

Nos. 2012-1548, -1549

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

APPLE, INC. and NEXT SOFTWARE, INC. (formerly known as NeXT
Computer, Inc.),

Plaintiffs-Appellants,

v.

MOTOROLA, INC. (now known as Motorola Solutions, Inc.) and MOTOROLA
MOBILITY, INC.,

Defendants-Cross Appellants.

Appeals from the United States District Court for the Northern District of Illinois
in case No. 11-CV-8540, Judge Richard A. Posner

**BRIEF OF RESEARCH IN MOTION LIMITED AS
AMICUS CURIAE IN SUPPORT OF NEITHER PARTY**

Brian C. Riopelle
Robert M. Tyler
Kristen M. Calleja
McGuireWoods LLP
901 E. Cary Street
One James Center
Richmond, VA 23219
(804) 775-1000

*Counsel for Amicus Curiae
Research In Motion Limited*

May 7, 2013

Form 9

FORM 9. Certificate of Interest

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

Apple Inc. v. Motorola Mobility, LLC

No. 2012-1548

CERTIFICATE OF INTEREST

Counsel for the (petitioner) (appellant) (respondent) (appellee) (amicus) (name of party) Amicus Research In Motion Ltd. certifies the following (use "None" if applicable; use extra sheets if necessary):

1. The full name of every party or amicus represented by me is:

Research In Motion Limited

2. The name of the real party in interest (if the party named in the caption is not the real party in interest) represented by me is:

N/A

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or amicus curiae represented by me are:

Research In Motion Limited is a publically traded corporation. It has no parent company and no publically-held corporation owns 10% or more of Research In Motion Limited's shares.

4. [X] The names of all law firms and the partners or associates that appeared for the party or amicus now represented by me in the trial court or agency or are expected to appear in this court are:

McGuireWoods LLP: Brian C. Riopelle; Robert M. Tyler; Kristen M. Calleja

5/7/2013

Date

/s/Brian C. Riopelle

Signature of counsel

Brian C. Riopelle

Printed name of counsel

Please Note: All questions must be answered

cc: All Counsel

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STATEMENT OF INTEREST OF AMICUS CURIAE¹

This brief supports neither party and takes no position on the underlying merits of their patent dispute. Amicus Research In Motion Limited d/b/a BlackBerry (“BlackBerry”) submits this brief to address a significant question raised by the district court’s decision: can injunctive relief ever be available to holders of standard-essential patents (SEPs) as a remedy for infringement?

Founded in 1984 and based in Waterloo, Ontario, Canada, BlackBerry operates offices in North America, including the United States, as well as in Europe, Asia Pacific and Australia. BlackBerry is a leading designer, manufacturer, and marketer of innovative wireless solutions for the worldwide mobile communications market.

BlackBerry patents many of its innovations, including innovations that it contributes for inclusion in standards. BlackBerry is an active participant in a range of organizations that develop standards in the wireless industry, including the European Telecommunication Standards Institute (ETSI), the International Telecommunication Union (ITU), the Institute of Electrical and Electronics Engineers (IEEE-SA), and in numerous consortia and special interest groups formed to create technologies. BlackBerry has contributed significantly to

¹ Pursuant to Federal Rules of Appellate Procedure 29(c)(5), counsel for BlackBerry represent that no counsel for a party authored this brief in whole or in part and that no person or entity, other than BlackBerry or its counsel, made a monetary contribution to the preparation or submission of this brief.

technical standards in the United States, Europe, and elsewhere, and contributes proprietary technology to many standards development efforts.

BlackBerry also implements a wide range of standards in its mobile solutions. BlackBerry's mobile communication devices, including the BlackBerry® device, implement numerous wireless air interface standards. BlackBerry's devices also support audio and video encoding and decoding standards, and a variety of voice compression and security standards. The BlackBerry Enterprise Server implements a range of e-mail standards and database standards. In short, many of BlackBerry's products implement numerous different standards created by dozens of standard-setting organizations (SSOs). As a result, BlackBerry has entered into numerous license and cross-license agreements involving SEPs.

This background amply qualifies BlackBerry to speak to the district court's holding that holders of FRAND²-encumbered patents are never entitled to injunctive relief. BlackBerry has a strong interest in a balanced approach to a patent system that takes into account the legitimate property rights of patent holders, preserves strong incentives for participating in standard setting bodies and

² Throughout this brief, BlackBerry will use the term FRAND ("fair reasonable and non-discriminatory"), which is commonly used in Europe and is often used interchangeably with RAND ("reasonable and non-discriminatory"), the term commonly used by United States-based SSOs.

contributing innovative technology for inclusion in those standards, and promotes robust competition in the marketplace.

SUMMARY OF ARGUMENT

In holding that FRAND licensors could not be granted injunctions against infringement of their patents, the district court violated the Supreme Court’s holding in *eBay* rejecting the use of such categorical rules in the equitable injunction analysis. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006). Neither law nor policy dictates the conclusion that an owner of a FRAND-encumbered patent could never show the inadequacy of monetary damages or the likelihood of irreparable harm. As is further explained in this submission, there are circumstances in which an injunction might be an appropriate remedy for infringement of a FRAND-encumbered SEP. Barring an injunction in such circumstances would not only harm the patentee but would also frustrate the FRAND goals of promoting the efficient production of competing products and advancing consumer welfare. Accordingly, the Court should firmly reject any categorical rule barring injunctions in cases involving FRAND-encumbered SEPs.

BACKGROUND FACTS

The proliferation of high-tech patents has created what the Federal Trade Commission (FTC) has called a “patent thicket”—“a dense web of overlapping intellectual property rights that a company must hack its way through in order to

actually commercialize new technology.”³ Many of the patents in this “thicket” are SEPs implicated by products adhering to technical standards developed by SSOs, such as smartphones.

To discourage opportunistic holdup by contributors to standards, many SSOs rely on disclosure requirements and licensing commitments by their participants.

U.S. Dep’t of Justice & Fed. Trade Comm’n, *Antitrust Enforcement and*

Intellectual Property Rights: Promoting Innovation and Competition at 36,

www.ftc.gov/reports/innovation/PO40101PromotingInnovationandCompetitionrpt0704.pdf (“DOJ/FTC 2007 Rpt.”). Licensing commitments may take the form of

FRAND commitments — essentially a patentee’s promise to grant licenses on fair, reasonable and non-discriminatory terms in exchange for the opportunity to enjoy

the benefits that flow from inclusion of the technology in a standard and from the resulting enlarged market. FRAND commitments offer industry participants

access to intellectual property rights at rates that facilitate effective market participation and prevent patent owners from extracting higher royalty rates

because of the patented invention’s inclusion in the standard—reducing prices of high-tech products for consumers. *Id.* at 36-39. They also help ensure that those

who invested substantially in R&D efforts and took the risks to develop today’s

³ Fed. Trade Comm’n, *To Promote Innovation: The Proper Balance of Competition and Patent Law and Policy*, Exec. Summary at 6 (Oct. 2003), available at <http://www.ftc.gov/os/2003/10/innovationrpt.pdf> (“FTC 2003 Rpt.”) (internal quotations and citation omitted).

wireless communications systems would be able to make products using the technology they developed.

Tens of thousands of standards have been developed by hundreds of SSOs, each with its own rules and patent-licensing policies. *See* U.S. Dep't. of Justice & U.S. Pat. & Trademark Office, *Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments*, 3 n.7 (Jan. 8, 2013), <http://www.justice.gov/atr/public/guidelines/290994.pdf>; *see also* Br. of Amicus Curiae Institute of Elec. & Elecs. Eng'rs, Inc. In Support of No Party, at 4-5, *Apple Inc. v. Motorola Inc.*, Case Nos. 2012-1548 & -1549 (Fed. Cir. Dec. 19, 2012), ECF No. 113. Additionally, SSOs can alter their language or policies, including patent licensing policies, and individual companies are free to choose less (or more) restrictive organizations for their own standards collaboration initiatives. *See Intel Corp.'s Response to the Commission's Request for Comments in Connection with Its Patent Standards Workshop, Project No. P11-1204*, at 1-2, 4 (Aug. 5, 2011), <http://www.ftc.gov/os/comments/patentstandardsworkshop/00042-80174.pdf> (explaining SSOs change their rules and practices over time and in different ways to respond to changing circumstances and to meet the needs of their constituents).

ETSI members, such as BlackBerry, who wish to have their technology included in an ETSI standard undertake that they are prepared to grant licenses to

their related SEPs for that standard, on FRAND terms and conditions, to implementers of that standard. Under the ETSI IPR policy, this undertaking may be subject to the condition that those who seek licenses agree to reciprocate.⁴

⁴The ETSI Rules set forth the following FRAND policy:

6. Availability of Licences

6.1 When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory terms and conditions under such IPR to at least the following extent:

- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
- sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;
- repair, use, or operate EQUIPMENT; and
- use METHODS.

The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate.

In the event a MEMBER assigns or transfers ownership of an ESSENTIAL IPR that it disclosed to ETSI, the MEMBER shall exercise reasonable efforts to notify the assignee or transferee of any undertaking it has made to ETSI pursuant to Clause 6 with regard to that ESSENTIAL IPR.

ETSI Rules of Procedure (Version 29), 30 January 2013, pp. 34-35, Annex 6: ETSI Intellectual Property Rights Policy, http://portal.etsi.org/Directives/30_directives_jan_2013.pdf.

Industry participants, however, never understood FRAND to absolutely preclude a patent holder from seeking injunctions. Nothing in the ETSI or IEEE contracts or policies indicates that participants are prohibited from seeking injunctive relief. *Apple, Inc. v. Motorola Mobility, Inc.*, No. 11-cv-178-bbc, 2012 WL 5416941, at *15 (W.D. Wis. Oct. 29, 2012) (holding there is no language in either the ETSI or IEEE policies or contracts indicating that participants are prohibited from seeking injunctive relief).

It should also be understood that technology companies often rely on patent thicket clearing (e.g., broad patent portfolio) cross-licenses including both SEPs and non-SEP implementation patents.⁵ A cross-license of all the patents needed for the mutual freedom to operate within a field of use (with or without balancing payments from one side to the other) enables market participants to cut through the smartphone “patent thicket” and establish “patent peace.” That, in turn, enables firms to focus on innovating and producing new smartphones, rather than litigating and driving up costs. *See* DOJ/FTC 2007 Rpt. at 59-60.

⁵ Implementation patents cover technology that may be needed to bring a commercially-viable product to market, but is not a strictly necessary part of a standard’s technical specifications. While some implementation patents may cover technology that differentiates a patent holder’s smartphone product, more often relevant implementation patents cover technology that does not competitively differentiate a smartphone in the marketplace.

ARGUMENT

I. THE SUPREME COURT HAS MADE CLEAR THAT CATEGORICAL RULES REGARDING INJUNCTIONS ARE IMPROPER.

In *eBay*, the Supreme Court unanimously held it improper to replace traditional equitable considerations with categorical rules, whether those rules prohibit or favor injunctions. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 393-94 (2006). The Court reviewed both the Federal Circuit’s general rule that permanent injunctions should be granted in patent cases and the district court’s opinion denying injunctive relief, which “appeared to adopt certain expansive principles suggesting that injunctive relief could not issue in a broad swath of cases.” *Id.* at 393. The Supreme Court held that both categorical rules were improper: “Just as the District Court erred in its categorical denial of injunctive relief, the Court of Appeals erred in its categorical grant of such relief.” *Id.* at 394.

Contrary to the clear directive of *eBay*, the district court below concluded that injunctive relief is inappropriate whenever the patent-in-suit is FRAND-encumbered. *See Apple, Inc. v. Motorola, Inc.*, 869 F. Supp. 2d 901, 914 (N.D. Ill. 2012). The district court based this categorical rule on the assumption that a FRAND-encumbered patent holder could not demonstrate the inadequacy of monetary damages because, by agreeing to FRAND terms, the patent holder

“implicitly acknowledged that a royalty is adequate compensation for a license.”

Id.

eBay, though, specifically rejected that type of categorical assumption. The district court in that case had concluded a plaintiff would not be able to establish irreparable harm if it had shown a willingness to license its patent and did not practice the patent itself. 547 U.S. at 393. The Supreme Court announced in clear terms that “traditional equitable principles do not permit such broad classifications.” *Id.* According to the Court, patent holders who prefer to license their patents

may be able to satisfy the traditional four-factor test, and *we see no basis for categorically denying them the opportunity to do so*. To the extent that the District Court adopted such a categorical rule, then, its analysis cannot be squared with the principles of equity adopted by Congress.

Id. (emphasis added).

The district court in this case adopted precisely “such a categorical rule” in holding that injunctions cannot issue to prevent infringement of a FRAND-encumbered SEP. Flatly contrary to *eBay*, that decision cannot stand. Rather, this Court should apply *eBay* and hold that, even in cases involving FRAND patents, a district court must “apply the well-established, four-factor test—without resort to categorical rules—in deciding whether to grant injunctive relief in patent cases.”

eBay, 547 U.S. at 395 (Kennedy concurrence, joined by Stevens, Souter and Breyer, stating holding of the court).

II. INJUNCTIVE RELIEF MAY BE APPROPRIATE UNDER THE PARTICULAR EQUITIES AND FACTS OF A CASE INVOLVING A FRAND-ENCUMBERED SEP.

A patent holder's FRAND commitment is a relevant fact to be considered in an *eBay* analysis⁶ that generally should bar that patent holder from being awarded injunctive relief against prospective licensees, but is not in and of itself dispositive.⁷ There are circumstances under which injunctive relief may be an appropriate remedy for infringement of a FRAND-encumbered SEP. The U.S. Department of Justice (DOJ) and the U.S. Patent and Trademark Office (PTO) have identified a number of circumstances in which an injunction⁸ might be an appropriate remedy for infringement of a FRAND-encumbered patent, including:

⁶ An *eBay* analysis requires a plaintiff to demonstrate: (1) that it has suffered an irreparable injury; (2) that remedies available at law are inadequate to compensate for that injury; (3) that considering the balance of hardships between the plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction. *eBay Inc.*, 547 U.S. at 391.

⁷ For example, a motion for injunctive relief ordinarily should be denied if the movant is a holder of FRAND-encumbered SEPs using the threatened injunction to leverage excessively high royalties from a producer.

⁸ The focus of their policy statement was on exclusion orders issued pursuant to 19 U.S.C. § 1337, but the DOJ and PTO explained that similar principles would apply to the granting of injunctive relief in U.S. federal courts. U.S. Dep't of Justice & U.S. Pat. & Trademark Office, *Policy Statement on Remedies for Standards-*

- If a putative licensee has refused to pay what has been determined to be a F/RAND royalty;
- If a putative licensee has refused to negotiate;
- If a putative licensee has constructively refused to negotiate “by insisting on terms clearly outside the bounds of what could reasonably be considered F/RAND terms in an attempt to evade the putative licensee’s obligation to fairly compensate the patent holder;” or
- If a putative licensee is not subject to the jurisdiction of a court that could award damages.

DOJ & USPTO, *Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments*, at 7. The DOJ and PTO made clear this is “not an exhaustive” list. *Id.*

Indeed, courts have found other conceivable circumstances in which a putative licensee could have failed to deal fairly with the SEP holder. For example, courts have found that a company needing to license SEPs could engage in opportunistic or anticompetitive conduct by colluding with others to pay the SEP holder a low rate or by boycotting competing technologies. *See, e.g., Sony Elecs. Inc. v. Soundview Techs., Inc.*, 157 F. Supp. 2d 180 (D. Conn. 2001) (denying motion to dismiss where plaintiff alleged conspiracy by potential

Essential Patents Subject to Voluntary F/RAND Commitments, at 1 n.1 (Jan. 8, 2013), <http://www.justice.gov/atr/public/guidelines/290994.pdf>.

licensees to fix price of patent license); *see also Golden Bridge Tech., Inc. v. Nokia, Inc.*, 416 F. Supp. 2d 525 (E.D. Tex. 2006) (denying motion to dismiss where plaintiff alleged per se violation of Sherman Act arising from a boycott ousting a patented technology from an industry standard). Likewise, a putative SEP licensee could refuse to license essential patents to the SEP patent holder, demand abusively high rates on its patents, or seek an injunction against the SEP holder in an attempt either to evade the putative licensee's obligation to fairly compensate the SEP holder or to force the SEP holder to exit the market. When the second party fails to deal fairly, a categorical rule prohibiting injunctions based on FRAND violates principles of equity, fair dealing and good faith, and runs counter to the understanding and expectations of SSO participants.

Moreover, the patentee's general willingness to license others, including its competitors, under FRAND terms does not mandate a conclusion that monetary damages will adequately compensate the patentee for the harm it would suffer if the patent were infringed, or that the patentee would not suffer irreparable harm absent an injunction. As the Supreme Court held, past licensing and willingness to license does not preclude the possibility of irreparable harm or that monetary damages are inadequate in a particular case. *eBay*, 547 U.S. at 393. Under the facts of a given case, a SEP patentee—just like any other patentee—may be able to show that money damages are inadequate and that the harm is irreparable, and

there is no “basis for categorically denying [the patentee] the opportunity” to prove that harm. *Id.*

III. THE PUBLIC INTEREST REQUIRES THE CONTINUED POSSIBILITY OF INJUNCTIONS.

A categorical rule preventing FRAND-encumbered SEP-holders from seeking injunctions on SEPs would unfairly penalize SEP holders for having given FRAND commitments—by artificially devaluing SEPs and overvaluing non-SEP implementation patents. As a result, patentees will have less of an incentive to participate in standard setting, be less inclined to contribute their technology to standards, and in general invest less in improving standards and innovation. *Cf. DOJ & USPTO, Policy Statement on Remedies for Standards-Essential Patents Subject to Voluntary F/RAND Commitments*, at 5-6 (acknowledging that the imposition of one-size-fits-all mandates for royalty-free or below-market licensing “would undermine the effectiveness of the standardization process and incentives for innovation”).

Diminished participation in SSOs could diminish the quality of standards, thereby depriving consumers of the procompetitive innovations and product improvements that are the fruits of vibrant standard setting. As the DOJ and USPTO noted, determinations of the appropriate remedy in cases involving FRAND-encumbered SEPs “should be made against the backdrop of promoting. . .

strong incentives for innovators to participate in standards-setting activities.” *Id. at 10.*

In sum, a categorical rule against injunctions would undercut the consumer welfare and competition goals that FRAND seeks to advance and that courts should consider under *eBay*. When SEPs are used to ensure that licensing negotiations are conducted fairly, such as when they are used defensively to achieve patent peace among competitors, the availability of injunctive relief can enhance competitive conditions in the United States, stimulate the production of competitive products, promote participation in standard setting, and benefit United States consumers.

CONCLUSION

For all these reasons, whatever the Court decides on the merits of the parties’ case, an issue on which BlackBerry takes no position, BlackBerry urges the Court to reject a categorical rule that injunctions may never be issued in the case of standards essential patents subject to a FRAND undertaking.

Respectfully submitted this 7th day of May, 2013.

/s/ Brian C. Riopelle

Brian C. Riopelle (VSB No. 36454)

Robert M. Tyler (VSB No. 37861)

Kristen M. Calleja (VSB No. 41319)

McGUIREWOODS LLP

One James Center

901 East Cary Street

Richmond, VA 23219

(804) 775-1000

(804) 775-1061 (Fax)

rtyler@mcguirewoods.com

kcalleja@mcguirewoods.com

wfederspiel@mcguirewoods.com

Attorneys for Amicus Curiae Research in
Motion d/b/a BlackBerry

CERTIFICATE OF COMPLIANCE

The undersigned certifies that this brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B). This brief contains 3030 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii) and Federal Circuit Rule 32(b).

The undersigned further certifies that this brief complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type style requirements of Federal Rule of Appellate Procedure 32(a)(6). This brief has been prepared in a proportionally spaced typeface, 14 point Times New Roman font, using Microsoft Word 2010.

/s/ Brian C. Riopelle

CERTIFICATE OF SERVICE

Pursuant to Fed. R. App. P. 25(d)(1)(B), I hereby certify that on this 7th day of May, 2013, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system, which will then send a notification of such filing to all counsel of record.

/s/ Brian C. Riopelle