, United States, Europe and Japan have addressed the SEP holder's injunctive relief possibilities from the antitrust perspective. Specifically, the Court of Justice ruling in Huawei vs. ZTE in Europe, the United States' statement of principles regarding enforcement of FTC Act (Section 5) and the partial amendment of "Guidelines for the Use of Intellectual Property under the Antimonopoly Act" in Japan (IP Guidelines), all three have impacted the FRAND encumbered SEP environment in regards to injunctive relief.⁶ This paper reviews the FRAND encumbered SEP holder's injunctive relief possibilities from the antitrust perspective through legal norms, cases resolved, doctrinal studies, and the aforementioned changes within each jurisdiction.

Part I depicts the hold up theory's fundamentals, describes its alleged effects, and reviews its chances of occurrence in the market. Furthermore, the chapter analyzes the SEP holder's market power as well as the new IEEE policy banning the use of prohibitive order by FRAND encumbered SEP holders, being this the first such prohibition imposed by a large SSO. An altogether injunctive relief prohibition is not the right approach; nevertheless, some cases presents perceptible hold up possibilities. Accordingly, a case-by-case approach balances both the implementer's and SEP holder's interests.

Part II focuses on the United States. Section 5 of the FTCA is the main tool to address injunctive relief cases. The relevant cases and the recently enacted enforcement guidance show a preferred flexible approach over certainty.

A clearer enforcement method is necessary to serve as guidance not only for authorities but also to undertakers as far as permitted and prohibited conducts concerning injunctive relief and FRAND encumbered SEP.

Part III examines the issue from the European prism. The European Union utilizes article 102 of the TFEU to examine FRAND encumbered SEP's injunctive relief cases under the abuse of dominance position doctrine. In contrast to the US approach, through its cases, the EU provides a detailed framework for the use of injunctive remedies in regards to FRAND hampered SEP. The Huawei case was a positive step to solve the uncertainty created between the German's orange book and the European commission's cases as when injunctions should be available. Nevertheless, other related aspects (e.g. cross licensing cases, abuse of litigation) could arise and become hotly debate issues in the future. These aspects should be clarified.

Part IV reviews the amendment proposal by the JFTC to include new provisions in the Japanese IP Guidelines regarding injunctive relief remedies for SEP in FRAND commitments. The amendment adds new provisions to the private monopolization and unfair trade practices rules. The regulator bases its proposal, as the aforementioned jurisdictions, in the willing licensee criteria to determine the allowance or prohibition of injunctions. While still under study, experts in the field have already pointed out the need to clarify this willing licensee concept to avoid implementer opportunism as well as to base any antitrust sanctions in concrete evidence and not in theoretical conjectures.

Finally it will be concluded that antitrust liability for seeking injunctive relief remains clouded and clear rules are necessary.

I. SEP, FRAND and the Hold Up Issue

Standards developed through a consensus process deliver substantial consumer benefits by allowing components produced by many suppliers to work together, encouraging investment and competition in standard-compliant products.⁷

Standards might nevertheless have also negative effects on the market. They might impose barriers to trade, or provide the setting for anticompetitive practices.⁸

While patented technologies provide crucial building blocks for standards, patents also introduce tension. For standards to succeed, implementers must have access to patented technologies on terms that make investment in product development attractive. Similarly, firms that contribute patented technology must earn a market reward or they are unlikely to invest and contribute proprietary technology to standards in the future.⁹

A. Ex Ante and Ex Post SEP Holder Opportunism

This framework might open the door for opportunism. The concerns with SEP holders initially focused on

two practices: patent ambush and patent hold up.¹⁰ Patent ambush occurs when the patent holder participates in the standardization procedure and intentionally conceals the existence of a patent that covers technology that might be relevant for the discussed standard.¹¹ Only after the SSO implements the patented technology and manufacturers start producing in compliance with the standard, the SEP owner reveals the existence of its patents.¹²

Patent ambush occurs ex-ante, that is, during the standardization process and harms competition between rivals technologies based on the SEP holder deceptive conduct by misinforming the standard organizations and its rivals.¹³ On the other hand, patent hold up arises ex-post or after the implementation of the technology in the standard, as the use of the SEP becomes mandatory for producers of standard-complaint goods.¹⁴

B. Patent Hold Up and Strategic Licensing

Patent holdup involves the strategic use of a patent that reads on a relatively small-value component of a multicomponent end product to extract ex post rents that are disproportionate to the ex ante value of the invention in comparison with the next-best available alternative.¹⁵

In the SSO framework the issue arises when a SEP holder has made a commitment to license on FRAND terms and then seeks to use injunctive relief, as leverage in negotiations to obtain an unjustifiably higher royalty than would have been possible ex ante.¹⁶

The strategy rests upon the patent owner's ability to obtain an injunction against the distribution of the end product, after the costs of designing, producing, and distributing the end product have been sunk.¹⁷

The threat of hold-up arises from the likely difficulty and expense of switching to a different technology once a standard is adopted.¹⁸ Allegedly, this lock-in confers market power on the owners of the incorporated patents, which SEP holders may seek to take advantage of by engaging in hold-up.¹⁹

Hold-up and the threat of hold-up may cause problems such as deter innovation by increasing costs and uncertainty for other industry participants, including other patent holders²⁰; induce users to postpone or avoid incorporating standardized technology in their products²¹; slow adoption of new standards or reduce the royalties other SEP owners earn because the standard is not widely adopted as anticipated; and harm to consumers in the form of higher prices.²²

In particular, a patentee's having declared the patent in suit to be standard essential often would be powerful evidence of a substantial holdup risk, because many standards relate to complex end products that potentially incorporate numerous patents, and because the very fact of standardization suggests that the defendant cannot

readily design around the patent. The one factor that may or may not be present is inadvertence. Where this factor is not present the case for granting an injunction is stronger.²³

C. Standard Setting Organizations IPR Policies

In order to avoid the exercise of right concerning essential patent from impeding research and development, production or sale of the products adopting the standards and to promote spreading of the standards, each SSO provides its own intellectual property policy (IPR Policy), this means, a document describing principles for allowing licensing of essential patents.²⁴ IPR policies' detailed provisions vary among SSO's, but generally stipules two main obligations.

1) SEP Disclosure Duties and FRAND Commitment

First the patent holder should indicate the ownership of any standard essential patent (including those pending). The SSO would not evaluate validity or essentiality of the proposed essential patent.

Likewise, it should specify the willingness to grant a license of the essential patent under FRAND terms. If a SEP holder makes a FRAND declaration, the SSO includes the technology subject to the patent in the standard and, when the holder fails to make such declaration, it considers the change of standards in order to exclude the technology protected by the essential patent.²⁵

2) Institute of Electrical and Electronics Engineers (IEEE) Policy Update

Before February 2015, no restrictions existed on what legal remedies a SSO member or the intended beneficiary of a licensing commitment may pursue to be protected against infringement.²⁶ On February 2, the DOJ's Antitrust Division emitted a Business Review Letter (BRL) approving the IEEE update proposal to its IPR policy.²⁷ The proposal basically bans a SEP holder from seeking injunctive relief against an implementer, transforming the licensing framework in the SSO context from been regulated by property rules to been regulated by liability rules.²⁸

The IEEE policy update represent the first time a major SSO considers enjoining its members to seek any sort of prohibitive order against an infringer while qualifying such action as a violation of a FRAND commitment.²⁹

Finally, some important undertakers such as Ericsson, Nokia, Qualcomm and InterDigital have stated that they will not be making licensing commitments under the new patent policy. It places serious questions over the IEEE's ability to implement the changes across the tech industry and to maintain its status as one of the leading standards organizations in areas such as Wi-Fi.³⁰

D. Testing the Hold Up Theory

The IEEE policy update implies that courts grant injunctions whenever requested by the patent holder if the patent is found valid and infringed.³¹

Nonetheless, courts do not automatically award an injunction upon a finding of validity and/or infringement of the asserted patent, whether encumbered by a FRAND commitment or not.³² Also, courts have required that parties to a legal dispute support any reference to patent holdup with empirical data.³³

Some authors claims that “some of the implications of the “patent holdup” theory are empirically testable; however, the theory has not been empirically tested yet.”³⁴

Several reasons suggest that the SEP holder’s request for an injunction will not necessarily result in patent holdup.³⁵

1) Implementer Option To Challenge FRAND Terms

Holdup is particularly unlikely when the implementer has the legal right to challenge the offered licensing terms in court if it believes that the licensing terms offered by the SEP holder are not FRAND. This route affects the negotiation and safeguards the implementer against unreasonable terms.³⁶

2) Legitimate Reasons For An Injunction

Even if one accepts, for the sake of argument, that patent holdup could arise, there is no reason to assume that the SEP holder will use the right to an injunction as a tool to hold up the infringer. The SEP holder might seek an injunction for a perfectly legitimate purpose— for example, against an infringer that is not willing to pay FRAND royalties. Similarly, the SEP holder might threaten an injunction as a tool to force the implementer to come to the negotiating table.³⁷

3) Injunctive Relief Does Not Distort The Negotiation Process

There is no reason to assume that the royalties negotiated under the threat of an injunction will be outside the FRAND range. The SEP holder’s request for an injunction does not guarantee that the judge will issue such a remedy. Courts have been reluctant to enjoin implementers of FRAND committed patents, such that the SEP holder’s ability to obtain a remedy is far from self-evident. When the likelihood of obtaining an injunction is low, the threat created by the request for an injunction is unlikely to distort the negotiation process in any material way.³⁸

4) Hold Out Probabilities

The risk of an infringer’s opportunistic behavior increases when the infringer believes its worst-case outcome after litigation is to pay the same amount it would have paid earlier for a license.³⁹ The implementer’s

incentive to refuse to license decreases when there are perceived costs of delay. When an infringer does not face the risk of its infringing products being enjoined or excluded from the market, the costs of infringing are litigation costs plus the expected monetary damages that the infringer would pay after the court's finding of infringement.⁴⁰

E. Market Power

The patent owner's market power should be evaluate in a case by case basis, therefore patent ownership does not equals market power at any time.⁴¹

A patent confers a monopoly over the invention. However, it does not necessarily confer the ability to behave independently from their competitors and consumers nor to control prices or exclude competition.⁴²

The actual market power of the patent owner depends on several others factors, such as the interest of the market in the patented good, the existence of substitutes, whether a patent also protects the alternative good, and their relative costs. Even after a patent has been granted, the owner might still face considerable constraints from patented and non patented substitutes available in the market, and it might be consequently unable to exercise any significant level of market power.⁴³

1) Market Power Presumption For SEP

In the SEP's case the approach regarding market power has been inconsistent. Some courts ruled that the proprietary technology's adoption does not equal any extra market power for the patent owner; while others stated that the patent's incorporation into a standard make the relevant market scope's equivalent to that of the patent.⁴⁴

For instance, the European Commission adopted a position indicating that a SEP owner holds strong market power in the approval of the merger between Google and Motorola Mobility.⁴⁵ Once a patented technology becomes essential standard, the existence of competing standards might mitigate the concerns with opportunistic practices.⁴⁶

Moreover, the commission stated that the specificity of a SEP is that they have to be implemented in order to comply with a standard and thus cannot be designed around, i.e. there is by definition no alternative or substitute for each such patent. Therefore, each SEP constitutes a separate relevant technology market on its own.⁴⁷

Defining the market so narrowly necessarily leads to finding each SEP owner dominant in the market of its technology. It creates a presumption of monopoly power for SEP owners. However, the ownership of a SEP might confer market power but this is not necessary the case. There is consequently no valid economic justification to introduce a presumption of monopoly power for SEP.⁴⁸

2) Circumstantial Power Does Not Equal Market Power

The implementation of a standard can confer incremental market power to the SEP owner, but the actual level of obtained market power is an empirical, rather than a theoretical question.⁴⁹

Moreover, the existence of sunk costs SEP related specific investment only confers the SEP owner a bargain or circumstantial power not attributable to the specific implantation in the standard. Nevertheless, the distinction between bargain or incremental power and market power is not clearly established by the courts' practice.⁵⁰

The mere existence of sunk costs in any particular industry does not necessarily mean that entry barriers are high or that competition within the market is not effective. There are nevertheless situations where the presence of a lock in effect will confer on the SEP holder significant market power. This might be the case when an entire industry is locked in the use of a specific standard. In such circumstances, the lock in effect represents a barrier to entry, and might consequently affect the ability of potential competitors to challenge the SEP owner's conduct.⁵¹

II. Liability for Injunctive Relief for FRAND encumbered SEP in US

In United States, competition authorities use section 2 of the Sherman Act as well as section 5 of the Federal Trade Commission Act (FTCA) (under the monopolization theories) to review SEP cases involving injunctive relief.⁵²

A. Sherman Antitrust Act Section 2

An offense of monopoly under section 2 of the Sherman Act has two elements: (1) the possession of monopoly power in the relevant market and (2) the willful acquisition or maintenance of that power.⁵³ Furthermore, a claim of attempted monopolization under Section 2 must prove (1) that the defendant has engaged in predatory or anticompetitive conduct with (2) a specific intent to monopolize and (3) a dangerous probability of achieving monopoly power.⁵⁴

The U.S. Supreme Court has defined monopoly power as the power to control prices or exclude competition.⁵⁵ If a firm can profitably raises prices without causing competing firms to expand output and drive down prices, that firm has monopoly power in the Sense of the Sherman Act.⁵⁶ The private monopolization offense by section 2 of the Sherman Act has two elements: market power and the anticompetitive conduct.

1) Anticompetitive Conduct

U.S. courts have struggled to provide clear guidance as to precisely what constitutes anticompetitive or

exclusionary conduct.⁵⁷ In general terms, however, anticompetitive or exclusionary conduct refers to conduct that excludes rivals on grounds other than efficiency, or in a manner inconsistent with competition on the merits, or in a manner that does not make economic sense but for the elimination or reduction of competition.⁵⁸

Under both offences (monopolization and attempt to monopolize) the analysis focuses on the way in which the undertaking obtains or maintains its market power. In the US exploitative practices (including excessive fees) do not constitute an antitrust offence under antitrust law, leaving the provision with a very limited range in terms of SEP.⁵⁹ Section 2 of the Sherman Act only prohibits the anticompetitive acquisition or maintenance of monopoly power, but does not determine how a lawful monopolist should use a legitimately obtained market power.⁶⁰

An implementer challenging on antitrust grounds an SEP holder's request for injunction would first need to prove that the SEP holder has sufficient market power to trigger the application of section 2.⁶¹

2) Samsung SEP Investigation

The DOJ Antitrust Division had scrutinized an SEP holder's use of an injunction (or, more precisely, an exclusion order) only once—in the investigation initiated against Samsung Electronics. The Antitrust Division decided to close the investigation against Samsung after it became clear that Samsung could not enforce an exclusion order against the infringer of its SEP.⁶² Although the ITC initially granted Samsung an exclusion order regarding Apple's products infringing Samsung's SEP; the executive branch, acting through the U.S. Trade Representative, vetoed the ITC's decision on the grounds that the exclusion order would disserve the public interest.⁶³ The Antitrust Division then said, "no further action [was] required" with respect to its investigation. The available documents do not clarify whether the Antitrust Division intended to prosecute Samsung's request as an act of monopolization or attempted monopolization.⁶⁴

B. Federal Trade Commission Act Section 5

Section 5 prohibits unfair methods of competition and unfair or deceptive acts or practices. It forbids conducts that causes or is likely to cause substantial injury to consumers. Such conduct is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to them or to competition in general. This regulation applies to unfair acts "beyond simply those enshrined in the letter or encompassed in the spirit of the antitrust laws."⁶⁵ The FTC can base a section 5 allegation on two grounds: (1) antitrust violations, such as the Sherman Act, or (2) stand-alone unfair acts that the antitrust laws do not prohibit.⁶⁶ An unfair conduct within the meaning of § 5 a minimum standard demand at least some indicia of oppressiveness such as (1) evidence of anticompetitive intent or purpose on the part of the producer charged,

or (2) the absence of an independent legitimate business reason for its conduct.⁶⁷

The section 5 success, as a stand-alone action has been nonetheless fairly limited. Courts have been very restrictive towards the FTC's efforts to develop an independent section 5 claim and have dismissed a number of cases brought by the FTC.⁶⁸ This resulted in a rare application of Section 5 of the FTCA as a stand-alone offence. However, recently, the FTC made a sustained effort to revisit its enforcement powers under this provision, particularly when addressing SEP owners' licensing practices.⁶⁹

The Federal Trade Commission applied section 5 of the Federal Trade Commission Act to challenge SEP holder's use of injunctions in two cases: Robert Bosch GmbH and Motorola Mobility/Google.

3) Case Robert Bosch GmbH (FTC Consent Agreement)

In this case, the FTC complaint alleged that seeking injunctive relief in an action for the infringement of two patents that may have been essential to the practice of standards despite having provided a letter of assurance (LOA) to abide by FRAND terms, constituted an unfair method of competition in violation of FTC Act § 5.⁷⁰

a) The Consent Agreement

A consent agreement required Robert Bosch: (1) To license certain enumerated patents, including the patents at issue in the lawsuit, on a royalty-free basis; (2) To license any other patents it might thereafter acquire that are essential to the practice of the standards on FRAND terms; (3) Not to seek injunctive relief for the infringement of any of these patents.⁷¹

The Commission stated that given the potential harm to competition, seeking of injunctive relief becomes an "unfair method of competition."⁷² Moreover, the Commission asserted that it had "no reason to believe that a monopolization count under the Sherman Act was appropriate."⁷³ Finally, the authority ruled that not every breach of a FRAND licensing obligation will give rise to Section 5 concerns, although when such a breach tends to undermine the standard setting process and risks harming consumers, the public interest demands action.⁷⁴

2) Case Motorola Mobility LLC and Google Inc.

In this case, the initial version of the FTC's complaint alleged that Google and Motorola Mobility violated § 5 by engaging in unfair methods of competition and unfair acts or practices by seeking injunctive relief for the infringement of FRAND-encumbered SEP's in federal district court and before the ITC.⁷⁵

As in Robert Bosch case, Google and Motorola Mobility agreed not to seek injunctive relief for the infringement of these SEP's, subject to some exceptions. In July 2013, the Commission published the final version of the complaint as well as the consent order.⁷⁶

a) Test to Establish FRAND

The FTC, in the consent order, agreed that a potential licensee must have the ability to negotiate what may constitute FRAND terms before the SEP holder is able to obtain an injunction. The FTC laid down a four-step test on how to establish FRAND based on the ESTI definition of essential (technical essentiality):⁷⁷ (1) Initial negotiation period (should be not less than six months); (2) First agreement proposal by the licensor (after the six months initial negotiation period, or on potential licensee's request during the six months period); (3) Respond or counter offer by the potential licensee (a period of 60 days to accept the proposed agreement or indicate which covenants it believes do not represent the FRAND commitment, and to what extent and effect these covenants should be altered to fulfill that commitment.); (4) Judicial or arbitration procedure (either a US district court or arbitration panel will determine what rights, obligations, and general covenants the license agreement will include i.e. the specific FRAND terms for the bilateral collaboration.)⁷⁸

b) Availability of Injunctive Relief

During the procedure the licensor will not be able to obtain injunctions against the potential licensee. After this period has elapsed, the licensor has the right to obtain injunctive relief, but it needs first to ask the potential licensee whether it agrees to determine the license agreement, i.e. FRAND through arbitration. If the licensee accepts that the determination of the license agreement will be in the hands of the arbitrator, the licensor will not be able to seek an injunction during arbitration.⁷⁹ It should be furthermore noted that the consent order only encompasses potential licensees who are inside the jurisdiction of the United States district courts.⁸⁰

C. Section 5 as Antitrust Tool for FRAND encumbered SEP Cases

Using section 5 as a tool for FRAND encumbered SEP cases has been criticized in several aspects. Let's see

1) Elements of The Section 5 Standalone Offense

The agency did not determine the elements to be proven in order for specific behavior to be considered an act of unfair competition, although falling outside the scope of the Sherman Act.⁸¹ The Commission should fully articulate its views about what constitutes an unfair method of competition, including the general parameters of unfair conduct and where Section 5 overlaps and does not overlap with the antitrust laws, and how the Commission will exercise its enforcement discretion under Section 5.⁸² The uncertainty concerning the scope of Section 5 might have negative consequences beyond the Sherman Act.⁸³

The absence of a clear legal test leaves substantial legal uncertainty for the SEP owners, who do not have a clear reference to evaluate whether their conduct is within the borders of legality. This might in turn deter

SEP owners' pro-competitive practices, but also negatively affect its willingness to participate in the standardization process and contribute its technology to the standard.⁸⁴

2) "Willing" Licensee Meaning

The FTC provided a problematic definition of "unwillingness" in the two consent agreements. The FTC evidently places the burden on an SEP holder to prove that a potential licensee is "unwilling" in accordance with the categories that the agency defines.⁸⁵

The FTC's definition sets a high bar for an SEP holder to prove that an implementer is unwilling to accept FRAND terms. The FTC's approach is flawed because it ensures that no potential licensee represented by counsel will be so careless as to certify in writing or in sworn testimony that it is unwilling to negotiate with an SEP holder on any terms. The FTC's definition of an unwilling licensee would give the implementer substantial bargaining power.

An implementer could continue to refuse to negotiate with an SEP holder and continue infringing the SEP as long as it does not blunder into stating in writing or sworn testimony that it will not enter into a license and pay for the patented technology it is using.⁸⁶

3) Availability of Injunctive Relief in SSO IPR Policies

The FTC might have difficulties in demonstrating that the SEP owner's request for an injunction should be considered unfair, unless the use of injunctions is explicitly prohibited by the SSO's rules.

Until the IEEE policy update, most SSO's' internal rules did not preclude SEP owners from using injunctions against infringers of their FRAND-encumbered patents.⁸⁷ Maintaining that the use of an injunction is unfair because inherently in violation of the FRAND commitment might be however not sufficient. Courts might consider that the SEP owner has a valid business justification for using the statutory right to an injunction, unless such practices are explicitly prohibited by the SSO's rules.⁸⁸

Geradin stated that the making of a FRAND commitment by an essential patent holder couldn't be interpreted as an implicit waiver to its right to seek injunctive relief as recognized in the law. Such an interpretation would be in sharp contradiction to an established principle of law according to which a waiver of right can never be assumed lightly and must always be made explicitly or must at least be derived from circumstances that cannot possibly be interpreted any differently than the right owner's consent to waive its right.⁸⁹

4) The Federal District Courts, The ITC and The Petition Right

Imposing Section 5 liability the Commission ousts other institutions including the Federal Courts and the ITC from the important and complex area of SEP.⁹⁰ Moreover; seeking of injunctive relief, in either the courts or

the ITC, on a patent – even a FRAND-encumbered SEP – should be a protected petitioning of the government under the Noerr-Pennington doctrine.⁹¹ Finally, federal district courts have the tools to address the hold up issue, by balancing equitable factors or awarding money damages; the ITC likewise has the authority under its public interest obligations to address this concern and limit the potential for hold-up.⁹²

5) Evidence of Anticompetitive Effects

A further limitation in applying Section 5 of the FTCA relates to evidence that the SEP owner's conduct has an adverse effect on competition. As stated in the first chapter the SEP owners' request for an injunction might have several anticompetitive effects.⁹³ Although these might be valid anticompetitive effects, it is questionable whether a mere statement that the SEP owner's conduct had such an effect would be sufficient.⁹⁴

Evidences of the anticompetitive effects of the SEP owner's conduct might be particularly important in light of the criticisms of the hold-up theory.⁹⁵

US antitrust law is constrained by the impossibility of showing anti-competitive effects with reference to nascent or not yet traded patents or technologies. One aspect of standards is that they consist of agreements on the establishment of future markets. Such agreements cannot be fitted into the classical notion of anticompetitive harm being conduct on relevant markets, especially when dealing with interoperability standards.⁹⁶

D. Statement of Principles Regarding Enforcement of FTC Act (Section 5)

As exposed, section 5 constitutes the main antitrust tool to address FRAND encumbered SEP injunctive relief cases. Nonetheless, its application boundaries are still unclear. This approach will not change in the near future as the new statement on enforcement principle evidenced.

1) The Enforcement Principles

The Commission will adhere to three principles when challenging unfair methods of competition: (1) promotion of consumer welfare, (2) use of the rule of reason, and (3) less likelihood to challenge an act or practice as an unfair method of competition on a standalone basis if enforcement of the Sherman or Clayton Act is sufficient to address such act or practice.⁹⁷

The Statement largely endorses the Commission's majority traditional case-by-case approach.⁹⁸ This approach differs sharply from a minority, which advocates greater formality and certainty in the agency's analysis.⁹⁹

As Chairwoman Ramirez stated, "I favor the common law approach, which has been a mainstay of American antitrust policy since the turn of the twentieth century."¹⁰⁰ Regarding the tension between flexibility and

certainty, she affirmed, “if we think a little more deeply, we see that erring on the side of rigidity produces certainty only for some commercial actors, not necessarily for the marketplace as a whole.”¹⁰¹

2) The Minority Approach

Dissenting Commissioner Ohlhausen argued that any Section 5 policy statement should be put out for public comment before adoption and should include: (1) a substantial harm requirement; (2) a disproportionate harm test; (3) a stricter standard for pursuing conduct already addressed by the antitrust laws; (4) a commitment to minimize FTC-DOJ conflict; (5) reliance on robust economic evidence on the practice at issue and exploration of available non-enforcement tools prior to taking any enforcement action; and (6) a commitment generally to avoid pursuing the same conduct as both an unfair method of competition and an unfair or deceptive act or practice.¹⁰² Even, Commissioner Wright, despite voting in favor of the Statement, has expressed that his “preferred approach” is to use standalone Section 5 authority “only ... where there are no cognizable efficiencies present.”¹⁰³

III. Liability for Injunctive Relief for FRAND encumbered SEP in the EU

The European Union challenges patent holder’s injunctive relief article 102 of the TFEU, under the abuse of dominant position doctrine.¹⁰⁴ TFEU’s Article 102 addresses only the conduct of dominant undertakings and defines a dominant position as a position of economic strength, which enables the undertaking to impede effective competition in a relevant market, by allowing it to behave substantially independently of competitors, customers, and consumers.¹⁰⁵

A. Treaty on the Functioning of the European Union (TFEU) Article 102

In order to prove a violation of Article 102 TFEU, the Commission needs to show that the undertaking under investigation (a) holds a dominant position, and (b) has engaged in an abusive practice.¹⁰⁶

The article has been interpreted to apply to exploitative abuses; as well as structural or exclusionary abuses directed against competitors, both in primary and related markets.¹⁰⁷ As soon as an IP owner holding market power uses that power or attempt to eliminate existing competition and impeding innovation, it has been difficult to argue that possible long term innovative efficiencies can provide a justification for such conduct.¹⁰⁸

1) Abuse of Dominant Position

The concept of abuse of a dominant position is an objective concept and as a general rule contains three notable elements: (1) A conduct which is likely to weaken the structure of a market by restricting competition, (i.e. driving out existing competitors or denying entry to new forms, will be prima facie abusive); (2) It must

be shown that the methods used to achieve this effect are different from those, which govern normal competition on the basis of traders' performance; (3) The nature of the evidence required establishing that the conduct in question has the effect of hindering the maintenance or development of the level of competition still existing in the market.¹⁰⁹

2) Exceptional Circumstance I: Orange Book Standard

The Commission construed the act of seeking injunctions as an independent form of abuse and reviewed it under a novel legal standard.¹¹⁰ The proposed test hinges on whether the injunction is sought against a 'willing licensee'. If the technology implementer is willing to take a license, there is an unlawful abuse. In contrast, seeking injunctions against an unwilling licensee would remain lawful.¹¹¹

The Orange Book Standard case introduced the notion of willing licensee by asking whether, a patentee could get injunctive relief following a patent infringement suit, when the infringer had tried to obtain a patent on commercial grounds, but the patentee had refused to license.¹¹²

The German Federal Supreme Court concluded that a defendant might plead successfully that the patentee is abusing its dominant position in the market if the latter refuses to conclude a patent license agreement with the defendant on non-discriminatory and non-restrictive terms and conditions.¹¹³

Two conditions must be met for a licensee to qualified as willing to license. First, the defendant must have made the SEP holder 'an unconditional offer to conclude a license agreement which the patent proprietor cannot reject'. Second, the potential licensee must have complied with the obligations on which the use of the licensed subject matter depends. The licensee must 'pay the royalties resulting from the contract or ensure their payment in an escrow.'¹¹⁴

A critical feature of Orange Book Standard is that the licensee's willingness is not merely inferred from explicit statements. Acts of fulfillment are needed: a 'serious' offer, and subsequent conduct in the form of anticipative payments. In general this was view as a very narrow defense and was subsequently criticized by the doctrine.

3) Exceptional Circumstance II: Case Samsung and Case Motorola

The commission rendered two decisions; one in Samsung and the other in Motorola Mobility, establishing a framework for determining whether and under what circumstances patent owners seeking to enforce SEP in the European Union may violate the law.

a) Case Samsung

In Samsung, the EC accepted commitments that the firm will, for five years, not seek injunctive relief in the European Economic Area (EEA) on any of its Mobile SEP against licensees who commit to a specified licensing

framework.¹¹⁵ Under the framework, after a negotiation period of up to 12 months, any dispute over FRAND terms for the Mobile SEP in question will be resolved by a court, or if both parties agree, by an arbitrator.¹¹⁶

Moreover, Samsung is permitted to file a claim for injunctive relief if: (1) the potential licensee fails to agree or comply with the provisions of the licensing framework; (2) the potential licensee is facing imminent default (e.g., winding up or dissolution); (3) the potential licensee has filed and maintains a claim for injunctive relief in the EU against Samsung or customers of Samsung for a mobile device or component thereof that is made, marketed, distributed, or sold by Samsung, based on infringement of any of the potential licensee's Mobile SEP, when Samsung has offered to be bound by the licensing framework; or (4) Samsung terminates a unilateral license or cross-license in response to a potential licensee filing a claim for injunctive relief in the EU against Samsung based on infringement of Mobile SEP, when Samsung has offered to be bound by the licensing framework.¹¹⁷

A potential licensee can also choose not to sign up to the licensing framework. In such a case, the potential licensee cannot be automatically regarded as unwilling to enter into a license agreement on FRAND terms and conditions. Rather, the court or tribunal called upon to grant injunctive relief would need to evaluate all the circumstances of the case at hand in order to decide whether a potential licensee is indeed unwilling to enter into an agreement on FRAND terms and conditions.¹¹⁸

b) Case Motorola

In Motorola, the EC found that seeking and enforcing an injunction against Apple on a FRAND- encumbered SEP constituted an abuse of a dominant position where Apple had agreed to be bound by a court's determination of the FRAND royalties. The EC ordered Motorola "to eliminate the negative effects resulting from" its conduct.¹¹⁹ The EC says the decision provides a "safe harbor" for standard implementers who are willing to agree that a court or a mutually agreed arbitrator adjudicates the FRAND terms, and to be bound by such determination.¹²⁰ The EC also found anticompetitive Motorola's insistence, under the threat of the enforcement of an injunction, that Apple give up its rights to challenge the validity or infringement by Apple's mobile devices of MMI SEP. The EC did not fine Motorola reasoning that there is no EU case law on the issue and European national courts have reached different conclusions on the issue.¹²¹

➤ Similarities with the FTC Case

The EC's approach is similar to the approach taken by the FTC in Motorola/Google in that, under both approaches: (1) a neutral third-party (either a court or an arbitrator) can set FRAND royalty rates; (2) there is a defensive use exception (however, the EC's defensive use exception requires the SEP- holder to agree that a

court or a mutually agreed arbitrator adjudicates the FRAND terms); (3) potential licensees of SEP remain free to challenge the validity, essentiality, or infringement of SEP; and (4) the antitrust agencies do not determine the reasonable royalty rate.¹²²

➤ Difference with the FTC Case

The major differences between the EC's decisions in Samsung and Motorola and the FTC's decision in Motorola/Google are: (1) the EC's decisions put the burden on the implementer to show that it is a willing licensee, for example by taking advantage of the safe harbor, whereas the FTC's Consent Decree in Motorola/Google sets up a process that Motorola and Google must follow prior to seeking or enforcing injunctive relief, with the initial burden on Motorola and Google to prove that the licensee is not willing; (2) the EC's decisions preclude injunctions only in the EEA, and only on patents granted in the EEA, whereas the FTC's Consent Decree in Motorola/Google covers patents issued or pending in the United States or anywhere else in the world; (3) the EC's decisions require a license only to EU patents, whereas the FTC's Motorola/Google consent requires Motorola and Google to offer global licenses; (4) the EC's decisions apply to both current and future injunctions, whereas the Motorola/Google Consent Decree did not require the parties to withdraw pending injunctions, but rather prohibited the parties from enforcing existing injunctions or filing future injunctions prior to following the procedures set forth in the Order; and (5) under the EC's decisions, arbitration is required only when both parties agree, whereas under the Motorola/Google Consent Decree, Motorola and Google are required to offer and commit to arbitration if the licensee wishes to arbitrate instead of seeking a FRAND declaration in court.¹²³

B. Case Huawei I: What the Ruling Says

On July 16, 2015 in Huawei Technologies, The CJEU stated that as far as a SEP holder is in a dominant position and engaged by a FRAND commitment, it is subject to special conditions before being able to seek injunctive relief against a potential infringer without violating competition provisions of the TFEU.¹²⁴

The court emphasizes the need to balance various considerations: maintaining free-competition and the requirement to safeguard the SEP proprietor's intellectual-property rights and its right to effective judicial protection.¹²⁵

The court rejects both the German's Orange Book Standard and the European Commission's approach on Samsung and Motorola. Instead, the court places the initial burden of coming forward with an offer on the SEP owner (noting, among other things, that as AG Wathelet observed "in view of the large number of SEP composing a standard such as that at issue in the main proceedings, it is not certain that the infringer of one of

those SEP will necessarily be aware that it is using the teaching of an SEP that is both valid and essential to a standard")¹²⁶, but it also requires the implementer to satisfy some stringent conditions (not just, to quote from the second question presented to the court, the implementer's oral statement that "in a general way . . . it is prepared to enter into negotiations").¹²⁷

1) Negotiation Steps

The CJEU stated the following conditions to avoid antitrust liability: (1) SEP holders must alert SEP users of the alleged infringement; (2) SEP users must indicate a willingness to conclude a license on FRAND terms; (3) SEP holders must present a detailed written offer for a license on FRAND terms; (4) SEP users must respond promptly and in good faith, without engaging in delaying tactics; (5) If the SEP user does not accept the offer, it must submit, promptly and in writing, a specific counter-offer on FRAND terms; (6) If no agreement is reached, a SEP user that is already using the technology must provide appropriate security and be able to render accounts; (7) The amount of the royalty may, by common agreement, be determined by an independent third party; (8) SEP users can challenge validity, essentiality, and infringement in parallel to licensing negotiations and also after conclusion of the license agreement.¹²⁸

2) The Right For Injunction Is Not Unlimited

The CJEU recognizes the fundamental right of access to court; nevertheless, also acknowledges that the right is not unlimited. The ruling stated that SEP are different from other patents and hence that the consideration of when the exercise of SEP may be abusive should be distinguished from the refusal to supply line of cases (e.g. Magill, IMS Health).¹²⁹

This occurs, first, because the patent at issue is essential to a given standard, and second, because the patent at issue obtained SEP status only in return for the proprietor's irrevocable undertaking, given to the standardization body in question, that it is prepared to grant licenses on FRAND terms.¹³⁰

The judgment, therefore, recognizes the central nature of the commitment to license on FRAND terms that the SEP holder has given to the standardization body¹³¹

The Samsung and Motorola decisions created a safe harbor approach from injunctive relief, under which implementers can demonstrate that they are a willing licensee by agreeing that a court or a mutually agreed arbitrator shall adjudicate the fair, reasonable and non-discriminatory ("FRAND") terms in the event that negotiations fail. In contrast, the CJEU does not afford SEP users a "safe harbor" protecting them against injunctions by agreeing to have disputed FRAND terms determined by an independent third party.¹³² Instead, national courts will have a more important role in deciding whether each party's license offer is FRAND and

whether the parties are acting in good faith, taking into account all the circumstances of the case. This represents a slight shift back towards protecting intellectual property rights but at the same time it confirms that rights to injunctions are curtailed where the patentee has created legitimate expectations that it will license on FRAND terms.¹³³

3) Legitimate Expectations Concept

As the CJEU distinguished this particular case from the prior case law regarding “exceptional circumstances,” its reference to the particular circumstances surrounding SEP’s, which create “legitimate expectations”, seems to have substantively the same effect.¹³⁴

Referring to these circumstances, the CJEU then held that, “having regard to the fact that an undertaking to grant licenses on FRAND terms creates legitimate expectations on the part of third parties,” a refusal to grant a license on those terms may, in principle, amount to an abuse of dominance. Besides, there is widespread criticism levied against the suggestion that holding an SEP and giving FRAND commitments should qualify as “exceptional circumstances.”¹³⁵

On the other hand, Petit noted that the legitimate expectations prong test is inconsistent with the substantive interpretation given to the general EU law’s ‘legitimate expectations’ principle.¹³⁶ Pursuant to a general principle of EU law, firms can only nurture ‘legitimate expectations’ where the administration (i.e. the State) has given them ‘precise assurances’.¹³⁷

It is disputable that FRAND declarations can ever give rise to legitimate licensing expectations as the principle is construed under EU law. First, FRAND declarations do not come close to constituting ‘assurances’. Those declarations do not express an outright commitment that licensing will occur. Rather, the SEP owner declares that he is ready to enter into licensing negotiations with the aim of concluding a license on FRAND terms. Words matter and the typical formulation used in FRAND declarations is ‘I am prepared to grant licenses’, not ‘I will grant licenses’.¹³⁸

4) Type of Antitrust Harm and Issue of Dominance

Article 102 provides a non-exhaustive list of abuses. The use of remedies would amount to an abuse usually categorized as a ‘refusal to supply’. Abuses can either be exploitative or exclusionary. The argument points to the CJEU viewing the use of remedies as an exclusionary harm. Similarly, the court’s differential treatment of injunctions/product recalls on one hand and damages/account of profits on the other, also points towards exclusionary harm.¹³⁹

Furthermore, Huawei’s dominant position was not in dispute. The court decided not to address the issue of

dominance, and to limit its analysis to the issue of abuse.

This decision avoided an important issue – raised by the Dutch government at the oral hearing and considered by AG Wathelet in his opinion – of whether an SEP holder is (per se) in a dominant position by virtue of having a patent that is essential to a standard.¹⁴⁰ It is not clear when an SEP holder will be considered dominant. For Cotter, ownership of an SEP generally does establish dominance in the market for the (very specific) technology at issue, given that (if the patent really is standard-essential) there is no substitute for it--though conceivably there could be competing standards, which would complicate the analysis.¹⁴¹

C. Case Huawei II: What the Ruling Does Not Say

Recognizing the positive balance of the judgment as a whole is important to note the following points that create uncertainty and conflict.

1) Portfolio and Cross Licensing

The test proposed by the Court of Justice is formalistic and detached from the reality of licensing negotiations. It fails to take into account that licensing offers and counter-offers are not necessarily made in neat, formal written documents setting out all the relevant terms, as such matters may only be determined at a later stage taking into account, e.g., the value of a cross license. Moreover, licensing negotiations will almost always involve more than one exchange of an offer and a counter-offer. As in any normal negotiation, one would expect the seller to start high and the buyer to start low.

On the other hand, although patent infringement proceedings concern individual patents, licensing agreements generally cover the parties' entire IPR portfolios (a patent per patent approach is neither workable nor useful for businesses). In any event, the test proposed by the Court of Justice does not seem to take into account that, in most cases, the stakeholders negotiate a cross-license rather than two (or more) purely unilateral licenses.¹⁴²

The proposed process leaves a number of “blanks” and refers to a large number of undefined concepts. This lack of clarity and detail results in unwelcome uncertainty. While the ruling makes it clear that the SEP holder offer shall specify the amount of the royalty and the calculation methodology, it is unclear, for instance, whether the generally-accepted practice of negotiating cross-licensing agreements covering both firms' IPR portfolios would fulfill the requirement imposed by the court.¹⁴³

2) FRAND Terms

Both the offer and the counter-offer are supposed to contain a license on “FRAND terms.” Whether licensing terms can be qualified as FRAND depends on a number of elements, which are usually subject to discussions between the negotiating parties. In the absence of any widely-recognized “one size fits all” benchmark against

which to assess the “FRANDness” of licensing terms, the SEP holder is left with a process which, even if followed one step after the other, could still expose him to antitrust liability if its initial offer is subsequently qualified as not being FRAND. On the other hand, if the counter-offer proposed by the implementer is non-FRAND, this will presumably prevent the implementer from relying on an antitrust defense as a means to resist the request for an injunction but would not create any antitrust exposure. The imbalance that is, thus, created between SEP holders and implementers in turn creates a powerful incentive for SEP holders to accept licensing terms that are in fact well below what would still be FRAND.¹⁴⁴

3) Lack of Agreement and Enforcement Rights

Courts and competition authorities appear to need to determine validity, essentiality, infringement and FRAND licensing terms before they can consider that an injunction request is abusive. According to the Court of Justice, “where no agreement is reached on the details of the FRAND terms following the counter-offer by the alleged infringer, the parties may, by common agreement, request that the amount of the royalty be determined by an independent third party, by decision without delay.”¹⁴⁵ In case of a deadlock resulting from the absence of an agreement on licensing terms or on third party adjudication, can SEP holders break the deadlock by seeking injunctive relief? In the light of the judgment’s lack of clarity, SEP holders could end up refraining from exercising rights they are entitled to by virtue of Directive 2004/48 on the enforcement of IPR.¹⁴⁶

4) Commercial Practices and Delaying Tactics Concepts

The implementer must “diligently” respond to the licensing offer “in accordance with recognized commercial practices in the field and in good faith ... which implies, in particular, that there are no delaying tactics.” The interpretation of “recognized commercial practices” and “delaying tactics” by an SEP holder may however differ significantly from those by the potential licensee. The risks associated with the lack of clarity surrounding these concepts are likely to hamper SEP holders in securing their rights.¹⁴⁷

5) Abuse of Litigation

The Court of Justice surprisingly makes no reference to the established and widely accepted legal test on abusive recourse to a court of law initially developed by the Commission and then set out by the General Court in *ITT Promedia* before being explicitly endorsed by the same court in *Protégé*. This test defines the circumstances under which the initiation of legal proceedings could constitute an abuse of a dominant position, namely when the legal action (1) is manifestly unfounded, and (2) proves to be part of a plan to eliminate competition. In the ruling the court does not explicitly (1) overrule the General Court or (2)

distinguish the present case from the two former cases, which nevertheless addressed the circumstances under which lodging a judicial action could amount to an infringement under Article 102 TFEU. The absence of a single reference to the existing legal test on abusive recourse to a court renders its future very uncertain, not only in the so-called “particular circumstances of the case,” but more broadly, in the case of any legal action by the holder of an alleged dominant position.¹⁴⁸

IV. Liability for Injunctive Relief for FRAND encumbered SEP in Japan

The principles about the use of intellectual property rights including patent rights under the Antimonopoly Act are governed by the “Guidelines for the Use of Intellectual Property under the Antimonopoly Act (IP Guidelines). Problems about essential patents under the Antimonopoly Act shall be basically judged based on these guidelines. However, according to the JFTC, these guidelines have limited descriptions about the acts found to constitute an exercise of right on its face (for example, claim for injunction by the patent holder) and any principle about the above case under the Antimonopoly Act is not clearly given.¹⁴⁹

The Draft Amendment specifies that seeking injunctive relief to enforce a standard essential patent (SEP) encumbered by FRAND commitments against a party that is willing to take a license on FRAND terms “may” constitute an unlawful exclusion of business activities in violation of Article 3 of Japan’s Antimonopoly Act (AMA) (Draft Amendment Part 3(1)(e)) or an unfair trade practice in violation of Article 19 of the AMA (Draft Amendment Part 4(2)(iv)). The Draft Amendment further specifies that liability may attach regardless of whether the act is taken by a patent holder that makes the FRAND commitment, by a party that accepts assignment of the FRAND encumbered SEP, or by a party who is “entrusted to manage” the FRAND-encumbered SEP.¹⁵⁰

A. Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Japanese Antimonopoly Law)

The antimonopoly law prohibits companies with market power from excluding or controlling other companies’ business activity. Mere possession of monopoly power alone does not constitute private monopolization. In other words, it would not be in violation of private monopolization if an entrepreneur dominates a market because of fair competition.¹⁵¹

In general terms, restrictions by the right-holder to a technology such as not to grant a license for the use of the technology to an entrepreneur (including cases where the royalties requested are prohibitively expensive and the licensor’s conduct is in effect equivalent to a refusal to license) or to file a lawsuit to seek an

injunction against any unlicensed entrepreneur using the technology constitute a violation of the Japanese Antimonopoly Act, if such conducts cause a substantial restraint of competition in any particular field of trade or tendency to impede fair competition.¹⁵²

1) Substantial Restrain of Competition

“Substantially restraining competition in any particular field of trade”, is defined as a state in which there actually appears or at least is going to emerge a situation in which a specific entrepreneur or trade association can control the market by controlling the price, quality, quantity or other conditions freely at its own will to a certain degree as a result of reducing competition in a market.¹⁵³

2) Prohibition of Unfair Trade Practices

Article 2(9) of the Antimonopoly Law specifies certain conducts as unfair trade practices.¹⁵⁴ The article also provides that, in addition to the types of conduct expressly listed in article 2(9)(i) to 2(9)(v), unfair trade practices include any act coming under any one of article 2(9)(vi) sub-paragraphs, acts which tends to impede fair competition and which are designated by the JFTC as such.¹⁵⁵

The prohibited activities fall into three categories: conducts that restrains free competition,¹⁵⁶ conducts that are considered unfair in the sense of being fraudulent, misleading or causing unjust business obstruction to a competitor¹⁵⁷, and conducts deemed as abuse of a dominant bargaining position.¹⁵⁸

Although unfair trade practices may overlap with the prohibition of unreasonable restraints of trade or private monopolization in many cases, the prohibition of unfair trade practices differs from those prohibitions in the sense that it does not require a substantial restraint of competition.¹⁵⁹

B. IP High Court’s Abuse of Right Doctrine

In May 2014, The Japan Intellectual Property High Court stated that in relation to a SEP, it is not appropriate to allow a party who made a FRAND declaration to exercise the right to seek an injunction based on the patent right against a party willing to obtain a license under FRAND terms.¹⁶⁰

According to the court, the injunction should be allowed against a party engaged in manufacturing, sales, etc. of an UMTS standard-compliant product without any intention of receiving a FRAND license, as such party with no intention of obtaining a FRAND license is not considered to comply with the standards relying upon the FRAND declaration, and the patentee would not be adequately protected if the exercise of right to seek an injunction even against such parties is restricted.¹⁶¹

The court decision was based on the abuse of right doctrine.¹⁶² The court’s approach is, that a FRAND commitment deprives the patent owner of the right to obtain an injunction, unless the licensee is the one that is abusing the

process. The Japanese court's approach is closer in spirit to the U.S. approach under eBay than to the European Commission and German approaches of addressing the issue through the lens of competition law.¹⁶³

The amendment proposal would change seeking injunction in the FRAND encumbered SEP context to an antitrust offense instead of a breach of contract infringement.

C. Partial Amendment Guidelines For The Use Of Intellectual Property Under The Antimonopoly Act (IP Guidelines)

Regarding FRAND encumbered SEP the IP guidelines' provisions only covers deceptive conduct or factual situations that happens before establishing the standard (ex-ante).¹⁶⁴

A JFTC survey report stated that under a FRAND commitment, if the holder of the FRAND-encumbered SEP exercises the right against the FRAND declaration, or more specifically, if such SEP holder, though a party which researches and develops, produces and sells the product adopting the standards diffused broadly is willing to be licensed under FRAND conditions, refuses granting a license or claims an injunction against the party, such an act will make it difficult for such party to research and development, produce and sell the products adopting the standards.¹⁶⁵

Such exercise of the right in respect of essential patent FRAND declaration deviates from or runs counter to the intent and objectives of the intellectual property systems, which are to motivate entrepreneurs to actualize their creative efforts and make use of technology. Such exercise is not recognizable to be an exercise of right under the Patent Act; therefore, the Antimonopoly Act is applicable.¹⁶⁶

1) Requirements of the Act

According to the survey, the refusal to license and the request for an injunction satisfy the requirements of an act described in paragraph (2) of the general designation (other refusal to trade)¹⁶⁷ among unfair trade practices. In addition, in case the SEP holder and the other party to which licensing is refused and an injunction is claimed are competitors in the market of the products adopting standards, such conduct satisfies the requires of the act for paragraph (14) of the general designation (interference with a competitor's transactions).¹⁶⁸ Further, since refusal to license and injunction claim exclude the other party from the market of the products adopting the standards, they also satisfy the requirements of private monopolization (article 3 of the Antimonopoly Act.)¹⁶⁹

2) Scope of Willing to License

The survey stated that in case the parties do not reach an agreement of license conditions even after certain

period of negotiations, a party that shows its intention to determine the license conditions at court or through arbitration procedures is deemed to be willing to licensee. Even if a party which intends to be licensed challenges dispute validity, essentially, or possible infringement of the essential patent, the fact itself should not be considered as grounds to deny that the party is a willing licensee.¹⁷⁰

3) Request for Public Comments

The JFTC requested for public comments from interested parties on its amendments initiatives.¹⁷¹ The commentators reiterated the position set forth through their academic papers about the SEP holder right for injunction, the contractual nature of the FRAND commitment as well as the need for empirical evidence about hold up.

a) Willing Licensee Concept

The proposal recognizes that an SEP holder should be able to request and obtain an injunction, without triggering antitrust concerns, against an infringer that is not willing to accept FRAND licensing terms. Also the amendment emphasizes that whether a potential licensee is willing to license the SEP holder's technology on FRAND terms depends on the specific circumstances of each case.

However, without future clarifications, the draft version of the IP Guidelines risks inviting opportunism by the potential licensee. It suggests that a potential licensee is a "willing licensee," as long as it agrees to be bound by the FRAND licensing terms that a court or an arbitral body sets as a result of litigation or arbitration. That is, the IP Guidelines would confer the status of "willing licensee" even to a party that initiates litigation against the SEP holder or to a party that disputes the validity, essentiality, or infringement of the SEP. Such an approach would allow a licensee to use the SEP without compensation and delay compensating the SEP holder until the final decision of a court or arbitration tribunal.¹⁷²

b) Empirical Evidence of Hold Up and Implementer's Opportunism

The draft version of the IP Guidelines states that opportunism by the SEP holder might impede research and development of technologies related to a standard and the production or sale of products that implement that standard. However, it would be helpful to clarify that parties to a FRAND dispute need to support a reference to theoretical conjectures about the possibility of SEP holder's opportunism with empirical evidence. Otherwise, there is a risk that abstract conjectures with no relation to the specific facts of the case would unduly distort analysis of the lawfulness of the SEP holder's conduct. Furthermore, if one assumes that patent holdup might occur, one should consider that the symmetric risk of reverse holdup might also occur.¹⁷³

c) **Contract's Law Preference Over Antitrust Regulation**

Ordinary contract law makes an AMA sanction unnecessary to deter any instances of anticompetitive patent holdup that might arise; indeed, an AMA sanction is likely to reduce incentives to innovate and deter participation in standard setting, thereby depriving consumers of the substantial pro-competitive benefits of standardized technologies. The view that contractual opportunism alone gives rise to an antitrust problem rather than a contract problem is in tension with substantial economic literature on the subject.¹⁷⁴

Conclusions

This paper has analyzed antitrust liability for seeking injunctive relief for FRAND encumbered SEP. While the possibility of hold up is latent in certain situations (as when there is no feasible substitution for the standard), the alleged antitrust harm should always be clearly established in order to justify a prohibition of injunctive relief. In turn, a general ban on prohibitory orders is not recommended. Any adopted approach should balance both the patent holder's and the implementer's interests. As explained, the willing licensee test is the choice to address injunctive relief cases involving FRAND hampered SEP. Every jurisdiction presents its own challenges and opportunities, as follows:

In United States, the new enforcement guidelines on Section 5 of the FTCA confirmed the method adopted by the commission in its previous decisions prioritizing a flexible approach over legal certainty. While the burden of evidence regarding a willing licensee falls on the SEP holder, the elements of the Section 5-standalone offense as well as the evidence of anticompetitive effects are still difficult to determine. A more specific guidance will give certainty to the undertakings about which steps to follow when requesting injunctive relief for FRAND encumbered SEP while complying with the antitrust provisions.

In Europe, the CJEU established a detailed negotiating framework requiring actions from both the SEP holder and the implementer. Moreover, ruled that the right for injunction is not unlimited since the FRAND commitment creates legitimate expectations for the implementer about the licensing possibilities. On the other hand, the court did not clarify its application to portfolio and cross licensing cases, nor establish the relation between the ruling and the 2004/48 IPR Directive enforcements as well as the abuse of litigation concept. Furthermore, the court did not explain adequately the concept of recognized commercial practices and delaying tactics, both of which are key concepts in the decision. All these aspect need further clarification in future rulings.

In Japan, the JFTC proposed an amendment to the IP guidelines to include regulations regarding possible anticompetitive conducts by the SEP holder after the standard is adopted. Nevertheless, even before enacting

the mentioned proposal is advisable to implement the recommendations made by the commentators regarding clarification of the willing licensee concept and methods to establish the factual occurrence of hold up.

As we have seen the injunctive relief in the FRAND encumbered SEP environment will continue to be an important legal topic for years to come.

End Notes

1 Jeffrey I.D. Lewis, WHAT IS FRAND ALL ABOUT? THE LICENSING OF PATENTS ESSENTIAL TO AN ACCEPTED STANDARD CARDOZO LAW SCHOOL WEBSITE (2014),

<http://www.cardozo.yu.edu/what-“frand”-all-about-licensing-patents-essential-accepted-standard>.

2 *Id.*; European Telecommunications Standards Institute (ETSI), EUROPEAN TELECOMMUNICATIONS STANDARDS INSTITUTE (ETSI) RULES OF PROCEDURE (ANNEX 6) 15 (6) (2014), <http://www.etsi.org/images/files/IPR/etsi-ipr-policy.pdf> (“Essential” as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate equipment or methods which comply with a standard without infringing that IPR. For the avoidance of doubt in exceptional cases where a standard can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered essential.).

3 See Alden F. Abbott, FRAND PRINCIPLES AND COMPETITION (2013),

http://scholarlycommons.law.northwestern.edu/njtip_symposium/SCHEDULE/Schedule_2013/4/ (FRAND means fair, reasonable and nondiscriminatory terms. Also known as RAND or reasonable and nondiscriminatory terms. The courts and the doctrine use both terms RAND and FRAND indistinctively.).

4 A standards organization, standards body, standards developing organization (SDO), or standards setting organization (SSO) is any organization whose primary activities are developing, coordinating, promulgating, revising, amending, reissuing, interpreting, or otherwise producing technical standards that are intended to address the needs of some relatively wide base of affected adopters. Most standards are voluntary in the sense that they are offered for adoption without being mandated in law. Some standards become mandatory when regulators as legal requirements in particular domains adopt them.

5 Abbott, *supra* note 3.

6 Case C-170/13 Huawei Technologies Co. Ltd v ZTE Corp., ZTE Deutschland GmbH, ECR I _ (delivered July 16, 2015) (2015); Fed. Trade Comm’n, STATEMENT OF ENFORCEMENT PRINCIPLES REGARDING UNFAIR METHODS OF COMPETITION UNDER SECTION 5 OF THE FTC ACT (2015),

<https://www.ftc.gov/news-events/press-releases/2015/08/ftc-issues-statement-principles-regarding-enforcement-ftc-act>; JAPAN FAIR TRADE COMMISSION, GUIDELINES FOR THE USE OF INTELLECTUAL PROPERTY UNDER THE ANTIMONOPOLY ACT (AMMENDMENT 2015) (2015), <http://www.jftc.go.jp/en/pressreleases/yearly-2015/July/150708.files/150708.pdf>.

7 Lisa Kimmel, *Standards, Patent Policies and Antitrust: A Critique of IEEE II*, 29 ANTITRUST MAGAZINE, 2015, at 18, <https://www.crowell.com/Practices/Antitrust/articles/Standards-Patent-Policies-and-Antitrust-A-Critique-of-IEEE-II-Antitrust-Magazine>.

8 Urska Petrovcic, *Patent Hold-Up and the Limits of Competition Law: A Trans-Atlantic Perspective*, 50 COMMON MARK. LAW REV. 1363, 1363 (2013), <http://papers.ssrn.com/abstract=2375532> (last visited Mar 26, 2015); See also Herbert J. Hovenkamp, *Standards Ownership and Competition Policy*, 48 BOSTON COLL. LAW REV. 87 (2006), <http://papers.ssrn.com/abstract=889335> (last visited Mar 31, 2015).

9 Kimmel, *supra* note 7 at 18.

10 URSKA PETROVICIC, 58 COMPETITION LAW AND STANDARD ESSENTIAL PATENTS. A TRANSATLANTIC PERSPECTIVE 4 (Alastair Sutton ed., 1st ed. 2014).

11 See e.g. Damien Geradin & Miguel Rato, *Can Standard-Setting Lead to Exploitative Abuse? A Dissonant View on Patent Hold-Up, Royalty Stacking and the Meaning of FRAND*, 3 EUR. COMPET. J. 101 (2007) (Patent ambush occurs where an IPR owner willfully and knowingly fails to meet its duty to disclose to a SSO ownership of IPR which subsequently incorporated in the standard under adoption).

12 PETROVICIC, *supra* note 10 at 5.

13 *Id.* at 5.

14 Barry E. Hawk, *Article 82 and Section 2: Abuse and Monopolizing Conduct*, 2 in ISSUES IN COMPETITION LAW AND POLICY 871, 873 (2008) (An exploitative abuse has been defined as conduct that makes “use of the opportunities arising out of [a company’s] dominant position in such a way as to reap trading benefits which it would not have reaped if there had been normal and sufficiently effective competition); See Case 27/76, United Brands Co. & United Brands Cont’l v. Comm’n (United Brands), 1978 E.C.R. 207 (1978); See RICHARD A. POSNER, ANTITRUST LAW 193 (2nd ed. 2001).

- 15 THOMAS F. COTTER, *COMPARATIVE PATENT REMEDIES: A LEGAL AND ECONOMIC ANALYSIS* 59 (1st ed. 2013).
- 16 Koren Wong-Ervin, *The Proper Role of Antitrust in Addressing Patent Hold-Up*, 11 *MONOP. MATTERS ABA SECT. ANTITRUST LAW* 11, 11 (2013).
- 17 COTTER, *supra* note 15 at 59.
- 18 See e.g. *Microsoft Corp. v. Motorola, Inc.* (W.D. Wash), WL 2111217, **10–11 (2013); United States Department of Justice (DOJ) & United States Patent & Trademark Office (USPTO), *POLICY STATEMENTS ON REMEDIES FOR SEP SUBJECT TO FRAND* 4 (2013), <http://www.justice.gov/atr/public/guidelines/290994.pdf>.
- 19 Wong-Ervin, *supra* note 16 at 11.
- 20 FED. TRADE COMM’N, *THE EVOLVING IP MARKETPLACE: ALIGING PATENT NOTICE AND REMEDIES WITH COMPETITION* 234 (2011), <http://www.ftc.gov/news-events/press-releases/2011/03/ftc-report-recommends-improvements-patent-system-promote>; U.S. DEP’T OF JUSTICE & FED. TRADE COMM’N, *ANTITRUST ENFORCEMENT AND INTELLECTUAL PROPERTY RIGHTS: PROMOTING INNOVATION AND COMPETITION* 36 (2007), <http://www.justice.gov/atr/public/hearings/ip/222655.pdf>.
- 21 See e.g. United States Department of Justice (DOJ) and United States Patent & Trademark Office (USPTO), *supra* note 18 at 4; *MICROSOFT CORP. v. MOTOROLA, INC.* (W.D. WASH), *supra* note 18 at **10–11.
- 22 Wong-Ervin, *supra* note 16 at 11; See Robert Bosch GmbH (Majority Statement), FTC Docket C-4377 Apr 24 2013, 1–2 (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210081/bosch-robert-bosch-gmbh> [Quoting Third Party FTC’s Statement on the Public Interest filed on June 6, 2012 in In re Certain Wireless Communication Devices, Portable Music & Data Processing Devices, Computers and Components Thereof, Inv. No. 337-TA-745; and in In re Certain Gaming and Entertainment Consoles, Related Software, and Components Thereof, Inv. No. 337-TA-752].
- 23 Thomas F. Cotter, *Comparative Law and Economics of Standard-Essential Patents and FRAND Royalties*, 22 *TEX. INTELLECT. PROP. LAW J.* 311, 341 (2014), <http://papers.ssrn.com/abstract=2318050> (last visited Feb 16, 2015).
- 24 See generally RUDI BEKKERS & ANDREW UPDEGROVE, *IPR POLICIES AND PRACTICES OF A REPRESENTATIVE GROUP OF STANDARDS-SETTING ORGANIZATIONS WORLDWIDE* (2013); E.g. European Telecommunications Standards Institute (ETSI), *supra* note 2; E.g. Institute of Electrical and Electronics Engineers (IEEE), *IEEE STANDARD BOARD BYLAWS (POLICIES AND PROCEDURES)* (2015), <https://standards.ieee.org/develop/policies/bylaws/>.
- 25 BJÖRN LUNDQVIST, *STANDARDIZATION UNDER EU COMPETITION RULES AND US ANTITRUST LAWS: THE RISE AND LIMITS OF SELF-REGULATION* 136 (Steven D. Anderman & Rudolph J. R. Peritz eds., 2014); See e.g. European Telecommunications Standards Institute (ETSI), *supra* note 2; See e.g. Institute of Electrical and Electronics Engineers (IEEE), *supra* note 24.
- 26 BEKKERS AND UPDEGROVE, *supra* note 24 at 126; See Institute of Electrical and Electronics Engineers (IEEE), *supra* note 24 at § 6.2 (The IEEE amended its statement of policy to provide: The Submitter of an Accepted LOA who has committed to make available a license for one or more Essential Patent Claims agrees that it shall neither seek nor seek to enforce a Prohibitive Order based on such Essential Patent Claim(s) in a jurisdiction unless the implementer fails to participate in, or to comply with the IEEE, [sic] the outcome of, an adjudication, including an affirming first-level appellate review, if sought by any party within applicable deadlines, in that jurisdiction by one or more courts that have the authority to: determine Reasonable Rates and other reasonable terms and conditions; adjudicate patent validity, enforceability, essentiality, and infringement; award monetary damages; and resolve any defenses and counterclaims.); See European Telecommunications Standards Institute (ETSI), *supra* note 2 (ETSI discussed the possibility to implement in its internal policy a prohibition to seek an injunction for FRAND encumbered patent. The Interim IPR policy adopted in 1993 limitation to the SEP holder’s use of injunctions. This provision was however later excluded from the policy adopted in 1994, and, to this day, it has not been implemented again); See Roger G. Brooks & Damien Geradin, *Taking Contracts Seriously: The Meaning of the Voluntary Commitment to License Essential Patents on “Fair and Reasonable” Terms*, in *INTELLECTUAL PROPERTY AND COMPETITION LAW: NEW FRONTIERS* 389 (Steven D. Anderman & Ariel Ezrachi eds., 1 ed. 2010), <http://papers.ssrn.com/abstract=1569498> (last visited Apr 2, 2015).
- 27 UNITED STATES DEPARTMENT OF JUSTICE (DOJ) (ANTITRUST DIVISION), *IEEE DOJ’S BUSINESS REVIEW LETTER* (2015), <http://www.justice.gov/atr/public/busreview/311470.htm> (The update proposal includes four aspects follows: (1) the availability of prohibitive orders; (2) the meaning of “Reasonable Rate”; (3) permissible demands for reciprocal licensing; and (4) the production levels to which IEEE licensing commitments apply. This paper focuses only on the availability of prohibitive orders (injunctions and exclusionary orders)).
- 28 COTTER, *supra* note 15 at 53. (Protecting an entitlement thru a property rule means that the owner has a right to exclude others from engaging in the unauthorized use of the entitlement, typically by means of an injunction. Protecting an entitlement thru a liability rule means that the owner has only the right to demand monetary damages for the unauthorized use.)
- 29 See Kimmel, *supra* note 7; See also Hugh Hollman, *IEEE Business Review Letter: The DOJ Reveals Its Hand*, 3 *ANTITRUST CHRON. COMPET. POLICY INT.* (2015), <https://www.competitionpolicyinternational.com/ieee-business-review-letter-the-doj-reveals-its-hand/>; See also David Long, *IEEE’S CONTROVERSIAL PROPOSED INTELLECTUAL PROPERTY RIGHTS (“IPR”) POLICY AMENDMENTS ESSENTIAL PATENT BLOG* (2015), <http://www.essentialpatentblog.com/2015/02/ieee/> (last visited Feb 11, 2015).
- 30 Richard Lloyd, *ERICSSON AND NOKIA THE LATEST TO CONFIRM THAT THEY WILL NOT LICENSE UNDER THE NEW IEEE PATENT POLICY INTELLECTUAL ASSET MANAGEMENT (IAM)* (2015),

- <http://www.iam-media.com/Blog/Detail.aspx?g=d07d0bde-ebd6-495a-aa72-4eeeb9dac67d> (last visited Sep 15, 2015).
- 31 See Mark A. Lemley & Carl Shapiro, *Patent Holdup and Royalty Stacking*, 85 TEX. LAW REV. 1991 (2006), <http://papers.ssrn.com/abstract=923468> (last visited Mar 28, 2015); See also Carl Shapiro, *Injunctions, Hold-Up, and Patent Royalties*, 12 AM. LAW ECON. REV. 280 (2010), <http://aler.oxfordjournals.org/content/12/2/280.abstract>.
- 32 Nicolas Petit, *Injunctions for Frand-Pledged Standard Essential Patents: The Quest for an Appropriate Test of Abuse Under Article 102 TFEU*, 9 EUR. COMPET. J. 677, 717 (2013), <http://papers.ssrn.com/abstract=2371192> (last visited Apr 23, 2015).
- 33 J. Gregory Sidak, *The Meaning of Frand, Part II: Injunctions*, 11 J. COMPET. LAW ECON. 201, 233 (2015), <http://jcle.oxfordjournals.org/content/11/1/201> (last visited Mar 25, 2015); *Ericsson, Inc. v. D-Link Sys.*, 773 F.3d 1201, 1025 (2014) (The district court need not instruct the jury on hold-up or stacking unless the accused infringer presents actual evidence of hold-up or stacking).
- 34 Kirti Gupta, *The Patent Policy Debate in the High-Tech World*, 9 J. COMPET. LAW ECON. 827 (2013), <http://jcle.oxfordjournals.org/content/9/4/827> (last visited Jun 24, 2015); See e.g. Gregor Langus, Vilen Lipatov & Damien Neven, *Standard-Essential Patents: Who Is Really Holding up (and When)?*, 9 J. COMPET. LAW ECON. 253 (2013), <http://jcle.oxfordjournals.org/content/9/2/253> (last visited Apr 3, 2015).
- 35 J. Gregory Sidak, *The Meaning of Frand, Part I: Royalties*, 9 J. COMPET. LAW ECON. 931, 1007–08 (2013), <http://jcle.oxfordjournals.org/content/9/4/931> (last visited Feb 12, 2015).
- 36 Sidak, *supra* note 33 at 231; Dennis W. Carlton & Allan Shampine, *Identifying Benchmarks for Applying Non-Discrimination in Frand*, 8 COMPET. POLICY INT. 1, 5 (2014), <http://papers.ssrn.com/abstract=2462234> (last visited Apr 3, 2015); See also Joshua D. Wright, *SSOs, FRAND, and Antitrust: Lessons from the Economics of Incomplete Contracts*, 20 (2013), https://www.ftc.gov/sites/default/files/documents/public_statements/ssos-frand-and-antitrust-lessons-economics-incomplete-contracts/130912cpip.pdf (Despite the amount of attention patent hold-up has drawn from policymakers and academics, there have been relatively few instances of litigated patent hold-up among the thousands of standards adopted).
- 37 Sidak, *supra* note 33 at 233; See also Wright, *supra* note 36 at 30.
- 38 Sidak, *supra* note 33 at 234.
- 39 See United States Department of Justice (DOJ) and United States Patent & Trademark Office (USPTO), *supra* note 18 at 7 n.15.
- 40 Sidak, *supra* note 33 at 235; See also Wright, *supra* note 36.
- 41 See *Illinois Tool Works Inc., et al., Petitioners v. Independent Ink, Inc.*, 547 U.S. 28, 46 (2006); See *Joined Cases C-241/91 P & C-242/91 P Radio Telefis Eireann (RTE) & Indep. Television Publ'ns Ltd (ITP) v. Comm'n (Magill)*, 1995 ECR I 743, 46 (1995); See EUROPEAN COMMISSION, GUIDELINES ON THE APPLICABILITY OF ARTICLE 101 OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION TO HORIZONTAL CO-OPERATION AGREEMENTS 2011/C 11/01 (2011).
- 42 PETROVIC, *supra* note 10 at 50.
- 43 See Deborah Platt Majoras, *RECOGNIZING THE PRO-COMPETITIVE POTENTIAL OF ROYALTY DISCUSSIONS IN STANDARD SETTING* (2005), <https://www.ftc.gov/public-statements/2005/09/recognizing-procompetitive-potential-royalty-discussions-standard-setting>.
- 44 See e.g. *Townshend v. Rockwell Intl. Corp.*, WL 433505, 35 (2000) ([t]he adoption of an industry standard incorporating [a] proprietary technology does not confer any power to exclude that exceeds the exclusionary power to which a patent holder is otherwise legally entitled); *Broadcom Corp. v. Qualcomm Inc.*, 501 F.3d 297, 315 (2007) (the incorporation of a patent into a standard...makes the scope of the relevant market congruent with that of the patent); *Apple, Inc. v. Samsung Elecs. Co.*, 11-CV-01846, 99 (2014).
- 45 See Commission Decision Summary 2012/C 75/01 Non-Opposition to A Notified Concentration (Case COMP/M.6381 — Google/Motorola Mobility), 2012 OJ C 75, 53 (2012), http://ec.europa.eu/competition/elojade/iseef/case_details.cfm?proc_code=2_M_6381.
- 46 PETROVIC, *supra* note 10 at 70.
- 47 CASE COMP/M.6381 — GOOGLE/MOTOROLA MOBILITY) 2012 O.J. C 75, *supra* note 45 at 54.
- 48 PETROVIC, *supra* note 10 at 70.
- 49 *Id.* at 71. (Incremental market power is defined as the difference between the SEP owner's market power after the implementation of its technology in the standard and the market power it had before the implementation of its technology. Its magnitude is contingent on several factors, such as the success of the standard and the competition that the standard faces from alternatives standards and non-standardized products.).
- 50 *Eastman Kodak Co. v. Image Tech. Servs.*, 504 U.S. 451 (1992) (The court relied on sunk costs to infer the existence of monopoly power.).
- 51 PETROVIC, *supra* note 10 at 76.
- 52 UNITED STATES' SHERMAN ACT, 15 U.S.C. § 2 (2013); UNITED STATES' FEDERAL TRADE COMMISSION ACT, 15 U.S.C. § 45 (2013).
- 53 *United States v. Grinnell Corp.*, 384 U.S. 563, 570 (1966).
- 54 *Spectrum Sports, Inc. v. McQuillan*, 506 U.S. 447, 456 (1993).
- 55 *United States v. E. I. Du Pont de Nemours & Co.*, 351 U.S. 377, 391 (1956).
- 56 *Harrison Aire, Inc. v. AeroStar Int'l*, 423 F.3d 374, 380 (2005).

- 57 U.S. DEP'T OF JUSTICE AND FED. TRADE COMM'N, *supra* note 20 at 20.
- 58 United States v. Microsoft Corp., 253 F.3d 34, 58 (2001).
- 59 Europe and Japan both consider exploitative licensing an antitrust offense.
- 60 Petrovcic, *supra* note 8 at 1375.
- 61 Sidak, *supra* note 33 at 248.
- 62 Department of Justice (DOJ), STATEMENT OF THE DEPARTMENT OF JUSTICE ANTITRUST DIVISION ON ITS DECISION TO CLOSE ITS INVESTIGATION OF SAMSUNG'S USE OF ITS STANDARDS-ESSENTIAL PATENTS (2014), <http://www.justice.gov/opa/pr/statement-department-justice-antitrust-division-its-decision-close-its-investigation-samsung>.
- 63 Certain Wireless Communication Devices, Portable Music and Data Processing Devices, Computers and Components Thereof, (2013), http://www.usitc.gov/secretary/fed_reg_notices/337/337_745_notice04222013sgl_0.pdf; See Sidak, *supra* note 33 at 249.
- 64 Department of Justice (DOJ), *supra* note 62.
- 65 FTC v. Sperry & Hutchinson Co., 405 U.S. 233, 244 (1972).
- 66 Sidak, *supra* note 33 at 253.
- 67 E. I. Du Pont de Nemours & Co. v. FTC, 729 F.2d 128, 139–140 (1984).
- 68 Petrovcic, *supra* note 8 at 1377; See e.g. Official Airline Guides, Inc. v. FTC, 630 F.2d 920 (1980); See e.g. Boise Cascade Corp. v. Federal Trade Com., 637 F.2d 573 (1980).
- 69 Petrovcic, *supra* note 8 at 1377.
- 70 See Robert Bosch GmbH (Complaint), FTC Docket C-4377 Nov 26 2012 (2012), <https://www.ftc.gov/enforcement/cases-proceedings/1210081/bosch-robert-bosch-gmbh>.
- 71 See Robert Bosch GmbH [Decision and Order (Redacted Public Version)], FTC Docket C-4377 Apr 24 2013, §§ II.B.2.IV (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210081/bosch-robert-bosch-gmbh>; See Robert Bosch GmbH (Analysis of Agreement Containing Consent Orders to Aid Public Comment), FTC Docket C-4377 Apr 24 2013, 5 (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210081/bosch-robert-bosch-gmbh>.
- 72 See ROBERT BOSCH GMBH (MAJORITY STATEMENT), *supra* note 22 at 3; See E. I. DU PONT DE NEMOURS & CO. V. FTC, *supra* note 67 at 139–140.
- 73 Cotter, *supra* note 23 at 17.
- 74 See ROBERT BOSCH GMBH (MAJORITY STATEMENT), *supra* note 22 at 8.
- 75 See Motorola Mobility LLC and Google Inc. (Complaint), FTC Docket C-4410 Jan 3 2013, 1, 25–27, 31–32 (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210120/motorola-mobility-llc-google-inc-matter> (Complaint).
- 76 Cotter, *supra* note 23 at 18 (The complaint had been amended to delete the claim of “unfair acts or practices,” leaving only the claim for “unfair methods of competition.” The “unfair trade practices” branch of FTC practice more typically addresses consumer protection rather than antitrust related matters.); See also COTTER, *supra* note 15 at 370, 399–401.
- 77 European Telecommunications Standards Institute (ETSI), *supra* note 2 at 15 (6).
- 78 See Motorola Mobility LLC and Google Inc. (Decision and Order), FTC Docket C-4410 July 23 2013 (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210120/motorola-mobility-llc-google-inc-matter>.
- 79 See *Id.*
- 80 LUNDQVIST, *supra* note 25 at 336 (FRAND according to the order is not a test or a level, instead it is a procedure.).
- 81 See Robert Bosch GmbH (Ohlhausen Statement), FTC Docket C-4377 Apr 24 2013, 3–4 (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210081/bosch-robert-bosch-gmbh>.
- 82 See *Id.* at 3.
- 83 Petrovcic, *supra* note 8 at 1380; See E. I. DU PONT DE NEMOURS & CO. V. FTC, *supra* note 67 at 138 (The determination of clear criteria is essential, given that otherwise “the door would be open to arbitrary” enforcement of Section 5 of the FTCA).
- 84 Petrovcic, *supra* note 8 at 1380; See Motorola Mobility LLC and Google Inc. (Ohlhausen Statement), FTC Docket C-4410 July 23 2013, 2 (2013), <https://www.ftc.gov/enforcement/cases-proceedings/1210120/motorola-mobility-llc-google-inc-matter>.
- 85 Sidak, *supra* note 33 at 238; See ROBERT BOSCH GMBH [DECISION AND ORDER (REDACTED PUBLIC VERSION)], *supra* note 71 at § IV.E.2; See MOTOROLA MOBILITY LLC AND GOOGLE INC. (COMPLAINT), *supra* note 75 at § I.I.E – II.E.2.
- 86 Sidak, *supra* note 33 at 238.
- 87 See Institute of Electrical and Electronics Engineers (IEEE), *supra* note 24 at § 6.2 (The IEEE amended its statement of policy to provide: The Submitter of an Accepted LOA who has committed to make available a license for one or more Essential Patent Claims agrees that it shall neither seek nor seek to enforce a Prohibitive Order based on such Essential Patent Claim(s) in a jurisdiction unless the implementer fails to participate in, or to comply with the IEEE, [sic] the outcome of, an adjudication, including an affirming first-level appellate review, if sought by any party within applicable deadlines, in that jurisdiction by one or more courts that have the authority to: determine Reasonable Rates and other reasonable terms and conditions; adjudicate patent validity, enforceability, essentiality, and infringement; award monetary damages; and resolve any defenses and counterclaims.); See European Telecommunications Standards Institute (ETSI), *supra* note 2 (ETSI discussed the possibility to implement in its internal policy a prohibition to seek an injunction for FRAND encumbered patent. The Interim IPR policy adopted in 1993 limitation to the SEP holder's use of injunctions. This provision was however later excluded from the policy adopted in 1994, and, to this day, it has not been implemented

again); See Brooks and Geradin, *supra* note 26.

88 See ERICSSON, INC. v. D-LINK SYS, *supra* note 33.

89 Geradin and Rato, *supra* note 11 at 117.

90 See UNITED STATES' FEDERAL TRADE COMMISSION ACT, *supra* note 52 (Section 5 only could be prosecuted through the FTC, not by the courts or the DOJ).

91 See ROBERT BOSCH GMBH (OHLHAUSEN STATEMENT), *supra* note 81 at 2; See Eastern R. Presidents Conference v. Noerr Motor Freight, Inc., 365 U.S. 127 (1961); See United Mine Workers v. Pennington, 381 U.S. 657 (1965); See California Motor Transport Co. v. Trucking Unlimited, 404 U.S. 508 (1972) (Under the Noerr-Pennington doctrine, private entities are immune from liability under the antitrust laws for attempts to influence the passage or enforcement of laws, even if the laws they advocate for would have anticompetitive effects).

92 ROBERT BOSCH GMBH (OHLHAUSEN STATEMENT), *supra* note 81 at 2; See eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006); See CERTAIN WIRELESS COMMUNICATION DEVICES (337-TA-745), *supra* note 63 [Third Party FTC's Statement on the Public Interest (Int'l Trade Comm'n June 6, 2012)]; See EDITH RAMIREZ, OVERSIGHT OF THE IMPACT ON COMPETITION OF EXCLUSION ORDERS TO ENFORCE STANDARD-ESSENTIAL PATENTS (2012), <http://www.judiciary.senate.gov/meetings/oversight-of-the-impact-on-competition-of-exclusion-orders-to-enforce-standard-essential-patents> (last visited Apr 22, 2015).

93 Wong-Ervin, *supra* note 16 at 11; See ROBERT BOSCH GMBH (MAJORITY STATEMENT), *supra* note 22 at 1–2 [Quoting Third Party FTC's Statement on the Public Interest filed on June 6, 2012 in In re Certain Wireless Communication Devices, Portable Music & Data Processing Devices, Computers and Components Thereof, Inv. No. 337-TA-745; and in In re Certain Gaming and Entertainment Consoles, Related Software, and Components Thereof, Inv. No. 337-TA-752].

94 Petrovcic, *supra* note 8 at 1382; BOISE CASCADE CORP. v. FEDERAL TRADE COM., *supra* note 68 (A mere assertion of a possible – theoretical – anticompetitive effect is not sufficient to prove a Section 5 violation. In order to bring a successful action under Section 5, the FTC would have to provide evidence that the SEP owner's licensing practice actually affected in a negative way the success of the standard, increased the costs of standard compliant goods, or that it hindered the undertakings' willingness to participate in the standardization process).

95 Geradin and Rato, *supra* note 11 at 151; Sidak, *supra* note 33; Langus, Lipatov, and Neven, *supra* note 34.

96 LUNDQVIST, *supra* note 25 at 342.

97 Alex Okuliar & Antony P. Kim, FTC PUTS "STANDALONE" SECTION 5 ENFORCEMENT APPROACH ON THE RECORD ORRICK, HERRINGTON & SUTCLIFFE LLP (ANTITRUST AND COMPETITION NEWSLETTER) (2015), <http://blogs.orrick.com/antitrust/2015/08/14/ftc-puts-standalone-section-5-enforcement-approach-on-the-record/> (last visited Sep 10, 2015).

98 See e.g. Edith Ramirez, *Remarks Regarding Section 5 Enforcement Principles*, in DISTINGUISHED SPEAKER SERIES (2015),

<https://www.ftc.gov/public-statements/2015/08/remarks-chairwoman-edith-ramirez-regarding-section-5-enforcement-0>;

See also e.g. Edith Ramirez, *Unfair Methods and the Competitive Process: Enforcement Principles for the Federal Trade Commission's Next Century*, in 17TH ANNUAL ANTITRUST SYMPOSIUM (2014),

https://www.ftc.gov/system/files/documents/public_statements/314631/140213section5.pdf.

99 See e.g. Joshua D. Wright, *Section 5 Revisited: Time for the FTC to Define the Scope of Its Unfair Methods of Competition Authority*, in THE PAST, PRESENT, AND FUTURE OF SECTION 5 OF THE FTC ACT: PERSPECTIVES FROM THE COMMISSION, THE JUDICIARY, AND CONGRESS (2015),

https://www.ftc.gov/system/files/documents/public_statements/626811/150226bh_section_5_symposium.pdf.

100 Ramirez, *supra* note 98 at 6.

101 *Id.* at 6.

102 Fed. Trade Comm'n, *supra* note 6.

103 Wright, *supra* note 99 at 16; See Barbara T. Sicalides, Jeremy Heep & Alexander L. Harris, FTC ISSUES FIRST FORMAL POLICY ON SECTION 5'S UNFAIR COMPETITION PEPPER HAMILTON LLP (INSIGHT CENTER) 16 (2015), <http://www.pepperlaw.com/publications/ftc-issues-first-formal-policy-on-section-5s-unfair-competition-authority-2015-08-17/> (last visited Sep 10, 2015); See Okuliar and Kim, *supra* note 97.

104 CONSOLIDATED VERSION OF THE TREATY ON THE FUNCTIONING OF THE EUROPEAN UNION, 2012 O.J. (C 326/47) 358 102 (2012).

105 PETROVICIC, *supra* note 10 at 49; See e.g. CASE 27/76 UNITED BRANDS, *supra* note 14 at 65; Case 85/76 Hoffman La-Roche & Co. AG v. Comm'n (Hoffman La-Roche), 1979 E.C.R. 461, 65 (1979); Case 322/81 N.V. Nederlandsche Banden-Industrie Michelin v. Comm'n (Michelin), 1983 E.C.R. 3461, 30 (1983) (article 102 covers practices which are likely to affect the structure of a market where, as a direct result of the presence of the undertaking in question, competition is weakened and which through recourse to methods different from those governing normal competition in products or services based on traders' performance, has the effect of hindering the maintenance or development of the level of competition still existing in the market.).

106 Petrovcic, *supra* note 8 at 1366.

107 See Hawk, *supra* note 14 at 873; See Richard A. Posner, *Exclusionary Practices I*, in ANTITRUST LAW, SECOND EDITION 214 (2001); See CASE 27/76 UNITED BRANDS, *supra* note 14 at 249 (There are no exploitative abuses under § 2), See *Id.* at 215. (Structural abuses concern mergers and acquisitions that strengthen a dominant position); See CASE 85/76

- HOFFMAN LA-ROCHE, *supra* note 105 (Exclusionary abuses concern direct or indirect harm to competitors); STEVE ANDERMAN & HEDVIG SCHMIDT, *EU COMPETITION LAW AND INTELLECTUAL PROPERTY RIGHTS: THE REGULATION OF INNOVATION* 74 (2 ed. 2011) (Exclusionary abuses includes acquisitions, predatory pricing, and refusal to supply and refusal to license, none of which are explicitly mentioned in article 102).
- 108 ANDERMAN AND SCHMIDT, *supra* note 107 at 74.; Case 6/72 *Cont'l Can Co. v. Comm'n (Continental Can)*, 1973 E.C.R. 215, 26 (1973).
- 109 Christopher Heath, *The interface Between Competition Law and Intellectual Property in Japan*, in *THE INTERFACE BETWEEN INTELLECTUAL PROPERTY RIGHTS AND COMPETITION POLICY* 312, 75 (Steven D. Anderman ed., 1 ed. 2009); See CASE C-170/13 *HUAWEI TECHNOLOGIES*, *supra* note 6 at 68; Case C-457/10 P *AstraZeneca AB and AstraZeneca plc v European Commission*, 74 (2012); CASE 85/76 *HOFFMAN LA-ROCHE*, *supra* note 105 at 91.
- 110 Petit, *supra* note 32 at 690 (It is not uncommon for the EU judicature to identify new abuses); See e.g. CASE 6/72 *CONTINENTAL CAN*, *supra* note 108 (Held it abusive for a dominant firm to acquire a competitor); See e.g. Case C52/09 *Konkurrensverket v TeliaSonera Sverige AB*, (2015) (Considered that a margin squeeze 'constitute[s] an independent form of abuse distinct from that of refusal to supply); See e.g. CASE C-457/10 P *ASTRAZENECA AB AND ASTRAZENECA PLC V EUROPEAN COMMISSION*, *supra* note 109 (Expanded the list of known abuses, by holding that submission of 'objectively misleading).
- 111 Petit, *supra* note 32 at 691.
- 112 LUNDQVIST, *supra* note 25 at 320.
- 113 *Id.* at 320.; Orange Book Standard Case, Bundesgerichtshof [BGH] [Federal Court of Justice] May 6, 2009 KZR 39/06 (2009), <http://juris.bundesgerichtshof.de/cgi-bin/rechtsprechung/document.py?Gericht=bgh&Art=en&sid=acea256584d0e420272381a9d0c7a57a&nr=48134&pos=0&anz=1>.
- 114 Petit, *supra* note 32 at 692.
- 115 Case AT 39939 *Samsung Enforcement of UMTS Standard Essential Patents*, (April 29, 2014) C 35008, 9 (18) (2014), http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=1_39939 [Under Samsung's commitments, "Mobile SEP" is defined as "a patent (including existing and future members of its family in the EEA) granted in the EEA that is or may become, and remains, Essential to any Mobile Standard in at least one EEA Contracting Party and which has been declared as such to an SSO."].
- 116 *Id.* at 9 (15–16). (The exceptional circumstance is the standard-setting process and Samsung's commitment to license its UMTS SEP on FRAND terms and conditions. An absence of objective justification relates to the fact that the potential licensee, Apple, was not unwilling to enter into a license agreement on FRAND terms and conditions.).
- 117 Koren Wong-Ervin, *Standard-Essential Patents: The International Landscape*, (2014), https://www.ftc.gov/system/files/attachments/key-speeches-presentations/standard-essential_patents_the_intl_landscape.pdf.
- 118 CASE AT 39939 *SAMSUNG ENFORCEMENT OF UMTS STANDARD ESSENTIAL PATENTS*, *supra* note 115 at (9) 20.
- 119 Commission Decision Summary 2014/C 344/06 (Case AT 39985 *Motorola Enforcement of GPRS Standard Essential Patents*), 2014 OJ C 344, 7 (18) (2014), http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=1_39985 (The exceptional circumstances are the GPRS standard-setting process and Motorola's commitment to license the GPRS SEP on FRAND terms and conditions. The absence of objective justification relates to the fact that Apple was not unwilling to enter into a license agreement on FRAND terms and conditions).
- 120 CASE AT 39985 — *MOTOROLA GRPS STANDARD*) 2014 O.J. C 344, *supra* note 119.
- 121 *Id.*
- 122 Wong-Ervin, *supra* note 117.
- 123 *Id.*
- 124 CASE C-170/13 *HUAWEI TECHNOLOGIES*, *supra* note 6.
- 125 Thomas Cotter, *HUAWEI V. ZTE: ANALYSIS COMPARATIVE PATENT REMEDIES* (2015), <http://comparativepatentremedies.blogspot.jp/2015/07/huawei-v-zte-analysis.html> (last visited Jul 17, 2015); CASE C-170/13 *HUAWEI TECHNOLOGIES*, *supra* note 6 at 42; See TFEU, *supra* note 104 at 102 (prohibit abuses of a dominant position); See CHARTER OF FUNDAMENTAL RIGHTS OF THE EUROPEAN UNION, 2012 O.J. (C 326/391) 54 (17) 2 – 42 (2012) (right to property and right to an effective remedy and to a fair trial).
- 126 CASE C-170/13 *HUAWEI TECHNOLOGIES*, *supra* note 6 at 62.
- 127 See Cotter, *supra* note 125.
- 128 Cleary, Gottlieb, Steen & Hamilton LLP, *Enforcing Standard-Essential Patents – The European Court of Justice's Judgment in Huawei v ZTE*, ALERT MEMORANDUM (ANTITRUST AND COMPETITION), 2015, <http://www.cgsh.com/enforcing-standard-essential-patents-the-european-court-of-justices-judgment-in-huawei-v-zte/>; CASE C-170/13 *HUAWEI TECHNOLOGIES*, *supra* note 6 at 77.
- 129 See e.g. JOINED CASES C-241/91 P & C-242/91 *MAGILL*, *supra* note 41; See e.g. Case C-481/01 *IMS Health GmbH & Co. OHG v. NDC Health GmbH & Co. KG (IMS Health)*, 2004 ECR I 5039 (2004).
- 130 Nicholas Banasevic, *The Implications of the Court of Justice's Huawei/ZTE Judgment*, 6 J. EUR. COMPET. LAW PRACT. 463–464, 463 (2015), <http://jeclap.oxfordjournals.org/content/6/7/463> (last visited Aug 24, 2015).
- 131 Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128 at 1.

- 132 See The European Commission's Safe Harbor Approach to the Seeking of Injunctive Relief on FRAND Encumbered SEPs, 12 MONOP. MATTERS ABA SECT. ANTITRUST LAW (2014), http://www.ftc.gov/system/files/attachments/key-speeches-presentations/wong-erwin_-_ecs_safe_harbor_approach_-_fall_2014.pdf (Referring to the Samsung and Motorola Cases. "The decisions create a safe harbor approach from injunctive relief, under which implementers can demonstrate that they are a willing licensee by agreeing that a court or a mutually agreed arbitrator shall adjudicate the fair, reasonable and non-discriminatory ('FRAND') terms in the event that negotiations fail").
- 133 Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128 at 2.
- 134 *Id.* at 5.; See e.g. JOINED CASES C-241/91 P & C-242/91 MAGILL, *supra* note 41; See e.g. CASE C-481/01 IMS HEALTH, *supra* note 129.
- 135 See Anna Emanuelson, *Standardisation Agreements in the Context of The New Horizontal Guidelines*, 33 EUR. COMPET. LAW REV. 69 (2012), <http://www.worldcat.org/title/standardisation-agreements-in-the-context-of-the-new-horizontal-guidelines/oclc/847422463> (The argument has sometimes been raised that competition law could not intervene against prohibitive pricing of IPR, or that at least competition law could not intervene absent the presence of "exceptional circumstances" such as those required for a refusal to license IPR to be abusive. First, the case law of the European courts would not seem to require the presence of such exceptional circumstances absent the very specific situation of a refusal to license. Secondly, it is submitted that, should such "exceptional circumstances" be required, competition law intervention in the context of IPR could be justified by other circumstances than those relevant for a refusal to supply case.. It could also be argued that the mere fact of having given a FRAND commitment (which implies a willingness to license) could also qualify as an "exceptional circumstance"; See also Bo Vesterdorf, *IP Rights and Competition Law Enforcement Questions*, 4 J. EUR. COMPET. LAW PRACT. 109-111 (2013), <http://jeclap.oxfordjournals.org/content/4/2/109> (last visited Aug 25, 2015) (the whole sectors of industry might find themselves in so-called exceptional circumstances, which could be considered somewhat bizarre).
- 136 Petit, *supra* note 32 at 715 (The argument is not that the "willing licensee" test infringes the principle of legitimate expectations. This principle only covers the conduct of government. Rather, the contention is that if a court or agency ever applied the "willing licensee" test, it would have to resort to intellectual constructs irreconcilable with those governing the interpretation of the principle of "legitimate expectations".)
- 137 See Joined Cases T-427/04 & T-17/05 French Republic & France Telecom SA v. Comm'n, 2009 ECR II 4315, 260 (2009).
- 138 Petit, *supra* note 32 at 715.
- 139 See Sam Abboud, ARE REMEDIES FOR BREACHING STANDARD ESSENTIAL PATENTS PROHIBITED BY ARTICLE 102 TFEU? EUROPEAN LAW BLOG (2015), <http://europeanlawblog.eu/?p=2814> (last visited Aug 24, 2015).
- 140 Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128 at 4; CASE C-170/13 HUAWEI TECHNOLOGIES, *supra* note 6 at 57 (Advocate General Wathelet Opinion).
- 141 Cotter, *supra* note 125.
- 142 See Trevor Soames & Miguel Rato, THE COURT OF JUSTICE'S PRELIMINARY RULING IN HUAWEI V. ZTE: THE FINAL WORD? SHEARMAN & STERLING LLP (ANTITRUST CLIENT PUBLICATION) (2015), <http://www.shearman.com/~media/Files/NewsInsights/Publications/2015/07/The-Court-of-Justices-Preliminary-Ruling-in-Huawei-v-ZTE-The-Final-Word-AT-07232015.pdf>; See also Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128.
- 143 See Soames and Rato, *supra* note 142; See also Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128.
- 144 See Soames and Rato, *supra* note 142; See also Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128.
- 145 CASE C-170/13 HUAWEI TECHNOLOGIES, *supra* note 6 at 68.
- 146 See DIRECTIVE 2004/48/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 29 APRIL 2004 ON THE ENFORCEMENT OF INTELLECTUAL PROPERTY RIGHTS, 2004 O.J. (L 195/16) 25 9-10 (2004), <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:195:0016:0025:en:PDF>.
- 147 See Soames and Rato, *supra* note 142; See also Cleary, Gottlieb, Steen & Hamilton LLP, *supra* note 128.
- 148 See Case T-111/96 - ITT Promedia v Commission, 1998 ECR II 183 (1998); See Case T-119/09 - Protégé International v Commission, 2012 ECR II 421 (2012).
- 149 JAPAN FAIR TRADE COMMISSION, SURVEY ON ISSUES RELATED TO ESSENTIAL PATENT (TENTATIVE TRANSLATION) I (2015), <http://www.jftc.go.jp/en/pressreleases/yearly-2015/July/150708.files/150708.pdf>.
- 150 JAPAN FAIR TRADE COMMISSION, *supra* note 6 at 3 (1) (e) - 4 (2) (iv).
- 151 ABA SECTION OF ANTITRUST LAW, ANTITRUST ISSUES IN INTERNATIONAL INTELLECTUAL PROPERTY LICENSING TRANSACTIONS 396 (American Bar Association ed., 2 ed. 2012); See ACT ON PROHIBITION OF PRIVATE MONOPOLIZATION AND MAINTENANCE OF FAIR TRADE (JAPANESE ANTIMONOPOLY LAW), Art. 2(5) (1947) (The term "private monopolization" as used in this Act means such business activities, by which any entrepreneur, individually or by combination or conspiracy with other entrepreneurs, or by any other manner, excludes or controls the business activities of other entrepreneurs, thereby causing, contrary to the public interest, a substantial restraint of competition in any particular field of trade.).
- 152 JAPAN FAIR TRADE COMMISSION, COMPETITION, INTELLECTUAL PROPERTY AND STANDARD SETTING 2.1 (8) (2014), <http://www.oecd.org/daf/competition/competition-intellectual-property-standard-setting.htm> (The Japanese regulation applies to exclusionary refusal to deal as well as constructive refusal to deal or excessive pricing.).
- 153 JAPAN GUIDELINES FOR THE USE OF INTELLECTUAL PROPERTY UNDER THE ANTIMONOPOLY ACT, 30 3 (note 10) (2007)

- (Refer to the ruling of the Tokyo High Court on the Toho-Subaru case on September 19, 1951, and the ruling of the Tokyo High Court on the Toho-Shintoho case on December 7, 1953 as well as the JFTC Decision No.2 of 2004 on March 26, 2007).
- 154 JAPANESE ANTIMONOPOLY ACT, *supra* note 151 at Art. 2(9).
- 155 *Id.* at Art. 2(9).
- 156 *Id.* at 2(9)(i)–2(9)(vi). (Such conducts includes concerted and unilateral refusals to deal (i), discriminatory pricing (ii), predatory pricing (iii), tying (v)(a), non-price restraints (vi), and resale price maintenance (iv).).
- 157 *Id.* at 2(9)(vi). (Such conducts includes deceptive customer inducement (vi) and interference with a competitor’s transaction (vi)).
- 158 *Id.* at 2(9)(v). ABA SECTION OF ANTITRUST LAW, *supra* note 151 at 397.
- 159 ABA SECTION OF ANTITRUST LAW, *supra* note 151 at 397 (If it would be deemed that an entrepreneur commits exclusionary conduct but not be deemed that the conduct substantially restrains competition in a particular field of trade, the conduct would not fall under exclusionary private monopolization); See GUIDELINES FOR EXCLUSIONARY PRIVATE MONOPOLIZATION UNDER THE ANTIMONOPOLY ACT, 42 2 (2009), http://www.jftc.go.jp/en/legislation_gls/imonopoly_guidelines.files/guidelines_exclusionary.pdf.
- 160 Case 2013 (Ne) 10043 (Japan), (2014), http://www.ip.courts.go.jp/eng/hanrei/g_panel/index.html.
- 161 *Id.*; See Thomas Cotter, SOME INITIAL THOUGHTS ON THE JAPANESE IP HIGH COURT’S APPLE/SAMSUNG JUDGMENTS COMPARATIVE PATENT REMEDIES (2014), <http://comparativepatentremedies.blogspot.jp/2014/09/some-initial-thoughts-on-japanese-ip.html> (last visited Feb 17, 2015).
- 162 See JAPANESE CIVIL CODE, 246 1 (3) (1896), <http://www.moj.go.jp/content/000056024.pdf>; See Kazuaki Sono & Yasuhiro Fujioka, *The Role of the Abuse of Right Doctrine in Japan*, 35 LA. LAW REV. 1038–1057 (1975), <http://digitalcommons.law.lsu.edu/lalrev/vol35/iss5/5>.
- 163 See Cotter, *supra* note 161; See also Tsuyoshi Uchida, *The Exercise of Essential Patents for Standards (II)*, 22 IIP BULL. INST. INTELLECT. PROP. RIGHT 1–8 (2013), http://www.iip.or.jp/e/e_summary/pdf/detail2012/e24_01.pdf; See also Masahiro Shimizu & Tsuyoshi Uchida, *The Exercise of Essential Patents for Standards*, 21 IIP BULL. INST. INTELLECT. PROP. RIGHT (2012), http://www.iip.or.jp/e/e_summary/pdf/detail2011/e23_01.pdf; See also Carol Mullings Hayes, *Commitments to License on Fair, Reasonable, and Nondiscriminatory Terms: Comparing the Japanese Approach to Technology Standards with Emerging Trends around the World*, 24 IIP BULL. INST. INTELLECT. PROP. RIGHT 62–68 (2014), http://www.iip.or.jp/e/e_summary/pdf/detail2013/e25_08.pdf.
- 164 See JFTC IP GUIDELINES, *supra* note 153 at 3 (1) (i) (d); 4 (2); 4 (2) (ii).
- 165 JAPAN FAIR TRADE COMMISSION, *supra* note 6 at 4 (1) (2) (Survey Report on Issues Related to Essential Patent).
- 166 *Id.* at 4 (1) (2). (Survey Report on Issues Related to Essential Patent); See JAPANESE ANTIMONOPOLY ACT, *supra* note 151 at 21 The provisions of this Act shall not apply to such acts recognizable as the exercise of rights under the Copyright Act, Patent Act, Utility Model Act, Design Act or Trademark Act. (This means that the Antimonopoly Act is applicable to restrictions pertaining to use technology that is essentially not considered to be the exercise of rights. Nevertheless an act by the party who holds a right in certain technology to block other parties from using its technology or to limit the scope of use by other may seem, on its face, to be an exercise of the right. Even to this case, however the, the provisions of the Antimonopoly Act apply if it cannot be recognized substantially as an exercise of a right). For a detailed study on Art. 21 See Heath, *supra* note 109 at 253–258; See also AKIRA INOUE, 27 JAPANESE ANTITRUST MANUAL 45–53 (1 ed. 2007).
- 167 See DESIGNATION OF UNFAIR TRADE PRACTICES, 2 (2010), http://www.jftc.go.jp/en/legislation_gls/unfairtradepractices.html.
- 168 See *Id.* at 14.
- 169 JAPAN FAIR TRADE COMMISSION, *supra* note 6 at 4 (3) (1) (Survey Report on Issues Related to Essential Patent); JAPANESE ANTIMONOPOLY ACT, *supra* note 151 at 3.
- 170 JAPAN FAIR TRADE COMMISSION, *supra* note 6 at 4 (3) (3) (B) (Survey Report on Issues Related to Essential Patent).
- 171 Japan Fair Trade Commission (JFTC), PRESS RELEASE, REQUEST FOR PUBLIC COMMENTS ON PARTIAL AMENDMENT OF “GUIDELINES FOR THE USE OF INTELLECTUAL PROPERTY UNDER THE ANTIMONOPOLY ACT” (2015), <http://www.jftc.go.jp/en/pressreleases/yearly-2015/July/150708.html>.
- 172 See J. Gregory Sidak, COMMENT ON THE JAPAN FAIR TRADE COMMISSION’S (JFTC) DRAFT PARTIAL AMENDMENT TO THE GUIDELINES FOR THE USE OF INTELLECTUAL PROPERTY (IP GUIDELINES) UNDER THE ANTIMONOPOLY ACT 2 (2015), <https://www.criterioneconomics.com/docs/sidak-frand-injunctions-japan-fair-trade-commission.pdf>.
- 173 See *Id.* at 3.
- 174 See Douglas H. Ginsburg & Joshua D. Wright, COMMENT ON THE JAPAN FAIR TRADE COMMISSION’S (JFTC) DRAFT PARTIAL AMENDMENT TO THE GUIDELINES FOR THE USE OF INTELLECTUAL PROPERTY (IP GUIDELINES) UNDER THE ANTIMONOPOLY ACT 2 (2015), https://www.ftc.gov/system/files/documents/public_statements/693631/150803japantradecomments.pdf.

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