

Nokia vs. Interdigital, UK court rules on Essentiality on 3G standard

Friday December 21 the English court handed down its decision in *Nokia vs. InterDigital*.

The case concerns 29 patents claimed by IDT to be essential to the 3G Standard. I set out below a brief summary of the judgment: you will see that, of the 4 patents it ultimately had to consider, the Court found only 1 of them to be essential

Nokia brought proceedings in the English High Court seeking declarations that a number of InterDigital (“IDT”)’s telecoms patents are not essential to the FDD mode of operation in the 3G Standard (3GPP TS 21.101 release 5) in Europe. Initially 29 of IDT’s patents were in issue but by the trial only four remained in dispute, IDT having conceded the non-essentiality of several. The result was that Nokia was largely successful, the judge finding that the contested claims of three out of the four patents in issue would not necessarily be infringed by apparatus/methods in accordance with the Standard.

Jurisdiction and Discretion

The English Court of Appeal had already decided at an earlier stage in the proceedings that there is jurisdiction for the Court to hear an application for this kind of unusual negative declaration, provided that a sufficient factual background exists. The decision whether to grant declaratory relief is then a matter of the Court’s discretion. In this case, the Court heard evidence from IDT on the question of whether granting a declaration would serve a useful purpose: would it be relevant to the scope of any license, or the royalties payable? The judge concluded that the requested declarations would be genuinely useful. In his opinion, a decision on essentiality would be material to the parties’ licensing negotiations, and would be determinative of relevant aspects of licensing negotiations in the UK (apparently Nokia’s biggest market), although it may not be determinative across all jurisdictions.

Of course, the discretion issues may be different in other cases if the facts are different. For example, it is not clear if a pure licensing business would so easily be able to demonstrate a sufficient basis for declaratory relief.

Construction of the Patent and Standard

Unlike the position in a straightforward infringement claim, the validity of the patents was not in issue. Nokia merely reserved the right to challenge validity. Of course, if validity had been in issue, this may have placed added constraints on IDT’s construction of its patent claims, conferring a tactical advantage on Nokia potentially. Against this, the complexity of the technology and the Standards meant that the trial was already lengthy and there was presumably a reluctance to extend it further by introducing issues of validity.

The Court carried out an exercise of comparison of the attacked patent claims against the sections of the Standard said to be relevant. In doing so, it took the view that “when the claim calls for A, and the Standard requires B, the right question is not whether A means B . . . but whether in its context in the specification the skilled man would appreciate that A in the claim encompassed B.” In other words, the Court adopted a purposive approach (the English version of a “doctrine of equivalents”). In doing so, it had the benefit of

detailed statements of case on essentiality from each party. In essence, Nokia's statement of case indicated which claim integers were not found in the Standard, and IDT's indicated the sections of the Standard which it argued did support those integers. These led to specific questions of construction which the judge addressed.

The comparison exercise included consideration of features which, though not strictly mandated by the Standard, are features that a handset must be capable of dealing with if they are implemented in the network. However, IDT did not rely on the so-called 'Limb 2' of ETSI's definition of Essentiality, whereby two or more patents relating to optional features are all deemed essential where one or other option must necessarily be implemented. The judgment contains very little express detail concerning the significance of optional features of the Standard when considering essentiality.

The Future

As the first English judgment on essentiality of patents to a technical standard, it is likely that IDT will seek to appeal the judge's decision. How this decision affects the ongoing licensing disputes between the parties remains to be seen: although their disputes concerning 2G technology have been settled, proceedings concerning 3G are ongoing in the US (Nokia's action in Delaware under the Lanham Act, and IDT's complaint to the International Trade Commission) and in the UK (IDT's action claiming declarations of non-essentiality against Nokia and Nokia Siemens Networks). In the meantime, the case is certain to generate further interest in the Court's ability to determine issues of essentiality, as well as related issues concerning FRAND licensing obligations. At the same time, businesses with an interest in seeking such relief must be prepared for involvement in substantial and possibly costly litigation, including a trial that may last several months.