axinn

Judge Gilstrap: For Implementers of SE the Penitent Will Pass



2 MIN READ

February 15, 2024, 1:52 PM By: Brian P. Johnson

According to Judge Gilstrap in the Eastern District of Texas, obligations to negotiate under fair, reasonable, and non-discriminatory (FRAND) terms apply not only to standard essential patent (SEP) holders but to implementers of those standards as well. If an implementer does not act in good faith, then the SEP-holder's obligations to do so might even be suspended, according to a recent opinion.

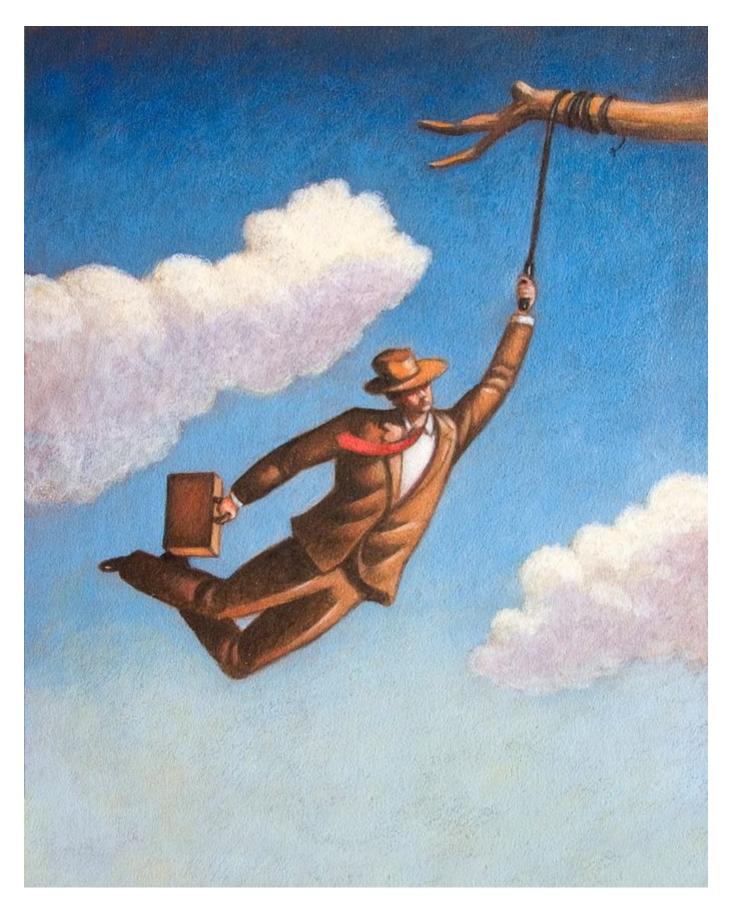
In the past few years, multiple jurisdictions outside the United States have found that implementers not only have an obligation to negotiate in good faith, but when implementers fail to do so, they may waive their FRAND defenses. For instance, in certain European countries, a SEP holder might be able to seek royalties that are <u>not</u> reasonable when faced with a bad-faith implementer. Yet, in the United States, this law is still in development. Opinions on FRAND obligations have grown rare because since the Federal Circuit's decision in *TCL v. Ericsson*, juries are generally empowered to determine the fate of FRAND defenses, rather than judges. So, the question remained: Do SEP implementers need to negotiate in good faith?

According to a January 22, 2024 decision in *G+ Communications v. Samsung Electronics*, the answer is yes. At least, eventually. Judge Gilstrap found that a SEP-holder's FRAND obligations are irrevocable but may be suspended when an implementer is acting in bad faith. But that suspension is only temporary. According to the opinion, "[i]f the bad faith actor ceases its bad faith and begins acting in good faith, the good faith negotiations must also resume." However, if

that bad faith actor does not change its ways, then it might be liable for damages in excess of a FRAND royalty rate, including "attorney's fees and the cost of litigation." A penitent company, therefore, may still reach the holy grail of a FRAND license.

It is both practical and logical that the obligations of a party acting in good faith be suspended when a counterparty to a negotiation for a FRAND license is acting in bad faith.

casetext.com/...



Related People



Related Services

Intellectual Property

To subscribe to our publications, click here.

TAGS

sep, tech

News & Insights

- GCR Live: Law Leaders Europe 2025
 SPEAKING ENGAGEMENT ANTITRUST
- AHLA Annual Meeting 2025 SPEAKING ENGAGEMENT ANTITRUST
- SABA North America Annual Conference 2025
 SPEAKING ENGAGEMENT ANTITRUST
- Navigating Compliance: How the 2025 Hart-Scott-Rodino Updates Are Impacting Businesses

WEBINAR ANTITRUST

NJSBA Annual Meeting and Convention 2025
 SPEAKING ENGAGEMENT INTELLECTUAL PROPERTY

- Hartford HealthCare Black and Red Gala 2025
 SPONSORSHIP ANTITRUST
- Informa CompLaw Antitrust West Coast Conference 2025
 SPEAKING ENGAGEMENT ANTITRUST
- AHLA Health Care Transactions Program 2025
 SPONSORSHIP ANTITRUST
- IAM Live: Auto IP USA 2025

 SPEAKING ENGAGEMENT INTELLECTUAL PROPERTY
- ACI 21st Annual Paragraph IV Conference
 SPEAKING ENGAGEMENT INTELLECTUAL PROPERTY

© 2025 Axinn, Veltrop & Harkrider LLP. All Rights Reserved