

TRIPS Across Borders: Standards and Sovereignty in Transnational FRAND Litigation

*Eli Greenbaum**

Introduction

Highlighting growing tensions in international trade, the European Union (EU) recently launched a landmark case against China at the World Trade Organization (WTO). The lawsuit targets the enforcement of standard essential patents (SEPs) within China's judicial system.¹ Given the complex factual and legal background of the dispute, it might be tempting to view its consequences as confined to that specialized niche of intellectual property law. But that perspective underestimates the case's potentially broad impact on the architecture of international intellectual property law. The dispute risks shaping an international legal framework that cannot shoulder the complexities of intellectual property transactions in the global marketplace.

Cross-border transactions involving patented technology highlight specific jurisdictional tensions in intellectual property law. First, the territorial limitations of intellectual

* Partner, Arnon, Tadmor-Levy, J.D., Yale Law School; M.S., Columbia University.

¹ Request for the Establishment of a Panel by the European Union, *China—Enforcement of Intellectual Property Rights*, § 1.1, WTO Doc. WT/DS611/5 (Dec. 9, 2022).

property rights contrast with the globalized nature of contemporary commerce.² Patents are inherently national, with their validity confined to the borders of the granting state. Yet, the economic activities they aim to regulate often transcend these borders. When disputes arise, parties to these arrangements may attempt to convince individual jurisdictions to extend their territorially confined rights to encompass the full scope of the transaction, if only to streamline the management of the conflict.³ Sometimes anticipating disputes, parties may contractually agree to channel the conflict to a preferred forum rather than allowing the dispute to sprawl uncontrollably across jurisdictions.⁴

Second, patents are simultaneously both instruments of public policy and commodities in the private marketplace.⁵ On one hand, patents are conferred by states through a public law mechanism, a sovereign act designed to incentivize innovation by rewarding inventors with exclusive rights. This public aspect underscores a social contract: in exchange for contributing to the public knowledge pool, inventors are granted temporary rights to exclude others. On the flip side,

² See Eli Greenbaum, *No Forum to Rule Them All: Comity and Conflict in Transnational FRAND Disputes*, 94 WASH. L. REV. 1085, 1085–86 (2019).

³ INTELLECTUAL PROPERTY: PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW, AND JUDGEMENTS IN TRANSNATIONAL DISPUTES § 204(3) (AM. L. INST. 2007) [hereinafter A.L.I. PRINCIPLES] (extending courts' jurisdiction of a forum to cover extraterritorial infringement); *id.* § 204 cmt. d (noting the jurisdictions in which courts have asserted extraterritorial jurisdiction based on an effects test).

⁴ *Id.* § 202.

⁵ See ROBERT P. MERGES, *AMERICAN PATENT LAW: A BUSINESS AND ECONOMIC HISTORY* 2 (2022).

once granted, these patents transform into private rights, subject to trade, sale, and licensing in global markets.⁶ In cross-border commercial arrangements, patentees may employ standard legal mechanisms to structure their transactions and establish frameworks for effective dispute resolution. However, due to public law considerations, the interests of patent-granting jurisdictions are always present in the background. Consequently, jurisdictions may resist certain contractual frameworks agreed upon by the parties, instead asserting the jurisdiction's own legal standards and priorities.

The WTO case brought by the EU involves international commercial transactions that implicate all of these tensions. The arrangements at issue concern families of patents stringing across global markets, multiple jurisdictions competing to untangle disputes about the licensing of those patents, and private actors pushing those disputes towards the courts of specific jurisdictions. But the legal architecture that the EU brought to adjudicate the case addressed none of these tensions. The EU grounded the majority of its arguments in a close reading of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights.⁷ TRIPS was

⁶ *Id.* at 16.

⁷ Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299 [hereinafter TRIPS]. The arguments of the EU before the WTO dispute resolution panel were set forth at length in the First Written Submission of the European Union, *China—Enforcement of Intellectual Property Rights*, WT/DS611 (June 8, 2023) [hereinafter First EU Submission], <https://circabc.europa.eu/ui/group/>

intended to establish a minimum international baseline for intellectual property protection, but it also allows members the flexibility to address their own social and economic needs. But TRIPS does not address the central tensions of this case—the complexity of private transactions for public rights and jurisdictional competition to adjudicate those rights. Insisting on employing the unrelated TRIPS framework for the resolution of this dispute risks forging an international legal edifice that lacks the sophistication to manage the intellectual property dealings of our globalized era.

I. Standards Wars

International standards, such as the 5G standard for cellular technology, play a crucial role in ensuring interoperability and compatibility across a wide range of devices and communication systems. Without such global standards, the digital landscape would fragment into isolated islands of

cd37f0ff-d492-4181-91a2-89f1da140e2f/library/aaa60c17-81f6-4f31-9378-a9946dab6af8/details [https://perma.cc/7USU-AM76]; Replies of the European Union to the Questions from the Panel after the First Substantive Meeting, *China—Enforcement of Intellectual Property Rights*, WT/DS611 (Nov. 20, 2023) [hereinafter EU Reply], <https://circabc.europa.eu/ui/group/cd37f0ff-d492-4181-91a2-89f1da140e2f/library/>

47a6270a-901a-41fe-abc1-375e29c6ef0f/details [https://perma.cc/L3SS-J3EB]; and Second Written Submission by the European Union, *China—Enforcement of Intellectual Property Rights*, WT/DS611 (Jan. 15, 2024) [hereinafter Second EU Submission], <https://circabc.europa.eu/ui/group/>

cd37f0ff-d492-4181-91a2-89f1da140e2f/library/36af6376-91c0-4cac-9129-c1c9a3440cc0/details [https://perma.cc/68KA-Z4HG]. The arguments of China to the dispute resolution panel have yet to be made public.

technology, with devices and systems speaking incompatible languages. Given the importance of such standards, key technologies within the standards are often protected by numerous patents, with each such patent deemed “essential” for implementation of the technology. But, given that standards are used to promote interoperability between participants in the technology ecosystem, these “standard essential patents” (SEPs) are not ordinarily deployed to restrict access to technology. Rather, stakeholders commonly commit to license their SEPs on “fair, reasonable, and non-discriminatory” (FRAND) terms. This FRAND commitment leverages patents to promote the dissemination of technology and catalyze participation in standards development by ensuring that developers have access to the technology to implement the standards while patentees receive a fair return on their investment in innovation.⁸

While each patent underpinning the FRAND commitment is separately granted by a specific territory, the FRAND commitment itself is not tied to any specific jurisdiction. This absence of a designated legal forum for disputes allows parties in disagreement over the FRAND terms to seek resolution in different courts worldwide. This flexibility leads to a patchwork of interpretations, as each jurisdiction has its own approach to patent rights and innovation policy, influencing how disputes are settled and FRAND royalty rates are determined. This situation in turn seeds a competitive landscape among jurisdictions, each vying to attract litigants and shape the global standards for technology licensing and innovation.

⁸ See generally Greenbaum, *supra* note 2.

The WTO litigation initiated by the EU concerned antisuit injunctions (ASIs)—a tool used by litigants and courts to manage jurisdictional complexity. ASIs are judicial orders that restrain a party from initiating or continuing litigation proceedings in another jurisdiction and are generally aimed at preventing conflicting judgments and preserving the issuing court’s jurisdiction over a particular matter. The first issuance of an ASI in a FRAND dispute occurred in *Microsoft v. Motorola*,⁹ in which a U.S. federal court was tasked with determining a global FRAND royalty rate to be payable by Microsoft in respect of Motorola’s patents. In the context of that litigation, the court issued an ASI to prevent Motorola from enforcing a German injunction against Microsoft for infringing those patents, a decision that was affirmed on appeal. The court found that allowing enforcement of the German injunction would “frustrate[]” the proceedings in the United States to determine the royalty rate for the licensing of those same Motorola patents.¹⁰ Similarly, in *Huawei v. Samsung*,¹¹ the Northern District of California was also asked to set global FRAND rates. The court granted Samsung an ASI to stop Huawei from enforcing patent injunctions in China, reasoning that the Chinese injunctions could hinder the U.S. court’s ability to evaluate the necessity of injunctive relief.¹² Litigants have pursued but been denied ASIs in several other United States cases—for example, because the litigants did not consent to having the court set binding global

⁹ *Microsoft Corp. v. Motorola, Inc.*, 871 F. Supp. 2d 1089 (W.D. Wash. 2012), *aff’d*, 696 F.3d 872 (9th Cir. 2012).

¹⁰ *Id.* at 1100.

¹¹ *Huawei Techs. Co. v. Samsung Elecs. Co.*, No. 3:16-cv-02787-WHO, 2018 U.S. Dist. LEXIS 63052 (N.D. Cal. Apr. 13, 2018).

¹² *Id.* at *33–34.

FRAND rates.¹³ In these latter cases, the courts did not find that allowing the enforcement of foreign injunctions would presumptively interfere with the resolution of other issues before the court.

The WTO suit brought by the EU concerns several ASIs issued by Chinese courts. During the course of 2020, several technology companies brought lawsuits in Chinese courts against SEP holders.¹⁴ The initial cases saw Chinese courts setting FRAND rates for Chinese patents implemented by these technology companies.¹⁵ In later cases, however, plaintiffs began requesting that the Chinese courts set global FRAND rates—in other words, to set royalty rates in respect of both Chinese and non-Chinese patents.¹⁶ In each case, in addition to the suits brought by implementers in Chinese courts to set FRAND royalty rates, the SEP holders sued these implementers for patent infringement in jurisdictions

¹³ See, e.g., *Ericsson v. Lenovo (United States), Inc.*, No. 5:23-CV-00569-BO, 2024 U.S. Dist. LEXIS 26060, at *26–28 (E.D.N.C. Feb. 14, 2024); *Apple, Inc. v. Motorola Mobility, Inc.*, No. 11-cv-178-bbc, 2012 U.S. Dist. LEXIS 157525, at *6–7 (W.D. Wis. Nov. 2, 2012).

¹⁴ The EU complaints specifically targeted the Chinese cases of *Huawei v. Conversant* in the Supreme People’s Court, the cases of *ZTE v. Conversant* and *Oppo v. Sharp* in the Shenzhen Intermediate People’s Court, and the cases of *Xiaomi v. InterDigital* and *Samsung v. Ericsson* in the Wuhan Intermediate People’s Court. All of the ASIs in these cases were granted in 2020. See First EU Submission, *supra* note 7, at § 3.1, ¶ 19. For more background regarding these Chinese proceedings, see Peter K. Yu, Jorge L. Contreras & Yu Yang, *Transplanting Anti-Suit Injunctions*, 71 AM. U. L. REV. 1537, 1578–87 (2022).

¹⁵ Yu et al., *supra* note 14, at 1576 (noting that ZTE asked the Shenzhen Intermediate People’s Court to determine FRAND rates for Conversant’s Chinese patents); *id.* at 1577 (noting that the Nanjing Intermediate People’s Court set Chinese FRAND rates for patents implemented by Huawei).

¹⁶ *Id.* at 1581 (*InterDigital v. Xiaomi*); *id.* at 1583 (*Oppo v. Sharp*); *id.* at 1586–87 (*Ericsson v. Samsung*).

outside of China, either before or subsequent to the Chinese filings.¹⁷ The Chinese courts then issued ASIs against the continuation of the non-Chinese actions—essentially orders directing the patentees to cease the non-Chinese actions, or to not enforce judgments issued by the non-Chinese courts.¹⁸ The Chinese ASIs also included the imposition of significant fines for violation of their terms.¹⁹ The result of this series of ASIs was to centralize all litigation concerning these FRAND disputes in Chinese courts, effectively sidelining courts in other jurisdictions, including those jurisdictions which had granted the issued patents. Eventually, the parties in these cases settled their claims.²⁰

For example, in one of the four cases contested by the EU, the Chinese consumer electronics manufacturer Xiaomi filed a lawsuit in June 2020 against the United States research and development company InterDigital in the Intermediate People’s Court in Wuhan, China. Xiaomi sought a determination of global FRAND rates for InterDigital’s SEP portfolio.²¹ Following this lawsuit, Interdigital filed an SEP infringement lawsuit against Xiami in New Delhi, India. Xioami then requested and received an ASI against Interdigital from the Wuhan court. The ASI prohibited Interdigital from pursuing parallel actions worldwide, covering both the existing Indian proceedings and any future lawsuits in respect of the

¹⁷ *Id.* at 1576–87.

¹⁸ *Id.*

¹⁹ *Id.* at 1580 (Conversant cases); *id.* at 1582 (InterDigital v. Xiaomi); *id.* at 1584 (Oppo v. Sharp); *id.* at 1586 (Ericsonn v. Samsung).

²⁰ First EU Submission, *supra* note 7, § 5.4, ¶ 297.

²¹ Yu et al., *supra* note 14, at 1581.

patents. Furthermore, the ASI barred Interdigital from seeking patent infringement injunctions against Xiaomi and also from soliciting courts in other jurisdictions to determine SEP licensing rates. As in other cases, the court provided that breach of the Chinese ASI would result in the imposition of significant fines. Faced with the Chinese FRAND suit and constrained by the restrictions of the Chinese ASI, Interdigital settled its dispute with Xiaomi.

II. The EU Strikes Back

The European Union used the WTO dispute resolution mechanism to challenge the ASI practice of the Chinese courts, asserting that the practice violated China's substantive obligations under TRIPS.²² The TRIPS Agreement, part of the WTO framework, sets minimum standards for the protection and enforcement of intellectual property rights worldwide, and it aims to harmonize how IP is regulated among member states. TRIPS is designed to ensure that differences in intellectual property regulations and their application across diverse jurisdictions do not impede legitimate trade.²³

The EU pointed to several substantive TRIPS provisions that were ostensibly breached by the Chinese ASIs. First, the EU contended that the ASIs violated TRIPS by limiting patent

²² See First EU Submission, *supra* note 7, at § 6.2.1, ¶ 328; *id.* § 6.3.6, ¶ 371; *id.* § 7.2.1, ¶ 380; *id.* § 7.3.6, ¶ 394; *id.* § 8.3, ¶ 460; *id.* § 9.2.1, ¶ 472. The EU also contended that the Chinese ASIs also violated transparency obligations under TRIPS as well as additional obligations assumed by China upon its accession to the WTO. These assertions are beyond the scope of this paper.

²³ See generally MATTHEW KENNEDY, WTO DISPUTE SETTLEMENT AND THE TRIPS AGREEMENT: APPLYING INTELLECTUAL PROPERTY STANDARDS IN A TRADE LAW FRAMEWORK (2016).

owners' ability to seek legal redress in jurisdictions outside of China. Although TRIPS does not expressly demand that member states uphold intellectual property rights outside their territorial limits, the EU anchored its arguments in interpretive nuances of TRIPS. The EU pointed to Article 1.1 of TRIPS, which requires member states to "give effect"²⁴ to the rights of patent owners, which includes the rights of patentees under Section 28 of TRIPS to both "prevent"²⁵ patent infringement and "conclude licensing contracts."²⁶ Essentially, the EU argued that this TRIPS language should be interpreted to mean that China was obligated to effectuate these rights of patentees—not only within China's own territory, but also to ensure that China did not extraterritorially interfere with those rights in non-Chinese jurisdictions.²⁷ According to the EU, China violated these extraterritorial TRIPS obligations when the Chinese courts effectively prevented the SEP patent holders from exercising their rights outside of China.

Second, the EU contended that the ASI orders, in their sweeping prohibition against patent holders enforcing rights in jurisdictions beyond China, failed to align with the required enforcement procedures of TRIPS. Section 41.1 of TRIPS requires members to ensure that procedures for the enforcement of intellectual property do not "creat[e] . . . barriers to legitimate trade" and include "safeguards against their abuse."²⁸ The Chinese ASIs, however, actually raised

²⁴ TRIPS, *supra* note 7, art. 1.1.

²⁵ TRIPS, *supra* note 7, art. 28.1.

²⁶ TRIPS, *supra* note 7, art. 28.2.

²⁷ See First EU Submission, *supra* note 7, § 6.2, ¶¶ 313–27.

²⁸ TRIPS, *supra* note 7, art. 41.1.

trade barriers by preventing patent owners from taking action against infringing goods in the jurisdictions in which such patents were issued.²⁹ Moreover, the Chinese practices did not include procedures that would safeguard against the judicial abuse of the ASIs. For example, Chinese courts were not required to take into account the extraterritorial effect of the ASIs or to ensure that the ASIs were necessary to protect the implementers rights. They also did not require patent-holders requesting the ASIs to provide security.³⁰ In sum, according to the EU, the Chinese courts' issuance of ASIs undermined the rights of patent holders to enforce their rights outside of China.

At their foundation, the EU's arguments are grounded in concerns about the jurisdictional overreach of the Chinese courts. Unlike the typical TRIPS debates that revolve around whether individual jurisdictions have appropriately balanced intellectual property rights against socio-economic imperatives, the EU's concerns focus on the extraterritorial reach of judicial authority—whether and under what conditions one jurisdiction may issue judgments concerning the validity and infringement of the intellectual property rights of another jurisdiction. For example, a cornerstone of the EU's argument was that the authority to adjudicate on the validity and infringement of a patent should exclusively reside with the jurisdiction that originally granted the patent, and that the Chinese ASIs allow Chinese courts to illegitimately usurp that authority.³¹ Moreover, the EU asserted that Chinese ASI

²⁹ First EU Submission, *supra* note 7, § 8.2.2, ¶¶ 429–38.

³⁰ See First EU Submission, *supra* note 7, § 8.2.3, ¶¶ 439–46.

³¹ First EU Submission, *supra* note 7, § 6.3, ¶ 330 (asserting that the patent-granting jurisdiction is the “only forum where the exclusive rights

policy constituted judicial imperialism, as the policy ostensibly aimed to make Chinese courts the default “forum of choice” for deciding global FRAND rates and to preclude concurrent litigation in other jurisdictions.³² In sum, the EU’s arguments depart from ordinary TRIPS discourse, raising deeper issues of jurisdiction, sovereignty and the rule of law within the global legal ecosystem.

III. Return of the Jurisdictional Boundaries

The fundamental goal of TRIPS was to set a common baseline of intellectual property protection across jurisdictions. This goal is broadly consistent with the EU’s vision of territorial intellectual property rights—TRIPS set minimum standards, but it also recognized that individual states should have the flexibility to adjust intellectual property protection in accordance with local preferences. However, in its

conferred on patent owners . . . can be exercised”); *id.* § 6.3.6, ¶ 369 (“[O]nly the courts of the countries for which the patents are granted are competent to rule on the validity of those patents and take action against their infringement.”); *id.* § 9.2, ¶ 467 (asserting that “the exclusive rights of a patent owner can only be exercised . . . before the courts of the country which has granted the patent concerned”).

³² *Id.* § 6.2, ¶ 325 (asserting that the Chinese ASIs are “intended to position Chinese courts as the forum of choice for implementers wishing to obtain a determination of terms and conditions for global FRAND licences more favourable to their interests”); *id.* ¶ 326 (contending that the ASIs are targeted to “prevent parallel litigation from continuing or emerging altogether in other WTO Members”); *see also* EU Reply, *supra* note 7, ¶ 62 (asserting that Chinese ASIs are an effort to advance “Chinese law and Chinese interests”). For the Chinese perspective on how ASIs protect Chinese “judicial sovereignty,” see Mark A. Cohen, *China’s Practice of Anti-Suit Injunctions in Standard-Essential Patent Litigation: Transplant or False Friend?*, in *5G AND BEYOND: INTELLECTUAL PROPERTY AND COMPETITION POLICY IN THE INTERNET OF THINGS* 215, 220 (Jonathan M. Barnett & Seán M. O’Connor eds., 2024) (quotations omitted).

arguments, the EU attempted to expand TRIPS' mission to also include the delineation of jurisdictional boundaries. This recalibration of TRIPS, conceived in order to contest specific Chinese enforcement practices, risks also impugning a broad range of current practices in other national jurisdictions. Moreover, such a move risks destabilizing long-standing legal and commercial norms that have already evolved to reduce jurisdictional risk in cross border intellectual property transactions, fostering an international legal framework ill-equipped to accommodate the demands of global economic engagements.

Most obviously, the EU's advocated interpretation would affect the criteria for issuing antisuit injunctions in cross-border intellectual property disputes. For example, the EU argued that the Chinese ASIs were issued based solely on the risk of inconsistent judgments without consideration of whether the enjoined foreign litigation was "vexatious," and that this standard for issuing ASIs does not align with the requirements of the TRIPS Agreement.³³ However, the EU stance would also impugn some of the standards used in United States and foreign courts to issue ASIs. For example, the Fifth, Seventh, and Ninth Circuits employ relatively lenient criteria in determining whether to issue ASIs, and the

³³ First EU Submission, *supra* note 7, § 6.3, ¶ 331 (asserting that Chinese courts did not establish that the enjoined foreign litigation was "vexatious or oppressive," instead concluding that "the prohibition to commence, continue or enforce the results of infringement proceedings before the courts of other WTO Members was based on the consideration that the decisions of those courts could conflict with the final judgements to be issued by the Chinese courts"); *id.* § 6.3.6, ¶ 368 (contending that the Chinese courts issued ASIs without establishing that recourse "to courts outwith China was vexatious or oppressive").

standards of those courts do not necessitate a finding that the foreign suit is vexatious.³⁴ Using an example from a FRAND dispute, the U.S. federal district court in *Huawei v. Samsung* issued an injunction against Chinese FRAND litigation because of a risk that the Chinese judgment would be inconsistent with domestic United States policy, and despite expressly declining to label the foreign proceedings as "vexatious."³⁵

The EU also demanded a specific approach to the application of international comity in ASIs. While the concept of comity has generally not been well-defined in United States law, when applied to judicial proceedings it generally refers to the question of whether a domestic court will defer to the jurisdiction or judgment of a foreign court.³⁶ At the heart of the EU's critique is a contention that Chinese courts do not sufficiently consider comity in issuing ASIs—that the Chinese courts used ASIs to obstruct foreign legal proceedings,³⁷

³⁴ See generally Jorge L. Contreras & Michael A. Eixenberger, *The Anti-Suit Injunction – A Transnational Remedy for Multi-Jurisdictional SEP Litigation*, in THE CAMBRIDGE HANDBOOK OF TECHNICAL STANDARDIZATION LAW: COMPETITION, ANTITRUST AND PATENTS 451 (Jorge L. Contreras ed., 2017) (describing the standards used by United States courts for issuing ASIs). Similarly, the standard used by English courts in determining whether to issue an antisuit injunction does not require that the enjoined foreign litigation be vexatious. See Neil A. Dowers, *The Anti-Suit Injunction and the EU: Legal Tradition and Europeanisation in International Private Law*, 2 CAMBRIDGE J. INT'L & COMP. L. 960, 963 (2013).

³⁵ *Huawei Techs. Co. v. Samsung Elecs. Co.*, No. 3:16-cv-02787-WHO, 2018 U.S. Dist. LEXIS 63052, at *34–38 (N.D. Cal. Apr. 13, 2018).

³⁶ See William S. Dodge, *International Comity in American Law*, 115 COLUM. L. REV. 2071, 2104–05 (2015).

³⁷ See First EU Submission, *supra* note 7, § 8.2.3, ¶ 443 (asserting that in issuing ASIs, Chinese courts pay "little consideration [to] the ... impact on enforcement procedures in other Members"); *id.* § 9.2, ¶ 467 (claiming that "China's anti-suit injunction policy in SEP litigation thus restricts, or seeks to restrict, the access by SEP owners to the

that the Chinese courts used ASIs to usurp the authority of patent-issuing jurisdictions to adjudicate matters of validity and infringement,³⁸ and that Chinese courts substituted their own judgments for the assessments of EU courts on matters of domestic EU patent law.³⁹ However, to the extent that the EU is demanding that foreign courts emphasize comity in the issuance of ASIs, it would seem that American courts would also fail to meet this standard. Both United States courts that have issued ASIs in the context of FRAND litigation have expressly downplayed the role that comity should play in determining whether to issue an ASI. In the words of the Ninth Circuit in the *Microsoft* case, “[a]t bottom,” a dispute about FRAND royalty rates “is a private dispute under . . . state contract law . . . [that] does not raise any ‘public international issue.’”⁴⁰

The *Huawei* and *Microsoft* rulings reveal a stark contrast in the handling of ASIs compared to the approach championed by the EU. These United States decisions lean heavily on the paradigm of private contracting, positioning such private arrangements as the primary mechanism for resolving

courts of other WTO Members”); *id.* ¶ 471 (asserting that China’s policy “interferes with the exercise [of power] by the judicial authorities of other WTO Members”).

³⁸ See *supra* text accompanying note 31.

³⁹ See First EU Submission, *supra* note 7, § 8.2.3.1, ¶ 451 (asserting that “[b]y issuing anti-suit injunctions, Chinese courts essentially assert that non-Chinese courts are not free or cannot assess if national patents are infringed”); EU Reply, *supra* note 7, ¶¶ 47–48.

⁴⁰ *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 888 (9th Cir. 2012); see also *Huawei Techs. Co. v. Samsung Elecs. Co.*, No. 3:16-cv-02787-WHO, 2018 U.S. Dist. LEXIS 63052, at *38–39 (N.D. Cal. Apr. 13, 2018) (citing approvingly the *Microsoft* categorization of FRAND royalty disputes as an issue of private contract law that does not raise substantial issues of comity).

transnational FRAND disputes. On the flip side, the European Union advocates for a robust deference to the judgments of foreign courts and highlights the critical role of comity in the adjudication of cross-border ASIs. The EU perspective broadens the lens to consider FRAND disputes not just as private litigation battles but as issues enmeshed with public law concerns that demand greater deference to the patent-granting jurisdiction. These divergent approaches underscore a common point: different jurisdictions can reconcile the tensions between private and public law considerations in cross-border IP disputes in different ways. Each jurisdiction can find different equilibrium points in balancing the battling public and private law considerations in cross border FRAND disputes. The arguments put forth by the European Union do not so much mirror the mandates of the TRIPS agreement as they articulate the EU's own calibration in balancing these competing tensions.

The EU's position could also erode established practices that are widely used to bring jurisdictional structure to sprawling cross-border disputes. For example, the EU stance may undermine the enforceability of forum selection clauses – provisions in contracts which require litigation to take place in predetermined forums or jurisdictions. The EU argues that TRIPS bars member states from preventing patentees from enforcing their “rights through the courts of the countries” that granted the patents.⁴¹ Moreover, the EU argues that only the courts of the jurisdiction issuing a patent have the authority to adjudicate the validity or infringement

⁴¹ First EU Submission, *supra* note 7, § 6.2, ¶ 321.

of that patent.⁴² But the commonplace enforcement of forum selection clauses directly contravenes these assertions. For instance, American courts have repeatedly held that forum selection clauses in license agreements are sufficient to consolidate associated patent litigation—including claims regarding the infringement and validity of the relevant patents—within the designated forum.⁴³ Similarly, the international Hague Convention on Choice of Court Agreements (to which all members of the EU are party) expressly provides for the cross-border recognition of forum-selection clauses in respect of the adjudication of certain questions of validity and infringement.⁴⁴ In other words, by leveraging

⁴² See *supra* footnote 31 and accompanying text; see also EU Reply, *supra* note 7, ¶ 77 (asserting that “German courts were the sole courts competent to determine whether *Huawei* had infringed . . . for the territory of Germany”).

⁴³ See *Warner & Swasey Co. v. Salvagnini Transferica S.P.A.*, 806 F.2d 1045, 1046 (Fed. Cir. 1986), *aff’d* 633 F. Supp. 1209, 1210–11 (W.D.N.Y. 1986) (affirming the decision of the district court that, under a forum-selection clause in a license agreement, a plaintiff must sue for the infringement of United States patents in Italy); *Fairchild Semiconductor Corp. v. Third Dimension (3D) Semiconductor*, 589 F. Supp. 2d 84, 99–100 (D. Me. 2008) (enforcing a forum-selection clause in the context of a royalty dispute, even though the case would require determination of whether the products infringed a Chinese patents); *Prod. Res. Grp. v. Martin Profl*, 907 F. Supp. 2d 401, 403, 405 (S.D.N.Y. 2012) (dismissing a patent-infringement action because a forum-selection clause provided for the exclusive jurisdiction of the courts of England and Wales); *C. R. Bard, Inc. v. Atrium Med. Corp.*, No. CV-21-00284-PHX-DGC, 2021 U.S. Dist. LEXIS 197408, at *13 (Ariz. Oct. 13, 2021) (refusing to dismiss claims that a forum-selection clause barred challenging the validity of Canadian patents outside of the District of Arizona). In English courts, there is a presumption in favor of issuing anti-suit injunction to enforce a choice-of-forum clause. *Dowers*, *supra* note 34, at 962.

⁴⁴ Hague Conference on Private International Law, Convention on Choice of Court Agreements arts. 5 and 6, June 30, 2005, 44 I.L.M. 1294 [hereinafter Hague Choice of Court Agreement], <https://www.hcch.net/upload/conventions/txt37en.pdf>.

TRIPS to counter the focused problem of Chinese ASIs, the EU risks destabilizing other, well-established strategies for managing the jurisdictional challenges of global intellectual property transactions.⁴⁵

Arbitration agreements are another widely-accepted practice that could be undermined by the EU position. Arbitration, favored for its efficiency and confidentiality, is a pillar of dispute resolution in international commerce, especially in intellectual property matters. Indeed, commentators have suggested that arbitration may be the preferred method for resolving FRAND licensing disputes.⁴⁶ Contractual commit-

⁴⁵ Indeed, this position of the EU before the WTO is inconsistent with the internal laws of the EU itself, and risks destabilizing the EU's own rules regarding the jurisdiction of courts of EU Member States. Under EU law, contrary to the position of the EU before the WTO, courts of Member

States may have jurisdiction to hear infringement actions regarding foreign patents. *See* Opinion of Advocate General Emiliou, *BSH Hausgeräte GmbH v Electrolux AB*, Case C-339/22 [2024], ¶¶ 27–28. As to validity, EU law currently does not allow EU Member States to adjudicate disputes regarding the validity of patents granted by EU Member States, even when patent validity is raised as a defense in infringement suits, *id.* ¶ 38, though the Advocate General of the EU has described such position as “unfortunate.” *Id.* ¶ 63. However, EU law is currently unclear as to whether EU Member States are permitted to adjudicate the validity of patents granted by jurisdictions that are not EU Member States. The position of the Advocate General of the EY is that courts of EU Member States indeed have such jurisdiction, though they may decline to exercise it. *Id.* ¶ 163. This question is currently before the Grand Chamber of the Court of Justice of the European Union.

⁴⁶ Jorge L. Contreras, *Global Rate Setting: A Solution for Standards-Essential Patents?*, 94 WASH. L. REV. 701, 726–27 (2019).

ments to bring disputes to arbitration are enforceable globally under the New York Convention, and, if a party approaches a forum outside the agreed arbitral framework, courts can issue antisuit injunctions to prohibit such litigation.⁴⁷ Agreements to arbitrate the validity of patents may also be enforceable in many jurisdictions.⁴⁸ But the EU would have TRIPS undermine this well-established cornerstone of international commercial law. According to the EU, TRIPS prohibits the Chinese antisuit injunctions since “only the courts of the countries for which the patents are granted are competent to rule on the validity of those patents and take action against their infringement.”⁴⁹ But the very same arguments can be made against enforcing arbitration agreements – by enforcing those agreements, countries compel litigants to make their cases before the agreed arbitral tribunals, and preclude litigations from pursuing their case before the courts of the jurisdictions that issued their patents. Again, by challenging the Chinese ASIs, the EU may disrupt existing, effective methods for addressing the jurisdictional complexities of cross-border intellectual property transactions.

⁴⁷ *Affymax, Inc. v. Johnson & Johnson*, 420 F. Supp. 2d 876, 877–78 (N.D. Ill. 2006) (compelling arbitration and enjoining Affymax from pursuing related litigation in Germany); *Abbott Labs. v. Qiagen Gaithersburg, Inc.*, No. 10-CV-712, 2010 U.S. Dist. LEXIS 37501, at *9–10 (N.D. Ill. Apr. 15, 2010) (examining whether an order to compel arbitration should also result in the issuance of an anti-suit injunction against pursuing related litigation in Germany). Again, in English courts, there is a presumption in favor of issuing antisuit injunctions to enforce agreements to arbitrate. Dowers, *supra* note 34, at 962.

⁴⁸ M.A. Smith et al., *Arbitration of Patent Infringement and Validity Issues Worldwide*, 19 HARV. J.L. & TECH. 299, 304 (2006).

⁴⁹ First EU Submission, *supra* note 7, §6.3.6, ¶ 369.

Admittedly, the EU does not advocate for an outright prohibition of ASIs under TRIPS. Instead, though the EU declines to put forth a definite standard for issuing ASIs, it does seem to leave room for ASIs that meet broad but undefined standards of reasonableness and non-abusiveness.⁵⁰ However, even such a nuanced stance would introduce a significant degree of uncertainty into the ordinary enforcement of forum selection and arbitration agreements. The introduction of vague principles such as “reasonableness” introduces a subjective element that can vary widely across different legal and geographical contexts. For certain patent-granting jurisdictions, any attempt by a foreign court or arbitral tribunal to adjudicate patent validity might be viewed as unreasonable.⁵¹ Litigants, forums, and jurisdictions would be left without a clear compass in navigating the boundaries of jurisdiction and authority under international trade law, complicating cross-border legal processes and enforcement.

The consequences of the EU's position on TRIPS go beyond the possible effects on contractual arrangements and could potentially alter the scope of judicial measures available for addressing infringement. Both United States and foreign courts occasionally grant injunctions concerning intellectual property rights that impact extraterritorial conduct. For instance, U.S. courts under the Lanham Act have con-

⁵⁰ See *id.* § 6.2, ¶¶ 325–26; EU Reply, *supra* note 7, ¶¶ 81, 88.

⁵¹ Smith et al., *supra* note 48, at 305 (noting that, in states that do not allow the arbitration of patent validity claims, “[a]rbitral awards that purport to pass judgment on the validity of the patent will have no effect, and arbitration agreements under which patent validity is to be adjudicated will not be enforced”).

sistently held that they possess the authority to enforce extraterritorial injunctions against trademark infringement.⁵² In addition, though United States courts regularly assert that United States patent and copyright law have only territorial effect, they may in certain circumstances issue injunctions that regulate extraterritorial conduct under those laws.⁵³ According to the EU's stance, such practice might contravene TRIPS. Such injunctions effectively channel litigation of the extraterritorial conduct to the United States and dispense with the adjudication of such rights in the territory in which such conduct actually occurred—once extraterritorial conduct is enjoined by a United States court, only a United States court can lift that injunction. Under the EU's arguments, would such extraterritorial orders also constitute allegedly proscribed "interfere[ence] with the exercise by . . . owners of their rights in the territories of other WTO Members"?⁵⁴

Indeed, extraterritorial monetary remedies granted by United States courts can also be seen as crossing the line set by the EU position on TRIPS. Among its arguments, the EU asserted that the Chinese ASIs violated TRIPS since they did not "avoid the creation of barriers to legitimate trade."⁵⁵ In other words, the ASIs hindered trade by preventing patent

⁵² See *Hetronic Int'l, Inc. v. Hetronic Germany GmbH*, 10 F.4th 1016, 1033 (10th Cir. 2021) (surveying cases examining the extraterritorial reach of the Lanham Act).

⁵³ Marketa Trimble, *Cross-Border Injunctions in U.S. Patent Cases and Their Enforcement Abroad*, 13 MARQ. INTELL. PROP. L. REV. 331, 332 (2009).

⁵⁴ See First EU Submission, *supra* note 7, § 6.2, ¶ 322.

⁵⁵ TRIPS, *supra* note 7, art. 41.1.

holders from enforcing their domestic patent rights in order to exclude infringing goods. Yet, if the litmus test for violating TRIPS is whether judicial interventions throttle “legitimate trade,” then numerous extraterritorial remedies endorsed by United States courts could also be seen as engaging in a delicate tango across this boundary. For example, the Supreme Court has held that a United States patentee may sue under certain provisions of the Patent Act to recover lost profits on sales made outside the United States—in other words, to recover in United States courts the extraterritorial profits attributable to foreign activities.⁵⁶ Similarly, in the copyright context, United States courts grant damages in respect of foreign infringement, so long as the foreign activities arise out of acts of domestic copyright infringement.⁵⁷ Such extraterritorial remedies can impose high costs on goods in foreign markets—costs that substantially exceed what a local non-U.S. court might have imposed.⁵⁸ Such remedies distort market incentives for local actors faced with such elevated costs, potentially even resulting in

⁵⁶ *WesternGeco LLC v. ION Geophysical Corp.*, 138 S. Ct. 2129, 2134 (2016); *Brumfield v. IBG LLC*, No. 2022-1630, 2024 U.S. App. LEXIS 7188, at *4 (Fed. Cir. Mar. 27, 2024) (extending the holding of *WesternGeco* to allow the recovery of a reasonable royalty based on certain foreign conduct). For non-U.S. cases that have allowed the recovery of extraterritorial damages resulting from domestic infringement, see Thomas F. Cotter, *Extraterritorial Damages in Patent Law*, 39 *CARDOZO ARTS & ENT. L.J.* 1, 12 (2021) (citing Canadian, Japanese, English, and German caselaw).

⁵⁷ Thomas F. Cotter, *Extraterritorial Damages in Copyright Law*, 74 *FLA. L. REV.* 123, 125 (2022).

⁵⁸ Bernard Chao, *Patent Imperialism*, 109 *NW. U. L. REV. ONLINE* 77, 86–87 (2014).

the withdrawal of the goods from the market or discouraging other actors from entering the market.⁵⁹ In other words, such extraterritorial remedies create barriers to entry and competition in local markets, paralleling the EU's concerns regarding ASIs.

The debate over whether courts should grant extraterritorial remedies traces back to a fundamental friction in the realm of cross-border intellectual property arrangements: the intrinsic territorial nature of these rights versus the imperatives of global commerce. On one hand, U.S. courts, by occasionally endorsing extraterritorial remedies, may be signaling a sensitivity to the broader implications for the international market. On the other hand, the European Union, through its interpretation of TRIPS, champions a governance model that emphasizes the principle of territoriality in IP rights. It is imperative, therefore, that any effort to navigate these tensions be rooted in dialogue rather than unilaterally broad interpretations of international agreements. Any such dialogue must respect the boundaries of national sovereignty but also engage in a broader discourse regarding the tensions between sovereignty and globalization, and discussing the future role of intellectual property in an increasingly interconnected world where ideas and innovations increasingly transcend borders.

⁵⁹ Timothy R. Holbrook, *Extraterritoriality and Proximate Cause After WesternGeco*, 21 YALE J.L. & TECH. 189, 205–06 (2019); Sapna Kumar, *Patent Damages Without Borders*, 25 TEX. INTELL. PROP. L.J. 73, 108 & n.257 (2018).

IV. Conclusion

TRIPS does not speak the language of private international law. It does not fix the range of courts' jurisdiction, it does not establish fora for dispute resolution or the registration of rights, and it certainly does not put forth criteria for the international recognition of judgments.⁶⁰ Any treaty that would address the application of such cross-border issues to intellectual property would need to navigate the unique challenges of applying private international law to the context of intellectual property disputes. The challenges of steering through these waters are underscored by the deliberate choice of current treaties on private international law to exclude from their scope a broad range of intellectual property matters. For instance, the 2005 Hague Choice of Courts Convention narrowly targets the international acceptance of forum selection clauses,⁶¹ while the 2019 Hague

⁶⁰ See Tim W. Dornis, *WTO and Private International Law*, in *ENCYCLOPEDIA OF PRIVATE INTERNATIONAL LAW 1844, 1845* (Jürgen Basedow et al. eds., 2017) (noting that “WTO law contains no express provisions on private international law”). There is a debate whether the principle of national treatment as enunciated in Article 3.1 of TRIPS and Section 5(2) of the Berne Conventions establishes a conflicts of law rule (as opposed to a choice of forum rule). See *id.* at 1852–53; Graeme B. Dinwoodie, *Developing a Private International Intellectual Property Law: The Demise of Territoriality?*, 51 *WM. & MARY L. REV.* 711, 718 (2009) (asserting that “over a century of debate has not resolved whether Article 5(2) of the Berne Convention even speaks to choice of law or, if it does, what it says”). This debate is beyond the scope of this article. Indeed, the European Union itself acknowledged that TRIPS negotiations never addressed questions raised by parallel litigation in multiple jurisdiction. See Replies of the European Union to the Questions from the Panel after the Second Substantive Meeting, *China—Enforcement of Intellectual Property Rights*, ¶ 63, WT/DS611 (Mar. 25, 2024), <https://circabc.europa.eu/ui/group/cd37f0ff-d492-4181-91a2-89f1da140e2f/library/4134235f-7bdb-469a-93a5-8be3dcb7f163/details>.

⁶¹ See Hague Choice of Court Agreement, *supra* note 44, art. 1.1.

Judgments Convention ventures into the broader terrain of the cross-border recognition of judgments.⁶² Nevertheless, both conventions explicitly omit a significant range of intellectual property transactions from their coverage.⁶³ Even with these broad exclusions, it may be difficult to determine the application of the conventions to transactions involving intellectual property.⁶⁴

Striking a balance in IP law—between territorial boundaries and global markets, between public interest and private agreements—is no small feat. This paper does not set out to advocate for particular standards for antisuit injunctions, prescribe the enforcement of forum selection clauses, nor does it dissect the extraterritorial reach of patent law. Rather, it probes the aptness of TRIPS as the scaffold for synchronizing these complex issues on the worldwide stage. The complexities inherent in cross-border intellectual property arrangements present a challenge that TRIPS, in its current guise, is ill-equipped to meet. This perspective does not

⁶² Hague Conference on Private International Law, Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters art. 1.1, July 2, 2019 [hereinafter Judgments Convention], <https://www.hcch.net/en/instruments/conventions/full-text/?cid=>.

⁶³ See Hague Choice of Court Agreement, *supra* note 44, art. 2(2)(n)–(o) (excluding from the scope of the convention certain matters concerning the validity or infringement of intellectual property); Judgments Convention, *supra* note 61, art. 2(1)(m) (excluding all intellectual property matters from the scope of the convention).

⁶⁴ See FRANCISCO GARCIMARTÍN & GENEVIÈVE SAUMIER, CONVENTION OF 2 JULY 2019 ON THE RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS IN CIVIL OR COMMERCIAL MATTERS, EXPLANATORY REPORT 64 (2020) (noting that there are often “difficult or borderline cases” in determining the application of the treaty to contracts involving intellectual property).

detract from the importance of crafting standards within private international law for overseeing IP transactions. Instead, it highlights that TRIPS, with its existing structure and intent, is not suited to bear the weight of such an expansive goal. This acknowledgment calls only for seeking a vessel more capable of navigating these complex waters.