



## Implementers shouldn't read too much into Roku's FRAND rate-setting suit dismissal

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Do not be fooled that Access Advance **hailed** a recent dismissal of a lawsuit against it and other members of its High Efficiency Video Coding patent pool as a decision that “adds to a growing body of cases in which national courts are reluctant to set worldwide FRAND rates absent agreement from the parties”. Access Advance is misreading the decision and misconstruing the power of a US court to hold parties that have made FRAND commitments to those promises, including for foreign standard essential patents.

A FRAND commitment made to a standard-setting organisation establishes a binding contractual obligation to license in compliance with the SSO's intellectual property rights policy. US courts have the authority to enforce those commitments.

In December 2024, Roku sued Access Advance along with patent pool licensors Dolby Laboratories and Sun Patent Trust asserting, among other claims, declaratory judgments of non-infringement for certain Dolby and Sun Patent pool patents, breaches of contract and of the duty of good faith against Dolby and Sun Patent

based on their RAND commitments, and a declaratory judgment against all defendants setting a RAND rate for all the pool patents.

The defendants moved to dismiss arguing, among other points, that the court:

- lacked personal jurisdiction over Dolby and Sun Patent;
- should decline to exercise jurisdiction over certain of Roku's claims because similar claims were already pending in Unified Patent Court actions in Europe; and
- should decline jurisdiction to set a global RAND rate because it would be nothing more than an advisory opinion as to foreign patents in the pool.

On 21 July, Judge Richard G Stearns of the US District Court for the District of Massachusetts granted the motion to dismiss for lack of personal jurisdiction, leaving Access Advance the sole defendant. The only surviving claims were the declaratory judgment of RAND along with state law claims. The next day, in a brief order, the court concluded that it "lacks jurisdiction to determine the FRAND rate as requested in Count IX", noting that the US patents are "only a fraction of the larger portfolio which includes hundreds of foreign patents, and the court's opinion on the royalty rate would merely be advisory".

However, it is a mistake to suggest that US courts lack the authority to set a FRAND rate when a licensee requests it.

First, the case's procedural posture may at least partially explain the court's reluctance to take on a global rate determination. After the court dismissed the claims against Sun Patent and Dolby, no federal claims remained except for the declaratory judgment claim seeking a global RAND rate. Significantly, with no patent owners remaining as defendants and Access Advance as the pool administrator that had not made any of its own RAND commitments, there was no breach of contract claim, and thus no basis for Roku to seek specific performance and obtain a licence on RAND terms.

Second, the court appears to have adopted an overly narrow view of its jurisdiction to adjudicate RAND terms for foreign patents when a licensee makes the request. Sun Patent, Dolby and Access Advance relied on two Texas district court cases, *Optis Wireless Tech v Apple Inc* and *Optis Wireless Tech v Huawei Techs Co*, to argue that, "U.S. courts should not set terms for non-US patents, and that there is no jurisdiction to set terms even for US patents when not all parties agree to accept the terms". But in those cases, it was the SEP holder, not the licensee, that sought a declaratory judgment of global RAND terms. In that situation the court had no power to compel a defendant to accept a licence to foreign patents. The court lacked authority to adjudicate infringement of foreign patents.

The situation is significantly different where a would-be licensee seeks to hold a SEP owner to its promise to license on RAND terms. In that scenario, the SEP holder

can be compelled – as a matter of contract law – to adhere to its commitment to license through specific performance.

The *Roku* decision does stand in contrast to more aggressive approaches taken abroad by courts that have concluded they have the authority to set global rates – including at the request of SEP licensors. For example, in 2018, the High Court of England and Wales set a global FRAND rate in litigation between Unwired Planet and Huawei. In 2020, the UK Supreme Court affirmed that UK courts have jurisdiction to put a licensee to the choice of accepting a court-determined global licence or being enjoined in the UK. Likewise, the Chinese Supreme People's Court has ruled that Chinese courts have the authority to set global rates when there is a sufficient connection between the dispute and China.

While US courts lack the authority to compel a licensee to take a global licence, as explained above, the situation is different where a licensee seeks to hold a SEP holder to its FRAND commitments. In that scenario and in the appropriate case, US courts should be willing to act and set a global royalty. It is important that US courts continue to have a role in the development of FRAND jurisprudence and that US litigants can vindicate their rights here. That interest is particularly compelling where many foreign courts, including in Europe and South America, are willing to grant SEP holders injunctions, which gives those SEP holders considerable leverage in seeking above-FRAND royalties from implementers.

Where a US litigant is willing to enter a global licence on FRAND terms, it should be able to use a US court to have a SEP owner held to its commitment to grant such a licence.

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