



Action Seeking Judgment of Compliance with FRAND Obligations Survives Only Insofar as it Relates to U.S. Patent Rights

Mar 11, 2020

Reading Time : **2 min**

By: Thomas W. Landers, Rubén H. Muñoz

Under the applicable regional circuit law, before exercising jurisdiction in a declaratory judgment action, a district court must decide (1) whether an “actual controversy” exists between the parties; (2) whether it has authority to grant declaratory relief; and (3) whether to exercise its broad discretion to decide or dismiss a declaratory judgment action. Moreover, when assessing a Rule 12(b)(1) motion, “the district court is to accept as true the allegations and facts set forth in the complaint.”

Optis’ complaint alleged that it engaged in “good faith efforts to license [its] essential patents to Apple on FRAND terms” but that “Apple ha[d] not reciprocated [those] efforts.” Optis accordingly requested declaratory judgment that: (1) Optis’ efforts complied with the Intellectual Property Rights Policy of the European Telecommunications Standards Institute; (2) the efforts “were consistent with competition law requirements”; (3) Optis had “no US liability based on [its] conduct”; and (4) Apple “may no longer raise a FRAND defense in the US.”

In its motion to dismiss, Apple argued that “the [c]ourt did not have or should decline jurisdiction over [Optis’] claim as it relates to foreign patents.” Optis further argued that, as such, there would be no “actual controversy” set forth in the complaint because the alleged licensing efforts *all* included foreign patents and thus “any determination of whether a hypothetical offer for a U.S.-only license complied with FRAND obligations would be an [improper] advisory opinion.”

Judge Gilstrap agreed with Apple's first argument and concluded that "foreign obligations under foreign laws related to foreign patents are best left to the courts of those foreign countries." But he disagreed that there was no "actual controversy" simply because the alleged licensing offers all included foreign patents. According to the court, a patentee need not "make individual license offers for standard essential patents in each country in order to be deemed to have complied with its FRAND and other obligations in that country." And "while a global license would involve foreign patents subject to foreign FRAND obligations, [it] would also involve U.S. patents subject to U.S. FRAND and anti-competition obligations." As Judge Gilstrap explained, the U.S. components of the license could conceivably be "extricated" from the foreign components, and Optis should not be denied the opportunity to make such a showing.

To support its motion, Apple relied heavily on a prior case in which Judge Gilstrap dismissed both foreign and U.S. claims when a party sought judgment of FRAND compliance based on a "worldwide" licensing offer. See *Optis Wireless Technology, LLC v. Huawei Technologies Co.*, No. 2:17-CV-00123-JRG-RSP, 2018 WL 3375192 (E.D. Tex. July 11, 2018). Judge Gilstrap determined that *Huawei* was distinguishable because of its "very different procedural posture." In *Huawei*, dismissal occurred "after a bench trial in which [the plaintiffs] failed to present any evidence that they had offered a license to U.S.-only patents." The plaintiffs' expert in *Huawei* "testified that he ha[d] offered no opinions as to whether there was FRAND compliance by [the plaintiff] with respect to only U.S. patents." According to Judge Gilstrap, "such a failure of proof in the *Huawei* case should not preclude [Optis] from attempting to offer such proof in this case."

Practice Tip: Parties involved in foreign litigation related to the licensing of SEPs under FRAND terms must recognize the effects of foreign actions and foreign licensing activities on U.S. litigation. Jurisdiction and eventual judgment in the U.S. hinges on allegations and evidence that is tied to U.S. patent rights.

Optis Wireless Technology, LLC et al v. Apple Inc., 2:19-cv-00066-JRG (E.D. Tex. Mar. 2, 2020) (Gilstrap, J.)

© 2025 Akin Gump Strauss Hauer & Feld LLP. All rights reserved. Attorney advertising. This document is distributed for informational use only; it does not constitute legal advice and should not be used as such. Prior results do not guarantee a similar outcome. Akin is the practicing name of Akin Gump LLP, a New

York limited liability partnership authorized and regulated by the Solicitors Regulation Authority under number 267321. A list of the partners is available for inspection at Eighth Floor, Ten Bishops Square, London E1 6EG. For more information about Akin Gump LLP, Akin Gump Strauss Hauer & Feld LLP and other associated entities under which the Akin Gump network operates worldwide, please see our Legal Notices page.