No. 19-1269

IN THE
Supreme Court of the United States

TCL COMMUNICATION TECHNOLOGY HOLDINGS LIMITED; TCT MOBILE LIMITED; TCT MOBILE (US) INC.,
Petitioners,

v.

ERICSSON, INC.; TELEFONAKTIEBOLAGET LM ERICSSON,
Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF IN OPPOSITION

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QUESTION PRESENTED

Whether a monetary payment made as compensation for past unlicensed use of patented technology, which extinguishes patent-infringement claims seeking damages for past unlicensed sales, is legal relief that must be determined by a jury under the Seventh Amendment.

PARTIES TO THE PROCEEDINGS BELOW

Petitioners here, appellees below, are TCL Communication Technology Holdings, Limited; TCT Mobile Limited; and TCT Mobile (US) Inc.

Respondents here, appellants below, are Ericsson Inc. and Telefonaktiebolaget LM Ericsson.

CORPORATE DISCLOSURE STATEMENT

Pursuant to this Court's Rule 29.6, respondents Ericsson Inc. and Telefonaktiebolaget LM Ericsson state that Ericsson Inc. is a subsidiary of Ericsson Holding II, Inc. and Telefonaktiebolaget LM Ericsson. Telefonaktiebolaget LM Ericsson has no parent corporation and no company owns 10% or more of its stock.

STATEMENT OF RELATED PROCEEDINGS

There are no related proceedings within the meaning of Rule 14.1(b)(iii).

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BRIEF IN OPPOSITION

STATEMENT

The Seventh Amendment guarantees the right to a jury trial in actions traditionally "tried in courts of law," such as suits for money "damages." *Tull* v. *United States*, 481 U.S. 412, 417-418, 422 (1987). It is now beyond dispute that patentees seeking damages for patent infringement have a Seventh Amendment right to a jury trial. *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996). In this case, the district court awarded Ericsson $16,449,071 to—in the district court's words—

"*compensate* [Ericsson] for TCL's *prior unlicensed use* of Ericsson's patents." Supp. App. 3a n.4 (C.A. App. 29) (emphasis added).[1] The court of appeals held that, because such an award of retroactive relief as compensation for "past" infringement constitutes "money damages," it is legal relief for which Ericsson had a Seventh Amendment right to a jury trial.

I. BACKGROUND

Respondents Ericsson, Inc. and Telefonaktiebolaget LM Ericsson (collectively "Ericsson") are leaders in the field of wireless communications. C.A. App. 44503, 46833-46841. Ericsson annually invests billions of dollars developing innovations that increase the speed, reliability, security, convenience, and energy-efficiency of cellular communications. Petitioners TCL Communication Technology Holdings Limited, TCT Mobile Limited, and TCT Mobile (US), Inc. (collectively "TCL") sell "low-end mobile handsets" that, for years, concededly used Ericsson's patented technology without license or payment. C.A. App. 44619.

A. The FRAND Obligation for Technologies Incorporated into Cellular Standards

The mobile phone industry—through the European Telecommunications Standards Institute ("ETSI")—has developed technical standards to ensure that mobile devices are fully interoperable. Ericsson C.A. Br. 2-3; C.A. App. 46841-46842. The standards precisely specify

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[1] The petition appendix includes the district court's Amended Final Judgment and Injunction, Pet. App. 29a-58a, but not the lengthy opinion under review below (reproduced in the court of appeals at C.A. App. 27-141). For the Court's convenience, relevant portions are reproduced *infra*, Supp. App. 1a-13a.

how mobile devices transmit and receive radio signals. Pet. App. 3a. Successive generations of the standards, bearing names like "2G," "3G," and "4G," achieve enormous improvements in speed, reliability, security, and energy efficiency. *Ibid.*

ETSI develops standards by working with industry, including innovators such as Ericsson, Nokia, and Panasonic, to incorporate the "best" technical solutions into the standard. C.A. App. 46841-46842. Ericsson has been a major technological contributor to the 2G, 3G, and 4G/LTE standards, as well as the upcoming 5G standard. Its patented innovations improve the quality of transmission between cell phones and towers, increase data speeds, and enhance battery life. Ericsson C.A. Br. 5-6. TCL did not contribute any technology to those standards. C.A. App. 46841.

ETSI often adopts standards that rely on and incorporate patented technologies. *Ericsson, Inc.* v. *D-Link Sys., Inc.*, 773 F.3d 1201, 1209 (Fed. Cir. 2014). When ETSI does so, companies implementing the standard must obtain licenses for those patents, which are called "standard-essential patents" or "SEPs." To guarantee universal access to the standard, Ericsson and other contributors have agreed with ETSI that they are prepared to grant licenses to their essential patents on fair, reasonable, and non-discriminatory ("FRAND") terms. C.A. App. 44570-44571. Companies implementing the standard can enforce that agreement as third-party beneficiaries. Pet. App. 4a.

B. TCL's History of Infringement

TCL sells mobile phones that implement the 2G, 3G, and 4G/LTE standards, all of which include patented Ericsson technology. C.A. App. 44619. Every major mobile handset maker has licensed Ericsson's technology for 2G, 3G, and 4G/LTE communications, from Apple to Samsung to LG. C.A. App. 101-114. TCL initially sold phones without any license for Ericsson patents. C.A. App. 30. In 2007, TCL entered a license covering Ericsson 2G patents for some phones sold outside China. Pet. App. 4a. Over the next five years, TCL sold tens of millions of phones using Ericsson 3G technology (not covered by its 2G license), rejecting every license offer Ericsson made. C.A. App. 46855. In 2012, Ericsson filed lawsuits against TCL for infringement of Ericsson's standard-essential patents in six countries. Pet. App. 4a.

In 2013, TCL began selling 4G phones, again using patented Ericsson technology without a license. Ericsson attempted to negotiate a license for the thousands of Ericsson-owned patents covering technology incorporated into the 4G standard. Pet. App. 4a-5a. TCL rejected Ericsson's offers, alleging the royalty rates were not FRAND. *Ibid.* In 2014, Ericsson made another offer. Pet. App. 5a. TCL stated that the offer "look[ed] promising," but still did not agree to take a license. *Ibid.* It continued to sell unlicensed, infringing phones—nearly 250 million by 2015. C.A. App. 50877.

II. Proceedings Below

A. District Court Proceedings

1. Fearing further infringement actions by Ericsson, TCL filed this action against Ericsson in the U.S. District Court for the Central District of California. Pet. App. 5a. According to TCL's complaint, it faced an "imminent risk of being sued by Ericsson" for patent infringement in the U.S. C.A. App. 572.

TCL sought a judgment declaring that Ericsson's offers breached its promise to grant licenses on FRAND terms and asked the court to declare the FRAND rate. C.A. App. 469. TCL also sought damages for Ericsson's alleged breach of its FRAND obligation. Pet. App. 5a-6a. Ericsson counterclaimed (seeking a declaratory judgment) and filed a damages action alleging patent infringement against TCL in the Eastern District of Texas. *Ibid.* That infringement action was eventually transferred and consolidated with this case. Pet. App. 6a.

Jurisdictional defects in TCL's complaint emerged shortly after it was filed. TCL had asserted diversity jurisdiction under 28 U.S.C. § 1332, but diversity was lacking under *Grupo Dataflux* v. *Atlas Global Group L.P.*, 541 U.S. 567, 569 (2004), as TCL conceded, C.A. App. 707. TCL's breach-of-contract claims, because they were not federal causes of action, could not support federal-question jurisdiction. *Ibid.* Neither amendment nor consolidation with another action could cure the defect. C.A. App. 736, 741; Ericsson C.A. Br. 34 n.1.[2]

The district court, however, found that a single claim supported federal-question jurisdiction—TCL's declaratory-judgment claim. As this Court has explained, the Declaratory Judgment Act permits parties that otherwise would be defendants to bring suit as plaintiffs: For example, a party who fears being sued for patent infringement might bring suit seeking a declaration that it does not infringe. See, *e.g.*, *Graham* v. *John Deere Co.*, 383 U.S. 1, 4 (1966). TCL urged that its declaratory-judgment action, asserting a breach of FRAND obligations, raised a federal question because it "anticipate[d]"

[2] As the district court observed, a complaint's failure to establish subject-matter jurisdiction deprives the court of power to do anything (even grant leave to amend or consolidate with another case). C.A. App. 734 (citing *Morongo Band of Mission Indians* v. *Cal. State Bd. of Equalization*, 858 F.2d 1376, 1380-1381 (9th Cir. 1988)); see *Already, LLC* v. *Nike, Inc.*, 568 U.S. 85, 90-91 (2013).

a federal "patent infringement action" by Ericsson. C.A. App. 713. The asserted breach of the FRAND licensing obligation, TCL insisted, was "a defense to any Ericsson infringement claim," and a "basis for limiting the damages that Ericsson [could] seek in any patent infringement action." *Ibid.* Agreeing, the district court held that TCL's declaratory-judgment claim was federal because it "anticipate[d] a coercive [federal] action" for "patent infringement." C.A. App. 742-743. Indeed, Ericsson actually filed patent infringement claims for damages against TCL. See p. 11, *infra.*

TCL also obtained an anti-suit injunction barring Ericsson from pursuing its foreign actions. C.A. App. 6645. The foreign infringement suits, TCL told the district court, were unnecessary because they raised the "same issue[s]" as its declaratory-judgment action. C.A. App. 4709. To support its injunction against foreign actions, TCL agreed that "any payment allegedly *owed for past unlicensed sales (i.e., damages)*, will be addressed in this case." C.A. App. 6581 (emphasis added).

2. Both TCL and Ericsson initially demanded a jury trial. Ericsson C.A. Br. 10. Citing "overlapping" legal and equitable issues, Ericsson demanded a "jury determination of all issues in one trial," "prior to the Court's determination of any overlapping equitable issues." C.A. App. 10087-10088 (citing *Beacon Theatres, Inc.* v. *Westover*, 359 U.S. 500, 510-511 (1959)). The district court agreed, stating that a jury trial was necessary to avoid "depriv[ing] [Ericsson] of its right to a jury trial on [any] issue." C.A. App. 12230.

Shortly before trial, the district court granted summary judgment against TCL on its damages claims (TCL had no proof of damages). C.A. App. 38816. The district court invited briefing on whether a jury trial was still required. C.A. App. 38821. TCL then changed course and asked for a bench trial. C.A. App. 38844. Ericsson continued to demand a jury. It observed that, in finding jurisdiction, the court had ruled that TCL's declaratory-judgment claim anticipated federal infringement claims. C.A. App. 38827. "Had Ericsson been the plaintiff," Ericsson argued, "TCL's declaratory judgment claim would have come to the Court" as a defense to Ericsson's "claim for patent infringement," which "undoubtedly confers a right of trial by jury upon Ericsson." *Ibid.* Under *Beacon Theatres*, "the fact that TCL is the plaintiff on its claim for declaratory judgment, as opposed to Ericsson being the plaintiff on claims for patent infringement, does not deprive Ericsson of its right to a trial by jury." *Ibid.*

Ericsson also urged that the "nature of the remedy" sought—including a "release payment of money for [TCL's] past patent infringement," C.A. App. 38827—was "decidedly legal" and independently "confer[red] a jury trial right," C.A. App. 38833. Finally, in cases involving both legal and equitable claims, the Seventh Amendment requires a jury trial if the "legal claims involve factual issues that are 'common with those upon which [the] claim to equitable relief is based.'" C.A. App. 38833 (quoting *Dairy Queen, Inc.* v. *Wood*, 369 U.S. 469, 479 (1962)). That was the situation here. *Ibid.*

The court entered a case-management order setting the matter for a bench trial, but did not offer any reasoning. Ericsson C.A. Br. 11. Ericsson renewed its objection to the bench trial in the pretrial order and again before trial. *Ibid.*

3. Following a bench trial, the district court issued a lengthy opinion, C.A. App. 27-141 (reproduced in part Supp. App. 1a-13a), in which it found Ericsson's licensing offers to TCL were not FRAND. The decision set terms

for a worldwide license to Ericsson's 2G, 3G, and 4G standard-essential patents. See Pet. App. 15a-16a. It addressed Ericsson's jury-trial demand in a single sentence, stating that the court had "ruled that TCL's remaining claims were equitable." Pet. App. 11a; see Supp. App. 6a-7a (C.A. App. 34-35).

The court-ordered license included both prospective royalties and a "release payment" of $16,449,071, which the court calculated by applying its royalty rate to "past unlicensed sales." Pet. App. 15a-16a. The accompanying opinion explained that the release payment was "intended to compensate Ericsson for TCL's unlicensed use of Ericsson's SEPs." Supp. App. 5a (C.A. App. 33); see Supp. App. 3a n.4 (C.A. App. 29). The court's initial judgment stated that those payments "fulfill TCL's payment obligations [for] * * * Ericsson's claims for infringement." C.A. App. 56038. The court later amended its judgment to state instead that Ericsson's patent-infringement damages claims were "moot in light of the equitable relief granted in the release payment." Pet. App. 56a.

B. The Court of Appeals' Decision

1. The Federal Circuit reversed, finding that the district court's refusal of Ericsson's jury-trial demand violated the Seventh Amendment. Although Ericsson had presented three independent reasons why the Seventh Amendment entitled it to a jury trial, the court of appeals found it necessary to address only one. The payment of $16,449,071 for TCL's past infringement of Ericsson patents, the court ruled, constituted "money damages." Pet. App. 3a, 25a. "[B]y determining that legal relief in a bench trial," the court held, "the district court deprived

Ericsson of" its Seventh Amendment right to a jury trial. *Ibid.*[3]

Like the parties, the Federal Circuit agreed that "whether Ericsson had a Seventh Amendment right to a jury trial" in connection with the $16,449,071 release payment "turns on whether the relief sought by the release payment is either legal or equitable in nature." Pet. App. 2a-3a. The court explained it was required to examine the "basis of [Ericsson's] claim" for payment and "the nature of the underlying remedies sought." Pet. App. 21a. By contrast, matters of form—such as the fact that the district court had labeled the payment "equitable relief," Pet. App. 22a n.9, or that "payment was ordered in the form of an injunction," Pet. App. 20a—are not controlling. After reviewing the record and precedent, the court "conclude[d] that the release payment is *in substance* compensatory relief for TCL's past wrongs (i.e., practicing Ericsson's patented technology without a license)" and thus legal relief. Pet. App. 18a (emphasis added).

The district court itself had "consistently treated" the payment "as retrospective compensation for TCL's past patent infringement." Pet. App. 21a. For example, it "defined the function of the release payment as compensation, explaining that both of Ericsson's offers 'specify a release payment intended to *compensate* Ericsson for TCL's unlicensed use of Ericsson's [patents].'" Pet. App. 22a (quoting Supp. App. 5a (C.A. App. 33)). The court of appeals pointed to the district court's order requiring Ericsson, upon receipt of the release payment, to "'re-

[3] Having found that Ericsson was erroneously denied a jury trial, the court did not address Ericsson's challenges to the district court's FRAND analysis and methodology. Pet. App. 18a n.8.

lease TCL . . . from claims for *past patent infringement*.'" *Ibid.* (alterations in original). "Most tellingly," the district court "dismissed Ericsson's counterclaims of patent infringement as moot in light of the release payment." *Ibid.* The district court's own actions, the court of appeals explained, "confirm that the release payment functions as a substitute for patent infringement damages" and thus is legal relief. *Ibid.*

The court of appeals rejected TCL's effort to characterize the payment as "equitable" "restitution." Pet. App. 20a-24a. Invoking *Great-West Life & Annuity Insurance Co.* v. *Knudson*, 534 U.S. 204 (2002), the court explained that, "'for restitution to lie in equity, the action generally must seek not to impose personal liability on the defendant, but to restore to the plaintiff particular funds or property in the defendant's possession.'" Pet. App. 22a-23a (quoting *Great-West*, 534 U.S. at 214). The payment here was not "equitable restitution" because it did not seek to restore to Ericsson "particular funds" held by TCL. Pet. App. 23a. It instead imposed liability on TCL to compensate Ericsson for past invasions of Ericsson's property rights. Pet. App. 22a-23a.

The court rejected TCL's argument (TCL C.A. Br. 27) that the district court never tried any "patent claims or defenses." "[G]iven that TCL does not dispute infringement" of Ericsson's standard-essential patents, the court failed "to see how a payment for TCL's past unlicensed sales is in substance materially different from damages for past patent infringement." Pet. App. 23a-24a. Because "the underlying nature" of the relief was "legal" rather than equitable, the court concluded, "Ericsson was entitled to a jury trial" on the "payment amount under the Seventh Amendment." Pet. App. 24a. That ground alone was "sufficient to overturn all of the court's rulings below." Pet. App. 17a n.6.

2. The court of appeals found it unnecessary to address Ericsson's two other "independent reasons" why the Seventh Amendment entitled it to a jury trial. Pet. App. 17a n.6.

First, TCL's declaratory-judgment claim against Ericsson itself sought legal relief. Because "declaratory judgments are neither legal nor equitable," courts seeking to characterize them must "look to the kind of action that would have been brought had Congress not provided the declaratory judgment remedy." *Gulfstream Aerospace Corp.* v. *Mayacamas Corp.*, 485 U.S. 271, 284 (1988). In this case, TCL expressly averred that it had filed a declaratory-judgment action because it expected a patent-infringement suit by Ericsson. C.A. App. 551, 707-708. And Ericsson filed precisely such an infringement action for damages against TCL in Texas, which was then transferred and consolidated with this case. Pet. App. 6a. In filing after filing, TCL told the district court that its declaratory judgment was, in effect, the "mirror image" of a patent-infringement action. See Ericsson C.A. Reply 4-6 (cataloging six categories of filings). There was no dispute that Ericsson would have had a jury-trial right if it had filed an infringement action first and TCL had counterclaimed for declaratory relief. Ericsson "cannot be deprived of that right merely because" the accused infringer "took advantage of the availability of declaratory relief to sue * * * first." *Beacon Theatres*, 359 U.S. at 504.

For jurisdictional purposes, moreover, the district court had held TCL's declaratory-judgment claim was sufficient to support federal-question jurisdiction because it was, in substance, a federal patent-infringement suit with the parties reversed. Ericsson C.A. Br. 30-31. If the declaratory-judgment action was not an inverted patent-infringement suit—and was instead characterized as a mere breach-of-contract action—federal-question jurisdiction would be lacking. *Id.* at 33; see pp. 5-6 & n.2, *supra*.

Second, under *Dairy Queen*, in cases that have both "legal and equitable claims," any issues "common to both" must be tried to a jury. Whatever the characterization of other claims, Ericsson sought damages—legal relief—for TCL's infringement of its patents. Ericsson C.A. Br. 34-35. That claim involved myriad issues in common with TCL's declaratory-judgment claim. *Ibid.* Because the legal and equitable claims had issues in common, Ericsson was entitled to a jury trial; the court could not deny that right by purporting to try the equitable claims itself first. *Ross* v. *Bernhard*, 396 U.S. 531, 537-538 (1970).

3. The court of appeals rejected TCL's suggestion of waiver. Pet. App. 24a. Careful review of the record left the court of appeals "unpersuaded." Pet. App. 24a-26a. Even the trial "court did not treat Ericsson as having waived its jury trial right." Pet. App. 26a.

REASONS FOR DENYING THE PETITION

The district court awarded Ericsson $16,449,071 "to compensate [it] for TCL's prior unlicensed use"—*i.e.*, infringement—"of Ericsson's patents." Supp. App. 3a n.4 (C.A. App. 29). TCL nowhere denies that, if Ericsson had sued TCL for infringement first, demanding that monetary relief, the Seventh Amendment would have entitled Ericsson to a jury trial—even if TCL sought to interpose Ericsson's alleged breach of its FRAND obligation "as a defense" or a "basis for limiting the damages that Ericsson [could] seek in [that] patent infringement action." C.A. App. 711-713. "[T]here is no dispute that infringement cases today *must* be tried to a jury, as their predecessors were more than two centuries ago." *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996) (emphasis added).

TCL argues that, because TCL filed a declaratory-judgment claim first, the Seventh Amendment did not entitle Ericsson to have a jury decide compensation for past infringement. But see *Beacon Theatres, Inc.* v. *Westover*, 359 U.S. 500, 504 (1959) (party "cannot be deprived of" right to jury trial "merely because" the accused infringer "took advantage of the availability of declaratory relief to sue * * * first"). According to TCL, the monetary payment here was not legal relief (damages), but "merely part of the equitable consideration TCL was required to pay to receive specific performance" (an order requiring Ericsson to provide licenses on specified terms). Pet. 16. But TCL never made that "equitable consideration" argument below or in district court. It is thus no surprise that, as TCL concedes, there is nothing in the Federal Circuit's decision "squarely addressing" TCL's theory. Pet. 23. The argument was forfeited.

But the issue TCL presses on this Court is not important regardless. While TCL waxes eloquent about the importance of technical standards, standard-essential patents, and FRAND obligations, there are only a handful of litigated cases addressing *any* FRAND issues, and *no* other appellate case addressing how a payment for past infringement, of the sort ordered by the district court here, is characterized for Seventh Amendment purposes. The issue also lacks importance because patentees, under any likely future scenarios, are almost certainly entitled to a jury trial even apart from the reasoning of the decision below. And this case is an exceptionally poor vehicle for review: If TCL's arguments were correct, federal-question jurisdiction—and thus this Court's jurisdiction—would be lacking.

The court of appeals' decision is, in any event, correct. TCL and its *amici* complain that juries cannot be trusted to decide issues of patent valuation. But the Framers resolved that issue 200 years ago. In our system, juries determine damages in all sorts of cases, including for the unlawful use of patented technology. TCL's novel theory that a court can order retrospective "equitable consideration" for past-due payment obligations is not supported by the cases it cites and is squarely foreclosed by cases it ignores. Further review is unwarranted.

I. TCL'S REPEATED FORFEITURE OF THE QUESTION PRESENTED FORECLOSES REVIEW

The court of appeals held that "Ericsson had a Seventh Amendment right to jury trial on the adjudication of the 'release payment' term," because "the relief sought"—the payment of cash as compensation for past infringement—was "legal" in nature. Pet. App. 2a-3a. TCL concedes that its "petition only implicates that underlying question"—*i.e.*, "whether the relief sought was, in fact, legal rather than equitable." Pet. 24.[4]

TCL's sole merits argument before this Court is that the release payment was "merely part of the equitable consideration TCL was required to pay to receive specific performance" of Ericsson's FRAND licensing commit-

[4] TCL's question presented—whether Ericsson had "a Seventh Amendment right to a jury trial in a proceeding seeking the equitable relief of specific performance," Pet. i, assumes its conclusion. The question here is not whether the Seventh Amendment extends to "equitable relief," but whether the compensation for past infringement in this case was "legal or equitable" in nature. Pet. App. 2a-3a.

ment. Pet. 16. According to TCL, the district court "effectively imposed a *nunc pro tunc* license" retroactively "granting TCL the right to practice Ericsson's" patents "from the date of first use and going forward." Pet. 18. TCL characterizes the $16 million monetary payment awarded to Ericsson as "consideration for that order of specific performance," *i.e.*, as a command to pay "royalties that would have been due if TCL had been licensed from the beginning." *Ibid.* In TCL's estimation, that payment for past use of Ericsson's patented technology is a "quintessentially equitable remedy" for which Ericsson had no Seventh Amendment jury-trial right. Pet. 16-18.

TCL, however, never made that argument below (which is meritless in any event, see pp. 32-34, *infra*). In the court of appeals, TCL did not once characterize the release payment as retrospective "equitable consideration" for specific performance of a "*nunc pro tunc*" patent license. The phrase "equitable consideration" is nowhere in its appellate brief. Any argument about a *nunc pro tunc* license, or equitable consideration for such a license, is absent as well.

The district court repeatedly characterized the payment as "compensa[tion] for TCL's *prior unlicensed* use" of Ericsson's patented inventions. Supp. App. 3a n.4, 5a (emphasis added) (C.A. App. 29 n.4, 33); see *id.* at 8a-10a, 11a-13a (C.A. App. 130-133, 140-141); Pet. App. 46a. TCL never argued below that the district court's characterization was erroneous because the payment really was "equitable consideration" for a retroactive "*nunc pro tunc* license." Pet. 16, 18. Likewise, the amended final judgment and injunction described the "release payment" as "releas[ing] TCL * * * from claims for past patent *infringement*," Pet. App. 45a (emphasis added), *i.e.*, for *unauthorized* use, see 35 U.S.C. § 271(a). TCL never urged that, rather than compensating Ericsson for infringement, the payment was "equitable consideration" for a retroactive license.

Pressing its "equitable consideration" theory before this Court, Pet. 16-18, TCL cites various authorities, including *Willard* v. *Tayloe*, 75 U.S. 557 (1870); *Kelsey* v. *Crowther*, 162 U.S. 404, 408 (1896); *Jacobs* v. *United States*, 239 F.2d 459, 462 (4th Cir. 1956) (per curiam); *Estate of Meller* v. *Adolf Meller Co.*, 554 A.2d 648, 654 (R.I. 1989); *Littlefield* v. *Brown*, 394 A.2d 794 (Me. 1978); and the First and Second Restatements of Contracts. But none of those authorities can be found in TCL's court of appeals briefing on Seventh Amendment issues. Compare Pet. 16-18, with TCL C.A. Br. 19-28. TCL cited none of those authorities to prove the payment was "equitable consideration" for a retroactive license, because TCL never made any such argument.

TCL's position below was entirely different. TCL urged that the release payment was "equitable" because (1) the district court included it within an injunction, and (2) it supposedly afforded Ericsson "restitution" of funds "held by TCL in 'constructive trust.'" TCL C.A. Br. 19, 24-28. The court of appeals considered those arguments and rejected them. Pet. App. 20a-21a; p. 10, *supra*. TCL makes no effort to resuscitate those arguments in its petition.

Because TCL never made its "equitable consideration"/"*nunc pro tunc* license" argument below, the court of appeals never addressed it. As TCL admits, the decision below does not "squarely address" the argument it makes in its petition now. Pet. 23; see Pet. 12. That is fatal to TCL's petition. This Court ordinarily will not address questions "'not pressed or passed upon below.'" *United States* v. *Williams*, 504 U.S. 36, 41 (1992).

That the decision below does not "squarely address" TCL's argument, Pet. 12, 23, alone weighs dispositively against review. TCL does not explain how a court decision that does not address an issue, and is therefore not binding on that point, can properly be characterized as "important." See *Brecht* v. *Abrahamson*, 507 U.S. 619, 631 (1993) (decision that "never squarely addresse[s] the issue" is not binding precedent—even if it "assume[s]" an answer). Likewise, the absence of any analysis of the issue in the decision below weighs against review. This is a "court of review, not of first view." *Cutter* v. *Wilkinson*, 544 U.S. 709, 718 n.7 (2005).

II. THE PETITION PRESENTS NO QUESTION OF IMPORTANCE WARRANTING REVIEW

Nor does this case "present[ ] a question of global importance." Pet. 25. The decision below is the first and only time the issue TCL raises—whether a release payment connected with past patent infringement is equitable or legal relief—has been litigated. The issue is likely to be irrelevant in future cases given the independent reasons why patentees have a jury-trial right. And TCL's theory cannot be tested in this case, because accepting it would destroy federal-question jurisdiction.

A. The Release Payment Issue Has Never Been Raised in Any Other Case

None of the traditional indicia of importance are met here. TCL identifies no circuit conflict on whether a release payment for past infringement, when included in an injunction imposing a FRAND license, is legal relief that requires a jury trial. Nor does TCL show the issue is recurring. It identifies no other court of appeals decision addressing the question.[5]

TCL alleges that, because the Federal Circuit "has exclusive jurisdiction over patent appeals * * * courts across the country * * * will now be bound by its decision." Pet. 25. That is mistaken. Disputes involving FRAND commitments are not within the Federal Circuit's exclusive jurisdiction. They are often decided by, and are currently pending in, other circuits—as TCL's *amici* acknowledge. See *Microsoft Corp.* v. *Motorola, Inc.*, 564 F. App'x 586 (Fed. Cir. May 5, 2014) (transferring case to Ninth Circuit); *Microsoft Corp.* v. *Motorola, Inc.*, 795 F.3d 1024 (9th Cir. 2015); *HTC Corp.* v. *Telefonaktiebolaget LM Ericsson*, Nos. 19-40566, 19-40643 (5th Cir.) (pending decision). The decision below does not bind those courts, which remain free to decide relevant

[5] The only other court of appeals case even touching upon the right to jury trial in FRAND cases is the Ninth Circuit's decision in *Microsoft Corp.* v. *Motorola, Inc.*, 795 F.3d 1024, 1053 (9th Cir. 2015). *Microsoft* acknowledged, consistent with the decision below, that determining the "RAND rate and range" by bench trial "could give rise to a Seventh Amendment problem." *Ibid.* But that case did not concern the characterization of a release payment, and the SEP holder had waived its jury-trial right. *Ibid.* While *amici* Legal Scholars assert (at 10) that the decision below "departs from the rule in other circuits," and the supposedly "univer[s]al practice" of bench trials in FRAND cases, those assertions are unsupported. See, *e.g.*, *Ericsson*, 773 F.3d at 1209. The cases *amici* cite involve waiver of the jury-trial right, see *Microsoft*, 795 F.3d at 1053; *In re Innovatio IP Ventures, LLC Patent Litig.*, MDL No. 2303, 2013 WL 5593609, at *2 (N.D. Ill. Oct. 3, 2013), or exclusively prospective equitable relief—not cash payment for past wrongs, see *u-Blox AG* v. *InterDigital, Inc.*, No. 3:19-cv-001, 2019 WL 555029, at *1 (S.D. Cal. Feb. 12, 2019) (denying preliminary injunction); *Apple, Inc.* v. *Motorola Mobility, Inc.*, No. 11-cv-178, 2012 WL 5416941, at *7-8 (W.D. Wis. Oct. 29, 2012) (damages claims resolved in prior infringement suit).

issues for themselves. See *Amphastar Pharm. Inc.* v. *Momenta Pharm., Inc.*, 850 F.3d 52, 57 (1st Cir. 2017). If the issue were important—and it is not—it would recur, affording this Court ample opportunity to address it.

B. The Issue Is Unlikely To Arise Given the Independent Grounds For Jury Trials

Far from "threaten[ing] to fundamentally reshape proceedings to enforce FRAND commitments," Pet. 3, the case-specific decision below has little to no practical significance for determining whether a jury trial is required in future cases, for two reasons.

1. First, suits to enforce FRAND commitments typically arise when the patentee sues for infringement and the defendant, in turn, asserts the FRAND commitment as a defense or to limit damages. See, *e.g.*, *Ericsson*, 773 F.3d at 1207-1208; *CSIRO* v. *Cisco Sys., Inc.*, 809 F.3d 1295, 1299 (Fed. Cir. 2015). In this very case, TCL urged that—had it not sued for declaratory relief *first*—TCL would have asserted FRAND "as a defense to any Ericsson infringement claim" and a "basis for limiting the damages that Ericsson [could] seek in any patent infringement action." C.A. App. 711-713.

Had the FRAND issue arisen in that traditional fashion—as a response to a claim of patent infringement—Ericsson undeniably would have had a right to a jury trial. "[T]here is no dispute that infringement cases" for damages "today must be tried to a jury, as their predecessors were more than two centuries ago." *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996); see also 9 C. Wright & A. Miller, *Federal Practice and Procedure*, § 2312 (3d ed. 2018) (noting "well-settled principle that jury trials are available for damages for patent infringement"). TCL nowhere explains how interposing a FRAND defense, or seeking to limit damages by invoking the FRAND obligation, or even counterclaiming for breach of FRAND, can destroy the Seventh Amendment right to trial by jury in such an infringement action. Far from "upset[ting] the traditional division of responsibility between judges and juries," Pet. 1, the Federal Circuit's holding that the release payment—compensation for past infringement—is legal relief to be decided by a jury alters that division not at all.

This Court's decisions foreclose any argument that interposing a breach-of-FRAND defense or counterclaim eliminates the right to a jury trial (even if one assumes, erroneously, that FRAND defenses and claims are equitable in nature). In cases that have "legal and equitable claims," and issues common to both, the court must conduct a jury trial on "any legal issues for which a trial by jury is timely and properly demanded." *Dairy Queen, Inc.* v. *Wood*, 369 U.S. 469, 472-473 (1962). In other words, if there are legal claims, any issues related to those claims must go to the jury—even if the issues relate to equitable claims also in the case. *Ibid.* The right to a jury trial on legal *claims* "must not be infringed" indirectly "by trying the legal *issues* as incidental to the equitable ones or by a court trial of a common issue." *Ross* v. *Bernhard*, 396 U.S. 531, 537-538 (1970) (emphasis added). The "right to a jury trial of legal issues" cannot be "lost through prior determination of equitable claims." *Beacon Theatres*, 359 U.S. at 511.

Here, the "overlap" between calculating "appropriate royalty amounts" for a FRAND "patent license," and determining a reasonable royalty as "damages" for "patent infringement," should be obvious. *Microsoft*, 795 F.3d at 1037; 35 U.S.C. § 284 (damages must be no "less than a reasonable royalty"). As the district court decision below demonstrates, calculating a FRAND license rate requires determining many of the same issues a jury would resolve in an infringement suit, including: deciding which prior licenses to the patented technology are comparable and relevant to assessing the technology's value, C.A. App. 82-87; weighing the credibility of expert witnesses, C.A. App. 78-79 (weighing "credential[s]" to find TCL's apportionment expert more "credible"); and assessing numerous other factual data points, C.A. App. 120-128 (comparable-license rates); compare *Ericsson*, 773 F.3d at 1213, 1225, 1228 (discussing damages in infringement suit). Confronted with that argument below—that *Dairy Queen* requires a jury trial because of common issues—TCL offered no response at all. Ericsson C.A. Reply 13-14.[6]

Dairy Queen, *Beacon Theatres*, and *Ross* thus give patentees a right to have "common issue[s]" tried to a jury even if the infringer asserts a FRAND defense. Consequently, whether a "release payment" is legal or equitable is unlikely to make a difference. Patentees asserting infringement in such cases are entitled to a jury trial whether a "release payment" is "a form of patent infringement damages" or not. Pet. 18.[7]

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[6] TCL's passing assertion that calculating a FRAND royalty merely "bear[s] a superficial resemblance" to calculating FRAND damages for infringement, Pet. 34, was never raised below. It also fails the straight-face test: Here, the calculation served the very same "purpose[ ]" in both contexts—to determine the amount to be paid for use of the patented technology in light of its value. *Ibid.* Courts calculating forward-looking royalties set the "appropriate ongoing RAND rate" "based on the jury's award" precisely because the issues so clearly overlap. *Ericsson*, 773 F.3d at 1214.

[7] That debunks TCL's conspiracy theory that the decision below creates "perverse incentives" for patentees with standard-essential patents to "hold out" in licensing negotiations because, if negotiations

2. The result is no different where, as here, the infringer files a declaratory-judgment action asserting breach of the FRAND obligation *before* the patentee brings its infringement action. "[D]eclaratory judgments are neither legal nor equitable." *Gulfstream Aerospace Corp.* v. *Mayacamas Corp.*, 485 U.S. 271, 284 (1988). Instead, a declaratory judgment is merely a "procedural" device that allows parties who might otherwise be defendants in a lawsuit to initiate the action as plaintiffs, *Medtronic, Inc.* v. *Mirowski Family Ventures, LLC,* 571 U.S. 191, 199 (2014), and "establish a defense against a cause of action which [the would-be plaintiffs might] assert," *Pub. Serv. Comm'n of Utah* v. *Wycoff Co.*, 344 U.S. 237, 248 (1952).

In determining whether a declaratory-judgment claim is legal or equitable, courts "look to the kind of action that would have been brought" by the would-be plaintiff "had Congress not provided the declaratory judgment remedy." *Gulfstream*, 485 U.S. at 284. If "there would have been a right to jury trial on [an] issue" with respect to the action the declaratory-judgment suit anticipates, "it must be tried to a jury in the declaratory action" as well. Wright & Miller, *supra*, § 2313. The procedural inversion of plaintiffs and defendants in a declaratory-judgment suit does not alter the parties' "substantive rights" or affect the "distinction between jury and nonjury issues." *Beacon Theatres*, 359 U.S. at 508-509.

fail, they can use claims for "backward-looking royalties" to secure a jury trial. Pet. 25-26. If negotiations fail and it comes to litigation, patentees can get a jury trial simply by asserting infringement claims. The decision below provides patentees no leverage in license negotiations they did not already have.

There can be no serious dispute that declaratory-judgment suits seeking imposition of a FRAND license anticipate a patent-infringement suit. In this very case, TCL's complaint alleged that a U.S. infringement action by Ericsson was "imminent." C.A. App. 572. When seeking to establish federal-question jurisdiction, TCL argued that its complaint for declaratory judgment was federal because it anticipated an "action for patent infringement." C.A. App. 711. The FRAND issues raised in its declaratory-judgment action, TCL further urged, were a "defense to any Ericsson infringement claim," and "a basis for limiting" damages in such an "infringement action." C.A. App. 713. The district court agreed, holding that federal jurisdiction existed because TCL's declaratory-judgment claim "anticipate[d] a coercive action brought by [Ericsson] for patent infringement." C.A. App. 742-743. TCL's FRAND issues operated "as a defense to a hypothetical well-pleaded complaint filed by [Ericsson] against TCL for patent infringement." *Ibid.*

Because Ericsson would have had a jury-trial right had it brought a patent-infringement action, see *Markman*, 517 U.S. at 377, that right is "preserve[d]" in TCL's declaratory-judgment action asserting FRAND commitments as a defense, *Beacon Theatres*, 359 U.S. at 504. Patentees cannot be "deprived" of Seventh Amendment rights merely because an opponent "took advantage of the availability of declaratory relief to sue * * * first." *Ibid.*

TCL claims that FRAND declaratory-judgment suits are "neutral with respect to whether" the anticipated infringement suit is "legal or equitable," because a patentee can choose to "seek either damages (legal relief) or an injunction (equitable relief)." Pet. 33. But Ericsson *did* bring a patent-infringement suit *for damages* against

TCL. See pp. 4-5, *supra*. And TCL admitted that it sought to enforce Ericsson's FRAND obligations as "a basis for limiting *the damages* that Ericsson [could] seek in any patent infringement action." C.A. App. 713 (emphasis added). Beyond this case, moreover, the balance is hardly "neutral." Damages are the ordinary remedy; injunctions are not garden-variety relief. See *eBay Inc.* v. *MercExchange, L.L.C.*, 547 U.S. 388, 391 (2006).

3. Infringers, of course, can "file breach of contract actions to enforce a patent holder's commitment to license its standard-essential patents on FRAND terms." Pet. 7. In any breach-of-contract case, however, a patent holder can counterclaim for damages for infringement if the claims arise out of the same subject matter. See, *e.g.*, *Ruiz* v. *A.B. Chance Co.*, 357 F.3d 1270, 1273 (Fed. Cir. 2004). For the above reasons, the patentee would have a right to jury trial under *Dairy Queen*, *et al.*, on all issues common to both calculating a FRAND royalty and calculating a damages royalty for patent infringement. See pp. 20-21 & n.6, *supra*.

Indeed, because standard-compliant "devices *necessarily* infringe" patents that "cover technology incorporated into the standard," *Ericsson*, 773 F.3d at 1209, the only situation in which the patent holder would *not* have an infringement counterclaim that confers a jury-trial right is where the party seeks enforcement of FRAND licensing rights *before* infringing. But if the plaintiff had not yet infringed, there would be no basis for including a "release payment" (like the one here) in any court-ordered FRAND license. In that situation, too, the question presented in the petition would lack relevance to whether the case must be tried to the jury.

C. This Case Is a Poor—and Jurisdictionally Impossible—Vehicle for Reaching the Question Presented

For similar reasons, Ericsson was entitled to a jury trial even apart from the arguments TCL now raises—and TCL's own arguments threaten federal jurisdiction.

1. As explained above, even if the Court were to deem the release payment equitable relief, Ericsson was entitled to a jury trial because the issues raised by the putatively equitable claims overlapped with the legal issues in the case. See pp. 20-21, & n.6, *supra*. Likewise, TCL's declaratory-judgment claim itself required a jury trial because it was filed in anticipation of a patent-infringement suit for which Ericsson was entitled to a jury trial. See pp. 22-24, *supra*. Because the case would be resolved identically in any event, it is a poor vehicle for addressing TCL's legal theory.

TCL responds by implying that Ericsson waived its right to a jury trial on overlapping issues: "Ericsson cannot say the bench trial involved an overlapping legal question that the jury needed to decide," TCL urges, when Ericsson agreed to "stay its patent infringement claims" and try other claims first. Pet. 34; see Pet. 24. The court of appeals, however, expressly rejected TCL's implication of waiver, Pet. App. 24a-26a; p. 12, *supra*. The district court found no waiver either. Pet. App. 26a; Ericsson C.A. Reply 12-13. While Ericsson was amenable to trying claims in a particular order, it consistently demanded a "jury determination of all issues in one trial" before, and to control, "the [district] [c]ourt's determination of any overlapping equitable issues," C.A. App. 10087-10088 (citing *Beacon Theatres*, 359 U.S. at 510-11)—a position the district court initially accepted, see C.A. App. 12230 (granting motion for jury trial on all issues to avoid "depriv[ing] [Ericsson] of its right to a jury trial on [every] issue").

2. TCL also ignores the fact that Ericsson had a jury-trial right with respect to TCL's declaratory-judgment claim, see pp. 23-24, *supra*, which *was* tried, Pet. App. 31a. TCL cannot explain how agreeing to try one claim for which there is a jury-trial right (the infringement claims), after another claim for which there is also a jury-trial right (the declaratory-judgment claim), somehow waives the jury-trial right for both. Ericsson C.A. Reply 12.

Seeking to evade that problem, TCL repeatedly characterizes its declaratory-judgment claim as a breach-of-contract action for specific performance. Pet. 1, 8-9, 15-18, 21, 26. But it never explains how, if that were true, the district court had *jurisdiction* over its complaint. Diversity jurisdiction under 28 U.S.C. § 1332 was concededly lacking. See p. 5-6 & n.2 *supra*. Neither breach of contract nor any other count of the complaint would support federal-question jurisdiction. *Ibid.* And subsequent events could not repair the absence of jurisdiction if it was lacking when the complaint was filed. *Ibid.*

TCL convinced the trial court to assert jurisdiction *only* by characterizing its declaratory-judgment action as, in substance, a *federal* patent claim that "anticipate[d] a coercive action brought by [Ericsson] for patent infringement." C.A. App. 742-743; see C.A. App. 711, 713. The declaratory-judgment count was federal in nature, TCL urged, because it was a "defense to" and a "basis for limiting the damages that Ericsson [would] seek in any patent infringement action." C.A. App. 711-713. TCL cannot switch positions now. And if that characterization were wrong, and the declaratory-judgment claim were merely a contract claim for specific performance as the petition now suggests, then the complaint did not establish any basis for federal jurisdiction. Ericsson C.A. Br. 33-34; Ericsson C.A. Reply 7-9; see pp. 5-6 n.2, *supra*. The fact that TCL's arguments directly contradict its own and the trial court's rationale for asserting federal jurisdiction weighs against review.

D. TCL's Complaints About Jury Trials Are Irrelevant and Unfounded

TCL's and its *amici*'s hand-wringing about "injecting juries into the process of awarding specific performance of FRAND commitments" is thus irrelevant. Pet. 25; see App Ass'n Br. 25-26; Fair Standards Alliance Br. 18-21; High Tech Inventors Alliance Br. 18-23; u-Blox Br. 7-11. Their policy arguments cannot override the Seventh Amendment.

TCL and its *amici* complain about supposed "unpredictability" of juries, Pet. 27, and allege "significant difference[s]" in the "amount[s] of patent damages awarded at bench trials and jury trials," Pet. 29. But TCL is ill-positioned to complain. *TCL* demanded a jury trial in its complaint, and reversed course only after the district court rejected TCL's damages claims on summary judgment. C.A. App. 554. Regardless, that ship sailed two centuries ago. The Constitution includes the Seventh Amendment precisely because, in our system of justice, we have faith in the wisdom of juries. The "right of jury trial in civil cases" is thus "sacred," "fundamental," and "jealously guarded by the courts." *Jacob* v. *New York City*, 315 U.S. 752, 752-753 (1942). And the Seventh Amendment guarantees patentees the right to have juries assess damages for patent infringement. *Markman*, 517 U.S. at 377; Wright & Miller, *supra*, § 2313. Even where judges set forward-looking royalty rates in equity, those rates are usually computed from the rates implied by a jury damages award. See, *e.g.*, *Paice LLC* v. *Toyota Motor Corp.*, 504 F.3d 1293, 1314 (Fed. Cir. 2007).

There is no Seventh Amendment exception for TCL's unfounded concerns about "excessive royalties," "hold up," and "the risk of royalty stacking." Pet. 28-30. Those concerns are also wholly irrelevant here: TCL made *no* showing that it was subjected to any "hold up" or "royalty stacking" in this case. Ericsson C.A. Br. 44-45 (citing C.A. App. 52024-52025, C.A. App. 52123, C.A. App. 52050-52052, C.A. App. 48432-48434, C.A. App. 52017, C.A. App. 52444). And appellate courts have developed rules to address those concerns in cases involving FRAND commitments. For example, where "evidence" of "hold-up and royalty stacking" exists, a jury can be instructed on those issues. *Ericsson*, 773 F.3d at 1234; see *CSIRO*, 809 F.3d at 1301-1302; Instruction No. 10.4, Standard-Essential Patents, *AIPLA's Model Patent Jury Instructions* (2018).

TCL complains that jury trials "depriv[e] industries of the benefit of detailed FRAND decisions that can help resolve future licensing negotiations without litigation." Pet. 31. That could be said in any area of law where cases are tried to a jury. Guiding principles emerge regardless, as courts review the admissibility of evidence, the propriety of instructions, and the sufficiency of evidence to ensure fair trials. Further review is unwarranted.

III. THE DECISION BELOW IS CORRECT

The decision below is also correct.

A. A Release Payment for Past Patent Infringement That Extinguishes Damages Is Legal Relief

TCL abandons each of the arguments it pressed below. TCL no longer argues that the release payment is, in substance, "equitable relief" because it was "ordered in the form of an injunction." Pet. App. 20a. It no longer argues that the payment constitutes "restitution." See Pet. App. 21a-23a. Those arguments contravened this Court's decision in *Great-West Life & Annuity Insurance Co.* v. *Knudson*, 534 U.S. 204 (2002), as the court of appeals recognized. Pet. App. 21a-24a.

TCL, moreover, nowhere takes issue with this Court's observation, also in *Great-West*, that orders requiring one party to "pay a sum of money to" another—"whether by judgment, injunction, or declaration"—are "[a]lmost invariably" considered "money damages," the "classic form of *legal* relief." 534 U.S. at 210 (quotation marks omitted); see also *Montanile* v. *Bd. of Trs. of Nat'l Elevator Indus. Health Benefit Plan*, 136 S. Ct. 651, 659-660 (2016); *Feltner* v. *Columbia Pictures Television, Inc.*, 523 U.S. 340, 352 (1998). That unchallenged principle is controlling here: The district court's order requiring TCL to pay Ericsson millions of dollars is precisely the sort of order requiring one party to "pay a sum of money to" another that is "[a]lmost invariably" deemed "money damages." See Pet. App. 20a.

Moreover, as *Great-West* explained, it becomes particularly clear that such relief constitutes "legal" rather than "equitable" relief where the payment constitutes "compensation for loss resulting from the defendant's breach of legal duty." 534 U.S. at 210 (quotation marks omitted). That was true here as well. The district court "consistently treated" the release payment "as retrospective *compensation*" for "TCL's past patent infringement"—breach of a legal duty. Pet. App. 21a-22a (emphasis added); see Pet. App. 22a ("the court defined the function of the release payment as compensation * * * 'for TCL's unlicensed use of Ericsson's SEPs'"); *ibid.* ("the compensatory relief was for past patent infringement").

The district court's "own actions confirm that the release payment functions as a substitute for patent infringement damages." Pet. App. 22a. It characterized the payment as "compensat[ion] for TCL's unlicensed past sales." Supp. App. 13a (C.A. App. 141). It ordered that, "[u]pon the receipt by Ericsson of the release payment," Ericsson was required to "release TCL * * * from claims for past patent infringement." Pet. App. 45a. It dismissed Ericsson's patent-infringement claims as "moot" in light of the release payment. Pet. App. 56a. TCL all but concedes that the payment constituted backwards-looking compensation for a past wrong. The release payment, it observed, was necessitated by TCL having long "s[old] products that practiced Ericsson's SEPs without a license." Pet. App. 23. Properly "focus[ing] on 'the basis of [Ericsson's] claim' and 'the nature of the underlying remedies sought,'" the payment undeniably was, in substance, an award of money damages. Pet. App. 21a (quoting *Great-West*, 534 U.S. at 213); see *Sereboff* v. *Mid Atl. Med. Servs., Inc.*, 547 U.S. 356, 359 (2006). Because that "relief is legal, * * * Ericsson was entitled to a jury trial." Pet. App. 22a.

That analysis cannot be dismissed as an "analogy" to "damages for past patent infringement." Pet. 18-19. It is not an "analogy"—the payment was "compensation for past unlicensed sales," Pet. App. 20a, paid to "release TCL * * * from claims for past patent infringement," Pet. App. 45a. While TCL objects that "Ericsson never proved infringement," Pet. 19, the court of appeals rejected that case-specific argument with a case-specific fact: TCL did "not dispute infringement of Ericsson's" patents. Pet. App. 23a. To the contrary, TCL conceded the point, agreeing that the patents were essential to practicing the standard, and that it in fact practiced the standard. See Supp. App. 8a (C.A. App. 63); C.A. App. 444. Although TCL urges the release payment was made without regard to the statute of limitations, Pet. 20, it never argued that in the court of appeals, and the district court expressly "f[ound] that none of TCL's sales from 2007 onwards are time-barred," Supp. App. 9a (C.A. App. 131). Regardless, TCL never explains how such case-specific contentions support further review.

TCL's similarly fact-bound objection that the payment here includes compensation for infringement of foreign patents (Pet. 19-20) suffers myriad defects. For one thing, TCL never made that argument in the court of appeals; it is forfeited. For another, TCL *invited* the district court to reach a "'global resolution'" of both the U.S. and foreign patent "damages claims." C.A. App. 6645; p. 6, *supra*. In seeking an injunction against foreign suits, it told the district court those suits were unnecessary because "*any* payment allegedly owed for past unlicensed sales (*i.e.*, *damages*), will be addressed in this case." C.A. App. 6581 (emphasis added). TCL cannot urge the district court to resolve those claims—admitting they are "damages" for "past unlicensed sales"—but take the opposite view now.

The argument is, in any event, meritless. TCL asks the wrong question—whether relief is legal or equitable rests on "the *substance* of the relief rather than * * * the legal theory under which it is awarded." *Great-West*, 534 U.S. at 216. Whether U.S. courts ordinarily entertain actions for infringement of foreign patents does not change the fact that the payment here was, "in substance, compensatory relief for TCL's past patent infringing activity"—and thus properly characterized as legal relief. Pet. App. 3a. Moreover, TCL never explains how U.S. courts, if they lack authority to grant backward-looking compensation for infringement of foreign patents as "damages," could offer that same relief by re-labelling it "specific performance." And even if the monetary payment here included payments for foreign infringement, which U.S. courts ordinarily would not grant, it undisputedly *also* included—it "subsumed" and displaced—damages for *U.S. sales* that infringed *U.S. patents*. Pet. App. 17a. That alone required a jury trial, whether or not *other* relief was included within the release payment. See pp. 21-22, *supra*.

B. The Petition's New "Equitable Consideration" Theory Fails on the Merits

TCL nonetheless urges that the court-ordered payment of millions of dollars is equitable relief because it was "merely part of the *equitable consideration* TCL was required to pay to receive specific performance." Pet. 16 (emphasis added). Aside from being forfeited, that argument is without merit.

1. TCL's theory is that the district court's injunction "effectively imposed a *nunc pro tunc* license granting TCL the right to practice Ericsson's" patents "from the date of first use * * *." Pet. 18. The release payment, it insists, is "consideration for that order of specific performance"—the payment of "royalties that would have been due if TCL had been licensed from the beginning." *Ibid.* The district court, however, said the opposite. It described the payment as "compensat[ion] * * * for TCL's *unlicensed* past sales," Supp. App. 13a (C.A. App. 141) (emphasis added), a payment made to "release TCL * * * from claims for past patent *infringement*," Pet. App. 45a (emphasis added). TCL never challenged that characterization below. The notion that the court was ordering specific performance also makes no sense. TCL never explains how a court can purport to require a party to

"specifically perform" an obligation under a *nunc pro tunc* license—perhaps by ordering it to travel back in time?

Regardless, TCL's "*nunc pro tunc*" theory still involves payment of a *retrospective* amount for the *retrospective* portion of a license to Ericsson's patents. Such retrospective "consideration"—the amount that "would have been due if TCL had been licensed from the beginning," Pet. 18—is still not *equitable* relief. This Court has made clear that an "injunction to compel the payment of money *past due* under a contract, or specific performance of a *past due* monetary obligation, *was not typically available in equity*." *Great-West*, 534 U.S. at 210-211 (emphasis added). Instead, the payment of money as retrospective "compensation" is "traditionally associated with legal relief." *Feltner*, 523 U.S. at 352.

TCL cites cases in which courts, when issuing a "decree requiring specific performance," require the payment of "consideration" set forth in the contract. Pet. 17. But not one of TCL's authorities (cited Pet. 16-18) required a payment for *past* benefits (under a *nunc pro tunc* license or otherwise). Each required a monetary payment as consideration for the *future* benefit a party would receive from specific performance. For example, in *Kelsey* v. *Crowther*, 162 U.S. 404, 408 (1896), the court ordered the sale of land and required payment of the corresponding purchase price. See *Jacobs*, 239 F.2d at 462 (court ordered contractor to deliver "records and drawings" while ordering government to pay amount due for that work); *Meller*, 554 A.2d at 654 (affirming judgment for specific performance of stock redemption at contract rate and ordering interest to be paid going forward); *Littlefield*, 394 A.2d at 796 (affirming specific performance of conveyance of land and "agreed consideration of $10,000 less any amount already paid" in exchange for conveyance); *Klein* v. *Shell Oil Co.*, 386 F.2d 659, 664 (8th Cir. 1967) (denying claim for money where right to payment for land sale would not exist absent decree for specific performance of condition precedent). Not one involves the payment of retroactive sums in connection with past benefits already enjoyed/past wrongs already committed.

This Court's decision in *Willard* v. *Tayloe*, 75 U.S. 557 (1869) (cited Pet. 17-18), fits squarely within that mold. *Willard* involved a land-sale contract where the purchase price was to be paid in "instal[l]ments." *Id.* at 559. The contract provided for payment in "gold and silver"; when the buyer sought to make the payments in paper currency, the seller rejected payment. *Ibid.* Sitting in equity, this Court ruled that the payments had to be in gold or silver, and ordered specific performance of the land-sale contract, including "payment * * * of the instal[l]ments past due." *Id.* at 574. But the payment was still consideration for the *future* benefit to be conferred through specific performance—"conveyance of the premises." *Ibid.* Here, by contrast, the monetary payment was strictly for a *past* benefit, *past* use of Ericsson's patents. Far from being "a staple of equity jurisprudence," Pet. 18, TCL's theory that retrospective payment for past benefits can be "equitable" is without precedent.

CONCLUSION

The petition should be denied.

Respectfully submitted.

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SUPPLEMENTAL APPENDIX

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. SACV 14-341 JVS(DFMx)
Case No. CV 15-2370 JVS(DFMx)

TCL COMMUNICATION TECHNOLOGY HOLDINGS, LTD., *et al.*,

Plaintiffs/Counterclaim-Defendants,

v.

TELEFONAKTIEBOLAGET LM ERICSSON, *et al.*,

Defendants/Counterclaim-Plaintiffs,

ERICSSON INC., *et al.*,

Plaintiffs/Counterclaim-Defendants,

v.

TCL COMMUNICATION TECHNOLOGY HOLDINGS, LTD., *et al.*,

Defendants/Counterclaim-Plaintiffs.

AMENDED MEMORANDUM OF FINDINGS OF FACT AND CONCLUSIONS OF LAW (UNDER SEAL)

March 9, 2018

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The task of the Court here is three fold.[2] The Court must determine whether Ericsson met its FRAND obligation, and then whether Ericsson's final offers before litigation, Offer A and Offer B, satisfy FRAND. If they are not, the Court must determine what terms are material to a FRAND license, and then supply the FRAND terms.[3] (Docket No. 1055 at 3-5.) The Court is presented with two principal schemes for determining the proper royalty rate. TCL advocates a "top-down" approach which begins with an aggregate royalty for all patents encompassed in a standard, then determines a firm's portion of that aggregate. Ericsson turns to existing licenses which it has negotiated to determine the appropriate rates. Ericsson also offers an "ex ante," or ex-Standard, approach which seeks to measure in absolute

[2] Unless otherwise specified, 2G refers to GSM, GPRS, and EDGE, 3G refers to W-CDMA, and 4G refers to LTE and LTE advanced standards.

[3] The claims here are framed by the following pleadings in Case No. SACV 14-341: TCL's Second Amended Complaint (Docket No. 31), Ericsson's Answer, Defenses and Counterclaims (Docket No. 59), and TCL's Reply (Docket No. 66), as well as the following pleadings in Case No. CV 15-2370: Ericsson's First Amended Complaint (Docket No. 17), TCL's Answer, Affirmative Defenses, and Counterclaims (Docket No. 22), and Ericsson's Amended Answer and Affirmative Defenses to TCL's Counterclaims (Docket No. 52). However, the only claims tried were the parties' respective claims for breach of contract and declaratory relief regarding Ericsson's compliance with its FRAND obligation and declaratory relief for determination of FRAND rates. The parties' respective claims regarding infringement, invalidity, and other substantive patent defenses were previously stayed. (See Docket No. 1448-1, p. 3.)

terms the value which Ericsson's patents add to a product.[4]

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PART I: BACKGROUND

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[I.]B. The Filing of This Lawsuit and Subsequent Anti-Suit Injunction.

In March 2014, the 2G licenses between TCL and Ericsson were set to expire. (Exs. 64, 65.) On March 5, 2014, TCL initiated this action. (SACV 14-341,[7] Docket Nos. 1, 31; Guo Rebuttal Decl. ¶ 60.) Among other things, TCL sought a declaration that Ericsson had failed to offer FRAND terms and conditions, as well as a determination of the FRAND rates to which TCL is entitled. (Docket No. 31, p. 41, ¶¶ A, D, G.) Ericsson asserted counterclaims. (Docket No. 59.)

On June 3, 2014, Ericsson filed what was essentially a mirror-image action against TCL in the Eastern District of Texas. (C.D. Cal., Case No. 2:15-cv-02370-JVS-DFM (as transferred), Docket No. 1.) In that case, Ericsson sought a declaration that it had complied with its FRAND obligation. (*Id.* ¶¶ 53-59.) In the alternative, Ericsson asked the Court to "declare what steps would be required to achieve such compliance." (*Id.* p. 18, ¶ G.) Ericsson also sought a "compulsory forward royalty" in lieu of an injunction. (*Id.* ¶ I.) TCL asserted counterclaims. (*Id.*, Docket No. 22, pp. 12-54.) On April 2, 2015,

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[4] The royalty rates determined by the Court will also form the basis for the calculation of a release payment from TCL to Ericsson to compensate for TCL's prior unlicensed use of Ericsson's patents.

[7] Unless otherwise noted, docket number reference as to Case No. SACV 14-341 JVS DFM.

the Texas action was transferred to this Court. (*Id.*, Docket No. 104.) On June 29, 2015, the transferred action was consolidated with TCL's lawsuit. (Docket No. 279-1, p. 16.)

On May 7, 2015, TCL filed a motion to enjoin Ericsson "from further prosecuting any actions alleging infringement of its 2G, 3G, and 4G patents until the FRAND issues are resolved here." (Docket No. 195, pp. 12-13.) On June 29, 2015, the Court granted TCL's motion and enjoined the foreign litigation. (Docket No. 279-1, pp. 5-11.) In the Court's view, a stay of the foreign litigation would allow the parties to concentrate on the overriding FRAND issues. Moreover, during the course of this litigation, TCL agreed to be bound by the Court's determination of FRAND terms and conditions for a worldwide portfolio license, including a release payment for TCL's past unlicensed sales. This effectively mooted Ericsson's pending patent infringement claims against TCL in this Court and other courts around the world.

C. Ericsson's FRAND Contentions.

On February 24, 2015, the Court ordered Ericsson to file its "FRAND contentions," *i.e.*, what Ericsson contended would constitute FRAND terms for a license to its SEPs. (Docket No. 120.) Ericsson's FRAND contentions contained two offers: "Option A" and "Option B." (Docket Nos. 138, 205 (as amended in March and May 2015).) Options A and B are based on Ericsson's April 23, 2014 and February 11, 2015 offers, respectively. (Brismark Decl. ¶ 84.)

Both Options A and B, if accepted, would grant TCL a forward license to Ericsson's 2G, 3G, and 4G SEP portfolios, with coverage for TCL's global sales of 2G, 3G, and

4G standard-compliant end user terminals,[8] external modems, and personal computers (as those product categories are defined in the offers). (Exs. 458, 459.) Both offers specify a release payment intended to compensate Ericsson for TCL's unlicensed use of Ericsson's SEPs in the past. (Exs. 458, 459.)

Under Option A, for mobile phones, TCL would make an annual payment of $30 million for its first $3 billion in sales, with percentage running royalties for additional sales. (Brismark Decl. ¶¶89, 90.) The running royalty rates were 0.8% of the net selling price for phones with 2G GSM/GPRS, 1.1% for phones with 2G EDGE, 1.5% for 3G devices, and 2.0% for 4G devices, with a 50% discount for sales in China. (Brismark Decl. ¶¶89, 90.) For the first $3 billion in sales, TCL would pay an effective percentage rate of 1.0%. However, lower or higher sales volumes would produce a higher effective rate.

Option A also included running royalty rates for external modems and personal computers. For external modems, the non-China per-unit rates are 1.5% of the net selling price for 2G or 3G with a $0.40 floor, $3 for 4G if the net selling price is $60 or more, and $1 for 4G if the net selling price is under $60 (the China rates are half as much). (Brismark Decl. ¶89.) For personal computers, the non-China per-unit rates were $0.50 for 2G GPRS, $0.75 for 2G EDGE, $2.25 for 3G single mode, $2.75 for 3G multi-mode, and $3.5[0] for 4G (the China rates are half as much). (*Id.*)

[8] End user terminals are defined in Options A and B to include handsets (feature phones and smartphones) and tablets. (Ex. 458 at 2; Ex. 459 at 2.) In this Order, the Court uses the terms "end user terminal," "handset," "cell phone," and "device" interchangeably.

Under Option B, for mobile phones, TCL would pay percentage running royalty rates as follows: 0.8% of the net selling price for 2G GSM/GPRS, 1.0% for 2G EDGE, 1.2% for 3G, and 1.5% for 4G with a $2.00 floor and a $4.50 cap. (Brismark Decl. ¶ 96.) For external modems, TCL would pay $0.75 per unit for 2G or 3G, and 1.5% of the net selling price for 4G with a $2.00 floor. (*Id.*) For personal computers, the rates are the same as the non-China rates in Option A. (*Id.*)

Ericsson's Option A and Option B offers also contained a variety of other license terms. TCL subsequently agreed that certain terms—those regarding Non-Exclusivity, Licensed TCL Products, and the License Period—were undisputed and could be adopted into a final judgment. (Docket No. 935-2, pp. 15-16.) The Court later adopted these concessions. (Docket No. 1055, p. 9.)

On March 22, 2016, well into this litigation, Ericsson offered TCL a license based on a pure dollar-per-unit rate structure. (Exs. 213-14; TT March 1, 2017, (Sealed Vol. 1) p. 18:13-23.) This was the first time in the lengthy negotiations that Ericsson had offered a per unit royalty. Ericsson later filed a motion to supplement its FRAND contentions with its March 22, 2016 offer as "Option C." (Docket No. 694.) The Court denied Ericsson's motion because Ericsson had not been not diligent and the late change would prejudice TCL. (Docket No. 760, pp. 5, 6.)

D. The Trial.

Following the Court's ruling that TCL failed to provide evidence of damages because of its discovery defaults, the Court ruled that TCL's remaining claims were equitable and the trial would be before the Court. (Docket No. 1448-1 at 2.) The Court held a 10-day bench trial starting on February 14, 2017. Following the Court's standard procedure for bench trials, the parties submitted their direct examinations by declarations. The Court heard live testimony from twenty-four witnesses and received additional written direct testimony from two experts in foreign law. Closing arguments occurred on May 18, 2017. Prior to closing arguments the parties prepared proposed Findings of Fact ("FOF") and Conclusions of Law ("COL") which the Court cites to for each party's contentions. (Docket No. 1650 (Ericsson's proposed FOF and COL); Docket No. 1651 (TCL's proposed FOF and COL).)

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PART 2: TCL'S TOP DOWN ANALYSIS

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[IV.]B. Ericsson's Proportional Share of Standard-Essential Patents.

With a total aggregate royalty in place, the next question to resolve is Ericsson's proportional share. This is a ratio calculation taking the number of Ericsson's SEPs (the numerator) over the total number of SEPs for the standard in question (the denominator). (Leonard Decl. ¶¶39-42, 94-95, Table 4.) To determine essentiality the Court relied on ETSI's definition of essential:

> "ESSENTIAL" as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all

such IPRs shall be considered ESSENTIAL.

(ETSI IPR Policy § 15.6, Ex. 223 at 7.)

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Ericsson's proportional share of 2G, 3G, and 4G essential patents can be determined by dividing how many patents the parties assert Ericsson owns for each standard (the numerator) by the total number of patents in each standard (the denominator).

For 2G, both parties agree that Ericsson owns 12 out of 365 essential patent families, which is 3.280% of all 2G essential patents.

For 3G, TCL conceded that Ericsson owns 19.65 out of 953 essential patent families, which is 2.061% of all 3G essential patents. However, Ericsson argued that it owns 24.65 3G essential patents, which would give it 2.58% of 3G essential patents.

For 4G, TCL conceded that Ericsson owns 69.88 out of 1481 4G essential patents, which would give it 4.761% of 4G essential patents. However, Ericsson argued that it owns 111.51 4G essential patents, which would give it 7.525% of 4G essential patents.

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PART 4: COMPARABLE LICENSE ANALYSIS AND FRAND DETERMINATION

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VII. DETERMINING A RELEASE PAYMENT FOR TCL'S UNLICENSED SALES.

Ericsson had the burden of proving that it was entitled to a release payment, and the FRAND amount of that release payment. (*E.g.*, Docket No. 1278 at 19-21.) Ericsson believes the release payment should be calculated at the prospective rate set by the Court. (Ericsson FOF,

¶351.) TCL argued that it should not owe a release payment because Ericsson failed to meet its burden because it failed to provide an amount that it believed TCL owed as a release payment, and because Ericsson harassed TCL with litigation in demanding the non-FRAND rates in Option A and Option B. (TCL COL, ¶74.) Alternatively, TCL's expert Dr. Leonard concluded that TCL owed either $17,780,024 or $23,715,192, depending on whether certain sales are time-barred. (Leonard Decl. ¶152.) The Court adopts Ericsson's position that the past unlicensed sales should be calculated at the prospective rate, and finds that none of TCL's sales from 2007 onwards are time-barred.

The two elements Ericsson had to prove were its entitlement to a release payment and the FRAND amount of that release payment. (*E.g.*, Docket No. 1278 at 19-21.) Ericsson met its burden to prove that TCL made unlicensed sales. (*E.g.*, Ex. 142.) Ericsson never proposed a dollar amount for a release payment in a witness declaration, its trial brief, or its proposed findings, but buried in Kennedy's report calculating the effective rates for Option A and Option B there are numbers that do appear to be a calculation of TCL's royalties due under Option A and Option B for each year from 2007-2014. (Ex. 5315 at 4, 8.) Although Kennedy never presented them as such, at closing arguments Ericsson's counsel argued that based on these numbers, from 2007-2014 TCL would owe $97.2 million under Option A, or $98.5 million under Option B. Because the Court has found that Option A and Option B were not FRAND, the Court cannot accept either of these totals. In addition, Kennedy's calculations are inherently flawed because they ignore the fact that TCL's 3G devices already licensed to Ericsson's 3G SEPs because they incorporate Qualcomm chipsets. Ericsson's evidence therefore does not carry its burden regarding the amount of the release payment. However, as with all cases, the Court looks to all of the evidence regardless of which side produced it. (Ninth Circuit Model Civil Instruction No. 1.6.) Here, the Court looks to other evidence in the record to calculate a FRAND release payment despite the shortcomings in Ericsson's evidence.

In order to determine the amount that TCL owes Ericsson for its past unlicensed sales, the Court must determine the appropriate revenue figures, discount them, and then apply the final rates calculated above. The Court adopts Dr. Leonard's figures for TCL's unlicensed revenue from 2007-2015. (Ex. 1124 at 5.) The Court applies the same discount rate it did to the past sales figures for comparable licensees of 0.56% to reflect the fact that TCL received the benefit of Ericsson's SEPs well before it must pay for them. The Court discounts these figures to the end of 2017 and uses the midyear convention for simplicity. Finally, the Court applies the final rates to the discounted revenue numbers [and] concludes that TCL must pay Ericsson $16,449,071 as a release payment for unlicensed sales from 2007-2015.

In calculating the revenue figures for each standard, the Court treats all of TCL's 3G sales as multi-mode devices that have pass-through rights to Ericsson's 3G SEPs, and thus subject to the 2G rate. The Court acknowledges that this creates a very real risk of stacking,[44] because Ericsson demanded that TCL pay 2G royalties on a 3G multi-mode devices as if they did not have 3G functionality. However, such devices do have 3G func-

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[44] Stacking in this sense is Ericsson's proposed approach of literally stacking the full price of each standard for backwards-compatible devices for devices that have 3G pass-through rights.

tionality, and therefore receive far less value from Ericsson's 2G SEPs because they only use 2G functionality when they cannot connect to a 3G network. Ericsson should have proposed a methodology to determine the marginal value that 2G adds to a 3G device, which would be some proportion of the 2G rate.[45] If TCL's 4G devices also have similar pass-through rights, Ericsson also should have proposed a methodology to calculate a FRAND royalty rate on a 4G device which already has 3G functionality. Kennedy's calculation of the release payments under Option A and Option B requires TCL to pay the full 3G rate in each offer for all of TCL's 3G sales. (Ex. 5315 at 4, 8.) This ignores the reality that TCL's 3G devices are already licensed to Ericsson's 3G SEPs, and ignores both the express terms of those offers [and] the Court's grant of Ericsson's own motion for partial summary judgment that such a term is not a breach of FRAND. (Ex. 458 at 11; Ex. 459 at 9-10; Docket No. 1055 at 8.) TCL's expert Dr. Leonard acknowledged that TCL should only have to pay a proportion of the 2G rate on its 3G devices with pass-through rights, but "conservatively" included the full amount in his calculations. (Leonard Decl. ¶150.) Because Dr. Leonard calculated a blended 2G/3G rate, this means that in his calculations it did not matter whether TCL's devices had to pay a 2G or 3G rate. Because the Court calculated separate 2G and 3G rates, the Court's approach actually leads to a smaller payment than the FRAND amount calculated by Dr. Leonard. While there are real concerns about stacking in the future if Ericsson believes that it is entitled to the full rate for each standard [for] all backwards-compatible de-

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[45] The Court granted summary judgment for Ericsson that the Pass-Through Rates term for the prospective license did not violate FRAND. (Docket No. 1055 at 8.)

vices, such concerns are not present in this case because Ericsson is only demanding multi-standard royalties on 3G devices with Qualcomm chipsets, and the Court's calculated 2G and 3G rates are relatively low compared to the total aggregate royalties for 2G and 3G.

The FRAND amount for TCL's unlicensed sales from 2007-2015 is $16,449,071. For sales from 2016 to the commencement of the license in this case, the release payment must be calculated as described above using the Court's final rates.

PART 5: CONCLUSIONS OF LAW

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VII. RELEASE PAYMENT.

Ericsson is entitled to a release payment that is calculated in the same manner, and with the same rates, as the going-forward rates adjudicated here, covering all of TCL's unlicensed sales from January 1, 2007 onward.

VIII. THE ELEMENTS OF THE ADJUDICATED LICENSE.

The Court sets out the terms of the FRAND license adopted here.

With respect to End User Terminals (*i.e.*, handsets and tablets), so long as they are TCL Products (as defined in Option B at §§ 1.7 and 1.25), TCL shall pay as a percentage of the Net Selling Price (as defined in Option B at § 1.16) the rates set forth in Figure 17. In order to avoid confusion, products TCL sells under the Blackberry brand are TCL Products.

With respect to the sale of External Modems and Personal Computers, so long as they are TCL Products (as defined in Option B at §§ 1.9, 1.20, 1.25), TCL shall receive a royalty-free license because the licenses for these devices have already been accounted for in the unpacking analysis for handsets.

The License Period shall be five years from the date of the injunction which the Court enters. (Docket No. 1055, p. 9.) The license and related obligations shall extend to the TCL parties to this litigation and any company or other legal entity they control (*i.e.*, more than 50% voting power). The present record does not permit the Court to calculate royalties for the period between the termination of the release period and the commencement of the injunction. In settling the form of injunction, the parties shall meet and confer to resolve the issue, and if unable to do so, the Court will receive additional evidence and resolve the issue. The royalty rates during this interim period shall be the same as adopted by the Court.

TCL's reporting and payment obligation shall be as set forth in sections 6.2 and 6.3 of Option B. The license shall also include the terms for pass-through rights and the terms which the Court previously found to not be a breach of FRAND. (Docket No. 1055 at 6-8.)

The FRAND amount to compensate Ericsson for TCL's unlicensed past sales is $16,449,071.

Because the Court's final judgment will take the form of an injunction, as opposed to a fully integrated license agreement, certain terms and conditions must be modified or removed in order to give effect to an injunction. (See Docket No. 1055 at 9.) The parties are directed to submit a proposed form of injunction that conforms to the Court's findings and conclusions within thirty (30) days.

Dated: March 9, 2018

s/James V. Selna
James V. Selna
United States District Judge