

HIGH POINT SARL v. SPRINT NEXTEL CORP., Appeal No. 2015-1298 (Fed. Cir. April 5, 2016). Before Reyna, Mayer, and Chen. Appealed from D. Kan. (Judge Murguia).

Background:

High Point brought an infringement suit against Sprint's four patents. The district court granted summary judgment in favor of Sprint on grounds of equitable estoppel and laches.

The four patents are based on work developed by AT&T's Bell Labs and issued between 1993 and 1994. As AT&T spun off parts of its business, ownership of the patents transferred to successors-in-interest, the last being High Point, a non-practicing entity, in March 2008. Within 3 days of taking ownership, High Point began sending demand letters to Sprint and others asserting infringement. Meanwhile, as early as 1995, Sprint decided to build a cell phone network based on new technology. High Point's predecessors-in-interest to the patents helped Sprint build its network through licensed and unlicensed activity for over a decade. The unlicensed activity had been carried out for six years prior to High Point obtaining ownership. Sprint ultimately spent billions of dollars developing its cell phone network, which is now standard and used throughout the world. The record does not reflect that at any time prior to December 2008, when High Point brought the present suit, any of High Point's predecessors-in-interest raised any infringement concerns.

Issue/Holding:

Did the district court err in granting summary judgment on the ground that the suit was barred by equitable estoppel and by laches. No, on equitable estoppel issue; laches issue not addressed. Affirmed.

Discussion:

Citing precedent, the decision sets forth the three elements that must be established for equitable estoppel to bar a patentee's suit:

- (1) the patentee, through misleading conduct (or silence) leads the alleged infringer to reasonably infer that the patentee does not intend to enforce its patent against the alleged infringer;
- (2) the alleged infringer relies on that conduct; and
- (3) the alleged infringer will be materially prejudiced if the patentee is allowed to proceed with its claim.

Although there were facts in dispute, the court found that equitable estoppel rested on a record without material dispute. As to element (1), the court found that Sprint knew about the patents and that High Point's predecessors-in-interest knew about the infringing activity as early as 2001 and acquiesced, both through silence and active conduct. The court noted that a predecessor's conduct is imputed to its successors-in-interest. As to element (2), the court found that Sprint detrimentally relied on the conduct of High Point's predecessors-in-interest, additionally finding that Sprint had several options when building its network and would have acted differently if the threat of litigation was a possibility. As to element (3), the court found that Sprint suffered prejudice from the delay, having begun work on its network as early as 1996 and ultimately spending billions of dollars. In so holding, the court rejected High Point's argument that bad faith had to be shown.