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21 **IN THE UNITED STATES DISTRICT COURT**
22 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**

23 NETGEAR, INC.,
24
25 Plaintiff,
26
27 v.
28 HUAWEI TECHNOLOGIES CO.,
LTD.,
Defendant.

Case No. 2:24-cv-00824-AB (AJRx)

**MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF
MOTION TO BIFURCATE AND
REQUEST FOR RAND
DETERMINATION CONSISTENT
WITH HUAWEI'S CONTRACTUAL
OBLIGATION**

Hearing: Jan. 10, 2025

Time: 10:00 AM

Place: 350 West First Street
Courtroom 7B
Los Angeles, CA 90012

Jud. Officer: Hon. Andre Birotte Jr.

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1 **I. INTRODUCTION**

2 Defendant Huawei pledged to license its Wi-Fi standard essential patents on
3 reasonable and non-discriminatory (RAND)¹ terms. RAND pledges are critical to
4 the development of technological standards and create an immutable contractual
5 obligation that can be relied upon by implementers like Netgear. Like any contract,
6 a RAND contract only matters if it is enforceable. RAND contracts are necessary
7 because standards create an opportunity for companies to engage in anti-
8 competitive behavior because once a standard is widely adopted, manufacturers like
9 Netgear have little choice but to incorporate standard essential technologies into
10 their products. To mitigate the risk of anti-competitive conduct in licensing
11 negotiations, the IEEE and other standard bodies require SEP holders like Huawei
12 to enter into a contract committing to license essential patents on RAND terms. The
13 IEEE standards-setting process hinges on balance: SEP holders gain adoption of
14 their technology as a standard, and implementers are guaranteed access on fair
15 terms. Given this construct, companies like Huawei, who lure manufacturers into
16 practicing a standard and then seek injunctive relief rather than providing a RAND
17 license, improperly distort the equality in bargaining positions that standards are
18 intended to create. This motion seeks to promote and expedite that equality by
19 asking the Court to hold Huawei to its contractual commitment.

20 The need for Netgear’s requested expedited relief is stark. Rather than
21 complying with its contractual obligation, Huawei has engaged in a scorched earth
22 worldwide litigation campaign utilizing the threat of injunctive relief in an effort to
23 bludgeon Netgear into accepting a license with unreasonable and discriminatory
24 terms. Said another way, Huawei has Netgear in the stranglehold of a patent holdup
25 and is attempting to extract royalty rates that do not reflect the value of its patents.

26
27
28 ¹ RAND and FRAND are generally used interchangeably. *See Microsoft Corp. v. Motorola, Inc.*, 795 F.3d 1024, 1031 n.2 (9th Cir. 2015).

1 Huawei’s breach of contractual obligations threatens not only fundamental
2 notions of fairness but the purpose of a RAND commitment. This threat exists
3 because the threat of injunction provides unfair leverage to negotiate a non-RAND
4 license. Huawei’s actions violate its promise to IEEE because, as the Ninth Circuit
5 has explained, implicit in an agreement to license on RAND terms is a “*guarantee*
6 *that the patent-holder will not take steps to keep would-be users from using the*
7 *patented material, such as seeking an injunction, but will instead proffer licenses*
8 *consistent with the commitment made.*” *Microsoft Corp. v. Motorola, Inc.*, 696
9 F.3d 872, 884 (9th Cir. 2012) (“Microsoft II”) (emphasis added). Here, Huawei
10 made the guarantee to IEEE and is now attempting to prevent users from using the
11 patented material.

12 To address this inequity while also promoting significant case efficiencies,
13 Netgear seeks a preliminary mini-trial on a single discrete and dispositive question
14 that results in the equitable enforcement of Huawei’s contract with IEEE. The
15 suggested bifurcation presents an efficient approach to trial management that
16 Huawei cannot reasonably oppose given its undisputed contractual obligations and
17 the purpose of Netgear’s request—to obtain a determination of RAND terms that
18 will lead to a global resolution of the disputes between the parties. *See* 9A Charles
19 Alan Wright & Authur R. Miller, *Fed. Prac. & Proc. Civ.* § 2388 (3d ed.) (“If a
20 single issue ... is likely to lead the parties to negotiate a settlement, and resolution
21 of it might make it unnecessary to try the other issues in the litigation, separate trial
22 of that issue may be desirable to save the time of the court and reduce the expenses
23 of the parties.”).

24 **II. SUMMARY OF ARGUMENT**

25 1. “For convenience, to avoid prejudice, or to expedite and economize, the
26 court may order a separate trial on one or more separate issues, claims, crossclaims,
27 counterclaims, or third-party claims.” Fed. R. Civ. P. 42(b).

1 2. District Courts are “afforded broad discretion to control and manage
2 their dockets, including the authority to decide the order in which they hear and
3 decide issues pending before them.” *Amado v. Microsoft Corp.*, 517 F.3d 1353, 1358
4 (Fed. Cir. 2008). “Rule 42(b) ... confers broad discretion upon the district court to
5 bifurcate a trial, thereby deferring costly and possibly unnecessary proceedings
6 pending resolution of potentially dispositive preliminary issues.” *Zivkovic v. S. Cal.*
7 *Edison Co.*, 302 F.3d 1080, 1088 (9th Cir. 2002).

8 3. It is proper to hold a “mini-trial” on RAND issues prior to adjudication
9 of other issues. *Microsoft Corp. v. Motorola, Inc.*, 854 F. Supp. 2d 993, 1002-03
10 (W.D. Wash. 2012) (setting expedited summary judgment schedule on RAND issues
11 and, thereafter, holding a mini-trial to dispose of all remaining RAND issues,
12 including setting a RAND rate); *see also, e.g., In re Innovatio IP Ventures, LLC Pat.*
13 *Litig.*, 2013 WL 5593609, at *1-2 (N.D. Ill. Oct. 3, 2013) (holding two early bench
14 trials, one to determine essentiality of the asserted IEEE 802.11 SEPs and one to
15 determine an appropriate RAND rate); *One-Blue, LLC v. Imation Corp.*, No. 1:13-
16 cv-00917 (D. Del.), Dkt. 35 at 1 (holding that “this patent case can be most efficiently
17 resolved by first resolving issues relating to a determination of a [RAND] rate” and
18 thereby bifurcating discovery, dispositive motions, and trial into separate FRAND
19 and liability issues) (attached as Ex. 4 to Declaration of Christina Ondrick filed
20 concurrently herewith (“Ondrick Decl.”)).

21 4. Bifurcating the discrete issue of determining Huawei’s contractual
22 obligation to provide Netgear with a worldwide license will expedite and economize
23 this action to the convenience of the Court and the parties. Neither party would be
24 prejudiced by such bifurcation. In fact, Huawei has strongly advocated for a similar
25 early “mini-trial” remedy in past cases, thus recognizing the efficiencies advanced
26 by isolating a single issue that has the potential of eliminating many other issues
27
28

1 involved in this global dispute.² Moreover, Huawei has argued from the outset of
2 discovery that this case should focus solely on breach of contract issues. As such,
3 Huawei cannot credibly cry prejudice here. On the other hand, Netgear has already
4 been prejudiced and that prejudice will grow rapidly if Huawei is allowed to shirk its
5 core and undisputed obligation to provide Netgear a RAND license. On that point,
6 Huawei has made clear to Netgear and in filings with this Court that it intends to file
7 a counterclaim alleging patent infringement against NETGEAR of up to six patents.
8 Failure to comply with basic RAND obligations is an affirmative defense to patent
9 infringement. Why would the Court and the parties want to burden the record and
10 fact finder with complicated patent claims and defenses when the central issue here
11 is what constitutes a reasonable and non-discriminatory license under the facts?
12 Resolution of that central issue and the resulting license would obviate the need for
13 patent claims by Huawei, as Netgear would possess the license it is entitled to through
14 Huawei's contractual obligation.

15 **III. FACTUAL BACKGROUND**

16 This case arises from Huawei's anticompetitive behavior that resulted in a
17 contractual licensing dispute between Huawei and Netgear related to the proper terms
18 for a global patent license for Huawei's IEEE SEPs. Netgear brought suit in this court
19 to seek relief from Huawei's anticompetitive tactics. Through this motion, Netgear,
20 a willing licensee, seeks this Court's assistance in determining the terms of a global
21 patent license to Huawei's SEPs that are RAND-encumbered under Huawei's Letters
22 of Assurance ("LOAs") to IEEE for the 802.11 standards (Wi-Fi 6 (802.11ax) and
23

24 ² Huawei previously moved the United States District Court for the District of
25 Delaware to bifurcate a separate SEP matter to which Huawei was a party through an
26 expedited mini-trial just as Netgear proposes now. There, just as Netgear argues here,
27 Huawei argued that the court should expedite discovery and adjudication of Huawei's
28 FRAND counterclaims, to determine a FRAND rate. *Interdigital Communications, Inc. et. al. v. Huawei Technologies Co., LTD.*, No. 1:13-cv-00008 (D. Del.), at Dkt. 17 (attached to Ondrick Decl. as Ex. 5).

1 pre-Wi-Fi 6 (802.11ac)), which concerns wireless local area network (“WLAN”)
2 communication.

3 **A. Huawei’s Contractual Obligation to License Its IEEE SEP**
4 **Portfolio on RAND Terms**

5 Huawei’s contractual RAND obligation arises out of its relationship with, and
6 LOAs to, IEEE, an international standard-setting organization (“SSO”). Dkt. 10-2
7 (Compl.) at ¶¶3-7, 72-86. SSOs create technical standards for use in designing and
8 manufacturing technology products. Ex. 1 (Declaration of David Djavaherian
9 attached to Ondrick Decl.) at ¶¶13-26. These technical standards serve as
10 “blueprints” specifying how aspects of a particular device or technology can be made
11 or used. *Id.* at ¶13. SSOs play a significant role in the technology market by allowing
12 companies to agree on common technological protocols so that products complying
13 with the standards will be compatible and work together. *Id.* at ¶¶13-16. Technical
14 standards may include patented technologies referred to as SEPs. *Id.* at ¶24.
15 However, technologies are not included in standards simply because they are
16 patented. *Id.* at ¶20. And patents are not awarded because a technology is in a
17 standard. *Id.* Rather, a technology is included in a standard because the SSO
18 committee selects the technology for inclusion in the standard as part of a process
19 that often involves the submission and consideration of multiple alternative
20 technologies. *Id.* at ¶¶18-21.

21 Technical standards benefit, e.g., (1) SEP holders by creating royalty streams
22 and the potential for large-scale licensing, (2) the industry by enabling
23 interoperability of products from different manufacturers as well as global
24 compatibility allowing devices to function properly across borders, and (3)
25 consumers by providing increased competition and consumer choice. *Id.* at ¶¶13, 15-
26 17, 22. But these benefits come with risks and SSOs have established policies to
27 combat these risks. *Id.* at ¶¶26-35. One example of such risk is patent “hold up.” *Id.*
28 at ¶18. Patent hold up refers to the practice where a patent holder, after a technology

1 becomes part of standard, takes advantage of the fact that companies are locked into
2 using that patented technology by demanding excessive royalties, imposing unfair
3 terms, or by requiring companies to negotiate under threat of injunction for
4 infringement. *Id.* at ¶34. To address this problem, many SSOs have devised a
5 solution. *Id.* at ¶¶28, 31-35. To make it easier for companies to practice their
6 standards, SSOs seek commitments from the owners of SEPs to license their patents
7 to standard users on RAND terms. *Id.* Huawei owns patents that it contends are
8 essential to the 802.11 standard and has committed to license them on RAND terms.
9 In discovery, Huawei has taken the position that only IEEE 802.11ax (Wi-Fi 6) and
10 IEEE 802.11ac (Wi-Fi 5) are at issue. Dkt. 97-1 at Appx. A, 2-13. Therefore, for
11 purposes of this motion to establish RAND terms, Netgear seeks a RAND
12 determination for Huawei’s purportedly standard essential patents for these
13 standards, as the other Wi-Fi standards are irrelevant to Netgear according to Huawei.

14 Huawei cannot dispute that it is contractually obligated to license its SEPs on
15 RAND terms. Compl. at ¶74. In fact, Huawei has made an irrevocable guarantee to
16 the IEEE on multiple occasions to grant RAND licenses to its SEPs, including
17 through the LOAs described in Table 1 below:

18 **TABLE 1**

Standard No.	LOA Date	Huawei’s Commitment
802.11n/s/u	6 Jan 2007	“The Patent Holder will grant a license under reasonable rates to an unrestricted number of applicants on a worldwide, non-discriminatory basis with reasonable terms and conditions to comply with the [Proposed] IEEE Standard.”
802.11i/ac/ah/ai	13 Aug 2013	“The Submitter will grant a license under reasonable rates to an unrestricted number of applicants on a worldwide basis with reasonable terms and conditions that are demonstrably free of unfair discrimination.”
802.11ax/aj	25 Jul 2019	“The Submitter will grant a license under reasonable rates to an unrestricted number of applicants on a worldwide basis with reasonable

		terms and conditions that are demonstrably free of unfair discrimination.”
802.11-1997, 802.11-1999, 802.11-2007, 802.11-2012, 802.11-2016	25 Jul 2019	“The Submitter will grant a license under reasonable rates to an unrestricted number of applicants on a worldwide basis with reasonable terms and conditions that are demonstrably free of unfair discrimination.”

Id. at ¶ 74; *see also* ¶¶ 72-73, 75-85. Accordingly, Huawei is contractually obligated to grant a RAND license.

B. Huawei Engaged in Global Warfare and Seeks Injunctions Outside the U.S. Against Netgear

Rather than provide the contractually obligated worldwide RAND license to Netgear, Huawei improperly and aggressively pursued patent litigation and injunctions throughout the world. Compl. at ¶¶ 111, 118, 119, 127, 134-37. On March 2, 2022, before providing Netgear with any licensing offer, Huawei filed two patent infringement proceedings in Germany seeking injunctive relief against Netgear. Ex. 2 (Declaration of Dr. Stephan Dorn attached to Ondrick Decl.) at ¶¶ 3, 11. Huawei was unsuccessful in one of those cases and appealed, while the other case was stayed pending nullity proceedings. *Id.* Huawei then filed two additional patent infringement suits in the Unified Patent Court in 2023 and two additional patent infringement suits in Germany in 2024. *Id.* Decisions in two of these cases are anticipated in December 2024 with an injunction potentially issuing in December 2024 or January 2025 if the decision is adverse to Netgear. *Id.* Similarly, injunctions in the remaining two cases are anticipated in April or May 2025 if a ruling adverse to Netgear is handed down. *Id.* In Germany and the UPC, an injunction is typically entered immediately after a finding of patent infringement. *Id.* at ¶ 6. Further, in one of the cases pending in Germany, an injunction could be imminent as that court and the same panel of judges have already found that one of Netgear’s competitors infringed the same patent and entered an injunction. *Id.* at ¶ 8.

1 On March 2, 2022, Huawei filed two infringement proceedings in China.
2 Ex. 3 (Declaration of Hongbin Zhang attached to Ondrick Decl.) at ¶3. Huawei
3 sought injunctions and received injunction orders from the court in China on June
4 7, 2024. *Id.* at ¶¶4-6; *see also id.*, Ex. A at 17-18, *id.*, Ex. B at 16-17. Netgear
5 appealed those decisions. *Id.* at ¶8.

6 Notwithstanding its litigation blitzkrieg against Netgear abroad, Huawei has
7 never asked any Court to determine RAND terms or a RAND royalty rate. Ex. 2
8 (Dorn Decl.) at ¶10; Ex. 3 (Zhang Decl.) at ¶15. As such, this is the first court asked
9 to determine Huawei’s contractual obligation in a manner that could fully resolve
10 the parties’ disputes.

11 **IV. LEGAL STANDARDS**

12 “For convenience, to avoid prejudice, and to expedite and economize, the court
13 may order a separate trial on one or more separate issues, claims, crossclaims,
14 counterclaims, or third-party claims.” Fed. R. Civ. P. 42(b). “[B]ifurcation may be
15 proper upon a showing of any of these factors.” *Gen. Patent Corp. Int’l v. Hayes*
16 *Microcomputer Prod. Inc.*, 1997 WL 770874, at *1 (C.D. Cal. Oct. 20, 1997); *see*
17 *also McDermott v. Potter*, 2010 WL 956808, at * 1 (N.D. Cal. Mar. 12, 2010)
18 (“Courts consider several factors in determining whether bifurcation is appropriate,
19 including separability of the issues, simplification of discovery and conservation of
20 resources, and prejudice of the parties.”) (citation omitted). The question of whether
21 to bifurcate a trial is committed to the discretion of the trial court. *See Zivkovic*, 302
22 F.3d at 1088.

23 In 2015, this Court acknowledged that courts have routinely addressed
24 FRAND rates before, or instead of, patent infringement issues. *Zenith Elecs., LLC,*
25 *v. Sceptre, Inc.*, 2015 WL 12830689, at *2 (C.D. Cal. Feb. 5, 2015). There, the Court
26 denied bifurcation because the defendant did not admit to practicing the patents-in-
27 suit or that the patents were essential to the relevant standard. *Id.* In making that
28 determination, the Court compared the facts in *Zenith Elecs.* to the facts in *Microsoft*.

1 *Id.* (citing *Microsoft Corp. v. Motorola, Inc.*, 864 F. Supp. 2d 1023, 1035 n.7 (W.D.
2 Wash. 2012) (“Microsoft has stated to this court that not only does it believe that it
3 needs a license, it is ready and willing to accept a license on RAND terms.... The
4 court takes Microsoft’s assertion at its word and will hold Microsoft to that statement
5 throughout the course of this litigation.”). This case is similar to *Microsoft* in that
6 Netgear stands ready to accept a license for Huawei standard essential patents on
7 RAND terms.

8 **V. ARGUMENT**

9 **A. Bifurcation Is Equitable Here Particularly Because The Federal**
10 **Circuit Recently Clarified that Huawei’s Pending Injunctive Relief**
11 **Claims in Germany, the UPC and China Are Improper**

12 Rule 42(b) of the Federal Rules of Civil Procedure vests this Court with “broad
13 discretion to bifurcate a trial to permit deferral of costly and possibly unnecessary
14 proceedings pending resolution of potentially dispositive preliminary issues.” *Jinro*
15 *Am. Inc. v. Secure Investments, Inc.*, 266 F.3d 993, 998 (9th Cir. 2001). “For
16 convenience, to avoid prejudice, or to expedite and economize, the court may order
17 a separate trial of one or more separate issues, claims, crossclaims, counterclaims, or
18 third-party claims.” Fed. R. Civ. Pro. 42(b). “Thus, bifurcation may be proper upon
19 a showing of any of these factors.” *Gen. Patent. Corp.*, 1997 WL 770874 at *1.

20 Courts handling SEP cases have consistently recognized the wisdom of
21 determining appropriate contractual obligations *prior to* addressing other issues. *See,*
22 *e.g., Microsoft Corp. v. Motorola, Inc.*, 2012 WL 4827743, at *5 (W.D. Wash. Oct.
23 10, 2012) (“[T]he court adopted a two-part approach. The court would first determine
24 a RAND royalty rate (or RAND royalty range) at the [earlier] trial, and second, with
25 this determination as guidance, a jury would hear Microsoft’s breach of contract
26 claim.”); *Innovatio*, 2013 WL 5593609, at *1 (“The court hopes that by [addressing
27 FRAND first], the possibility of settlement will be enhanced because the parties will
28 be better able to evaluate the potential risks and benefits of expending additional

1 resources in the litigation.”); Ex. 4 (*One-Blue*) (holding that “this patent case can be
2 most efficiently resolved by first resolving issues relating to a determination of a
3 [FRAND] rate” and thereby bifurcating discovery, dispositive motions, and trial into
4 separate FRAND and Liability issues); *Ericsson Inc. v. Samsung Electronics Co.*
5 *Ltd.*, 2007 WL 1202728 at *3 (E.D. Tex. Apr. 20, 2007) (“[T]he possibility that
6 resolution of the FRAND case might alleviate many of the primary differences
7 between these two parties is sufficient to counsel the court” to bifurcate.).

8 The criticality of promptly resolving Huawei’s worldwide contractual
9 obligations was reinforced recently, when the Federal Circuit in *Telefonaktiebolaget*
10 *LM Ericsson v. Lenovo (United States), Inc.*, 2024 WL 4558664 (Fed. Cir. Oct. 24,
11 2024) recognized for the first time that a SEP holder’s (such as Huawei) breach of its
12 contractual FRAND commitment *precludes* it from seeking injunctive relief. The
13 Federal Circuit explained that “a party that has made an ETSI FRAND commitment
14 must have complied with the commitment’s obligation to negotiate in good faith over
15 a license to its SEPs before it pursues injunctive relief based on those SEPs.” *Id. at*
16 **9*. Guided by the Ninth Circuit’s ruling in *Microsoft II*, the Federal Circuit clarified
17 in *Lenovo* that an SEP holder’s compliance with its FRAND commitments is a
18 *prerequisite* for *seeking* injunctive relief. *Id. at *9-10*. The Court explained:

19 Given the SEP-related concerns underlying the FRAND commitment, if the
20 FRAND commitment means anything of substance, it must mean that an SEP
21 holder that has made such a commitment cannot just spring injunctive actions
22 against other standard implementers without having first complied with *some*
23 standard of conduct.

24 *Id. at *9* (emphasis original).

25 Extrapolating from the Federal Circuit’s recent ruling, the “standard of
26 conduct” in this case requires that Huawei, at a minimum, complies with its
27 contractual obligations incumbent with the promises made to IEEE to obtain standard
28 essential patents. Huawei’s IEEE Letters of Assurance (“LOAs”) are binding

1 contractual “promise[s] to offer licenses for all of its [802.11] SEPs at a RAND rate.”
2 *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1209 (Fed. Cir. 2014); *see also*
3 *Microsoft II*, 696 F.3d at 878. As such, when Huawei signed the LOAs in this case,
4 Huawei entered into a contract for which Netgear is a third-party beneficiary to
5 “*grant a license under reasonable rates* to an unrestricted number of applications
6 *on a worldwide basis with reasonable terms and conditions that are demonstrably*
7 *free of unfair discrimination.*” Dkt. 1-4 (Ex. D) at 2 (emphasis added); Dkt. 1-4 (Ex.
8 E) at 2 (same); Compl. at fn. 7 (IEEE-SA Standards Board Bylaws) at §6.2 (same).

9 Here, bifurcation will expedite and simplify the issues before the Court while
10 also promoting equity by simplifying the numerous patent infringement actions
11 Huawei has serially filed against NETGEAR abroad. A RAND commitment
12 generally is enforceable by those who wish to implement the standard and secure a
13 license to the patented technology, as “third-party beneficiar[ies] to the agreements
14 between [an SEP holder] and the [relevant SSOs]. *Microsoft*, 864 F. Supp. 2d at 1032.
15 As noted above, by this motion Netgear is actively seeking to hold Huawei to its
16 commitment, but Huawei continues to race forward seeking injunctive relief in both
17 Germany and China. Ex. 2 (Dorn Decl.) at ¶¶ 3, 5-8; Ex. 3 (Zhang Decl.) at ¶¶ 3, 4,
18 6.

19 Under these circumstances, Huawei’s insistence on utilizing foreign courts to
20 obtain injunctions against Netgear products based on patents that both parties agree
21 must be licensed is not only inefficient, but is contrary to U.S. policy and the law. *See,*
22 *e.g., Microsoft II*, 696 F.3d at 884 (“Implicit in such a sweeping promise [made to
23 standards-setting organizations] is, at least arguably, a guarantee that the patent-holder
24 will not take steps to keep would-be users from using the patented material, such as
25 seeking an injunction, but will instead proffer licenses consistent with the
26 commitment made.”); *Realtek Semiconductor Corp. v. LSI Corp.*, 946 F. Supp. 2d
27 998, 1006–07 (N.D. Cal. 2013) (“In promising to license on RAND terms, defendants
28 here admit that monetary damages, namely a RAND royalty, would be adequate

1 compensation for any injury it has suffered as a result of Realtek’s allegedly
2 infringing conduct.”).

3 **B. Bifurcation to Hold a Trial Determining Huawei’s Contractual**
4 **Obligations Is Appropriate**

5 Rule 42(b) vests this Court with “broad discretion to bifurcate a trial to permit
6 deferral of costly and possibly unnecessary proceedings pending resolution of
7 potentially dispositive preliminary issues.” *Jinro*, 266 F. 3d at 998. Under this
8 authority, a court may order a separate trial for *any* issue requiring fact-finding:
9 “*Separate trials*. For convenience, to avoid prejudice, or to expedite and economize,
10 the court may order a separate trial of one or more separate *issues*, claims,
11 crossclaims, counterclaims, or third-party claims.” Fed. R. Civ. P. 42(b) (emphasis
12 added). The factors to be considered by the Court – convenience, avoidance of
13 prejudice, expediency and economy – are “in the alternative. Thus, bifurcation may
14 be proper upon a showing of *any* of these factors.” *Gen. Patent Corp.*, 1997 WL
15 770874, at *1.

16 Trying the question of Huawei’s contractual obligations quickly and first in
17 SEP cases substantially increases the likelihood of resolution “because the parties
18 will be better able to evaluate the potential risks and benefits of expending additional
19 resources in the litigation.” *Innovatio*, 2013 WL 5593609, at *1. As the court in the
20 Eastern District of Texas explained:

21 It may be that the outcome of the FRAND case does not resolve all of
22 the parties’ disputes in the present suit. Nevertheless, the possibility
23 that resolution of the FRAND case might alleviate many of the primary
24 differences between these two parties is *sufficient to counsel the court*
25 *that the terms and purposes of Rule 42(b) are satisfied*.

26 *Ericsson*, 2007 WL 1202728, at *3 (emphasis added). Each of these considerations
27 is even more compelling here.

28 Finally, as explained by the district court in *Microsoft*, “regardless of whether

1 Motorola has breached its contractual agreement to make good faith offers, Motorola
2 is obligated to grant Microsoft a RAND license ... The court finds that a return to the
3 negotiation table, without any adjudication as to what in fact constitutes a RAND
4 royalty rate, *will accomplish nothing more than delay.*” 2012 WL 4827743, at *9
5 (emphasis added). As in *Microsoft*, no other issue in this litigation offers the parties
6 and the Court greater opportunity for non-judicial resolution of all claims,
7 particularly because there can be no dispute that Huawei is contractually obligated to
8 grant Netgear a RAND license. This reason alone justifies bifurcation under Rule
9 42(b).

10 Netgear’s requested bifurcation will defer and avoid – potentially forever –
11 vigorously disputed claims of antitrust violations, unfair competition, RICO
12 violations, patent validity, patent infringement and other expert-intensive areas of
13 inquiry.³ Instead, a single determination of Huawei’s contractual obligations and
14 terms of a worldwide RAND license will put the parties in just the place intended by
15 the IEEE obligations voluntarily entered into by Huawei. While evidence on
16 economic factors and revenue numbers might result in some confusion, this actually
17 argues in favor bifurcation in that it eliminates a very complicated issue from an
18 already complicated much larger case. *See Ericsson*, 2007 WL 1202728 at *2
19 (“Separate trials are proper where the issues are clearly separable and can be tried
20 separately without confusing the jury.”) (citing *Angelo v. Armstrong World Indus.*,
21 11 F.3d 957, 964-65 (10th Cir. 1993).

22
23 ³ The Manual for Complex Litigation observes that “[d]eferral of claims asserting
24 unfair competition or antitrust until resolution of the patent issues frequently results
25 in the claims’ voluntary dismissal or settlement.” Manual for Complex Litigation
26 Fourth, § 33.23. Courts characterize bifurcation of patent and antitrust claims as
27 common, but not mandatory. *See Masimo Corp. v. Philips Elecs. N. Am. Corp.*,
28 2010 WL 925864, at *1 (D. Del. Mar. 11, 2010); *Monsanto Co. v. E.I. Du Pont De
Nemours & Co.*, 2009 WL 3012584, at *1 (E.D. Mo. Sept. 16, 2009); *Polycom, Inc.
v. Codian, Ltd.*, 2007 WL 7658922, at *2 (E.D. Tex. Apr. 23, 2007); *Applera Corp.
v. MJ Research Inc.*, 389 F. Supp. 2d 344, 347 (D. Conn. 2005).

1 Netgear’s proposed approach allows the finder of fact in a first phase of the
2 case to determine contractual obligations without having to sort through whether
3 patents have been infringed, the antitrust laws have been broken, or contracts have
4 been breached, among other determinations. The proposed bifurcated approach is
5 convenient, efficient, economical and dispositive. The determination of Huawei’s
6 contractual obligation and the other claims in this case (including future potential
7 patent claims) are separable – they have different facts, witnesses and evidence, not
8 to mention different legal issues. Netgear’s proposed streamlining of the proceedings
9 benefits all involved and Netgear is willing to accept the determined worldwide
10 license with hopes of fully resolving the dispute through a license that Huawei was
11 contractually obligated to provide in the first place.

12 **C. An Expedited Schedule Will Not Unfairly Prejudice Huawei**

13 The benefits of prompt adjudication far outweigh any burdens of expedited
14 proceedings for all parties. A prompt determination of Huawei’s contractual
15 obligations should result in a license and save all parties significant expenditures in
16 the various litigations and proceedings now underway, both domestic and abroad.
17 To that end, Huawei, itself, has already unilaterally bifurcated the issues at stake in
18 this case. For example, Huawei has refused to provide discovery on anything it
19 determines irrelevant to its Wi-Fi SEPs and RAND obligations and negotiations.
20 Huawei also proposed a schedule largely tailored to the RAND issues and refused
21 to set a schedule for any of the other issues. Thus, Huawei has already (improperly)
22 taken affirmative actions to bifurcate the action in discovery to focus first on the
23 RAND issues. Huawei’s actions obviate any ability for it to now reasonably argue
24 prejudice. Moreover, any assessment of prejudice should consider countervailing
25 equities. The inequity of Huawei shirking its contractual obligation while
26 employing a worldwide litigation blitz cannot be overstated.

1 **VI. CONCLUSION**

2 For the foregoing reasons, Plaintiff Netgear, Inc. respectfully requests that the
3 Court bifurcate the issue of Huawei’s contractual obligation based on its IEEE LOAs
4 and set an early bench trial to determine appropriate worldwide RAND terms for
5 Huawei’s Wi-Fi SEPs.

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Dated: November 15, 2024

Respectfully submitted,
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Local Rule 7-3 Attestation

This motion is made following the conference of counsel pursuant to L.R. 7-3, which took place on November 8, 2024.

Dated: November 15, 2024

Respectfully submitted,
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By: /s/ Blair M. Jacobs
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Attorney for Plaintiff
NETGEAR, INC.

Local Rule 11-6.2 Attestation

The undersigned, counsel of record for Huawei Technologies Co., Ltd., certifies that this brief is no more than 25 pages in length, which complies with the page limit set by court order dated March 14, 2024. Dkt. 41.

Dated: November 15, 2024

Respectfully submitted,
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CERTIFICATE OF SERVICE

I, the undersigned, certify that on the date signed below, I caused the foregoing document to be served:

MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO BIFURCATE AND REQUEST FOR RAND DETERMINATION CONSISTENT WITH HUAWEI’S CONTRACTUAL OBLIGATION

on the following individuals via CM/ECF at the following email addresses:

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Executed this 15 day of November, 2024, at Washington, D.C.

By: /s/ Blair M. Jacobs

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