
Civil Ruling of
Wuhan Intermediary People’s Court
Hubei Province, People’s Republic of China

Case No.: (2020) E 01 Zhi Min Chu No. 169.1

Applicant: Xiaomi Communication Technology Co., Ltd.

Domicile: 9th Floor, Phase II, China Resources Wucaicheng Shopping Center, 68 Qinghe Middle Street, Haidian District, Beijing, People's Republic of China.

Legal representative: Wang Chuan, the Chairman of the company.

Attorney: Xie Guanbin, Beijing Lifang Law Firm Attorney; Xu Jun, Beijing Lifang (Wuhan) Law Firm

Applicant: Xiaomi’s Home Co., Ltd.

Domicile: Hubei Province, People's Republic of China Room 801, 8th Floor, Phase II, Science and Technology Convention and Exhibition Center, No. 546, Luoyu Road, Donghu Development Zone, Wuhan.

Legal representative: Wang Chuan, the Chairman of the company.

Attorney: Qin Ying, Beijing Lifang Law Firm Attorney; Xu Jun, lawyer of Beijing Lifang (Wuhan) Law Firm

Applicant: Beijing Xiaomi Mobile Software Co.

Domicile: Beijing, People’s Republic of China Room 01, 9th Floor, Phase II, China Resources Colorful City Shopping Center, 68 Qinghe Middle Street, Haidian District

Legal representative: Wang Chuan, the Chairman of the company’s

Attorney: Jiao Shan, Beijing Lifang Law Firm; Xu Jun, Beijing Lifang (Wuhan) Law Firm

Respondent: Inter Digital Inc.

Domicile: 200 Bellevue Parkway, Suite300, Wilmington, DE 19809-3727 (English address: 200 Bellevue Parkway, Suite300, Wilmington, DE 19809-3727).

Legal representative: William J. merritt, the CEO of the company

Respondent: Inter Digital Holdings, Inc.

Domicile: 200, Belley Parkway, Suite300, Wilmington, DE 19809 (English address: 200, Belley Parkway, Suite300, Wilmington, DE 19809)

The applicant Xiaomi Communication Technology Co., Ltd. (the “Xiaomi Communication”), the applicant Xiaomi’s Home Co., Ltd. (the “Xiaomi Home”), and the applicant Beijing Xiaomi Mobile Software Co. (the “Xiaomi Mobile”) filed suit against Inter Digital, Inc. (Chinese translation: 交互数字公司, hereinafter the “Inter Digital”), the respondent Inter Digital Holdings, Inc. (Chinese translation: 交互数字控股有限公司, hereinafter the “Inter Digital Holdings”) for the resolution of the standard essential patent (“SEP”) license fees dispute with Wuhan Intermediary People’s Court (“this Court”) on June 9, 2020. After the court accepted the case, a collegial panel was formed in accordance with the law in which the judge Yin Wei served as the presiding judge, the judge Xu Jixue presided over the trial, the judge Zhao Qianxi, the judge Peng Lulu, and the judge Liu Chang participated in the trial of this case.

During the delivery of the copy of the Complaint of current case, the applicant, Xiaomi Communication, Xiaomi Home, and Xiaomi Mobile filed an anti-suit injunction application with this Court on August 4, 2020, and requested this Court to:

- (1) order the respondent (i.e. the Defendant Inter Digital and Inter Digital Holdings) and their affiliates to immediately withdraw or suspend the temporary injunction of Indian court regarding the 3G and 4G standard essential patents involved in the current case against the applicant (i.e., the three Plaintiffs in this case, Xiaomi Communication, Xiaomi Commercial, Xiaomi Software) and their affiliates;
- (2) order the respondent and their affiliates to immediately withdraw or suspend the permanent injunction of Indian court regarding the 3G and 4G standard essential patents involved in the current case against the applicant and their affiliates;
- (3) prohibit the respondent and their affiliates from applying for temporary and/or permanent injunctions against the applicant and their affiliates in the courts of China or other countries and regions regarding the 3G and 4G standard essential patents involved in this case during the trial of this case;
- (4) prohibit the respondent and their affiliates from enforcement of any temporary or permanent injunctions regarding the 3G and 4G standard-essential patents involved in this case that have been granted or will be granted by the courts of China or other countries and regions against the applicant and their affiliates during the trial of this case;

(5) prohibit the respondent and their affiliates from requesting the courts of China or other countries and regions regarding the 3G and 4G standard-essential patents involved in this case to determine the license fee rate or license fee dispute between the parties during the trial of this case, and order the respondent (the two Defendants in this case) to withdraw or suspend such claims that have been filed.

(6) prohibit the respondent and their affiliates from initiating any form of legal proceedings in the courts of China or other countries and regions regarding the 3G and 4G standard-essential patents involved in this case during the trial of this case, and order the respondent to withdraw or suspend aforementioned proceedings that has been initiated.

This case is currently during the process of serving the complaint, the evidences, the procedures for participating and the summons and other documents. The two respondents did not submit written defense opinions or relevant evidence materials to this Court; nor did they send any person to participate in the hearing of the injunction of this case.

The Court concluded that, based on the preliminary evidence in this case, the applicant Xiaomi Communication Technology Co., Ltd. was founded on August 25, 2010, and it is mainly engaged in the development of mobile phone technology, computer software and information technology, technical testing, and system integration. The applicant Xiaomi's Home Co., Ltd. was established on June 27, 2017, and its main business is communication products and communication equipment and accessories, computer hardware and auxiliary equipment, digital equipment and accessories, and electronic products. The applicant Beijing Xiaomi Mobile Software Co. was established on May 8, 2012, mainly engaged in basic software services, application software services, technology development, computer system services and other businesses. The applicant Xiaomi Communication Co., Ltd., Xiaomi Home Co., Ltd., and Beijing Xiaomi Mobile Software Co. are affiliated companies, mainly engaged in the development, production, and sales of 2G, 3G, and 4G wireless communication terminal products including mobile phones. Their main base for production is located in China, and the main overseas markets include Indonesia, India, Singapore, etc.

The respondent Inter Digital, Inc and the respondent Inter Digital Holdings, Inc., are

companies incorporated in the United States in accordance with American laws. The respondent Inter Digital Holdings, Inc. is a wholly-owned subsidiary of the respondent Inter Digital, Inc, and is named as “Inter Digital Group” with its affiliates. The respondent and its Inter Digital group claimed to hold wireless communication technology and video coding and decoding technology, including 2G, 3G, 4G, 5G technology and IEEE802 decoding technology in wireless communication technology, participating in the formulation of various wireless communication international standards, and The patented technology owned and managed by it has been added to the international standard-setting organization for wireless communication technology.

Based on the present materials, the two respondent and their affiliated companies specialize in patent licensing negotiations and litigation, and do not manufacture and sell standard patented technology products, and are non-implementing entities (NPE) (Non Practicing-Entities). The two respondent claimed that the 3G and 4G patent portfolios owned and managed by their companies and affiliated companies contained a large number of wireless communication standard patents, and joined the standard-setting organizations such as European Telecommunications Standards Institute (ETSI) and the American Telecommunications Industry Association (TA), the Institute of Electrical and Electronics Engineers (IEEE), promising that the patented technologies of this type of standards (including standard essential patents) they held and managed will follow fair, reasonable and non-discriminatory licensing conditions (FRAND licensing conditions, FRAND licensing rules, The same below) to issue standard patent implementation licenses to the implementers of wireless communication standard patents.

The current wireless communication standards include 2G, 3G, 4G technical standards, and 2G standards include GSM and CDMA standards. The 3G standards include WCDMA, CDMA2000, and TD-SCDMA standards. The 4G standard mainly refers to the LTE standard, which includes a large number of standard patented technologies. The main business of the applicant Xiaomi Company and its affiliates is the development, production and sales of wireless communication terminal technology and equipment, and to provide wireless communication product services. Its terminal products contain the wireless communication technologies such as 2G, 3G, 4G and 5G. The series of wireless communication terminal product technologies developed, produced, and sold by Xiaomi and its affiliates all consist of current wireless communication standard technologies.

Since 2015, the applicant, as a manufacturer of wireless communication terminal equipment and an implementer of standard patents (including standard essential patents), has initiated license negotiations with the respondent regarding the license of wireless communication standard patents. In May 2017, the respondent sent an oral offer for FRAND license to the applicant. On June 15, 2019, the respondent sent a written offer involving 3G, 4G, 5G and 802.11, HEVC SEP technologies to the applicant, and disclosed its standard licensing fees for SEP technologies. The applicant actively responded to this offer, and requested the respondent to provide its calculation method for license fee and relevant charging standards for reference, but the respondent ignored it. Regarding this fact, the applicant sent a counteroffer for the aforementioned licensing negotiation project to the respondent on July 30, 2019. The counteroffer was rejected by the respondent. In February 2020, the respondent again initiated a SEP licensing negotiation offer to the applicant and offered the quotation to the applicant. After reviewing, the applicant believed that there is no substantial change between this quotation and the license fees proposed by the respondent in June 2019. Therefore, for a relatively long period of time, there has been no actual progress in the licensing negotiations between the two parties, and the negotiations have fallen into a deadlock.

On June 9, 2020, in order to resolve the deadlock in the SEP licensing negotiations, the applicant filed a lawsuit in Wuhan Intermediary People's Court ("**this Court**"), requesting and accepting this Court shall determine a global FRAND royalties or range of FRAND royalties for the SEPs under the licensing negotiation between two parties in accordance with the FRAND principles.

The Court accepted the case as scheduled. The above-mentioned facts reflect that:

First, based on the main business of the applicant and the respondent, the two parties negotiated the offer and counter-offer for the license of the standard patent (including SEPs) involved, and they already formed a potential contractual relationship in the SEP licensing matters. This kind of licensing negotiation is a widely accepted method for licensing SEPs in the international community. It has formed FRAND licensing rules with fairness, reasonableness, and non-discrimination as the core contents, and is widely accepted by licensors and licensees. Therefore, the applicant and the respondent should fully respect and accept the FRAND licensing rules during their negotiation.

Second, after the offer and counter-offer negotiations between the applicant and the respondent regarding the SEP licensing matters fell into the deadlock, the applicant did not give up the licensing negotiations, and requested this Court to resolve the SEP

disputes between the two parties in accordance with the FRAND rules, through making judicial judgments. This act of filing litigations in the Chinese court is in line with the intents of the FRAND licensing rules, conforming to the FRAND rules, thus, the respondent's application for judicial judgments in this case is justified.

Third, the applicant is registered in China, the main R&D, production, and sales bases are in China, and one of the affiliated companies is located in Wuhan, Hubei Province. If the respondent implemented the SEPs held and managed by the respondent, the place of performance of this licensing contract includes Wuhan, Hubei, thus, this case falls into the jurisdiction of this Courts. Therefore, this Court has the jurisdiction of relevant SEP disputes and should be respected and cooperated by all parties including the applicant and the respondent.

However, what the respondent did after The Court accepted this case indicates that, the respondent did not respect the trial procedures of The Court, hindering the judicial review of this case, and caused great damage to the overseas market of the applicant and its affiliates.

On June 9, 2020, after accepting the case, The Court served the respondent with a copy of the complaint, evidence materials, summons and other relevant documents. On July 28, 2020, the applicant informed the respondent that it had applied for this Court to adjudicate the dispute between the two parties over licensing fees matters and this case had entered the proceedings.

On the next day, the respondent listed the applicant and its affiliates as the defendants, and applied to District Courts of Delhi, India for issuing temporary and permanent injunctions against Xiaomi and its affiliates, restraining Xiaomi and its affiliates from producing and selling REDMI NOTE8, REDMI K20 and other wireless communication terminal products (mobile phone products), on the grounds that the patents 262910, 295912, 298719, 313036, 320182 registered and held by the respondent in India were infringed by Xiaomi and its affiliates. The respondent applied the Indian court to restrict Xiaomi and its affiliates from producing and selling the infringing products.

After learning that the respondent had applied for a temporary and permanent injunction against the applicant in the Indian court, on August 4, the respondent applied for an anti-suit injunction to this Court to prevent the interference and obstruction caused by the injunctions the respondent applied against the applicant Xiaomi and its affiliates in

India.

On August 11, this Court sent the respondent a copy of the complaint, evidence materials, and summon and other documents via email. After these emails were successfully sent, the two respondent refused to reply to the court. On September 2, this Court once again sent a copy of the complaint, evidence materials, procedures for indictment, summons and all other relevant documents to the two respondent through EMS. According to the express tracking information, these documents arrived in the United States on September 14, and they were planned to deliver on September 19. However, the respondent still did not sign the receipt to reply to this Court. On September 23, after the applicant completed the procedures required for this injunction application, this Court accepted the applicant's injunction application and initiated the judicial review process.

All above facts indicate that:

First, after the applicant informed the respondent that this Court had accepted this case, the respondent was awarded of the acceptance of this case by this Court. However, instead of respecting and cooperating with this Court to participate in this litigation, the respondent urgent initiated the application for temporary and permanent injunctions in the Indian district court to exclude this Court's jurisdiction and offset this litigation, which constituted interference to the judicial review of this case. It is obvious that the respondent deliberately conducted above behaviors.

Second, regardless of the offer and counteroffer in the SEP licensing negotiation between the applicant and the respondent, the injunction procedure initiated by the respondent in the Indian court against the applicant may lead to a Indian court decision that is conflict to the Wuhan Court's decision. This not only affected the conclusion of the SEP licensing negotiations between the applicant and the respondent, but also made it difficult to effectively enforce the decisions of this Court. The respondent was suspected of abusing the rights of applying for judicial protections during the SEP negotiation.

Third, the respondent's temporary and permanent injunctions against the applicant in the Delhi District Court of India will inevitably affect the business operation of the applicant and its affiliates in the Indian market, greatly harming the interests of the applicant, and these damages are almost irrecoverable. The applicant will suffer an expansion of damages. If not preventing the respondent's acts timely, it may endanger

the progress of the SEP licensing negotiation between the two parties and further cause damages to the interests of the applicant.

Fourth, the purpose of the applicant's request for this Court to issue an anti-suit injunction against the respondent, is to exclude the respondent from abusing the right of applying for injunctive measures to hinder the judicial review of this Court, ensuring the following enforcement of the effective judgments over the global FRAND royalties between the two parties. The respondent is an NPE. It makes profits through FRAND license negotiation and litigation and does not manufacture and produce SEP-implemented products. The issuance of an anti-suit injunction by this Court will not cause any substantial damage to the SEPs held and managed by the respondent and will not affect or harm the public interest, except for certain delay to the respondent in its application for patent rights protection after the breakdown of licensing negotiations. Therefore, this Court decides to rule for the applicant's anti-suit injunction application after evaluating and balancing the interests of all the parties and reviewing the whole case.

In addition to China, the applicant's implementation of wireless communication terminal product development, production and sales markets also extends to global overseas markets such as India, the United States, and Europe. Although the respondent chose the Delhi District Court of India to apply for a temporary injunction and a permanent injunction against the applicant and its affiliates, this Court has reason to believe that it is likely that the respondent initiate or may initiate the judicial procedures such as a temporary injunction, permanent injunction, other FRAND royalty determination litigations to continuously threaten the judicial review and enforcement of this case, and such obstruction should be eliminated. Furthermore, the applicant, i.e. the plaintiff, requested this Court to make a ruling on the global license fee for both two parties. Therefore, this Court grants the applicant's motion for injunction against the respondent to enjoin the respondent from initiating temporary injunction, permanent injunction, and other FRAND royalty determination litigations in all other jurisdictions not limited to China, India and other relevant places.

The applicant's petition for an injunction in this case may cause delayed damages to the respondent in its application for injunctions in the Indian court, so the applicant has submitted guarantees to this Court for the expected damages that may cause to the respondent due to the issuance of this anti-suit injunction. Thus, the application of the anti-suit injunction in this case complies with the relevant Chinese laws, and this Court

grants the motion for the anti-suit injunction in accordance with relevant laws and regulation.

The applicant applied for this anti-suit injunction with the purpose of precluding the damages and obstructions to this case which may be caused by the respondent in the exercise of its right for patent rights protection and relevant relief. This is also the purpose of this Court's granting of the anti-suit injunction in this case. Thus, this Court held that the injunction shall remain in force until the final judgment has been made and enforced in this case.

The complaint, evidence materials, summons and other materials in this case is still in the process of serving, and the respondent has not yet signed the receipt of service nor replied to this Court. The Court straightforwardly took the step of issuing the injunction which has the significance of preventing certain behaviors of the respondent. However, this issuance of this injunction does not prevent the respondent from submitting evidence and expressing opinions through the reconsideration procedure, so the respondent can receive remedies in its procedural rights.

To conclude, as a manufacturer of wireless communication terminal equipment, it is inevitable for the applicant to implement the SEP technology corresponding to its products, and to conduct licensing negotiations with the respondent on the SEPs held and managed by the applicant. Both two parties should accept the FRAND licensing rules that were formulated by the wireless communications standard organizations and widely respected by the international community. The applicant's request for this Court to decide the disputes between the two parties over the global royalty rates of relevant SEPs is consistent with the FRAND licensing rules. The respondent ignored the fact that this Court accepted this dispute between the two parties first, but initiated temporary and permanent injunctions against the applicant in the district court of India, which interfered with the juridical review and proceedings of this case, caused damages to the applicant's interests and might make it difficult to enforce the final judgment of this case. Therefore, this Court rules for the application for the anti-suit injunction to enjoin the respondent from taking certain actions against the respondent and prohibits the respondent from committing or may committing any acts to hinder the judicial review and proceedings of this case.

After discussion and evaluation by the collegiate bench, and in accordance with articles 100, 102, 111.1(6), 115.1, 154.1(4) of *the Civil Procedure Law of the People's Republic of China*, and articles 3.1, 4, 6.6, 7, 10.3, 10.4 and 13 of *the Provisions of the Supreme*

People's Court on Several Issues concerning the Application of Law in Reviewing the Injunction Cases involving Intellectual Property Disputes, this Court ruled as follows:

- i. From the date of service of this decision, the respondent Inter Digital, Inc., Inter Digital Holdings, Inc. and their affiliates shall immediately withdraw or suspend the temporary injunction they filed against the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi Home Commercial Co., Ltd., Beijing Xiaomi Mobile Software Co. and their affiliates in the district court of Delhi in India regarding the 3G and 4G SEPs involved in the current case.
- ii. From the date of service of this decision, the respondent Inter Digital, Inc., Inter Digital Holdings, Inc. and their affiliates shall immediately withdraw or suspend the permanent injunction they filed against the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi Home Commercial Co., Ltd., Beijing Xiaomi Mobile Software Co. and their affiliates in the district court of Delhi in India regarding the 3G and 4G SEPs involved in the current case.
- iii. The respondent Inter Digital, Inc., Inter Digital Holdings, Inc. and their affiliates shall not, during the pendency of this case, apply for temporary or permanent injunctions in the courts of China or other countries and regions against the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi Home Commercial Co., Ltd., Beijing Xiaomi Mobile Software Co. and their affiliates, regarding the 3G and 4G SEPs involved in the current case.
- iv. The respondent Inter Digital, Inc., Inter Digital Holdings, Inc. and their affiliates shall not, during the pendency of this case, apply for enforcing the temporary or permanent injunctions they obtained or may obtain in the courts of China or other countries and regions against the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi Home Commercial Co., Ltd., Beijing Xiaomi Mobile Software Co. and their affiliates, regarding the 3G and 4G SEPs involved in the current case.
- v. The respondent Inter Digital, Inc., Inter Digital Holdings, Inc. and their affiliates shall not, during the pendency of this case, apply for determining the SEP royalties or resolving relevant SEP disputes with the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi Home Commercial Co., Ltd., Beijing Xiaomi Mobile Software Co. and their affiliates in the courts of China or other countries and regions, regarding the 3G and 4G SEPs involved in the current case.

-
- vi. The funds of RMB 10 million provided by the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi's Home Co., Ltd. and Beijing Xiaomi Mobile Software Co. as the guarantee for the application for the injunction in this case shall be frozen.
- vii. All other claims of the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi's Home Co., Ltd. and Beijing Xiaomi Mobile Software Co. in the application for injunctions are dismissed.

If the respondent, Inter Digital, Inc. and Inter Digital Holdings, Inc. violate this Court decision, the respondent shall be fined RMB 1,000,000 per day for its violation and the fine is cumulative on a daily basis.

The filing fee of RMB 5,000 for the injunction application in this case shall be borne by the applicant Xiaomi Communication Technology Co., Ltd., Xiaomi's Home Co., Ltd. and Beijing Xiaomi Mobile Software Co.

This Ruling came into force immediately.

If the party disagrees with this Ruling, the party is entitled to apply to this Court for reconsideration within five days from the date of receipt of this Ruling. The reconsideration period will not affect the enforcement of the ruling.

The Presiding Judge: Yin Wei

Judge: Xu Jixue

Judge: Zhao Qianxi

Judge: Peng Lulu

Judge: Liu Chang

Dated September 23, 2020

Clerk: Luo Ting

Clerk: Xiong Liu