

Decision

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#### Main text

1. The petition shall be dismissed.
2. The obligee shall bear the court costs.
3. The additional period for the immediate appeal against this decision to the court of second instance shall be thirty (30) days.

#### Reasons

##### No. 1 Petition

1. The Obligor is prohibited from the production, assignment, lease, import, or offering for the assignment or lease (including displaying for the purpose of assignment or lease) of each product specified in 1 and 2 of the List of Products attached hereto.
2. The Obligor must release the possession of each of the products specified in 1 and 2 of the List of Products attached hereto and deliver them to the court execution officer.

##### No. 2 Background

###### 1. Summary of case

The obligee held a patent right under Patent No. 4642898 for the invention titled "method and apparatus for transmitting/receiving packet data using a pre-defined length indicator in a mobile communication system" (this patent is hereinafter referred to as the "Patent"; the patent right as the "Patent Right"). In this case, the obligee alleges that the obligor's import and sale in relation to the products specified in the attached Lists of Products 1 and 2 (hereinafter referred to as the "Products") constitutes the infringement of the Patent Right, and filed the petition for a provisional disposition order for an injunction against the obligor's production, assignment, etc. of the Products and custody of infringing products by a court execution officer. The right sought to be preserved by this provisional disposition is the right to seek an injunction based on the Patent Right.

2. Undisputed facts, etc. (the facts without any indication of the prima-facie evidence are the undisputed facts or the facts found from the entire import of hearings)

###### (1) Parties

A. The obligee is a South Korean corporation whose business objectives are

manufacturing, sale, etc. of electric machine devices, communication and related machine devices, and their component parts.

- B. The obligor is a limited liability company ("*godo kaisha*" under the laws of Japan) whose business objectives are sale, etc. of personal computers, hardware and software for computer-related devices, and ancillary devices for computers. The obligor implemented an absorption-type merger of Apple Japan K.K., a subsidiary company of Apple Incorporated, a U.S. corporation, (hereinafter referred to as "Apple Inc.") on October 30, 2011, and succeeded to the status of Apple Japan K.K. in this case (hereinafter the term "obligor" includes Apple Japan K.K. before the abovementioned absorption-type merger).

(2) Obligee's patent right

- A. The obligee (the name as it appears on the patent registry is "Samsung Electronics Company Limited") filed an international application for the Patent (the PCT international application number is PCT/KR2006/001699, its priority date is May 4, 2005, its priority country is South Korea, and the Japanese application number is Patent Application No. 2008-507565; hereinafter referred to as the "Patent Application") on May 4, 2006, and obtained the registration of establishment of the Patent Right on December 10, 2010 (Exhibits Ko No. 1 and No. 2).
- B. The claims of the Patent comprise Claims 1 to 14. Claims 1 and 8 read as follows (the invention of Claim 8 is hereinafter referred to as "Invention 1" and the invention of Claim 1 as "Invention 2," and these Inventions 1 and 2 shall be hereinafter collectively referred to as the "Inventions").

"[Claim 1] A method of transmitting data in a mobile communication system, comprising: a stage of receiving a service data unit (SDU) from a higher layer and determining whether the SDU is included in one protocol data unit (PDU); if the SDU is included in one PDU, a stage of configuring the PDU including a header and a data field, wherein the header includes a sequence number (SN) field, and a one-bit field indicating that the PDU includes the whole SDU in the data field without segmentation/concatenation/padding; if the SDU is not included in one PDU, a stage of segmenting the SDU into a plurality of segments according to the transmittable PDU size, and the data field of each PDU configuring a plurality of PDUs comprising one of said plurality of segments, wherein headers of the PDUs include an SN field, a one-bit field indicating the presence of at least one length indicator (LI) field and said at least one LI field; if the data field of the PDU includes an intermediate segment

of the SDU, a stage, wherein the LI field is set to the pre-defined value indicating the presence in the PDU of an intermediate segment which is neither the first nor last segment of the SDU, and the PDU is sent to a receiver.

"[Claim 8] An apparatus for transmitting data in a mobile communication system, comprising: a transmission buffer for receiving a service data unit (SDU) from a higher layer, determining whether the SDU is included in one protocol data unit (PDU), and reconfiguring the SDU to at least one segment according to the transmittable PDU size; a header inserter for configuring at least one PDU including a serial number (SN) field and a one-bit field in a header, and said at least one segment in a data field; a one-bit field setter for setting the one-bit field to indicate that the PDU includes the whole SDU without segmentation/concatenation/padding in the data field, if the SDU is included in one PDU, and for setting the one-bit field to indicate the presence of at least one length indicator (LI) field, if the data field of the PDU includes an intermediate segment of the SDU; an LI inserter for inserting and setting an LI field after the one-bit field in said at least one PDU if the SDU is not included in one PDU, wherein if the data field of the PDU includes an intermediate segment of the SDU, the LI field is set to the pre-defined value indicating the presence in the PDU of an intermediate segment which is neither the first nor last segment of the SDU; and a transmitter for sending at least one PDU received from the LI inserter to a receiver."

C. The constituent features of each of the Inventions are as follows (each of the constituent features shall be hereinafter referred to as "Constituent Feature A," "Constituent Feature B," etc.)

(A) Invention 1 (Claim 8)

[A] An apparatus for transmitting data in a mobile communication system, comprising:

[B] a transmission buffer for receiving a service data unit (SDU) from a higher layer, determining whether the SDU is included in one protocol data unit (PDU), and reconfiguring the SDU to at least one segment according to the transmittable PDU size;

[C] a header inserter for constructing at least one PDU including a serial number (SN) field and a one-bit field in a header, and said at least one segment in a data field;

[D] a one-bit field setter for setting the one-bit field to indicate that the PDU includes the whole SDU without

segmentation/concatenation/padding in the data field, if the SDU is included in one PDU, and for setting the one-bit field to indicate the presence of at least one length indicator (LI) field, if the data field of the PDU includes an intermediate segment of the SDU;

[E] an LI inserter for inserting and setting an LI field after the one-bit field in said at least one PDU if the SDU is not included in one PDU,

[F] wherein if the data field of the PDU includes an intermediate segment of the SDU, the LI field is set to the pre-defined value indicating the presence in the PDU of an intermediate segment which is neither the first nor the last segment of the SDU;

[G] and a transmitter for sending at least one PDU received from the LI inserter to a receiver.

[H] an apparatus for transmitting data which comprises the features [B] to [G] above.

(B) Invention 2 (Claim 1)

[I] A method of transmitting data in a mobile communication system, comprising:

[J] a stage of receiving a service data unit (SDU) from a higher layer and determining whether the SDU is included in one protocol data unit (PDU);

[K] a stage of constructing the PDU including a header and data field, if the SDU is included in one PDU, wherein the header includes a sequence number (SN) field, and a one-bit field indicating that the PDU includes the whole SDU in the data field without segmentation/concatenation/padding;

[L] if the SDU is not included in one PDU, a stage of segmenting the SDU into a plurality of segments according to the transmittable PDU size, and the data field of each PDU constructing a plurality of PDUs comprising one of the plurality of segments, wherein headers of the PDUs include a SN field, at least a one-bit field indicating the presence of a length indicator (LI) field and said at least one LI field;

[M] if the data field of the PDU includes an intermediate segment of the SDU, a stage wherein the LI field is set to the pre-defined value indicating the presence in the PDU of an intermediate segment

which is neither the first nor the last segment of the SDU;

[N] and the PDU is sent to a receiver.

[O] a method of transmitting data which comprises the features [J] to [N] above.

(3) Obligor's acts, etc.

A. The obligor is engaged in import and sale of the Products manufactured by Apple Inc.

B. (A) The Products satisfy Constituent Features A and H of Invention 1.

(B) The method of data transmission incorporated into the Products satisfies Constituent Features I and O of Invention 2.

C The Products conform to the UMTS (Universal Mobile Telecommunications System) standard, which is the telecommunications standard developed by 3GPP (Third Generation Partnership Project). 3GPP is a private organization established for the purposes of the dissemination of the third-generation mobile telecommunication system or mobile telephone system (3G), as well as the international standardization of the related specifications (Exhibits Ko No. 3 to No. 6 and No. 11; the telecommunications standard developed by 3GPP is hereinafter referred to as "3GPP Standards").

The UMTS standard is called "W-CDMA" (wideband code division multiple access) in Japan.

(4) FRAND Declaration for the Patent

A. ETSI (European Telecommunications Standards Institute), one of the standard organizations which established 3GPP, provides the "Intellectual Property Rights Policy" as the guidelines for the treatment of intellectual property rights (IPRs).

The IPR Policy of ETSI contains the following Clauses (Exhibit Otsu No. 12, the original text is English):

"3. Policy Objectives

3.1 It is ETSI's objective to create STANDARDS and TECHNICAL SPECIFICATIONS that are based on solutions which best meet the technical objectives of the European telecommunications sector, as defined by the General Assembly. In order to further this objective the ETSI IPR POLICY seeks to reduce the risk to ETSI, MEMBERS, and others applying ETSI STANDARDS and TECHNICAL SPECIFICATIONS, that investment in the preparation, adoption and application of STANDARDS could be wasted as a result of an ESSENTIAL IPR for a STANDARD or TECHNICAL

SPECIFICATION being unavailable. In achieving this objective, the ETSI IPR POLICY seeks a balance between the needs of standardization for public use in the field of telecommunications and the rights of the owners of IPRs.

3.2 IPR holders whether members of ETSI and their AFFILIATES or third parties, should be adequately and fairly rewarded for the use of their IPRs in the implementation of STANDARDS and TECHNICAL SPECIFICATIONS.

#### 4. Disclosure of IPRs

4.1 ..... each MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely manner. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER's IPR which might be ESSENTIAL if that proposal is adopted.

4.3 The obligations pursuant to Clause 4.1 above are deemed to be fulfilled in respect of all existing and future members of a PATENT FAMILY if ETSI has been informed of a member of this PATENT FAMILY in a timely manner.

#### 6. Availability of Licenses

6.1 When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory ("FRAND") conditions under such IPR to at least the following extent:

- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
- sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;
- repair, use, or operate EQUIPMENT; and
- use METHODS.

The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate.

6.2 An undertaking pursuant to Clause 6.1 with regard to a specified member of a PATENT FAMILY shall apply to all existing and future ESSENTIAL IPRs of that PATENT FAMILY unless there is an explicit written exclusion of specified IPRs at the time the undertaking is made. The extent of any such

exclusion shall be limited to those explicitly specified IPRs.

6.3 As long as the requested undertaking of the IPR owner is not granted, the COMMITTEE Chairmen should, if appropriate, in consultation with the ETSI Secretariat use their judgment as to whether or not the COMMITTEE should suspend work on the relevant parts of the STANDARD or TECHNICAL SPECIFICATION until the matter has been resolved and/or submit for approval any relevant STANDARD or TECHNICAL SPECIFICATION.

12. The POLICY shall be governed by the laws of France.

15. Definitions

6. "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.

7. "IPR" shall mean any intellectual property right conferred by statute law including applications therefor other than trademarks. For the avoidance of doubt rights relating to get-up, confidential information, trade secrets or the like are excluded from the definition of IPR.

9. "MEMBER" shall mean a member or associate member of ETSI. References to a MEMBER shall wherever the context permits be interpreted as references to that MEMBER and its AFFILIATES.

13. "PATENT FAMILY" shall mean all the documents having at least one priority in common, including the priority document(s) themselves. For the avoidance of doubt, "documents" refers to patents, utility models, and applications therefor.

- B. (A) On December 14, 1998, the obligee, as a member of ETSI, made an undertaking (declaration) to ETSI that it was prepared to license its essential IPR relating to W-CDMA technology supported by ETSI as the UMTS standard on "fair, reasonable and non-discriminatory terms and conditions" (hereinafter referred to as the "FRAND Terms") in accordance with ETSI IPR Policy Clause 6.1 (Exhibit Otsu No. 5).
- (B) On August 7, 2007, the obligee, in accordance with ETSI IPR Policy



Clause 4.1, notified ETSI of the number of the South Korean patent application which served as the basis for the priority claim for the Patent Application and the international application number of the Patent Application (PCT/KR2006/001699), and declared that the IPRs relating to these applications are or highly likely will be an essential IPR for the UMTS standard (such as TS 25.322), with a declaration that it was prepared to grant an irrevocable license in accordance with the licensing terms and conditions complying with ETSI IPR Policy Clause 6.1 (i.e. the FRAND Terms; and this declaration shall be hereinafter referred to as the "FRAND Declaration")(Exhibit Otsu No.13).

### 3. Parties' allegations

The parties' allegations are as specified in their respective written allegations. Therefore, the court cites these allegations.

## No. 3 Court Decision

### 1. Whether the Products fall within the technical scope of Invention 1

#### (1) Structure of the Products

##### A. Whether the Products comply with Technical Specification V6.9.0

The obligee alleges that Invention 1 is the implementation of the "alternative E-bit interpretation" as referred to in Technical Specification V6.9.0 of the 3GPP standards, and also that the Products complying with this technical specification fall within the technical scope of Invention 1.

First of all, the court would like to determine whether the Products can be considered as the products complying with Technical Specification V6.9.0.

##### (A) Alternative E-bit interpretation

Subclauses 9.2.2.5, 9.2.2.8 and 9.2.2.8.1 of Technical Specification V6.9.0 (see Attachment 1) contain the following descriptions. [i] For the E-bit (extension bit) in the first octet of the PDU (UMD PDU) whose transmission mode is unacknowledged mode, either the "normal E-bit interpretation" or the "alternative E-bit interpretation" is applied depending on the higher layer configuration. [ii] Under the "alternative E-bit interpretation," the E-bit '0' contained in the first octet means that "the next field is a complete SDU, which is not segmented, concatenated or padded," whereas the E-bit '1' means that "the next field is a length indicator and an E-bit." [iii] The "length indicator" is used to indicate the last octet of each SDU (RLC SDU)

ending within the PDU, unless the E-bit contained in the first octet indicates a "complete SDU not segmented, concatenated or padded."

[iv] In the case where the "alternative E-bit interpretation" is configured, and a PDU (RLC PDU) contains a segment of an SDU but neither the first octet nor the last octet of this SDU, the 7-bit "length indicator" with value '111 1110' or the 15-bit "length indicator" with value '111 1111 1111 1110' shall be used.

(B) Demonstration Test

a. Considering the prima-facie evidence (Exhibits Ko No. 21, No. 22 and No. 49), as well as the entire import of hearings, the court finds the following facts:

(a) Chipworks Inc., a Canadian corporation, tested the Products using CMW500 as the "base station emulator" (Demonstration Test).

CMW500 supports the W-CDMA method.

(b) Test 1 of the Demonstration Test was for the "case in which the PDU contains a complete SDU without segmentation/concatenation/padding," and performed under the conditions of "PDU Size: 488-bit, SDU size: 480-bit." Test 2 was the test to monitor the PDU as an "intermediate segment" excluding the first and last PDUs (e.g. the second PDU), and performed under the conditions of "PDU Size: 80-bit, SDU size: 480-bit."

(c) The results of the Demonstration Tests were as follows:

[i] In Test 1, the E-bit following the sequence number (SN) was '0,' and a PDU without a length indicator (LI) was output (Exhibit Ko No. 21, Figures 12 and 14).

[ii] In Test 2, the E-bit following the sequence number (SN) was '1,' and a PDU containing a pre-defined value '1111110' as the length indicator was output (Exhibit Ko No. 21, Figures 13 and 15).

b. The values of the E-bits and length indicator as indicated by the results of the Demonstration Test in a. above agree with the values obtained for the alternative E-bit interpretation as referred to in (A) above (Test 1 corresponds to (A)[ii] and [iii] above, and Test 2 corresponds to (A)[ii] and [iv] above, respectively). Therefore, the

court finds the Products to be the implementation of the functions based on the alternative E-bit interpretation.

- c. In this regard, the obligor raises allegations that the "Interpretation" section of the Demonstration Test results reads "next octet: data" and does not mention "a complete SDU without segmentation/concatenation/padding," and that therefore the Demonstration Test used the normal E-bit interpretation instead of the alternative E-bit interpretation.

However, for the alternative E-bit interpretation, if the E-bit is set to '0,' the bit sequence of the next field shows "data" of the SDU which comprise a "complete SDU without segmentation/concatenation/padding." Accordingly, the indication of "next octet: data" in the "Interpretation" section does not contradict the use of the alternative E-bit interpretation in the Demonstration Test.

Therefore, the obligor's allegations as mentioned above are groundless.

#### C. Summary

Based on the above, the court finds the Products to comply with Technical Specification V6.9.0 and have the structure implementing the functions based on the alternative E-bit interpretation.

#### (2) Technical significance of Invention 1

##### A. Matters disclosed by the description

Taking into consideration the wording of the scope of the claim of Invention 1 (Claim 8) and the statement of the "detailed explanation of the invention" of the description of the Patent (Exhibit Ko No. 2; the description and the drawings shall be hereinafter collectively referred to as the "Patent Description"), the court finds that the Patent Description discloses the following. [i] In relation to the mobile communication system supporting packet service (wireless data packet communication system), in order to provide VoIP service, which is a communication technology for transmitting voice frames generated from a voice codec in the form of voice packets using the Internet Protocol, there was a problem of unnecessary LI fields being inserted, which caused inefficient use of limited wireless resources, when using the RLC framing method in the VoIP communication system based on the conventional technology

(operation for processing the RLC SDU received from the higher layer into a size appropriate for transmission through wireless channel). Namely, although the majority of RLC SDUs are not segmented or concatenated and one RLC SDU is comprised of one RLC PDU, if the conventional RLC framing operation is applied, at least the length indicator (LI) field indicating the starting point and the LI field indicating the end point of the SDU are always required. [ii] The purpose of Invention 1 is to provide a device for using radio resources efficiently by reducing the header size of the RLC PDU (protocol data unit of radio link control layer), so as to solve the abovementioned problem of the conventional technology. [iii] Invention 1, as a means to achieve the abovementioned purpose, adopts the structure wherein the RLC PDU data field shows one-bit information that "one complete RLC SDU can be framed into one RLC PDU without segmentation/concatenation/padding" (i.e. the structure of Constituent Feature D which reads "setting the one-bit field to indicate that the PDU completely contains the SDU without segmentation/concatenation/padding in the data field, if the SDU is included in one PDU"), and by doing so, eliminates the need to insert additional information showing segmentation/concatenation/padding of the RLC SDU (i.e. use of the "LI field"). Further, to this end, Invention 1 adopts the structure wherein the LI field set to the pre-defined new LI value indicates that the RLC PDU includes "only an intermediate segment of the RLC SDU which does not include the start or the end of the RLC SDU" (i.e. the structure of Constituent Feature D which reads "a one-bit field setter for setting the one-bit field to indicate the presence of at least one length indicator (LI) field, if the data field of the PDU includes an intermediate segment of the SDU" and the structure of Constituent Feature F which reads "the LI field is set to the pre-defined value indicating the presence in the PDU of an intermediate segment which is neither the first nor the last segment of the SDU"). By adopting these structures, Invention 1 enables the segmentation of the RLC SDU to reduce the header size, and thereby achieves the effect to enhance efficiency for the use of radio resources.

- B. Relationship between Invention 1 and alternative E-bit interpretation
  - (A) The structure and effect of Constituent Feature D of Invention 1 which reads "setting the one-bit field to indicate that the PDU

completely contains the SDU without segmentation/concatenation/padding in the data field, if the SDU is included in one PDU" (A.[iii] above) defines that, under the alternative E-bit interpretation, if the E-bit contained in the first octet is '0,' it shows that the "next field is a complete SDU, which is not segmented, concatenated or padded" and that the LI is not used ((1)A.(A)[ii] and [iii] above). In addition, the structure of Constituent Feature D which reads "a one-bit field setter for setting the one-bit field to indicate the presence of at least one length indicator (LI) field, if the data field of the PDU includes an intermediate segment of the SDU" and the structure of Constituent Feature F which reads "the LI field is set to the pre-defined value indicating the presence in the PDU of an intermediate segment which is neither the first nor the last segment of the SDU" define that, under the alternative E-bit interpretation, if the PDU (RLC PDU) contains a segment of the SDU but does not contain either the first or the last octet of the SDU, the 7-bit "length indicator" with value '111 1110' or the 15-bit "length indicator" with value '111 1111 1111 1110' shall be used ((1)A.(A)[iv] above).

On the basis of these findings, the court finds Invention 1 to be the implementation of the alternative E-bit interpretation.

- (B) a. In contrast, the obligor relies upon the following arguments to allege that Technical Specification V6.9.0 contains no disclosure of Constituent Feature B: Constituent Feature B of Invention 1 which reads "to determine whether the SDU is completely contained in one PDU" has a meaning "to determine whether the SDU is completely contained in (completely matches) one PDU;" whereas, the statement of Subclause 4.2.1.2.1 of Technical Specification V6.9.0 which reads "segments the RLC SDU into UMD PDUs of appropriate size, if the RLC SDU is larger than the length of available space in the UMD PDU" means that the method as referred to therein aims at determination of the necessity of segmentation of the SDU and whether the size of the SDU is larger than the available space of the PDU (i.e. the size relation between the SDU and the PDU) and it is therefore different from the method to determine whether the SDU is

completely contained in (completely matches) one PDU.

In spite of such allegation by the obligor, Subclause 9.2.2.5 of Technical Specification V6.9.0 indicates that, under the "alternative E-bit interpretation," the E-bit '0' contained in the first octet means that "the next field is a complete SDU, which is not segmented, concatenated or padded," whereas the E-bit '1' means that "the next field is a length indicator and an E-bit" (1.(1)A.(A)[ii] above)). These statements can be considered as defining the configuration of the E-bit as mentioned above, depending on the results of determination as to whether the SDU is completely contained in (completely matches) the PDU (i.e. whether the SDU is a complete SDU, which is not segmented, concatenated or padded) as a precondition for such configuration. Therefore, these statements can be considered as disclosing the structure of Constituent Feature B to "determine whether the SDU is completely contained in one protocol data unit (PDU)."

Based on the above, the court finds the abovementioned allegations of the obligor to be groundless.

- b. In addition, the obligor alleges that the structure of Constituent Feature D differs from the alternative E-bit interpretation as set out in Technical Specification V6.9.0, based on the following reasons: "the case where the SDU is included in one PDU" as referred to in Constituent Feature D includes all of the situations [i] where the SDU is padded, [ii] where the SDU is concatenated, and [iii] where the SDU is not segmented, concatenated or padded, and, accordingly, in order to satisfy Constituent Feature D, it is necessary that "the one-bit field is set to indicate that the PDU fully contains the SDU without segmentation/concatenation/padding" even in the case [i] or [ii] above; whereas, according to the alternative E-bit interpretation as set out in Technical Specification V6.9.0, the one-bit field is configured to indicate that the PDU contains a complete SDU only in the case [iii] above.

However, considering the wording of Constituent Feature D which reads "setting the one-bit field to indicate that the PDU completely contains the SDU without

segmentation/concatenation/padding in the data field, if the SDU is included in one PDU," as well as the statement of Paragraph [0022] and Figure 5A of the Patent Description, it is understood that the case where "the SDU is included in one PDU" as referred to in Constituent Feature D only means the case where "the PDU completely contains the SDU without segmentation/concatenation/padding in the data field" (i.e. case [iii] above), and not the case where the concatenated SDU is contained in the PDU or the case where the SDU is incorporated into PDU with padding. Therefore, the obligor's allegation is unacceptable as it fails to satisfy the conditions precedent.

- (3) Whether the Products fall within the technical scope of Invention 1
- A. As already mentioned in (3)B.(A) of "Undisputed facts, etc.," the Products satisfy Constituent Features A and H of Invention 1.
- Further, based on the findings that the Products comply with Technical Specification V6.9.0 and have a structure to implement the functions based on the alternative E-bit interpretation ((1)B. above), and that Invention 1 is the implementation of the alternative E-bit interpretation ((2)B.(A) above), the court finds the Products to satisfy Constituent Features B to G of Invention 1.
- Based on the above, the court finds the Products to fall within the technical scope of Invention 1, as they satisfy all of the Constituent Features of Invention 1.
- B. (A) On the other hand, the obligor alleges that the Products do not satisfy Constituent Features B and D, because Constituent Features B and D are not disclosed in Technical Specification V6.9.0.
- However, as already mentioned in (2)B.(B) above, the obligor's allegation is groundless as it fails to satisfy the conditions precedent.
- (B) In addition, the obligor alleges that, for the Products to be considered to fall within the technical scope of Invention 1, it is necessary to evidence that the Products implement all functions stated in the Constituent Features of Invention 1 on the real network; however, the alternative E-bit interpretation is only optional to the normal E-bit interpretation, and there is no evidence that the telecommunication service providers' networks are configured to allow the use of the alternative E-bit interpretation, and therefore that the Products do not fall within the technical scope of Invention 1.

However, as the Products satisfy all of the Constituent Features of Invention 1 and have the structure to implement the alternative E-bit interpretation, they are found to fall within the technical scope of Invention 1, and whether the telecommunication service providers' networks are actually configured to allow the use of the alternative E-bit interpretation is irrelevant to the issue of whether the Products fall within the technical scope of Invention 1.

Therefore, the obligor's allegation as mentioned above is unacceptable.

(4) Summary

Based on the foregoing, the Products fall within such technical scope of Invention 1.

Further, considering the facts that Invention 2 is the invention for the method of data transmission for the device of Invention 1, and as these Inventions have a common structure (the fact not disputed by the parties), the structure of data transmission method of the Products falls within the technical scope of Invention 2.

2. Abuse of right

Next, the court would like to decide on the issue of acceptability of the obligor's defense that the obligee's exercise of the right to seek an injunction based on the Patent Right for the Products constitutes an abuse of right, considering the specific details of the instant case.

(1) Facts on which the decision is premised

Considering the totality of the non-disputed facts, prima-facie evidence and the entire import of hearings, the court finds the following facts:

A. ETSI IPR Policy

(A) Outside Europe, the second-generation mobile telecommunication system (2G) specifications were inconsistent depending on the country. Even in the same country, different specifications were used and such specifications were not universally interoperable. The U.S., Japan and Europe respectively used different systems based on the non-interoperable standards. Against this backdrop, in 1998, international standards bodies, such as ETSI (European Telecommunications Standards Institute), gathered to organize a standard body called 3GPP. The objectives of this 3GPP were the dissemination of the third-generation mobile telecommunication system (3G) for providing data communication service and multimedia service, in addition to conventional voice communication



services, as well as the standardization of the related specifications.

- (B) ETSI provides IPR Policy as the guidelines for the treatment of IPR (intellectual property rights).

In general, the standardization of technology is expected to have various effects, such as ensuring product interoperability, reduction in production and procurement costs, enhanced efficiency in research and development, and more opportunities for partnership with other companies. In addition, for end-users as well, standardization would have significance, such as more convenient products/services at cheaper product prices and service fees. On the other hand, companies obtain IPRs to exclusively use the technology, so as to prevent competitors from using the same technology and to increase its sales. If certain IPR is determined to be essential for the standardized technology, there is a risk that the owner company of such IPR would take advantage of such standards to threaten competitors attempting to develop products using such technology to refrain from using such IPR, while demanding an unreasonably high royalty rate or other unreasonable licensing conditions, and forcing them to accept such conditions. In such case, competitors are exposed to the risk of loss of the investment for applying standard technology (such as investment for development or capital investment) if the license for such IPR cannot be obtained. Such situations may lead to a significant obstacle to the dissemination of technologies by way of standardization. Based on the foregoing possibilities, it is necessary to strike a balance between the necessity of standardization of technologies and the protection of right of IPR owners in the field of telecommunications.

ETSI IPR Policy aims to meet the foregoing needs (See "Policy Objectives" in Clause 3.1).

- (C) ETSI IPR Policy provides as follows:
- a. IPR Policy Clause 4.1 provides that each MEMBER shall use its reasonable endeavors, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely manner, and that, in particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER's IPR which might be ESSENTIAL if that proposal is adopted. Clause 4.3 provides

that the obligations pursuant to Clause 4.1 above are deemed to be fulfilled in respect of all existing and future members of a PATENT FAMILY if ETSI has been informed of a member of this PATENT FAMILY in a timely manner.

- b. IPR Policy Clause 6.1 provides that, when an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licenses on fair, reasonable and non-discriminatory (“FRAND”) terms and conditions under such IPR to at least the following extent: [i] MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE, [ii] sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED, [iii] repair, use, or operate EQUIPMENT, and [ii] use METHODS. Clause 6.1 also provides that the above undertaking may be made subject to the condition that those who seek licenses agree to reciprocate. Clause 6.2 provides that an undertaking pursuant to Clause 6.1 with regard to a specified member of a PATENT FAMILY shall apply to all existing and future ESSENTIAL IPRs of that PATENT FAMILY unless there is an explicit written exclusion of specified IPRs at the time the undertaking is made. Clause 6.3 provides that, as long as the requested undertaking of the IPR owner is not granted, the COMMITTEE Chairmen should, if appropriate, in consultation with the ETSI Secretariat use their judgment as to whether or not the COMMITTEE should suspend work on the relevant parts of the STANDARD or TECHNICAL SPECIFICATION until the matter has been resolved and/or submit for approval any relevant STANDARD or TECHNICAL SPECIFICATION.
- c. IPR Policy Clause 15, paragraph 6 provides as follows: "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.

- d. IPR Policy Clause 12 provides that the POLICY shall be governed by the laws of France.
- (D) ETSI Guide on Intellectual Property Rights (IPRs) , which supplements IPR Policy, provides as follows:
- a. ETSI Guide on IPRs Clause 1.1 provides that the main characteristics of the Policy can be simplified as follows:
    - "• Members are fully entitled to hold and benefit from any IPRs which they may own, including the right to refuse the granting of licenses.
    - It is ETSI's objective to create Standards and Technical Specifications that are based on solutions which best meet the technical objectives of ETSI.
    - In achieving this objective, ETSI IPR Policy seeks a balance between the needs of standardization for public use in the field of telecommunications and the rights of the owners of IPRs.
    - The IPR Policy seeks to reduce the risk that investment in the preparation, adoption and application of standards could be wasted as a result of an Essential IPR for a standard or technical specification being unavailable.
    - Therefore, the knowledge of the existence of Essential IPRs is required as early as possible within the standards making process, especially in the case where licenses are not available under fair, reasonable and non-discriminatory (FRAND) terms and conditions.
  - b. ETSI Guide on IPRs Clause 1.4 provides that the ETSI IPR POLICY defines rights and obligations for ETSI as an Institute, for its Members and for the Secretariat. Non-Members of ETSI also have certain rights under the Policy but do not have legal obligations. The "table" as referred to in this clause provides as follows:
    - "Rights of members"
    - "• to refuse the inclusion of own IPRs in standards (*Clauses 8.1 and 8.2*).
    - to be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard (*Clause 6.1*)"

"Obligations of Members"

"• to inform ETSI about their own, and other people's Essential IPRs (Clause 4.1).

• owners of Essential IPRs are requested to undertake to grant licenses on fair, reasonable and non-discriminatory terms and conditions (Clause 6.1)"

"Rights of Third Parties"

"• Third parties have certain RIGHTS under ETSI IPR Policy either as owners of Essential IPRs or as users of ETSI standards or documentation:

• To be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard at least to manufacture, sell, lease, repair, use and operate, (Clause 6.1)"

B. Background of the FRAND Declaration

(A) On December 14, 1998, the obligee, as a member of ETSI, made a declaration to ETSI that it was prepared to license its essential IPR relating to the W-CDMA technology, supported by ETSI as the UMTS standard, on "fair, reasonable and non-discriminatory terms and conditions" in accordance with ETSI IPR Policy Clause 6.1 (hereinafter referred to as the "FRAND Terms") .

(B) On May 4, 2005, the obligee filed a South Korean patent application, which is the base of the priority claim of the Patent Application (Priority Claim No.: 10-2005-0037774).

(C) From May 9 to 13 of 2005, the obligee submitted to the 3GPP Working Group a modification request form in relation to Technical Specification V6.3.0, which contained then-effective standards. In this form, the obligee requested "introduction of the alternative E-bit interpretation to be optionally used in the RLM UM operation mode" and "introduction of a new pre-defined value for the length indicator in the case where the RLC PDU is neither the first nor the last octet of the RLC SDU." .

Thereafter, the abovementioned modification request was accepted. In Technical Specification V6.4.0 of 3GPP standards released in June of 2005 , the alternative E-bit interpretation (specification to be applied only when the higher layer configuration chose the alternative E-bit interpretation for the E-bit after the sequence number (SN), in the case of the data transmission in unacknowledged mode (UM)) was incorporated

in the clause relating to "Extension bit (E bit)" (Subclause 9.2.2.5) as the optional standard for the conventional normal E-bit interpretation. Thus, the alternative E-bit interpretation has become one of the standard technologies.

- (D) The obligee filed the Patent Application on May 4, 2006, and obtained the registration of establishment of the Patent Right on December 10, 2010.
- (E) On August 7, 2007, the obligee, in accordance with ETSI IPR Policy Clause 4.1, submitted to ETSI the document titled "Statement on IPR Information and Licensing Declaration" , notifying that the IPRs relating to the South Korean patent application number, which served as the basis of the priority claim for the Patent Application, and the international application number of the Patent Application (PCT/KR2006/001699) are or highly likely will be essential IPRs for the UMTS standard (such as TS 25.322). In this document, the obligee made an undertaking that it was prepared to grant an irrevocable license on the conditions complying with IPR Policy Clause 6.1 (FRAND Terms), to the extent to which such IPRs continue to be essential for standards.

This document contained a provision to make such undertaking subject to the condition that prospective licensees agree to reciprocate in accordance with IPR Policy Clause 6.1, and the provision that the formation, validity and enforcement of the FRAND Declaration shall be governed by the laws of France.

C. Developments after the FRAND Declaration

- (A) In April 2011, Apple Inc. filed the infringement action against the obligee in the U.S., alleging that the obligee had infringed its IPRs relating to "iPhone" and "iPad" products.

These IPRs alleged by Apple Inc. are not essential for the standards.

- (B) After Apple Inc. filed the U.S. action as referred to in (A) above, on April 21, 2011, the obligor filed the Petition.
- (C) a. Apple Inc. requested the obligee in the letter dated April 29, 2011, to provide clear explanation on [(Omitted)].
  - b. The obligee, in its letter dated May 13, 2011, invited Apple Inc. to propose concrete licensing conditions (e.g. the licensed patents, licensing period, availability of cross-licensing of essential patents owned by Apple Inc.), and requested the confidential treatment of future negotiations. Further, the obligee, in its letter dated June 3,

2011, notified Apple Inc. that it was prepared to grant a FRAND license to Apple Inc., and that execution of the confidentiality agreement was required before the determination of licensing conditions.

Apple Inc. informed the obligee of [(Omitted)] in the letter dated June 22, 2011.

Against these backgrounds, Apple Inc. and the obligee entered into a confidentiality agreement on July 20, 2011 (hereinafter referred to as the "Apple-Obligee Confidentiality Agreement").

(D) The obligee notified Apple Inc. in its letter dated July 25, 2011, that it was prepared to grant a worldwide non-exclusive FRAND license for the UMTS essential patents (including pending patent applications) owned by the obligee at the royalty rate of "[[(Omitted)]] \_%" (hereinafter referred to as the "Obligee's Licensing Offer") and also that [(Omitted)].

In response to this, in the letter dated August 18, 2011, Apple Inc. expressed its opinions to the obligee that "[[(Omitted)]]," and asked the obligee to disclose information, in accordance with the provisions of the Apple-Obligee Confidentiality Agreement, to enable Apple Inc. to determine whether the Obligee's Licensing Offer complied with the FRAND Terms, including the information on whether the royalty rate which the obligee required of Apple Inc. also applies to other licensees and the information on the essential patent license agreements between the obligee and other licensees.

The opinions raised by Apple Inc. in the abovementioned letter were as follows. [i] It has been a common understanding that there is an upper limit to the aggregate royalty rate which any owner of the UMTS standard essential patents may charge. The obligee has alleged in other litigation that such aggregate royalty rate should be "about 5%." However, among the entirety of the patent family (1889) declared as essential for the UMTS standard in all parts of the world, the obligee only owns 103 of them, which represents only 5.5% (according to the survey result of "Fairfield Resources International" of 2009). Considering this figure, the royalty rate which the obligee may charge Apple Inc. would be 0.275% ( $5\% \times 5.5\%$ ) at maximum. [ii] Since the patent declared by the obligee as essential for the UMTS

standard only relates to the functions of mobile communication chips, the royalty rate should be based on the price of the component parts, or at least the industry average price of communication devices. However, the royalty rate offered by the obligee is based on [(Omitted)], and such royalty rate far exceeds the figure explained in [i]. Therefore, the royalty rate is unreasonably high.

- (E) a. The obligee, in its letter dated January 31, 2012, expressed its opinions to Apple Inc. such as [(Omitted)] and requested Apple Inc. to make a good-faith counterproposal if dissatisfied with the Obligee's Licensing Offer.
- b. Apple Inc., in its letter dated March 4, 2012, made an offer for the execution of a license agreement to the obligee, attaching a draft license agreement, to propose the licensing conditions reflecting the results of analysis of the three Japanese patents which the obligee alleges as essential for the UMTS standard (i.e. Patent Nos. 4642898 (the Patent), 4299270 and 4291328). As stated in the draft agreement, this proposal contained an offer to pay the royalty of [(Omitted)] \_%.

In response to this offer, the obligee expressed its opinion to Apple Inc. in its letter dated April 18, 2012 , that the abovementioned license agreement offer by Apple Inc. was not a FRAND license agreement offer, because the compensation of [(Omitted)] \_% royalty rate was too low and unreasonable, and [(Omitted)].

- (F) a. In the letter dated September 1, 2012, Apple Inc. informed the obligee that it was prepared to propose a scheme for licensing on FRAND Terms, including cross-licensing proposals, for the entire pool for essential patents for mobile device standard technologies which support 2G, 3G and 4G (LTE).
- b. The obligee, in its letter dated September 7, 2012, expressed its opinion to Apple Inc. that the letter from Apple Inc. dated September 1, 2012 was [(Omitted)], and proposed [(Omitted)].
- c. Apple Inc., in its letter dated September 7, 2012, made a proposal to the obligee, presenting its basic policy and calculation basis of the royalty rate. In this letter, Apple Inc. proposed the basis of royalty per unit for all feature phones, smart phones and mobile tablet devices applicable between the parties. Based on the

assumption that the maximum amount of royalty for the entire pool for essential patents for mobile device standard technologies shall be USD [(Omitted)] per product unit, Apple Inc. proposed the royalty rate which the obligee may charge Apple Inc. to be [(Omitted)]\_% (USD[(Omitted)] per product unit), and the royalty rate which Apple Inc. may charge the obligee to be [(Omitted)]\_% (USD[(Omitted)] per product unit).

The letter of Apple Inc. includes the following statements: [i] [(Omitted)], as the basic policy of Apple Inc. for calculation of the royalty rate (Translation Page 1, Line 33 to Page 2, Line 4; Page 3, Lines 1 to 8 and Lines 20 and 21), and [ii] [(Omitted)] (Translation Page 4, Lines 28 to 39).

D. Role and nature of the Patent

The Patent is an essential patent for manufacturing and selling of, and using methods in relation to, the products complying with the "alternative E-bit interpretation" as set out in Technical Specification V6.9.0 of the UMTS standard.

(2) Governing laws

In this case, the obligee, a South Korean juridical person, filed the petition against the obligor, a Japanese juridical person, for a provisional disposition order for an injunction against obligor's production, assignment, etc. of the Products. The right sought to be preserved by this provisional disposition is the right to seek an injunction based on the Patent Right. As this case has an aspect of international litigation, a decision on the governing laws is necessary.

It is understood that the law governing the right to seek an injunction based on a patent right shall be the law of the country where the patent in question was granted (judgment of the First Petty Bench of the Supreme Court on September 26, 2002, Minshu Vol. 56, No. 7, at 1551). Accordingly, the laws of Japan apply to this case.

Based on the presumptions as mentioned above, the court hereby decides on the issue of whether the obligee's exercise of the right to seek an injunction against the obligor based on the Patent Right constitutes an abuse of right.

(3) Abuse of right

The obligor alleges that, taking into consideration the various circumstances, including that the obligee intentionally breached the obligation to timely disclose the Patent, that the obligee's Petition for Provisional Disposition was a retaliatory



countermeasure, that the obligee breached its obligation to enter into a license agreement and good-faith negotiation obligation for the Patent Right declared as essential for the standards under the FRAND Declaration and thereby created the situation of so-called "patent hold-up" (meaning the situation where the prospective users of the standards are prohibited from using the technologies incorporated in the standards, because of the enforcement of the right for such technologies), and that the series of these acts of the obligee constitute violation of the Antimonopoly Act, the obligee is restricted from exercising the right to seek damages against the obligor based on the Patent Right, as such exercise of right constitutes an abuse of right (Article 1, paragraph (3) of the Civil Code).

A.(A) The Civil Code of Japan has not expressly provided for the parties' obligations during the preparatory process for the execution of contracts; however, it is appropriate to consider that, in certain cases, parties which entered into the negotiation process are bound by an obligation under the good faith principle to mutually provide material information and to conduct the negotiation in a faithful manner.

Based on the "Facts on which the decision is premised" as mentioned above, the following facts can be found. [i] On August 7, 2007, the obligee, as a member of ETSI (European Telecommunications Standards Institute), which is the standardization body that established 3GPP, notified ETSI in the document of Exhibit Ko No. 13 that the IPR (intellectual property rights) pertaining to the international application number of the Patent Application is essential for the UMTS standard (3GPP standards), and made a declaration that it was prepared to grant an irrevocable license for such essential patent in accordance with the FRAND (i.e. fair, reasonable and non-discriminatory terms and conditions) licensing terms and conditions complying with ETSI IPR Policy Clause 6.1 (FRAND Declaration). [ii] ETSI Guide on IPRs Clause 1.4 provides for the members' obligation to "undertake to grant licenses on fair, reasonable and non-discriminatory terms and conditions" (IPR Policy Clause 6.1), the members' right "to be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard" (IPR Policy Clause 6.1), and third parties' right "to be granted licenses on fair, reasonable and non-discriminatory terms and conditions in respect of a standard at least to manufacture, sell, lease, repair, use and operate" (IPR Policy Clause 6.1).

Considering [i] and [ii] above, as well as the entire import of hearings, the court finds that, pursuant to IPR Policy Clause 6.1 and ETSI Guide on IPRs Clause 1.4, if any party, whether an ETSI member or not, seeks a FRAND license for the Patent declared by the obligee as essential for the UMTS standard under the FRAND Declaration, the obligee has an obligation to hold a faithful negotiation with such party for the execution of a FRAND license agreement for the use of the UMTS standard.

Then, given that the obligee received a specific offer to obtain a FRAND license for the Patent Right, the obligee and the offeror can be considered as having entered into the preparatory process for a FRAND license agreement. Therefore, it is appropriate to consider that the parties are bound by an obligation under the good faith to mutually provide material information and to conduct the negotiation in a faithful manner.

And, Apple Inc. is considered to have made a concrete offer to the obligee expressing its desire to obtain a FRAND license, at the latest as of the time when Apple Inc., in its letter dated March 4, 2012, made an offer to the obligee for a FRAND license agreement for the three Japanese patents, including the Patent, declared by the obligee as essential for the UMTS standard. Therefore, it is appropriate to consider that Apple Inc. and the obligee have entered into the preparatory process for the execution of a contract and have become bound by an obligation under the good faith principle as mentioned above.

(B) In this regard, the obligee alleges that it has no good-faith negotiation obligation under the FRAND Declaration, based on the following reasons. [i] From the standpoint of the Japanese laws, it should be construed that, as a precondition for the good-faith negotiation obligation, a prospective licensee needs to make a "firm offer to receive a license" showing that such prospective licensee seriously wishes to obtain a license, without challenging the validity of the patent to be licensed. [ii] The offer dated March 4, 2012, from Apple Inc. to the obligee cannot be regarded as a "firm offer to receive a license," as Apple Inc. challenged the validity of the obligee's patent and questioned whether the products in question conflicts with the obligee's patent. [iii] In addition, in the abovementioned offer, an

unreasonably low royalty rate of "[Omitted] \_%" was proposed. This shows that Apple Inc. did not have a faithful intention to obtain a license and only made a perfunctory offer, anticipating that the negotiation would fail. Therefore, such offer in no way constitutes a "firm offer to receive a license."

However, the court finds the obligee's such allegations to be groundless due to the following reasons:

a. Points [i] and [ii] above

If an offer to obtain a FRAND license for the patent declared as essential for the standards under the FRAND Declaration is made, the party which made the FRAND Declaration and the prospective licensee have the obligation under the good-faith principle as mentioned in (A) above even if the prospective licensee reserved its right to challenge the validity of the licensed patent, as long as the contents of such offer are concrete enough and presuppose the validity of the licensed patent, and the prospective licensee's intention to obtain a FRAND license is clear.

As for this case, the offer made by Apple Inc. dated March 4, 2012, is a concrete offer, specifying the three Japanese patents including the Patent as the licensed patents, and attaching a draft license agreement containing detailed licensing conditions, including the royalty rate. The contents of this offer clearly indicate the intention of Apple Inc. to obtain a FRAND license. Nevertheless, the draft agreement as mentioned above includes [(Omitted)] in [(Omitted)] (Translation, Page 2, Lines 2 to 4), which indicates that Apple Inc. reserved its right to challenge the validity of the Patent to be licensed. However, the terms of this draft provision themselves are not particularly unreasonable, and in addition, the obligor challenged the validity of the Patent as a defense to the obligee's Petition for Provisional Disposition, in which the obligee sought an injunction against import, assignment, etc. of the Products by the obligor (the subsidiary company of Apple Inc.) based on the Patent Right, and, further, the case for this provisional disposition was still pending before the court at the time when Apple Inc. made the aforementioned offer (from the entire import of hearings). Considering all of these circumstances, it is not appropriate to

consider that Apple Inc. had no intention to obtain a FRAND license merely because it reserved the right to challenge the validity of the Patent in the offer.

Therefore, the court finds the obligee's allegations [i] and [ii] to be groundless.

b. Point [iii] above

The royalty rate applicable in Japan as proposed by Apple Inc. in its offer dated March 4, 2012, was [(Omitted)] \_%. It cannot be judged only from the figure of the royalty rate that such rate is unreasonably low and does not satisfy the FRAND Terms, or that Apple Inc. had no intention to obtain a FRAND license ("Facts on which the decision is premised" as mentioned above indicates that the aforementioned royalty rate took into consideration the percentage of patents owned by the obligee to the entire patent family declared as essential for the UMTS standard in all parts of the world (, as indicated by Apple Inc. in its letter dated August 18, 2011). The court cannot find that Apple Inc. had no intention to enter into a license agreement under any condition different from the royalty rate as mentioned above.

Therefore, the court finds the obligee's allegation [iii] to be groundless.

B. Next, the court hereby discusses the issue of whether the obligee breached the obligation under the good-faith principle as mentioned in A.(A) above.

Considering the "Facts on which the decision is premised," as well as the entire import of hearings, the court finds the following facts. [i] The obligee, after executing the confidentiality agreement dated July 20, 2011 (Apple-Obligee Confidentiality Agreement), notified Apple Inc. in its letter dated July 25, 2011, that it was prepared to grant a world-wide, non-exclusive FRAND license for the obligee's patent essential for the UMTS standard (including pending patent applications) at the royalty rate of "[ (Omitted) ] \_%" (hereinafter referred to as the "Obligee's Licensing Offer"). [(Omitted)]. However, the obligee did not explain the calculation basis of the "[ (Omitted) ] \_%" of the licensing terms and conditions. [ii] In the letter dated August 18, 2011, Apple Inc. expressed its opinions to the obligee about the Obligee's Licensing Offer that the royalty rate offered by the obligee was unreasonably high and not complying with the FRAND Terms, because, among the entirety of the patent family (1889)

declared as essential for the UMTS standard in all parts of the world, the obligee only owns 103 of them, which represents only 5.5% (according to the survey result of "Fairfield Resources International"), and considering this, the royalty rate which the obligee may charge Apple Inc. would be 0.275% ( $5\% \times 5.5\%$ ) at maximum. In the same letter, Apple Inc. asked the obligee to disclose information, in accordance with the provisions of the Apple-Obligee Confidentiality Agreement, to enable Apple Inc. to determine whether the Obligee's Licensing Offer was consistent with the FRAND Terms, including information on whether the royalty rate which the obligee required of Apple Inc. also applies to other licensees and information on the essential patent license agreements between the obligee and other licensees. [iii] The obligee, in its letter dated January 31, 2012, expressed its opinions to Apple Inc. such as [(Omitted)] and requested Apple Inc. to make a good-faith counterproposal if dissatisfied with the Obligee's Licensing Offer. However, the obligee did not provide the calculation basis of the royalty rate for the Obligee's Licensing Offer. [iv] Apple Inc., in its letter dated March 4, 2012, made an offer to the obligee for a FRAND license agreement for the three Japanese patents which the obligee alleges as essential for the UMTS standard, including the Patent, proposing to pay a royalty rate of [(Omitted)] \_%. [v] The obligee expressed its opinion to Apple Inc. in its letter dated April 18, 2012, that the offer for a license agreement by Apple Inc. mentioned in [iv] above was not a license offer on the FRAND Terms, because the compensation for each of the three Japanese patents is unreasonable because the [(Omitted)] \_% royalty rate is too low, and [(Omitted)]. [vi] In the letter dated September 1, 2012, Apple Inc. informed the obligee that it was prepared to propose a scheme for licensing on FRAND Terms, including cross-licensing proposals, for the entire pool for essential patents for mobile device standard technologies which support 2G, 3G and 4G (LTE). Further, Apple Inc., in its letter dated September 7, 2012, made a proposal to the obligee, presenting its basic policy and calculation basis of the royalty rate. In this letter, Apple Inc. proposed the basis of royalty per unit for all feature phones, smart phones and mobile tablet devices applicable between the parties. Based on the assumption that the maximum amount of royalty for the entire pool for essential patents for mobile device standard technologies shall be USD [(Omitted)] per product unit, Apple Inc. proposed the royalty rate which the obligee may charge Apple Inc. to be [(Omitted)] \_% (USD[(Omitted)] per product unit), and the royalty rate which Apple Inc. may

charge the obligee to be [(Omitted)]\_% (USD[(Omitted)] per product unit). [vii] The obligee, in its letter dated September 7, 2012, expressed its opinion that the letter from Apple Inc. referred to in [vi] above was [(Omitted)], and proposed [(Omitted)].

In addition to the aforementioned facts found by the court, considering that the prima-facie evidence does not clearly indicate the obligee's response to the draft license agreement that Apple Inc. proposed in its letter dated September 7, 2012, the following facts are found. [i] In the process of licensing negotiation between Apple Inc. and the obligee in relation to the Patent Right, the obligee made an offer to Apple Inc. in its letter dated July 25, 2011, to grant a world-wide, non-exclusive license for the obligee's patent essential for the UMTS standard (including pending patent applications) at the royalty rate of "[Omitted]\_%" as a FRAND Term ("Obligee's Licensing Offer"). However, the obligee did not explain the calculation basis of such licensing conditions. Thereafter, Apple Inc. asked the obligee to disclose information to enable Apple Inc. to determine whether the Obligee's Licensing Offer was consistent with the FRAND Terms, such as information to confirm whether the royalty rate which the obligee required of Apple Inc. also applies to other licensees, and information on the essential patent license agreements between the obligee and other licensees. In spite of such request, the obligee did not explain the calculation basis of such licensing conditions even at the time of September 7, 2012. [ii] Apple Inc. made an offer for a FRAND license agreement for the three Japanese patents which the obligee declared as essential for the UMTS standard, including the Patent, proposing to pay a royalty rate of [(Omitted)]\_% in its letter dated March 4, 2012, and further made a concrete licensing proposal, including cross-licensing, to the obligee, presenting the basic policy and criteria for calculation of the royalty rate of Apple Inc. in its letter dated September 7, 2012. In spite of this, the obligee only requested Apple Inc. to make a concrete counterproposal if dissatisfied with the Obligee's Licensing Offer, without making any concrete counterproposal for the licensing conditions presented by Apple Inc.

Based on the analysis of the facts [i] and [ii] above, the court finds that the obligee did not provide any information necessary for Apple Inc. to determine whether the Obligee's Licensing Offer or offer of Apple, Inc. was complying with the FRAND Terms (e.g. information on the essential patent license agreement between the obligee and other licensees) in spite of repeated

requests from Apple Inc., and did not suggest any counterproposal for the licensing conditions presented by Apple Inc. Therefore, it is appropriate to consider that the obligee breached its obligation under the good faith principle to provide material information to Apple Inc. and to conduct the negotiation in a faithful manner in relation to the execution of a FRAND license agreement for the Patent declared as essential for the UMTS standard.

The obligee's allegations which contravene the aforementioned findings are unacceptable.

- C. As discussed above, considering the totality [i] that the obligee breached its obligation under the good faith principle to provide material information to Apple Inc., the obligor's parent company, and to conduct the negotiation in a faithful manner in the preparatory process for the execution for a FRAND license agreement on the FRAND Terms for the Patent declared as essential for the standards under the FRAND Declaration; obligee [ii] that the obligee disclosed the Patent (international application number of the Patent Application) to ETSI only about two years after the technology pertaining to the Patent (alternative E-bit interpretation) was adopted as the standard technology in accordance with the obligee's modification request in relation to 3GPP specifications; and [iii] other circumstances relating to the process of licensing negotiations for the Patent Right between Apple Inc. and the obligee, the court finds that the obligee's exercise of the right to seek an injunction against the obligor based on the Patent Right for the Products, without fulfilling its obligation under the good faith principle as mentioned above, is not allowed, as such exercise of the right constitutes an abuse of right.

### 3. Conclusion

Based on the foregoing, the court concludes that this petition should be dismissed without the need to discuss other points at issue, as the obligee failed to make a prima facie showing of the right sought to be preserved, and the court applied Article 7 of the Civil Provisional Remedies Act and Article 61 of the Code of Civil Procedure to the burden of court costs. Therefore, the court renders the decision as mentioned in the main text.

February 28, 2013

Tokyo District Court, 46th Civil Division  
Presiding Judge: Ichiro Otaka

Judge:

Aya Takahashi

Judge:

Masafumi Ueda



(Attachment)

### List of Products

1. "iPhone 4"
2. "iPad 2 Wi-Fi+3G model"

(Attachment 1)3GPP TS25.322 V6.9.0(Summary)

1 「4.2.1.2 Unacknowledged mode (UM) RLC entities

Figure 4.3 below shows the model of two unacknowledged mode peer RLC entities when duplicate avoidance and reordering is not configured.]

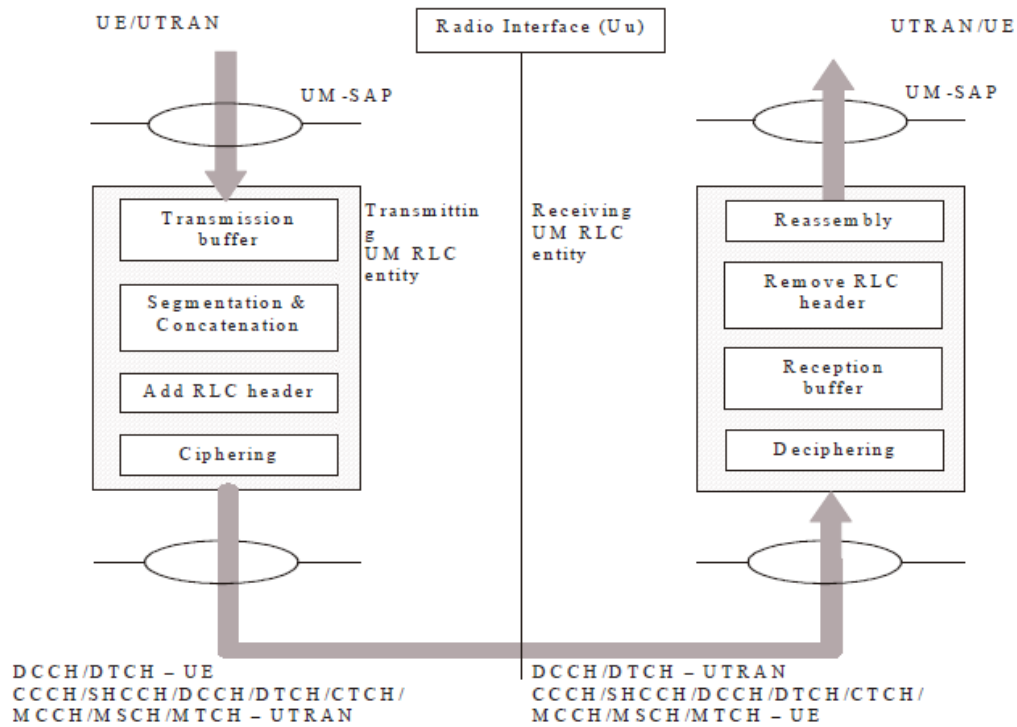


Figure 4.3a: Model of two unacknowledged mode peer entities configured for use with duplicate avoidance and reordering]

2 「4.2.1.2.1 Transmitting UM RLC entity

The transmitting UM-RLC entity receives RLC SDUs from upper layers through the UM-SAP. The transmitting UM RLC entity segments the RLC SDU into UMD PDUs of appropriate size, if the RLC SDU is larger than the length of available space in the UMD PDU.]

### 3 「9.2.1.3 UMD PDU

The UMD PDU is used to transfer user data when RLC is operating in unacknowledged mode. The length of the data part shall be a multiple of 8 bits. The UMD PDU header consists of the first octet, which contains the "Sequence Number". The RLC header consists of the first octet and all the octets that contain "Length Indicators". ]

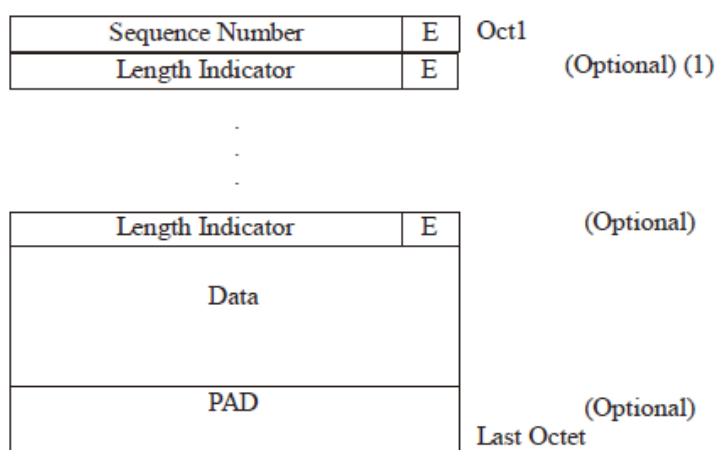


Figure 9.2: UMD PDU

### 4 「9.2.2.5 Extension bit(E)

Length:1bit.

The interpretation of this bit depends on RLC mode and higher layer configuration:

- In the UMD PDU, the "Extension bit" in the first octet has either the normal E-bit interpretation or the alternative E-bit interpretation depending on higher layer configuration. The "Extension bit" in all the other octets always has the normal E-bit interpretation.
- In the AMD PDU, the "Extension bit" always has the normal E-bit interpretation.

Normal E-bit interpretation:

Bit	Description
0	The next field is data, piggybacked STATUS PDU or padding
1	The next field is Length Indicator and E bit

Alternative E-bit interpretation:

Bit	Description
0	The next field is a complete SDU, which is not segmented, concatenated or padded.
1	The next field is Length Indicator and E bit

5 (1) [9.2.2.8 Length Indicator (LI)

Unless the "Extension bit" indicates that a UMD PDU contains a complete SDU which is not segmented, concatenated or padded, a "Length Indicator" is used to indicate the last octet of each RLC SDU ending within the PDU.]

(2) 「In the case where the "alternative E-bit interpretation" is configured for UM RLC and an RLC PDU contains a segment of an SDU but neither the first octet nor the last octet of this SDU:

-if a 7-bit "Length Indicator" is used:

-the "Length Indicator" with value "111 1110" shall be used.

-if a 15-bit "Length Indicator" is used:

- the "Length Indicator" with value "111 1111 1111 1110" shall be used.」