UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	SACV 14-0341 JVS (DFMx)	Date	August 9, 2016
Title	TCL Communications Technology Holdings, Ltd. v. Telefonaktienbolaget LM Ericsson et al.		

Present: The Honorable	James V. Selna

Ivette Gomez	Not Present
Deputy Clerk	Court Reporter
Attorneys Present for Plaintiffs:	Attorneys Present for Defendants:
Not Present	Not Present

Proceedings: **(IN CHAMBERS)** **Plaintiff's Motion for Partial Summary Judgment as to TCLs Entitlement to a FRAND License (Fld 6-20-16, Dkt 860)**

Plaintiffs and Counter-Defendants TCL Communication Technology Holdings, Ltd., TCT Mobile Limited, and TCT Mobile (US) Inc. (collectively, "TCL") filed a motion under Federal Rule of Civil Procedure 56 requesting that the Court find that TCL is entitled to a FRAND license, both prospectively and retrospectively. (TCL's Mot., Docket ("Dkt.") Nos. 857, 860, 875.) Defendant Telefonaktienbolaget LM Ericsson and Defendant and Counter-claimant Ericsson, Inc. (collectively, "Ericsson") opposes, in part. (Ericsson Opp'n, Dkt. Nos. 923, 925.) TCL has replied. (Reply, Dkt. Nos. 988, 989.)

For the foregoing reasons, the Court grants TCL's motion for partial summary judgment.

I. Background

The general background of this dispute is well-known to the parties and to the Court. For further information, consult this Court's June 29, 2015 "Order re Motions." (Dkt. No. 279-1)

Briefly, TCL is a mobile telecommunications vendor that licenses patents from telecommunications companies like Ericsson. (Second Amended Complaint, Dkt. No. 31 ¶ 2.) Ericsson owns a portfolio of intellectual property rights, some of which are "essential" to the global 2G (second generation), 3G (third generation), and 4G (fourth generation) telecommunications standards set by the European Telecommunications Standards Institute ("ETSI"). (Id. ¶ 3.) ETSI is a standard-development organization that

adopts globally-accepted technological standards to facilitate compatibility between products and services in the telecommunications industry. (Id. ¶¶ 38-40.) ETSI requires members who declare their patents "standard essential" ("standard essential patents") to license them on fair, reasonable, and nondiscriminatory ("FRAND") terms. (Id. ¶¶ 7-8.)

II. Legal Standard

Summary judgment is appropriate where the record, read in the light most favorable to the nonmovant, indicates "that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a); see also Celotex Corp. v. Catrett, 477 U.S. 317, 322-23 (1986). Summary adjudication, or partial summary judgment "upon all or any part of [a] claim," is appropriate where there is no genuine dispute as to any material fact regarding that portion of the claim. Fed. R. Civ. P. 56(a); see also Lies v. Farrell Lines, Inc., 641 F.2d 765, 769 n.3 (9th Cir. 1981) ("Rule 56 authorizes a summary adjudication that will often fall short of a final determination, even of a single claim . . . .") (internal quotation marks omitted).

Material facts are those necessary to the proof or defense of a claim, and are determined by referring to substantive law. Anderson v. Liberty Lobby, Inc., 477 U.S. 242, 248 (1986). In deciding a motion for summary judgment, "[t]he evidence of the non-movant is to be believed, and all justifiable inferences are to be drawn in his favor." Anderson, 477 U.S. at 255.[1]

The moving party has the initial burden of establishing the absence of a material fact for trial. Anderson, 477 U.S. at 256. "If a party fails to properly support an assertion of fact or fails to properly address another party's assertion of fact . . ., the court may . . .

[1] "In determining any motion for summary judgment or partial summary judgment, the Court may assume that the material facts as claimed and adequately supported by the moving party are admitted to exist without controversy except to the extent that such material facts are (a) included in the 'Statement of Genuine Disputes' and (b) controverted by declaration or other written evidence filed in opposition to the motion." L.R. 56-3.

consider the fact undisputed." Fed. R. Civ. P. 56(e)(2). Furthermore, "Rule 56[(a)][2] mandates the entry of summary judgment . . . against a party who fails to make a showing sufficient to establish the existence of an element essential to that party's case, and on which that party will bear the burden of proof at trial." Celotex Corp., 477 U.S. at 322. Therefore, if the nonmovant does not make a sufficient showing to establish the elements of its claims, the Court must grant the motion.

III. Discussion

The parties appear to be in agreement about this motion.

The parties are in complete agreement that TCL is prospectively entitled to a FRAND license at the conclusion of this litigation. (See Ericsson's Opp'n pp. 1, 6.) Consequently, the Court need not resolve nor recite many of the arguments made in TCL's opening brief. (See, e.g., TCL's Mot. pp. 8–14.) The Court consequently grants TCL's motion insofar as the Court holds that TCL is entitled to a prospective FRAND license.

The parties are also in agreement that TCL is entitled to a retrospective FRAND license at the conclusion of this litigation. This license is accompanied by a release payment. Ericsson agreed at the August 8, 2016 hearing that TCL was entitled to a FRAND release payment. Accordingly, the Court grants TCL's motion insofar as the Court holds that TCL is entitled to a retrospective FRAND license.

Finally, at the hearing (and in its motion) TCL expressly disclaimed any intent by this motion to prevent Ericsson from arguing that Ericsson was excused from offering FRAND rates (and could therefore not be held liable for breach of contract) in the past during time periods when TCL was itself failing to negotiate in good faith towards a FRAND license and/or failing to reciprocate by offering a FRAND license to TCL's own

[2] Rule 56 was amended in 2010. Subdivision (a), as amended, "carries forward the summary-judgment standard expressed in former subdivision (c), changing only one word — genuine 'issue' becomes genuine 'dispute.'" Fed. R. Civ. P. 56, Notes of Advisory Committee on 2010 amendments.

standard essential patents.[3] At the hearing, TCL expressed certain concerns with the Court's tentative order expressly holding that TCL could have temporarily "lost" its rights as a third party beneficiary to Ericsson's contract with ETSI during those periods of time when TCL was frustrating the ability of Ericsson to actually execute a FRAND license with TCL. The Court takes these concerns under submission and concludes it need not rule on these issues at this time. Nothing in this order prevents Ericsson from arguing these points in the future.

However, given the likely result of the Court's grant of partial summary judgment on Ericsson's motion directed to the element of damages, the remaining dispute is likely moot. If there is no breach claim, there is no need to consider whether a breach by TCL in its obligations vitiates Ericsson's obligation.

IV. Conclusion

The parties are in agreement that TCL is entitled to a FRAND license covering future and historic sales. The Court grants TCL's motion for partial summary judgment to that extent.

However, the Court makes no ruling on this motion regarding whether Ericsson may argue that TCL's negotiating conduct and refusal to reciprocate a license to its own standard essential patents made TCL historically not entitled to a FRAND license.

IT IS SO ORDERED.

[3] TCL disclaimed at the hearing and in its motion that TCL's present motion was about foreclosing Ericsson from making these arguments. (See Reply p. 2 ("Ericsson also attempts to reframe TCL's motion as one about Ericsson's past breach of its FRAND obligation, when the motion is actually about TCL's entitlement to a FRAND license, a separate and different issue.") However, a substantial portion of TCL's reply was devoted to why Ericsson should be foreclosed from making these arguments. (See Reply pp. 3–4 ("Ericsson does not get a 'pass' to make unfair, unreasonable, or discriminatory offers just because a prospective licensee canceled a meeting or took too much time to respond to an email"); pp. 5–13 (arguments about the relationship between French law and the FRAND commitment, arguments about why Ericsson had no evidence of bad faith negotiation, arguments about why TCL had always "reciprocated" a license to its own standard essential patents).

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