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US judge calls ECJ Huawei ruling “second-best”

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L-R: Judge Ginsburg, Judge Zülch and Nadine Herrmann, Freedom Film/ GCR Live

The European Court of Justice’s landmark decision on injunctive relief for standard-essential patent infringement drew a mix of compliments and criticism from Judge Douglas Ginsburg and Judge Carsten Zulch today. *Pallavi Guniganti at GCR Live IP & Antitrust in Brussels*

Last July, the ECJ held that the holder of an SEP that has committed to license on fair, reasonable and non-discriminatory terms may commit an abuse of dominance by seeking injunctions against infringers who are willing licensees. The decision laid out steps that should be followed in patent licensing negotiations.

Judge Zulch, who sits on the Karlsruhe Higher Regional Court in Germany, commended the Huawei case as “an excellent example of judicial law-making”, which is less common in civil law jurisdictions than in common law ones.

“My personal view is that yes, it was a case of judicial law making, but someone had to do it,” he said, as the state of the law prior to the *Huawei/ZTE* judgment was unsatisfactory.

While the European court deliberately did not answer many of the questions that remain in this area of law in order to provide a "framework that leaves room for dealing with individual cases", Judge Zulch said, it came up with "a balanced procedural framework of how we can tackle the problem of striking a balance between free competition and protecting IP rights."

Judge Douglas Ginsburg, who sits on the US Court of Appeals for the District of Columbia and previously headed the US Department of Justice's antitrust division, said the decision provided "a really excellent second-best framework."

The drawback to the ruling, he said, is that SEP holders that fail to prove that implementers are unwilling licensees could theoretically still be liable under European competition law if they seek injunctions. This burden on patent holders, he said, will diminish the value of patents and discourage innovation.

But if a jurisdiction is determined to impose such a burden the patent holder, Judge Ginsburg said, then it should adopt the *Huawei/ZTE* framework precisely as the ECJ stated it.

Notwithstanding his substantive disagreement with the ruling, the US judge said it was appropriate for the ECJ to have taken a stance in this area.

"The rules by which courts proceed are distinctly the province of the court to promulgate," he said, and are not something that judges should invite the legislature to do. "I'd say it's almost pejorative to call it judicial legislation; I'd say it's judicial housekeeping."

While Judges Zulch and Ginsburg agreed that FRAND commitments should transfer with the underlying patent, they diverged on whether a commitment should exist outside some voluntary decision to take it on.

Judge Zulch said his personal view is that a FRAND commitment merely declares that the patent holder will act in conformity with what Article 102 requires: granting licences on a nondiscriminatory, fair and reasonable basis. Even someone who has not given that commitment is still bound by the law, he said.

But Judge Ginsburg noted that the US does not impose FRAND obligations without voluntary commitments, whether they are through patent holders' participation in a standard-setting organisation that includes FRAND requirements in its bylaws, or in an individual agreement.

"I think it's an unfortunate position for this to be imposed as a matter of law, the FRAND obligation. We view it as a matter of contract, purely," Judge Ginsburg said.

Nadine Herrmann at Quinn Emanuel Urquhart & Sullivan moderated the judges' discussion, which concluded the fourth annual GCR Live IP & Antitrust conference in Brussels.