Nos. 2012-1548, -1549

IN THE 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

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BRIEF OF MICROSOFT CORPORATION
AS *AMICUS CURIAE* IN SUPPORT OF APPLE, INC.

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CERTIFICATE OF INTEREST

Counsel for Microsoft Corporation certifies the following:

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

Microsoft Corporation

2. The name of the real party in interest (if the parties named in the caption are not the real parties 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:

None

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

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STATEMENT OF INTEREST OF *AMICUS CURIAE*[1]

Microsoft Corporation ("Microsoft") is a worldwide leader in computer technology. Microsoft holds—and licenses—U.S. and foreign patents declared essential to various technical standards ("standard-essential patents") established by standard-setting organizations ("SSOs"). Like Plaintiffs-Appellants Apple, Inc. and NeXT Software, Inc. ("Apple"), Microsoft is also a defendant in actions in which Defendants-Cross-Appellants Motorola, Inc. (now known as Motorola Solutions, Inc.) and Motorola Mobility, Inc. (collectively, "Motorola") allege that Microsoft infringes Motorola's standard-essential patents.

As set out below, certain of the issues that Motorola asks this Court to address—including the proper method for setting a RAND royalty for standard-essential patents, and the circumstances, if any, in which injunctive relief may be available for infringement of such patents—although presented in other cases involving Motorola patents,

[1] Microsoft submits this brief as an *amicus curiae* pursuant to Fed. R. App. Pro. 29(a) and Circuit Rule 29(c). Plaintiffs-Appellants and Defendants-Cross-Appellants consent to the filing of this brief. Microsoft has submitted an unopposed motion requesting leave to file this brief. No party or party's counsel authored the brief in whole or in part or contributed money intended to fund preparing or submitting it and no person other than *amicus curiae* contributed money intended to fund its preparation or submission.

including cases involving Microsoft, are not in fact presented in this appeal. Beyond that, the positions Motorola asks this Court to adopt are contrary to law and inimical to sound public policy. Microsoft, therefore, has a direct interest in ensuring that this Court not accept Motorola's invitation both: (i) to address matters not properly before the Court; and (ii) to do so in a misguided manner that is potentially harmful to the public interest.

Microsoft's interest in this appeal goes beyond its interest as Motorola's adversary in other cases involving standard-essential patents. While both Microsoft and Apple have publicly declared that they will not seek injunctions on standard-essential patents, other holders of such patents are, like Motorola, actively pursuing injunctions in both the federal courts and the International Trade Commission. As an active participant in many SSOs, as well as an implementer of many technical standards in its products, Microsoft has an interest in ensuring that these standards are broadly implemented, and that the public is able to reap the benefits of standardization. These aims would be frustrated by adoption of the approaches to injunctions and damages urged by Motorola.

SUMMARY OF ARGUMENT

Motorola asks this Court to decide issues related to standard-essential patents that are not presented in this case, but that are presented in Motorola's other cases not now before the Court. The proper valuation of a RAND royalty for standard-essential patents, as a general proposition, is not presented here, because the district court excluded Motorola's damages experts, not for reasons specific to standard-essential patents, but because the court found that they ignored relevant evidence, their disclosures did not comply with the Federal Rules, and they failed to offer any specific amount of damages. Likewise, whether injunctions should be categorically unavailable for standard-essential patents is also not presented here, for, contrary to Motorola's argument, the district court expressly applied the equitable standard required by this Court's precedent and *eBay Inc. v. MercExchange, LLC*, 547 U.S. 388 (2006), and found that Motorola could not satisfy that standard on the facts of this case.

Even if these questions were actually presented by this appeal, the positions Motorola asks the Court to adopt are wrong as a legal matter and terrible as a policy matter. Motorola misconceives the "value" of a standard-essential patent, and attempts to sidestep the critical contract and antitrust principles that underlie and legitimize SSOs' development of standards and the commitments to license patents on reasonable and nondiscriminatory terms and conditions ("RAND commitments") made by SSO participants like Microsoft and Motorola.[2] Motorola's arguments concerning the valuation of RAND royalties for standard-essential patents reflect a flawed view of patent damages in the RAND context unsupported by the patent statute, case law, or logic. And Motorola's arguments concerning injunctive relief ignore the important distinctions in legal obligations between standard-essential patents and patents *not* subject to a RAND commitment, and are inconsistent with the principles set forth in *eBay* and routinely applied by this Court.

ARGUMENT

I. Any Analysis of Standard-Essential Patents Must Consider the RAND Commitment.

United States patents confer on patent owners a well-established bundle of rights, including the right to exclude others from using the

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[2] Some SSOs use the acronym "FRAND," where the additional "F" stands for "fair." RAND and FRAND are generally recognized as synonyms.

patented invention and the right to license, or not, entirely in the patent owner's discretion and on whatever terms the patent owner desires and the market will bear. The law governing the assertion and enforcement of these rights is equally well established. When an infringement claim involves a patent declared essential to a standard and subject to a RAND commitment, however, additional considerations come into play. Contract and antitrust law substantially circumscribe the rights and remedies a patent owner otherwise might have, and the principles generally applied in patent litigation cannot be reflexively applied to standard-essential patents.

A. Contractual RAND Commitments Impose Limitations on Owners of Standard-Essential Patents.

Many companies collaborate to create standardized technology. Although such collusive behavior could be problematic in many circumstances, the standardization of technology can provide enormous benefits to consumers and competitive markets. Nevertheless, "private standard-setting associations have traditionally been objects of antitrust scrutiny," because, at root, standardization typically comprises both horizontal and vertical agreements to fix the technology that is available to consumers. *Allied Tube & Conduit Corp. v. Indian*

Head, Inc., 486 U.S. 492, 500 (1988). Such agreements exclude alternatives that would exist in the absence of the standard, potentially reducing consumer choice and constraining competition. Agreements to standardize also vest enormous market power in firms that control access to the technology. But the potential value to consumers of standardized technology and the resulting interoperability have been deemed to outweigh these evils. *Id.* at 500–01. Danger remains, however, for standardization creates a risk that owners of standard-essential patents will "hold up" or extort those that invest in implementing the standard, extracting royalties that reflect the value of standardization and far exceed the value of their own patents.

To avoid this danger, and antitrust scrutiny, SSOs require participants in the standard-setting process, like Microsoft, Apple, and Motorola, to follow specific licensing policies. Those licensing policies typically require participants to make RAND commitments, agreeing that any standard-essential patents they own will be made available on reasonable and nondiscriminatory terms to all those who use the standard. "[M]eaningful safeguards" against abuse, including RAND commitments, are the basis for the judge-made antitrust exemptions under which SSO standard-setting processes operate. *Broadcom Corp. v. Qualcomm, Inc.*, 501 F.3d 297, 309–10, 313–14 (3d Cir. 2007) (violation of RAND license commitment "is actionable anticompetitive conduct"); *see Allied Tube*, 486 U.S. at 501 ("When, however, private associations promulgate [standards] . . . through procedures that prevent the standard-setting process from being biased by members with economic interests in stifling product competition, those private standards can have significant procompetitive advantages.") (citation omitted).

While requiring RAND commitments shelters SSOs from threshold antitrust scrutiny, a participating patent owner's failure to abide by its RAND commitment may nonetheless result in significant harm to competition and consumers. Unreasonable or discriminatory pricing of standard-essential patents can be used to burden competitors, disadvantaging them or even effectively excluding them from the market for goods that make use of the standard, resulting in diminished choice and higher prices for consumers. *See* Carl Shapiro, "Navigating the Patent Thicket: Cross Licenses, Patent Pools, and Standard-Setting," in Adam B. Jaffe *et al.*, *Innovation Policy and the Economy*

(2001) 128, 150 ("Antitrust risks associated with excluding a rival from the market . . . could arise if the companies promoting the standard block others from adhering to the standard or seek royalties from outsiders.").

Given these concerns, it is unsurprising that courts have widely recognized that RAND commitments are enforceable contracts, and that standard-implementers are third-party beneficiaries entitled to enforce those commitments. *See Microsoft Corp. v. Motorola, Inc.,* 696 F.3d 872, 884–85 (9th Cir. 2012); *Microsoft Corp. v. Motorola, Inc.*, 864 F. Supp. 2d 1023, 1030 (W.D. Wash. 2012); *Apple, Inc. v. Motorola Mobility, Inc.*, 886 F. Supp. 2d 1061, 1085 (W.D. Wis. 2012); *Realtek Semiconductor Corp. v. LSI Corp.*, No. C-12-03451, 2012 WL 4845628, at *4 (N.D. Cal. Oct. 10, 2012). The judicially-enforceable RAND commitment—an unequivocal contractual commitment to license a patent to *anyone* on reasonable terms and conditions—is a substantial relinquishment of the right to exclude, and the right to extract whatever royalties the market will bear, that is presumed elsewhere in patent law.

B. Standard-Essential Patents As a Class Are "Extremely Valuable" Only Because They Can Be Used to Hold Up Implementers.

Contrary to the implications of terminology like "technical standards" and "standard-essential," establishing an interoperability standard is not a rigorous, scientific process driven by identifying the "best" technology in a particular field. *See* Doug Lichtman, "Understanding the RAND Commitment," 47 *Hous. L. Rev.* 1023, 1034 (2010) (noting, by analogy, that once a default rule was established, "a patent related to the idea of driving on the left was worth very little. A patent related to the idea of driving on the right was worth a fortune. The change had nothing to do with the relative merits of these two technologies."); Mark A. Lemley, "Intellectual Property Rights and Standard-Setting Organizations," 90 *Cal. L. Rev.* 1889, 1897 (2002) ("[I]t may be more important that an industry coalesces around a single standard than which particular standard is chosen."); Stanley M. Besen and Joseph Farrell, "Choosing How to Compete: Strategies and Tactics in Standardization," 8 *J. Econ. Persp.* 117, 118 (1994) (noting that in standard-setting "victory need not go to the better or cheaper product: an inferior product may be able to defeat a superior one").

SSOs do not necessarily canvass the technical literature, nor do they pick and choose among patents for ideas to incorporate into their standards. Rather, technology is included in a standard through a collaborative process that draws heavily on prior standards, and may or may not involve evaluation of or selection among competing technical approaches. *See* Joseph Farrell *et al.*, "Standard setting, patents, and hold-up," 74 *Antitrust L. J.* 603, 617 (2007) (SSO processes are "slow to move, rely on consensus, and typically . . . work on more advanced standards that build upon the prior standard"); Besen and Farrell, 8 *J. Econ. Persp*. at 118–19 ("Because buyers want compatibility with the installed base, better products that arrive later may be unable to displace poorer, but earlier standards.").

The SSO process rarely involves any inquiry as to whether an approach under consideration might arguably be covered by any patents. *See* Lichtman, 47 *Hous. L. Rev.* at 1028 ("[S]tandard-setting is a process run by engineers, not lawyers."); Scott K. Peterson, "Consideration of Patents during the Setting of Standards," Remarks for Nov. 6, 2002 FTC and DOJ Roundtable on SSOs (online at http://www.ftc.gov/opp/intellect/021106peterson.pdf) at 8

("[C]onsideration of patent issues requires expertise that is not part of the background of those who are typically most directly involved in the standards setting activities."). Standardization involves consensus, compromises, and practical concessions that preclude any assumption that a particular aspect of a standard reflects "the best available solution" for the subject being addressed. *See* Mark A. Lemley and Carl Shapiro, "Patent Holdup and Royalty Stacking," 85 *Texas L. Rev.* 1991, 2016 (2007) (standardization in SSOs involves "consensus and compromise"); Peterson, *supra*, at 3 (discussing "the likelihood that a patented solution will offer significant advantage over alternatives," and noting that "[o]ften a protocol can be implemented in many ways that have similar performance" for the standard under consideration).

Pursuant to SSO policies, participants typically are required to make a RAND commitment—*i.e.*, agree that, if the standard is adopted, they will license any standard-essential patents they own on reasonable and non-discriminatory terms to anyone seeking to implement the standard. A137; *see* Daniel G. Swanson and William J. Baumol, "Reasonable and Nondiscriminatory (RAND) Royalties, Standards Selection, and Control of Market Power," 73 *Antitrust L. J.* 1, 5 (2005).

Blanket declarations to license *any* such patents are typical, although patent owners may instead identify, or "declare," particular patents that *they* believe must be used in order to practice the proposed standard. *See* Farrell *et al.*, 74 *Antitrust L. J.* at 624–25. If a patent owner refuses to make a RAND commitment, the SSOs may modify or abandon the proposed standard to avoid conferring exclusionary power on the patent owner. At no point in this process, however, does the SSO or any other entity ever evaluate declared-essential patents to determine whether they actually *are* essential to any standard. A137.

By participating in SSOs, and convincing them to include in their standards technical approaches that a patent owner believes are covered by its technology, a patent owner can secure wide adoption of its technology and reduce the risk that its technology will quickly become obsolete, as often happens in fast-moving, high-tech industries. At the same time, if the patentee's assertions of essentiality are correct, the patentee effectively binds those who wish to implement the industry standard to use, and thereby infringe, its standard-essential patents.

As a result, if a patent is truly essential to a standard, the value of that patent—which may pertain to a minuscule and insignificant aspect of the standard—is tied up in the value of the overall standard to implementers, a value that has nothing to do with the value of the innovation captured in the particular patent's claims, or the importance of that technology to the standard. *See* Lemley and Shapiro, 85 *Texas L. Rev.* at 2009 ("The technology does not have any greater inherent value when used as part of an industry standard, but the patent holder can demand [multiple] times as much money once the industry has made irreversible investments."). Regardless of the patent's intrinsic value or its value to the standard, an implementer *must* infringe the essential patent if it wishes to implement the standard. That is the *only* sense in which Motorola's claim that "patents essential to a [technical] standard are extremely valuable" is correct. (Responsive and Opening Brief of Appellees-Cross-Appellants Motorola Mobility LLC and Motorola Solutions, Inc. ("Motorola Br.") 3.)

But a patentee's attempt to capture the value conferred by standardization itself, as opposed to the technical value of the invention apart from standardization, is the precise "patent hold up" that RAND commitments are designed to prevent:

> An [SSO] may complete its lengthy process of evaluating technologies and adopting a new standard, only to discover

> that certain technologies essential to implementing the standard are patented. When this occurs, the patent holder is in a position to "hold up" industry participants from implementing the standard. Industry participants who have invested significant resources developing products and technologies that conform to the standard will find it prohibitively expensive to abandon their investment and switch to another standard. They will have become "locked in" to the standard. In this unique position of bargaining power, the patent holder may be able to extract supracompetitive royalties from the industry participants.

Broadcom, 501 F.3d at 310; *see also id.* at 312 (explaining that standards-adopters "rely on structural protections . . . to facilitate competition and constrain the exercise of monopoly power"). Motorola itself has been accused of attempting to extract just such supracompetitive royalties from standards implementers. *See, e.g., Research in Motion, Ltd. v. Motorola, Inc.*, 644 F. Supp. 2d 788, 791, 794 (N.D. Tex. 2008) (denying motion to dismiss antitrust complaint alleging that "Motorola's possession of an essential patent has turned Motorola into a gatekeeper" giving it the power to license "only at exorbitant rates"). Any attempt to fashion remedies for infringement of a standard-essential patent therefore must recognize the relevant characteristics of such patents and of the standard-setting process.

II. The Court Should Reject Motorola's Proposed Approach to the Valuation of a RAND Royalty for Standard-Essential Patents.

A. Motorola's Proposed Approach Is Not Properly Presented Because the District Court Rejected Motorola's Damages Theories on Grounds Unrelated to Standard-Essential Patents.

In its May 22, 2012 *Daubert* order, the district court excluded Motorola's damages expert Carla Mulhern because she failed to consider the alternatives available to Apple at the time of the hypothetical negotiation. A119–21 ("Her failure to analyze Apple's alternative of contracting with Verizon marks her approach to calculating a reasonable royalty for Apple's cellular patents as unreliable; and she offers no backup estimate based on a reliable methodology."). Mulhern's theory evidently posited that Apple would pay Motorola $347 million for a license enabling it to launch its iPhone on AT&T's network—even though Apple could have struck an alternative deal with Verizon, upon whose network Apple's iPhones would not infringe. A120. While, as the district court acknowledged, the Verizon alternative might have been inferior in some respects, Mulhern evidently made no attempt to quantify such differences in value or to provide any other explanation as to why Apple would have agreed to pay so much. A119–21.

In excluding Mulhern's testimony on this basis, the district court did nothing more than apply this Court's precedents, which require damages theories "based on sound economic and factual predicates," *LaserDynamics, Inc. v. Quanta Computer, Inc.*, 694 F.3d 51, 67 (Fed. Cir. 2012), exclude those "out of line with economic reality," *Whitserve LLC v. Computer Packages, Inc.*, 694 F.3d 10, 31 (Fed. Cir. 2012), and have long endorsed consideration of alternatives available at the time of the hypothetical negotiation, regardless of whether the alternatives are exact substitutes for the allegedly infringing technology. *See Synqor, Inc. v. Artesyn Tech., Inc.*, Nos. 2011-1191, -1192, -1194, 2012-1070, -1071, -1072, slip op. at 21 (Fed. Cir. March 7, 2013) ("[T]he analysis must consider the impact of such alternative technologies on the market as a whole."); *Grain Processing Corp. v. American Maize–Prods. Co.*, 185 F.3d 1341, 1347 (Fed. Cir. 1999); *Zygo Corp. v. Wyko Corp.*, 79 F.3d 1563, 1571–72 (Fed. Cir. 1996); *Hanson v. Alpine Valley Ski Area, Inc.*, 718 F.2d 1075, 1081–82 (Fed. Cir. 1983).

Following the exclusion of Mulhern, Motorola relied on a declaration by Charles R. Donohoe, another of its experts. A137. Donohoe had not submitted a formal report as required by Fed. R. Civ. P. 26(a)(2)(B), and his 8-page declaration suggested only that Apple should pay "up to" $350 million. A138. The district court found that Donohoe made no reference to the patent Apple was actually alleged to infringe, or to the standard to which it was allegedly essential, and had given inconsistent deposition testimony suggesting he really meant Apple should pay *more than* $350 million. A138–39. The court found that Donohoe's proposed testimony was insufficient to establish Motorola's damages. A138–40.

Based on this record, the district court refused to allow Motorola to proceed. Microsoft takes no position as to whether this decision was correct. What is clear, however, is that this decision had nothing to do with the valuation of a RAND royalty for standard-essential patents.

B. Motorola's Arguments Advocating Hold-Up Valuation of Standard-Essential Patents Should Be Rejected.

Even if the valuation of a RAND royalty for standard-essential patents were presented in this appeal, the position Motorola asks this Court to adopt is wrong as a legal matter, and rests on a flawed, rigid view of patent damages that is without support in the statute, case law, or logic.

The patent damages statute provides for a reasonable royalty, but does not require that the parties employ a hypothetical negotiation or any other particular method for computing that royalty. 35 U.S.C. § 284. Instead, as this Court has reemphasized repeatedly, courts must apply "sound economic and factual predicates" to "discern the value of the patented technology to the parties in the marketplace." *LaserDynamics*, 694 F.3d at 67, 76. Accordingly, patent damages must be based on the value of the patent itself, not on extraneous factors.

A "reasonable royalty" in a case involving a standard-essential patent, therefore, must be a royalty that reflects the actual value of the patent, *not* the value conferred by the inclusion of the patent in a standard. More bluntly, a "reasonable royalty" is not the value of an agreement among competitors that would, but for the RAND commitment, constitute a blatant antitrust violation and provide the patentee with compensation far in excess of any actual contribution to the "useful arts." Recognizing these principles, the district court, having already rejected Motorola's damages theories, observed that:

> [O]nce a patent becomes essential to a standard, the patentee's bargaining power surges because a prospective licensee has no alternative to licensing the patent; he is at the patentee's mercy. The purpose of the FRAND requirements, the validity of which Motorola doesn't question, is to confine the patentee's royalty demand to the value conferred by the patent itself as distinct from the additional value—the hold-up value—conferred by the patent's being designated as standard-essential.

A140. *See also Broadcom*, 501 F.3d at 310, 312. Motorola complains that this approach "would value the patent years before infringement and would set the value before the technology had been tested in the market-place." (Motorola Br. 60.) But that is exactly the point of the approach described by the district court—valuing the patent after its inclusion in the standard would make it impossible to "tie proof of damages to the *claimed invention's* footprint in the market place," *ResQNet.com, Inc. v. Lansa, Inc.*, 594 F.3d 860, 869 (Fed. Cir. 2010), as opposed to the *standard's* "footprint in the market place." (*See supra* at 9–13.)

Indeed, Motorola openly acknowledges that it seeks to capture the value bestowed by standardization:

> Evaluating the patent only before the standard is released pegs the patent's value years before the hypothetical negotiation, *when it may have been worth considerably less than it became after the standard was implemented.*

(Motorola Br. 60 (emphasis added).) Motorola thus is urging this Court to endorse its efforts to recover as supposed "reasonable royalties" in a patent case supracompetitive, hold-up royalties recognized as impermissible under antitrust and contract law. The Court should decline the invitation, particularly in a case in which the issue is not even properly presented.

Motorola also insists that it should have been permitted to rely on Donohoe's theory of disproportionately-high royalties for a single patent from a portfolio of standard-essential patents, coupled with testimony concerning its portfolio licensing practices. (Motorola Br. 62–63.) Motorola's theory is based entirely on self-serving claims: it has announced a "2.25% standard royalty rate" for any of its standard-essential patent portfolios (*id.* at 56), and Donohoe believed that any single patent (regardless of which one) from that portfolio "would command" 40 to 50 percent of the portfolio rate (*id.* at 62), apparently due to Motorola's stated preference to force licensees to take a license to its entire portfolio of patents it claims are essential to the relevant standard.

As Motorola conceded in the district court, it would be difficult and expensive for it to *prove* that the rest of the patents in its portfolio were actually essential, valid, and infringed by standard-implementers. A139–40. So Motorola contends it should be permitted to collect half (if not more) of its self-declared royalty entitlement by establishing infringement of just any one of the patents in its portfolio. A139–40. That damages theory, by Motorola's own admission, bears no connection to the value of the patent in question, and reflects "economic reality" only in the sense that Motorola likely *could* extract that much from a licensee if its demands were backed by the threat of an injunction that would bar the licensee from implementing the entire standard.

Motorola also sought to rely on past licenses for its standard-essential patents (Motorola Br. 60), but those licenses could not provide reliable indications of a reasonable royalty. As Motorola describes its own practices for licensing standard-essential patents—including its pursuit of injunctions against implementers—those licenses necessarily reflect the value of the standard, not the value of Motorola's patents. Reliance on past licenses for standard-essential patents would only translate improper leverage exerted in the past to the present, where courts, administrative agencies, and commentators are increasingly (and properly) recognizing that RAND commitments are inconsistent with the tactic of using injunctive leverage to extract hold-up royalties. *See, e.g.*, *Microsoft Corp.*, 696 F.3d at 885 ("[I]t could well be that retrospective payment at the rate ultimately determined and a determination of the future rate, not an injunction banning sales while that rate is determined, is the only remedy consistent with the contractual commitment to license users of [ ] standard-essential patents."); Brief of *Amicus Curiae* Federal Trade Commission Supporting Neither Party at 5–7; Herbert J. Hovenkamp, "Competition in Information Technologies," U. of Iowa Legal Studies Research Paper No. 12-32 at 15 (Oct. 2012) ("Permitting the owner of a FRAND-encumbered patent to have an injunction against someone willing to pay FRAND royalties is tantamount to making the patent holder the dictator of the royalties, which once again is the same thing as no FRAND commitment at all."); Farrell *et al.*, 74 *Antitrust L. J.* at 638 ("[A] patent holder that has made a commitment to license on a FRAND basis should not be able to get (or threaten) an injunction against use of the technology to comply with the standard.").

III. The District Court Applied Settled Principles in Rejecting Motorola's Request for Injunctive Relief.

Motorola's contention that the district court imposed an impermissible "categorical rule" in denying injunctive relief and failed to apply *eBay* cannot be squared with the court's own words. Again, Motorola's goal seems to be to invite this Court to address an issue not presented by this appeal, but presented in Motorola's other cases. The Court should decline Motorola's invitation.

A. The District Court Rejected Motorola's Claim for Injunctive Relief Based on *eBay*.

The district court explicitly applied *eBay* and found that Motorola had made a contractual commitment to accept royalty payments from any licensee—meaning that Motorola had acknowledged that monetary damages would be adequate. The district court observed that:

> [b]y committing to license its patents on FRAND terms, Motorola committed to license the '898 to anyone willing to pay a FRAND royalty and thus implicitly acknowledged that a royalty is adequate compensation for a license to use that patent.

A140–41. Then, based on its assessment of the relevant *eBay* factors, the district court exercised its discretion to deny an injunction:

> [T]he Supreme Court has held that the standard for deciding whether to grant such relief in patent cases is the normal equity standard. *eBay Inc. v. MercExchange, L.L.C.*,

> [citation omitted]. And that means, with immaterial exceptions, that the alternative of monetary relief must be inadequate. [Citations omitted]. A FRAND royalty would provide all the relief to which Motorola would be entitled if it proved infringement of the '898 patent, and thus it is not entitled to an injunction.

A143. Motorola had promised the relevant SSOs that it would accept reasonable and nondiscriminatory royalty payments in exchange for the use of its patents by anyone. Motorola participated in the formation of these standards, clearly intending that they would be broadly adopted—and if its claims of essentiality are correct, that its patents would be widely used by hundreds, if not thousands, of implementers. Monetary compensation for that use is more than just adequate: it is exactly what Motorola contracted for when it made its RAND commitment.

B. Whether RAND Commitments Preclude Injunctive Relief In All Instances Is Not Presented by This Appeal.

An injunction is not available as a remedy for patent infringement unless the equitable factors set out in *eBay* are satisfied. *See* 547 U.S. at 391–92. Whether the holder of a standard-essential patent with a RAND licensing commitment should be unable to obtain an injunction under all circumstances is an interesting question—but not a question presented in this appeal. First, the district court's straightforward application of *eBay* provides an adequate and independent basis for its decision. Second, the discussion of Motorola's pursuit of an injunction makes clear that, contrary to Motorola's suggestion, the district court was not considering and did not apply a blanket prohibition on injunctions:

> To begin with Motorola's injunctive claim, I don't see how, given FRAND, I would be justified in enjoining Apple from infringing the '898 *unless Apple refuses to pay a royalty that meets the FRAND requirement*.

A140 (emphasis added). The district court plainly did not announce a "bright-line rule permitting continued infringement" of Motorola's patents. (Motorola Br. 64.)

Motorola supports its "bright-line rule" argument by asserting that the district court ignored its contentions that Apple had "consistently refused to take a FRAND license" (*id.*), which, according to Motorola, would have triggered the exception the district court recognized in the passage quoted above, showing that the court must have applied a "categorical rule." But even if Apple has thus far "refused" to enter a license with Motorola, it has only rejected the terms *Motorola* claims are RAND—not any terms that the district court or any neutral arbiter found to satisfy Motorola's RAND commitments.

To the extent that Motorola is suggesting that the injunction analysis and outcome in the case of standard-essential patents are necessarily identical to the analysis and outcome in the case of patents not subject to RAND commitments, Motorola is wrong, principally because it is ignoring *eBay*, which it purports to invoke. (Motorola Br. 66–67.) A court assessing whether to impose the equitable remedy of an injunction simply cannot ignore a patent owner's RAND commitment,[3] and its inherent concession that monetary compensation is wholly adequate for use of the patent by *any implementer of the standard*. Nor can or should a court ignore the fact that the patent owner has obtained the benefit of having its technology included in the standard—a benefit the patent owner otherwise likely would not have been able to obtain without violating the antitrust laws—because it made a representation that it was giving up its right to exclusivity. Finally, a court cannot

[3] While this Court has noted that prior licensing "is but one factor for the district court to consider," *Acumed LLC v. Stryker Corp.*, 551 F.3d 1323, 1328 (Fed. Cir. 2008), the RAND commitment is not a single prior license—it is an enforceable, contractual commitment on the part of the patentee to license its patents to anyone in exchange for RAND royalties, a commitment that remains ongoing throughout the life of the standard.

ignore the balanced public policies in play that permit SSOs, which would otherwise be subject to antitrust scrutiny, to lock segments of the market place into standards in exchange for the benefits of interoperability and reduced costs for consumers. To approach standard-essential patent injunction claims in the same manner as any other patent claim would lead to the precise hold up that the RAND commitment is intended to prevent. The Court should reject Motorola's request that it proceed down that path in this case.

CONCLUSION

The Court should decline Motorola's request that it decide questions not properly presented in this appeal, and affirm the denial of Motorola's request for an injunction based on Motorola's failure to satisfy *eBay*.

DATED: Chicago, IL
March 20, 2013.

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CERTIFICATE OF COMPLIANCE

This brief complies with the type-volume limitation of Federal Rule of Appellate Procedure 32(a)(7)(B). The brief contains 5,214 words, excluding the parts of the brief exempted by Federal Rule of Appellate Procedure 32(a)(7)(B)(iii).

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CERTIFICATE OF SERVICE

I hereby certify that on the 20th day of March, 2013, I filed the foregoing Brief of *Amicus Curiae* Microsoft Corporation using the Court's CM/ECF system, which will provide notification to all registered users.

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