

**T R I B U N A L
D E G R A N D E
I N S T A N C E
O F P A R I S**

■

**ORDER IN PRELIMINARY PROCEEDINGS
handed down on 08 December 2011**

Docket No.
11/58301

BF/No.: 1

by **Marie-Christine COURBOULAY, Vice-Presiding Judge** of the *Tribunal de Grande Instance* of Paris, acting through delegation of authority from the Presiding Judge of the *Tribunal*,

Summons of:
05 October 2011

Assisted by **Thomas BLONDET, Court Clerk**

CLAIMANTS

SAMSUNG ELECTRONICS CO. LTD, a company governed by the laws of Korea

Maetan – 3-Dong – Yeongtong-gu
Suwon, Gyeonggi-do, Carée 443-742

SAMSUNG ELECTRONICS FRANCE

270 avenue du Président Wilson
93210 LA PLAINE SAINT-DENIS

represented by Ms Laetitia BENARD, attorney-at-law, member of the Paris Bar – #J022

DEFENDANTS

S.A.R.L APPLE FRANCE

7 Place d'Iéna
75116 PARIS

**Enforceable
copies delivered on:**

represented by Mr David MASSON, attorney-at-law of SCP SALANS & ASSOCIES, member of the Paris Bar - #P0372 and by Mr BENOUVILLE and Mr Jérôme PHILIPPE of the firm FRESHFIELD BRUCKHAUS DERINGER, members of the PARIS Bar

S.A.R.L APPLE RETAIL FRANCE E.U.R.L

8 avenue Hoche
75008 PARIS

represented by Mr David MASSON, attorney-at-law of SCP SALANS & ASSOCIES, member of the Paris Bar - #P0372 and by Mr BENOUVILLE and Mr Jérôme PHILIPPE of the firm FRESHFIELDS BRUCKHAUS DERINGER, members of the Paris Bar

APPLE INC.

Infinite Loop, Cupertino
California
95014 UNITED STATES OF AMERICA

represented by Mr David MASSON, attorney-at-law of SCP SALANS & ASSOCIES, member of the Paris Bar - #P0372 and by Mr BENOUVILLE and Mr Jérôme PHILIPPE of the firm FRESHFIELDS BRUCKHAUS DERINGER, members of the Paris Bar

APPLE SALES INTERNATIONAL

Hollyhill Industrial Estate
Hollyhill, Cork, IRELAND

represented by Mr David MASSON, attorney-at-law of SCP SALANS & ASSOCIES, member of the Paris Bar - #P0372 and by Mr BENOUVILLE and Mr Jérôme PHILIPPE of the firm FRESHFIELDS BRUCKHAUS DERINGER, members of the Paris Bar

DISCUSSION

At the hearing of 17 November 2011, held publicly and presided by **Marie-Christine COURBOULAY**, Vice-Presiding Judge, assisted by **Thomas BLONDET**, Court Clerk,

PROCEEDINGS

Authorised by a presidential order dated 7 October 2011, Samsung Electronics Co. Ltd and Samsung Electronics France, licensee of the former company, summoned Apple France, Apple Retail France E.U.R.L, Apple Inc. and Apple Sales International to appear in preliminary proceedings with an emergency motion by way of an act dated 5 October 2011 pursuant to Articles L. 615-3, L. 613-3 and L. 615-1 of the French Intellectual Property Code for the purposes of:

- enjoining Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France from manufacturing, importing, offering for sale, marketing, using and holding for the aforementioned purposes the iPhone 4S, under a penalty of €100,000 (one hundred thousand euros) per iPhone 4S manufactured, imported, offered for sale, sold, used or held implementing the features covered by European patents EP 1 188 269 and EP 1 097 516;

- ordering Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France to remove from the distribution channels the iPhones 4S already sold, delivered or transferred in any manner to a third party, under a penalty of €1,000,000 (one million euros), the penalty taking effect three days after the day the decision is handed down;

- holding that the Presiding Judge will have jurisdiction to set the penalties if necessary;

- ordering Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France to pay €200,000 (two hundred thousand euros) to the claimants pursuant to Article 700 of the French Code of Civil Procedure.

At the hearing of 20 October 2011, the case was referred back to the *Tribunal de Grande Instance* to allow Samsung to reply to Apple's latest pleading and to the submission of exhibits resulting from the parallel discovery procedure before the Californian Court; to allow Apple to reply to Samsung's responsive pleading and finally to allow the two parties to reach an agreement on the redacted version of the exhibit taken from the discovery procedure which will be submitted for examination to the Judge ruling in preliminary proceedings .

At the hearing of 7 November 2011, Samsung requested that the Judge ruling in preliminary proceedings:

Having regard to Articles L. 615-3, L. 613-3 and L. 615-1 of the French Intellectual Property Code,

Having regard to European patents EP 1 188 269 and EP 1 097 516,

- enjoin Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France from manufacturing, importing, offering for sale, marketing, using and holding for the aforementioned purposes the iPhone 4S, under a penalty of €100,000 (one hundred thousand euros) per iPhone 4S manufactured, imported, offered for sale, sold, used or held implementing the features covered by European patents EP 1 188 269 and EP 1 097 516;

- order Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France to remove from the distribution channels the iPhones 4S already sold, delivered or transferred in any manner to a third party, under a penalty of €1,000,000 (one million euros), the penalty taking effect three days after the day the decision is handed down;

- hold that the Presiding Judge will have jurisdiction to set the penalties if necessary;

- dismiss all the claims and arguments of Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France;

- order Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France to pay €200,000 (two hundred thousand euros) to the claimants pursuant to Article 700 of the French Code of Civil Procedure.

Apple requested that the Judge ruling in preliminary proceedings:
Having regard to Articles L. 613-3, L. 614-12 L. 615-1, L. 615-3 of the French Intellectual Property Code,
Having regard to Articles 52 and 138 of the Munich Convention of 5 October 1973,
Having regard to Article 1 of the 1 July 1901 Act on the contract of association,
Having regard to Articles 1101 *et seq.* of the French Civil Code as well as Article 1382 of the same code,
Having regard to Articles 32-1 and 700 of the French Code of Civil Procedure,
Having regard to the exhibits submitted to the discussion,

- hold that Samsung Electronics Co. Ltd and Samsung Electronics France's requests are inadmissible and ill-founded;

- note that Samsung Electronics Co. Ltd and Samsung Electronics France do not demonstrate and do not even propose to demonstrate that the iPhone 4S telephone implements patents EP 1 188 269 and EP 1 097 516 themselves but merely mention that this telephone is compatible with the UMTS standard;

- note that Qualcomm Inc. supplies the chips equipping the iPhone 4S telephone and that it was granted a licence by Samsung Electronics Co. Ltd;

- note that Apple Inc., Apple Sales International, Apple France and Apple Retail France E.U.R.L were granted a "FRAND" user licence for Samsung Electronics Co. Ltd's European patents EP 1 188 269 and EP 1 097 516 in accordance with the rules of the European Telecommunication Standards Institute (ETSI) including Article 6-1 of the Intellectual Property Rights Policy;

- note, in the alternative, that Samsung Electronics Co. Ltd's irrevocable undertaking pursuant to Article 6-1 of the ETSI Intellectual Property Rights Policy constitutes an irrevocable granting offer, and that it has not been withdrawn;

- hold that the rights on European patents EP 1 188 269 and EP 1 097 516 are exhausted regarding Apple Inc., Apple Sales International, Apple France and Apple Retail France E.U.R.L and the iPhone 4S telephone;

- hold that Samsung Electronics Co. Ltd and Samsung Electronics France are not founded in asserting European patents EP 1 188 269 and EP 1 097 516 against Apple Inc., Apple Sales International, Apple France and Apple Retail France E.U.R.L as well as the manufacturing, import, offer for sale, marketing, and the use for the aforementioned purposes of the iPhone 4S telephone;

- hold that Samsung Electronics Co. Ltd and Samsung Electronics France in no way demonstrate that their rights are "likely" to be infringed;

- note that there are very serious grounds for invalidity concerning European patent EP 1 188 269 whose subject-matter has been extended beyond the scope of the initial patent application, for lack of novelty in particular due to the invalidity of the claimed Korean priority of 6 July 1999, to the lack of correspondence between its claim 1 and its description, to the exclusion of its claims from the scope of patentability and because of its lack of inventive step;

- note that there are very serious grounds for invalidity concerning European patent EP 1 097 516, for lack of novelty in particular, and, in the alternative, due to its extension beyond the filed text and to an insufficient disclosure, to the exclusion of its claims from the scope of patentability and for lack of inventive step;

- hold that Apple Inc., Apple Sales International, Apple France and Apple Retail France E.U.R.L raise serious arguments against the validity of the asserted patents;

- note that in a summons before the *Tribunal de Grande Instance* dated 8 July 2011 served upon the defendants, Samsung Electronics Co. Ltd and Samsung Electronics France already request that the *Tribunal*: “*note the infringement of the claimants’ rights and, consequently, enjoin the defendants from manufacturing, importing, offering for sale, marketing, using and holding for the aforementioned purposes, in France, all products which operate on the mobile telecommunications network via the 3G/UMTS system in France*” and that the request is the same concerning the iPhone 4S telephone;

- hold that Samsung Electronics Co. Ltd and Samsung Electronics France in no way demonstrate that an infringement of their rights is “*about to be committed*”;

- note that, even assuming that the judgment held that patents EP 1 188 269 and EP 1 097 516 could be asserted against the defendants, their implementation with the aim of enjoining Apple Inc., Apple Sales International, Apple France and Apple Retail France E.U.R.L from exploiting telephones compatible with the UMTS standard would obviously constitute an abuse of a dominant position;

- hold that the injunction measures requested by Samsung Electronics Co. Ltd and Samsung Electronics France are neither appropriate, nor admissible;

- hold that the conditions of Article L. 615-3 of the French Intellectual Property Code are not validly met;

Consequently,

- dismiss all of Samsung Electronics Co. Ltd and Samsung Electronics France’s requests;

As a counterclaim,

- hold that these proceedings are obviously abusive and wrongful;

- order Samsung Electronics Co. Ltd and Samsung Electronics France, jointly and severally, to pay €300,000 to Apple Inc., Apple Sales International and Apple Retail France E.U.R.L in compensation for the damage suffered for abuse of process;

In any case,

- order Samsung Electronics Co. Ltd and Samsung Electronics France, jointly and severally, to pay €150,000 to Apple Inc., Apple Sales International and Apple Retail France E.U.R.L pursuant to the provisions of Article 700 of the French Code of Civil Procedure;

- order Samsung Electronics Co. Ltd and Samsung Electronics France, jointly and severally, to pay all the costs, pursuant to Article 699 of the French Code of Civil Procedure.

FACTS

The economic context

The Samsung companies are part of a group whose activities spread in fields ranging from electronics to financial services, from the chemical and heavy industries to the marketing and services industries.

They allege that they invest each year more than 9% of their turnover - at the Samsung Institute of Technology in particular - in research and development activities and that they take part in the standardisation of the advanced technologies in new generation mobile telecommunications and of the securitization of intellectual property rights.

Samsung Electronics Co. Ltd is the leader in the field of telecommunications, offering a wide range of mobile phones on the current market; including multimedia and 3G telephones, as well as communication systems (280 million mobile phones were sold by Samsung in 2010).

It is, in particular, the leader on the French market in the sales of smartphones marketed under the names “Galaxy S” and “Galaxy S II”, and of tablets marketed under the name “Galaxy Tab”.

Apple Inc., a Californian company, is the parent company of Apple Retail and Apple Sales. Apple Inc. is listed on NASDAQ in the United States, it contends that it is the pioneer in the technology and design of mobile phones and tablet computers and that it has led to a real revolution in the way the interface and the touch screen are used.

It developed its mobile phones (the iPhone) and its computer tablets (the iPad) according to various specific characteristics which, according to it, make them unmistakable.

The Apple Group also invests more than one billion dollars per year in research and development.

Apple Retail France is a subsidiary of Apple Inc. whose main activity is the management of retail stores – called “Apple Store” – in France.

Apple Sales International, also a subsidiary of Apple Inc., is a company established in Ireland which deals with on-line orders in particular.

Apple and Samsung have important commercial relationships since Apple purchases from Samsung the components (the screen or the processor for example) for the iPhone (launched in 2007) or the iPad in an amount of several billion dollars per year.

The dispute:

At the end of summer 2010, Apple considered that a certain number of products manufactured and marketed by Samsung (the smartphones and computer tablets of the Galaxy range) unlawfully reproduced the characteristics and the functionalities of its own products (Mac Book, iPhone and iPad in particular).

Following the first exchanges which took place at the end of August 2010, meetings were held between the representatives of the different entities involved, in particular on 9 September 2010, 5 October 2010, 4 November 2010, then in January 2011, and on 10 April 2011.

However, this first attempt to come to an amicable resolution was a failure.

In spring 2011, Samsung launched a new range of Galaxy Smartphones, followed by computer tablets (Galaxy Tab) which, according to Apple, showed obvious similarities with its products.

On 15 April 2011, Apple Inc. served a summons upon Samsung for the infringement of several patents (non-essential patents, *i.e.* patents protecting its products), designs, trademarks and trade dresses against Samsung Ltd and its two American subsidiaries Samsung Electronics America Inc. and Samsung Telecommunications America LLC before the U.S. District Court for the Northern District of California.

Samsung immediately reacted to Apple’s initiative and in turn brought proceedings against Apple in Japan, Korea, Italy and the United Kingdom. The dispute became global in a few months, extending to nine countries to date, including France.

Samsung served a summons upon Apple to appear in preliminary proceedings with an emergency motion on the ground that two of their patents EP 269 and EP 516 that are essential and declared as such to the UMTS standard were used by the defendants for the iPhones 4S which were to be marketed in France on 15 October 2011, without Apple paying the slightest royalty to Samsung.

The legal background in Europe and in the world:

In Europe:

→ In France:

On 8 July 2011, following three *saisies-contrefaçon* carried out on 6 July 2011 at the registered office of Apple France and Apple Retail France E.U.R.L, as well as in an Apple Store, and following a bailiff report on internet performed on the websites www.apple.com/fr and www.store.apple.com/fr, Samsung served a summons upon Apple in proceedings on the merits before the *Tribunal de Grande Instance* of Paris on the grounds that the Apple products iPhone 3G, iPhone 3GS and iPhone 4, as well as the iPad and iPad 2 in their “Wi-Fi+3G” versions, implemented the claims of three patents (European patent No. 1 188 **269** (in bold to identify the patents also discussed in these preliminary proceedings), European patent No. 1 720 373 and European patent No. 1 714 404) covering the UMTS standard and declared essential in that respect.

This case is pending before the 3rd chamber – 4th section of the *Tribunal de Grande Instance* of Paris under docket number 11/10464.

Samsung alleges that this case relates to different products than those alleged to be infringing in these preliminary proceedings since this dispute only relates to the iPhone 4S.

→ In the Netherlands:

On 27 June 2011, Apple Inc. served a summons upon Samsung Electronics Co. Ltd, Samsung Electronics Benelux B.V., Samsung Electronics Europe Logistics B.V. and Samsung Electronics Overseas B.V. to appear in preliminary proceedings in order to obtain a preliminary injunction upon Samsung concerning its Galaxy S, Galaxy S II and Galaxy Ace smartphones, as well as its Galaxy Tab tablets, on the grounds that Samsung implemented the claims of three patents, six community designs and copyrights.

In a decision of 24 August 2011, the Dutch court dismissed all of Apple’s requests, except for one of the patents, concerning certain products at issue.

Apple Inc. lodged an appeal against this decision. The appeal proceedings are pending.

On 12 July and 9 August 2011, Samsung brought counterclaims against Apple according to which the Apple products iPhone 3G, iPhone 3GS and iPhone 4, as well as the iPad and the iPad 2 in their “Wi-Fi + 3G” versions, infringed four patents (European patent No. 1 188 **269**, European patent No. 1 478 136, European patent No. 1 097 **516** and European patent No. 1 114 528) covering the UMTS standard and declared essential in that respect.

The hearing of the oral pleadings concerning patents No. 1 097 **516** and No. 1 114 528 is scheduled on 17 and 18 October 2011.

On 8 September 2011, Samsung Electronics Co. Ltd initiated an action for a declaration of non-infringement against Apple Inc. requesting the judge to hold that the Samsung Galaxy Tab tablets do not infringe community design No. 000181607-0001 held by Apple Inc.

On 14 October 2011, the Hague Court handed down a decision in preliminary proceedings holding that the price offer made by Samsung was obviously not FRAND, and that Samsung violated its obligation to negotiate in good faith with Apple concerning the terms of a licence, therefore its request for an injunction relating to the Apple products was not founded.

The Hague Court also mentioned that it could not be excluded that Samsung's action be considered on the merits as an abuse of the right to initiate legal actions.

→ In Germany:

On 21 April 2011, Samsung Electronics GmbH served a summons on the merits upon Apple Inc., Apple GmbH, Apple Retail Germany GmbH and Apple Sales International requesting that the judge hold that the Apple products iPhone 3G, iPhone 3GS and iPhone 4, as well as the iPad and the iPad 2 in their "Wi-Fi + 3G" versions, infringe three patents (European patent No. 1 005 726, European patent No. 1 114 528 and European patent No. 1 188 **269**) covering the UMTS standard and declared essential in that respect.

This case is pending before the *Landgericht* of Mannheim and should be heard in November or December 2011.

On 17 June 2011, Apple Inc. served a summons upon Samsung Electronics GmbH and Samsung Electronics Co. Ltd. before the *Landgericht* of Mannheim for the infringement of 6 patents by the Samsung smartphones and tablets.

On 4 August 2011, in *ex-parte* proceedings and on the basis of its community design No. 181607-0001 allegedly protecting the shape of its iPad apparatuses, Apple Inc. filed a request before the *Landgericht* of Düsseldorf seeking a preliminary order enjoining Samsung Electronics GmbH and Samsung Electronics Co. Ltd. from marketing their Galaxy Tab tablets.

On 9 September 2011, the *Landgericht* of Düsseldorf affirmed the order on request handed down on 9 August 2011 which provisionally enjoined Samsung from marketing tablets allegedly infringing Apple's community design No. 181607-0001.

Samsung lodged an appeal against this decision.

→ In the United Kingdom

On 29 June 2011, Samsung Electronics Co. Ltd served a summons for infringement upon Apple Inc. Apple Retail UK Limited, Apple Sales International and Apple Inc. requesting that the judge hold that the Apple products iPhone 3G, iPhone 3GS and iPhone 4, as well as the iPad and the iPad 2 in their “Wi-Fi + 3G” versions, infringe three patents (European patent No. 1 714 404, European patent No. 1 005 726 and European patent No. 1 357 675) covering the UMTS standard and declared essential in that respect.

On 8 September 2011, Samsung Electronics Co. Ltd and Samsung Electronics (UK) Limited initiated an action for a declaration of non-infringement against Apple Inc. requesting that the judge hold that the Samsung Galaxy Tab tablets do not infringe community design No. 000181607-0001.

On 12 September 2011, Apple Inc. initiated before the High Court of Justice, against Samsung Electronics (UK) Limited, an action for patent infringement concerning the Samsung smartphones and tablets on the basis of four patents.

→ In Spain:

On 8 September 2011, Samsung Electronics Co. Ltd and Samsung Electronics Iberia S.A.U initiated an action for a declaration of non-infringement against Apple Inc. requesting that the judge hold that the Samsung Galaxy Tab tablets do not infringe community design No. 000181607-0001.

→ In Italy:

On 1 July 2011, Samsung Electronics Co. Ltd and Samsung Electronics Italia S.P.A served a summons for patent infringement upon Apple Inc. Apple Italia S.R.L., Apple Retail Italia S.R.L. and Apple Sales International Private Unlimited Company requesting that the judge hold that the Apple products iPhone 3G, iPhone 3GS and iPhone 4, as well as the iPad and the iPad 2 in their “Wi-Fi + 3G” versions, infringe three patents (European patent No. 1 714 404, European patent No. 1 005 726 and European patent No. 1 720 373) covering the UMTS standard and declared essential in that respect.

→ Before the OHIM:

On 9 August 2011, Samsung Electronics Co. Ltd, Samsung Electronics Benelux B.V., Samsung Electronics Europe Logistics B.V. and Samsung Electronics Overseas B.V. initiated actions for invalidity before the OHIM against five of Apple’s community designs, including the one invoked in the German proceedings.

In the world:

→ In the United States:

On 15 April 2011, Apple initiated an action for infringement against Samsung Electronics Co. Ltd, Samsung Electronics America Inc. and Samsung Telecommunications America LLC before the U.S. District Court for the Northern District of California on the basis of seven patents, two designs, eight trademarks and three trade dresses.

On 27 April 2011, Samsung Electronics Co. Ltd and Samsung Telecommunications America LLC initiated an action for patent infringement against Apple Inc. based on twelve patents declared essential to the 3G standard, whose claims are allegedly implemented in Apple's iPhone and iPad apparatuses.

On 16 June 2011, Apple Inc. amended its requests filed in the proceedings it had initiated on 15 April 2011; they are now based on eight patents, five additional designs and four additional trade dresses and Apple alleges that Samsung infringes these rights.

On 30 June 2011, Samsung withdrew from the proceedings it had initiated on 27 April 2011 and, on the basis of the twelve above-mentioned patents, filed requests for patent infringement in the form of counterclaims to the proceedings initiated by Apple.

This case is currently pending.

→ In Japan:

On 21 April 2011, Samsung Electronics Co. Ltd initiated two actions for preliminary injunctions against Apple Japan Inc. before the Tokyo Court, on the basis of one patent, asserting that it was infringed by the Apple products iPhone 3GS, iPhone 4, iPad and iPad 2.

On 17 June, Apple initiated two actions for preliminary injunction against Samsung Japan Corp. and Samsung Telecom Japan before the Tokyo Court, asserting the infringement of a patent by Samsung's Galaxy S smartphone and Galaxy Tab tablet.

On 23 August 2011, Apple Inc. initiated two actions for infringement before the Tokyo Court, asserting the infringement of a patent by Samsung's Galaxy S and Galaxy S II smartphones and Galaxy tab tablet.

➔ In Korea:

On 21 April 2011, Samsung Electronics Co. Ltd. initiated an action for patent infringement against Apple Korea Ltd before the Seoul Court on the basis of five patents allegedly infringed by the Apple products iPhone 3GS, iPhone 4, iPad and iPad2.

On 22 June 2011, Apple Inc. initiated an action for infringement against Samsung electronics Co. Ltd's smartphones and tablets before the Seoul Court on the basis of four patents and five designs and it also lodged a claim for unfair competition.

➔ In Australia:

On 28 July 2011, Apple Inc. and Apple Australia PTY Limited initiated an action for a preliminary injunction against Samsung Electronics Co. Ltd. and Samsung Electronics Australia PTY Limited before the New South Wales Federal Court of Australia, asserting that ten patents were infringed by the Samsung Galaxy Tab 10.1 tablet.

Apple now allegedly asserts only two patents.

On 16 September 2011, Samsung filed a request against Apple, asserting that the iPhone 3GS, iPhone 4 and iPad 2 infringed seven patents.

On 1 August 2011, Samsung voluntarily undertook before the Australian court, without acknowledging any responsibility, to not launch the U.S. version of the Galaxy Tab 10.1 tablet in Australia before Friday 30 September 2011, considering the hearings scheduled by the Australian Court on 26 and 29 September 2011.

On 13 October 2011, the Federal Court of Australia handed down a decision in preliminary proceedings enjoining Samsung from marketing the Australian version of the "Tab 10.1" tablet which infringed the property rights of Apple's patents not declared as essential to any standard, while Samsung had, through its own initiative, removed certain infringing functionalities of this product.

The technical background:

The UMTS system is the third generation of mobile telecommunications networks. The UMTS/WCDMA standard is the main standard for the implementation of the third generation networks. WCDMA means Wide Band Code-Division Multiple-Access and refers to a technology used to increase the amount of data that can be exchanged on the bandwidth of mobile telecommunications.

The UMTS standard is also the standard in Japan, while the CDMA2000 is the standard developed in the United States.

Modern mobile phones use the new possibilities offered by this standard since in addition to classic vocal calls, they make it possible to send text messages called SMS, MMS messages (including videos or photographs in particular), e-mails, to use internet access, short-distance wireless communications (infrared, Bluetooth) and to send photographs. These mobile phones are called “smartphones”. More recently, computer tablets have been developed to allow the users to have access to wireless communications services.

➔ The UMTS standard:

In order to allow the manufacturers to develop their products and to allow the telephone companies to provide working 3G networks, standardisation projects have been created, including the 3GPP or “3rd Generation Partnership Project”, whose main purpose is to develop technical specifications applicable to the evolution of the 3G systems and the following ones, to be transposed into appropriate standards by the Organisational Partners, such as the ETSI.

At the end of 1999, the 3GPP finished the first complete project for third generation specifications, known under the denomination “Release 99”.

This set of specifications laid the foundations for the UMTS standards.

The 3GPP specifications constitute a mandatory technical standard once they have been approved by the Organisational Partners, including the ETSI.

The 3GPP specifications are covered by several series relating to various aspects of the UMTS such as the Service aspects (22 series), the Multiple radio access technology aspects (37 series) or the Radio aspects (25 series).

The Radio aspects of series 25 themselves include a great number of specifications.

Specification TS 25.212 - which shall be referred to as the UMTS standard in the decision concerning Multiplexing and channel coding was approved as a standard by the ETSI and was published under the ETSI reference “ETSI TS 125 212 V3.11.0 (2002-11) - Universal Mobile Telecommunications System (UMTS); Multiplexing and channel coding (FDD) (3GPP TS 25.212 version 3.11.0 Release 1999)”.

➔ The ETSI:

The ETSI, the European Telecommunications Standards Institute, is an organisation responsible for producing globally applicable standards for information and communications technologies. It is one of the three regional organisations recognised in Europe by the European Union.

The ETSI has almost 700 members from 62 countries, including the leading manufacturers in the field of telecommunications, network operators and telecommunications services providers.

Samsung Electronics (a UK subsidiary of the claimant) and Apple (UK) Limited (a UK subsidiary of the defendant) are both members of the ETSI in the “Manufacturers” category.

→ Samsung’s declaration to the ETSI:

Samsung is the holder of the two patents EP 269 and EP 516.

It made:

- . a declaration on the essentiality of patent EP 269 to specification TS 25.212 of the UMTS standard on 31 December 2003;
- . a declaration of the essentiality of patent EP 516 to specification TS 25.212 of the UMTS standard on 31 December 2003.

In exchange for the essentiality declaration which means that these patents are considered as part of the standard, the companies undertake to grant irrevocable licences for a royalty calculated on a fair, reasonable and non-discriminatory basis (or “FRAND”) on the patent considered essential to specification TS 25.212 and, therefore, essential to the UMTS standard, pursuant to Article 6.1 of the ETSI Intellectual Property Rights Policy.

The Judge in these proceedings recalls that, when the patents are declared as essential to the standard, the ETSI makes no verification as to, firstly, the validity of the patents and, secondly, the reality of their essentiality, it being still possible to submit these questions to a court.

The Judge also notes that it is not mentioned how many patents were declared essential to specification TS 25.212 of the UMTS standard nor by which companies.

Finally, the Judge points out that the purpose of these two rules, *i.e.* “irrevocability of the authorisations to exploit” and “FRAND royalty rate” is to prevent a holder of a patent declared to be essential from taking advantage of his necessarily dominant position in order to abuse of it and, by revoking the authorisation to exploit the patent in another dispute in particular, to prevent a competitor from having access to the market or to develop his own products.

GROUNDINGS:

Article L. 615-3 of the French Intellectual Property Code provides that: *“Any person with authority to bring an action for infringement may, in preliminary proceedings, request the competent civil court to order, under a penalty of a daily fine if necessary, against the alleged infringer or intermediaries whose services it uses, any measure aimed at preventing an infringement about to be committed against rights conferred by the title or aimed at stopping any further allegedly infringing act. The competent civil court may also order ex parte urgent measures when the circumstances require that such measures should not be taken in the presence of both parties, in particular when any delay would be likely to cause an irreparable damage to the claimant. The court, in preliminary or ex parte proceedings, may order the requested measures only if evidence, reasonably accessible to the claimant, makes it likely that its rights are infringed or that such infringement is about to be committed”*

Samsung files a injunction request based on Article L. 615-3 of the French Intellectual Property Code having regard to patents 516 and 269 of which Samsung Electronics Co. Ltd is the holder and Samsung Electronics France the licensee, and which it declared essential to the UMTS standard, in other words the 3G standard, as it considers that the iPhone 4S necessarily infringes these patents integrated to the standard and contends that Apple pays no royalty to it to do so.

Apple replied, without its argument being disputed, that the infringement that is alleged and not demonstrated by Samsung relates to the chips used in the iPhones 4S.

It then contended that these chips were purchased from Qualcomm which had a cross-licence agreement discovered during the U.S. proceedings and not mentioned by Samsung; that this agreement authorises Qualcomm to sell to third parties the chips implementing Samsung’s patents declared essential to the UMTS standard so that no infringement can be asserted against it.

It added that Samsung’s rights were neither about to be infringed nor likely to be infringed.

Samsung replied that Apple did not sufficiently demonstrate that it purchased chips from Qualcomm or that the agreement entered into between Samsung Electronics Co. Ltd and Qualcomm submitted to the discussion established that its rights on the patents declared essential were exhausted; that it had not received a cent from Apple for the implementation of its essential patents.

The parties have explained that their negotiations had failed concerning the licence rate offered by Samsung because it did not meet the FRAND licensing conditions.

Finally, Apple disputed the validity of the two patents declared essential by Samsung.

WHEREUPON:

Samsung alleged that its rights as the holder of essential patents 516 and 269 were about to be infringed on the grounds that the iPhone 4S was to be marketed from 5 October 2011 onwards in France and asserts that this infringement has been committed as the iPhones 4S are actually being marketed.

Yet, although the iPhones 4S are actually being sold in France, it remains necessary to examine Apple's arguments and to assess whether they are serious or not.

On the supply of the iPhones 4S chips by Qualcomm:

Samsung argues that Apple, which clearly mentions on its product and on the user's guide provided with it that the iPhones 4S are in accordance with the 3G standard, thereby acknowledges that it implements the two patents EP 269 and EP 516 which were declared essential.

Apple replies that Samsung does not demonstrate the alleged infringement.

On 28 October 2011, it enjoined Samsung to submit iPhones 4S telephones in order to establish whether the chips used in these telephones were Qualcomm chips.

Yet, considering Article 15.6 of the Intellectual Property Rights Policy, the term "essential" as applied to intellectual property rights means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardisation, to make, sell, lease, otherwise dispose of, repair, use or operate equipment or methods which comply with a standard without infringing intellectual property rights.

Therefore, claiming the implementation of specification TS 25.212 of the UMTS standard amounts to claiming the implementation of patents EP 269 and EP 516 of which Samsung is the holder so that the infringement is assumed and it is up to the one claiming this standard to demonstrate that he pays the royalties or that he has obtained the products from someone who pays the royalties or that the patents declared essential are invalid.

However, for the fairness of the discussion, Samsung should have explained that the reproduced technology was found to be implemented in the chips equipping the iPhones 4S; that these chips were supplied by such and such a company with which it had reached no licence agreement for the essential patents and it should have mentioned the name of the supplier of this chip in order to demonstrate the grounds on which it accused Apple of infringing its essential patents and while it had not accused the 2007 defendants of infringement in July 2011 as regards France concerning the other smartphones marketed by Apple.

In this case, and since Samsung did not mention the name of the suppliers of the chips in dispute, Apple asserts that the “3G” baseband chip equipping the iPhone 4S is supplied by Qualcomm which was granted a licence by Samsung.

For this purpose, Apple submits to the discussion bailiff reports drafted on 26, 28 and 31 October 2011 by Mr Proust, bailiff in Paris and by Mr Roll, bailiff in Marseille, showing first the purchase of iPhones 4S telephones, their opening and then the removal of the chips so that it is established that each of the iPhones 4S thus obtained was equipped with the Qualcomm MDM6610 chip.

It further submits the iPhone 4S Bill of Materials which mentions the Qualcomm MDM6610 chip as an iPhone 4S component.

This document was submitted to the expert Mr Bitan, who was able to familiarize himself with a non-redacted version of the Bill of Materials and who testifies in his report submitted to the discussion that the only chip allowing the iPhone 4S to implement the UMTS standard is the Qualcomm chip with the MDM6610 reference.

It explains that it is public knowledge that this information is available on the “ifixit” website on the following address:
<http://www.ifixit.com/Teardown/iPhone-4STeardown/6610/276>:

Finally, Apple submits to the discussion:

- the two affidavits of Mr Eric Koliander, Qualcomm’s Sales Manager, dated 31 October 2011 and 6 November 2011, which indicate that his company did design the MDM-6610 chip which equips the iPhones 4S71.
- the affidavit of Mr Saku Hieta, Apple’s Senior Manager of Wireless Procurement, dated 1 November 2011, which confirms that the chips equipping the iPhones 4S are exclusively supplied by Qualcomm

Finally, it submits to the discussion Samsung’s e-mail of 21 April 2011 to Qualcomm and Apple Inc. in which it is mentioned that because of Apple’s legal actions brought against Samsung on the basis of Apple Inc.’s patents, Samsung limited the scope of the agreements it had entered into with Qualcomm.

Consequently, even if Apple did not submit to the discussion the supply contract for the Qualcomm MDM6610 chips making it possible to establish that these chips equip the iPhones 4S, it sufficiently justifies at the stage of the preliminary proceedings by all the evidence examined above of which the affidavits are not the only probative elements, that the iPhones 4S marketed by Apple in France are equipped with Qualcomm MDM6610 chips.

On the agreement entered into between Samsung and Qualcomm:

The Qualcomm agreement (in which Samsung is referred to as “the licensee”) is composed of three main documents, namely:

- a licence dated 31 August 1993 entitled “Infrastructure and Subscriber Unique License and Technical Assistance Agreement”,
- an amendment of 30 March 2004 (the 2004 Amendment),
- an amendment of 1 January 2009 signed on 4 November 2009 and dated 1 January 2009 (the 2009 Amendment).

Each party submits to the discussion the opinions of a U.S. attorney-at-law and of a professor having examined contracts.

It suffices to mention that the Qualcomm licence is subject to the laws of the state of California; that it is global and includes France; that it relates to the components manufactured by Qualcomm as they are defined in Article 1 which includes the chips.

Article 5.1 of the 2004 amendment provides that:

“the Licensee [Samsung], for its own account and for the account of its Affiliates, shall undertake not to claim Intellectual Property Rights of the Licensee and/or Intellectual Property Rights of its Affiliates (as this term would be defined if such Affiliate was a Party) against (i) Qualcomm or its Affiliates for having manufactured, having had manufactured, having used, imported, leased, sold or otherwise disposed of Components (including in particular the associated software) or (ii) the suppliers of Qualcomm and of its Affiliates for having manufactured Components for, or sold Components to, Qualcomm or its Affiliates, on the condition that this agreement includes no provision forbidding the Licensee to claim its intellectual property rights against suppliers of Qualcomm and of its Affiliates for having manufactured Components for, or sold Component to, any third party other than Qualcomm and/or its Affiliates. The term “to Claim or the Claim” shall mean submitting any claim for patent infringement or initiating or continuing (or threatening to initiate or continue) a dispute for patent infringement (or similar proceedings, including any proceedings before the Committee on International Trade). It shall be specified if necessary that the Licensee’s Intellectual Property Rights and those of its Affiliates shall include no intellectual property right acquired or developed after 31 December 2000 by the Licensee or its Affiliates. Without limiting the scope of the undertakings entered into above, nothing in this Article 5.1 shall be interpreted as the grant of a licence to Qualcomm, its Affiliates or their suppliers or of any right to any customer of Qualcomm or to its Affiliates.”

The 2004 amendment therefore disposes of the intellectual property rights held by Samsung before 31 December 2000 and in particular patents EP 269 and EP 516 filed on 6 July 2000 (under priority of 6 July 1999) and 19 May 2000 (under priority of 19 and 21 May 1999) respectively.

Consequently, the Qualcomm MDM6610 chips are components referred to in the agreements.

According to this article, Samsung undertakes to not initiate proceedings for infringement against customers integrating components supplied by Qualcomm and implementing its intellectual property rights provided that they do not initiate proceedings for infringement against it.

While the last line of the paragraph of the agreement specifies that this cannot be a grant of licence, this paragraph shall be interpreted by the judge ruling on the merits of the case in relation to the entire agreement.

It seems that in spite of the contents of this last sentence, Samsung and Qualcomm agreed to the grant of a cross-licence allowing Qualcomm to implement the Samsung patents including patents EP 269 and EP 516; that Qualcomm, which makes components that are necessarily integrated into more elaborate products, needs to sell components that are free of rights having regard to Samsung in order to be able to sell them to its customers as defined in the agreement. Finally, and even if the agreement has the force of law between the parties, it is impossible to add a sentence excluding the fact that Samsung Electronics Co Ltd does not intend to qualify its authorisation to implement the patents as a licence in the agreement so that this agreement would not have its necessary legal qualification.

Article 5.2 of the Agreement provides that:

“the Licensee [Samsung], for its own account and for the account of its Affiliates, shall undertake not to Claim Intellectual Property Rights of the Licensee against (i) a Qualcomm Customer or against its Affiliates (as this term would apply if such a customer was a Party) for having manufactured, having had manufactured, having used, imported, sold, leased, or otherwise disposed of the Covenant Products when the alleged ground for the infringement derives from the use or the integration of the said Qualcomm Components (including in particular the associated software) into these Covenant Products and/or (ii) any other third party against which the Licensee would not have been able to Claim Limited Intellectual Property Rights of the Licensee in case the licences granted to Qualcomm pursuant to Articles 6.1.1 and 6.1.2 of the License agreement on the Components had remained in force (the “Covered Third Parties”) concerning the Covenant Products of a Qualcomm Customer or of its Affiliates insofar as the Licensee would not have been able to Claim Limited Intellectual Property Rights of the Licensee against this third party if the licences granted to Qualcomm pursuant to Articles 6.1.1 and 6.1.2 of the Licence agreement on the Components had remained into force (the “Covenant Rights”).

The 2004 agreement defines a “Qualcomm Customer” as “(...) any entity which purchases components from Qualcomm and/or from its Affiliates and which integrates these components into its Subscriber Apparatuses or Infrastructure Equipment (as these terms would apply if such entity was a party)”.

This Article 5.2 thus specifies that this is a licence agreed between the parties.

The 2009 amendment did not have the effect of changing the definition of the customers or the third parties to the agreement as they were defined in the 2004 amendment.

Moreover, it should be noted that the amendment took place in April 2004 *i.e.* after Samsung had declared the two patents EP 269 and EP 516 as essential patents to the ETSI and, therefore, that it cannot revoke the licence granted to Qualcomm concerning the implementation of these two patents.

Neither could Samsung limit the scope of the licence granted to Qualcomm to exclude a customer like Apple Inc. the way it did in its letter of 21 April 2011, in any case concerning the patents declared as essential to specification TS 25.212 of the UMTS standard, the licence granted to Qualcomm for these essential patents being irrevocable pursuant to the ETSI Directive.

It matters little that Samsung receives no payment from this implementation since, due to the reciprocity of the agreement, it benefited from the Qualcomm technology and therefore received payments as a result thereof.

It is equally unimportant whether Apple assembles the iPhones 4S itself or via a company named Foxconn since the exhaustion of Samsung's rights relates to the chip supplied by Qualcomm to be integrated into an object pursuant to the provisions of Article 5.2 of the 2004 amendment; it is not asserted that these chips were purchased unlawfully since Qualcomm acknowledges supplying Apple Inc.

Consequently, the likelihood of the infringement alleged by Samsung is not established because Apple provides sufficiently serious arguments concerning the exhaustion of Samsung's rights on patents EP 269 and EP 516 declared essential and since it has been noted that the claimants had omitted to mention the agreements entered into with Qualcomm in the summons although they had been careful to revoke them by way of a letter dated 21 April 2011 notified to Apple Inc., and that the grounds for this notification are the actions initiated against Samsung which demonstrates that Samsung considered until today that the Qualcomm MDM6610 chips fell within the scope of the Qualcomm licence.

Samsung cannot allege that Apple was aware of the need to negotiate a FRAND royalty to implement patents EP 269 and EP 516 integrated to specification TS 25.212 of the UMTS standard, since, on the contrary, all the correspondence exchanged during the negotiations that had started between the parties shows that Apple has always disputed the fact that Samsung's patents EP 269 and EP 516 confer rights on it pursuant to this standard and has expressed reservations on this ground.

It is not up to a Judge ruling in preliminary proceedings to determine whether the royalty rate offered by Samsung to Apple is FRAND because this is an argument which must be referred to the judges ruling on the merits and all the

more so as the elements required to verify whether the offered royalty rate is FRAND are not sufficient since the number of patents constituting this standard is not given and since, in order to determine a FRAND rate, one has to know all the rates likely to be applied to a single product.

Having regard to what has been held above, it is not necessary to issue a ruling on the arguments relating to the validity of patents EP 269 and EP 516 or on Samsung's abuse of a dominant position as a result of the integration of these patents EP 269 and EP 516 to specification TS 25.212 of the UMTS standard.

Finally, the Judge in these proceedings points out that it is not disputed that the accused products in the action on the merits, namely the iPhone 3, iPhone 3GS, iPhone 4 and, the iPad 3G and iPad 2-3G all implement the UMTS technology allegedly implementing the teachings of its patent EP 269 declared essential insofar as they integrate the UMTS bandwidth chips supplied to Apple by Qualcomm or Intel in order to be compatible with the UMTS, while the first of these Apple products have been marketed since 2007; that Samsung filed no injunction request before the judge in charge of the case preparation in the proceedings on the merits and did not initiate a legal action against the suppliers of chips integrating the technology compatible with the UMTS such as Intel, or Qualcomm.

Moreover, it should be noted that the injunction measure requested by Samsung against Apple is obviously disproportionate.

Therefore, all of Samsung's requests should be dismissed.

On Apple's counterclaims:

Apple's requests for damages for abuse of process based on Article 32-1 of the French Code of Civil Procedure are ill-founded because this article allows the jurisdictions to order a party to pay a civil fine delivered into the care of the National Treasury and not to the benefit of one of the parties to the proceedings.

In addition, pursuant to Article 1382 of the French Civil Code, while Samsung thoughtlessly initiated its request for preliminary proceedings while omitting to recall the relationships binding it to Qualcomm, the fact remains that Apple does not demonstrate that it sustains a damage other than the one resulting from the costs incurred for its defence which is compensated for pursuant to Article 700 of the French Code of Civil Procedure.

Apple's request for damages for abuse of process should be dismissed.

On the other requests:

The conditions are met to award to Apple the global sum of €100,000 pursuant to Article 700 of the French Code of Civil Procedure.

As the attorney-at-law's ministry is not mandatory before the judge ruling in preliminary proceedings, the request of Apple's attorney-at-law for the recovery of the costs should not be acceded to.

ON THESE GROUNDS

The *Tribunal*, ruling publicly, by making the order available at the Court Clerk's office, after due hearing of the parties and in first instance,

NOTES that the likelihood of the infringement alleged by Samsung Electronics Co. Ltd and Samsung Electronics France is seriously challenged;

NOTES the disproportionate nature of the requested injunction measure;

Consequently,

DISMISSES all of Samsung Electronics Co. Ltd and Samsung Electronics France's injunction requests against Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France;

DISMISSES Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France's request for damages for abuse of process;

ORDERS Samsung Electronics Co. Ltd and Samsung Electronics France to pay the global sum of 100,000 euros to Apple Inc., Apple Retail France E.U.R.L, Apple Sales International and Apple France pursuant to Article 700 of the French Code of Civil Procedure;

RECALLS that this order is provisionally enforceable;

DISMISSES the parties' other claims;

ORDERS Samsung Electronics Co. Ltd and Samsung Electronics France to pay the costs.

Ordered in Paris on **08 December 2011**

The Clerk,

Thomas BLONDET

The Presiding Judge,

Marie-Christine COURBOULAY