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## District Courts Versus the USITC: Considering Exclusionary Relief for F/RAND-Encumbered Standard-Essential Patents

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NOTE

**DISTRICT COURTS VERSUS THE USITC:  
CONSIDERING EXCLUSIONARY RELIEF FOR  
F/RAND-ENCUMBERED STANDARD-  
ESSENTIAL PATENTS**

*Helen H. Ji\**

Cite as: Helen H. Ji, *District Courts Versus the USITC: Considering Exclusionary Relief for F/RAND-Encumbered Standard-Essential Patents*, 21 MICH. TELECOMM. & TECH. L. REV. 169 (2014).

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ABSTRACT

*Technological standards allow manufacturers and consumers to rely upon these agreed-upon basic systems to facilitate sales and further invention. However, where these standards involved patented technology, the process of standard-setting raises many concerns at the intersection of antitrust and patent law. As patent holders advocate for their patents to become part of technological standards, how should courts police this activity to prevent patent holdup and other anti-competitive practices? This Note explores the differing approaches to remedies employed by the United States International Trade Commission and the United States District Courts where standard-essential patents are infringed. This Note further proposes that both adjudicative bodies should utilize the public policy prongs of their respective analyses to deny injunctive relief where an entity has previously pledged to license its standard-essential patent and fails to undergo appropriate negotiations prior to bringing a patent infringement suit.*

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#### INTRODUCTION

In 2012, the United States International Trade Commission (“USITC”) entered the epic Apple-Samsung patent litigation battle when it found Apple infringed one of Samsung’s 3G-related standard-essential patents.<sup>1</sup> In this ruling, the USITC granted Samsung the only remedy available to this adjudicative body: exclusionary relief.<sup>2</sup> However, Samsung had previously agreed to license this patented technology to third parties on “fair, reasonable, and non-discriminatory terms.” Given this agreement, should Samsung have the right to prevent Apple from using its technology where there is no evidence that Apple rejected a fairly calculated license? This Note focuses on appropriate judicial remedies for infringement of patents subject to similar agreements.<sup>3</sup>

1. Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers, Inv. No. 337-TA-794, 78 Fed. Reg. 34,669, 671 (June 4, 2013) (Final) [hereinafter Certain Electronic Devices, Notice] (Notice of the Commission’s final determination finding a violation of 19 U.S.C. § 1337).

2. *Id.*

3. There is currently substantial debate surrounding whether such agreements to license, which are made between patent owners and standard-setting organizations (“SSOs”), should be legally enforceable in court. *See, e.g.*, Roger G. Brooks & Damien Geradin, *Interpreting and Enforcing the Voluntary FRAND Commitment*, 9 INT’L J. OF IT STANDARDS AND STANDARDIZATION RES. 1, 3 (Jan. – June 2011) (claiming “a FRAND obligation is solely the result of a voluntary contract entered into by the patent owner on an identifiable date”); Jorge L. Contreras, *A Market Reliance Theory for Frand Commitments and Other Patent Pledges*, UTAH L. REV. (forthcoming 2015), [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2309023](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2309023) (proposing market reliance theory, a modified promissory estoppel approach, to enforce FRAND commitments); Mark A. Lemley, *Intellectual Property Rights and Standard-Setting Organizations*, 90 CAL. L. REV. 1889, 1925 (2002) (analyzing enforceability of FRAND commitments under several legal theories). This Note will not address which legal doctrine(s) might be used to enforce these agreements, but focuses solely on identifying appropriate judicial remedies for infringement of patents subject to these agreements. Instead of debating whether and how the terms of the agreement should be enforced, this back-end consideration analyzes whether courts should honor the nature of the agreement.

Technological standards are established norms or requirements used within a given technical system. These standards reduce inefficiencies and promote competition among manufacturers by permitting competing products to rely on compatible technology already owned by consumers.<sup>4</sup> For example, television manufacturers can now focus on improving the television itself rather than on convincing consumers to buy a special outlet required for their unique power plug. Consumers, in turn, have the flexibility of purchasing from various competitors—they are not locked in by a commitment to Brand Z products simply because they previously installed a Brand Z-compatible electrical outlet in their home. New standards are constantly being developed where new articles of technology arise. Currently, tech companies are developing “smart homes” featuring automated household appliances, and “connected cars” that can communicate with devices both inside and outside the vehicle.<sup>5</sup> New standards will be necessary to allow these devices to communicate with each other—they must be capable of speaking the same technological language. The technology used to create the standard is often covered by patents, known as standard-essential patents (“SEPs”), which grant their owners the right to exclude others from using the claimed technology.

Technological standards are established by groups of private actors known as standard-setting organizations (“SSOs”), who regulate the definition and use of these standards. SSOs typically require SEP owners to pledge to license the patents under either reasonable or non-discriminatory (“RAND”) or fair, reasonable, and non-discriminatory (“FRAND”) terms up front, before the technological standard is selected. This paper will refer to these terms, which are often used interchangeably, jointly as “F/RAND.”

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4. See Paul M. Bartkowski & Evan H. Langdon, *Standard-Essential Patents: An Increasingly Contentious Issue at the U.S. International Trade Commission*, WASHINGTON LEGAL FOUNDATION CONTEMPORARY LEGAL NOTE SERIES, July 2012, at 1, available at [http://www.wlf.org/upload/legalstudies/contemporarylegalnote/7-12Bartkowski\\_CLN.pdf](http://www.wlf.org/upload/legalstudies/contemporarylegalnote/7-12Bartkowski_CLN.pdf).

5. For example, Apple is looking into “smart homes” that allow appliances to communicate with each other, reducing the affirmative efforts needed to maintain the home. Elise Hu, *Apple Makes a Play for ‘Smart Homes’ By Connecting Appliances*, NPR (June 02, 2014), <http://www.npr.org/blogs/alltechconsidered/2014/06/02/318223412/apple-makes-a-play-for-smart-homes-by-connecting-appliances?ft=1&f=1001>. Additionally, Google, among other companies are developing “connected cars,” which rely on internet access and wireless networks to share information with devices inside the car (such as a smart phone) as well as outside the car (such as other cars or traffic satellites). See Josh Constine, *Why Google Made Its Self-Driving Car So Darn Cute*, TECHCRUNCH (May 27, 2014), <http://techcrunch.com/gallery/google-self-driving-car/>. This will be the premise for self-driving cars. European SSOs have already begun setting standards for connected cars, mandating certain uniform networks, drivers, and devices for communication. *European Telecommunications Standards Institute, CEN and ETSI deliver first set of standards for Cooperative Intelligent Transport Systems (C-ITS)*, ETSI (Feb. 12, 2014), <http://www.etsi.org/news-events/news/753-2014-02-joint-news-cen-and-etsi-deliver-first-set-of-standards-for-cooperative-intelligent-transport-systems-c-its>. The U.S. will need to soon follow suit.

Despite commitments to license, SEP owners often bring suits alleging infringement of these SEPs.<sup>6</sup> With regard to remedies, patent holders may seek either exclusionary relief or monetary damages against alleged infringers. Both forms of relief have potential drawbacks when applied to F/RAND-encumbered SEPs. Exclusionary relief, which prevents the other party from practicing the infringing invention, may undermine the F/RAND commitment by allowing the SEP owner to assert the patent without an offer to license to the alleged infringer. Monetary damages, on the other hand, may be viewed as a form of compulsory licensing where the court permits the alleged infringer to continue practicing the patented invention at the cost of a reasonable rate determined by the court.

As the importance of technological standards increases, the United States must develop a uniform manner of facilitating and enforcing these standards. In the United States, patent holders may choose to assert their patents through two adjudicative forums—district courts and the USITC—which appear to enforce F/RAND-encumbered SEPs in different ways. Since 2006, district courts have shown increasing willingness to deny exclusionary relief following a finding of patent infringement where the patent owners have previously pledged to abide by an F/RAND commitment. The USITC, however, has continued to promote exclusionary relief for F/RAND-encumbered SEPs. Unlike district courts, the USITC only has the ability to grant exclusionary relief: it cannot grant monetary damages. Since it can provide no other remedy, the USITC is more willing than district courts to provide exclusionary relief to protect patentees. In the hopes of attaining exclusionary-type relief, many plaintiffs have been motivated to file their patent infringement suits at the USITC rather than in district court. This Note evaluates tensions created by the contrasting approaches taken by district courts and the USITC regarding F/RAND-encumbered SEPs.

The different approaches of these two bodies will lead to inefficiency in the patent system by leaving SEP owners uncertain about their rights, judges confused about appropriate remedies, and potential industry entrants unwilling to enter a field where uncertainty acts as a significant barrier to entry. Accordingly, this Note proposes a general rule that both district courts and the USITC deny exclusionary relief where the SEP owner has made F/RAND commitments within an SSO setting.

Part I provides background on SSOs, SEPs, and the recent controversy over judicially enforcing F/RAND commitments. Part II then provides background on the two adjudicative forums—district courts and the USITC—through which SEP holders can enforce their patents. Additionally, Part II describes the two remedies for patent infringement: exclusionary relief and ongoing damages, in the effective form of a compulsory license. Part III

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6. See, e.g., *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 876 (9th Cir. 2012) (analyzing patent infringement claims involving F/RAND-encumbered SEPs).

discusses recent district court and USITC cases, and highlights the differing approaches in granting exclusionary relief for F/RAND-encumbered SEP holders. Part III also provides examples of governmental pressures (via the judicial, executive, and legislative branches) regarding the USITC approach to exclusionary relief for SEPs. Finally, Part IV argues that the USITC and district courts should establish a general rule denying exclusionary relief for infringement of F/RAND-encumbered SEPs.

## I. STANDARD-SETTING ORGANIZATIONS AND STANDARD-ESSENTIAL PATENTS

Patents gain value by becoming part of a technological standard because all actors practicing the technology necessarily infringe those patents. Since most patents have little or no economic value at all, many SEPs arguably derive all of their value merely from being included in a standard. This Part describes: (1) how standard-setting organizations set technological standards, thereby giving value to certain standard-essential patents; and (2) how these patents particularly implicate patent and antitrust law concerns of patent holdup.

### A. *Standard-Setting Organizations and Standard-Essential Patents*

When new technologies are developed, inventors have countless potential specifications to choose from while developing products. Compatibility standards optimize innovation and permit consumers to choose between different manufacturers' products.<sup>7</sup> There are various types of technological standards, but this Note generally refers to "standardization" as any group-established standard designed to achieve interoperability.<sup>8</sup> Particularly in modern technology areas involving complex communication networks and processes, interoperability among complementary products promotes more efficient use of resources.<sup>9</sup> Interoperability removes barriers for consumers choosing between products and overall simplifies use for these consumers. Accordingly, standards lower product costs and increase competition.<sup>10</sup> Standards also allow inventors of electronics to focus on innovation beyond the standardized technology. Furthermore, less powerful inventors are able to compete by joining the established network.

Technological compatibility standards are generally established through standard-setting organizations ("SSOs"). SSOs consist of private industry

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7. See, Lemley, *supra* note 3, at 1896–98.

8. Cf. Lemley, *supra* note 3, at 1898–1901 (examining the types of SSOs).

9. U.S. DEPT. OF JUSTICE AND U.S. PATENT & TRADEMARK OFFICE, POLICY STATEMENT ON REMEDIES FOR STANDARDS-ESSENTIAL PATENTS SUBJECT TO VOLUNTARY F/RAND COMMITMENTS at 1, n.2 (Jan. 8, 2013), available at <http://www.justice.gov/atr/public/guidelines/290994.pdf> [hereinafter 2013 Joint Policy Statement].

10. Microsoft Corp. v. Motorola, Inc., 696 F. 3d 872, 876 (9th Cir. 2012).

members that identify technological solutions, then negotiate and select a single consistent technological standard.<sup>11</sup> These members typically hold a significant share of the relevant market, and will use this power to influence others to follow the agreed-upon standard.<sup>12</sup> Therefore, the power to establish standards places a significant responsibility on the SSOs to police against unfair competition.

When determining the standard to establish, SSOs must consider what patents currently cover the potential technological standard. A standard-essential patent (“SEP”) is a patent that covers a component of the standard—the SEP is infringed when a user practices any technology that incorporates the standard. Some SEPs may not be necessary to simply practice the standard, but are otherwise necessary to commercially implement the technology.<sup>13</sup> Each SSO defines its own process for determining which patents are essential. Although an independent evaluator typically provides ultimate findings on essentiality, the private industry members within the SSO may greatly influence this finding by defining the process. Since many SEPs derive their value primarily from the fact that they have been chosen to be part of the technological standard, a patent owner stands to gain significant power if her patent is selected to be a SEP.

Patent law provides protection if a disclosed invention is new, non-obvious, and useful;<sup>14</sup> however, the claimed invention need only be incrementally novel. Accordingly, many patents can cover a particular form of technology.<sup>15</sup> For instance, consider the swipe-to-unlock feature on smartphones. This is not a single feature—it is a combination of technological components. At a basic level, this feature requires screen-sensing of a touch and then software interpretation of this touch. Assume Inventor A holds a valid patent on the screen-sensing technology, and Inventor B holds a patent on the combination of sensing and interpreting the touch to “unlock” the screen. Inventor B does not have the right to sell a phone with the swipe-to-unlock feature unless she can first license the screen-sensing patent from Inventor A. In complex technologies like smartphones or smart cars, there are hundreds of patents that may cover each component or standard.<sup>16</sup>

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11. See Lemley, *supra* note 3, at 1898.

12. See *id.*

13. *Frequently Asked Questions Regarding Patent Pools*, OBLON SPIVAK, <http://www.oblon.com/frequently-asked-questions-regarding-patent-pools-and-standard-setting-organizations> (answer to “What is an essential patent?”) (last visited Dec. 2, 2014).

14. See 35 U.S.C. §§ 101–103 (2012).

15. See, e.g., *In re Innovatio IP Ventures, LLC*, No. 11-C-9308, 2013 U.S. Dist. LEXIS 144061, at \*179 (N.D. Ill. Oct. 3, 2013) (“[E]xpert Dr. Nettleton testified that there are ‘at least hundreds’ of 802.11 standard-essential patents, and he did not disagree with an assertion that there are ‘a couple of thousand patents’ covering the 802.11 standard.”).

16. In particular, when new patents are granted for advancements of existing technology, the holder of the new patent still needs permission from the holder of the older patent in order to practice the patented subject matter. There may be hundreds of these patents, creating

If a single SEP holder refuses to grant license to use the claimed innovation, an entire market may be suspended. Essentially, the patent “holds up,” or prevents, players from manufacturing or selling in that industry.

### B. *The Patent Holdup Concern and F/RAND Commitments*

In the United States, a patent confers upon its owner two valuable rights. First is a property right—the right to exclude others from making, using, selling, offering to sell, or importing the patented subject matter.<sup>17</sup> Second is a liability right—the right to collect a “reasonable royalty” from anyone who performs any of those actions.<sup>18</sup> These two rights provide significant power to the patent holder where others wish to practice the patented invention. Accordingly, when patented technology is locked into a standard, patent holdup becomes a concern.<sup>19</sup>

Patent holdup occurs when the patent owner has leverage over the patented product such that she can charge very high royalties (or impose other unreasonable costs) to anyone looking to use the innovation. Once an SSO establishes a standard, the entire industry will most likely conform to the standard. Because SEPs are necessary to practice the standard, these patents present an entry barrier for any entities looking to enter the field. The owner of a SEP can greatly leverage its value by refusing to license, or obtaining injunctions to block potential users. This potential monopoly power raises antitrust-like concerns.<sup>20</sup> Ultimately, this might lead to higher royalties, passed on to consumers in the form of higher prices. Alternatively, it might lead to a delay in consumer access to the technology as companies strive to innovate around this patent holdup.

SSOs aim to mitigate the patent holdup concern through their intellectual property policies. Although these policies differ, most SSOs will require SEP owners to agree in advance to license their patent before it is selected for the standard.<sup>21</sup> Although SSOs do not preemptively set specific licensing

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much confusion about which patents are implicated by a technological use. This is a patent thicket.

17. 35 U.S.C. § 154(a) (2012) (“Every patent shall contain . . . the right to exclude others from making, using, offering for sale, or selling the invention throughout the United States or importing the invention into the United States”).

18. *Id.* § 154(d)(1)(A)(i) (“[A] patent shall include the right to obtain a reasonable royalty from any person who . . . makes, uses, offers for sale, or sells in the United States the invention.”).

19. Kai-Uwe Kühn et al., *Standard Setting Organizations Can Help Solve the Standard Essential Patents Licensing Problem*, CPI ANTITRUST CHRONICLE, Mar. 2013, at 2, 3, available at <https://www.competitionpolicyinternational.com/assets/Free/ScottMortonetalMar-13Special.pdf>.

20. *E.g.*, Apple, Inc. v. Motorola Mobility, Inc., No. 11-cv-178-bbc, 2011 WL 7324582, at \*7–16 (W.D. Wisc. June 7, 2011) (alleging breach of contract, improper monopoly power, patent misuse, and promissory estoppel where SEP owner that previously signed F/RAND agreement with SSO later brought suit alleging patent infringement).

21. *See* Lemley, *supra* note 3, at 1902.



terms, they generally require the SEP owner to license the patent under “reasonable and non-discriminatory” (“RAND”) terms or “fair, reasonable, and non-discriminatory” (“FRAND”) terms.<sup>22</sup>

Enforcing F/RAND commitments is beneficial to innovation because it improves certainty surrounding the agreement in a way that strengthens incentives to participate in voluntary standard-setting activities. If a SEP owner could recapture the enhanced market power it gained from becoming a SEP owner by trying to recover terms more onerous on the licensee than F/RAND, this would compromise the SSO’s ability to limit patent holdup and promote the technological standard.

However, a number of challenges plague adjudicative enforcement of F/RAND agreements. First, F/RAND itself is a vague standard because what is “fair and reasonable” is highly subjective.<sup>23</sup> This problem is compounded where SSOs do not provide guidance on how to calculate F/RAND terms.<sup>24</sup> In 2013, the U.S. District Court for the Western District of Washington became the first court to identify specific F/RAND royalty rates and term ranges for a SEP in *Microsoft v. Motorola*.<sup>25</sup> Although this decision indicates that some courts are becoming willing to calculate F/RAND determinations, it remains to be seen how other courts will act in the future.

Additionally, scholars and industry members have expressed concern regarding whether F/RAND commitments are even legally enforceable.<sup>26</sup> For example, the dominant theory for justifying enforcement of F/RAND commitments is a contract-based theory.<sup>27</sup> This theory views the patent holder’s promise to a SSO to license to others under F/RAND terms as consideration for the SSO to permit the SEP holder to participate in the standardization.<sup>28</sup> This was the theory accepted in *Microsoft*.<sup>29</sup> However, other scholars have

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22. See *id.* at 1906, 1917.

23. The subjective nature of F/RAND may lead to significantly different costs and terms for licensing a single patent to different parties.

24. See, e.g., *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 876-77 (9th Cir. 2012).

25. Nick Grimmer & Stefan M. Meisner, *A First for FRAND: Federal Court in Microsoft v. Motorola Sets FRAND Royalty Rates for Standard Essential Patents*, McDERMOTT WILL & EMERY (May 8, 2013), <http://www.mwe.com/A-First-for-FRAND-Federal-Court-in-iMicrosoft-v-Motorolai-Sets-FRAND-Royalty-Rates-for-Standard-Essential-Patents-05-08-2013/>; see also *Microsoft Corp. v. Motorola, Inc.*, No. C10-1823JLR, 2013 U.S. Dist. LEXIS 60233 (W.D. Wash. Apr. 25, 2013).

26. See, e.g., *Microsoft*, 696 F.3d at 877 (“Courts and commentators are divided as to how, if at all, RAND licensing disputes should be settled.”); Kuhn, *supra* note 20, at 4; Mark A. Lemley & Carl Shapiro, *A Simple Approach to Setting Reasonable Royalties for Standard-Essential Patents*, 28 BERKELEY TECH. L.J. 1135, 1137-38 (2013).

27. See Lemley, *supra* note 3, at 1910-11.

28. See Lemley, *supra* note 3, at 1910.

29. See *Microsoft*, 696 F.3d at 884; For other examples of this theory being applied, see *Apple, Inc. v. Motorola, Inc.*, 869 F. Supp. 2d 901, 914 (N.D. Ill. 2012) (“By committing to license its patents on FRAND terms, Motorola committed to license the [patent] 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.”); Brooks, *supra* note 3, at 3.

argued that this theory is a poor fit for enforcing these commitments because many F/RAND commitments would fail the simplified offer-acceptance-consideration model.<sup>30</sup> Many F/RAND commitments only require the SEP holder to disclose her licensing terms to the SSO (rather than requiring the SEP holder to actually license on certain terms).<sup>31</sup> Because F/RAND commitments are often brief sentences that fail to set out relevant terms, they more closely resemble “agreements to agree,” which are not enforceable under contract law.<sup>32</sup> Since many others have already advocated for alternative legal theories to enforce F/RAND commitments, this Note will instead focus on how adjudicative bodies can use judicial remedies to effectively require holders of F/RAND-encumbered SEPs to license their patents.

## II. ENFORCING PATENTS IN THE UNITED STATES

When a SEP holder alleges patent infringement, he typically seeks one of two remedies: monetary damages or exclusionary relief. Monetary damages require the infringer to pay the SEP holder for its actions. Exclusionary relief, on the other hand, is an equitable remedy designed to prevent future infringement. If the adjudicative body grants this equitable remedy, the infringer cannot practice the patented invention unless an independent agreement is reached with the patent holder. This Note considers whether monetary damages are appropriate when targeting future infringement, as opposed to compensation for past infringement. In particular, should monetary damages be granted instead of exclusionary relief, even where it might be seen as a form of compulsory licensing?

In the U.S., a patent holder has the choice to enforce her patent in two forums: First, the patent holder may bring a suit in district court to remedy situations where a party has (without the permission of the patent holder) made, used, sold, or attempted to sell an article covered by the patent in the United States.<sup>33</sup> Second, the patent holder may bring a suit in the United States International Trade Commission (“USITC”) to prevent parties from importing products that will infringe the patent upon arrival in the United States. Patent owners may file parallel suits in both forums.<sup>34</sup> The Federal Circuit has the power to review cases from both of these adjudicative forums, but so far has permitted them to retain their different standards and

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30. See Contreras, *supra* note 3, at 17; Jay P. Kesan and Carol M. Hayes, *FRAND’s Forever: Standards, Patent Transfers, and Licensing Commitments*, 89 IND. L.J. 231, 280 (2014) (arguing for a servitude theory for FRAND commitments).

31. Contreras, *supra* note 3, at 20.

32. See Contreras, *supra* note 3, at 52–54.

33. 35 U.S.C. §§ 271(a), 281 (2012).

34. Colleen V. Chien & Mark A. Lemley, *Patent Holdup, the ITC, and the Public Interest*, 98 CORNELL L. REV. 1, 27 (2012) (citing Colleen V. Chien, *Patently Protectionist? An Empirical Analysis of Patent Cases at the International Trade Commission*, 50 WM. & MARY L. REV. 63, 70 (2008) (explaining that patentees do so approximately two-thirds of the time)).

approaches. An important difference between the two bodies is the availability of remedies. While district courts may grant either exclusionary or monetary relief, the USITC can only grant exclusionary relief. District courts have recently begun denying exclusionary relief after finding infringement of F/RAND-encumbered SEPs, relying instead on ongoing monetary damages.<sup>35</sup> However, the USITC has adhered to granting exclusionary relief in these cases.

This Part focuses on the policy surrounding the two remedies where the infringement claims involve F/RAND-encumbered SEPs, and generally compares the remedy approaches of district courts and the USITC.

### A. *Equitable and Legal Remedies in District Courts*

In the U.S., patents are granted as part of an innovation bargain—a patent holder gains a temporary right of exclusivity in exchange for disclosing a novel invention.<sup>36</sup> Although the right to exclude may temporarily forestall innovation in that technological area, that right is offset in the long term by the benefits of the incentive to innovate. Under this innovation bargain, the right to exclude others is a fundamental feature of a patent. A patent owner may enforce her patent by bringing an infringement suit in district court.<sup>37</sup> All district court rulings are subject to review by the U.S. Court of Appeals for the Federal Circuit (“Federal Circuit”). If a court finds ongoing patent infringement, it may offer one of two remedies: First, it may issue exclusionary relief in the form of an injunction, preventing further use or sale of the infringing device.<sup>38</sup> Second, it may establish monetary damages in the form of ongoing royalties.<sup>39</sup> In the situation of SEPs subject to F/RAND commitments, both of these remedies implicate serious policy concerns.

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35. *E.g.*, *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 877 (9th Cir. 2012) (discussing inappropriateness of injunctive relief in RAND cases); *Apple, Inc. v. Motorola, Inc.*, 869 F. Supp. 2d 901, 914, 922–23 (N.D. Ill. 2012) (denying exclusionary relief after finding patent infringement), *aff’d in relevant part*, 757 F.3d 1286 (Fed. Cir. 2014).

36. Shubha Ghosh, *Patents and the Regulatory State: Rethinking the Patent Bargain Metaphor after Eldred*, 19 BERKELEY TECH. L.J. 1315 (2004); 2013 Joint Policy Statement, *supra* note 6, at 1–2 (“The patent system promotes innovation and economic growth by providing incentives to inventors to apply their knowledge, take risks, and make investments in research and development and by publishing patents so that others can build on the disclosed knowledge with further innovations. These efforts, in turn, benefit society as a whole by disseminating knowledge and by providing new and valuable technologies, lower prices, improved quality, and increased consumer choice.”).

37. *See* 28 U.S.C. § 1338(a) (2012).

38. *What remedies are available for patent infringement?*, NOLO LAW FOR ALL, <http://www.nolo.com/legal-encyclopedia/enforcing-patent-faq-29148-2.html> (last visited Dec. 2, 2014).

39. *Id.*

Until 2006, district courts routinely issued injunctions upon a finding of patent infringement.<sup>40</sup> This gave the patent owner significant leverage in any potential future licensing negotiations. Consider the policy surrounding exclusionary relief for SEPs: On one hand, the right to exclude others is a fundamental aspect of the patent law's ability to provide an incentive to innovate. This is precisely the power that exclusionary relief provides. On the other hand, a SEP owner may gain too much power if this right to exclude is absolute. The SEP gains significant value by becoming part of the standard; in return, the right to exclude may need to be weakened in order to permit other players to enter the field.

However, in the 2006 case *eBay Inc. v. MercExchange, L.L.C.*, the Supreme Court held that courts should not immediately issue an injunction following a finding of patent infringement.<sup>41</sup> Instead, it required courts to apply the traditional judicial four-factor test for exclusionary relief, wherein a court may deny an injunction if it would best serve the public interest.<sup>42</sup> After *eBay*, district courts have the discretion to grant injunctions only after considering whether: (1) the plaintiff has suffered irreparable harm; (2) legal remedies (such as monetary damages) are inadequate to compensate for the injury; (3) the balance of hardships associated with exclusionary relief favor the plaintiff; and (4) the public interest will not be harmed by issuing the injunction.<sup>43</sup>

Monetary damages have long been a popular remedy to compensate for past infringement activity. However, post-*eBay*, a court may also award monetary damages in lieu of exclusionary relief to address ongoing or future patent infringement. When a court or another adjudicative forum finds patent infringement but refuses to grant an injunction, it ultimately requires the infringer to pay ongoing royalties in exchange for continuing to infringe the patent. Since, by initiating the suit, the patent owner has expressed unwillingness to allow the infringer to practice the patented invention (at least under previously negotiated terms), this court-imposed remedy can be viewed as a form of compulsory patent licensing.

This pseudo-compulsory licensing approach opposes the general American patent policy against compulsory licensing. Recall that the right to exclude is a primary right of a patent holder. However, there may be circumstances where the public interest makes it necessary for a government to suspend the exclusionary right, allowing others to infringe the patent.<sup>44</sup> If

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40. *E.g.*, *Richardson v. Suzuki Motor Co. Ltd.*, 868 F.2d 1226, 1247 (Fed. Cir. 1989) ("It is the general rule that an injunction will issue when infringement has been adjudged, absent a sound reason for denying it.")

41. *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006).

42. *Id.* at 390.

43. *Id.* at 392.

44. For example, the 2001 Doha Declaration permitted compulsory licensing for essential medicines by World Trade Organization members in order to protect the public health.

the government suspends the exclusionary portion of the patent right, the patent holder's right to collect damages comes into play. The government may effectively force the patent holder to allow others to practice the patented invention in exchange for an established royalty rate. The United States tends to avoid this practice, known as compulsory licensing, based on policy reasons to promote a free market.

Since the United States prioritizes a free market economy, it has consistently advocated for strong intellectual property protection.<sup>45</sup> Many countries throughout the world permit some form of compulsory patent licensing;<sup>46</sup> however, the United States has historically been very reluctant to require involuntary licenses of patents.<sup>47</sup> Statutory compulsory licensing of patents in the United States is "virtually nonexistent."<sup>48</sup> Although Congress has, on rare occasions, passed legislative acts establishing statutory compulsory licensing for patents, that compulsory licensing has been strictly limited to specific circumstances and particular subject matter.<sup>49</sup> Furthermore, the government has rarely granted compulsory licenses under these statutes.<sup>50</sup> District courts also consistently note the United States' aversion to compulsory patent licensing.<sup>51</sup> For example, in 1980, the Supreme Court observed that

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Ellen F. M. 't Hoen, *TRIPS, Pharmaceutical Patents and Access to Essential Medicines: Seattle, Doha and Beyond*, in *ECONOMICS OF AIDS AND ACCESS TO HIV/AIDS CARE IN DEVELOPING COUNTRIES: ISSUES AND CHALLENGES* 39, 41 (Jean-Paul Moatti et al. eds., 2003).

45. See *id.*; VICTORIA A. ESPINEL, OFFICE OF U.S. INTELLECTUAL PROP. ENFORCEMENT COORDINATOR, OFFICE OF MGMT. & BUDGET, EXEC. OFFICE OF THE PRESIDENT, 2010 JOINT STRATEGIC PLAN ON INTELLECTUAL PROP. ENFORCEMENT 4 (2010) ("Strong enforcement of intellectual property rights is an essential part of the Administration's efforts to promote innovation and ensure that the U.S. is a global leader in creative and innovative industries."). The U.S. is more willing to apply compulsory licensing of copyright. JAY DRATLER, JR. & STEPHEN M. MCJOHN, LICENSING OF INTELLECTUAL PROPERTY § 3.03(2)(b) (Law Journal Press 2014)(1994).

46. TRIPS: Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 30, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex IC, THE LEGAL TEXTS: THE RESULTS OF THE URUGUAY ROUND OF MULTILATERAL TRADE NEGOTIATIONS 320 (1999), 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994); DRATLER, *supra* note 45, at § 3.03.

47. DRATLER, *supra* note 46, at §§ 3.01–3.06.

48. DRATLER, *supra* note 46, at § 3.03(2)(a).

49. Mark W. Lauroesch, *General Compulsory Patent Licensing in the United States: Good in Theory, but Not Necessary in Practice*, 6 SANTA CLARA HIGH TECH. L.J. 41, 41 (1990) ("Although some forms of compulsory licensing exist in the United States, such involuntary licensing has been limited to specific circumstances and particular patented subject matter."); see also James Packard Love & Tim Hubbard, *Recent Examples of the Use of Compulsory Licenses on Patents*, KNOWLEDGE ECOLOGY INT'L, May 6, 2007, available at <http://keionline.org/content/view/41/1> (stating that the US has established compulsory licenses for essential medicines, such as Tamiflu, for treating a potential avian flu pandemic, or technological devices to avoid anticompetitive practices, such as requiring Microsoft to license certain protocols needed to create products interoperable with Microsoft Windows).

50. See Lauroesch, *supra* note 49, at 54–56.

51. Dawson Chemical Co. v. Rohm & Hass Co., 448 U.S. 176, 215 & n.21 (1980).

“compulsory licensing is a rarity in our patent system [ . . . ] it has often been proposed, but it has never been enacted on a broad scale.”<sup>52</sup>

### B. Equitable Remedies at the USITC

SEP owners have a second forum through which to enforce their patents—the USITC. The USITC is “[a]n independent, quasi-judicial federal agency” that regulates imports into the United States.<sup>53</sup> Under Section 1337 of the Tariff Act of 1930 (“Section 337”), the USITC can prevent importation of items that infringe American patents, trademarks, or copyrights.<sup>54</sup> Although Section 337 broadly prohibits “unfair methods of competition and unfair acts” in the importation of articles, it is primarily used today for intellectual property infringement claims.<sup>55</sup> If the USITC finds infringement, it can grant exclusionary remedies to the patent owner.<sup>56</sup>

After a Section 337 investigation is instituted, an Administrative Law Judge (“ALJ”) holds an evidentiary hearing and issues an Initial Determination on the merits of the case.<sup>57</sup> This decision may be petitioned for review at the USITC, which may result in a Final Determination.<sup>58</sup> Final Determinations are reviewed by the Federal Circuit.<sup>59</sup> Alternatively, the President has the power to overturn USITC decisions.<sup>60</sup> The President may exercise this power through the U.S. Trade Representative (“USTR”).

There are several key differences between district courts and the USITC. One important distinction is that the USITC can only affect goods that are being imported.<sup>61</sup> Since many goods covered by U.S. patents are imported from other countries, the USITC can reach nearly as many goods as a district court.<sup>62</sup> However, the only remedies the USITC can offer are in the form of equitable relief—Section 337 only authorizes the USITC to grant cease and

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52. *Id.*

53. *About the USITC*, UNITED STATES INTERNATIONAL TRADE COMMISSION, [http://www.usitc.gov/press\\_room/about\\_usitc.htm](http://www.usitc.gov/press_room/about_usitc.htm) (last visited Dec. 2, 2014).

54. 19 U.S.C. § 1337 (2012).

55. *See ITC Section 337 Patent Litigation*, FINNEGAN, <http://www.finnegan.com/ITC-Section337PatentLitigationPractice/> (last visited Dec. 2, 2014) (“Ninety percent of Section 337 cases involve patent infringement disputes, and most of them concern complex technology.”).

56. U.S. INT’L TRADE COMM’N, USITC Pub. No. 4105, SECTION 337 INVESTIGATIONS ANSWERS TO FREQUENTLY ASKED QUESTIONS, at 24 (Mar. 2009), *available at* [http://www.usitc.gov/intellectual\\_property/documents/337\\_faqs.pdf](http://www.usitc.gov/intellectual_property/documents/337_faqs.pdf).

57. *Id.* at 20.

58. 19 C.F.R. §§ 210.43–210.45 (2014); *id.* at 23.

59. 5 U.S.C. § 706 (2012).

60. 19 U.S.C. § 1337(j) (2012).

61. Doris Johnson Hines & J. Preston Long, *The Continuing (R)evolution of Injunctive Relief in the District Courts and the International Trade Commission*, IP LITIGATOR, January/February 2013, *available at* <http://www.finnegan.com/resources/articles/articlesdetail.aspx?news=3aad1da2-08a9-4f14-a147-611b1e39ff75> (last visited Dec. 2, 2014).

62. *Id.*

desist orders or exclusion orders (limited or general).<sup>63</sup> This has two major implications. First, although the practical effect of this relief may be identical to an injunction issued by a district court, exclusion orders are legally distinct from judicial injunctions.<sup>64</sup> This technical distinction permits the USITC and district courts to create separate standards for essentially the same form of equitable relief.<sup>65</sup> Second, unlike district courts, the USITC cannot require an infringer to pay damages to the patent owner.<sup>66</sup> If the USITC denies exclusionary relief, the infringer faces no consequences for the importation.<sup>67</sup> However, after the goods have been imported and sold or used in the U.S., the infringer may be liable in district court for infringement.<sup>68</sup>

After finding infringement, the USITC issues an exclusionary order unless the statutory public interest factors dominate.<sup>69</sup> These statutory factors require the USITC to consider the order's effect on "the public health and welfare, competitive conditions in the United States economy, the production of like or directly competitive articles in the United States, and United States consumers."<sup>70</sup> However, the USITC has not given these factors much weight in the past. Accordingly, it rarely finds the public interest factors outweigh the need for an exclusionary order.<sup>71</sup> In fact, there have been only three instances where the USITC refused to grant exclusionary relief after finding patent infringement.<sup>72</sup> None of these refusals have been based on F/RAND agreements for SEPs.<sup>73</sup>

In 2010, the Federal Circuit held that the *eBay* framework for exclusionary relief does not apply to the USITC exclusionary remedies.<sup>74</sup> In effect, the Federal Circuit prevented the USITC from considering arguments for denying exclusionary relief that are not premised on the statutory public interest factors.<sup>75</sup> This holding emphasized the dichotomy between the two adjudica-

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63. 19 U.S.C. §§ 1337(d),(f) (2012).

64. Hines & Long, *supra* note 61 (claiming that "the practical effect of the relief that can be awarded by the ITC is almost identical to that of an injunction issued by a district court").

65. *See Spansion, Inc. v. ITC*, 629 F.3d 1331, 1359 (Fed. Cir. 2010) ("Given the different statutory underpinnings for relief before the Commission in Section 337 actions and before the district courts in suits for patent infringement, this court holds that *eBay* does not apply to Commission remedy determinations under Section 337.").

66. Chien & Lemley, *supra* note 34, at 28.

67. *Id.*

68. *Id.*

69. 19 U.S.C. § 1337(d)(1) (2012).

70. *Id.*

71. Chien & Lemley, *supra* note 34, at 19–20.

72. *Id.*

73. *See id.* at 21–23.

74. *Spansion, Inc. v. ITC*, 629 F.3d 1331, 1359 (Fed. Cir. 2010) ("*eBay* does not apply to Commission remedy determinations under Section 337.").

75. *Id.* at 1360 (upholding Commission's decision to ignore a fact as weighing against relief because "such proceeding is not explicitly listed as a public interest factor").

tive bodies' willingness to grant exclusionary relief. Although both the Section 337 statute and the judicial four-factor exclusionary relief test involve consideration of the public interest, the USITC's approach is less friendly to the infringer.<sup>76</sup> Because the USITC generally believes enforcing patents is in favor of public interest, it still favors the patent holder within this public interest analysis.<sup>77</sup> The Federal Circuit, which has the power to review USITC decisions, has permitted the USITC's approach.<sup>78</sup>

Critics of exclusion orders argue that allowing exclusionary relief for SEPs will undermine SSOs' development of technological standards.<sup>79</sup> Under this view, potential licensees will fear being bullied into unfair licensing terms and therefore avoid joining the technological standard.<sup>80</sup> This may negatively impact competition and consumer welfare by destroying the efficiency benefits of SSOs.<sup>81</sup> However, proponents of exclusion orders argue that patent owners would not be willing to enter into F/RAND commitments unless exclusion orders are available because otherwise infringers would have no incentive to license.<sup>82</sup> Additionally, rejecting exclusionary relief at the USITC level would leave the patent holder without a remedy at the end of trial. As previously discussed, the USITC can only grant exclusionary-type relief.<sup>83</sup> If the USITC chooses not to impose this relief, the patent holder can gain no remedy from the forum. Therefore, proponents note that the USITC is likely reluctant to "condemn itself to seeming irrelevance."<sup>84</sup>

### III. HOW BINDING IS A F/RAND COMMITMENT IN DISTRICT COURTS AND THE USITC?

How should adjudicative bodies consider SEP owners that have pledged to abide by F/RAND commitments? Should a SEP owner's F/RAND commitment within an SSO constitute a legal obligation to license that patent? Scholars and courts tend to find that F/RAND commitments should be legally enforceable, but disagree about which legal theory is most applicable.<sup>85</sup>

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76. See Chien & Lemley, *supra* note 34, at 18–20.

77. *Id.*

78. *Id.* at 29 (citing *Spanion, Inc. v. ITC*, 629 F.3d 1331, 1358 (Fed. Cir. 2010)) ("The legislative history of the amendments to Section 337 indicates that Congress intended injunctive relief to be the normal remedy for a Section 337 violation and that a showing of irreparable harm is not required to receive such injunctive relief.").

79. Hines & Long, *supra* note 61, at 6 n.83–84.

80. *Id.*

81. Bartkowski & Langdon, *supra* note 4, at 1.

82. Hines & Long, *supra* note 61, at n.84.

83. U.S. INT'L TRADE COMM'N, USITC Pub. No. 4105, SECTION 337 INVESTIGATIONS ANSWERS TO FREQUENTLY ASKED QUESTIONS, at 24 (Mar. 2009), available at [http://www.usitc.gov/intellectual\\_property/documents/337\\_faqs.pdf](http://www.usitc.gov/intellectual_property/documents/337_faqs.pdf).

84. Chien & Lemley, *supra* note 34, at 29.

85. *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 877 (9th Cir. 2012) ("Courts and commentators are divided as to how, if at all, RAND licensing disputes should be settled."); Kuhn et al., *supra* note 19, at 4; Mark A. Lemley, *Intellectual Property Rights and Standard-*



Instead of adding to the debate over whether courts can compel SEP owners to license their patents on the front end, this Part explores enforceability on the back end. Should adjudicative bodies refuse to grant exclusionary relief for infringement of F/RAND-encumbered SEPs? As previously discussed, refusing to grant exclusionary relief effectively forces the SEP owner to license its patent(s) to the infringer [without requiring the adjudicative body to select a legal theory for enforcement]. This Part compares the application of exclusionary relief and monetary damages under these special circumstances.

This issue has recently gained some attention. In 2013 and 2014, both the Federal Circuit and USITC held that there is no per se rule against granting exclusionary relief for F/RAND-encumbered SEPs. However, these two forums have varied greatly in practice. Since *eBay*, district courts have repeatedly denied exclusionary relief in such cases, while recent USITC rulings indicate the Commission will continue to offer exclusionary relief upon finding patent infringement. However, the USITC approach may be changing. In 2013, the United States Trade Representative (USTR) disapproved a USITC limited exclusion order against a F/RAND-encumbered SEP on policy grounds. Although the USTR did not have the power to overturn the USITC's legal claim that there is no per se rule against exclusionary relief for SEPs, this letter is likely to strongly influence the USITC's future rulings. Additionally, a number of other executive branch agencies and legislators have recently advocated for the USITC to reconsider exclusionary relief for infringement of F/RAND-encumbered SEPs.

This Part considers existing legal approaches to exclusionary relief for infringement of F/RAND-encumbered patents and highlights policy considerations regarding this issue. First, this part evaluates the divergent views on the binding nature of F/RAND commitments at the district courts and the USITC. Second, this Part evaluates recent district court and USITC approaches regarding exclusionary relief for F/RAND-encumbered SEPs. Finally, this Part evaluates additional views recently provided by members of the Legislative and Executive Branches regarding the current USITC approach.

#### A. *Rejection of a Per Se Rule against Exclusionary Relief for F/RAND-Encumbered SEPs*

Both district courts and the USITC have acknowledged policies in favor of enforcing F/RAND agreements. However, under the district courts' *eBay* framework and the USITC's Section 337 standards, these bodies have clearly stated there is no per se rule against exclusionary relief for F/RAND-encumbered SEPs.

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*Setting Organizations*, 90 CALIF. L. REV. 1889, 1923–27 (2002) (analyzing enforceability of FRAND commitments under several legal theories).

In the 2014 case *Apple, Inc. v. Motorola, Inc.*, the Federal Circuit overturned a district court to hold that there is no per se prohibition against exclusionary relief for F/RAND-encumbered SEPs under the *eBay* standard applied by district courts.<sup>86</sup> At the district court level, Judge Richard Posner had denied exclusionary relief where Motorola claimed Apple infringed various Motorola patents, including an SEP.<sup>87</sup> Posner explained his reasoning for a per se rule against granting exclusionary relief as follows: “[b]y committing to license its patent on F/RAND terms, Motorola committed to license the [patent] to anyone willing to pay a F/RAND royalty and thus implicitly acknowledged that a royalty is adequate compensation for a license to use that patent.”<sup>88</sup> Although Judge Posner did not directly address whether the F/RAND commitment was legally binding, this statement implied that the commitment was sufficiently binding within a remedy analysis to be perceived as an agreement to license. Judge Posner further reasoned that “[a] compulsory license with ongoing royalty is likely to be a superior remedy in a case like this [involving FRAND-encumbered SEPs].”<sup>89</sup>

Although the Federal Circuit overturned the per se approach against injunctions for F/RAND-encumbered SEPs, it ultimately upheld denial of the injunction, finding insufficient evidence that monetary relief would provide inadequate compensation.<sup>90</sup> While the court acknowledged “Motorola’s FRAND commitments are certainly criteria relevant to its entitlement to an injunction,” it held that these commitments were to be analyzed within the *eBay* framework.<sup>91</sup> However, the Federal Circuit did highlight that “[a] patentee subject to FRAND commitments may have difficulty establishing irreparable harm.”<sup>92</sup> Furthermore, the court recognized that an injunction may be justified where the infringer “unilaterally refuses a FRAND royalty.”<sup>93</sup>

In June 2013, the USITC similarly rejected a per se prohibition against exclusionary relief for infringement of F/RAND-encumbered patents in *Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers* (“*Certain Electronic Devices*”).<sup>94</sup> Nevertheless, the USITC issued a limited exclusion

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86. *Apple Inc. v. Motorola, Inc.*, 757 F.3d 1286, 1331 (Fed. Cir. 2014) (“To the extent that the district court applied a *per se* rule that injunctions are unavailable for SEPs, it erred.”).

87. *Apple, Inc. v. Motorola, Inc.*, 869 F. Supp. 2d 901, 914 (N.D. Ill. 2012), *aff’d in part, rev’d in part and remanded*, 757 F.3d 1286 (Fed. Cir. 2014).

88. *Id.*

89. *Id.* at 913–14, 918 (holding generally that injunctive relief is unavailable for FRAND-encumbered SEPs). However, this rule was overturned by the Federal Circuit upon appeal. *Apple*, 757 F.3d at 1331.

90. *Apple*, 757 F.3d at 1331–32.

91. *Id.*

92. *Id.* at 1332.

93. *Id.*

94. *Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers*, Inv. No. 337-TA-794, (Pub. Version), at 111 (July 5, 2013) (Final Opinion) [hereinafter *Certain Electronic Devices, Final*].

order after finding Apple products infringed a Samsung SEP subject to F/RAND obligations.<sup>95</sup> In this case, Samsung argued that exclusionary relief should generally be available against unwilling licensees, while Apple argued that such relief should be waived for virtually all F/RAND-encumbered patents.<sup>96</sup> The Commission sided with Samsung, holding that Samsung's F/RAND declarations did not preclude exclusionary relief.<sup>97</sup>

Within this decision, the Commission emphasized that the statutory public interest factors in Section 337(d)(1) have limited scope and considered each factor separately.<sup>98</sup> First, the Commission dismissed the "public health and welfare" factor because withholding the infringing devices would not harm the public.<sup>99</sup> Second, the Commission dismissed the "competitive conditions" factor because no competitive articles were being produced in the United States at the time.<sup>100</sup> Third, the Commission dismissed the "competitive conditions" factor because even excluding the infringing smartphones and tablets would leave a wide variety of other smartphones and tablets for sale in the U.S.<sup>101</sup> Finally, the Commission dismissed the "effect on U.S. consumers" factor because it was convinced that consumers and carriers would still have similar options that are comparable in price and features to the excluded infringing devices.<sup>102</sup> However, this type of analysis employed by the Commission fails to recognize that the reason alternative devices have similar function and features are due, at least in part, to manufacturers' reliance on standardized technology.

One year previously in 2012, the USITC had rejected a per se prohibition against exclusionary relief for infringement of F/RAND-encumbered patents under Section 337 standards in *Certain Gaming and Entertainment Consoles, Related Software, and Components Thereof* ("Certain Gaming"). In this case, Motorola sought Section 337 relief for importation and sale of Microsoft's Xbox, asserting that Microsoft infringed five patents—four of

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95. Certain Electronic Devices, Notice, *supra* note 1, at 3.

96. *Newly-Public Letter to ITC Shows Lawmakers' Concern Over Standard-Essential Patent Issues*, ESSENTIAL PAT. BLOG (June 12, 2013), <http://www.essentialpatentblog.com/2013/06/newly-public-letter-to-itc-shows-lawmakers-concern-over-standard-essential-patent-issues>.

97. Certain Electronic Devices, Notice, *supra* note 1, at 3 ("Samsung's FRAND declarations do not preclude that remedy.").

98. Certain Electronic Devices, Final, *supra* note 96, at 108 n. 21 ("The public interest factors set forth in section 337(d)(1) are not public policies that the Commission seeks to promote through its orders. Instead, they are statutory criteria that may indicate at the remedy state of a section 337 investigation that 'articles should not be excluded from entry.'").

99. Certain Electronic Devices, Notice, *supra* note 1, at 109 ("No party or public commenter raises an argument that excluding the iPhone4 and iPad 2 3G would have an adverse effect on the public health and welfare.").

100. Certain Electronic Devices, Notice, *supra* note 1, at 109.

101. Certain Electronic Devices, Notice, *supra* note 1, at 110.

102. Certain Electronic Devices, Notice, *supra* note 1, at 110–11.

which were subject to RAND commitments.<sup>103</sup> Microsoft attempted to assert these RAND agreements as giving rise to equitable defenses.<sup>104</sup> Since these facts were asserted as defenses, the ALJ did not consider the statutory public interest factors. Ultimately, the ALJ found that Motorola's "unilateral assurances" to the SSOs to provide RAND licenses were insufficient to create a judicially enforceable obligation to license, such that the USITC should be prevented from issuing exclusionary relief.<sup>105</sup> The ALJ concluded that the USITC retained its ability to issue Section 337 exclusionary relief remedy regardless of any RAND commitments made within an SSO.<sup>106</sup> Although the USITC remanded the investigation,<sup>107</sup> the investigation regarding the SEPs ended when Motorola entered into a consent order with the Federal Trade Commission ("FTC").<sup>108</sup>

### B. Granting Exclusionary Relief in District Courts and USITC, in Practice.

Since *eBay*, the rate at which district courts grant exclusionary relief after finding patent infringement has fallen from about 95% to about 75%.<sup>109</sup> In particular, many of the cases where courts imposed a pseudo-compulsory license have involved SEPs.<sup>110</sup> The USITC, on the other hand, has not wavered in granting exclusionary relief.<sup>111</sup> Although both bodies have stated that there is no per se prohibition against exclusionary relief for infringement of F/RAND-encumbered SEPs, district courts have turned away from issuing injunctions while the USITC has continued to issue exclusion orders in these cases.

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103. Certain Gaming & Entm't Consoles, Related Software, & Components Thereof Initial Determination, Inv. No. 337-TA-752, (Pub. Version), at 282 (May 10, 2012) (Final on Violation) (hereinafter Certain Gaming, Initial).

104. Certain Gaming, Initial, *supra* note 103, at 284. These asserted defenses included "subordination of equity," "implied license," "implied waiver of the right to seek equitable or exclusionary remedies," as well as "equitable estoppel."

105. Certain Gaming, Initial, *supra* note 103, at 290–91.

106. Certain Gaming, Initial, *supra* note 103, at 292.

107. Certain Gaming and Entm't Consoles, Related Software, and Components Thereof, Inv. No. 337-TA-752, 77 Fed. Reg. 40082, 82–83 (June 29, 2012) (Notice of the Commission's determination to review a final initial determination finding a violation of 19 U.S.C. § 1337).

108. Certain Gaming and Entm't Consoles, Related Software, and Components Thereof, Inv. No. 337-TA-752, 78 Fed. Reg. 32690 (May 31, 2013) (Termination).

109. Chien & Lemley, *supra* note 34, at 9.

110. Hines & Long, *supra* note 61, at 5.

111. Hines & Long, *supra* note 61, at 5 (explaining how different equitable relief approaches between federal courts and USITC have led to increasing popularity of USITC with plaintiffs).

### 1. Exclusionary Relief at the District Courts

District courts appear to focus on the irreparable harm factor of the eBay analysis to deny exclusionary relief for infringement of F/RAND-encumbered SEPs. Even as the Federal Circuit overturned the per se prohibition in *Apple v. Motorola*, it ultimately upheld the district court's denial of exclusionary relief where Motorola claimed Apple had infringed various Motorola patents, including an SEP.<sup>112</sup> However, the Federal Circuit focused on the irreparable harm factor of eBay, rather than the public interest factor. At the district court level, Judge Posner briefly discussed the balance of hardships to each of the parties, and only briefly focused on the public interest factor to criticize "the harm that an injunction might cause to consumers who can no longer buy preferred products because their sales have been enjoined, and the cost to the judiciary as well as to the parties of administering an injunction."<sup>113</sup> The Federal Circuit similarly glossed over the public interest factor, devoting more focus to the irreparable harm factor. First, the Federal Circuit stated that "[a] patentee subject to FRAND commitments may have difficulty establishing irreparable harm."<sup>114</sup> Additionally, the Federal Circuit argued that "[c]onsidering the large number of industry participants that are already using the system claimed in the [standard-essential] patent, including competitors, [the SEP owner] has not provided any evidence that adding one more user would create such harm."<sup>115</sup> With regard to the public interest factor, the Federal Circuit only briefly mentioned that "the public has an interest in encouraging participation in standard-setting organizations, but also in ensuring that SEPs are not overvalued."<sup>116</sup>

As they turn away from exclusionary relief toward monetary damages for future infringement, district courts have become more comfortable determining F/RAND rates for licensing standard-essential patents. In April 2013, the U.S. District Court for the Western District of Washington became the first U.S. court to identify specific F/RAND royalty rates and term ranges for SEPs in *Microsoft v. Motorola*.<sup>117</sup> This case involved SEPs owned by Motorola relating to the H.264 video coding standard set by the International Telecommunications Union ("ITU") and the 802.11 WAN standard set by

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112. *Apple, Inc. v. Motorola, Inc.*, 757 F.3d 1286 (Fed. Cir. 2014), *aff'd in part, rev'd in part*, 869 F. Supp. 2d 901, 914 (N.D. Ill. 2012) ("By committing to license its patent on F/RAND terms, Motorola committed to license the [patent] to anyone willing to pay a F/RAND royalty and thus implicitly acknowledged that a royalty is adequate compensation for a license to use that patent.") Posner further reasoned that "[a] compulsory license with ongoing royalty is likely to be a superior remedy in a case like this [involving F/RAND-encumbered SEPs]." *Apple*, 869 F. Supp. 2d at 914.

113. *Apple*, 869 F. Supp. 2d at 921.

114. *Apple*, 757 F.3d at 1332.

115. *Id.*

116. *Id.*

117. Grimmer & Meisner, *supra* note 25; *see also* *Microsoft Corp. v. Motorola, Inc.*, No. C10-1823JLR, 2013 U.S. Dist. LEXIS 60233 (W.D. Wash. April 25, 2013).

the Institute of Electrical and Electronics Engineers (“IEEE”).<sup>118</sup> Motorola had submitted numerous declarations to these SSOs stating it “will grant” or “is prepared to grant” licenses to its SEPs under RAND terms.<sup>119</sup> In a series of orders, the district court sided with Microsoft, holding that Motorola’s statements to the SSOs created “enforceable contracts between Motorola and the respective standard-setting organization to license its essential patents on RAND terms,” and that Microsoft was a third-party beneficiary of the contract.<sup>120</sup> After denying exclusionary relief for infringement of these patents, the court identified specific RAND terms for these SEPs.<sup>121</sup>

In October 2013, the United States District Court for the Northern District of Illinois followed suit in calculating its own RAND royalty rate for standard-essential patents related to the 802.11 WAN standards set by the Institute of Electrical and Electronics Engineers (“IEEE”).<sup>122</sup> Although these decisions indicate that courts are becoming willing to calculate F/RAND determinations, it remains to be seen how other courts will act in the future.

## 2. Exclusionary Relief at the USITC

Unlike district courts, the USITC has continued to grant exclusionary relief upon finding infringement of F/RAND-encumbered SEPs. In *Certain Electronic Devices, Including Wireless Communication Devices, Portable Music and Data Processing Devices, and Tablet Computers* (“*Certain Electronic Devices*”), the USITC issued a limited exclusion order after finding Apple products infringed a Samsung SEP subject to F/RAND obligations.<sup>123</sup> In this case, Samsung argued that exclusionary relief should generally be available against unwilling licensees, while Apple, the alleged infringer, argued that a F/RAND agreement “*per se* precludes a determination of violation” under Section 337, which would automatically deny the SEP holder exclusionary relief.<sup>124</sup> In this Final Determination, the USITC rejected Apple’s argument, holding that any public interest considerations must be based on the statutory language of Section 337.<sup>125</sup> The dissent, authored by Commissioner Pinkert, however, applied the public interest factors in

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118. Microsoft Corp. v. Motorola, Inc., 696 F.3d 872, 875–76 (9th Cir. 2012).

119. Microsoft Corp. v. Motorola, Inc. 904 F. Supp. 2d 1109, 1113 (W.D. Wash. 2012) (“A typical declaration . . . provides, in relevant part: ‘The Patent Holder will grant a license to an unrestricted number of applicants on a worldwide, non-discriminatory basis and on reasonable terms and conditions to use the patented material necessary in order to manufacture, use, and / or sell implementations of the above . . . International Standard.’”).

120. *Id.* at 1115.

121. *Microsoft*, 2013 U.S. Dist. LEXIS 60233, at \*20.

122. *In re Innovatio IP Ventures, LLC*, No. 11-C-9308, 2013 U.S. Dist. LEXIS 144061 (N.D. Ill. Oct. 3, 2013).

123. *Certain Electronic Devices*, Notice, *supra* note 1, at 3.

124. *Certain Electronic Devices*, Final, *supra* note 94, at 111.

125. *Certain Electronic Devices*, Final, *supra* note 94, at 112. Furthermore, “[t]he statute makes no distinction between patents that have or have not been declared to be essential to a standard.” *Certain Electronic Devices*, Final, *supra* note 94, at 46.

§1137(d)(1) to argue that the exclusionary relief should be denied.<sup>126</sup> The Federal Circuit upheld this USITC ruling.<sup>127</sup>

However, in August 2013, the USTR disapproved the USITC's exclusion order based on the policy considerations surrounding F/RAND-encumbered SEPs.<sup>128</sup> When explaining this decision, the USTR emphasized that "[l]icensing SEPs on F/RAND terms is an important element of the Administration's policy of promoting innovation and economic progress and reflects the positive linkages between patent rights and standards setting."<sup>129</sup> Since the USTR's power to review USITC orders is limited to policy (and not legal analysis), the disapproval order did not address whether there should be a per se rule against exclusionary relief.<sup>130</sup>

Since *Certain Electronics Devices*, the USITC has terminated three SEP investigations without considering the F/RAND issue. In two of these cases, the USITC found no infringement of the asserted SEPs.<sup>131</sup> In the third case, the USITC found the patent was not essential to the standard.<sup>132</sup> With mounting pressure from the Executive, Legislative, and Judicial branches, it remains to be seen how the USITC will approach future remedies regarding F/RAND-encumbered SEPs.

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126. *Certain Electronic Devices*, Final, *supra* note 94, at D1.

127. *Samsung Elecs. Co., Ltd. v. Int'l Trade Comm'n*, 556 F. App'x 962 (Fed. Cir. 2014).

128. Letter from Michael B.G. Froman, Ambassador, to Irving A. Williamson, Chairman of the Int'l Trade Comm'n (Aug. 3, 2013) at 3, [http://www.ustr.gov/sites/default/files/08032013%20Letter\\_1.pdf](http://www.ustr.gov/sites/default/files/08032013%20Letter_1.pdf) ("Under Section 337, the President is required to [evaluate any exclusionary orders issued by the USITC.] . . . The President may disapprove an order on policy ground, approve an order, or take no action and allow the order to come into force upon the expiration of the 60-day review period. This authority has been assigned to the United States Trade Representative [USTR].").

129. *Id.*

130. *See id.*

131. Alex Lawson, *InterDigital Scraps ITC Patent Suit as LG Tries to Arbitrate*, LAW360 (Jan. 14, 2014), <http://www.law360.com/articles/500464/interdigital-scraps-its-patent-suit-as-lg-tries-to-arbitrate> (claiming that the ITC found no infringement of asserted SEPs in the InterDigital case); David Long, *ITC Terminates LSI-Realtek 337 Investigation Without Addressing RAND Issues*, ESSENTIAL PATENT BLOG (Mar. 5, 2014), <http://www.essentialpatentblog.com/2014/03/itc-terminates-lsi-realtek-337-investigation-without-addressing-rand-issues-inv-no-337-ta-837/> (noting that the ITC found no infringement of SEPs in the LSI-Realtek 337 case).

132. David Long, *ITC Issues Limited Exclusion Order Upon Finding Patent Was Not Essential to JEDEC Standard*, ESSENTIAL PATENT BLOG (May 1, 2014), <http://www.essentialpatentblog.com/2014/05/itc-issues-limited-exclusion-order-upon-finding-patent-was-not-essential-to-jedec-standard-337-ta-501> (identifying that the ITC issued a limited exclusion order after finding the patent at issue was not a SEP for the JEDEC standard).

*C. Judicial, Executive, and Legislative Pressure  
on the USITC Approach*

Exclusionary relief regarding SEPs has become a hotly debated topic. Recent actions by the Executive and Legislative Branches of the United States government are pressuring the USITC to rethink its approach on granting exclusionary relief to F/RAND-encumbered SEPs.<sup>133</sup> Additionally, district courts have begun restricting the USITC's ability to provide exclusionary relief for such patents.

In May 2013, a district court granted a preliminary injunction barring defendants from enforcing any exclusionary relief obtained at the USITC regarding two RAND-encumbered SEPs.<sup>134</sup> This decision, the first of its kind by a federal court, found that the SEP owner breached RAND licensing obligations by failing to offer a license prior to filing a Section 337 action at the USITC.<sup>135</sup> Effectively, this decision barred the USITC from granting exclusionary relief until the district court completes an evaluation on the defendants' RAND obligations.<sup>136</sup> Although this decision does not ultimately prevent the USITC from acting, it strongly indicates disapproval of USITC exclusionary relief where the SEP owner is subject to F/RAND obligations. Additionally, it illustrates that district courts may have significant influence on the USITC's ability to grant exclusionary relief for F/RAND-encumbered patents.

Within the Legislative Branch, members of Congress have indicated dissatisfaction with the current USITC approach in ignoring the statutory public interest factor in Section 337. For example, four U.S. Senators wrote a bipartisan letter to the USITC Chairman during *Certain Electronic Devices* concerning decisions regarding F/RAND-encumbered SEPs.<sup>137</sup> In this letter, the Senators asked the USITC to "carefully assess the substantial public interest considerations," and warned against allowing an SEP owner to secure exclusion orders in breach of a F/RAND commitment.<sup>138</sup> Additionally, two Representatives have introduced a bill that would expand the public interest clause within the USITC statute.<sup>139</sup> Although this bipartisan effort is particularly

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133. Although these views or approaches are not binding on the USITC, they illustrate the will of the executive and legislative branches and may be persuasive to courts.

134. *Realtek Semiconducts v. LSI Corp.*, 946 F. Supp. 2d 998, 1009–10 (N.D. Cal. 2013).

135. *Id.* at 1010.

136. *Id.*

137. Letter from Senators Mike Lee, Amy Klobuchar, Jim Risch, and Mark Begich, U.S. Senators, to Irving Williamson, Chairman of the Int'l Trade Comm'n (May 21, 2013), <http://www.essentialpatentblog.com/wp-content/uploads/sites/234/2013/06/337-TA-794-5-21-2013-Senate-Letter.pdf> (a bipartisan letter signed by Senators Mike Lee (R-UT), Amy Klobuchar (D-MN), Jim Risch (R-ID), and Mark Begich (D-AK)).

138. *Id.*

139. H.R. 4763, 113th Cong. § 2 (2014), available at [https://www.congress.gov/bills/113/congressional-legislation/4763/](https://www.congress.gov/bills/113/congressional-legislation/4763); Dennis Crouch, *Patent Reform 2014: Removing Nonpractic-*



directed to limiting non-practicing entities (also known as “patent trolls”), it ultimately argues for the USITC to begin utilizing the public interest factor to evaluate competitive conditions in the United States.<sup>140</sup>

In the Executive Branch, federal agencies have weighed in. For example, the Federal Trade Commission (“FTC”) addressed the issue in its decision in *In the Matter of Motorola Mobility LLC and Google Inc.*<sup>141</sup> In this investigation, the FTC evaluated whether Google had violated Section 5 of the Federal Trade Commission Act (15 U.S.C. § 45) regarding unfair methods of competition by seeking a USITC exclusion order against parties willing to license its F/RAND-encumbered SEPs.<sup>142</sup> The terms of this settlement prevent Google from seeking injunctions on SEPs against any potential licensees who are willing to enter into a license on F/RAND terms, but permits injunctions where the potential licensee refuses such terms.

Additionally, in 2013, the Department of Justice Antitrust Division (“DOJ”) and the United States Patent and Trademark Office (“USPTO”) issued a joint policy statement regarding USITC grants of exclusion orders in cases involving standard-essential patents. The USTR cited specifically to this statement when explaining his decision to disapprove an exclusion order in *Certain Gaming Devices*.<sup>143</sup>

In this joint policy statement, the USPTO and DOJ cautioned the USITC against issuing exclusionary orders in situations involving SEPs, particularly where the SEP owner has voluntarily pledged to follow F/RAND licensing terms as part of the SSO agreement.<sup>144</sup> The agencies worried that an exclusion order denying access to SEPs would negatively impact “competitive conditions in the United States” and “United States consumers” by reducing the incentives to participate in SSOs.<sup>145</sup> The agencies asserted that the appropriate remedy should be “made against the backdrop of promoting both appropriate compensation to patent holders and strong incentives for innovators to participate in standards-setting activities.”<sup>146</sup>

Through this policy statement, the agencies appeared to be pushing the USITC away from its traditional bias in favor of the patent holder and toward enforcement of F/RAND licensing agreements. The agencies acknowledged that a USITC exclusion order is generally appropriate if an imported

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*ing Entities from the USITC’s Jurisdiction*, PATENTLY-O (Jun. 3, 2014), <http://patentlyo.com/patent/2014/06/removing-practicing-jurisdiction.html>.

140. See H.R. 4763.

141. Motorola Mobility LLC, No. C-4410, 2013 FTC LEXIS 96 (F.T.C. July 23, 2013).

142. *Id.*

143. Jay Jurata et al., *White House Reins in ITC on Standard-Essential Patents*, ORRICK (Aug. 5, 2013), <http://www.orrick.com/Events-and-Publications/Pages/White-House-Reins-In-ITC-on-SEPs.aspx>.

144. 2013 Joint Policy Statement, *supra* note 9, at 9.

145. 2013 Joint Policy Statement, *supra* note 9, at 8–9.

146. 2013 Joint Policy Statement, *supra* note 9, at 10.

good is found to infringe a patent.<sup>147</sup> However, the agencies noted that public interest “may preclude the issuance of an exclusion order” in some cases, and these factors should weigh more heavily than “mere lip service.”<sup>148</sup> The agencies continued to find that these public interest factors may lead the USITC to either completely avoid an exclusion order or to delay the effective date of such an order.<sup>149</sup>

Nevertheless, the agencies emphasized that selecting an appropriate remedy for infringed SEPs requires a fact-intensive analysis. Specifically, the agencies argued that public interest considerations are likely to make an exclusion order inappropriate where the infringer (1) is acting within the scope of the patent holder’s F/RAND commitment and (2) is able and has not refused to license on F/RAND terms.<sup>150</sup> Where the SEP holder has voluntarily entered a commitment to license her patents on F/RAND terms, the agencies believe money damages are preferable to exclusionary relief.<sup>151</sup>

#### IV. A GENERAL RULE AGAINST EXCLUSIONARY RELIEF FOR F/RAND-ENCUMBERED SEPs

As illustrated in the previous Parts of this Note, the USITC and district courts approach exclusionary relief for F/RAND-encumbered SEPs in conflicting ways. Clear guidance in the form of a more uniform approach would discourage forum shopping by plaintiffs; avoid ambiguity in the law by providing consistent rules; and increase efficiency by providing greater certainty for judges, parties, and the public. Therefore, this Note proposes a general rule that both district courts and the USITC should apply their respective public interest factor to establish a general rule in favor of denying exclusionary relief whenever a SEP owner has violated its F/RAND commitments. District courts should continue to deny injunctions, but they should do so by considering F/RAND commitments primarily within the public interest prong of the *eBay* framework. The USITC should now base its denial of exclusionary relief on the public interest factor of Section 337(d)(1). Although this Note does not argue whether F/RAND commitments by a SEP owner to a SSO should be viewed as a binding agreement to license that patent, the related policy considerations support disfavoring exclusionary relief as a remedy for F/RAND-encumbered SEPs. This rule should apply

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147. 2013 Joint Policy Statement, *supra* note 9, at 2.

148. 2013 Joint Policy Statement, *supra* note 9, at 9–10.

149. 2013 Joint Policy Statement, *supra* note 9, at 10.

150. 2013 Joint Policy Statement, *supra* note 9, at 9.

151. 2013 Joint Policy Statement, *supra* note 9, at 9 (“In an era where competition and consumer welfare thrive on interconnected, interoperable network platforms, the DOJ and USPTO urge the USITC to consider whether a patent holder has acknowledged voluntarily through a commitment to license its patents on F/RAND terms that money damages, rather than injunctive or exclusionary relief, is the appropriate remedy for infringement.”).

whenever the alleged infringer provides facts establishing a F/RAND commitment, but should not require the creation of an affirmative defense.

A patent holder who has made a F/RAND commitment has altered the expected “rights” conferred by a patent. The SEP holder’s voluntary commitment shifts this innovation-incentivizing factor from the property right to exclude toward the liability right to obtain a reasonable fee. Adjudicative bodies should not be required to wait for evidence of patent holdup or conduct other fact-intensive inquiries before recognizing that the SEP holder has violated her agreement. Although the USITC believes that enforcing patents is in the public interest, it should also recognize that enforcing F/RAND agreements is also in the public interest. As discussed in previous sections, the Executive Branch has recently promoted this view at the USITC through the actions of the FTC, USPTO, DOJ, and USTR.

The solution, therefore, is a two-step process that begins after the adjudicative body has found that patent infringement has occurred: First, the adjudicative body must identify whether the patent is subject to a F/RAND obligation. Second, the adjudicative body must identify whether the patent owner has breached this F/RAND obligation. The SEP holder should be permitted some flexibility when enforcing F/RAND-sufficient terms. Courts and the USITC should recognize that “fair and reasonable” are fact-intensive inquiries and may be satisfied by a small range of values. However, SEP holders should not be permitted to abuse this power. The *Microsoft* case indicates that courts are capable of identifying F/RAND royalty rates and terms. Although this may be a costly approach for the parties throughout a tedious litigation process, giving district courts this power will motivate the parties to settle, or negotiate a reasonable license.<sup>152</sup>

Once breach of a F/RAND obligation has been identified, the adjudicative body should consider this factor as weighing strongly against a grant of exclusionary relief within its public interest analysis. At the district courts, this falls squarely within the public interest prong of the *eBay* framework. At the USITC, this finding should weigh heavily within the “competitive conditions” and “United States consumers” prongs of the Section 337(d)(1) public interest analysis. Ignoring F/RAND obligations weakens the competitive conditions within standards-dependent fields, ultimately shifting the costs onto American consumers. Additionally, the USITC’s evaluation of the “production of like or directly competitive articles” public interest factor should be greatly tempered by the existence of a F/RAND agreement. Where SEP holders place their patented technology within the standard, other in-

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152. For example, in *In re Innovatio*, many parties settled after a district court reorganized the traditional decision-making order and determined a RAND rate prior to investigating infringement. Renata B. Hesse, Dep’t of Justice, A Year in the Life of the Joint DOJ-PTO Policy Statement on Remedies for F/RAND Encumbered Standards-Essential Patents, at 11 (2014), available at <http://www.justice.gov/atr/public/speeches/304638.pdf>; *In re Innovatio IP Ventures, LLC Patent Litig.*, 921 F. Supp. 2d 903 (N.D. Ill. 2013).

ventors are essentially required to use that technology to be competitive in the market. Therefore, any likeness between competing articles due to this agreement should not weigh in favor of granting exclusionary relief. Both the USITC and the district courts have indicated unwillingness to apply a per se rule against exclusionary relief in all cases involving F/RAND-encumbered SEPs. A per se rule would be overly broad, and may overly burden the patent holder. For example, a potential licensee may unreasonably insist on non-F/RAND terms. The SEP holder should not be punished for refusing such a license. Similar to the FTC settlement agreement involving Google, the rule proposed here is more limited than a per se rule, and should appeal more broadly to adjudicative bodies.

If the USITC refuses to grant exclusionary-type relief, SEP holders can still use district court to obtain damages. Since there is no per se rule, the USITC will not be rendered powerless by this approach—it can still grant exclusionary-type relief in appropriate situations. Additionally, the USITC retains its value because it handles many other patent cases. As previously discussed, the USITC sees relatively few cases involving SEPs, and many of these never reach the exclusionary order question.

#### CONCLUSION

Recent decisions from district courts and the USITC have led to inconsistent approaches regarding exclusionary remedies where F/RAND-encumbered SEPs are infringed. Since the USITC's only available remedy is exclusionary relief, it has been reluctant to deny relief in such cases. However, where the SEP owner has previously agreed to license patents (under F/RAND terms) in exchange for the benefits of owning a standard-essential patent, the USITC should not be so reluctant to deny exclusionary relief. Therefore, the district courts and the USITC should adopt a general rule denying exclusionary relief for infringement of F/RAND-encumbered SEPs whenever the patent owner has breached a F/RAND commitment made to a SSO.