BORDERLESS PATENTS: HOW FOREIGN PATENT INJUNCTIONS UNDERMINE NATIONAL COURT PATENT JURISDICTION

Enrico Bonadio & David Katz***

ABSTRACT

In this article, the authors address the legal principle that national patent systems are required to be treated as independent of one another, particularly as that principle is embodied in the 1995 World Trade Organization ("WTO") Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS"). The authors raise concerns that TRIPS's mandatory principle of independence may be violated where national patent infringement injunctions are used to coerce global patent licensing on terms set by a single national jurisdiction ("global rate-setting injunctions").

The authors further address that while TRIPS can be enforced directly by WTO members via WTO processes, individual parties subject to a claim seeking worldwide rate-setting injunctions may also have their own means to enforce against TRIPS violations. First, individual parties might properly raise non-compliance with TRIPS as a legal defense against claims seeking a global rate-setting injunction. This is because some national courts are required to apply international law to conform with their nation's international treaty obligations in all circumstances, while others are required to do so wherever possible. Second, and under certain conditions, individual parties may be entitled to bring an action for damages against national jurisdictions issuing global rate-setting injunctions in accordance with well-established processes for investor-state dispute settlement ("ISDS").

It is noted at the outset that this article addresses the use of patent infringement claims to compel global licensing. It is not asserted that TRIPS would restrict, nor even address, other types

of claims wherein intellectual property ("IP") infringement claims are not asserted. For example, a party promising to license patents on a worldwide basis, but failing to do so, might become subject to breach-of-contract claims in a national court with jurisdiction to enforce the contract. Such contract—or other non-IP—claims are outside of the scope of the analysis herein, as TRIPS would pose no barriers to national enforcement of breach of contract claims—regardless of whether those contract claims might involve IP licensing promises.

TABLE OF CONTENTS

INTRODUCTION 165
I. THE INTERNATIONAL FRAMEWORK OF IP RIGHTS IS ROOTED IN NATIONAL PATENT LAW SOVEREIGNTY 172
A. The History and Text of the Paris Convention Establish Patent Law Independence 173
B. The History and Text of the TRIPS Agreement Preserve Patent Law Independence 175
1. Negotiation History of the TRIPS Agreement 175
2. TRIPS Enshrines the Territoriality of Patent Rights 179
II. THE RISE OF NATIONAL INJUNCTIONS TO COMPEL GLOBAL LICENSING 181
A. Injunctions Are Authorized, But Not Always Required, Under TRIPS 181
B. National Injunctions and Global Licensing 184
C. Contract Claims Are Different Than Infringement for Rate Setting Jurisdiction 192
D. Purported Justifications for Unilateral Global Rate Setting in Patent Infringement Disputes 195
1. National Patent Injunctions Are Not Simply a Domestic Issue When Used to Induce Global Licenses 195
2. Compelled Global Licenses in Patent Infringement Claims Are Jurisdictionally Distinct from FRAND Determinations in Contract Enforcement Suits 197
E. Emerging Recognition that Extraterritorial Patent Enforcement is Inconsistent with TRIPS 200
1. The Impact of the WTO Arbitrators' 'Anti-Frustration' rule in DS611 on global licensing approaches 200
2. The Brazilian Antitrust Authority's Stance: Protecting Patent Territoriality in the Global SEPs Landscape 205
III. ENFORCEMENT OF TRIPS 207
A. National Court Processes to Conform With TRIPS 208

B. ISDS Processes to Enforce TRIPS 210
CONCLUSION 215

INTRODUCTION

Innovation and technical advancement are cornerstones of modern business. From the small local business to the large international conglomerate, developing the next great thing is today's business imperative.[1] Individual companies spend millions, billions, and in some cases, tens of billions annually on research and development to stay ahead of the curve.[2]

Patents are designed to incentivize innovation.[3] When inventors develop a new technology, they can apply to national patent offices around the world to protect their new and useful devices and processes.[4] It is common for an inventor to obtain patent protection in many major international markets by filing patent applications with the United States Patent & Trademark Office ("USPTO"), the European Patent Office ("EPO"), the Korean Patent Office ("KIPO"), the Japanese Patent Office ("JPO"), and the China National Intellectual Property Administration ("CNIPA"), among others.[5]

*Enrico Bonadio is Professor of Law at City St. George's, University of London. He teaches, researches, and advises in the field of intellectual property (IP) law. His research agenda is wide-ranging, focusing on the intersection between IP, international trade and new technologies as well as IP protection of non-conventional forms of creativity and innovation, amongst other areas. He is the author of numerous publications on several aspects of IP law, including books, academic articles, book chapters and journalistic pieces.

** David Katz is an adjunct scholar at the R Street Institute specializing in policy issues related to standard-essential patent licensing. His work focuses on the intersection of innovation, regulation, and global licensing markets, with particular attention to the policy implications of SEP enforcement and litigation. He also works in private practice advising technology firms on regulatory and litigation strategy related to SEP licensing.

1. *See* Michael Boyles, *Innovation in Business: What It Is & Why It's Important*, HARVARD BUS. SCH. ONLINE: BUS. INSIGHTS (Mar. 8, 2022), https://online.hbs.edu/blog/post/importance-of-innovation-in-business [https://perma.cc/3KLZ-9NAU].

2. *See* Davide Bonaglia, et al., *R&D Spending by the Top 2,500 R&D Spenders Crossed the €1.3 Trillion Mark in 2022*, WORLD INTELL. PROP. ORG. (Apr. 30, 2024), https://www.wipo.int/en/web/global-innovation-index/w/blogs/2024/r-and-d-spenders [https://perma.cc/7JV4-GANQ].

3. EMILY G. BLEVINS, CONG. RSCH. SERV., R47267, PATENTS AND INNOVATION POLICY 4 (2022).

4. *See Patent Law*, WORLD INTELL. PROP. ORG., https://www.wipo.int/en/web/patents/law [https://perma.cc/6L4A-BVCC] (last visited Dec. 12, 2025).

5. *See World's Five Largest Patent Offices Agree on Joint Task Force for Emerging Technologies and AI*, EUR. PAT. OFF. (June 13, 2019), https://www.epo.org/en/news-

Because all patent grants and systems are *domestic* (or in a few cases, regional)[6] and do not apply identical requirements and procedures, this requires separate filings in each jurisdiction,[7] as well as a separate course of examination by the relevant patent office to determine whether the application is indeed patentable under that particular nation's patent laws.[8] Ultimately, the patents issued in each jurisdiction are likely to have some differences due to amendments made during prosecution or different rules regarding the scope and number of claims, and those patents may be subject to different requirements for proving infringement or invalidity.[9] Remedies can also vary substantially.[10] In short, despite significant efforts to harmonize some aspects of patent law, there are important differences among national patent systems.[11] Moreover, patentees rarely apply for a patent in every possible jurisdiction.[12] It is therefore a mistake to assume that the patent rights or remedies for a claimed invention will be the same all over the world.

events/news/worlds-five-largest-patent-offices-agree-joint-task-force-emerging-technologies [https://perma.cc/7VH9-KQZP].

6. *See Patent Law*, *supra* note 4. The European Union for example has adopted the Unitary Patent, which permits the EPO to grant a multinational patent applicable in eighteen different Member States of the European Union. *See Unitary Patent*, EUR. PAT. OFF. (Aug. 2025), https://www.epo.org/en/applying/european/unitary/unitary-patent [https://perma.cc/827X-G345]. For convenience, we refer to "national" and "domestic" laws to include situations where a national government has agreed to participate in a regional system.

7. *See Protecting Your Inventions Abroad: Frequently Asked Questions About the Patent Cooperation (PCT)*, WORLD INTELL. PROP. ORG., https://www.wipo.int/en/web/pct-system/faqs/faqs [https://perma.cc/JCV3-UFBF] (last visited Dec. 12, 2025). Initial filings for multiple jurisdictions can be made using the Patent Cooperation Treaty system but are still subject to subsequent filings in each relevant patent office. *See id.*

8. *See id.*

9. *See* S. Adams, *Evaluation of Claim Amendments*, EUR. PAT. INST., https://information.patentepi.org/3-16/evaluation-of-claim-amendments/ [https://perma.cc/D25W-MX6D] (last visited Dec. 12, 2025).

10. *See* Eun-Joo Min, *Introduction*, *in* AN INT'L GUIDE TO PAT. CASE MGMT. FOR JUDGES 1, 8–9 (2025), https://www.wipo.int/edocs/pubdocs/en/wipo-pub-1079-chapter1-en-introduction-an-international-guide-to-patent-case-management-for-judges.pdf [https://perma.cc/PH2Y-ZPK3].

11. *See* EUR. PAT. OFF., COMPARATIVE ANALYSIS OF THE RESULTS OF THE NATIONAL CONSULTATIONS ON USERS PROPOSALS ON SUBSTANTIVE PATENT LAW HARMONISATION 4 (2023), https://link.epo.org/web/law-practice/harmonisation/group_b_plus_comparative_analysis_2023 [https://perma.cc/JK8F-J8YF]; *Efforts to Harmonize Patent Law Move Ahead*, WORLD INTELL. PROP. ORG. (Nov. 12, 2001), https://www.wipo.int/pressroom/en/prdocs/2001/wipo_upd_2001_147.html [https://perma.cc/S882-ZQCK].

12. *See PCT Yearly Review 2025 Executive Summary*, WORLD INTELL. PROP. ORG., https://www.wipo.int/web-publications/pct-yearly-review-executive-summary-2025/en/pct-yearly-review-2025-executive-summary.html [https://perma.cc/2V3J-BBXS] (last visited Dec. 12, 2025).

This is all normal and expected—a "feature," not a "bug"—of the international patent systems. It results from the basic fact that patent laws—like all sorts of other laws—vary somewhat from country to country.[13] By analogy, while the speed limit on a freeway in California is seventy miles per hour, that does not mean that the speed limit on the Autobahn in Germany is the same. And just as with traffic laws, in matters of industrial policy such as patent law, each country has the right and discretion to choose its preferred legal balance regarding patentability standards, infringement requirements, royalty methodologies, and the like.[14] Providing incentives for innovation while promoting the public interest in the dissemination of related inventions is a national policy choice, and approaches may differ from country to country.[15]

There are, of course, some international norms and practices, as well as legally binding treaty obligations that many nations have adopted, which commit them to offering reasonable patent protections within their borders. One such instrument is the 1995 World Trade Organization ("WTO") Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement").[16] TRIPS is binding on all WTO members,[17] but least developed countries benefit from an extended

13. *See Patent Law*, *supra* note 4.

14. *See id.*; Suma Athreye, et al., *Twenty-Five Years Since TRIPS: Patent Policy and International Business*, 3 J. INT'L BUS. POL'Y 315, 321 (2020) ("[A] set of countries could all be in compliance with TRIPS yet all demonstrate differences in the details of their national IP systems.").

15. *See Exceptions and Limitations to Patent Rights*, WORLD INTELL. PROP. ORG., https://www.wipo.int/en/web/patents/topics/exceptions_limitations [https://perma.cc/BJ6C-4WDA] (last visited Dec. 12, 2025).

16. *See generally* Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, TRIPS Agreement Establishing the World Trade Organization, Annex 1C, 1869 U.N.T.S. 299, 33 I.L.M. 1197 (1994) [hereinafter TRIPS Agreement], https://www.wto.org/english/docs_e/legal_e/27-trips.pdf [https://perma.cc/UD8E-AWCE].

17. *See Frequently Asked Questions About TRIPS [Trade-Related Aspects of Intellectual Property Rights] in the WTO*, WORLD TRADE ORG., https://www.wto.org/english/tratop_e/TRIPS_e/tripfq_e.htm#SingleUndertaking [https://perma.cc/3394-VR5S] (last visited Dec. 12, 2025). The WTO is a voluntary agreement from which member states may withdraw on six months' notice. *See* TRIPS Agreement, at 154, 163. Many member states withdrew from the WTO's predecessor, the General Agreement on Tariffs and Trade ("GATT"), in the 1950s and President Trump publicly raised the possibility of WTO withdrawal in 2018. *See* James Bacchus, *What Happens if the United States Leaves the WTO?*, CATO INST. (June 3, 2025), https://www.cato.org/policy-analysis/what-happens-united-states-leaves-wto [https://perma.cc/3WKU-N9CK].

transition period and are not required to implement most TRIPS provisions until July 1, 2034, except for certain core principles.[18]

Article 41, Section 1 of TRIPS specifies, for example, that each WTO member "shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights."[19] Various minimum protections are set forth, as well as provisions designed to protect against discriminatory rules that might be used to support local interests more insistently than foreign ones.[20]

In addition to setting these minimum *baseline* protections, TRIPS also includes the fundamental tenet and requirement that patent laws are inherently *domestic*.[21] Variations are not only allowed but recognized as important aspects of national policy.[22] One country (or region) might allow patent holders for technologies facing regulatory delays to extend their patent terms, while another might not;[23] one country might use equitable considerations in assessing remedies, while another might not.[24] TRIPS recognizes that countries are entitled to choose the right approach to serve their particular goals and industrial policies.[25]

This recognition of local variations, subject to baseline protections, is one of TRIPS's foundational principles.[26] No self-respecting U.S. politician would have ratified the convention if it had stripped Congress of its constitutionally delegated role to develop and amend the U.S. Patent Statute or stripped the U.S. courts of their obligation and jurisdiction to enforce those laws. Ratification of TRIPS did not abolish U.S. patent law sovereignty.[27]

TRIPS's requirement that national patent laws remain independent of foreign law derives from the treaty's incorporation of several

18. *See WTO Members Agree to Extend TRIPS Transition Period for LDCs Until 1 July 2034*, WORLD TRADE ORG. (June 29, 2021), https://www.wto.org/english/news_e/news21_e/trip_30jun21_e.htm [https://perma.cc/UF2V-S7UZ].

19. TIRPS Agreement, *supra* note 16, art. 41.1.

20. *See id.* at 321–23, 331–32.

21. *See id.* at 321.

22. *See generally id.* (encouraging national variation in patent laws as part of the agreement's basic principles).

23. *See generally* Dhakshina C. Moorthy, *Patent Term Extension in Different Countries*, MONDAQ (July 9, 2019), https://www.mondaq.com/india/patent/823376/patent-term-extension-in-different-countries [https://perma.cc/2L53-Z6CK].

24. *Compare, e.g.*, eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388 (2006), *with* Landgericht München I [LG München I] [Munich Regional Court I] Apr. 19, 2023, 21 O 1890/22 (Ger.).

25. TRIPS Agreement, *supra* note 16, art. 1.1.

26. *See id.*

27. *See id.*

substantive provisions of the 1967 Act of the Paris Convention for the Protection of Industrial Property.[28] As the U.S. Federal Circuit has explained:

> Article 2(3) of the Paris Convention states that the "provisions of the laws of each of the countries of the Union relating to judicial and administrative procedure and to jurisdiction, . . . which may be required by the laws on industrial property are expressly reserved." *The Paris Convention thus clearly expresses the independence of each country's sovereign patent systems and their systems for adjudicating those patents*. Nothing in the Paris Convention contemplates nor allows one jurisdiction to adjudicate the patents of another, and as such, our courts should not determine the validity and infringement of foreign patents.[29]

This explicit independence of protection and the resulting territoriality of intellectual property ("IP") rights was a deliberate policy choice accepted by the drafters of the TRIPS agreement, allowing each WTO member to commit to baseline protections for patents, but without ceding legal sovereignty over national patent laws to any other nation.[30] The reluctance of WTO member states to permit extraterritorial jurisdiction over IP is also reflected in its exclusion from the proposed scope of the Hague Convention on Private International Law.[31]

Today, however, there is growing concern that the principle of territoriality and attendant independence of protection are being violated.[32] Foreign courts are, with increasing frequency, using patent infringement proceedings to set and enforce patent royalties imposed against products made and sold exclusively in the United States.[33] This

28. *See id*. *See generally* Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, as amended Sep. 28, 1979, 21 U.S.T. 1583, 828 U.N.T.S. 305, [hereinafter Paris Convention], https://www.wipo.int/wipolex/en/text/287556 [https://perma.cc/R3M6-EASK].

29. Voda v. Cordis Corp., 476 F.3d 887, 898–99 (Fed. Cir. 2007) (emphasis added).

30. *See infra* I.A–B.

31. *See, e.g.*, HAGUE CONF. ON PRIV. INT'L L., WORKING GROUP ON JURISDICTION: REPORT OF 2025, at 14 (2025) (excluding intellectual property).

32. *See, e.g.*, Enrico Bonadio & Rishabh Mohnot, *Standard Essential Patents, Global Licensing Approach and the Principle of Territoriality*, KLUWER PAT. BLOG (Sep. 6, 2022), https://legalblogs.wolterskluwer.com/patent-blog/standard-essential-patents-global-licensing-approach-and-the-principle-of-territoriality/ [https://perma.cc/9BL9-82EK] (noting that current foreign court practice "directly affects the right to receive royalty in relation to a patent, which according to the principle of territoriality, should be determined by courts of the country in which the patent is held").

33. *See generally* Timothy D. Syrett et al., *FRAND Quarterly: Navigating the Global SEP Landscape – January 2024*, WILMERHALE (Jan. 30, 2024),

has become a particularly common practice in connection with "standard essential patents" ("SEPs"), where some foreign jurisdictions have expressly announced their intent to set rates for U.S. patents, and a number of other jurisdictions have proscribed approaches for doing so in practice.[34] SEPs are particularly significant because they cover standardized technology used by tens of billions of devices across a myriad of industries, such as telecommunication and other wireless standards (e.g., LTE, 5G, Wi-Fi, IoT) used in cellular, automotive, networking, banking, smart energy, agricultural, and many other markets, as well as many other widespread industry technologies.[35]

While the mechanisms differ somewhat depending on the foreign jurisdiction, the result appears the same: foreign courts are using national patent infringement claims to decide whether, and how much, must be paid to the owner of a U.S. patent for the right to make and sell products in the U.S. market without the agreement or consent of the prospective licensee.[36] As described below, U.S. companies operating in the automotive, telecommunications, entertainment, and technology spaces are currently being targeted with foreign claims seeking payment of domestic royalties.[37] Those companies' ability to spend on R&D to develop new innovations, rather than redirect their corporate profits to foreign patent holders, and otherwise compete on level terms in U.S. markets, is currently being adjudicated by non-U.S. courts.[38]

Notwithstanding these circumstances, the U.S. government agency charged with policing TRIPS compliance has remained largely silent.[39] While there have been a number of public calls to defend American

https://www.wilmerhale.com/en/insights/client-alerts/20240125-frand-quarterly-navigating-the-global-sep-landscape-january-2024 [https://perma.cc/Q9KW-58DK]. This article often refers to the patent rights to "make" and "sell" within the national jurisdictions. It is recognized that there are other rights included in the patent grant—e.g., to import. *See* 60 AM. JUR. 2D: PATENTS §§ 6–9 (2025). The article's references to making and selling in a national jurisdiction are used merely for simplicity but are intended to encompass all applicable national patent rights.

34. *See* Syrett et al., *supra* note 33.

35. *See Technology Standards and Patents for Europe's Digital Future*, EUR. PAT. OFF. (May 14, 2025), https://www.epo.org/en/news-events/news/technology-standards-and-patents-europes-digital-future [https://perma.cc/26GT-HKAQ]. *See generally Internet of Things (IoT)*, EUR. TELECOMM. STANDARDS INST., https://www.etsi.org/technologies/internet-of-things [https://perma.cc/W28X-T8Z8] (last visited Dec. 16, 2025).

36. *See infra* Sections II.A–B.

37. *See infra* Section II.B.

38. *See infra* Section II.B.

39. *See infra* Part III.

patent-law sovereignty,[40] U.S. policymakers have, to date at least, remained largely out of the fray.[41]

Against this background, in this article, the authors:

- Describe the historical development of the international framework for governing IP, including the TRIPS treaty and its obligations of national legal independence;
- Address the current situation and how some foreign countries have adopted adjudication processes that arguably conflict with American legal sovereignty;
- Assess how disputes about U.S. patents can be solved, consistent with TRIPS, without foreign nations seeking to adjudicate matters of U.S. patent law;
- Distinguish TRIPS-based infringement claims from permissible breach-of-contract claims seeking to enforce a voluntary worldwide licensing promise;
- Note that a failure of TRIPS compliance may serve as a legal defense against the use of foreign patent infringement injunctions to set rates for U.S. patents; and
- Suggest that, in addition to potential U.S. government enforcement mechanisms, there may be, in at least some circumstances and for some parties, available paths for private enforcement against TRIPS violations, such as via Investor–State Dispute Settlement ("ISDS") processes.

In sum, there are real and justifiable concerns that public or private action will be needed if the U.S. courts are to effectively satisfy their role in overseeing the development and application of the U.S. patent system.

40. *See, e.g.*, Letter from Comput. & Commc'ns Indus. Ass'n, ACT | The App. Ass'n, and Eur. Ass'n of Auto. Mfrs. (CLEPA), to Daniel Lee, Assistant U.S. Trade Representative, Innovation & Intell. Prop., Off. U.S. Trade Representative 1, 4–5 (Jan. 30, 2024) (on file with the Rutgers U. L. Rev.) (regarding USTR Special 301 Review addressing foreign interference in U.S. patent law matters) [USTR-2023-0014-0030] [hereinafter CLEPA Letter]; Letter from Kirby Howard, Gov't Affs., Cont'l Auto. Sys., Inc., to Daniel Lee, Assistant U.S. Trade Representative, Innovation & Intell. Prop., Off. U.S. Trade Representative 1, 10 (Jan. 30, 2024) (on file with the Rutgers U. L. Rev.) (regarding USTR Special 301 Review addressing foreign interference in U.S. patent law matters) [USTR-2023-0014] [hereinafter Howard Letter]; Letter from Fair Standards All. 1, 10 (Jan. 30, 2024) (on file with the Rutgers U. L. Rev.) (regarding USTR Special 301 Review addressing foreign interference in U.S. patent law matters) [hereinafter FSA Letter].

41. *See infra* Part III.

I. THE INTERNATIONAL FRAMEWORK OF IP RIGHTS IS ROOTED IN NATIONAL PATENT LAW SOVEREIGNTY

"Territoriality of rights is a fundamental premise of classical international intellectual property law. There is no such thing as an international copyright, or international trademark, or international patent."[42] The principle of territoriality covers all IP issues and disputes essentially: not only validity and duration, but also scope (rights and exceptions), infringement, and remedies.[43]

Territoriality is deeply embedded in the DNA of IP law and evidenced from nearly 150 years of international agreements and their respective negotiations regarding intellectual property.[44] As has been noted, "[t]he principle of territoriality has been accepted by all states ever since the early call by France for universal cross-border protection was defeated by the pragmatic demands of greater national control during the negotiations of the Paris and Berne Conventions in the 1880s."[45]

While IP rights are generally recognized as territorial, "[p]atents are generally considered to be the most territorial of all the various forms of intellectual property."[46] This is evidenced in the history and provisions of the two most significant international treaties regarding patent law, the Paris Convention and the TRIPS Agreement.[47] The territorial nature of these rights means not only that the rights are granted by the issuing nation—subject to their "baseline" treaty obligations arising out of the Paris Convention and TRIPS Agreement—but also that these treaties typically and inherently limit those subject to them from claiming extraterritorial jurisdiction over patent infringement claims.[48]

42. Graeme B. Dinwoodie, *The Architecture of the International Intellectual Property System*, 77 CHI.-KENT L. REV. 993, 996 (2002).

43. *See Communication from the Commission, Intellectual Property Rights and Standardization*, at §§ 3.2.4, 3.3.5, 4.7.3 COM (92) 445 final (Oct. 27, 1992).

44. *See* Dinwoodie, *supra* note 42, at 994–95.

45. Alexander Peukert, *Economic Nationalism in Intellectual Property Policy and Law*, *in* INTELLECTUAL PROPERTY ORDERING BEYOND BORDERS 64, 93–94 (Henning Grosse Ruse-Khan & Axel Metzger eds., 2022).

46. Timothy R. Holbrook, *Boundaries, Extraterritoriality, and Patent Infringement Damages*, 92 NOTRE DAME L. REV. 1745, 1746 (2017).

47. *See generally* Emmanuel Kolawole Oke, *Territoriality in Intellectual Property Law: Examining the Tension Between Securing Societal Goals and Treating Intellectual Property as an Investment Asset*, 15 SCRIPTED 313 (2018) (examining the history and evolution of the principle of territoriality within IP law).

48. *See id.* at 315–17;Voda v. Cordis Corp., 476 F.3d 887, 900–05 (Fed. Cir. 2007) (recognizing the TRIPS Agreement and Paris Convention prohibit U.S. courts from engaging in extraterritorial adjudication of foreign patents); Bayerische Motoren Werke Aktiengesellschaft v. Onesta, LLC, No. 25-cv-00581, 2026 WL 474871, at *4 (W.D. Tex. Feb. 13, 2026) ("While the Federal Circuit's reasoning in *Voda v. Cordis Corp.* was focused on

A. The History and Text of the Paris Convention Establish Patent Law Independence

The Paris Convention, signed in 1883, was one of the first IP treaties.[49] There are currently 181 nation-state signatories.[50] The current version (or "Act") of the Convention dates back to 1967, and several of its provisions were incorporated into the TRIPS Agreement.[51]

The territorial nature of patent rights is enshrined in the express text of the Paris Convention. Article 1(4) recognizes that "[p]atents" subject to the treaty are those "recognized by the laws of the countries of the Union."[52] Thus, from the outset, patent rights are reserved to the sovereign states granting them.[53] Likewise, Article 4 establishes that national filing formalities are the basis for obtaining patent rights.[54] For example, Article 4, Section A recognizes this by establishing that a patent application filed in one WTO member jurisdiction can serve as a priority date in other states,[55] but a separate national patent application is still required.[56] Article 4*bis* further demonstrates the Paris Convention's approach to maintaining and enshrining patent rights as territorial.[57] That article, titled *Patents: Independence of Patents Obtained for the Same Invention in Different Countries*, provides that:

whether U.S. courts should exercise jurisdiction over foreign patents, many of its holdings are equally applicable to the inverse question.").

49. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305; *Paris Convention for the Protection of Industrial Property*, WORLD INTELL. PROP. ORG., https://www.wipo.int/treaties/en/ip/paris/ [https://perma.cc/FF6P-TDMY] (last visited Dec. 16, 2025) (describing the Paris Convention as "the first major step taken to help creators ensure that their intellectual works were protected in other countries").

50. *WIPO-Administered Treaties*, WIPO, https://www.wipo.int/wipolex/en/treaties/ShowResults?start_year=ANY&end_year=ANY&search_what=C&country_id=ALL&treaty_id=2 [https://perma.cc/Z5KP-BMQR] (last visited Dec. 16, 2025).

51. *Paris Convention for the Protection of Industrial Property*, *supra* note 49; *Overview: The TRIPS Agreement*, WORLD TRADE ORG., https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm [https://perma.cc/D6AZ-V7BM] (last visited Dec. 16, 2025).

52. Paris Convention, *supra* note 28, art. 1, § 4.

53. *See id.*

54. *Id.* art. 4.

55. *Id.* art. 4*bis*.

56. *See id.* art. 4*bis*(1)–(2) ("By a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application.").

57. *See id.* art. 4*bis*.

(1) Patents applied for in the various countries of the Union by nationals of countries of the Union *shall be independent of patents obtained* for the same invention in other countries, whether members of the Union or not.

(2) *The foregoing provision is to be understood in an unrestricted sense*, in particular, in the sense that patents applied for during the period of priority are independent, both as regards the grounds for nullity and forfeiture, and as regards their normal duration.[58]

Article 4*bis* is referred to as the "principle of the mutual independence of patents" in the official Guide to the Paris Convention.[59] As the Guide explains: "The provision obliges the member States of the Union to consider their patents independent of other patents for the same invention, even if those patents are granted in non-member States."[60] As one commentator on the Paris Convention notes, the effect of the Paris Convention "is fully to localize the patent . . . to the law of the country where protection is claimed."[61] The "principle of independence of protection embodied in Article 4*bis*(1) is to be understood 'in an unrestricted sense.'"[62]

Finally, Article 2, Section 3 of the Paris Convention explicitly recognizes that the power to adjudicate issues of patent law are, likewise, preserved as a national matter.[63] It states:

> The provisions of the laws of each of the countries of the Union relating to judicial and administrative procedure and to jurisdiction, and to the designation of an address for service or the appointment of an agent, which may be required by the laws on industrial property are expressly reserved.[64]

In short, and without doubt, the Paris Convention was developed with the understanding that each national adherent would retain the right to both set and enforce its own patent laws without interference from other Convention adopters.[65]

58. *Id.* art. 4*bis*, (1)–(2) (emphasis added).

59. G.H.C. BODENHAUSEN, UNITED INT'L BUREAUX PROT. OF INTELL. PROP., GUIDE TO THE APPLICATION OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY 61 (1968).

60. *Id.* at 62.

61. SAM RICKETSON, THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY 348 (2015).

62. *Id.* at 388.

63. Paris Convention, *supra* note 28, art. 2, § 3.

64. *Id.*

65. *See id.*

B. The History and Text of the TRIPS Agreement Preserve Patent Law Independence

The TRIPS Agreement expressly incorporates key provisions of the Paris Convention,[66] including its principle of national independence.[67] In addition, the history and text of the TRIPS Agreement further recognize the fundamental territoriality of patent rights and restrictions on national signatories from interrupting the patent law independence of other signatories.[68]

1. Negotiation History of the TRIPS Agreement

The TRIPS Agreement was developed in response to concerns that the Paris Convention did not provide a sufficient baseline level of protection for IP rights.[69] Accordingly, in 1986, as part of the Uruguay Round of Multilateral Trade Negotiations under the General Agreement on Tariffs and Trade ("GATT"), which involved 123 countries,[70] a Ministerial Declaration setting out objectives for negotiations on IP was issued.[71] At the time, negotiations at WIPO to revise the Paris Convention had been proceeding—largely split between developed nations who favored stronger IP protections and less-developed nations who were concerned that establishing stronger rights could interfere with their economic development.[72]

The 1986 Ministerial Declaration noted that the negotiations aimed "to reduce the distortions and impediments to international trade" and "to promote effective and adequate protection of intellectual property rights."[73] However, the Ministerial Declaration recognized the concerns of developing nations and caveated that it was important to ensure that the adopted "measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade."[74]

66. TRIPS Agreement, *supra* note 16, art. 2.1.

67. *See id.*

68. *See generally id.*

69. *See* DANIEL J. GERVAIS, THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS 3–12 (2021) [hereinafter TRIPS DRAFTING HISTORY].

70. *The Uruguay Round*, WORLD TRADE ORG., https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm [https://perma.cc/YG66-3QAA] (last visited Dec. 16, 2025).

71. World Trade Organization, Ministerial Declaration on the Uruguay Round, GATT/1396, at 6–9 (1986) [hereinafter 1986 Ministerial Declaration].

72. Daniel J. Gervais, *Intellectual Property, Trade & Development: The State of Play*, 74 FORDHAM L. REV. 505, 508 (2005) [hereinafter *The State of Play*].

73. 1986 Ministerial Declaration, *supra* note 71, at 9.

74. *Id.*

Developed nations' goals in pursuing the new framework, which were perhaps best illustrated by the United States' submission in 1987, focused on the development of a baseline of protection amongst national jurisdictions. The United States' proposal included text which would, for example:

- Recognize and implement standards and norms that provide adequate means of obtaining and maintaining intellectual property rights and provide a basis for the effective enforcement of such rights;

  . . . .

- Extend international notification, consultation, surveillance and dispute settlement procedures to protection of intellectual property and enforcement of intellectual property rights[75]

The need to establish standards and norms for obtaining and enforcing IP rights was predicated on the understanding that patent systems were inherently national.[76] As one scholar noted, "if damages were available extraterritorially, there would have been little need for the TRIPS Agreement."[77]

There is no indication that, during the development of the TRIPS Agreement, there was any serious attempt to fundamentally change the territoriality of IP rights. The European Community's submission on the scope of the negotiations noted, for example:

> GATT negotiations on trade related aspects of substantive standards of intellectual property rights should not attempt to elaborate rules which would substitute for existing specific conventions on intellectual property matters . . . . The exercise should largely be limited to an identification of and agreement on the principles of protection which should be respected by all

75. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Suggestion by the United States for Achieving the Negotiating Objective*, WTO Doc. MTN.GNG/NG11/W/14, at 3 (Oct. 20, 1987).

76. *See* Amy L. Landers, *U.S. Patent Extraterritoriality Within the International Context*, 36 REV. LITIG. BRIEF 28, 29 (2016).

77. *Id.* at 36.

> parties; *the negotiations should not aim at the harmonisation of national laws*.[78]

This history, and the resulting text, demonstrate that while the TRIPS Agreement might establish certain minimal *baseline* requirements for patent protections, it also upheld the power of sovereign nations to regulate their own IP rights.[79] The variability of national laws was perceived by TRIPS's framers as a *feature* of the international IP framework, not a *bug*.[80]

Indeed, less developed nations showed significant concern from the outset of the negotiation process that TRIPS must not impinge upon their national sovereignty over IP laws. These concerns were explained by the GATT Secretariat in its summary of a 1989 submission by India, which served as a leading voice among nations that were skeptical of expanding international obligations on IP protections.[81] Developing countries expressed concerns about any effort to establish international IP obligations:

> [M]ore than 99 per cent of the world's stock of patents was owned by the nationals of the industrialised countries. Recognising the extraordinary rights granted by the system and their implications, international conventions on this subject incorporated, as a central philosophy, *the freedom of member States to attune their intellectual property protection system to their own needs and conditions. This freedom of host countries should be recognised as a fundamental principle and should guide all of the discussions in the Negotiating Group*.[82]

Given the perceived imbalance of interests, it was India's position that "[a]ny principle or standard relating to IPRs should be carefully

78. Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Guidelines and Objectives Proposed by the European Community for the Negotiations on Trade Related Aspects of Substantive Standards of Intellectual Property Rights*, WTO Doc. MTN.GNG/NG11/W/26, at 2 (July 7, 1988) (emphasis added).

79. *See Overview: the TRIPS Agreement*, *supra* note 51 ("The TRIPS Agreement is a minimum standards agreement, which allows Members to provide more extensive protection of intellectual property if they so wish. Members are left free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.").

80. *See generally* TRIPS DRAFTING HISTORY, *supra* note 69.

81. *See* Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Meeting of Negotiating Group of 12-14 July 1989*, WTO Doc. MTN.GNG/NG11/14, at 4–5 (Sep. 12, 1989).

82. *Id.* at 4 (emphasis added).

tested against these needs of developing countries, and it would not be appropriate for the discussions to focus merely on the protection of the monopoly rights of the owners of intellectual property."[83]

Instead, "India was of the view that it was only the restrictive and anti-competitive practices of the owners of the IPRs that could be considered to be trade-related because they alone distorted or impeded international trade."[84] Given that the negotiations were under the ambit of establishing a trade agreement, India argued that "[t]he Group should therefore focus on the restrictive and anti-competitive practices of the owners of IPRs and evolve standards and principles for their elimination so that international trade was not distorted or impeded by such practices."[85] The Indian position received substantial support from a number of developing delegations and was debated extensively.[86]

In early 1990, a number of industrialized countries that included the United States, the European Community, Switzerland, Japan, and Australia, tabled draft legal texts providing their version of what a future TRIPS Agreement should look like.[87] The proposals detailed provisions on the enforcement of IP rights before national courts and customs authorities, and also included a provision to allow resolution of countries' future TRIPS disputes through the WTO dispute-settlement system.[88]

In response, more than a dozen developing nations proposed an alternative text with a more limited scope.[89] They insisted that any agreement must preserve their ability to maintain flexibility in implementing policies aimed at achieving their economic and social development objectives.[90] The Secretariat consolidated the proposals from the industrialized countries into what became the "A" text, while the version offered by developing countries became the "B" text.[91]

After several further rounds of drafting and negotiations, the final version of the TRIPS Agreement was unanimously approved and adopted

83. *Id.*
84. *Id.*
85. *Id.* at 5.
86. UNCTAD-ICTSD, RESOURCE BOOK ON TRIPS AND DEVELOPMENT 122 (2005) [hereinafter TRIPS RESOURCE BOOK]; *see also* Negotiating Group on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods, *Communication from Argentina, Brazil, Chile, China, Colombia, Cuba, Egypt, India, Nigeria, Peru, Tanzania and Uruguay*, art. 5, WTO Doc. MTN.GNG/NG11/W/71 (May 14, 1990).
87. *The State of Play*, *supra* note 72, at 507–08; TRIPS DRAFTING HISTORY, *supra* note 69, at 26–27.
88. *The State of Play*, *supra* note 72, at 508.
89. *Id.*
90. *See id.*
91. *Id.*

in April 1994.[92] "The final Agreement mirrored the 'A' text. As such, it essentially embodied norms that had been accepted by industrialized countries. The concerns of developing countries were reflected in large part in two provisions—Articles 7 and 8."[93]

2. TRIPS Enshrines the Territoriality of Patent Rights

The TRIPS Agreement recognizes that patent rights are a territorial issue that national laws control. First and foremost, the TRIPS Agreement reaffirmed WTO members' commitment to existing treaties regarding territorial-based patent rights as ratified previously under the Paris Convention.[94] In particular, articles one through twelve and nineteen of the Paris Convention were incorporated by reference into the TRIPS Agreement.[95] This means that the principle of independence, which reflects the fact that IP rights granted in each jurisdiction are separate, is a cornerstone not only of the Paris Convention but also of the TRIPS Agreement.[96] It also entails that violations of the above provisions of the Paris Convention are violations of the TRIPS Agreement, and so enforceable at the WTO.[97]

Article 1.1 of the TRIPS Agreement delegates responsibility to implement the agreement, noting that countries are "free to determine the appropriate method of implementing" their TRIPS obligations "within their own legal system and practice."[98] Thus, "it is clear from the context of the first sentence of Article 1.1 that the TRIPS Agreement seeks to establish 'national systems' for the effective and adequate protection of IP in each and every Member, and that these 'national

92. *See generally* TRIPS Agreement, *supra* note 16, at 154.

93. *The State of Play*, *supra* note 72, at 508.

94. *See* TRIPS Agreement, *supra* note 16, art. 1.3.

95. *Id.* art. 2.1. Several provisions of the prior Berne Convention, addressing copyright protections, were similarly incorporated into the TRIPS Agreement. *Id.* art. 9.1.

96. *Id.* art. 2; Paris Convention, *supra* note 28, art. 4*bis*. *See generally* Vienna Convention on the Law of Treaties, May 23, 1969, 1155 U.N.T.S. 331, art. 31.1 ("A treaty shall be interpreted in good faith in accordance with the ordinary meaning to be given to the terms of the treaty in their context and in the light of its object and purpose.").

97. *See* TRIPS Agreement, *supra* note 16, arts. 21, 64.1. Indeed, in assessing a copyright dispute, a WTO dispute-settlement panel was asked to interpret the three-step test contained in Article 30 of the TRIPS Agreement. United States – Section 110(5) of the U.S. Copyright Act, *Report of the Panel*, ¶¶ 6.67–6.70, WTO Doc. WT/DS160/R (June 15, 2000). The panel noted that the test originated in article 9(2) of the Berne Convention, which, like the Paris Convention, preserves national legal independence over copyright laws. *Id.* ¶ 6.72. In interpreting the test, the panel concluded that the WTO negotiators did not simply incorporate "the literal wording of the individual articles" but instead "the intention was to embody the overall Berne *acquis*." *Id.* ¶ 6.65 n.85. The panel's logic would appear to apply equally to incorporation of the Paris Convention.

98. TRIPS Agreement, *supra* note 16, art. 1.1.

systems' may interact where necessary to address trade-related aspects of IP rights."[99] The effectuation of minimum IP protection through national legal systems is the very "*raison d'être* of the TRIPS Agreement."[100] The "proper interpretation" of this is that members do not merely need to implement these provisions, but they must "do so without frustrating the functioning of the systems of IP rights protected pursuant to the implementation of the TRIPS Agreement by other WTO Members in their territories."[101]

The means of enforcement of patent rights within a member's territory—and thus the prohibition against extraterritorial enforcement—is evident from Articles 7 and 8 of the TRIPS Agreement. Article 8(1) reserves the right for Members to regulate intellectual property to advance their domestic public interest, stating that:

> Members may, in formulating or amending their laws and regulations, adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development, provided that such measures are consistent with the provisions of this Agreement.[102]

This provision affords members the ability to formulate their own IP policy based on their particular needs so long as the ultimate framework is consistent with the minimal baselines established pursuant to the TRIPS Agreement.[103] Indeed, Article 7 further recognizes that this includes "enforcement of intellectual property rights" as it is connected to "social and economic welfare."[104] Extraterritorial enforcement of patent rights would appear in conflict with this national right to self-regulation.

Likewise, Article 8, Section 2 permits members to take the necessary action needed to "prevent the abuse of intellectual property rights by right holders or the resort to practices which unreasonably restrain trade

99. World Trade Org., *China – Enforcement of Intellectual Property Rights: Award of the Arbitrators*, WTO Doc. WT/DS611/ARB25, ¶ 4.61 (July 21, 2025) [hereinafter *Award of the Arbitrators*]. We will come back on this dispute at Section II.E.1 of this article. For a first comment of this decision and the overall case along with a broader discussion of its implications beyond territoriality considerations, see Enrico Bonadio, et al., *Litigating Patented Standards: The EU-China WTO Dispute on Anti-Suit Injunctions*, 47 EUR. INTELL. PROP. REV. 697 (2025), which argues that the decision is not exempt from strong criticism.

100. *Award of the Arbitrators*, *supra* note 99, ¶ 4.61.

101. *Id.* ¶ 4.84.

102. TRIPS Agreement, *supra* note 16, art. 8.1.

103. *See id.*

104. *Id.* art. 7.

or adversely affect the international transfer of technology."[105] However, if rights holders were able to engage in extraterritorial enforcement, signatories' ability to protect their national markets from IP-related abuses would be relegated. For example, if damages for infringement of a U.S. patent that might be held unenforceable for inequitable conduct under United States law could be obtained via foreign actions, then the United States would lose its ability to sanction IP-related misbehaviors.

In short, TRIPS not only preserves the Paris Convention's principle of independence but also prohibits members from establishing systems for the enforcement of intellectual property rights that interfere with those of other members.[106]

III. THE RISE OF NATIONAL INJUNCTIONS TO COMPEL GLOBAL LICENSING

As described below, current approaches in some jurisdictions may conflict with TRIPS's principle of independence. As we will see, such a clash is made even more evident following the introduction by the WTO Arbitrators of the "anti-frustration" rule in the anti-suit injunctions (ASIs) dispute between the European Union (EU) and China.[107]

A. Injunctions Are Authorized, But Not Always Required, Under TRIPS

As one baseline requirement, the TRIPS Agreement requires that patent infringement injunctions (i.e., exclusion from the domestic market) should be available in some circumstances.[108] On the other hand, TRIPS does not require that injunctions will be available in *all* circumstances.[109] The national authorities are left to determine their own preferred industrial policy balance in determining the circumstances under which patent infringement injunctions may or may not be available.[110]

Specifically, the TRIPS Agreement requires that signatories provide their judicial authorities with the ability, under such circumstances as they might determine to fit their own national legal system, "to order a party to desist from an infringement, *inter alia* to prevent the entry into the channels of commerce in their jurisdiction of imported goods that involve the infringement of an intellectual property right, immediately

105. *Id.* art. 8.2.
106. *See id.* arts. 1.1, 2.1.
107. *See Award of the Arbitrators*, *supra* note 99, ¶ 5.2.
108. *See* TRIPS Agreement, *supra* note 16, art. 44.1.
109. *See id.* art. 44.2.
110. *See id.*

after customs clearance of such goods."[111] TRIPS also contains an obligation to provide judicial authorities with the ability, but not the obligation in all situations, to order provisional measures to prevent an infringement from occurring.[112]

This means that a patent holder often has the right to seek injunctive relief, and that courts will have the authority to grant it where appropriate.[113] It does not mean, as noted above, that a court must order injunctive relief in all, or even many, circumstances.[114] For example, in some jurisdictions, like the United States, it is regular and customary that courts will choose not to order injunctions where monetary relief is sufficient, or the public interest would be harmed.[115]

Establishing a framework for the availability of injunctions can be an important aspect in determining a national IP framework and an overall industrial policy. Not only do injunctions determine when a patent owner is allowed to exclude competitors from the national market, but they also can maximize a patent owner's leverage to charge royalties based on the cost of market exclusion, rather than based on the technical value of the underlying patents.[116] Once an injunction is issued, and particularly in the case of SEPs, which typically have no technical workaround while remaining compliant with the relevant standard,[117] the royalty that a putative licensee will be willing to pay is often calculated with reference to the potential costs of exclusion and/or cessation of manufacturing.[118]

This does not pose significant problems when a patent is coextensive with the entire product. In those cases, the value of the product is highly intertwined with IP rights.[119] However, many modern products are multi-featured and can involve tens or hundreds of thousands of

111. *Id.* art. 44.1. There are limits to this obligation. *See, e.g.*, *id.* pmbl. (c), arts. 1.1, 41.5, and 44.2.

112. *Id.* art. 50.1.

113. *See id.* art. 44.1.

114. *See id.* art. 44.2 (permitting members to limit the availability of injunctions in specified circumstances).

115. *E.g.*, eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 391 (2006); Cour d'appel [CA] [regional court of appeal] Paris, Chambre 1, Oct. 16, 2024, No. 117/2024 (Fr.) (holding a monetary award was appropriate in place of an injunction); AbbVie Corp. v. JAMP Pharma Corp., (2023), [2023] F.C. 1520, ¶ 642 (Can.) (refusing to issue an injunction where an injunction is contrary to the public interest).

116. *See* John Hayes & Assaf Zimring, *Injunctions in Litigation Involving SEPs*, 6/2024 GRUR PAT. 240, 245 (2024).

117. *See* A. Douglas Melamed & Carl Shapiro, *How Antitrust Laws Can Make FRAND Commitments More Effective*, 127 YALE L.J. 2110, 2112–15 (2018).

118. *See* Hayes & Zimring, *supra* note 116, at 240.

119. *See Valuing Intellectual Property Assets*, WORLD INTELL. PROP. ORG., https://www.wipo.int/en/web/business/ip-valuation [https://perma.cc/R5G7-29CN] (last visited Dec. 17, 2025).

patents.[120] An injunction in these cases can lead to a "little-to-big" problem because an injunction effectively equates the value of the patent to the entire product, despite the fact that this is "well beyond what a court would establish as the royalty value" for the patent at issue.[121] Studies have shown that the cost of these injunctions is significantly greater than the value of the component utilizing the patent,[122] and that injunctions can be used "as a bargaining tool to charge exorbitant fees"[123] well beyond the economic value of the claimed technology.[124]

How patents are valued determines how companies are incentivized to invest in innovation.[125] Misvaluing patents distort those incentives, leading to a misallocation of resources and, in the case of overvaluation, rent-seeking-based investment decisions.[126] Thus, the availability of injunctive relief is not only relevant with regards to the exclusion of competitors, but it is also intertwined with how a nation sets innovation policy.[127]

In some jurisdictions, such as the United States, courts have recognized that an inventor seeking royalties is entitled to a reasonable royalty based on the value of the claimed invention, but is not entitled to extract additional value not attributable to the patent.[128] As a result, injunctions would typically not be issued in the United States when the court finds that a reasonable royalty focused on the patented technology is sufficient to address the patent owner's legitimate interests.[129] Other countries—typically civil law jurisdictions such as countries in

120. *See, e.g.*, Ann Armstrong et al., The Smartphone Royalty Stack: Surveying Royalty Demands for the Components Within Modern Smartphones 7 (May 29, 2014) (working paper) (on file with the Rutgers U. L. Rev.).

121. Wayne T. Brough, *Injunction Junction: What's the ITC's Function?*, 17 LANDSLIDE 15, 16 (2025).

122. *See* Hayes & Zimring, *supra* note 116, at 240, 243. *See generally* HENDRIK FUGEMANN ET AL., COPENHAGEN ECON., ECONOMIC IMPACT ASSESSMENT OF AUTOMATIC INJUNCTIONS (2024).

123. eBay Inc. v. MercExchange, L.L.C., 547 U.S. 388, 396 (2006) (Kennedy, J., concurring).

124. *See* Ericsson, Inc. v. D-Link Sys., Inc., 773 F.3d 1201, 1233 (Fed. Cir. 2014) (cautioning that factors like technological contribution and widespread adoption are not always equal in value); Garretson v. Clark, 111 U.S. 120, 121 (1884) (emphasizing the importance of establishing the relationship between profits or damages and the specific patented feature).

125. *See* Melamed & Shapiro, *supra* note 117, at 2114, 2114 n.11.

126. *See id.* at 2116.

127. *See generally* Jorge L. Contreras, *The New Extraterritoriality: FRAND Royalties, Anti-Suit Injunctions and the Global Race to the Bottom in Disputes over Standards-Essential Patents*, 25 B.U. J. SCI. & TECH. L. 251 (2019) [hereinafter *New Extraterritoriality*].

128. *E.g.*, *Ericsson, Inc.*, 773 F.3d at 1233.

129. *See New Extraterritoriality*, *supra* note 127, at 255–56.

continental Europe that do not rely on historical equitable doctrines—have taken a different approach, one which tends to make injunctive relief more common in practice, despite a legislative framework at the EU level which highlights the need to respect proportionality when granting these orders.[130]

This is not to suggest that one system is better or worse than the other. Rather, this simply emphasizes that determining the appropriate value and remedies for use of patented technology is primarily a matter of national economic, technological, and social policy, which WTO members are expected and authorized to address independently from other nations.[131]

B. National Injunctions and Global Licensing

In recent years, some national courts have begun to push—or, some say, cross—the lines of territorial enforcement.[132] Some courts have adopted a process, described in more detail below, whereby injunctive relief will be granted in the national jurisdiction *unless* the defendant pays royalties for sales of products made and sold in all other foreign jurisdictions—i.e., all worldwide jurisdictions.[133] In simple terms, a company must pay the rates required by the host court for its worldwide manufacturing and sales, including its U.S. manufacturing and sales, or it will be barred from accessing the host court's market.[134]

That is, some jurisdictions have adopted the practice of granting national injunctions for patent infringement unless the putative licensee agrees to pay both past damages and future royalties for products manufactured and sold globally.[135] And who decides what damages and royalties should be paid? The foreign court decides.[136] This may be done expressly via express rate-setting, or instead, less directly—but to the same effect—by simply referring to the patent owner's worldwide licensing offer and requiring acceptance of that as a condition of avoiding market exclusion.[137] In other words, a national injunction will be enforced even if national infringement can be resolved—e.g., by payment of a

130. Enrico Bonadio & Magali Contardi, *The Unified Patent Court and Standard Essential Patents*, 46 EUR. INTELL. PROP. REV. 571 (2024).
131. *See id.*
132. *New Extraterritoriality*, *supra* note 127, at 253–54.
133. *See id.* at 255.
134. *See id.* at 279–80.
135. *See id.*
136. *See id.*
137. *See id.* at 257–59.

court-set *national* royalty, based on the national court's inherent *assumption* that foreign counterpart patents also are infringed.[138]

But nowhere does the TRIPS Agreement permit one nation's courts to impose injunctions based on alleged infringements occurring in foreign jurisdictions.[139] Rather, such conduct appropriately raises concerns about TRIPS's principle of independence and could be viewed as extraterritorial enforcement that may violate that principle.[140]

Regardless of the specific procedural approach used in a particular jurisdiction, the end result is the same: a court in a single jurisdiction is using national patent infringement proceedings that are subject to TRIPS to impose an obligation on a patent defendant to pay royalties based on products and sales that have nothing to do with the national forum.[141] In such circumstances, there has been widespread concern that an otherwise normal remedy—i.e., market exclusion—is being used to facilitate a purpose and result that pays scant regard to the territoriality principle,[142] despite its historically important—and deliberate—nature, and may well cross the line into a violation of the Paris Convention and TRIPS Agreement.[143]

Yet the use of national injunctions for patent infringement to induce global licensing is becoming commonplace.[144] For SEPs, the patent holder has typically voluntarily committed to license its patents on "fair, reasonable and non-discriminatory" ("FRAND") terms.[145] This promise is made to ensure that the patent licenses necessary to practice a standard will be available on reasonable terms, and also to address competition law concerns associated with standardization—e.g., the agreement among competitors to make products only using specified patented technologies owned by those that develop the standard, rather than other alternatives.[146]

The financial impact of a national injunction is what facilitates this practice. For example, in 2022, after Ford was found to infringe a single German patent, the German court presented Ford with the choice of either (a) paying past and future royalties, at the rate approved by the

138. *See id.*
139. CLEPA Letter, *supra* note 40, at 3.
140. *See id.* at 3.
141. *See id.* at 1–2.
142. *See, e.g.*, Bonadio & Mohnot, *supra* note 32; CLEPA Letter, *supra* note 40; Howard Letter, *supra* note 40; FSA Letter, *supra* note 40.
143. *See* CLEPA Letter, *supra* note 40, at 3 n.9.
144. *See New Extraterritoriality*, *supra* note 127, at 265–79.
145. *Id.* at 254.
146. *See generally* Robert Pocknell & David Djavaherian, *The History of the ETSI IPR Policy: Using the Historical Record to Inform Application of the ETSI FRAND Obligation*, 75 RUTGERS U. L. REV. 977 (2023).

German court, for all of Ford's worldwide sales, despite the fact that over eighty percent of the 1.8 million vehicles Ford manufactures in the United States are for domestic consumers;[147] or (b) accepting an injunction that would halt the sales of Ford vehicles in Germany, require Ford to recall and destroy vehicles from its German dealers, and shut down production of its facilities in Germany.[148] The German sales ban and product recall alone would have cost Ford close to $1.5 billion in annual lost profits—leaving Ford little choice but to accept the worldwide royalty option.[149]

The U.K. Court of Appeal recently explained both the perceived "problem" that is encountered in enforcing licensing claims for SEPs, as well as some courts' rationale in imposing worldwide royalties.[150] It did so in *Panasonic Holdings Corporation v. Xiaomi Technology UK Limited*.[151] First, in describing the perceived problem, the U.K. court—echoing TRIPS and the international IP regime in general—noted that patents are creatures of national law and national enforcement.[152] The court stated:

> It is generally accepted . . . that patents are territorial. That is to say, they are proprietary legal rights created by the law of a nation-state that confer a monopoly within the territory of that nation-state, but not outside it. The unitary EU patent now confers a monopoly within the territory of the participating EU Member States, but that does not detract from the basic principle. Thus, an inventor wishing to patent their invention must apply for a patent in every state in which they wish to obtain a monopoly: in any state where they do not obtain a patent, the invention may be freely used by other parties. . . . The competence of the courts of one state to adjudicate upon a claim for infringement of a patent granted by another state is a complex and contested question, but it is generally accepted that, even if

147. *Ford Is America's Automaker Again, with Most Vehicles Assembled, Most Vehicles Exported, Most Hourly Autoworkers*, FORD MEDIA CTR. (May 22, 2024), https://media.lincoln.com/content/fordmedia/fna/us/en/news/2024/05/22/ford-is-america_s-automaker-again—with-most-vehicles-assembled-.html [https://perma.cc/2CEK-8ZPH].

148. *See* Mathieu Klos, *Regional Court Munich Imposes Sales Ban Against Ford*, JUVE PAT. (May 23, 2022), https://www.juve-patent.com/cases/regional-court-munich-imposes-sales-ban-against-ford/ [https://perma.cc/BNG9-CTP8]; Hayes & Zimring, *supra* note 116, at 242–43.

149. *See* Hayes & Zimring, *supra* note 116, at 242–43.

150. *See* Panasonic Holdings Corp. v. Xiaomi Tech. UK Ltd. [2024] EWCA (Civ) 1143, [9–11] (Eng.).

151. *See id.*

152. *See id.* at [8–9].

> they have jurisdiction over the parties because of e.g., domicile, the courts of state A are not competent to adjudicate upon a claim for infringement of a patent granted by state B at least if the validity of that patent is in issue. This principle is enshrined, for example, in Articles 24(4) and 27 of European Parliament and Council Regulation 1215/2012/EU of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast). Since it is commonplace for a claim for patent infringement to be met with a defence and/or counterclaim that the patent is invalid, the practical reality is that, for the most part, the courts of the state where the patent was granted have exclusive jurisdiction over the enforcement of that patent. It follows that SEPs must be enforced territory by territory.[153]

However, a number of courts appear to suggest that the contractual FRAND commitment *made by a SEP holder* to license its patents on a worldwide basis might justify jettisoning the territoriality principle *as against alleged infringers*, despite that no such contractual claims would apply against those parties.[154] The U.K. Court of Appeal has suggested in *Panasonic Holdings Corporation v. Xiaomi Technology UK Limited*, there might be concerns that a bad faith actor might choose to insist on national litigation as an "important tactical weapon . . . to require the patentee to sue in every jurisdiction where the implementer exploits a patent family (or at least in a significant number of such jurisdictions)."[155] According to the court:

> This placed a significant burden on patentees. Although it also placed a similar burden on implementers, the result was a war of attrition which tended to favour implementers because it led to delay in enforcement and hence the potential to starve patentees of income from licensing.[156]

But we should point out here that national enforcement of patents is a feature of TRIPS, not a defect.[157] The burden on rights holders to

153. *Id.* at [8–9].
154. *See id.* at [11].
155. *See id.* at [10].
156. *Id.* at [10].
157. *See* TRIPS Agreement, *supra* note 16, art. 41.1 ("Members shall ensure that enforcement procedures as specified in this Part are available under *their* law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement.") (emphasis added).

enforce their rights in each jurisdiction is not unique to patents holders—copyright and trademark holders must engage in the same exercise.[158] While it may be convenient for rights holders to be able to enforce their global patent rights in a single action, that is not the IP framework that the global community adopted.[159] While a single forum where rights holders could establish a global remedy could be established writ-large by treaty, the fact that it is inconvenient is not a cognizable basis to establish a new rule of international law. Likewise, while parties can agree to engage in a global adjudication by contract, a patent holder that makes a unilateral FRAND commitment is not an adequate basis for a court to compel a global license.

Nonetheless, some jurisdictions will issue national injunctions unless the putative licensee takes a global license. This is the practice in fora such as Munich and Mannheim, i.e., to grant injunctions against parties who sought country-specific licenses rather than submitting to global arrangements.[160] In *Sisvel v. Haier*, for example, the Federal Court of Justice treated Haier as an unwilling licensee in part because its counter-offer was confined to German and other member states of the European Patent Convention; its refusal to accept a global license was held against it.[161] Likewise, in *Nokia v. Oppo*, opposition to global licensing led to injunctions that ultimately forced Oppo to withdraw from the German market. [162] And U.S. companies that have faced German injunctions conditioned on payment of worldwide royalties include Ford (as mentioned),[163] Apple, [164] Amazon,[165] Motorola,[166] and Microsoft.[167]

158. *See id.*

159. *See id.*

160. *See, e.g.*, Bundesgerichtshof [BGH] [Federal Court of Justice] Nov. 24, 2020, Entscheidungen des Bundesgerichtshofes in Zivilsachen [BGHZ] KZR 35/17 (Ger.) [hereinafter Sisvel v. Haier]; Oberlandesgericht Karlsruhe [OLGZ] [Higher Regional Court of Karlsruhe] Sep. 14, 2022, 6 U 212/22 (Ger.) [hereinafter Nokia v. OPPO].

161. Sisvel v. Haier (Ger.).

162. Nokia v. OPPO (Ger.).

163. *See* Klos, *supra* note 148.

164. Lauren Feiner, *Apple Will Stop Selling Some iPhone Models in Its Stores in Germany Following Ruling in Qualcomm Patent Case*, CNBC (Dec. 20, 2018, at 09:14 ET), https://www.cnbc.com/2018/12/20/qualcomm-reportedly-wins-injunction-against-apple-in-munich.html [https://perma.cc/8XYP-8W6H].

165. Adam Houldsworth, *Nokia Scores German Injunction Against Amazon in Worldwide Video-Streaming Dispute*, IAM (Sep. 20, 2024), https://www.iam-media.com/article/nokia-scores-german-injunction-against-amazon-in-worldwide-video-streaming-dispute [https://perma.cc/76HZ-ZC2U].

166. Jay Bonggolto, *Motorola Smartphones Face Sales Ban in a Major EU Market Thanks to a Patent Lawsuit*, YAHOO! TECH (May 14, 2024, at 05:36 GMT) https://www.yahoo.com/tech/motorola-smartphones-face-sales-ban-083657875.html [https://perma.cc/7BBS-4K4M].

167. Microsoft Corp. v. Motorola, Inc., 696 F.3d 872, 885 (9th Cir. 2012).

The case law from the Unified Patent Court (UPC) points in the same direction. In *Panasonic Holdings Corporation v. Guangdong OPPO Mobile Telecommunications Corp Ltd*, the Mannheim UPC Local Division rejected OPPO's FRAND defense in part because its resistance to a single worldwide rate was taken as evidence of an unwillingness to license, amounting to coercive pressure towards global licensing under the threat of cross-border injunctions.[168] Other national courts have adopted similar approaches. In Colombia, courts regularly issue injunctions unless the defendant agrees to pay damages and royalties for foreign sales; in Brazil, courts link injunctive relief to ongoing licensing negotiations, which exert pressure for global settlements.[169] Injunctions––conditioned on acceptance or pushing for global licensing—have been issued against at least Apple, Motorola, and Netflix in the last few years.[170] In one case, the defendant offered to pay a national royalty, calculated at the rate requested by the patent owner, for all sales occurring in the country imposing a national injunction.[171] But the foreign court would not suspend the injunction unless the defendant agreed to pay a global royalty, including for U.S. sales.[172]

What ties these approaches together is that a national payment option is *not* on the table;[173] payment of damages and royalties for infringements within the domestic jurisdiction is deemed *insufficient* to satisfy the national court ruling.[174] Indeed, a defendant could pay for every product made or sold in the relevant nation, at the very rate established by that nation's court, and the court still would *not* remove

168. UPC_CFI_210/2023, Panasonic Holdings Corp. v. Guangdong OPPO Mobile Telecomms. Corp. (Nov. 22, 2024).

169. *See, e.g.*, Sam Lovatt, *Ericsson Preliminary Injunction Wins in Latin America Underscore Region's Growing Importance in SEP Spats*, IAM (Dec. 19, 2023), https://www.iam-media.com/article/ericsson-preliminary-injunction-wins-in-latin-america-underscore-regions-growing-importance-in-sep-spats [https://perma.cc/CSZ9-YDB6].

170. *Id.*; Carlos Aboim & Rodolfo Barreto*, Brazilian Court Hands Down First Tech Permanent Injunction to Netflix, as SEP Litigation Continues to Rise*, LICKS ATT'YS (Mar. 14, 2024) https://www.lickslegal.com/articles/brazilian-court-hands-down-first-tech-permanent-injunction-to-netflix-as-sep-litigation-continues-to-rise [https://perma.cc/85LE-28YA].

171. Nonconfidential Appellants' Opening Brief at 15, Telefonaktiebolaget LM Ericsson v. Lenovo (U.S.) Inc., 120 F.4th 864 (Fed. Cir. 2024) (No. 2024–1515).

172. *See id.* at 14–15.

173. *See* Unwired Planet Int'l Ltd. v. Huawei Tech. Co. [2017] EWHC (Pat) 711, [543–44] (Eng.) (denigrating the prospect of "country by country" licensing).

174. *See* Otto Licks et al., *Brazil: SEPs and FRAND – Litigation, Policy, and Latest Developments*, IAM (Oct. 22, 2024) https://www.iam-media.com/hub/sepfrand-hub/2024/article/brazil-seps-and-frand-litigation-policy-and-latest-developments [https://perma.cc/E5Y5-5DLY] (explaining that "in Brazil, an injunction is the only adequate remedy against patent infringement of any kind").

the injunction unless and until the defendant also pays for foreign sales (e.g., those in the United States). Put another way, the defendant is not allowed to do business in the United Kingdom, Germany, Brazil, and/or Colombia unless it satisfies those courts' requirement that the defendant pay the amount those courts have established to be due for alleged patent infringements occurring entirely outside of the United States.

Consider the findings inherent in such an approach:

1. Because a defendant is not obligated to pay any amount for a patent unless the defendant infringes the patent, infringement of a national patent is the necessary precondition to any royalty obligation. Thus, by requiring payment for extraterritorial sales of products with no nexus to the rate-setting court, that jurisdiction is necessarily concluding that the defendant is infringing foreign patents. Another way to say this might be that the finding of extraterritorial infringement has become *dependent* upon the courts' findings of infringement in their jurisdictions. This is particularly odd given that many of the patents at issue in global licensing disputes are not even claimed inventions in the countries issuing the injunctions.[175]

2. Because a defendant is not obligated to pay any amount for a patent unless the patent is valid (i.e., the royalty obligation for an invalid patent is zero), by requiring payment for U.S. sales, the foreign court is of necessity and inherently concluding that the plaintiff holds valid U.S. patents (that are, in fact, infringed by the defendant).

3. Because each nation has its own rules regarding damage and royalty calculations[176] (and those rules can and do vary), in ordering that the defendant will be enjoined if it does not pay a particular international rate, the national court is determining the amount of past damages, and the future royalty rate, that should be set under U.S. patent laws for U.S. sales.

175. *See* Benno Buehler & Kilian Müller, *The EU's SEP Proposal: A Geopolitical Perspective*, MANAGING IP (Feb. 15, 2024) https://www.managingip.com/article/2cun2fvdddo6nzxufu8zk/patents/the-eus-sep-proposal-a-geopolitical-perspective [https://perma.cc/NC9G-5VXA]. In addition to the fact that many inventions patented in one country are commonly not patented in other countries, or are claimed in disparate manners, some scholarship suggests that countries seeking to promote national innovation policies may actually be incentivizing foreign investments. *See, e.g.*, *id.* ("We find that of the families in our dataset, 30% were invented in China, 19% in the USA, and 15% in South Korea. . . . By contrast, only a very small share of cellular patent inventions come from Germany (3% of the families in our dataset), the most SEP owner favourable country in terms of injunctions.").

176. *See* TRIPS Agreement, *supra* note 16, art. 45.

4. Because U.S. patent law includes other defenses and exceptions (e.g., inequitable conduct; filing formalities; subject matter limitations; etc.),[177] by ordering payment for use of U.S. patents, the foreign court is determining that no U.S. legal defenses are viable.

In short, the use of a national patent infringement injunction *as a means to compel payment for alleged foreign infringement* would appear to implicate TRIPS. This is because a foundational TRIPS principle is that national processes for patent infringement and associated remedies, such as an injunction, must be national.[178]

Compelled global rate-setting injunctions—i.e., using national patent infringement claims to set rates for global licenses (without the voluntary consent of the alleged infringer to worldwide rate setting)—also affect national rights to make industrial policy determinations regarding IP and public interest, as was reserved for individual signatories under TRIPS Article 8.[179] Global rate-setting injunctions instruct parties how much they must pay for technologies in foreign jurisdictions, and thus implicate the national right to balance the interests of rights holders against the public interest.

Indeed, a central aspect of national innovation policy is assessing how inventors will be rewarded.[180] On the one hand, under-compensating patent owners might risk under-incentivizing innovation.[181] On the other hand, overcompensating patent holders might encourage companies to seek excessive prices for their patents, thereby discouraging follow-on

177. *See* DMITRY KARSHTEDT ET AL., *Chapter 8: Defenses*, *in* PATENT LAW: AN OPEN-SOURCE CASEBOOK 777 (Mark D. Janis & Ted Sichelman eds., 2023).

178. *See* TRIPS Agreement, *supra* note 16, pmbl. As further discussed below, it should be noted that this addresses circumstances where a party has *not* agreed voluntarily to a worldwide adjudication but instead addresses a situation where a party is compelled to accept such an adjudication via patent infringement remedies such as market exclusion. Courts in the United States and other jurisdictions have recognized that parties might voluntarily accept a royalty-setting process in one jurisdiction, such as by contract (e.g., a contract by the patent holder to license on a worldwide basis), or via the alleged infringer's voluntary submission to the court's jurisdiction for worldwide rate-setting purposes. *See, e.g.*, TCL Commc'n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson, No. SACV 14-341, 2017 WL 6611635, at *12–22 (C.D. Cal. Dec. 21, 2017). This article does not address such situations where jurisdiction is based on contract law enforcement or voluntary submission to jurisdiction but rather is focused on the use of patent infringement claims and associated product injunctions and market exclusion.

179. *See* TRIPS Agreement, *supra* note 16, art. 8.

180. *See* WILLIAM M. LANDES & RICHARD A. POSNER, THE ECONOMIC STRUCTURE OF INTELLECTUAL PROPERTY LAW 294–310 (2003).

181. *See id.*

innovation that applies those technologies.[182] Balancing how patent rights will be valued has always been a matter of national industrial policy, which was expressly preserved under Article 8 of the TRIPS Agreement.[183]

C. Contract Claims Are Different Than Infringement for Rate Setting Jurisdiction

Before further addressing global rate-setting injunctions and concerns with such approaches, it should be made clear that breach-of-contract claims are fundamentally different from patent infringement actions and typically do not implicate TRIPS's provisions. As noted by Daniel Gervais,

> While treaties like TRIPS and the Paris Convention introduce a degree of harmonization, they were never intended to override national autonomy. . . . Importantly, this principle does not preclude the development of contractual . . . law-based mechanisms with cross-border or even global effects. Provided these mechanisms are grounded in voluntary agreement . . . and so long as they respect the procedural and substantive rights of both parties, they can legitimately structure global licensing frameworks. Such arrangements are often necessary to ensure transactional efficiency in the licensing of standard-essential patents and other widely deployed IP assets. International law thus allows for global solutions within a territorial framework, as long as these solutions operate within the bounds of fairness, consent, and legal due process.[184]

Thus, while treaty obligations may ordinarily preclude a court from engaging in extraterritorial patent adjudications,[185] this prohibition does not apply when courts are only enforcing a contract.[186]

182. *See id*. at 297–300; Melamed & Shapiro, *supra* note 117, at 2116; BENNO BUEHLER & CHRISTOPH VON MUELLERN, END-USE-BASED LICENSING: AN ECONOMIC PERSPECTIVE 30 (2022), https://ecp.crai.com/wp-content/uploads/2022/10/CRA-FSA-end-use-based-licensing-report-2022-09-06.pdf [https://perma.cc/WHZ2-XYZ7].

183. *See* TRIPS Agreement, *supra* note 16, art. 8.

184. *See* Daniel J. Gervais, *The Principle of Territoriality in International Intellectual Property Law and Its Implications for Global FRAND Rate-Setting*, 75 GRUR INT'L 105, 110 (2026).

185. *See Voda*, 476 F.3d at 898–901.

186. *See* Microsoft Corp. v. Motorola Inc., 696 F.3d 872, 884 (9th Cir. 2012) (noting "[a]lthough patents themselves are not extraterritorial, there is no reason a party may not freely agree to reservations or limitations on rights that it would have under foreign patent

In the context of SEP licensing, the patent holder typically has made a promise to license its patents on FRAND terms *on a worldwide basis*.[187] This voluntary but irrevocable *promise* is a contractual commitment to license on a worldwide basis and a standard-user can enforce these contracts as third party beneficiaries.[188] Thus, a rate adjudication based on the enforcement of contract rights would not fall within the scope of international treaties regarding the national independence of IP law, such as TRIPS.

Rather, and as with all contracts, there must be a forum (or forums) capable of enforcing a FRAND commitment's terms.[189] Which forum or forums may have jurisdiction to do so will, of course, depend on the facts of the particular situation and the terms of the contract itself (e.g., whether there is a forum selection clause, place of performance, etc.).[190] Accordingly, many courts, including courts in the United States, have accepted jurisdiction to assess breach of contract claims associated with a SEP owner's FRAND commitment.[191]

While breach of contract claims may include assessment of licensing rates (e.g., what rates would in fact comply with the SEP holder's contractual obligation to license on FRAND terms), such an inquiry—assessing the SEP owner's voluntary contractual commitment, not patent infringement claims—is separate from TRIPS's provisions covering patent infringement matters.[192] Indeed, all sorts of contracts include provisions involving international obligations—e.g., a promise to sell real property in multiple national jurisdictions—yet assessing

law" and "[w]hen that contract is enforced by a [court, that court] is not enforcing [foreign] patent law but, rather, the private law of the contract between the parties"); Fairchild Semiconductor Corp. v. Third Dimension (3D) Semiconductor, Inc., 589 F. Supp. 2d 84, 96–99 (D. Me, 2008); *Bayerische*, 2026 WL 474871, at *5.

187. *See, e.g.*, EUR. TELECOMMS. STANDARDS INST., ETSI INTELLECTUAL PROPERTY RIGHTS POLICY § 15.7 (2022), https://www.etsi.org/images/files/IPR/etsi-ipr-policy.pdf [https://perma.cc/ZU3K-JURP] (defining patents subject to FRAND commitment broadly to include "any intellectual property right conferred by statute"); INST. ELEC. ELECS. ENG'RS, IEEE SA STANDARDS BOARD BYLAWS § 6.2 (2025) https://standards.ieee.org/wp-content/uploads/import/documents/other/sb_bylaws.pdf [https://perma.cc/7S9U-H8F8] (requiring FRAND licensing "on a worldwide basis").

188. *See* Microsoft Corp. v. Motorola, Inc., No. C10-1823, 2013 WL 2111217, at *2 (W.D. Wash. Apr. 25, 2013); Unwired Planet Int'l Ltd. v. Huawei Techs. Co. [2020] UKSC 37 [8] (appeal taken from Eng.).

189. *See* Melamed & Shapiro, *supra* note 117, at 2140–41.

190. *See* Sinochem Int'l Co. v. Malay. Int'l Shipping Corp., 549 U.S. 422, 428–29 (2007) (discussing *forum non conveniens* and forum selection clause); RICHARD D. FREER, 14D WRIGHT & MILLER'S FEDERAL PRACTICE & PROCEDURE § 3804 (4th ed. 2025).

191. *See, e.g.*, Cont'l Auto. Sys. Inc. v. Nokia Corp., No. 2021-0066-NAC, 2023 WL 1370523, at *1–2 (Del. Ch. Jan. 31, 2023).

192. *See, e.g.*, Kigen (UK) Ltd. v. Thales DIS Fr. SA [2022] EWHC (Pat) 2846 (Eng.).

compliance with such contracts is, of course, a matter for the national courts.[193] In other words, courts can and properly do accept jurisdiction over claims that a SEP holder has broken its promise to license on FRAND terms, and will assess remedies—e.g., requiring specific performance or assessing monetary damages—where the contract has been breached.[194]

Thus, while "the territorial nature of patents" may necessitate that "infringement/essentiality/validity claims have to take place in more than one country, . . . [t]here is no reason . . . why the litigants' (F)RAND rights and obligations under contract have to be litigated repeatedly: there is after all only one contractual relationship between them, even if there is a multiplicity of potential fora."[195]

On the other hand, a SEP holder's claim against an alleged infringer, including claims for injunctive relief, is not grounded in contract law. A patent holder's promise to license on FRAND terms does not impose new contractual obligations on a third party.[196] The global rate-setting claims addressed in this article are based on patent infringement claims and associated remedies, not contract law.

This demonstrates a critical difference between the approaches adopted by the U.K. courts and the UPC. As has been recently noted by the U.K. Court of Appeal in *Tesla, Inc. v. InterDigital Patent Holdings, Inc.*, "[t]he jurisdiction of the courts of England and Wales to determine a FRAND [license] of a portfolio of SEPs which include foreign patents is based entirely upon the contractual undertaking of the owner of those

193. *See generally id.* (finding that "The terms of the licence have to be determined by the national court if the parties cannot agree otherwise.").

194. *See, e.g.*, TCL Commc'n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson, No. SACV 14-341, 2018 WL 4488286, at *5 (C.D. Cal. Sep. 14, 2018), *rev'd in part*, *vacated in part*, 943 F.3d 1360 (Fed. Cir. 2019); Cont'l Auto. Sys., Inc. v. Nokia Corp., No. 2021-0066, 2023 WL 1370523, at *5–6 (Del. Ch. Jan. 31, 2023); Kigen (UK) Ltd. v. Thales DIS Fr. SA [2022] EWHC (Pat) 2846, [20] (Eng.) (upholding "a claim on a free-standing contractual basis to a [license] on FRAND terms [which] asks the court to determine those terms"; "The terms of the licence have to be determined by the national court if the parties cannot agree otherwise. It is not only following a determination of infringement and an undertaking by the implementer to take a [license] that a dispute about terms can be brought before the court.").

195. Amazon.com, Inc. v. InterDigital VC Holdings, Inc. [2025] EWHC 3170 (Pat) [95].

196. *See* Timothy Syrett, *A Licensor's FRAND Commitments Do Not Limit a Licensee's Rights*, IP WATCHDOG (May 18, 2021, at 14:15 ET) https://ipwatchdog.com/2021/05/18/licensors-frand-commitments-not-limit-licensees-rights/id=133658/ [https://perma.cc/U9PP-925F]. *See generally New Extraterritoriality*, *supra* note 127 (discussing relationship between patent holder and implementer); Jorge L. Contreras, *Anti-Suit Injunctions and Jurisdictional Competition in Global FRAND Litigation: The Case for Judicial Restraint*, 11 N.Y.U. J. INTELL. PROP. & ENT. L. 171 (2021) [hereinafter *Anti-Suit Injunctions*] (similarly discussing relationship between patent holder and other parties).

patents to grant such [licenses]."[197] This is different from courts that grant injunctions based on infringement, such as those in Germany[198] and the UPC,[199] whose remedies must be territorially limited.

D. Purported Justifications for Unilateral Global Rate Setting in Patent Infringement Disputes

Some courts have recognized the tension between the territorial nature of patents, on the one hand, and a nation's use of injunctions to enforce global royalty payments, on the other. At least two primary arguments have been made seeking to justify such practices–neither of which appears particularly compelling.

1. National Patent Injunctions Are Not Simply a Domestic Issue When Used to Induce Global Licenses

The first argument in support of global rate-setting injunctions offers a misleading—and, it is submitted, inaccurate—simplification, claiming that courts grant national injunctions only for infringement of national patents, not for setting royalties or assessing infringement of foreign patents.[200] That is, if a party infringes a national patent, it can be enjoined in the national jurisdiction, consistent with TRIPS.[201] As such, the theory goes, there should be nothing impermissible about a regime in which a party can *avoid* an otherwise permissible injunction by accepting a global license.[202] In this manner, access to the domestic market is merely *conditioned on* payment of a worldwide royalty.[203] Worldwide payments would serve merely as an "escape hatch" from punishments for domestic infringements.

But foreign courts have been clear that the entire process of imposing an injunction is geared toward coercing worldwide licensing, and market

197. Tesla, Inc. v. InterDigital Pat. Holdings, Inc. [2025] EWCA Civ. 193 [222] (Eng.).

198. JUSTICE KLAUS GRABINSKI ET AL., *Chapter 5: Germany*, *in* AN INTERNATIONAL GUIDE TO PATENT CASE MANAGEMENT FOR JUDGES 188–200 (2025).

199. *See Agreement on a Unified Patent Court*, EUR. PAT. OFF. (June 26, 2023), art. 62–63, https://www.epo.org/en/legal/up-upc/2022/upca_62.html [https://perma.cc/8PMG-JD53] (last visited Dec. 18, 2025).

200. *See, e.g.*, Unwired Planet Int'l Ltd. v. Huawei Techs. (UK) Co. [2020] UKSC 37, [57–65] (appeal taken from Eng.).

201. *See id.*

202. *See id.* at [66–67].

203. *See id.* at [85–87].

exclusion itself is merely a tool to coerce worldwide royalty payments.[204] As the U.K. Court of Appeal, again in *Panasonic Holdings Corp. v. Xiaomi Technology UK Limited*, explained in addressing worldwide rate-setting for SEPs:

> SEPs differ in a key respect from other patents. Normal patents are monopoly rights, and the primary remedy for infringement is an exclusionary injunction so as to preserve the monopoly. This is not true of SEPs, because they are subject to the SEP holder's obligation to grant [licenses] to any implementer who desires a [license] on FRAND terms. An implementer is entitled to such a [license] as of right. Thus SEPs are not property rights of the same status as other patents. In effect, *the SEP regime is a liability regime in which the SEP holder's remedy is a financial one. The only role for an injunction in this regime is to enforce the SEP holder's entitlement to that financial remedy*.[205]

If the purpose of injunctions is to force licensing, a court might—consistent with TRIPS—require payment of licensing fees based on commerce *in the national jurisdiction* as a remedy for infringement. But a foreign court conditioning the lifting of an injunction on payment of patent royalties for alleged global use is disconnected from the notion of enforcing local patent laws.[206]

The U.K. Supreme Court noted in *Unwired Planet International Ltd. v. Huawei Technologies Co.*, that "[i]f the judgments of the English courts had purported to rule on the validity or infringement of a foreign patent, that would indeed be beyond their jurisdiction."[207] But this is exactly what is happening when a national injunction is imposed upon unless royalties are paid for foreign sales.

How else can one explain an obligation of payment for foreign sales in foreign jurisdictions? Specifically:

- What rationale might there be for *assuming* that the scope of a German patent found to infringe is equivalent to the scope of a U.S. patent in the same family, if not that the German court has

204. *See, e.g.*, Panasonic Holdings Corp. v. Xiaomi Tech. UK Ltd. [2024] EWCA (Civ) 1143, [79] (Eng.).

205. *Id*. (emphasis added).

206. *See New Extraterritoriality*, *supra* note 127, at 265–78 (collecting and discussing the use of anti-suit injunctions with regards to global FRAND disputes and rate setting); Syrett, *supra* note 196.

207. Unwired Planet Int'l. Ltd. v. Huawei Techs. Co. [2020] UKSC 37, [63] (appeal taken from Eng.).

made an inherent determination that the United States (and other international) patents also are infringed?
- What rationale might there be for *assuming* that validity determinations in Germany mirror those in the United States, if not a determination that the United States (and other international) patents also are valid?
- And what rationale might there be for *assuming* that royalty rates in the United States would match those unilaterally set by the patent holder and obtained through a German injunction?

The notion that a court might require payment for foreign sales without ruling that there is a basis for such a payment—i.e., that a valid foreign patent has been infringed—seems to elevate form over substance. Indeed, if the effect of the injunction is compulsion of a worldwide license, then imposing foreign legal punishments—i.e., domestic injunctions and revocation of access to the foreign market—to coerce licensing on a worldwide basis is simply another way of holding a defendant liable for worldwide infringements and for setting the rates required to redress such foreign infringement.

In short, it does not seem viable to escape TRIPS's (and Paris's) principle of territoriality and independence of protection and the related national policy determinations based merely on claims that using market exclusion to coerce payment of patent royalties for (alleged) foreign infringements constitutes either an efficient way to reduce litigation costs or mere enforcement of local patent laws, or both.

Consider where the logic of such an "escape hatch" argument might lead. While California certainly can pass laws authorizing the arrest and fining of a motorist who exceeds California's seventy miles-per-hour speed limit, it would not be appropriate for California to continue to imprison the motorist unless they also pay fines for driving eighty miles-per-hour on German roads—a speed that might be perfectly legal under applicable German law. But requiring payment for the foreign violation would be, by this argument's logic, merely an "escape hatch" to avoid extra punishments for the domestic violation.

There are, indeed, innumerable other situations where harsh legal remedies in one jurisdiction could—if the "escape hatch" approach were viable—be used to compel conduct in foreign jurisdictions by offering relief from that remedy. The extraterritoriality of such an approach is not mitigated by framing the situation as simply an "option" that the defendant might accept to avoid other legal punishments.

2. Compelled Global Licenses in Patent Infringement Claims Are

Jurisdictionally Distinct from FRAND Determinations in Contract Enforcement Suits

The second argument offered by proponents of worldwide rate-setting injunctions is that SEPs are special because patent owners have promised to license their worldwide patents on FRAND terms.[208] In other words, because the SEP *licensor* contractually commits to license on a worldwide basis, it is argued, the prospective *licensee* must be obligated (at the peril of injunction) to accept a worldwide license.

The initial assumption of this approach may be entirely correct. The FRAND agreement is indeed a private contract between the patent owner and the standard-setting organization.[209] It can, and nearly always does, contractually obligate the SEP owner to license its SEP portfolio on a worldwide basis.[210] And prospective licensees, i.e., users of the relevant standard, are treated by the courts as third-party beneficiaries entitled to enforce the contract via contract law claims (*not* patent infringement claims subject to TRIPS) to enforce the SEP owner's contractual promise to license its worldwide portfolio.[211]

Contract law enforcement, such as enforcement of the FRAND commitment, is outside of the scope of TRIPS regulations governing patent infringement proceedings. By voluntarily committing to license on FRAND terms, the SEP owner has agreed to encumber its patent rights with enforceable contractual limitations as to the scope of those rights.[212] It is for this reason that a putative licensee can seek a global rate determination by a court by enforcing its rights as a third-party beneficiary, as U.S. courts have done, without implicating TRIPS or customary IP law.[213]

But when a patent owner asserts patent infringement claims, it is not enforcing a contract—indeed, there is no contract signed by the licensee for the patent holder to enforce.[214] The SEP owner is instead asserting a right to royalties based on *infringement* of a national patent in the national jurisdiction.[215] The patent holder's unilateral, contractual

208. *See* Panasonic Holdings Corp. v. Xiaomi Tech. UK Ltd. [2024] EWCA (Civ) 1143, [79] (Eng.).

209. *See* Microsoft Corp. v. Motorola, Inc., 795 F.3d 1024, 1030–31 (9th Cir. 2015).

210. *See id.*

211. *See id.* at 1030; Kigen (UK) Ltd. v. Thales DIS Fr. SA [2022] EWHC (Pat) 2846, [20] (permitting licensee's contract law claim to obtain a worldwide license).

212. *See* Syrett, *supra* note 196; *New Extraterritoriality*, *supra* note 127, at 289; *Anti-Suit Injunctions*, *supra* note 196, at 174–75.

213. *See, e.g.*, TCL Commc'n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson, No. SACV 14-341, 2017 WL 661135, at *5 (C.D. Cal. Dec. 21, 2017).

214. *See* Syrett, *supra* note 196.

215. *See id.*

obligation to license does not—and could not—impose new obligations on third-party licensees, particularly not obligations involving the waiver of fundamental rights, such as the right of access to, e.g., the U.S. courts or U.S. juries.[216]

Similarly, it is argued that, in order to benefit from the SEP owner's agreement, the prospective licensee must agree to take a license on a worldwide basis.[217] Of course, nothing in the licensor's FRAND commitment expresses such an obligation.[218] But even if it did, there is an apples-and-oranges problem. In particular, a licensee may very well—and very appropriately—be willing to take a license on a worldwide basis *without* waiving its right of access to the national courts to assess whether liability exists in the relevant jurisdiction, and if so, what royalties might be set by the national courts. The national court can—consistent with the SEP owner's FRAND commitment—set rates for infringements occurring in its own jurisdiction, while leaving it to foreign courts to set rates for (alleged) infringements occurring elsewhere.[219]

In other words, and even assuming for the moment that in order to benefit from a FRAND commitment a prospective licensee might be required to accept a worldwide license, the question of *which court* has the right to assess infringement and set the royalties for each national license remains. Suggestions that a "willing licensee" must accept the international jurisdiction of a single national court seem entirely divorced from the SEP holder's contractual commitment to license worldwide.

In sum, the asserted justifications for using national patent injunctions to compel acceptance of worldwide royalties do not appear to provide adequate justification for breaking with the TRIPS principle of independence, nor with the express policy choices of the drafters and ratifiers of that instrument to maintain national independence in matters of patent infringement and remedies. The justifications for departing from TRIPS's requirement of independence appear weak, at best. Indeed, and contrary to TRIPS, the use of national injunctions to enforce global rate-setting appears to treat national patents as the

216. *See* TCL Commc'n Tech. Holdings, Ltd. v. Telefonaktiebolaget LM Ericsson, 943 F.3d 1360, 1363–64 (Fed. Cir. 2019) (noting right to jury trial with respect to past infringement); *Bayerische*, 2026 WL 474871, at *2 ("Allowing the Munich proceedings to continue threatens the United States' policy interest in adjudicating its own patents and protecting litigants' jury rights in infringement cases.").

217. *See* Unwired Planet Int'l Ltd. v. Huawei Techs. Co. [2017] EWHC (Pat) 711, [543–44] (Eng.)

218. *See* Syrett, *supra* note 196.

219. *See id.*

practical equivalent of the kind of transnational patents that drafters of the Paris Convention and TRIPS Agreement expressly rejected.[220]

E. Emerging Recognition that Extraterritorial Patent Enforcement is Inconsistent with TRIPS

There were two opinions in 2025 that indicate an emerging recognition that the use of national injunctions to compel global licenses is inconsistent with TRIPS. One of these opinions specifically—i.e., that from Brazil's competition authority—explicitly recognizes that territoriality is a central feature of the international IP framework and that the TRIPS Agreement imposes limits on the ability of national courts from interfering with the IP policies of other nations.[221]

1. The Impact of the WTO Arbitrators' 'Anti-Frustration' rule in DS611 on global licensing approaches

The recent WTO Arbitrators' ruling in the WTO dispute *China – Enforcement of Intellectual Property Rights*, brought by the EU against China[222] has been quickly recognized by Daniel Gervais as affirming the "enduring importance of territoriality in patent rights." [223] In the appeal proceedings, the Arbitrators reversed the findings of the Panel,[224] developing what they termed an "anti-frustration" rule.[225] The case centred on Chinese courts' issuance of ASIs in SEPs disputes.[226] These ASIs prohibited patent holders, including European companies, from pursuing or continuing infringement litigation in foreign courts.[227] The EU argued that such measures effectively prevented European patentees from enforcing their rights abroad, undermining the territorial integrity of their patents and frustrating the basic bargain of TRIPS.[228]

220. It is commonly noted that transnational application of a national law interferes with comity among nations where there is no broad international consensus. *See* Brief for the United States as Amicus Curiae Opposing Certiorari at 14, Morrison v. Nat'l Austl. Bank, Ltd., 561 U.S. 247 (2010) (No. 08–1191).

221. *See* discussion *infra*, Section II.E.2.

222. *Award of the Arbitrators*, *supra* note 99, ¶ 1.1.

223. *See* Daniel J. Gervais, *The Enduring Importance of Territoriality in Patent Rights – Lessons from the WTO Arbitrators in China – Enforcement of Intellectual Property Rights*, THE IPKAT (July 23, 2025) https://ipkitten.blogspot.com/2025/07/guest-post-enduring-importance-of.html [https://perma.cc/7GZN-SVLF] (noting that "patent rights stop at the border").

224. *See Award of the Arbitrators*, *supra* note 99, ¶ 5.1.b.

225. *See id.* ¶¶ 4.70–4.74.

226. *See id.* ¶¶ 4.4–4.9.

227. *See id.*

228. *See id.*

The Arbitrators accepted this claim, reasoning that although TRIPS Article 1.1 is framed as an implementation clause, it implies a duty on states not to take domestic measures that frustrate the exercise of rights in other jurisdictions under Article 28.[229] On this basis, they found that China's ASIs, by blocking the enforcement of patents in foreign WTO countries, impaired the functioning of TRIPS obligations beyond China's borders.[230] This amounted to the creation of a new "anti-frustration" standard: states must not adopt procedures that interfere with the IP systems in other territories.[231]

The WTO Panel in the same dispute had originally determined that TRIPS Article 1.1 functions solely as an implementation clause for domestic law and does not impose any extraterritorial obligations.[232] Likewise, it found that the exclusive rights in Article 28.1 apply only within the granting jurisdiction's territory, and therefore TRIPS cannot be construed as protecting patent rights abroad.[233] The Arbitrators, however, overturned this approach by reading into Article 1.1 an implicit cross-border effect that extends the reach of Article 28.[234] In doing so, they created what is in substance a novel "anti-frustration" rule—one that appears to prohibit countries from undermining the functioning of other states' IP systems.[235] This move effectively imposes an extraterritorial non-interference duty. This new "frustration" standard is open-ended with the consequence that a country may now be unable to adopt *any* measure that could have an impact on a foreign patentee's rights when there is a conflict.[236]

229. *See id.* ¶¶ 4.70–4.74.

230. *See id.* ¶¶ 4.84–4.88.

231. *See id.* ¶¶ 4.70–4.74.

232. World Trade Org., *China – Enforcement of Intellectual Property Rights: Notification of an Appeal by the European Union Under Article 25 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU"), Paragraph 5 of the Agreed Procedures for Arbitration Under Article 25 of the DSU (The "Agreed Procedures") and Rule 20 of the Working Procedures for Appellate Review*, WTO Doc. WT/DS611/11, ¶ 7.238 (Apr. 24, 2025) [hereinafter *China Panel Report*].

233. *See id.* ¶ 7.240.

234. *See Award of the Arbitrators*, *supra* note 99, ¶ 4.86.

235. *See id.* ¶ 4.72 ("[T]he TRIPS Agreement establishes a system of protection of IP rights in every Member of the WTO, and requires that Members not frustrate the effective protection of trade-related IP rights in the territories of other Members.").

236. *See id.* ¶¶ 4.101–4.107. The Arbitrators only noted what the Panel had held when assessing Article 63.1, i.e., that "ASIs may impose a broad range of prohibitions such as enjoining the enforcement, continuation, or filing of infringement claims in jurisdictions outside China and can be enforced through the imposition of cumulative daily fines." *Id.* ¶ 4.102 (citing *China Panel Report*, *supra* note 232, ¶ 7.303 n.755). The Arbitrators thus just generally considered ASIs which "have a broad scope which includes prohibiting the filing, continuation, and enforcement of infringement claims in WTO Members other than China and that they are therefore capable of affecting the patent owner's right to prevent third

This doctrine does not extend to the enforcement of voluntary contractual commitments.[237] The decision allows courts to interpret and enforce contractual obligations that supersede patent rights if the rights holder has been found to be breaching those commitments by the court.[238] The Arbitrators explained that an ASI could be appropriate where the rights holder "conditioned the exercise of its right[s]" but "failed to fulfil [sic] that condition."[239] Commitments and enforcement encumbrances voluntarily assumed and breached by the rights holder provide a basis for a court to limit the holder's ability to enforce their rights in a foreign jurisdiction.[240] In such a case, the court restraining the rights holder is not interfering with the IP system of a foreign court, it is just enforcing the terms of a contract.

What is more important to what we discuss in this article is, as acknowledged by Daniel Gervais,[241] that the WTO Arbitrators' reasoning in the ASIs dispute—namely, that certain judicial practices threaten the functioning of other countries' IP regimes—could apply even more strongly to compelled global FRAND licensing. Jurisdictions that leverage infringement injunctions to compel global FRAND inevitably violate TRIPS's (and Paris's) territoriality principles.[242] The practical effect of these injunctions is to erect a market barrier for companies that do not accept the court's authority to substitute its own assessments for those of foreign jurisdictions, thereby eroding the autonomy of other legal systems. And this practice creates the kind of "frustration" effect identified by the WTO Arbitrators in the ASIs dispute: just as China's ASIs were judged to frustrate patentees' TRIPS rights under Article 28, global FRAND determinations by national courts equally frustrate the territorial sovereignty of other patent regimes, contrary to Article 4*bis* of

parties not having the patent owner's consent from making, using, offering for sale, selling, or importing the patented product." *Id.* ¶ 4.102.

237. *See id.* ¶ 4.72 ("We acknowledge the arguments made by China that the TRIPS Agreement does not address issues of private international law.").

238. *See id.* This is consistent with the approach taken with regards to ASIs against anticipated foreign court actions involving commercial relationships subject to arbitration agreements. Aggeliki Charis Compania Maritima S.A. v. Pagnan S.p.A. (The Angelic Grace) [1995] EWCA (Civ) 1 Lloyd's Rep. 87, 96 (Eng.) ("[T]here is no good reason for diffidence in granting an injunction to restrain foreign proceedings on the clear and simple ground that the defendant has promised not to bring them.").

239. *Award of the Arbitrators*, *supra* note 99, ¶ 4.160.

240. *See id.* ¶¶ 4.160–61.

241. *See* Gervais, *supra* note 223.

242. *See* TRIPS Agreement, *supra* note 16, arts. 1.1, 2.1; TRIPS Agreement, *supra* note 17, Annex 1C; Paris Convention, *supra* note 28, arts. 1.1, 4*bis*(1).

the Paris Convention.[243] Indeed, national patents, being territorially granted rights, should in principle entitle their holders to collect royalties only within their issuing jurisdiction.[244] Yet, when a foreign court imposes, directly or indirectly, worldwide licensing terms—including royalties tied to sales in that jurisdiction—the territorial framework is undermined.[245]

There is more than a little irony that this case was brought by the EU, given that Germany has been the most prolific jurisdiction in regard to SEPs injunctions.[246] Between 2011 and 2023, German courts issued nearly seventy percent of injunctions for cellular SEPs worldwide despite being home to only three percent of inventions.[247] These proceedings are frequently brought not to merely exercise rights in Germany, but as a tool to end attempts to resolve a contract dispute as to what rate is actually FRAND.[248] Lord Justice Philips of the U.K. Court of Appeal has described that the pursuit of German injunctive relief in parallel to a U.K. rate setting in which both parties agreed to participate was conduct that "appear[ed] to be unconscionable, vexatious and designed to be oppressive."[249]

This problem is escalating despite the WTO decision. In late September 2025, courts in Germany and the UPC began issuing a new form of anti-suit injunction that undermines the enforceability of contracts. First, both the UPC and Munich Regional Court enjoined Amazon, a putative licensee, from seeking a declaratory breach of

243. *See Award of the Arbitrators*, *supra* note 99, ¶¶ 4.72, 4.109, 4.166 ("We acknowledge the arguments made by China that the TRIPS Agreement does not address issues of private international law.").

244. *See* Unwired Planet Int'l. Ltd. v. Huawei Techs. Co. [2020] UKSC 37, [50–52] (appeal taken from Eng.).

245. *See id.* It should also be noted that China's global licensing jurisprudence is currently being contested by the EU in another WTO case. *See* World Trade Org., *China – Measures Concerning Patent Licensing Terms: Request for Consultations by the European Union*, WTO Doc. WT/DS632/1 (Jan. 22, 2025). At the time of writing, a WTO panel has not been established yet. On this case, see Enrico Bonadio & Federico Manstretta, *The WTO Dispute Between China and EU Over Chinese SEPs Global Rate-Setting*, KLUWER PAT. BLOG (Mar. 31, 2025), https://legalblogs.wolterskluwer.com/patent-blog/the-wto-dispute-between-china-and-eu-over-chinese-seps-global-rate-setting/ [https://perma.cc/7KQ8-5CHC]. The outcome will likely be pivotal, as it may determine the reach of the "anti-frustration" rule beyond the context of ASIs to also cover unilateral global rate-setting—an approach which eventually may be considered as "frustrating" the territoriality principle governing patents.

246. *See* Buehler & Müller, *supra* note 175.

247. *See id.*

248. *See New Extraterritoriality*, *supra* note 127, at 269.

249. Panasonic Holdings Corp. v. Xiaomi Tech. UK Ltd. [2024] EWCA (Civ) 1143 [105] (Eng.).

contract determination from a U.K. court against InterDigital.[250] Several days later, another German court took this reasoning even further and enjoined Samsung from pursuing a complaint at the European Telecommunications Standards Institute ("ETSI") against licensor ZTE.[251] Earlier in the year, a U.K. court had found that ZTE was in breach of the organization's IP rights policy prompting Samsung to initiate an action under ETSI rules to expel ZTE.[252] The German injunction ended that proceeding.[253]

Both of these cases impeded the effective enforcement of contract rights in order to maintain jurisdiction over patent enforcement.[254] Not only do they stop the enforcement of those rights in Germany and at the UPC, but they also prevent courts in other jurisdictions from enforcing them. It is particularly notable that neither of the contracts at issue—the ETSI and ITU IPR policies—were entered into in Germany or involved German parties.[255]

The effective enforcement of contracts is an indispensable element of global trade.[256] As the U.S. Supreme Court warned in *Scherk v. Alberto-Culver Co.*, "the dicey atmosphere of such a legal no-man's land" that is created when courts actively prevent the enforcement of contracts can "damage the fabric of international commerce and trade."[257] By using preservation of patent jurisdiction as a basis for blocking the enforcement of contracts, these decisions thus turn patent law into a form of barrier to legitimate trade, an outcome the TRIPS agreement expressly prohibits.[258]

250. [LG Munich I] Sep. 26, 2025, 21 O 12112/25 (Ger.); UPC_CFI_936/2025, InterDigital VC Holdings, Inc. v. Amazon.com, Inc. (Sep. 30, 2025).

251. [LG Munich I] Oct. 15, 2025, 7 O 64/25 (Ger.)

252. Samsung Elecs. Co. v. ZTE Corp., [2025] EWHC (Pat) 1432 [136] (Eng.).

253. *See* ZTE Corp. v. Samsung Elecs. Co.

254. Enrico Bonadio & David Katz, *Anti-Interim-License Injunctions and the Erosion of Contract Rights*, KLUWER PAT. BLOG, (Oct. 23, 2025), https://legalblogs.wolterskluwer.com/patent-blog/anti-interim-license-injunctions-and-the-erosion-of-contract-rights/ [https://perma.cc/LD5K-VU7D].

255. *See* UPC_CFI_936/2025, InterDigital VC Holdings, Inc. v. Amazon.com, Inc. (Sep. 30, 2025); Samsung Elecs. Co. v. ZTE Corp., [2025] EWHC (Pat) 1432 [136] (Eng.).

256. *See* Subhayu Bandyopadhyay, et al., *Contract Enforcement, Corruption Controls and Other Institutions Affect Trade, Too*, FED. RSRV. BANK OF ST. LOUIS (Apr. 16, 2015), https://www.stlouisfed.org/publications/regional-economist/april-2015/contract-enforcement-corruption-controls-and-other-institutions-affect-trade-too [https://perma.cc/K892-NWVE].

257. Scherk v. Alberto-Culver Co., 417 U.S. 506, 517 (1974).

258. *See* TRIPS Agreement, *supra* note 16, pmbl. & art. 41.1.

2. The Brazilian Antitrust Authority's Stance: Protecting Patent Territoriality in the Global SEPs Landscape

The Brazilian Competition Authority (the *Conselho Administrativo de Defesa Econômica* – "CADE") has recently come up with a position that stands in marked contrast to the global trend of courts imposing worldwide SEPs licensing arrangements. It did so in *Motorola Mobility v. Ericsson*.[259] Specifically, in April 2025, CADE reviewed an administrative appeal brought by Motorola Mobility Comércio de Produtos Eletrônicos Ltda. (Motorola Mobility) and Lenovo Tecnologia Brasil Ltda. (Lenovo) against a decision of its General Superintendence ("GS").[260] The GS had previously rejected their petition for interim relief against Ericsson over alleged anticompetitive conduct in connection with the licensing of 5G SEPs.[261]

Motorola and Lenovo argued that Ericsson, as the holder of a significant 5G SEPs portfolio, abused its market power by refusing to grant licenses limited to Brazil on a standalone basis.[262] Instead, Ericsson allegedly tied access to its SEPs to the acceptance of a global cross-license, despite Lenovo and Motorola having expressed willingness to pay a provisional Brazil-only royalty and pointing to legitimate reasons—such as parallel litigation abroad—for seeking a local license structure.[263]

By the time the case was discussed at CADE's plenary session in late April 2025, the parties reported having to conclude a global licensing agreement and jointly requested withdrawal of the appeal.[264] While CADE approved the withdrawal,[265] it took the unusual step of directing the GS to open an *ex officio* administrative inquiry into Ericsson's conduct, citing the need to protect the public interest in competition enforcement.[266]

The authority indicated that Ericsson's refusal to license Brazil-only rights and its insistence on global packages may *prima facie* amount

259. *See* M.J.S.P. & C.A.D.E., No. 08700.010219/2024–17, Relator: Conselheiro Gustavo Augusto, 29.04.2025 ¶ 152 (Braz.) [hereinafter Motorola Mobility v. Ericsson].

260. *See id.* ¶ 10.

261. *See id.* ¶¶ 12, 15, 31–32.

262. *See id.* ¶¶ 10–16.

263. *See id.* ¶ 13.

264. *See id.* ¶¶ 48–50.

265. *See id.* ¶ 50.

266. *See id.* ¶ 51; *CADE determina abertura de inquérito para investigar a Ericsson por prática anticoncorrencial* [*CADE Orders Investigation into Ericsson for Anti-Competitive Practices*], GOV'T BRAZ. ADMIN. COUNCIL FOR ECON. DEF. (Aug. 28, 2025, at 10:47 ET), https://www.gov.br/cade/pt-br/assuntos/noticias/cade-determina-abertura-de-inquerito-para-investigar-a-ericsson-por-pratica-anticoncorrencial [https://perma.cc/TVT2-E5CG].

to tying and discrimination in breach of Brazilian competition rules.[267] CADE underlined that patents are territorial assets, valid only within individual jurisdictions, and therefore conditioning access on global licenses could amount to improper bundling.[268] The decision also noted that Ericsson's purported benchmark royalty rate of USD $5 per device was not actually applied in practice.[269] Instead, licensing terms were set through opaque bilateral negotiations, raising concerns about price opacity and discriminatory treatment.[270]

CADE thus grounded its analysis in the principle of territoriality of patents. It interestingly noted: "it is important to know that the patent is territorial, that is, there is no such thing as a worldwide patent."[271] The patent right is a legal construction that follows the legislation of each national State; and that "therefore, each patent is specific to a single territory and is only valid within the jurisdictional limits of each country, subject to the national law of each jurisdiction and relevant regional integration treaties."[272] This means that national laws, including competition rules, can mediate conflicts between patent rights and market access. CADE's scrutiny of Ericsson's insistence on global licensing was specifically grounded in this understanding, viewing such requirements as potentially overriding legitimate national interests and violating the territorial nature of patent rights established under TRIPS.[273] In other words, CADE is concerned that using national infringement injunctions to extract global licenses requirements may constitute improper territorial bundling that violates TRIPS principles.[274] The authority indeed noted that "when a worldwide license is required, one is not offering a single patent with worldwide scope, as this legal concept does not exist under international law."[275] Instead, these arrangements represent "conditioning the licensing of a Brazilian

267. *See* Motorola Mobility v. Ericsson, *supra* note 259, ¶ 145 (Braz.).
268. *See id.* ¶ 110.
269. *See id.* ¶¶ 139–40.
270. *See id.* ¶¶ 91–102.
271. *See id.* ¶ 110 ("Dito isso, e observado os termos do Acordo TRIPS, há que se afirmar claramente que não existem patentes mundiais. O direito de patente é uma construção jurídica que segue a legislação de cada Estado nacional.").
272. *See id.* ¶ 115 ("Logo, cada patente é específica para um único território e somente é válida dentro dos limites da jurisdição de cada país, observada a lei nacional de cada jurisdição e os tratados de integração regional.").
273. *See id.* ¶ 147.
274. *See id.*
275. *See id.* ¶ 144 ("Quando se exige um licenciamento mundial, não se está oferecendo uma única patente de escopo mundial, pois essa figura jurídica não existe no âmbito do Direito Internacional.").

patent on the licensing of a set of patents filed in other jurisdictions."[276] This analysis suggests that global licensing requirements violate the fundamental TRIPS principle that patents are territorial assets.

Moreover, CADE directly referenced TRIPS Article 40.1,[277] which acknowledges that "some licensing practices or conditions pertaining to intellectual property rights which restrain competition may have adverse effects on trade and may impede the transfer and dissemination of technology."[278] CADE thus does not rule out that Ericsson's refusal to offer territorial licenses and insistence on global deals is precisely the type of anti-competitive licensing practice that TRIPS Article 40 empowers national authorities to address.[279]

CADE's overall stance demonstrates the economic incoherence of forcing territorial patents into worldwide arrangements, also recognizing manufacturers' legitimate interests in seeking territorial licensing when facing parallel proceedings elsewhere. Rather than facilitating the erosion of territorial patent systems through coercive global licensing arrangements, CADE has shown how antitrust enforcement can protect the integrity of national patent systems while ensuring fair access to essential technologies.

IV. ENFORCEMENT OF TRIPS

If TRIPS is indeed being violated by the judicial trend of imposing (directly or indirectly) global FRAND licensing rates and in general issuing orders which erode the principle of territoriality and independence of patents enshrined in TRIPS and Paris, that raises the question of how the agreement's requirements might be enforced. The primary avenue for enforcement of TRIPS occurs via WTO processes initiated by WTO members (e.g., the nation-state adherents to TRIPS).[280] In the United States, the agency charged with monitoring compliance

276. *See id.* ("O que se está fazendo é, nada mais, nada menos, do que condicionar o licenciamento de uma patente brasileira ao licenciamento de um conjunto de patentes depositadas em outras jurisdições.").

277. *See id.* ¶ 60 ("A possibilidade das restrições decorrentes do registro de patentes poderem gerar danos à concorrência e condutas anticompetitivas está expressamente prevista no Acordo TRIPS (Trade-Related Aspects of Intellectual Property Rights), notadamente na Seção 8 da Parte II. Conforme os termos do artigo 40 do referido Acordo, os membros signatários concordaram que algumas práticas ou condições de licenciamento relativas a direitos de propriedade intelectual que restrinjam a concorrência podem ter efeitos adversos sobre o comércio e impedir a transferência e a disseminação de tecnologia.").

278. TRIPS Agreement, *supra* note 16, art. 40.1.

279. *See* Motorola Mobility v. Ericsson, *supra* note 259, ¶ 60 (Braz.).

280. *See Overview: the TRIPS Agreement*, *supra* note 51.

with TRIPS is the Office of the United States Trade Representative ("USTR").[281] To date, and despite calls for action by various U.S. stakeholders,[282] the USTR has elected not to initiate any TRIPS compliance actions to protect national patent law sovereignty.

There may, however, be alternative approaches available to some stakeholders affected by potential TRIPS violations.

A. National Court Processes to Conform With TRIPS

First, national courts may (and likely should) consider TRIPS compliance as a factor in assessing remedies for patent infringement. Indeed, in most jurisdictions, litigants can raise TRIPS non-compliance *as a defense* against claims seeking injunctions conditioned on global licenses.[283]

Typically, there are two main ways that national courts will assess their own compliance with international treaties. Some countries are said to have a "dualist" system, whereby international law must be incorporated into domestic law through legislation before it can be applied by national courts.[284] However, even in these courts, there is a corollary principle of statutory interpretation that requires a domestic statute to be interpreted, whenever possible, in a way that is consistent with the norms of international law applicable to that country (for example, those contained in a treaty that the country has ratified), such as to clarify ambiguities or fill in gaps in the domestic legislation.[285] This is the case in, for example, the United States under the "Charming Betsy" doctrine, derived from the 1804 Supreme Court case *Murray v. Schooner*

281. *See About USTR*, OFF. OF THE U.S. TRADE REP., https://ustr.gov/about-us/about-ustr [https://perma.cc/6NX3-AD96] (last visited Dec. 18, 2025).

282. *See, e.g.*, CLEPA Letter, *supra* note 40; Howard Letter, *supra* note 40; FSA Letter, *supra* note 40.

283. *See* Rahul Jain & Rushika Bakshi, *Comprehensive Analysis of SEP Litigation: Understanding Anti-Suit Injunctions and FRAND Licensing in India & USA*, LEGAL500 (July 29, 2025), https://www.legal500.com/developments/thought-leadership/comprehensive-analysis-of-sep-litigation-understanding-anti-suit-injunctions-and-frand-licensing-in-india-usa/ [https://perma.cc/J4Z3-WCLX].

284. "Dualist" means "that the two legal systems stand beside each other, overlapping but not unified into a
single hierarchy." Julia C. Kupfer, *How the European Community's Banana Regulation Brought Back Solange*
II: The German Constitutional Court's Decision of June 7, 2000, 7 COLUM. J. EUR. L. 405, 418 (2001).

285. *See, e.g.*, Murray v. Schooner Charming Betsy, 6 U.S. (2 Cranch) 64, 118 (1804).

Charming Betsy, which held that U.S. laws should be interpreted to avoid conflicts with international law whenever possible.[286]

In other jurisdictions, international law applicable to the country is directly applied as part of domestic law. This approach, often referred to as "monism," treats international law as an inherent part of the domestic legal order without the need for separate implementing legislation.[287] Under a strict application of monism, a norm of domestic law that is incompatible with international law is null and void.[288]

As a few examples:

- **Colombia** has a monist system, at least with respect to human rights and humanitarian law issues.[289] At least one source suggests that economic treaties may have the same status as domestic law.[290]
- **France** has a monist system.[291] Treaties are said to even be "superior" to domestic laws and they are self-executing.[292]
- **Germany** is said to have a dualist system with "monist elements."[293] German "Basic Law" requires that treaties must be given effect.[294] And German courts have interpreted national law in light of international obligations.[295]

286. *Id.* ("It has also been observed that an act of Congress ought never to be construed to violate the law of nations if any other possible construction remains . . . .").

287. *See* Kupfer, *supra* note 284, at 417–18.

288. *See* Heribert Franz Koeck, *The 'Austrian School of International Law': The Influence of Austrian*
International Lawyers on the Formation of the Present International Legal Order, *in* EUROPEAN INTERNATIONAL
LAW TRADITIONS 61, 66 (P. Hilpold ed., 2021).

289. *See* CONSTITUCIÓN POLÍTICA DE COLOMBIA [C.P.] art. 93 (Colom.); Liliana Lizarazo-Rodríguez, *Constitutional Adjudication in Colombia: Avant-Garde or Case Law Transplant? A Literature Review*, 13 ESTUDIOS SOCIO-JURÍDICOS 145, 148–49 (2011) (addressing art. 93 of the 1991 Constitution).

290. *See* Philippe De Lombaerde & Liliana Lizarazo Rodríguez, *International Regionalism and National*
Constitutions: A Jurimetric Assessment, 24 J. TRANSNAT'L L. & POL'Y 23, 38 (2015).

291. *See* 1958 CONST. art. 55 (Fr.).

292. *See id.* ("Treaties or agreements duly ratified or approved shall, upon publication, prevail over Acts of Parliament, subject, with respect to each agreement or treaty, to its application by the other party.").

293. *See* Grundgesetz [GG] [Basic Law], art. 25, translation at https://www.gesetze-im-internet.de/ [https://perma.cc/8QKY-WSDB] (Ger.) ("The general rules of international law shall be an integral part of federal law. They shall take precedence over the laws and directly create rights and duties for the inhabitants of the federal territory."); *id.* art. 59(2).

294. *See id.* art. 25 (Ger.); 1958 CONST. art. 59(2) (Fr.).

295. *See* Christian Tomuschat, *The Concept of International Law: The German Perspective*, *in* EUROPEAN

Applying these precedents, whether "monist" or "dualist," it seems clear that courts typically should apply their own national laws so as to conform with their nation's international treaty obligations. As such, a defendant threatened with national market exclusion conditioned on payment of extraterritorial royalties can credibly raise TRIPS non-compliance as a defense. That is, national patent laws could be interpreted to compel national royalty payment for infringements, rather than international royalty payments implicating TRIPS.

B. ISDS Processes to Enforce TRIPS

Second, a private party can potentially enforce a nation's obligations under TRIPS by bringing an action directly against the nation-state issuing a rate-setting injunction pursuant to dispute resolution systems that arise out of separate international treaties. Many bilateral and multilateral trade agreements provide a remedy to individuals who are deprived of economic interests by a party nation through Investor-State Dispute Settlement ("ISDS").[296]

Treaties with ISDS provisions allow an "investor" based in jurisdiction A that has invested in jurisdiction B to file a claim directly against the jurisdiction B nation-state under specified conditions.[297] In particular, if jurisdiction B has undermined the value of the investment, including through certain legal measures that significantly affect the value or profitability of the investment, it may be liable to the investor

INTERNATIONAL LAW TRADITIONS 19, 32–37 (P. Hilpold ed., 2021) ("[I]t would appear to be evident that the substance of the treaty concerned cannot be disregarded, especially in instances where such treaty was concluded in compliance with the objectives of the Basic Law concerning international cooperation. . . . In other words, regarding 'ordinary' international treaties, the German practice holds on to the classical pattern of dichotomy between national and international law. Unconditional precedence in domestic law is granted only to unwritten legal norms that enjoy the unconditional support of the international community.").

296. *See International Investment Agreements Navigator*, U.N. TRADE & DEV.: INV. POL'Y HUB, https://investmentpolicy.unctad.org/international-investment-agreements [https://perma.cc/SS8J-YD8L] (last visited Dec. 18, 2025). According to the latest data from the United Nations Conference on Trade and Development (UNCTAD), there are currently about 2,500 bilateral investment treaties (BITs) in force worldwide and more than 300 free trade agreements (FTAs) and other international investment agreements (IIAs) that contain investment chapters or provisions. *See id.* The total number of international investment agreements, including both BITs and investment chapters in FTAs, is estimated to exceed 3,300. *See id.*

297. *See Primer on International Investment Treaties and Investor-State Dispute Settlement*, COLUM. CTR. ON SUSTAINABLE INV. (Jan. 2022) [hereinafter *Primer on International Investment Treaties*], https://ccsi.columbia.edu/content/primer-international-investment-treaties-and-investor-state-dispute-settlement [https://perma.cc/3LMY-9LDS].

for the investor's associated damages.[298] Moreover, there does not even need to be a codified prohibition against such action.[299] Many of these ISDS provisions will permit investors to seek a remedy for deprivations that arise out of a treaty partner failing to treat "covered investments . . . in accordance with customary international law."[300]

ISDS claims are brought by an investor against a state and heard by a panel of three arbitrators.[301] An "investor" is generally defined quite broadly as a person who makes an investment in the territory of another country.[302] The definition of "investment" is also broad, but may vary from one investment treaty to another, and generally includes a range of assets, including investments in contracts (e.g., product distribution) or manufacturing.[303] The common elements in the definition of an investment are the commitment of capital or other resources, the expectation of gain or profit, and the assumption of risk.[304]

Unlike a WTO dispute—which can result in an order for a nation to bring its laws into compliance with TRIPS—the remedy in ISDS cases is financial compensation.[305] However, adverse ISDS decisions against a state can lead to voluntary legislative or regulatory changes and serve as influential precedent for other countries to avoid problematic legal approaches.[306]

There are three main causes of action under international investment law: direct expropriation, indirect expropriation, and denial of fair and equitable treatment ("FET").[307] While direct expropriation is not particularly relevant as it involves the state transferring title of an asset away from an investor, indirect expropriation and denial of FET are potential claims that might be available to parties damaged as a result of a global rate-setting injunction.[308]

298. *See id.*

299. *See, e.g.*, United States-Colombia Trade Promotion Agreement, U.S.-Colom., Nov. 22, 2006, T.I.A.S. No. 12–615, at art 10.5(1) [hereinafter U.S.-Colombia Trade Promotion Agreement], https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/2737/download [https://perma.cc/3LK8-RFHM].

300. *See id.* at 10.5(2).

301. *Primer on International Investment Treaties*, *supra* note 297.

302. *See* U.N. CONF. ON TRADE & DEV., INVESTOR-STATE DISPUTE SETTLEMENT: UNCTAD SERIES ON ISSUES IN INTERNATIONAL INVESTMENT AGREEMENTS II 52–53 (2014) [hereinafter UNCTAD], https://unctad.org/system/files/official-document/diaeia2013d2_en.pdf [https://perma.cc/KP36-8EEB].

303. *See id.* at 50–52.

304. *See id.*

305. *See Primer on International Investment Treaties*, *supra* note 297.

306. *See* U.N. CONF. ON TRADE & DEV., INVESTOR-STATE DISPUTE SETTLEMENT AND IMPACT ON INVESTMENT RULEMAKING 92–94 (2007).

307. *See Primer on International Investment Treaties*, *supra* note 297.

308. *See id.*

Indirect expropriation occurs where the host, without formally transferring title or ownership, deprives the investor of all or a substantial part of the economic benefits of its investment.[309] This may occur through legal or regulatory measures that significantly affect the value or profitability of the investment.[310] While not all laws or regulations that deprive an investor of profits implicate state liability,[311] extraterritorial patent enforcement could fall within the scope of ISDS. As a general principal, ISDS tribunals have recognized that states are generally not liable to foreign investors for the normal exercise of regulatory powers that were adopted in a non-discriminatory manner and in a bona fide pursuit of general welfare and give significant deference to the state.[312] However that deference only extends to state actions that are commonly accepted as within a state's police power.[313]

Although enforcing domestic intellectual property laws is recognized as part of a state's police power, broad extraterritorial enforcement of foreign IP is not.[314] Indeed, regulatory sovereignty ends where it interferes with the rights of treaty partners.[315] By claiming extraterritorial authority over patents issued by foreign states, some courts arguably are not merely going beyond their customary authority to adjudicate their own IP rights, but may impede the ability of the

309. *See id.*

310. *See id.*

311. *See, e.g.*, Saluka Invs. BV (Neth.) v. Czech Republic, PCA Case No. 2001–04, Partial Award, ¶¶ 254–58 (Mar. 17, 2006).

312. *See id.* ¶¶ 255, 260, 262.

313. *See id.*; Tecnicas Medioambientales Tecmed S.A. v. United Mexican States, ICSID Case No. ARB(AF)/00/2, Award, ¶ 119 (May 29, 2003); S.D. Myers, Inc. v. Canada, Partial Award, ¶ 263 (NAFTA Arb. Nov. 13, 2000) (noting that the "high measure of deference" generally afforded to domestic authorities is predicated off their "right . . . to regulate matters within their own borders.").

314. *See* Henning Grosse Ruse-Khan, *The Role of Customary International Law in Intellectual Property Protection Beyond Borders*, U. Cambridge Fac. L. Legal Student Paper No. 29/2021 at 27 (2021), https://ssrn.com/abstract=3957449 [https://perma.cc/2BSE-GYDL] ("The fact that despite almost 150 years of international harmonisation of IP protection, the competence to grant rights over intangible assets remains with the individual nation state is in itself a strong indicator of the right to regulate on the domestic level: not only via norm-setting that builds on the interpretative policy space left by often broad concepts in treaty commitments, but also by the principal competence of domestic agencies and courts to apply and adjudicate these norms.").

315. World Trade Org., *United States – Measures Affecting the Cross-Border Supply of Gambling and Betting Services*, WTO Doc. No. WT/DS285/R, ¶ 6.316 (Nov. 10, 2004) ("Members' regulatory sovereignty is an essential pillar of the progressive liberalization of trade in services, but this sovereignty ends whenever rights of other Members under the GATS are impaired.").

nations that issued their own patent rights to exercise their police power.[316]

Likewise, using injunctions to coerce worldwide royalties, if indeed in contravention of TRIPS, likely would be contrary to an investor's legitimate expectations (under the FET prong),[317] as it extends a court's reach extraterritorially in a way that significantly increases the cost of investing in that court's jurisdiction, and which impairs the value or viability of the investment in the territory in question.[318] A successful claim under ISDS processes would entitle the claimant to full damages (paid by the nation-state) caused by the violation—e.g., recoupment of royalties paid to the patent owner, as well as any other damages.[319]

Thus, while precedent is limited, there are good arguments to be made that imposing a "global" license based on national infringements is contrary to the legitimate expectations of an investor. For instance, it can be argued that such measures extend the national court's extraterritorial reach, thereby significantly increasing the cost of investing in that court's jurisdiction.[320] Concerns that coercive imposition of a global license—e.g., using patent infringement injunctions—may violate international treaty obligations, such as TRIPS, could be persuasive in assessing whether there are, or are not, legitimate jurisdictional reasons to impose, directly or indirectly, extraterritorial remedies.

However, it must be noted that only certain parties in certain jurisdictions can bring an ISDS claim, depending on whether the nation where they reside has signed an ISDS treaty with the nation that applies national injunctions to enforce international rate-setting.[321] At least some of the countries that permit extraterritorial rate setting—including Germany and Colombia—have bilateral treaties that allow investors from certain nations to bring ISDS actions.[322] Notably, as illustrated in the table below, these bilateral treaties exist with many of the countries that are home to many of the automotive and consumer electronics

316. *Cf.* Joseph Charles Lemire v. Ukraine, ICSID Case No. ARB/06/18, Decision on Jurisdiction and Liability, ¶ 505 (Jan. 14, 2010) ("[A] sovereign State . . . has the inherent right to regulate its affairs and adopt laws in order to protect the common good of its people . . . .").

317. *See, e.g.*, Saluka Invs. BV (Neth.) v. Czech Republic, PCA Case No. 2001–04, Partial Award, ¶ 301–08 (Mar. 17, 2006).

318. *See* discussion *supra* Section II.B.

319. *See generally Primer on International Investment Treaties*, *supra* note 297 (describing the procedures and potential outcomes of Investor-State Dispute Settlement cases).

320. *See* discussion *supra* Section II.B.

321. *See* UNCTAD, *supra* note 302, at 52–54.

322. *See infra* Table and notes 324–329.

manufacturers, which have already been subjected to international rate-setting injunctions or could be in the future.[323]

Rate-Setting Injunction Jurisdiction	**ISDS Treaty Countries**
Colombia	United States,[324] China,[325] Japan,[326] South Korea[327]
Germany	China,[328] South Korea[329]

While a full analysis of a potential ISDS claim in any given situation would be well beyond the scope of this article, it may be a relevant option to consider for parties subject to worldwide rate-setting injunctions.[330]

323. *See* discussion *supra* Section II.B.

324. *See generally* U.S.-Colombia Trade Promotion Agreement, *supra* note 299.

325. Bilateral Agreement for the Promotion and Protection of Investments Between the Government of the Republic of Colombia and the Government of the People's Republic of China, China-Colom., Nov. 22, 2008, https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/720/download [https://perma.cc/CGS3-VL96].

326. Agreement Between Japan and the Republic of Colombia for the Liberalization, Promotion and Protection of Investment, Colom.-Japan, Sep. 12, 2011, https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/797/download [https://perma.cc/5L8P-Z2L3].

327. Free Trade Agreement Between the Republic of Colombia and the Republic of Korea, Colom.-S. Kor., Feb. 21, 2013, https://investmentpolicy.unctad.org/international-investment-agreements/treaty-files/2744/download [https://perma.cc/5RA9-3PT4].

328. Agreement between the People's Republic of China and the Federal Republic of Germany on the Encouragement and Reciprocal Protection of Investments, China-Ger., Dec. 1, 2003, 2366 U.N.T.S. 255.

329. Treaty Between the Republic of Korea and the Federal Republic of Germany Concerning the Encouragement and Reciprocal Protection of Investments, Ger.-S. Kor., Feb. 4, 1964, 573 U.N.T.S. 193.

330. The United States has a limited number (forty-seven) of bilateral investment treaties (BITs) in force. *See International Investment Agreements Navigator*, U.N. TRADE & DEV.: INV. POL'Y HUB, https://investmentpolicy.unctad.org/international-investment-agreements/countries/223/united-states-of-america?type=bits [https://perma.cc/ZQ6S-URKZ] (last visited Dec. 18, 2025). However, the United States is also party to several instruments other than BITs that contain ISDS clauses (also listed at the same link, on a different tab). These include seventy-five treaties with investment provisions. *See id*. Some may be relevant in this context, including Brazil (ATEC) and Colombia. Also, it is noted that EU Member States' obligations under TRIPS and ISDS provisions would not be extinguished based on establishment of the Unified Patent Court (UPC). *Cf. Ioan Micula v. Romania*, ICSID Case No. ARB/05/20, Award, ¶ 321 (Dec. 11, 2013) (holding that accession to the EU did not "amend, modify or otherwise detract from the application of the BIT"). As such, an ISDS proceeding based on a worldwide rate-setting injunction under UPC process would not appear to insulate Member States from ISDS proceedings.

CONCLUSION

The TRIPS Agreement and the Paris Convention enshrine the principle that patent laws are inherently national and independent, meaning that national courts should not impose remedies—such as injunctions for patent infringement used to coerce global licenses—that undermine the territoriality of foreign patent rights.[331] The justifications for such extraterritorial remedies appear weak and risk eroding the autonomy of national innovation policies.[332] Although TRIPS enforcement typically proceeds through WTO dispute settlement initiated by states, private parties exposed to global rate-setting injunctions may have pathways to defend against or challenge them, notably by raising TRIPS non-compliance as a legal defense or, where eligible, utilizing ISDS mechanisms to seek damages.[333] Ultimately, it is imperative for courts and policymakers to uphold the integrity of the international patent framework and to resist pressures for extraterritorial adjudication that could destabilize global IP coherence and fairness.

331. *See* discussion *supra* Introduction.
332. *See* discussion *supra* Section I.D.
333. *See* discussion *supra* Part II.