

# Ericsson, TCL Settle Wireless Tech Patent Licensing Battle

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Law360 (July 19, 2021, 3:08 PM EDT) -- Chinese smartphone maker TCL on Friday reached a confidential settlement with Swedish telecommunications giant Ericsson after more than seven years of litigation in California federal court over licensing rates for standard-essential patents on wireless technology.

TCL and Ericsson, which have been battling over the licensing rates of essential telecommunications-related patents in court since 2014, jointly filed Friday to permanently end all patent licensing-related claims between the companies.

"Ericsson can confirm that all patent-related legal disputes between TCL and Ericsson are withdrawn following a settlement agreement," an Ericsson spokesperson told Law360 on Monday. "The details of the agreement are confidential, and we are not able to give any further comments." A TCL representative also confirmed the deal Monday and said they too could not comment further.

TCL, which claims to be one of the world's largest consumer electronics brands, sued Ericsson in March 2014, claiming Ericsson refused to license its standard-essential patents related to the global 2G, 3G and 4G telecommunications standards under fair, reasonable and nondiscriminatory terms.

Ericsson similarly launched lawsuits in at least four countries, accusing TCL of infringing its standard-essential patents.

In 2017, U.S. District Judge James V. Selna held a bench trial after which he ruled that the royalty rates Ericsson offered to TCL were "radically divergent" from those it offered to other smartphone makers and thus were not fair, reasonable and nondiscriminatory terms, known as FRAND. The judge also specifically objected to a "floor" on royalties Ericsson included in its offer to

account for the lower price of TCL's products.

The judge held that Ericsson had to license those standard-essential patents for \$16.5 million, instead of the nearly \$100 million it wanted.

Judge Selna's ruling [marked the first time](#) a district court had determined a FRAND rate for an entire standard-essential patent portfolio.

But the Federal Circuit [reversed Selna's decision in April 2020](#) and said that such a ruling had to come from a jury. Judge Selna's setting of the FRAND rate that TCL must pay to license Ericsson's patents alongside a "release payment" for past unlicensed sales was improper, the Federal Circuit held.

The Federal Circuit said that since the release payment is akin to damages for infringement, it's a legal issue that must be addressed by a jury.

The dispute was then [set to go to a bifurcated jury trial](#), with the jury to decide if the rates Ericsson set were FRAND and then, if necessary, a second phase would decide what the rates should be.

But in December 2020, [at the request of the parties](#), Judge Selna vacated the trial date, citing the COVID-19 pandemic as the reason for the delay.

And in a letter to the court filed Friday, the parties jointly moved "to dismiss all pending claims and counterclaims in this action with prejudice, except that any claims or counterclaims related to U.S. Patent Nos. [6,301,556](#) and [6,473,506](#) are dismissed without prejudice with respect to allegations relating to 2G or 3G products."

The parties agreed that each side would bear its own fees and costs.

Ericsson and [Telefonaktiebolaget LM Ericsson](#) are represented by Chase A. Scolnick of [Keller/Anderle LLP](#), Theodore Stevenson III of [Alston and Bird](#)

[LLP](#) and Nicholas Mathews of Mckool Smith P.C.

TCL is represented by Stephen S. Korniczky, Martin R. Bader, and Matthew W. Holder of [Sheppard Mullin Richter & Hampton LLP](#).

The case is [TCL Communication Technology Holdings Ltd.](#) v. Telefonaktiebolaget LM Ericsson et al., case number [8:14-cv-00341](#), in the [U.S. District Court for the Central District of California](#).