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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

APPLE INC.,

Plaintiff,

vs.

QUALCOMM INCORPORATED,

Defendant.

Case No. 3:17-cv-00108-GPC-MDD

**ORDER DENYING ANTI-SUIT
INJUNCTION**

(Redacted version)

ECF No. 92-1

QUALCOMM INCORPORATED,

Counterclaim-Plaintiff,

v.

APPLE INC.,

Counterclaim-Defendant.

1 Before the Court is a motion for anti-suit injunction filed by Defendant and
2 Counterclaim-Plaintiff Qualcomm Incorporated (“Qualcomm”). Dkt. No. 92-1. The
3 motion has been fully briefed. Plaintiff and Counter-Defendant Apple Inc. (“Apple”)
4 filed an opposition on August 8, 2017 and Qualcomm filed a reply on August 15, 2017.
5 Dkt. Nos. 108, 114. The Court heard oral argument on August 18, 2017. Dkt. No. 118.
6 Upon review of the moving papers, the exhibits attached in support thereof, the
7 applicable law, and for the following reasons, the Court **DENIES** Qualcomm’s motion
8 for anti-suit injunction.

9 **I. INTRODUCTION**

10 The underlying dispute arises out of what the parties refer to as the “FRAND
11 commitment” or the “FRAND Bargain.” In response to the globalization of the
12 telecommunications industry, key players in the industry have formed standard-setting
13 organizations (“SSOs”) or standard-development organizations (“SDOs”) to facilitate
14 worldwide connectivity. The European Telecommunications Standards Institute
15 (“ETSI”) is one of the most important and influential SSOs in the cellular
16 communications industry. Both Apple and Qualcomm are members of ETSI, along with
17 eight hundred members from sixty-six other countries.

18 Before promulgating standards, ETSI requires — as do other SSOs — that any
19 putative owner of a standard-essential patent (“SEP”) agree to make licenses available on
20 “fair, reasonable and non-discriminatory” (*i.e.*, FRAND) terms to willing licensees. SEP
21 holders make this prohibitory promise with the understanding that they are entitled to
22 seek royalties from any and all entities that want to practice the standard. The “FRAND
23 commitment” or “FRAND bargain,” therefore, is a contractual obligation between the
24 SEP holder and the SSO. Here, the contractual obligation is between Qualcomm and
25 ETSI.

26 Qualcomm holds thousands of FRAND-encumbered SEPs that comprise ETSI’s
27 3G/UMTS and 4G/LTE cellular communication standards. Apple’s iPhones and other
28 cellular devices practice the 3G and 4G standards. For years, Apple has practiced

1 Qualcomm's SEPs by relying on a license agreement between Qualcomm and the
2 manufacturers who build Apple's iPhones and iPads (the "Contract Manufacturers").¹
3 Apple and Qualcomm have never executed a licensing agreement.

4 Since the introduction of the iPhone in 2007, Apple and Qualcomm have
5 periodically engaged in negotiations regarding a direct license for Qualcomm's cellular
6 SEP portfolio. The most recent took place between 2015 and 2017. In June 2016,
7 Qualcomm offered Apple a license to Qualcomm's Chinese 3G and 4G cellular SEPs. A
8 month later, and pursuant to Qualcomm's oral representations, Qualcomm offered Apple
9 a license to Qualcomm's "rest-of-world" patent portfolio. Apple rejected both offers on
10 the grounds that they were non-FRAND. Not long thereafter, Apple filed the instant suit.

11 **II. BACKGROUND**

12 **A. Standard-setting organizations & intellectual property law**

13 Standard-setting organizations are industry groups that create common platforms
14 for the practice of modern technologies including telephones, the Internet, and other
15 electronics. *See Microsoft Corp. v. Motorola, Inc.*, 871 F. Supp. 2d 1089, 1092 (W.D.
16 Wash. 2012); *see also* Mark A. Lemley, *Intellectual Property Rights and Standard-*
17 *Setting Organizations*, 90 Calif. L. Rev. 1889, 1892-93 (2002) (positively cited in
18 *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 875 (9th Cir. 2012)). Through
19 standardization, manufacturers from across the world can create products that interface
20 with one another. *See Microsoft*, 871 F. Supp. 2d at 1092. Standardization benefits the
21 consuming public by ensuring interoperability, lower product costs, and increased price
22 competition. *Microsoft*, 696 F.3d at 876 (citing *Apple, Inc. v. Motorola Mobility, Inc.*,
23 2011 WL 7324582, *1 (W.D. Wis. June 7, 2011)).

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27 ¹ Qualcomm has sued the Contract Manufacturers in a related action for breach of their license
28 agreements. *Qualcomm Inc. v. Compal Electronics Inc. et al.*, 3:17-cv-01010-GPC-MDD (complaint
filed May 17, 2017). The two cases were consolidated at the Court's August 18, 2017 hearing. Dkt. No.
118.

1 Yet as countless authorities have recognized, this private standardization process
2 becomes complicated when the common technological platform is made up of intellectual
3 property owned by different companies. *See Motorola*, 696 F.3d at 876. Entities that
4 own patented technology essential to the operation of a technological standard are said to
5 own standard-essential patents, or SEPs. In theory, SEP holders wield tremendous
6 control over standards because, as patent holders, they have the right to exclude others
7 from practicing their intellectual property. *See Lemley, Intellectual Property Rights*, at
8 1901. “As a result, standards threaten to endow holders of standard-essential patents with
9 disproportionate market power.” *Microsoft*, 696 F.3d at 876. To avoid this mischief and
10 “to reduce the likelihood that owners of essential patents will abuse their market power,
11 many standards setting organizations,” including ETSI, “have adopted rules related to the
12 disclosure and licensing of essential patents.” *Microsoft*, 871 F. Supp. 2d at 1093.

13 To that end, ETSI requires all SEP participants to comply with the Intellectual
14 Property Rights (“IPR”) Policy.² The IPR policy requires members to disclose
15 potentially standard-essential patents in a timely fashion. *Id.* § 4.1. More importantly,
16 the IPR policy also obligates SEP holders to make a written commitment that they will
17 grant irrevocable licenses to any willing licensee on fair, reasonable, and
18 nondiscriminatory terms — that is, FRAND terms. *Id.* § 6.1. In the event an SEP owner
19 is not prepared to license its intellectual property on FRAND terms, the IPR policy
20 dictates that the governing body shall search for alternative technology to incorporate into
21 the standard. *Id.* § 8.1.1.

22 By requiring all SEP holders to adhere to the FRAND commitment, ETSI and
23 other SSOs mitigate the anticompetitive effects flowing from standardization. *See*
24

25 ² *See* ETSI, [ETSI Intellectual Property Rights Policy](http://www.etsi.org/website/document/legal/etsi_ipr-policy.pdf), Annex 6, (April 5, 2017),
26 http://www.etsi.org/website/document/legal/etsi_ipr-policy.pdf. Apple cites to the IPR Policy in its
27 complaint. *See, e.g.*, FAC ¶ 45, Dkt. No. 83 at 22. Qualcomm, in its answer, “refers [the Court] to
28 ETSI’s Intellectual Property Rights (“IPR”) Policy for its contents.” Answer to FAC ¶ 45, Dkt. No. 97
at 10. Given Qualcomm’s referral, the Court finds it appropriate to take judicial notice of the provisions
included in the IPR policy.

1 *Microsoft*, 696 F.3d at 876. For if there was no FRAND commitment, then “once a
2 standard has gained such widespread acceptance that compliance is effectively required
3 to compete in a particular market, anyone holding a standard-essential patent could
4 extract unreasonably high royalties from suppliers of standard-compliant products and
5 services.” *Id.* (quoting Mark A. Lemley, *Ten Things to Do About Patent Holdup of*
6 *Standards (And One Not to)*, 48 B.C. L. Rev. 149 (2007)). This potential abuse is well-
7 documented in judicial opinions discussing FRAND and is often referred to as “patent
8 hold-up.” *See id.*; *see also Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1209 (Fed.
9 Cir. 2014) (“Patent hold-up exists when the holder of a SEP demands excessive royalties
10 after companies are locked into using a standard.”). The FRAND commitment, therefore,
11 is designed to prevent patent holdup. *See Microsoft*, 696 F.3d at 876.

12 Qualcomm holds SEPs that are integral to practicing ETSI’s 3G and 4G standards.
13 FACC (“First Amended Counterclaims”) ¶ 96, Dkt. No. 70 at 78. Qualcomm recognizes
14 that those SEPs are encumbered by Qualcomm’s FRAND commitment to ETSI. *Id.*
15 Qualcomm also acknowledges that its FRAND commitment to ETSI has created a
16 “contractual obligation” between the two parties. *Id.*

17 **B. U.S. action**

18 On January 20, 2017, Apple filed suit against Qualcomm. Dkt. No. 1. Qualcomm
19 filed an answer and counterclaims on April 10, 2017 and amended counterclaims on May
20 24, 2017. Dkt. Nos. 61, 70. Apple filed a first amended complaint (“FAC”) on June 20,
21 2017. FAC, Dkt. No. 83. Qualcomm answered Apple’s first amended complaint on July
22 21, 2017, Dkt. No. 97, and Apple answered Qualcomm’s first amended counterclaims on
23 August 4, 2017, Dkt. No. 107.

24 **1. Apple’s First Amended Complaint**

25 Apple’s first amended complaint asserts sixty-three (63) causes of action against
26 Qualcomm. Those claims can be separated into three categories: breach of contract
27 claims, patent claims, and antitrust claims.
28

1 Counts I through IV seek relief related to Qualcomm's rights and obligations under
2 the Business Cooperation and Patent Agreement ("BCPA"), which addresses, among
3 other matters, royalty rebates that Qualcomm pays to Apple.

4 Counts V through LVIII seek declarations stating that eighteen of Qualcomm's
5 patents are not infringed by Apple's technology and that they are invalid under U.S.
6 patent law. In the alternative and in the event that the Court finds that the patents are
7 valid and infringed, Apple asks the Court to set a FRAND royalty rate for all eighteen
8 patents.

9 Count LIX seeks a declaration that the sale of Qualcomm's baseband processor
10 chipsets to the Contract Manufacturers exhausts Qualcomm's patent rights and that,
11 therefore, the eighteen patents-in-suit are unenforceable as to Apple. Count LX seeks
12 declaratory relief regarding the Strategic Terms Agreement ("STA"), which requires
13 Apple to pay a license fee on Qualcomm's exhausted patents. Count LXI, relatedly,
14 seeks declaratory relief regarding the Contract Manufacturers' obligations to pay license
15 fees on exhausted patents under their license agreements with Qualcomm.

16 Finally, Counts LXII and LXIII lodge antitrust and anticompetitive claims against
17 Qualcomm. Count LXII alleges that Qualcomm has unlawfully monopolized the market
18 for cellular chipsets in violation of Section 2 of the Sherman Act, 15 U.S.C. § 2. Count
19 LXIII alleges that Qualcomm's licensing practices constitute unfair competition within
20 the meaning of the Cal. Bus. & Prof. Code § 17200, *et seq.* (the "Unfair Competition
21 Law").³

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24 ³ Apple's January 20, 2017 complaint asserted twenty-five (25) causes of action against Qualcomm.
25 Dkt. No. 1. Of those causes of action, eighteen (18) were patent challenges directed at nine separate
26 patents owned by Qualcomm. Additional challenges launched at another nine patents, along with added
27 invalidity claims as to the nine patents already asserted in the original complaint, account for thirty-six
28 (36) of the extra causes of action in the FAC. Thus, besides for the supplemental patent claims, the only
other new causes of action raised by Apple in the FAC concern Claim LX (60), the request for
declaratory relief on the STA and Claim LXI (61), the request for declaratory relief for Qualcomm's
license agreements with the Contract Manufacturers.

2. Qualcomm's First Amended Counterclaims

Qualcomm's first amended counterclaims assert a number of contract-based causes of action against Apple and, in addition, seek for the Court to issue a number of declarations regarding Qualcomm's FRAND commitments and anticompetitive behavior.

Count I seeks to hold Apple accountable for tortiously interfering with Qualcomm's license agreements with the Contract Manufacturers. Count V alleges that Apple breached the Statement of Work, a contract providing for a high-speed chipset feature called "carrier aggregation," and Count XI claims that Apple breached the Master Software Agreement, a contract that provides Apple with software to operate Qualcomm's chipsets.

Counts VI through IX relate to Apple's and Qualcomm's obligations under the BCPA. Specifically, Qualcomm alleges that Apple breached the BCPA, the implied covenant of good faith and fair dealing with regard to the BCPA, and that Apple was unjustly enriched by its breaches. Count IX seeks declaratory relief finding that Apple's breaches relieved Qualcomm of its obligations under the BCPA as to royalty rebate payments.

Count X alleges that Apple violated California's Unfair Competition Law by covering up the superior performance of Qualcomm's chipsets in the iPhone 7s, as compared to Intel's chipsets, by declaring that there was no difference between the models, and by preventing Qualcomm from making statements on the matter.

Counts II and III seek declarations that Qualcomm's license agreements with the Contract Manufacturers do not violate Qualcomm's FRAND commitments to ETSI and do not violate competition law. Moreover and importantly for present purposes, Count IV seeks a declaration that Qualcomm has satisfied and discharged its FRAND commitment to ETSI with regards to Apple. More precisely, Qualcomm seeks for the Court to conclude that its licensing offers to Apple, including its June 2016 and July 2016 SEP portfolio offers, satisfied Qualcomm's FRAND commitment to ETSI. Alternatively and in the event the Court determines that Qualcomm's offers were not FRAND,

1 Qualcomm asks the Court to set a FRAND rate for the worldwide SEP portfolio that
2 Qualcomm offered to Apple.

3 **C. Foreign actions**

4 Between January 23, 2017 and April 11, 2017, Apple filed a total of eleven
5 lawsuits against Qualcomm and its subsidiaries in the United Kingdom, Japan, China,
6 and Taiwan.⁴ All but one of these lawsuits was filed before Qualcomm had answered
7 Apple's original complaint. The Taiwanese lawsuit was filed on April 11, 2017, the day
8 after Qualcomm filed its answer and the above-mentioned counterclaims.

9 **1. U.K. action**

10 Apple initiated the U.K. proceeding in the Patent Court of the English High Court
11 of Justice. Harrison Decl. ¶ 2. There are six claimants in the U.K. proceeding: Apple
12 Retail UK Limited, Apple Distribution International, Apple Operations Europe, Apple
13 GmbH, Apple Retail Germany B.V. & CO K.G., and Apple Inc. *Id.* ¶ 3. The four
14 defendants in the UK proceeding are: Qualcomm UK Limited, Qualcomm
15 Communications UK Limited, Qualcomm Technologies International Ltd, and
16 Qualcomm Incorporated. *Id.* ¶ 4. Apple does not seek any global relief in the U.K.
17 action. *Id.* ¶ 7 (“... none of these [claims] involve any global relief, including any
18 determination relating to a global licence [sic] of any of Qualcomm's patents.”).

19 Claims 1 and 2 of the UK proceeding seek declarations that the U.K. Defendants
20 have breached their obligations under Article 102 of the Treaty of the Functioning of the
21 European Union, Article 54 of the Agreement on the European Economic Area, Section
22 18 of the Competition Act of 1998, and/or their obligations to ETSI by (1) abusing their
23 dominant position in the markets for LTE, CDMA, and WCDMA/UMTS chipsets and (2)
24 _____

25 ⁴ Apple filed a single complaint in the U.K. on January 23, 2017. Harrison Decl. ¶ 2, Dkt. No. 108-3 at
26 2. It filed four complaints in Japan on February 16, 2017, Yakura Decl. ¶¶ 3, 15, Dkt. No. 108-6 at 2, 5.
27 Thereafter, Apple filed five complaints in China. Yang Decl. ¶ 5, Dkt. No. 108-8 at 2. Finally, on April
28 11, 2017, Apple filed a complaint against Qualcomm in Taiwan. Wang Decl. ¶ 2, Dkt. No. 108-4 at 2.
Although the Yang declaration does not include the precise date that the five Chinese actions were filed,
Qualcomm has not objected to Apple's representation that all lawsuits were filed before April 11, 2017.

1 abusing their ownership of SEPs in licensing practices. *Id.* ¶ 8. Claim 3 requests that the
2 U.K. Defendants be required to offer the U.K. Claimants a direct license, on FRAND
3 terms, of the SEPs practiced in Apple devices for sale in the European Union. *Id.* Claims
4 4 through 6 seek an order declaring that the five U.K. patents-in-suit are invalid, that they
5 should be revoked, and that they are not essential to ETSI's telecommunications
6 standards. *Id.* Claim 7 asserts that the U.K. Defendants' rights under the patent-in-suits
7 have been exhausted with respect to any device that incorporates a Qualcomm chipset.
8 *Id.* Claims 8 through 11 seek damages, costs, interest, and other relief. *Id.*

9 **2. Japanese action**

10 Apple filed four Japanese complaints against Qualcomm Inc., Qualcomm Japan,
11 Qualcomm Technologies, Inc., and Qualcomm CDMA Technologies Asia-Pacific Pte.
12 Ltd. in three separate departments at the Tokyo District Court. Yakura Decl. ¶ 11. The
13 first complaint involves antitrust law and alleges that Qualcomm has violated Japan's
14 Antimonopoly Act through monopolization and abuse of its superior bargaining position
15 and that it has also violated various Japanese civil codes by failing to comply with its
16 FRAND obligations. *Id.* ¶ 15. The second, third, and fourth complaints each challenge a
17 single Qualcomm-owned patent and allege that the patent is invalid, that it is not
18 infringed by Apple's products, and that Qualcomm's rights to the patent are exhausted
19 under Japanese law. *Id.* ¶¶ 3, 10. None of these claims request that the Japanese courts
20 determine a FRAND rate for Qualcomm's global license portfolio. *Id.* ¶ 2.

21 **3. Chinese action**

22 The claimants in the Chinese proceedings are Apple Inc. and Apple Electronic
23 Products Commerce (Beijing) Co., Ltd. and the defendants are Qualcomm Incorporated,
24 Qualcomm Technologies, Inc., Qualcomm Wireless Communications Technologies
25 (China) Co., Ltd., and Qualcomm Wireless Semiconductor Technologies Co., Ltd. Yang
26 Decl. ¶ 2. The first claim in the Chinese proceeding asserts, in part, that the Chinese
27 Defendants have abused their market dominance under the China Anti-Monopoly Law by
28 charging the Chinese Claimants excessive royalties on Apple's products sold in China.

1 *Id.* ¶ 6. The second claim asks the Chinese court to settle disputes over licensing
2 conditions for the Chinese Defendants’ SEPs. *Id.* ¶ 2. [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED] *Id.*, Exhibit 2, Dkt. No. 140-2
6 at 22-23 (under seal). The third through fifth claims, in turn, seek for the court to declare
7 that the Chinese Claimants are not liable for patent infringement on any of the three
8 Chinese patents-in-suit. Yakura Decl. ¶ 2. None of the Chinese proceedings seek a
9 determination of a FRAND rate for Qualcomm’s global patent portfolio. *Id.* ¶ 5.

10 **4. Taiwanese action**

11 In the Taiwanese proceeding, Apple Inc. and Apple Asia LLC have sued
12 Qualcomm Incorporated, Qualcomm Technologies Inc., Qualcomm Taiwan Corporation,
13 and Qualcomm CDMA Technologies Asia-Pacific PTE Limited. Wang Decl. ¶ 1. The
14 Taiwanese action alleges that the Taiwanese Defendants have violated the Taiwan Fair
15 Trade Law and have abused their patent rights through its activities in the baseband
16 chipset market and SEP licensing market. *Id.* ¶¶ 2, 4. The Taiwanese suit does not
17 request any worldwide FRAND determination. *Id.* ¶ 5.

18 **III. DISCUSSION**

19 Qualcomm has moved for an anti-suit injunction against Apple. The motion seeks
20 to enjoin Apple from pursuing all of the claims in all of the foreign actions and from
21 filing any other foreign action during the pendency of the U.S. action. Neither
22 Qualcomm’s motion nor its reply asks, in the alternative, for a more limited anti-suit
23 injunction that only targets certain claims. Qualcomm contends that an anti-suit
24 injunction is appropriate because all of Apple’s foreign actions are part of a single
25 licensing dispute already before this Court in the U.S. action. Qualcomm avers that the
26 “essence of Apple’s [U.S. claim] is that Qualcomm’s royalties (both in the existing
27 license agreements with the Contract Manufacturers and in Qualcomm’s offer to Apple
28 for a direct license) are not FRAND.” Dkt. No. 92-1 at 6. Accordingly, Qualcomm

1 argues, the foreign actions are duplicative because this Court will already “determine
2 whether Qualcomm has satisfied its *global* FRAND commitment as to Apple under the
3 ETSI contract[.]” *Id.* at 18. For the following reasons, however, the Court disagrees with
4 Qualcomm’s contentions and finds that none of the anti-suit injunction factors weigh in
5 favor of the requested relief. Accordingly, the Court denies Qualcomm’s motion for an
6 anti-suit injunction.

7 **A. Anti-suit injunctions**

8 “Courts derive the ability to enter an anti-suit injunction from their equitable
9 powers.” *E. & J. Gallo Winery v. Andina Licores S.A.*, 446 F.3d 984, 989 (9th Cir.
10 2006). Anti-suit injunctions “allow the court to restrain a party subject to its jurisdiction
11 from proceeding in a foreign court in circumstances that are unjust.” *Id.* The injunction
12 thus operates in personam. *Id.* The court enjoins the claimant, not the foreign court. *Id.*
13 Although the district court has the power to enjoin a party from proceeding with a suit in
14 a foreign country, the power should be used sparingly. *Microsoft*, 696 F.3d at 881.

15 A three-part inquiry governs a district court’s assessment of the propriety of an
16 anti-suit injunction. *Id.* First, the court must evaluate “whether or not the parties and the
17 issues are the same, and whether or not the first action is dispositive of the action to be
18 enjoined.” *Applied Med. Distrib. Corp. v. Surgical Co.*, 587 F.3d 909, 914 (9th Cir.
19 2009). Second, the court must assess “whether at least one of the so-called ‘*Unterweser*
20 factors’ applies.” *Microsoft*, 696 F.3d at 881. Third, the court must inquire into whether
21 the impact on comity is tolerable. *Id.*

22 The *Unterweser* factors were first articulated by the Fifth Circuit in *In re*
23 *Unterweser Reederei GMBH*, 428 F.2d 888, 896 (5th Cir. 1970), *aff’d on reh’g*, 446 F.2d
24 907 (5th Cir. 1971) (en banc) (per curiam), *rev’d on other grounds sub nom. M/S Bremen*
25 *v. Zapata Off-Shore Co.*, 407 U.S. 1 (1972). The Ninth Circuit adopted the Fifth
26 Circuit’s decision in *Unterweser* as instructive in *Seattle Totems Hockey Club, Inc. v.*
27 *Nat’l Hockey League*, 652 F.2d 852 (9th Cir. 1981) and has since held that “any of the
28 *Unterweser* factors” may justify anti-suit injunctive relief. *Microsoft*, 696 F.3d at 882 &

1 n.9. The four *Unterweser* factors are as follows: whether the foreign litigation would (1)
2 frustrate a policy of the forum issuing the injunction; (2) be vexatious or oppressive; (3)
3 threaten the issuing court's *in rem* or *quasi in rem* jurisdiction; or (4) prejudice other
4 equitable considerations. *Id.* at 882 (quoting *Gallo*, 446 F.2d at 990). Thus, so long as
5 one of these factors applies, a court may grant an anti-suit injunction.

6 **B. The issues are not the same and the U.S. action will not dispose of the**
7 **foreign actions**

8 Whether or not the parties and issues are the same is a functional inquiry.
9 *Microsoft*, 696 F.3d at 882 (quoting *Applied Med.*, 587 F.3d at 915). There is no dispute,
10 here, that the parties in the U.S. and foreign actions are functionally the same. The focus
11 of the Court's inquiry, therefore, is on whether the issues are functionally the same.
12 Functional similarity depends upon whether "all the issues in the foreign action can be
13 resolved in the local action." *Id.* at 832-33 (internal punctuation omitted). The issues
14 "need not be 'precisely and verbally identical,' as 'the verbal form of laws in different
15 countries will inevitably differ.'" *Id.*; *see also Applied Med.*, 587 F.3d at 915 ("...
16 requiring issues to be precisely and verbally identical would lead to counterproductive,
17 and perhaps unintended, results."). Rather, "the crux of the functional inquiry in the first
18 step of the analysis is to determine whether the issues are the same in the sense that all
19 the issues in the foreign action . . . can be resolved in the local action." *Applied Med.*,
20 587 F.3d at 915.

21 **1. Qualcomm's position**

22 Qualcomm argues that the issues in the U.S. and foreign actions are the same for
23 purposes of an anti-suit injunction because "[w]hether Qualcomm has complied with its
24 contractual FRAND obligations as to Apple is squarely before this Court and is raised
25 repeatedly throughout Apple's foreign complaints." Dkt. No. 92-1 at 18. Given the
26 parties' inability to agree on FRAND terms for Qualcomm's global SEP portfolio,
27 "Qualcomm has asked this Court to declare that Qualcomm has satisfied and discharged
28 its FRAND commitments as to Apple or, in the alternative, to declare the FRAND royalty

1 terms for Qualcomm’s global portfolio of cellular SEPs that it has offered to Apple.” *Id.*
2 at 20. Thus, Qualcomm contends, “This global determination will resolve the FRAND
3 issues between Apple and Qualcomm in Apple’s foreign lawsuits.” *Id.*

4 As to the non-FRAND issues raised in Apple’s foreign actions, Qualcomm argues
5 that those, too, should be enjoined because they are “tied to Qualcomm’s FRAND
6 obligations” and will become “moot” by resolving the parties’ global licensing dispute.
7 *Id.* at 22-23. The antitrust and patent claims included in Apple’s foreign actions will
8 become moot, Qualcomm contends, because the foreign patent and antitrust claims
9 “depend on the determination of the core FRAND questions as between Apple and
10 Qualcomm” currently before this Court. Dkt. No. 114 at 8-9. In other words, and as
11 Qualcomm articulated at the August 18, 2017 hearing, Apple’s foreign claims and
12 arguments will “evaporate because they are all premised on the notion that they can’t get
13 to our technology under FRAND terms.” Transcript, Dkt. No. 122 at 52.

14 **2. Functional similarity in the Ninth Circuit**

15 To understand why Qualcomm’s position on the functional similarity of the U.S.
16 and foreign claims is unpersuasive, the Court must first review those cases that have
17 passed the Ninth Circuit’s threshold inquiry. Qualcomm would have this Court conclude
18 that the FRAND claims that Apple has asserted in this action, along with Qualcomm’s
19 global FRAND counterclaim, dispose of all of the claims in Apple’s foreign suits,
20 including Apple’s anticompetitive and patent claims. Such a conclusion, however, does
21 not follow from the Ninth Circuit’s reasoning in its most recent anti-suit cases, including
22 its decision in *Microsoft v. Motorola*, upon which Qualcomm’s position heavily relies.
23 The Court will thus address these cases first.

24 Prior to the *Microsoft* decision, the two seminal cases on anti-suit injunctions were
25 *Gallo* and *Applied Medical*. In *Gallo*, the plaintiff, Gallo, moved to enjoin the defendant,
26 Andina, from proceeding with foreign litigation in Ecuador. 446 F.3d at 986-87. Gallo, a
27 large California winery, had entered into a distributorship agreement with Andina, an
28 Ecuadorian wine and liquor distributor, that contained a forum-selection and choice of

1 law clause in favor of California. *Id.* at 987. Subsequently and after a number of
2 disputes arose concerning late shipments and the exclusivity of Andina’s distributorship,
3 Andina filed suit in Ecuador alleging that Gallo had breached the distributorship
4 agreement under Ecuadorian law. *Id.* Some weeks later, Gallo filed suit in California
5 state court, and the case was removed to federal district court. *Id.* at 988. Thereafter,
6 Gallo moved the district court for a preliminary injunction preventing Andina from
7 proceeding with its litigation in Ecuador. *Id.* at 986-87. Ultimately, the district court
8 denied the injunction “because the California and Ecuador cases arose from different
9 acts” and because “enjoining the Ecuador action would deprive it [Andina] of its right to
10 pursue its claims under Ecuadorian law.” *Id.* at 991.

11 On appeal, the Ninth Circuit disagreed with the district court’s reasoning regarding
12 the legal differences between the two cases. Whereas the district court held that the suits
13 were distinct because they arose under different laws, the *Gallo* court held that the issues
14 were, in fact, functionally the same because both suits arose out of the same alleged
15 breach of the distributorship agreement. *See id.* The *Gallo* court moreover noted that
16 because the distributorship agreement contained a choice of law clause, it was not even
17 clear that Andina had the right to seek a remedy under Ecuadorian law. *Id.* In addition,
18 and in the section addressing whether any public policy weighed toward granting an anti-
19 suit injunction, the *Gallo* court held that the public policy in favor of enforcing forum-
20 selection clauses further justified enjoining the foreign action. *See id.* at 991-93.
21 Accordingly, the Ninth Circuit reversed the district court’s opinion with instructions to
22 grant what it deemed to be a “paradigmatic case for a preliminary anti-suit injunction.”
23 *Id.* at 995.

24 The Ninth Circuit’s similarity-of-issues inquiry in *Applied Medical* turned even
25 more explicitly on the parties’ forum-selection and choice of law clause. In *Applied*
26 *Medical*, the plaintiff was a California corporation that sold surgical supply products and
27 the defendant was a Netherlands limited liability company that purchased plaintiff’s
28 products for distribution in Europe. 587 F.3d at 911. Like the parties in *Gallo*, the

1 *Applied Medical* parties had signed a distributorship agreement that included a forum-
2 selection clause in favor of California and its laws. *Id.* Later on, a dispute arose after the
3 plaintiff, Applied, notified the defendant, Surgical, that it would be exercising its right
4 not to renew the distributorship agreement. *Id.* at 912. In response, Surgical asserted that
5 any failure to renew the agreement would entitle it to compensation under the Belgian
6 Act of 1961. *Id.* Thereafter, Applied filed a complaint in federal district court seeking
7 declaratory relief and Surgical filed suit in Belgium a month later. *Id.* Both lawsuits
8 concerned whether Applied owed Surgical pre-termination damages given the terms of
9 their contract. *Id.* at 912-13.

10 Below, the district court had held that the U.S. and foreign suits were not
11 functionally the same because the Belgian claims were “potentially broader” than the
12 U.S. claims and, therefore, did not necessarily turn on the termination of the
13 distributorship agreement. *Id.* at 913. The *Applied Medical* court, however, found this
14 reasoning to be in error because the U.S action was nonetheless dispositive of the foreign
15 action. “We hold that the present action is dispositive of the Belgian action because all of
16 the claims in the Belgian action arise out of the Agreement, are subject to the forum
17 selection clause, and therefore must be disposed of in the California forum if at all.” *Id.*
18 at 916 (internal citations omitted). In other words, the *Applied Medical* court concluded
19 that the issues were functionally the same because the domestic action, via the forum-
20 selection clause, would dispose of all the issues in the foreign action. *Id.* at 915 (“ . . . to
21 the extent the domestic action is capable of disposing of all the issues in the foreign
22 action and all the issues in the foreign action fall under the forum selection clause, the
23 issues are meaningfully ‘the same.’”).

24 In *Microsoft*, the Ninth Circuit addressed for the first time what functionally
25 similar claims look like absent a forum-selection clause. *Microsoft*, 696 F.3d at 882
26 (“Although the contract at issue in this case does not contain a forum-selection clause, we
27 are nevertheless informed by *Applied Medical*’s emphasis on the functional character of
28 the threshold similarity-of-issues inquiry.”). The dispute between the *Microsoft* parties,

1 unlike the *Gallo* and *Applied Medical* parties, did not arise from a contract executed
2 between the plaintiff and the defendant. Rather, it arose out of an agreement entered into
3 by the defendant, Motorola, and two standard-setting organizations, the International
4 Telecommunications Union (“ITU”) and the Institute of Electrical and Electronics
5 Engineers (“IEEE”). *Id.* at 875-76. Motorola, like Qualcomm, had made written
6 representations to a standard-setting organization promising to offer worldwide licenses
7 to its SEPs on RAND terms — that is reasonable and non-discriminatory terms. *See id.*
8 at 876. Microsoft, the plaintiff, later sued Motorola in district court alleging that
9 Motorola had breached its contract with the SSOs by offering Microsoft a global SEP
10 license that was non-RAND. *Id.* at 877-78. Microsoft posited that it had standing to
11 assert such a claim because it was a third-party beneficiary of Microsoft’s contractual
12 obligations to the ITU and IEEE. *Id.* at 878.

13 Months after the U.S. action commenced, Motorola filed suit against Microsoft in
14 Germany alleging that Microsoft was infringing upon two of Motorola’s German
15 standard-essential patents. *Id.* at 879. After reviewing the positions of the parties, the
16 German court rejected Microsoft’s key contention that it could enforce Motorola’s
17 RAND commitment to the ITU because German law does not recognize third-party
18 contractual rights. *Id.* As such, and having ultimately found that Microsoft was
19 infringing upon Motorola’s German SEPs, the German court issued an injunction
20 prohibiting Microsoft from marketing or selling any of its infringing products in
21 Germany. *Id.*

22 In the meantime and while the German court’s decision was still pending,
23 Microsoft asked the U.S. district court to enjoin Motorola from enforcing any injunction
24 obtained from the German court. *Microsoft*, 871 F. Supp. 2d at 1100. In so doing,
25 Microsoft argued that an anti-suit injunction was appropriate because the relief that
26 Motorola sought in the foreign action was “squarely before” the district court.
27 Ultimately, the district court agreed. After evaluating Microsoft’s request under the
28 three-part *Applied Medical* rubric, it concluded that the issues were functionally the same

1 because whether injunctive relief was an appropriate remedy for infringement of
2 Motorola’s SEPs depended upon the district court’s adjudication of the parties’
3 contractual obligations. *See id.* at 1099. As such, the court concluded, and because the
4 district court “in no way enjoined Motorola from pursuing the German Action” and
5 because it “in no way prohibited further proceedings in Germany,” the court granted what
6 it deemed to be a very “limited” injunction. *Id.* at 1100.

7 The Ninth Circuit approved of this reasoning on appeal. In its opinion, the
8 *Microsoft* court emphasized that the district court was correct to issue the injunction
9 because it “[wa]s not enforcing German patent law but, rather, the private law of the
10 contract between the parties.” *Id.* at 884.

11 . . . the district court concluded that the pending *contract* action before it
12 would be dispositive of the German *patent* action, because the European
13 Patents at issue in the German Action were included in Motorola’s October
14 29 Letter offering a worldwide license for Motorola’s H.264 Standard-
15 essential patents, and because Motorola contracted with the ITU to license the
European Patents on RAND terms to all applicants on a worldwide basis.

16 *Id.* at 880 (emphasis in original) (internal citations omitted). Accordingly and because
17 “there is no reason a party may not freely agree to reservations or limitations on rights
18 that it would have under foreign patent law (or any other rights that it may have under
19 foreign law),” the *Microsoft* court held that Motorola’s licensing commitment to the ITU
20 prevented it from seeking injunctive relief against infringement. *Id.* at 884.

21 **3. The import of the decision in *Microsoft***

22 Qualcomm argues that the Ninth Circuit’s decision in *Microsoft* is “squarely on
23 point” and governs the instant anti-suit injunction. Dkt. No. 92-1 at 7-8. This is so,
24 Qualcomm avers, because here, like in *Microsoft*, the parties have asked the Court to
25 resolve their global FRAND dispute after being unable to reach an agreement during
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1 negotiations.⁵ *Id.* at 8. As such, Qualcomm argues, just as the anti-suit injunction was
2 necessary in *Microsoft* to allow the “district court to resolve the global FRAND issues,” it
3 is likewise necessary here to enjoin Apple’s foreign actions so that they cannot “impede
4 this Court’s ability to resolve the issues before it.” *Id.*

5 Qualcomm’s analogy to *Microsoft* is specious. While *Microsoft* and the instant
6 matter undoubtedly share the same general set of circumstances, key differences between
7 the cases overpower any superficial similarities. In *Microsoft*, the court enjoined the
8 party — that is, Motorola — that had made the binding commitment to the standard-
9 setting organization. This distinction is legally significant. Just as the parties in *Gallo*
10 and *Applied Medical* entered into a binding forum-selection and choice-of-law clause,
11 Motorola entered into a binding commitment to offer licenses to its patented technology
12 on RAND terms. In exchange for having its SEPs incorporated into the ITU standard,
13 Motorola promised the ITU that it would license its SEPs to all willing licensees. By
14 striking this bargain, therefore and according to the *Microsoft* district court, Motorola
15 willingly limited itself to one of two alternatives: either make Microsoft, and all other
16 willing licensees, a RAND offer through bilateral negotiation or after adjudication by the
17 courts. *Microsoft*, 871 F. Supp. 2d at 1099. In other words, by making a FRAND

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19
20 ⁵ The Court observes that Apple’s complaint does not ask for a worldwide FRAND determination. That
21 relief is found only in Qualcomm’s counterclaim. Notwithstanding this fact, Qualcomm argues that
22 Apple’s complaint nevertheless places the parties’ global FRAND dispute in issue because the parties’
23 failed licensing negotiations precipitated the current dispute. Accordingly and because Apple’s
24 complaint has placed the global FRAND dispute in issue, Qualcomm avers that this Court should
25 resolve the global FRAND issues between Apple and Qualcomm. Dkt. No. 92-1 at 20. At oral
26 argument, it became apparent that Apple’s position is that this Court does not have the authority to
27 adjudicate Qualcomm’s counterclaim for a global FRAND determination because Apple is under no
28 obligation to accept Qualcomm’s license offer regardless of whether the offer is FRAND and because
Apple has not consented to be bound by any global FRAND determination. Transcript, Dkt. No. 122 at
41-47. As such, Apple argues that any decision by this Court setting a global FRAND rate would be an
advisory opinion. *See generally Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1039 n.13 (9th Cir.
2015); *TCL Commc’ns Tech. Holdings Ltd. v. Telefonaktenbologer LM Ericsson*, 2014 WL 12588293,
*5 (C.D. Cal. Sept. 30, 2014); *Realtek Semiconductor Corp. v. LSI Corp.*, 2012 WL 4845628, *5 (N.D.
Cal. Oct. 10, 2012). The Court, however, need not decide this question to resolve the instant motion.
Regardless of whether or not Qualcomm’s counterclaim is proper, the anti-suit injunction fails.

1 commitment to the ITU, Motorola surrendered its right to seek infringement actions
2 against a willing licensee, including Microsoft, because, when all was said and done,
3 Motorola had to offer Microsoft a RAND license.

4 Understood in this way, the *Microsoft* court applied the same principle articulated
5 in *Gallo* and *Applied Medical* by similarly holding the enjoined party to its contractual
6 bargain. Motorola, through its RAND commitment to the standard-setting organization,
7 promised to license, on RAND terms, any entity that wanted to practice the relevant
8 standard. In so doing and according to the *Microsoft* court, Motorola gave up the right to
9 pursue infringement actions except against an unwilling licensee. It was, therefore,
10 plainly improper, vexatious, and duplicative for Motorola to bring an infringement action
11 in a foreign court for a patent that Microsoft had wanted to license, but could not, due to
12 Motorola's failure to make a RAND offer.

13 This reasoning, however, does not translate into the instant set of circumstances.
14 Here, Qualcomm seeks to enjoin Apple from proceeding with foreign litigation based
15 upon Apple's mere invitation to deal with Qualcomm. Apple, unlike Qualcomm, has not
16 made any binding commitment to ETSI.⁶ And Apple does not have a licensing
17 agreement with Qualcomm. The only contractual rights and obligations implicated by
18 this lawsuit are Apple's rights and obligations as a third-party beneficiary of Qualcomm's
19 promises to ETSI. Stated differently, Apple, unlike Motorola and Qualcomm, has made
20 no binding commitment that limits the relief that it may seek or how it may enforce that
21 relief. Whereas Qualcomm's negotiations with Apple are constrained by its contractual
22 obligations to ETSI, Apple is free to decline or accept Qualcomm's offer regardless of
23 whether it complies with FRAND.⁷

24
25 ⁶ The Court observes that Apple is a member of ETSI. Qualcomm, however, has made no argument that
26 through its membership, Apple has somehow agreed to circumscribe or limit how it may seek to enforce
27 other members' obligations to ETSI.

28 ⁷ Of course, if Apple wishes to enforce Qualcomm's commitment to ETSI it must demonstrate that it
was a willing licensee and, therefore, a proper third-party beneficiary. The nature of that obligation,
however, is different in kind than Qualcomm's obligation to ETSI. If Apple is not a willing licensee, it

1 In light of these legal rights and obligations, and notwithstanding Qualcomm’s
2 protestations to the contrary, the *Microsoft* holding is not “squarely on point.” The
3 *Microsoft* court concluded that the U.S. and foreign actions were functionally the same
4 because Motorola’s contractual commitment to the standard-setting organization
5 effectively mooted any right Motorola had to bring an action for infringement in a foreign
6 court. The same cannot be said of Apple’s U.S. and foreign actions. Apple has made no
7 binding commitment that limits where it can bring a lawsuit, under what laws, or how it
8 can enforce its third-party beneficiary rights under ETSI. As a baseline matter, therefore,
9 Apple is free to exercise its rights in the United Kingdom, China, Taiwan, and Japan
10 under those countries’ laws. Accordingly, the similarity-of-issues principle that
11 underpinned *Gallo*, *Applied Medical*, and *Microsoft* does not dictate the outcome of the
12 threshold similarity-of-issues inquiry here.

13 **4. The U.S. action is not dispositive of the foreign actions**

14 With this background in mind, the Court now turns to the question of whether this
15 Court’s adjudication of the claims before it will be dispositive of Apple’s foreign actions.
16 Qualcomm, of course, argues that this Court’s “ruling on Qualcomm’s FRAND
17 obligation will be dispositive of Qualcomm’s obligations as to Apple (and the extent to
18 which they were satisfied) worldwide.” Dkt. No. 92-1 at 7. More specifically,
19 Qualcomm asserts that this Court’s “binding, global FRAND determination as to the
20 obligations owed between Apple and Qualcomm and the extent to which they were
21 fulfilled . . . will resolve issues at the core of the foreign actions[.]”⁸ *Id.* at 25.

22 Apple begs to differ. Apple contends that even the global FRAND issue will not
23 dispose of the foreign actions because Apple’s foreign suits have challenged the validity
24 and exhaustion of Qualcomm’s foreign patents, under foreign patent law, and have
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26 simply loses the right to enforce Qualcomm’s contract with ETSI. Yet if Qualcomm fails to offer a
27 FRAND license, it has breached its contractual obligations.

28 ⁸ The Court again observes that Apple disputes that it would be bound by any global FRAND
determination made by this Court because it does not have to accept a license from Qualcomm.

1 additionally challenged Qualcomm’s licensing practices under foreign competition and
2 anti-trust laws. Dkt. No. 108 at 21. Apple moreover argues that this Court does not have
3 the authority to make determinations regarding the validity of U.K., Chinese, Japanese, or
4 Taiwanese patents under their laws, and that any antitrust relief sought under U.S. law
5 could not apply out of the U.S. territory. *See* Dkt. No. 108 at 21-23.

6 Qualcomm’s response to these legitimate concerns is lacking and otherwise
7 unconvincing. In its reply brief, Qualcomm emphasizes that Apple’s arguments miss the
8 mark because Qualcomm’s contractual FRAND obligation applies worldwide. Thus, it
9 argues, “while a U.S. antitrust claim may concern only U.S.-related activity, the
10 contractual FRAND inquiry necessarily concern global activities.” Dkt. No. 114 at 8.
11 With regards to Apple’s patent-based contentions it argues along similar veins that
12 “Because the foreign patent claims are intertwined with the same FRAND issues before
13 this Court, the U.S. Action will dispose of core issues in the foreign patent claims.” *Id.*
14 (footnote omitted). Qualcomm’s response to Apple’s concerns at oral argument likewise
15 lacked specificity. When the Court directly asked Qualcomm to explain how the U.S.
16 action would dispose of Apple’s anticompetitive claims in the foreign suits, Qualcomm
17 simply reiterated, without explaining, that the parties’ FRAND dispute is a worldwide
18 contractual question and that that contractual FRAND question will moot the foreign
19 actions as was the case in *Microsoft*. *See* Transcript, Dkt. No. 122 at 9-12, 15-17.

20 Yet what Qualcomm left out of its response, both in its briefing and at oral
21 argument, is telling. Apple has asserted anticompetitive-based causes of action under
22 Article 102 of the Treaty of the Functioning of the European Union, Article 54 of the
23 Agreement on the European Economic Area, Section 18 of the U.K. Competition Act of
24 1998, Japan’s Antimonopoly Act, the Chinese Anti-Monopoly Law, and the Taiwan Fair
25 Trade Law. Qualcomm, however, has not even attempted to explain (other than relying
26 on *Microsoft*) why this Court’s findings on Qualcomm’s FRAND obligations to ETSI
27 would be dispositive of Apple’s anticompetition claims under these laws. Qualcomm
28 does not argue that the foreign courts are bound by this Court’s FRAND determination.

1 In fact, it does not even explain why this Court's global FRAND determination would
2 moot Apple's suit challenging purely foreign conduct and foreign effects. Qualcomm has
3 wholly failed to demonstrate how an adjudication on the merits, here, would dispose of
4 Apple's anticompetitive claims abroad. Accordingly and for the reasons previously
5 stated, this Court is not persuaded that even resolution of Qualcomm's global contractual
6 obligations to ETSI will dispose of Apple's competition-based causes of action arising
7 under foreign laws.

8 What is more, Apple has also asserted patent-based causes of action alleging that
9 Qualcomm's U.K. SEPs are invalid and exhausted under U.K. law, that Qualcomm's
10 Chinese SEPs are invalid and exhausted under Chinese law, that Qualcomm's Japanese
11 SEPs are invalid and exhausted under Japanese law, and that Qualcomm's Taiwanese
12 SEPs are invalid and exhausted under Taiwanese law. But yet again, other than pointing
13 to the outcome in *Microsoft*, Qualcomm has failed to adequately explain how this Court's
14 adjudication of Qualcomm's global contractual FRAND commitment to ETSI would
15 moot Apple's foreign patent claims. Apple is not obligated to accept a worldwide
16 FRAND license from Qualcomm. Apple, therefore, has not contracted away its right to
17 ask foreign courts for declarations that their products do not infringe upon Qualcomm's
18 SEPs because those SEPs are either non-essential, invalid, or exhausted under foreign
19 law. Accordingly and even if this Court ultimately sets a worldwide FRAND rate for
20 Qualcomm's global portfolio, Apple's patent claims for invalidity and exhaustion under
21 foreign law as to foreign patents will remain unaddressed.

22 As such and in the absence of any argument explaining how the U.S. action
23 specifically moots each of the distinct claims asserted in Apple's foreign actions, the
24 Court concludes that Qualcomm has failed to demonstrate that the issues in Apple's U.S.
25 and foreign actions are functionally similar in the sense that an adjudication on the merits
26 here would dispose of the claims abroad. The Court moreover concludes that even if
27 Qualcomm had demonstrated that the issues in the U.S. action and the foreign actions are
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1 “functionally similar,” the Court’s ultimate decision would not change as the Court
2 additionally finds that the remaining two anti-suit factors are also absent.

3 **C. None of the articulated *Unterweser* factors applies**

4 The second step in deciding an anti-suit injunction requires the Court to assess
5 whether the foreign litigation would (1) frustrate a policy of the forum issuing the
6 injunction; (2) be vexatious or oppressive; (3) threaten the issuing court’s *in rem* or *quasi*
7 *in rem* jurisdiction; or (4) prejudice other equitable considerations. *Microsoft*, 696 F.2d
8 at 881-82. Only one of these factors needs to be met in order to weigh in favor of
9 granting an anti-suit injunction. *Id.* at 885. Qualcomm contends that at least two of the
10 *Unterweser* factors applies: namely, the second, that Apple’s foreign actions are
11 vexatious and oppressive, and the fourth, that Apple’s simultaneous U.S. and foreign
12 proceedings prejudice other equitable considerations.⁹ Dkt. No. 92-1 at 25.

13 **1. Apple’s foreign suits are not vexatious or oppressive**

14 A party demonstrates that suit is “vexatious” if it can show that the suit was
15 “without reasonable or probable cause or excuse; harassing; annoying.” *Microsoft*, 696
16 F.2d at 886. Qualcomm avers that Apple’s foreign lawsuits are vexatious because they
17 are duplicative and because the duplicative nature of the lawsuits demonstrates that Apple
18 seeks to harass Qualcomm in order to gain leverage in future licensing negotiations. Dkt.
19 No. 92-1 at 26-27. As such, Qualcomm argues, the “additional foreign actions [that]
20 Apple has brought . . . can only be described as vexatious.” *Id.* at 27.

21 The record before the Court, however, does not support Qualcomm’s contentions.
22 For one, Apple filed the U.S. action in January 2017 and it filed the U.K., Japanese,
23 Chinese, and Taiwanese actions one after the other between January 2017 and April
24 2017. All of Apple’s foreign actions, therefore, were filed before the parties’ pleadings
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27 ⁹ The Court observes that it is telling that the two factors that Qualcomm has identified as applicable are
28 the two factors deemed less important elsewhere. *See, e.g., Ibeto Petrochemical Indus. Ltd. v. M/T Beffen*, 475 F.3d 56, 64 (2d Cir. 2007) (concluding that the first and third *Unterweser* factors hold greater significance than the second and fourth).

1 were finalized and before this Court ever made a ruling on the merits. As such, this is not
2 a case where the delay between the filing of the first action and the subsequent actions
3 raises concerns about forum-shopping or harassing motive. *See Microsoft*, 871 F. Supp.
4 2d at 1100 (finding vexatious duplication where Motorola filed a single foreign action
5 alleging infringement of two patents six months after Microsoft had filed a U.S. action
6 seeking to resolve Microsoft’s dispute with Motorola concerning those same patents and
7 one hundred additional patents).

8 Two, Apple has submitted declarations from each of their respective
9 representatives before the U.K., Japanese, Chinese, and Taiwanese courts explaining why
10 the foreign claims that Apple has filed and the relief that it seeks under foreign laws are
11 not duplicative of the claims and relief sought in the U.S. action. *See, e.g., Wang Decl.*
12 ¶¶ 6-7 (“The relief that Apple seeks is primarily in the form of injunctive relief, focused
13 on ensuring that Qualcomm ceases its licensing practices and terms that are in violation
14 of the Taiwan Fair Trade Act and/or constitute abuse of patents rights in Taiwan. To the
15 extent Apple is seeking damages for past excessive royalties paid to Qualcomm, those
16 damages would be limited to royalties paid for products sold in *Taiwan*, to the extent
17 such royalties violate the Taiwan Fair Trade Act.”) (emphasis in original); *Yang Decl.* ¶ 5
18 (“The claims in the China Actions are focused on *Chinese* patents, *Chinese* markets, and
19 harm to competition in *China*. None of the China Actions seeks a determination of what
20 a fair, reasonable, and non-discriminatory (“FRAND”) royalty would be for Qualcomm’s
21 global patent portfolio.”) (emphasis in original); *Yakura Decl.* ¶ 2 (“... Apple has filed
22 patent and antitrust cases in Japan, focusing on Japanese patents and harm in Japanese
23 markets. None of those actions request the court to determine what a fair, reasonable,
24 and non-discriminatory (“FRAND”) royalty would be for Qualcomm’s patents on a
25 global portfolio-wide basis.”); *Harrison Decl.* ¶ 9 (“... the claims that Apple filed in the
26 United States . . . are neither dispositive of the UK proceedings, nor do the US
27 Proceedings and the UK Proceedings overlap in such a way that the outcome of the US
28 Proceedings would resolve the issues and claims raised in the UK proceedings.”).

1 In light of these declarations, the Court concludes that any duplication evident in
2 the U.S. actions and foreign actions is not so “unreasonable” that it suggests motive to
3 harass or annoy. Although it is true that Apple’s foreign actions attack the same conduct
4 underlying the U.S. action, the Court does not find that Apple acted unreasonably by
5 filing the separate foreign actions. Apple’s declarations make evident that it has sought
6 to challenge Qualcomm’s patent licensing practices and anticompetitive conduct territory
7 by territory. While Qualcomm may object to this litigation strategy as duplicative, the
8 Court will not conclude that Apple’s exercise of its rights under foreign laws is vexatious.
9 *See Ist Source Bank v. Neto*, 861 F.3d 607, 614 (7th Cir. 2017) (concluding that it was
10 not vexatious for a party to pursue parallel litigation in Brazil where the party was
11 exercising its contractual rights to protect its interests under foreign law). Because
12 antitrust laws differ significantly from jurisdiction to jurisdiction, Apple had a legitimate
13 reason to file separate foreign actions. *See F.Hoffman-La Roche Ltd. v. Empagran S.A.*,
14 542 U.S. 155, 167-68 (wherein foreign governments advocated for the Supreme Court to
15 hold that U.S. antitrust law did not extend to the disputed conduct because their
16 countries’ remedial schemes differed significantly from the U.S. system).

17 Furthermore, the Court concludes that Apple also had and has a reasonable interest
18 in challenging Qualcomm’s patents forum by forum. At oral argument, Apple
19 emphasized that Qualcomm’s practice of licensing its SEPs on a portfolio-level basis
20 insulates Qualcomm from challenges to the validity or essentiality of its patents because
21 licensees do not know what patents are included in Qualcomm’s portfolio.¹⁰
22 Accordingly, Apple brought patent claims in the various foreign suits as a means to
23 verify that Qualcomm’s various patents are, in fact, valid and essential before Apple
24 agrees to license Qualcomm’s global patent portfolio. *See id.* at 60-61 (“We want to look
25 at the patents before we pay some extraordinary amount[.]”). That Apple wants to
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28 ¹⁰ In its 2016 decision, the Korea Fair Trade Commission (“KFTC”) found that this practice violated
Qualcomm’s FRAND commitment to ETSI. *See infra* Part D.

1 litigate any alleged infringement of Qualcomm’s SEPs before it accepts a global offer to
2 license Qualcomm’s SEP portfolio, therefore, is yet another reasonable justification for
3 filing the foreign actions. After all, and as neither party disputes, this Court cannot
4 adjudicate or enforce the patent law of the U.K., China, Japan or Taiwan. *See Microsoft*,
5 696 F.3d at 884 (“To be sure, if the district court had based its injunction in an
6 expectation that U.S. *patent* claims could dispose of German patent claims, then it would
7 have erred.”). As such and in light of these legitimate considerations, the Court
8 concludes that any duplication between Apple’s U.S. action and foreign actions was not
9 so unreasonable that it was vexatious and designed to only harass and annoy.

10 **2. “Other equitable considerations” do not justify the relief sought**

11 Next, Qualcomm contends that Apple’s foreign lawsuits prejudice “other equitable
12 considerations” because (1) they are a pretext for withholding royalties to gain leverage
13 in licensing negotiations; (2) they threaten to delay a speedy and efficient resolution of
14 the FRAND issues; (3) they will cause substantial inconvenience, unnecessary expense
15 and a duplication of efforts; and (4) they could result in inconsistent rulings or a race to
16 the judgment. Dkt. No. 92-1 at 27-29. The Court will address each of these assertions in
17 turn.

18 Qualcomm argues that the Court should conclude that Apple’s foreign actions are
19 pretext for withholding royalties because “Apple has told Qualcomm that it plans to
20 withhold from the Contract Manufacturers payments for all royalties—hundreds of
21 millions of dollars each calendar quarter—until the global litigation has been resolved.”
22 *Id.* at 27; *see also* Rogers Decl. ¶ 12, Dkt. No. 92-4 at 5 (stating that Qualcomm received
23 a letter from Apple on April 25, 2017, stating that “it will continue to withhold
24 Qualcomm royalties for the indefinite future . . . until Apple’s litigation against
25 Qualcomm ends.”). The Court, however, finds that the record before the Court does not
26 support any assertion of pretextual motive. For all the reasons stated above, the Court
27 finds that Apple has legitimate reasons for pursuing parallel actions in the U.S. and
28 abroad, including Apple’s interest in vindicating its rights under foreign anticompetition

1 and patent law. Accordingly, the Court rejects Qualcomm's contention as being
2 unsupported by the facts before the Court.

3 Second, Qualcomm argues that Apple's foreign actions will "necessarily prolong
4 the dispute and delay any final resolution." Dkt. No. 92 at 28. The Court is unpersuaded
5 by the conclusory nature of this argument. The Court will hear the parties' respective
6 motions to dismiss at the end of September 2017. The Court will hold a claim
7 construction hearing on March 22, 2018. Dkt. No. 117. All discovery, including expert
8 discovery, will conclude on May 11, 2018 and the final pre-trial conference will be held
9 on September 28, 2018. Dkt. No. 116. Given that the Court had already set a number of
10 key litigation dates and in light of the fact that Qualcomm has offered no reason why this
11 timeline will necessarily be delayed by the parallel proceedings, the Court declines to
12 find that the need for a speedy and efficient determination of this case requires enjoining
13 Apple's foreign suits and overcomes Apple's legitimate interest in pursuing those suits.

14 Third, Qualcomm argues that allowing the foreign actions to proceed will "lead to
15 substantial inconvenience, unnecessary expense, and an absurd duplication of effort."
16 Dkt. No. 92 at 28. More specifically, Qualcomm contends that parallel proceedings will
17 force the parties to "shuttle witnesses back and forth across the globe for duplicative
18 testimony" and will "waste judicial resources" as Apple "uses courts around the world as
19 sounding boards for its position on the same issue." *Id.* The Court likewise finds this
20 contention to be without merit.

21 As an initial matter and for the reasons previously stated, the Court does not find
22 that judicial resources will be wasted on the foreign actions. Apple's foreign suits raise
23 legitimate questions under foreign anticompetition and patent law that are distinct from
24 the claims before the Court. Accordingly, the Court does not find that allowing the
25 concurrent proceedings to move forward wastes judicial resources.

26 In addition, the Court is also not persuaded that the resulting inconvenience or
27 expense to Qualcomm justifies anti-suit relief. Any defendant who faces parallel
28 litigation in a foreign suit will be inconvenienced. Any defendant who is sued in parallel

1 proceedings will bear the costs of defending themselves in each. Qualcomm, however,
2 has offered no reason why the inconvenience or expense that it will incur as a result of
3 these related proceedings are so extraordinary or substantial that they justify equitable
4 injunctive relief. *See China Trade & Dev. Corp. v. M.V. Choong Yong*, 837 F.2d 33, 36
5 (2d Cir. 1987) (“Since these factors [additional expense and race to judgment] are likely
6 to be present whenever parallel actions are proceeding concurrently, an anti-suit
7 injunction grounded on these additional factors alone would tend to undermine the policy
8 that allows parallel proceedings to continue and disfavors anti-suit injunctions.”).

9 Moreover, and even if Qualcomm had offered such reasons, the Court’s decision
10 would not change. Because Apple’s U.S. and foreign actions are not identical and
11 because the foreign suits assert Apple’s rights under foreign anticompetition and patent
12 law, the Court is not prepared to conclude that any inconvenience or expense is so
13 unnecessary or absurd that it overwhelms Apple’s right to pursue concurrent proceedings.
14 Equity does not demand that a court enjoin a non-identical parallel proceeding simply
15 because it is burdensome to defend oneself. Accordingly and absent any persuasive
16 showing that Qualcomm is uniquely-situated such that it will be substantially
17 inconvenienced and expensed by the concurrent proceedings, the Court concludes that
18 this equitable consideration does not weigh in favor of an anti-suit injunction.

19 Fourth, Qualcomm argues that “Apple’s duplicative lawsuits create a serious risk
20 of inconsistent judgments” and that “Apple’s duplicative lawsuits raise related concerns
21 that Apple is engaged in an improper ‘race to judgment.’” Dkt. No. 92 at 29. The Court
22 disagrees. Both of these arguments ring hollow in light of the record before the Court
23 and the context in which these proceedings have arose.

24 One and for the reasons previously mentioned, because Apple’s U.S. and foreign
25 complaints are sufficiently distinct, they do not raise concerns that Apple is, as
26 Qualcomm says, “test[ing] the waters in each court and then opportunistically rac[ing] to
27 judgment[.]” *Id.* Apple does not ask this Court for worldwide relief. It has not asked
28 this Court to determine whether Qualcomm’s global license offer complies with FRAND.

1 Rather, it was Qualcomm who counterclaimed for a determination that its worldwide
2 global SEP offer to Apple was FRAND. That Qualcomm asked for this relief, and not
3 Apple, belies Qualcomm’s assertion that Apple’s foreign suits opportunistically seek to
4 litigate the same or overlapping issues in five different jurisdictions. Qualcomm placed
5 global relief on the table, not Apple. Accordingly, the Court is not prepared to find that
6 the threat of granting Qualcomm the relief that it seeks, here, is reason enough to enjoin
7 the otherwise legitimate lawsuits that Apple filed elsewhere.

8 Furthermore, the Court is also not persuaded that any risk of inconsistent rulings
9 among the five jurisdictions justifies the extraordinary relief that Qualcomm seeks.
10 Qualcomm suggests that it would be untenable or unfair for it to have to alter its behavior
11 territory by territory in order to comply with potentially inconsistent rulings. Yet
12 Qualcomm has already been the recipient of rulings regarding the anticompetitive nature
13 of its business model that only apply throughout the territory issuing the ruling. Take
14 China for instance. In 2013 the Chinese National Development and Reform Commission
15 (“NDRC”) conducted an investigation into Qualcomm’s licensing and baseband chipset
16 supply practices and their effect on competition in the China markets. Yang Decl. ¶ 13.
17 Upon completion of the investigation, China fined Qualcomm close to \$1 billion dollars
18 and Qualcomm issued a Chinese-specific rectification plan in order to comply with the
19 resulting decision. *Id.* (stating that the rectification plan specifically addressed the
20 royalties paid on Qualcomm’s 3G and 4G standard-essential Chinese patents for devices
21 sold in China); *see also* Qualcomm’s Answer to First Amended Complaint, Dkt. No. 97
22 ¶ 201. That Qualcomm has already modified its licensing practices and conduct in order
23 to conform to a judicial ruling that only applied to one jurisdiction significantly lessens
24 the weight of Qualcomm’s otherwise conclusory assertion that it would be placed in the
25 “impossible position of attempting to alter its behavior in an attempt to satisfy conflicting
26 rulings” in different countries. Dkt. No. 92 at 29.

1 As such, and especially in light of the fact that Apple’s foreign suits are not, as
2 Qualcomm contends, identical, the Court concludes that any risk of inconsistent
3 judgments does not weigh in favor of an anti-suit injunction.

4 **D. The effect on comity is not tolerable.**

5 “Comity is the recognition which one nation allows within its territory to the
6 legislative, executive or judicial acts of another nation, having due regard both to
7 international duty and convenience, and to the rights of its own citizens, or of other
8 persons who are under the protection of its laws.” *Gallo*, 446 F.3d at 994 (internal
9 citations omitted). “The extension of comity to a foreign judgment is neither a matter of
10 absolute obligation, on the one hand, nor of mere courtesy and good will, upon the
11 other.” *Applied Med.*, 587 F.3d at 920. As such, it is not necessary to “calculate the
12 precise quantum of [an] injunction’s interference with comity,” but rather it is enough to
13 “estimate whether any such interference is so great as to be intolerable.” *Microsoft*, 696
14 F.3d at 886. The comity inquiry, therefore, is flexible, fact-specific, and context-specific.
15 *Id.*

16 Qualcomm contends that enjoining the foreign suits will have no impact on comity
17 because “[a]t its core, this is a dispute between two California corporations concerning
18 licensing negotiations that occurred primarily in California.” Dkt. No. 92-1 at 30. Since
19 the key issue in each foreign action is Apple’s “claim as a third-party beneficiary of
20 Qualcomm’s contractual commitment to ETSI” and because no foreign government is
21 involved, Qualcomm argues that there is no negative effect on comity. *Id.* Stated
22 differently and in Qualcomm’s own words, “Ordering one American corporation to stop
23 pursuing duplicative foreign actions concerning the contractual relationship with another
24 American corporation will have no adverse impact on comity.” *Id.*

25 Apple argues the opposite. According to Apple, issuing the anti-injunction would
26 plainly offend comity concerns because it would be akin to “forbid[ding] a foreign court
27 from adjudicating legal issues under its own law.” Dkt. No. 108 at 28. Specifically,
28 Apple avers that it would be improper to prevent the foreign courts from adjudicating the

1 infringement and antitrust-related claims or even from delaying adjudication of either
2 type of claim. *Id.* In reply, Qualcomm emphasizes that the anti-suit injunction does not
3 ask this Court to adjudicate the foreign patent and foreign anti-trust claims, but rather,
4 asks this Court to prevent Apple from litigating “the same private contractual dispute
5 over and over again around the world.” Dkt. No. 114 at 11. As such Qualcomm asserts,
6 and because the “contractual FRAND determination in this action will resolve the claims
7 and issues in the foreign actions based on the same FRAND contract” any “remaining
8 foreign issues can be resolved by the foreign courts in due course, after this Court’s
9 resolution of the global FRAND issues.” *Id.* (footnote omitted).

10 For many reasons, the Court disagrees that enjoining the foreign suits would have a
11 tolerable impact on comity. Throughout its briefing, Qualcomm emphasizes that this is a
12 “private contractual dispute” between Apple and Qualcomm. Accordingly, and to the
13 extent that private commercial obligations do not implicate public concerns, Qualcomm
14 argues that an anti-suit injunction would have no effect on comity. *See Microsoft*, 696
15 F.3d at 887 (holding that district court did not abuse its discretion in granting anti-suit
16 injunction because case involved private dispute under Washington state contract law and
17 did not raise any public international issue). Yet given the specific claims raised in
18 Apple’s foreign lawsuits — which include antitrust and patent claims — and given the
19 numerous lawsuits filed against Qualcomm by international bodies, the Court finds it
20 improper to demote this action to no more than a “private contractual dispute.”

21 As Qualcomm reiterated throughout oral argument, Qualcomm’s FRAND
22 commitment to ETSI is global. Indeed, Apple is not the only third-party beneficiary with
23 an interest in enforcing Qualcomm’s contractual obligations to ETSI. ETSI’s IPR policy,
24 in fact, plainly states that any willing licensee is entitled to license Qualcomm’s
25 intellectual property at a FRAND rate. There are, therefore, any number of corporations
26 in China, Japan, the U.K., and Taiwan that are similarly-situated to Apple and that are
27 similarly entitled to benefit from Qualcomm’s FRAND promise to ETSI. Viewed in this
28

1 light, it is far from accurate to say that this is a paradigmatic “private contractual dispute”
2 that only implicates the rights and obligations among Apple and Qualcomm.

3 Moreover and because Qualcomm’s promises to ETSI are global in scope, whether
4 Qualcomm is upholding its FRAND commitment has global consequences and is of
5 global significance. Long before Apple ever filed suit in this Court, adjudicative bodies
6 in the countries implicated by this anti-suit injunction began to investigate Qualcomm’s
7 licensing practices.¹¹ In 2009, the Korea Trade Fair Commission imposed a corrective
8 order and fined Qualcomm \$208 million dollars “[f]or abusing its dominant position by
9 charging discriminatory royalties and offering conditional rebates.”¹² Also in 2009, the
10 Japan Fair Trade Commission issued an order finding that Qualcomm had violated
11 Article 19 of the Anti-Monopoly Act by coercing Japanese manufacturers to accede to a
12 FRAND-encumbered license agreement that guaranteed Qualcomm “royalty-free licenses
13 for the intellectual property rights of the Japanese Manufacturers” and that prevented the
14 Japanese Manufacturers from “assert[ing] their intellectual property rights against
15 Quaclomm[.]”¹³ In 2014 and as explained in further detail above, the Chinese National
16 Development and Reform Commission concluded that Qualcomm’s licensing practices
17 violated China’s Anti-Monopoly Law. In 2015, the European Commission issued two
18 “Statements of Objections” alleging, among other matters, that Qualcomm abused its
19 dominant position in the baseband chipset market by paying a “major smartphone and
20 tablet manufacturer” significant amounts of money in order to be the company’s
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22
23 ¹¹ The following decisions were specifically identified in Apple’s first amended complaint. *See* FAC
24 ¶¶ 200-06. In its answer, Qualcomm acknowledges the existence of each of these cases, but refers the
25 Court “to the foregoing documents for their contents.” Answer to FAC ¶¶ 200-06. Thus, the Court
26 finds it proper to take judicial notice of the contents of these decisions and the official documents
27 explaining the grounds for the decisions.

28 ¹² Qualcomm’s Abuse of Market Dominance, KFTC (July 23, 2009),
29 <http://www.ftc.go.kr/eng/solution/skin/doc.html?fn=d83c42bbd9236e343cf78a7250d57b2292383b1f0ca3eb1d83cccaf4e6854dd2&rs=/eng/files/data/result/files/bbs/2009/>.

¹³ Cease and Desist Order against Qualcomm Incorporated, JFTC (Sept. 30, 2009),
30 <http://www.jftc.go.jp/en/pressreleases/yearly-2009/sep/individual-000038.files/2009-Sep-30.pdf>.

1 exclusive manufacturer of baseband chipsets.¹⁴ In 2017, the KFTC issued a decision that
2 specifically found that Qualcomm had violated its FRAND commitment to ETSI by (1)
3 refusing to license rival chipset makers; (2) coercing manufacturers to sign unfair license
4 agreements by linking Qualcomm’s chipset supply with their patent license agreements;
5 (3) and by offering their “comprehensive portfolio license” without “undergoing a
6 reasonable value assessment process.”¹⁵ And finally, as of the date of Apple’s complaint,
7 the Taiwanese Fair Trade Commission had begun to actively investigate Qualcomm’s
8 business model as well. FAC ¶ 208; Answer to FAC ¶ 208.

9 That multiple sovereign and international bodies have concluded or alleged that
10 aspects of Qualcomm’s business model are anticompetitive demonstrates that this dispute
11 implicates global public concerns in a way not evident from the record in *Microsoft v.*
12 *Motorola*. Through the U.S. and foreign actions, Apple has specifically alleged that
13 Qualcomm’s licensing practices are anticompetitive under U.S. antitrust law and
14 anticompetition laws in the U.K., China, Japan, and Taiwan. That anticompetitive
15 conduct is, moreover and as both parties concede, inextricably intertwined with
16 Qualcomm’s FRAND obligations to ETSI. Enjoining Apple, therefore, from proceeding
17 with its foreign suits, or even just part of them, would effectively deprive the U.K.,
18 China, Japan, and Taiwan of its jurisdiction to consider whether licensing agreements that
19 Qualcomm executes within those jurisdictions, have anticompetitive effects in those
20 territories. *See China Trade*, 837 F.2d at 35-36 (citations omitted) (“The fact that the
21 injunction operates only against the parties, and not directly against the foreign court,
22 does not eliminate the need for due regard to principles of international comity, because
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24
25 ¹⁴ Press Release, Antitrust: Commission Sends Two Statements of Objections on Exclusivity Payments
26 and Predatory Pricing to Qualcomm, European Commission (Dec. 8, 2015), http://europa.eu/rapid/press-release_IP-15-6271_en.htm.

27 ¹⁵ KFTC imposes sanctions against Qualcomm’s abuse of SEPs of mobile communications, KFTC
28 (Dec. 28, 2016), <http://www.ftc.go.kr/eng/solution/skin/doc.html?fn=0575fbdccbed8ced77b565db3dc7d32ffc7051e67ef109afad6d4f1cd780d6e8&rs=/eng/files/data/result/files/bbs/2017/>.

1 such an order effectively restricts the jurisdiction of the court of a foreign sovereign[.]”).
2 Yet such a result is intolerable given that numerous foreign bodies, including those slated
3 to adjudicate the foreign suits, have proactively sought to investigate and terminate the
4 anticompetitive effects of Qualcomm’s licensing and patent practices in their respective
5 jurisdictions.

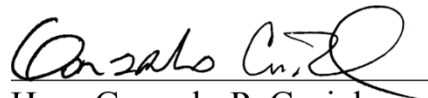
6 In sum, this is not a case where the only assertion of comity is “vague and
7 omnipotent.” *See Kaepa, Inc. v. Achilles Corp.*, 76 F.3d 624, 627 (5th Cir. 1996). The
8 record before the Court demonstrates that the boundaries of this dispute are not limited to
9 the United States. Multiple sovereign states and bodies have posed legal challenges to
10 Qualcomm’s business model on the belief that Qualcomm’s conduct in their respective
11 jurisdictions has an adverse effect on competition in their territories. To issue an anti-suit
12 injunction, therefore, would directly impede upon the ongoing efforts in the U.K., China,
13 Japan, and Taiwan to assess the anticompetitive effects of Qualcomm’s licensing and
14 chip practices on their markets. Accordingly, the Court finds that the impact on comity is
15 not tolerable and weighs against the issuance of an anti-suit injunction.

16 **IV. CONCLUSION**

17 For the foregoing reasons, and because the Court finds that none of the three anti-
18 suit factors weigh in favor of granting Qualcomm the injunction that it seeks, the Court
19 **DENIES** Qualcomm’s request for an anti-suit injunction.

20 **IT IS SO ORDERED.**

21
22 Dated: September 7, 2017

23 
24 Hon. Gonzalo P. Curiel
25 United States District Judge
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