



ARE Patent Law Alert: Developments in FRAND: Presidential Veto Prevents ITC Exclusion of Apple Devices Found to Infringe Samsung Standards Essential Patents on Public Interest Grounds

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(August 7, 2013). On August 3, 2013 the Obama administration overturned a U.S. International Trade Commission Order barring imports of Apple's iPhone 4 and iPad 2 that had been found by the ITC to infringe a standards-essential Samsung patent ([view file](#)). Exercising its power to veto an ITC Exclusion Order for the first time since 1987, the administration found that because the ITC Exclusion Order arose from infringement of certain standard-essential patents that Samsung had promised to license on fair, reasonable and non-discriminatory ("FRAND") terms, an import ban would be against the public's interest.

The availability of injunctions based on patents committed to FRAND licensing terms has been a [hot issue in the past year](#). FRAND licensing requirements have become commonplace with standard-setting organizations when their members license patents deemed essential to practice an industry standard. The goal is to prevent patentees from using their standards-essential patents to extract higher licensing rates from their competitors.

The August 3, 2013 decision by US Trade Representative Michael Froman on behalf of the Obama Administration, cited to a January 8, 2013 DOJ and USPTO policy statement, entitled "[Policy Statement on Remedies for Standard-Essential Patents Subject to Voluntary FRAND Commitments](#)," noting that this policy statement is "one part of the Administration's continuing efforts to consider the scope of appropriate remedies for owners of standard-essential patents, and encourage the development of strong, innovative standards." (Decision, p. 2). The decision also notes that standards, particularly voluntary consensus-based standards set by standards bodies, play an important role in the US economy and that "important policy considerations arise in the enforcement of those patents incorporated into technical standards . . . when the patent holder has made a voluntary commitment to offer the right to license these standard-essential patents on FRAND terms." (*Id.*).

Significantly, Mr. Froman noted that his decision to disapprove of the ITC's determination does not mean that the patent owner is not entitled to a remedy; rather the patent owner may continue to pursue its rights through courts. (*Id.* at 4). However, the decision is likely to discourage owners of standard-essential patents from asserting them at the ITC.



We will continue to monitor this important area of law. Please feel free to contact us to learn more about this decision and its impact on US patent law.

Michael J. Kasdan was a Partner at Amster, Rothstein & Ebenstein LLP. His practice specialized in intellectual property issues including litigating patent, trademark and other intellectual property disputes. Mr. Kasdan was a panelist on the Oct. 22, 2012 ABA Webinar entitled "Taking The RAND Case to Trial." In 2013, he was named as one of the IAM Strategy300 - The World's Leading IP Strategists, by Intellectual Asset Management Magazine.