Articles

Court Granted SEP Injunction First Time in Japan —Implementers Need to Abide by Case Law Approach—

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Introduction

Japan is a country where patent litigations are less active than other industrial nations. This is particularly true in the field of cutting-edge technologies like telecommunications where disputes have been globally argued involving standard-essential patents (SEPs).

Given the rarity of case law in Japan, there is a landmark decision of the Intellectual Property High Court (IPHC) in 2014,[1] in which the Grand Panel set the benchmark to determine whether a claim for injunction by a SEP holder constitutes an abuse of rights under the Civil Law. Since then, the IPHC's benchmark has been regarded as a heavy burden on SEP holders and hampered them both legally and psychologically from seeking injunctions.

After a decade of judicial stagnation, the Tokyo District Court recently granted an SEP injunction against a defendant who was a willing licensee during an initial phase of negotiations between the parties.[2] This decision made in favor of the SEP holder for the first time in Japan has caught the keen attention of IP practitioners and scholars worldwide. The court's opinion was laid open to the public after three months from the judgment, and this caused some speculation that the decision might have lifted the burden from SEP holders in Japan.[3]

This case, *Pantech v. Google*, concerns a dispute between a SEP holder and an implementer who had engaged in years of negotiations for a portfolio license. Since negotiations came to a standstill, the SEP holder brought an infringement suit to the court, seeking an injunction of infringing products. The court heard three issues: whether the patent at issue (SEP) was infringed by the defendant; whether the SEP was valid in view of prior art; and whether the claim for an injunction by the SEP holder constitutes an abuse of rights. Ultimately, the court found all the issues in favor of the SEP holder.

This article singles out the third issue, namely, whether the claim for an injunction by the SEP holder constitutes

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an abuse of rights, and elaborates on the court's rationale for determining SEP injunction.

I. History of Negotiation

For clarity, this article divides the history of negotiations into three phases. The first phase is a period of negotiations for a non-disclosure agreement (NDA). The second phase is for a portfolio license, and the third phase for settlement under the court's instructions. The first two can be categorized as a phase for *inter partes* negotiations while the third one is a phase for court-directed negotiations.

1. First Phase: Non-disclosure agreement

Pantech owns Japanese patent 6401224 relating to a method for mapping a physical hybrid automatic repeat request indication channel. After the application for the 224 Patent was filed at the Patent Office, Pantech declared to the European Telecommunications Standards Institute (ETSI) that the patent application was essential to the Long-Term Evolution (LTE) standard and stated that an irrevocable license would be available on fair, reasonable and non-discriminatory (FRAND) terms subject to the IPR policy of ETSI.[4]

On June 17, 2020, Pantech sent a letter to Google suggesting a discussion for portfolio license under LTE-related patents which Pantech owns, including the 224 Patent. The letter included a list of the patents to be licensed but not claim charts nor relevant standard information. A month later in July, indicating its interest in obtaining the FRAND license, Google sent Pantech a draft non-disclosure agreement. Pantech declined to sign Google's draft NDA, because Clause 9 (Patent Related Materials) was unagreeable. Amendments were exchanged several times but without success. In November 2020, Google sent Pantech a signed NDA with a message that the proposed amendment to Clause 9 was unacceptable and asked Pantech to countersign.

On January 13, 2021, Pantech sent a license proposal (1st proposal) with a list of 66 LTE-essential patents and relevant standard information but did not mention anything about the proposed NDA. The 1st proposal included terms and conditions for a portfolio license and the royalty rate to be applied to the infringing products. It did not describe a method for calculating the royalty rate. A month later, Pantech sent claim charts of 6 US SEPs including non-LTE SEPs.

On May 14, 2021, Pantech informed Google of a newly purchased patent portfolio, saying the new portfolio was also available as part of the proposed license. Google requested their claim charts and Pantech sent claim charts of 22 patents.[5]

On July 7, 2021, Pantech sent a 2nd proposal, explaining SEPs in 5G had grown larger in number to the extent updating was necessary. The 2nd proposal included such data as: accumulated royalties, Pantech's SEP ratio to the entire 4G/5G SEPs, Pantech's share of the entire LTE market, and other terms and conditions. Pantech sent claim charts of its 5G SEPs.

On October 18, 2021, Google responded that its patent review was completed and questioned the basis for royalty calculation.

A month later, Google requested the execution of the NDA to proceed with further negotiations. Both parties restarted consultations. The NDA was finally executed on December 13 as Google agreed to delete controversial Clause 9.

2. Second Phase: Portfolio license

This phase concerns negotiations for a portfolio license. An agreement was not made between the parties because of disagreement with, among others, the basis for royalty calculation. Pantech insisted on the revenue of infringing products sold as the basis of royalty calculation, while Google insisted on the use of the total number of sold infringing products.

Pantech and Google held an online conference on the portfolio license on March 4, 2022, wherein Google remarked that the royalty rate was too high and data for royalty calculation was too old to apply. After the conference, Google sent a counteroffer with its own royalty rate, but Pantech kept silent about the counteroffer. Google thought Pantech was no longer interested in pursuing further negotiations.

On March 24, 2022, Pantech sent a copy of an internal material entitled "Intellectual Property Licensing Program" in which the number of infringing products sold was indicated for the period until December 2021. The royalty rate remained unchanged from one in the previous proposal. Google quickly responded, saying the terms in Pantech's internal material were not FRAND and instead suggested a settlement by way of cross-licensing.

Pantech sent a rebuttal on July 8, 2022, stating its 1st proposal was FRAND but Google's counteroffer was not. A month later, Pantech brought an initial infringement suit to the Tokyo District Court seeking a preliminary injunction against Google's smartphones, Pixel 6 Pro and Pixel 6a, former models of the product argued in this case. But Pantech's claim was ultimately dismissed.[6]

Google contacted Pantech on February 15, 2023, and informed it that a collection of past sales data for allegedly infringing smartphones was underway and that a bond was ready to cover past and future infringement. A month later, the number of smartphones sold worldwide was disclosed to Pantech.

On June 30, 2023, Pantech sent Google a 3rd proposal together with a confidential copy of a license agreement executed with a handset manufacturer. The license agreement was evidence of a comparable license. In the 3rd proposal, Google had an option to choose either a license under the SEPs only or a license under a combination of the SEPs and non-SEPs with discounted royalties.

On August 17, 2023, Pantech brought a patent infringement suit to the Tokyo District Court, seeking an injunction under the Patent Act, Art. 100. The suit targeted Google's Pixel 7 smartphones. A month later, the parties held another online conference, and Google presented its latest number of infringing products sold, including the predicted sales for the term of the agreement. Google further argued that Pantech's royalty calculation was deficient, and the comparable license was inadmissible due to untimely submission.

On September 21, 2023, Pantech sent a 4th proposal which reflected the figures and numbers presented by Google at the online conference. Google promptly responded that the 4th proposal was not

FRAND and promised to send a 2nd counteroffer which was shown to Pantech in November at an online conference. The 2nd counteroffer comprised the following terms and conditions:

- The amount of the lump sum payment was due by the end of 2026.
- The increase in the upfront payment was due; and
- The royalty rate (10%) was increased.

However, Pantech rejected the 2nd counteroffer because the basis for royalty calculation remained the same as that in the 1st counteroffer. This rejection was sent in February 2024.

3. Third Phase: Negotiations under court's instructions

The negotiations for the portfolio license were deadlocked due to the differences in the methodologies for royalty calculation. The court recommended the parties to negotiate for settlement under a global SEP portfolio license. For the parties consented to the recommended settlement, the court instructed Google to prepare a proposal for settlement.

In response, Google offered a proposal for settlement, in which a lump sum payment of the royalty was offered. Google calculated the amount of payment by multiplying the number of sold infringing products, both in past and in future, by a fixed value per unit as the royalty (figures are redacted in the opinion as published).[7] Thus-calculated amount was offered in the proposal, which was substantially the same as that included in the original counteroffer.

The court again instructed Google to redraft the proposal, stating that the royalty calculation needs to follow the IPHC benchmark[8] and that Google should take the comparable license into consideration. Google responded that it was difficult to follow the IPHC approach. Google described reasons as follows.

1) The revenue from sales of products which implement 4G and 5G standards was a huge amount. A mere application of the IPHC approach to the 4G/5G products makes royalty calculation prohibitively complicated.
2) The royalty rate in the proposal was in fact more favorable to Pantech than that based on the IPHC approach.

Ultimately, Google declined to disclose sales data concerning infringing products. The court decided to terminate further proceedings for settlement.

II. Whether IPHC's criteria were relied on

It was Pantech's argument that royalty calculation should be based on the revenue of infringing products sold and that the revenue was multiplied by the royalty rate and a ratio of Pantech's SEP to the entire SEPs. On the other hand, Google counterargued that it should be based on the total number of sales of infringing products. In the proposal, the total sales number was multiplied by a fixed value in dollars for the accumulated royalty and Pantech's SEP ratio.

The court found the differences between each proposal were beyond possible compromise. For a settlement,

therefore, the court instructed them to use the revenue of the infringing products as the basis for royalty calculation and requested Google to follow the approach for calculation used by the IPHC.

However, Google declined to do so and did not follow the IPHC approach. It ultimately held off from disclosing sales data on infringing products. Google's attitude, in court's findings, meant a refusal of the disclosure of sales data concerning infringing products and a foreclosure of the room for settlement. While agreeing to settlement, Google failed to disclose sales data necessary for royalty calculation.

The court concluded that Google was no longer interested in obtaining the FRAND license and that there were no grounds to admit the existence of special circumstances to restrict Pantech's injunction claim due to an abuse of rights. In reaching this conclusion, the court commented on each party's proposals as follows.

1. Google's Proposals

In its proposal for settlement, Google used the average sales price of products as a factor for royalty calculation. The average sales price is inappropriate in terms of the IPHC approach.

Google also used the cost of SEP-implementing parts for the accumulated royalty factor. However, the cost of the parts is not appropriate because the IPHC approach uses a ratio of SEP contribution.

Google also used a fixed value for the accumulated royalty factor in its proposal. The fixed value was inappropriate for royalty calculation of 4G/5G products. Unit prices of 4G and 5G terminals are much higher than those of the 3G/2G terminals for which IPHC set a 5%. The fixed value, the court concluded, was not in line with the IPHC approach.

On the ratio of Pantech's SEPs to the entire LTE-related SEPs, the court noted that it was intentionally manipulated in the proposal submitted by Google for settlement.

2. Pantech's Proposals

Pantech offered a reduction of the royalty rate from 0.75% to 0.65% concerning the combination of SEPs and non-SEPS in EU, UK, US, Korea, and Japan. When compared with the rate in the existing license, the rate seems to be favorable to Google. The court determined that Pantech's royalty rate was FRAND.

Google argued that Pantech belatedly submitted the comparable license so submission was untimely and that the comparable license should be dismissed because of untimely submission. Google's contentions were not persuasive. Pantech's submission was to follow the court's instructions for settlement and that it deserves as an indispensable reference for the settlement. Although it was belatedly submitted, it did not have any adverse effect on the proceedings before the court.

III. Whether special circumstances exist

Under the case law of the IPHC, there must be special circumstances to restrict a claim for injunction by the plaintiff (SEP holders) as an abuse of rights. Such circumstances typically take place when SEP holders unreasonably withhold SEP licenses. If the implementers successfully allege and prove the

existence of special circumstances, SEP holders may be restricted from an injunction claim on the grounds of an abuse of rights. A special circumstance exists, for example, when extreme unfairness is to be caused by the claimed injunction.

In this case, Pantech insisted on the revenue of the sold infringing products as the base for royalty calculation while Google insisted on the number of sales (i.e., the number of units sold). Pantech used a threshold of 5% as the accumulated royalty rate while Google used a fixed value in dollars.

Finding these differences hard to fill in, the court recommended the parties to settle the dispute under a global portfolio license. Thus、Google was instructed to use the revenue of the final products as the base for royalty calculation because this methodology is subject to the case law.

However, Google did not follow the court's instructions. Rather, it attempted to justify its non-submission by saying the court-instructed approach was prohibitively complicated. Eventually, it did not disclose sales data, thereby leaving no room for an amicable settlement.

The court found that Google was no longer a willing licensee and there were no special circumstances to restrict Pantech's injunction claim. The court concluded that there were no recognizable reasons to restrict Pantech from claiming an injunction.

In reaching this conclusion, the court elaborately commented on each party's contentions as follows.

1. On Google's contention

Google contended that its proposal for settlement was fair and reasonable because its methodology for royalty calculation was not contradictory to the IPHC approach. It attempted to justify by saying that the IPHC approach was too complicated to apply to this specific case where a wide variety of products relating to variable standards were involved. On such occasion, Google said, non-disclosure of required data could be justifiable.

Google's contention was not persuasive. Google failed to disclose sales data which were indispensable for royalty calculation and that this failure could not be justified for any reason. Even if the IPHC approach was laborious to apply with this case, the court stated, the IPHC approach was feasible because the models of infringing products are limited to 28 in number.

Google also contended that its proposal was in fact more favorable in substance to Pantech than the calculation based on the IPHC approach. This contention was not persuasive. Google declined to follow the IPHC approach, which foreclosed the room for a settlement of the dispute through negotiations. Google declined to follow court's instructions and held off from disclosing sales data indispensable for royalty calculation. These facts meant that Google deprived the court of a chance to review whether Google's proposal was in fact more favorable to Pantech than the IPHC approach.

Rejecting contentions on these points, the court found that the refusal to use the IPHC approach was apparently not a bona fide manner for settlement.

2. On Pantech's arguments

Pantech contended that the attitude of Google was not sincere judging from the history of the *inter partes* negotiations. Based on this contention, it insisted that Google could not afford to be a willing licensee.

To reject Pantech's contentions, the court pointed out the following facts as key factors for determination.

i) Google expressed its willingness to obtain a license on FRAND terms, and proposed negotiations for NDA.
ii) NDA was not finalized because Pantech was not agreeable to Clause 9. While NDA negotiations stagnated, Google continued to review the claim charts provided by Pantech.
iii) Upon receipt of the 1st proposal, Google responded Pantech with comments and grounds. Google sent its 1st counteroffer.
iv) Pantech repeatedly offered the same royalty rate without arguing about Google's response to its initial proposal.
v) Pantech sought a preliminary injunction after having notified Google that Google was no longer interested in the license. But Pantech did not take necessary measures to answer Google's response to its proposal.
vi) Google continued negotiations, and proposed counteroffers.

Pantech's contentions were not persuasive. A key factor was a complication of the time-consuming negotiations which included such matters as the execution of NDA, the choice of patents to be licensed, studies on infringement and validity of the accused patents, ascertaining the relationship with 5G standard and terms and conditions of the license.

The court concluded that Google's attitude for such negotiations was not necessarily unreasonable so far as the *inter partes* negotiations were concerned.[9]

IV. Remarks

This case is outstanding in two aspects. First, Pantech overcame the dismissal of the initial injunction claim. Key to Pantech's success in overcoming the initial dismissal was the failure of Google in adopting the IPHC approach for the purpose of settlement. It is notable that the court has maintained a coherence with the approach established by the IPHC in the Apple case. This means that the IPHC's judgment in the Apple case is still binding in the context of SEP injunctions. Secondly, this decision is the first decision which the court granted a SEP injunction against an implementer in Japan.

It seems that arguments of both parties in this case were made in conscious of the negotiation framework called "Frand Dance" established by the CJEU in 2015.[10] However, the opinion of the court apparently maintains *res judicata* by relying on the rationale of the IPHC approach. This does not necessarily mean that the court was ignorant of the CJEU framework. Judging from the analysis in III.2 above, the court might have attempted to compare the steps for negotiations in this case with those of the CJEU framework.

It should be noted that Pantech separately brought a sister case to the Osaka District Court seeking a preliminary injunction of Google's former models of smartphones under the same patent. In the Osaka case, substantially the same arguments were made as those in this case, but the Osaka District Court dismissed Pantech's injunction claim as an abuse of rights. On its face, the judgment of the Osaka case may appear contradictory to that of this case. What made the conclusion of two cases opposite was the fact that, in the Osaka case, the parties were agreeable to terminate the license negotiations as of November 30, 2023. The negotiation period which the Osaka court tried corresponds to the phase of *inter partes* negotiations in this case. The Tokyo court found Google had been a willing licensee during this phase.

Reportedly, the case was appealed to the Intellectual Property High Court, but Google recently announced that the parties agreed to settle the dispute.

(Notes)

1 *Apple v. Samsung*, Intellectual Property High Court, *heisei 25* (*ne*) No.10043 decided May 16, 2014. In this case, the court used a formula for royalty calculation: Amount of royalty payment = Revenue of infringing products sold x contribution ratio of standard to the products x factor of royalty stacking x share of plaintiff's SEPs to the entire SEPs. For reference, English translations of the judgment are available at: https://www.wipo.int/wipolex/en/text/591283.

2 *Pantech v. Google*, Tokyo District Court, *reiwa* 5 (*wa*) No.70501, decided on June 23, 2025.

3 The opinion of the court was published on September 28, 2025, with redactions of confidential figures and numbers.

4 The ETSI Intellectual Property Rights Policy, Section 6.1 stipulates as follows:

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

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

5 It was learned later that Google had in fact received the claim charts of the 22 patents from the former holder of the patent portfolio and that Google did not review them because Google did not think it necessary to review.

6 The court dismissed Pantech's injunction claim in June 2023, and the appeal court affirmed the lower court's dismissal in December 2023.

7 More specifically, Google's proposal offers the lump sum payment in which the amount of royalty was basically calculated based on a fixed value per unit multiplied by the number of units sold. Amount of royalty = A fixed figure per unit of Pixel Phone x Accumulated royalty (fixed figure in dollars), Pantech's share of 4G/5G SEPS in the stacks of cellular SEPs (%), Pantech's share in the entire market (%), FRAND offer (a fixed figure in dollar for each unit), and Lump payment for 5 years from July 2021 through June 2026 (in dollars).

8 See, Footnote 1 above.

9 It is clear from the court's findings here that the court more weighed the attitude of Google during the third phase than the first two phases in determining unwillingness on the part of Google.

10 *Huawei Tech. Co. v. ZTE, Deutschland GmbH,* Case C-17/13, July 16, 2015