

A Fresh Start

The Patents Court in the UK recently handed down an interim judgment in [*Unwired Planet v Huawei & Samsung et al.*](#), which considered a number of issues concerning the transfer of a FRAND obligation.

An interim judgment from Mr Justice Birss was handed down in on-going proceedings between Unwired Planet and Huawei and Samsung concerning alleged infringement of five SEPs and one further patent which is not an SEP. The five SEPs were acquired from Ericsson by Unwired Planet in a master sale agreement (MSA) dated 10 January 2013. The interim judgment concerned principally an application by Ericsson in the on-going proceedings to strike out allegations of breaches of Article 101 TFEU. Samsung had contended that:

- i. in transferring patents to Unwired Planet, there was a failure to ensure the complete, proper and effective transfer of an enforceable FRAND obligation;
- ii. by dividing Ericsson's patent portfolio and transferring only part, a breach of competition law had taken place in that unfair higher royalties would be earned and competition would be restricted or distorted;
- iii. certain terms in the MSA were standalone infringements of Article 101 TFEU.

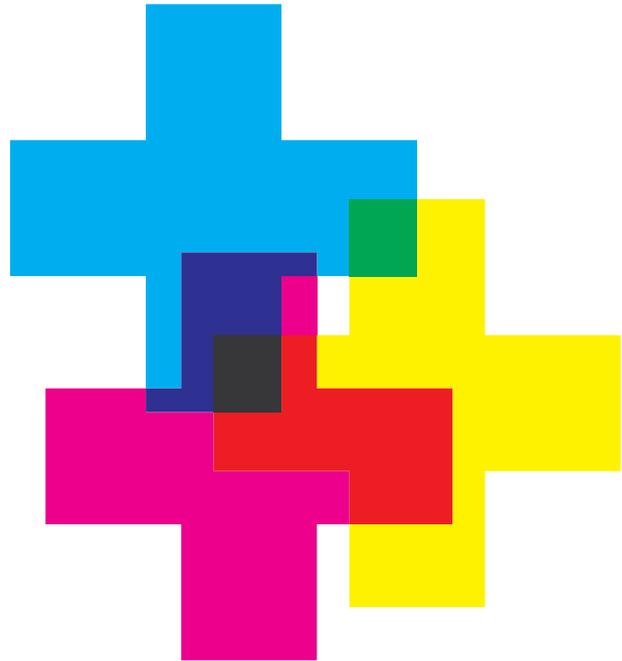
In the interim judgment, Mr Justice Birss declined to strike out allegations (ii) and (iii), and so these issues will be considered later at trial. However, he did strike out allegation (i) and in doing so considered a number of issues relating to the transfer of a FRAND obligation.

Samsung had submitted that the MSA did not compel Unwired Planet to give a FRAND undertaking. It also argued that, even if the MSA did compel Unwired Planet to give a FRAND undertaking, that obligation was only enforceable by Ericsson and not by third parties on the basis that the MSA could have, but expressly did not, allow third parties to enforce its terms. Samsung emphasised that what had to happen in order to satisfy Article 101 TFEU was not merely that Unwired Planet had to be compelled to offer a FRAND undertaking to ETSI (which it did), but that Ericsson's own FRAND undertaking itself had to be transferred to Unwired Planet.

On the first point, Mr Justice Birss considered the suggestion that the arrangement between Ericsson and Unwired Planet failed to compel Unwired Planet to make a FRAND declaration was hopeless and should be struck out.

On the second point, Ericsson had submitted that once a party made a FRAND declaration to ETSI, that commitment to license on FRAND terms would be enforceable by a third party against the declarant. Samsung had disputed this, but Mr Justice Birss agreed with Ericsson in that anyone seeking a licence under the patents would be entitled to require Unwired Planet to license on FRAND terms.

On the third point, Samsung had alleged that splitting up the portfolio and transferring only a portion to Unwired Planet meant that Ericsson's FRAND obligation could not itself have been transferred, since the obligation was only in respect of the entire portfolio, and as a result Article 101 TFEU was breached on this point, irrespective of the fact that Unwired Planet had made its own FRAND commitment to ETSI for the patents which it acquired from Ericsson. Mr Justice Birss disagreed with Samsung, stating that the fact that the transferee's FRAND commitment was a fresh one, rather than a commitment based in some way on a consideration of the larger portfolio, had no real prospect of being shown to have as its object or effect a distortion or restriction of competition contrary to Article 101 TFEU.



In summary, the UK Court decided that the making of a fresh ETSI FRAND commitment by Unwired Planet, in addition to the terms of the MSA, meant that there was no contravention of Article 101 TFEU merely on the basis that the FRAND obligation itself had not been transferred.

The proceedings now continue to various trials in 2015 and 2016, with the patent trials commencing in October 2015, and the remaining competition law issues being considered in a trial scheduled for October 2016.

The interim judgment can be found [here](#).

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