

EU spells out its approach to standards and patents

On 29th April 2014, the European Commission released two significant decisions concerning standard essential patents (“SEPs”) in respect of Motorola Mobility (“Motorola”) and Samsung.

In the case of Motorola, an injunction had been sought by Motorola against Apple in Germany for infringement of one of Motorola’s SEPs relating to GSM in an attempt to force Apple into a restrictive settlement agreement. Motorola had previously committed to license the SEP on FRAND terms, i.e. on a fair, reasonable and non-discriminatory basis. Apple had agreed that the German courts would define the FRAND terms, but Motorola continued with the threat of the injunction which meant that Apple was being made to relinquish its right to contest infringement and validity of the patent.

The European Commission confirmed that patent injunctions are available for SEPs, but also that a patent holder would be deemed to be abusive of its dominant position under EU competition rules if it had previously given a commitment to license the patent on FRAND terms, and the potential licensee was willing to enter into the license on FRAND terms. In arriving at its decision, the European Commission established that a potential licensee is deemed to be “willing” if it agrees to a determination of the FRAND terms by a court. Moreover, it was stated that the licensee should remain able to contest the validity and infringement of the SEP.

Following this Motorola case, it seems likely that potential licensees of SEPs will be more willing and able to contest a licensor’s patent rights since the potential licensor could be held to be in contravention of EU competition rules if it tries to prevent this.

In the case of Samsung, in agreeing not to seek patent injunctions for a period of 5 years, various commitments were made by Samsung for licensing SEPs to potential licensees involving a mandatory negotiation period of up to a year, and subsequent to this, if no agreement is reached, a determination of FRAND by a third party.

Both cases show how the European Commission attempts to balance IP rights and competition rules with various guidelines in the area of SEPs, which is particularly relevant to the telecommunications sector in Europe.

The EU press releases for these cases can be seen [here](#) (Motorola) and [here](#) (Samsung).

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Need advice?

Carpmaels & Ransford LLP’s [ICT & Standards](#) team has been following these cases with interest and is able to provide further advice. For more information, please contact ict@carpmaels.com.

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