Recent Development: USPTO, DOJ, and NIST Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments

On December 19, 2019, the U.S. Patent and Trademark Office (USPTO), Department of Justice (DOJ), and National Institute of Standards and Technology (NIST) jointly issued a Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments. (2019 Policy Statement). The document conveys the agencies’ views on how courts and the International Trade Commission (ITC) should determine remedies for infringement of standard essential patents (SEPs) for which an assurance to license on fair, reasonable, and non-discriminatory (FRAND or F/RAND) terms has been made. This document replaces a prior policy statement, with the same title, that the USPTO and DOJ jointly issued in 2013 (2013 Policy Statement), and which the agencies withdrew when issuing the new statement.

In the 2019 Policy Statement, the USPTO, DOJ, and NIST offer their joint view supporting “steps that encourage good-faith licensing negotiations” between SEP licensors and licensees. When such negotiations fail, the agencies take the position that “appropriate remedies should be available” for patent infringement. The guidance states that “[a]ll remedies available under national law … should be available … if the facts of a given case warrant them.” This includes both “injunctive relief and adequate [monetary] damages.” Further, it states that remedies “are equally available” in litigation involving SEPs as other patents and that the “general framework for deciding these issues remains the same as in other patent cases.”

The 2019 Policy Statement includes a statement that the UPSTO and DOJ withdraw the 2013 Policy Statement. It explains that, “in the years since the 2013 policy statement issued,” the agencies and other stakeholders “have developed additional experience” with SEP disputes. Citing this experience, it identifies two concerns raised about ways in which the 2013 Policy Statement has been misinterpreted. First, it has been “misinterpreted to suggest that a unique set of legal rules should be applied in disputes” concerning FRAND assured SEPs, “as distinct from patents that are not essential.” Second, it has been misinterpreted to suggest that “injunctions and other exclusionary remedies should not be available in actions for infringement of [SEPs].” In the 2019 Policy Statement, the USPTO, DOJ,
and NIST state that an approach following such misinterpretations “would be detrimental to a carefully balanced patent system.”

Unlike the 2019 Policy Statement, the 2013 Policy Statement includes a lengthy discussion of risks associated with standard setting. The USPTO and DOJ expressed concern in the 2013 document that the owner of a SEP could “gain market power” as a result of standard setting and “take advantage of it by engaging in patent hold-up.” To address this risk, the agencies argued in the 2013 Policy Statement that “the remedy of an injunction or exclusion order may be inconsistent with the public interest,” particularly when the holder of a FRAND-committed SEP “attempted to use an exclusion order to pressure an implementer of a standard to accept more onerous licensing terms.”

The 2019 Policy Statement does not contain a similar discussion or recommendation. Whereas the 2013 Policy Statement states that “we recommend caution in granting injunctions or exclusion orders based on infringement of voluntarily F/RAND encumbered patents essential to a standard,” the 2019 Policy Statement states that, while a “F/RAND commitment is a relevant factor,” in determining remedies, it “need not act as a bar to any particular remedy.” It explains that both “the existence of F/RAND or similar commitments,” as well as the “conduct of the parties” are “relevant and may inform the determination of appropriate remedies.”

The 2019 Policy Statement explains that “the rejection of a special set of legal rules ... is also consistent with the holdings of U.S. courts to date.” In addition to citing eBay v. MercExchange, the statement cites to two Federal Circuit decisions decided after the issuance of the 2013 Policy Statement: Apple v. Motorola and Ericsson v. D-Link.

In Apple v. Motorola, which the Federal Circuit decided in 2014 and which cites the 2013 Policy Statement, the court held that the four-factor test for injunctive relief in eBay v. MercExchange could be applied without modification to the case of FRAND-committed SEPs. As the 2019 Policy Statement quotes, it held that, “to the extent that the district court applied a per se rule that injunctions are unavailable for SEPs, it erred.” Further, it held that, while “FRAND commitments are certainly criteria relevant to ... entitlement to an injunction, we see no reason to create, as some amici urge, a separate rule or analytical framework for addressing injunctions for FRAND-committed patents.”

Similarly, in Ericsson v. D-Link, also decided in 2014, the Federal Circuit explained that “to be clear, we do not hold that there is a modified version of the Georgia-Pacific factors that should be used for all

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13 Id.
14 2013 POLICY STATEMENT, supra note 2, at 4-6.
15 Id. at 4.
16 Id. at 6.
17 Id. at 8.
18 2019 POLICY STATEMENT, supra note 1, at 4.
19 Id. at 5.
20 Id. at 6.
22 2019 POLICY STATEMENT, supra note 1, at 6-7.
24 2019 POLICY STATEMENT, supra note 1, at 6 (quoting Apple, 757 F.3d at 1331).
25 Apple, 757 F.3d at 1331-32.
RAND-encumbered patents.”26 Rather, as the 2019 Policy Statement quotes, “we believe it unwise to create a new set of Georgia-Pacific-like factors for all cases involving RAND-encumbered patents.”27 The 2019 Policy Statement also quotes Ericsson’s statement that “[a]lthough we recognize the desire for bright line rules ... courts must consider the facts of record ... and should avoid rote reference to any particular damages formula.”28 To this end, the Federal Circuit explained that trial courts “should consider the patentee’s actual RAND commitment.”29 Rather than addressing the “obligation to license ... technology on RAND terms,” courts should “instruct the jury about ... actual RAND promises,” which can “vary from case to case.”30

In conclusion, the 2019 Policy Statement explains that, “in the Agencies’ view, courts ... should continue to determine remedies for infringement of [FRAND-assured SEPs] pursuant to the general laws,” and should conduct “a balanced, fact-based analysis, taking into account all available remedies.”31

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27 2019 POLICY STATEMENT, supra note 1, at 6 (quoting Ericsson 773 F.3d at 1232).
28 Id. at 6-7 (quoting Ericsson 773 F.3d at 1232).
29 Ericsson 773 F.3d at 1231.
30 Id.
31 2019 POLICY STATEMENT, supra note 1, at 7.