

Standard-Essential Patents and Pooling

January–March 2017 Developments

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U.S. Litigation

Court Finds Jurisdiction to Decide DJ Action Seeking Declaration that Patent Owner Complied with Its FRAND Obligations

March 9, 2017: A federal court in E.D. Tex. denied T-Mobile's motion to dismiss Huawei's declaratory judgment action for lack of subject-matter jurisdiction, finding a live and immediate controversy stemming from T-Mobile's characterizations of Huawei's past FRAND offers as being "fundamentally inconsistent" with its FRAND obligations. Judge Gilstrap of the Eastern District of Texas, adopting the Report and Recommendation of the magistrate judge, agreed that T-Mobile's statements are "consistent with the position that Huawei has breached its FRAND obligations," which could give rise to a breach of contract action against Huawei. The court found T-Mobile's express statements regarding Huawei's alleged breach of FRAND obligations "analogous to the type of conduct required for subject-matter jurisdiction over a patent action seeking a declaration of noninfringement." *Huawei Techs. Co. v. T-Mobile US, Inc.*, No. 2:16-CV-00715-JRG-RSP (E.D. Tex.) (See [Report and Recommendation of the magistrate judge](#), [Order Adopted by Court](#).)

Court Holds Allegation that Accused Products Comply with Industry Standard Is Sufficient Infringement Pleading for SEPs

February 28, 2017: A federal court in E.D. Texas denied BlackBerry's Rule 12(b)(6) motion to dismiss for failing to meet the pleading requirement, finding PanOptis's infringement allegation based on standard compliance to be sufficiently pled "because standard essential patent infringement rests on compliance with a universal industry standard." PanOptis's initial pleadings alleged that several of the accused patents are essential to practice the Long Term Evolution (LTE) standard and that the accused BlackBerry products infringed specific claims of its LTE patents by complying with portions of this standard. BlackBerry urged the court to require PanOptis to cite more specific aspects of the standard or explain how such aspects allegedly infringe the claims. Judge Gilstrap of the Eastern District of Texas disagreed and adopted the Report and Recommendation of the magistrate judge, which found PanOptis's allegations sufficient for a SEP because "alleging infringement of a standard essential patent is different than alleging ordinary infringement." *PanOptis Patent Mgmt., LLC v. BlackBerry Corp.*, No. 2:16-CV-00059-JRG-RSP (E.D. Tex.) (See [Report and Recommendation of the magistrate judge](#), [Order Adopted by Court](#).)

Apple Sues Qualcomm for Alleged Abusive Business Practices Involving Standard-Essential Patent Licensing

January 20, 2017: Apple filed a complaint against Qualcomm in the Southern District of California based on alleged abusive and illegal business practices relating to Qualcomm's patent licensing activities. The complaint lists 25 claims, including breach of contract, monopolization, violation of California unfair competition law, and declarations of noninfringement and FRAND royalties for nine patents, among other claims. In addition to accusing Qualcomm of breaching FRAND commitments relating to its standard-essential patents, Apple also accuses Qualcomm of extortion, claiming that Qualcomm attempted to coerce Apple into changing its responses to requests for information from the Korean Fair Trade Commission regarding Qualcomm in exchange for Qualcomm's release of certain payments to Apple. *Apple Inc. v. Qualcomm Inc.*, No. 17-cv-0108 (Complaint) ([S.D. Cal. Jan. 20, 2017](#)).

Pooling

NGMN Alliance Looks to Create 5G Patent Pool

February 28, 2017: The Next Generation Mobile (NGMN) Alliance, a partnership of mobile operators, vendors, and research institutes, is looking to create a 5G patent pool. At the Mobile World Congress trade show in February, NGMN announced that it had developed recommendations for 5G standard-essential patent disclosure, essentiality assessment, and patent pooling. However, the choice to participate in a 5G patent pool would be up to vendors and other participants. (See <http://www.fiercewireless.com/5g/top-wireless-carriers-eye-5g-patent-pool-but-acknowledge-extremely-tricky-area>.)

Johns Hopkins Grants License to Medicines Patent Pool for Patents Directed to Treating Tuberculosis

January 25, 2017: Johns Hopkins University granted the Medicines Patent Pool (MPP) an exclusive, royalty-free license to patents relating to the tuberculosis (TB) drug candidate sutzolid. According to its press release, MPP licenses medicines and pools intellectual property to encourage generic manufacture and development of new formulations to increase access to HIV, viral hepatitis C, and tuberculosis treatments in low- and middle-income countries. With the exception of two new drugs, MPP states that there has been a dearth of new alternatives for decades-old TB drugs. The World Health Organization is hopeful that the inclusion of sutzolid in new treatment regimens might bring great benefit to TB patients. (See [MPP Press Release](#).)

International

European Commission Presents Study on Licensing Terms for Standard-Essential Patents

January 25, 2017: At a workshop on Standards for the Digital Single Market, the European Commission presented the results of a study on Licensing Terms for Standard Essential Patents by Dr. C. Pentheroudakis (an attorney and public policy consultant in Washington, DC) and Dr. J. A. Baron (an instructor at Northwestern University School of Law). The presentation described the outcome of an analysis of FRAND case law worldwide and indicated a common framework for FRAND and SEP licensing. The presentation also addressed topics concerning negotiation of a reasonable royalty, including hypothetical ex ante negotiations, incremental and intrinsic (stand-alone) patent values, comparative licenses, product pricing, and the selection of an appropriate royalty base. (See http://ec.europa.eu/information_society/newsroom/image/document/2017-5/3_licensing_terms_of_sep_brussels_25_1_2017_42269.pdf.)

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