

CORE WIRELESS LICENSING S.A.R.L. v. APPLE INC., Appeal No. 2017-2102 (Fed. Cir. August 16, 2018). Before Reyna, Bryson, and Hughes. Appealed from N.D. Cal. (Cousins, J.).

Background:

Nokia (the original patent holder) submitted a proposal to the European Telecommunications Standard Institute in November 1997 for use of its technology in the General Packet Radio Service Standard. Submissions to standard organizations require disclosure of intellectual property rights related to the proposal. Nokia filed a related patent application a week after the proposal, but did not disclose it until after the standard was adopted. The proposal ultimately adopted permitted, but did not require, use of Nokia's technology.

Core Wireless (current patent holder) sued Apple for infringement of the resulting U.S. patent, which the jury found Apple infringed. In a concurrent bench trial, Apple argued that the patent was unenforceable due to implied waiver because Nokia failed to disclose its patent application to the European Telecommunications Standard Institute. Implied waiver is an equitable doctrine that renders a patent unenforceable when a patentee fails to disclose its intellectual property rights to a standards-setting organization when a duty to disclose exists.

The district court held that the patent was not unenforceable reasoning that Nokia did not have a duty to disclose the Finnish application for two reasons: "(1) Nokia's proposal was rejected and (2) Nokia disclosed the patent in 2002, shortly after it could point to the contours of its [intellectual property rights] with specificity because the claims were allowed."

Issue/Holding:

Did the district court err in finding the patent not unenforceable? Yes, vacated and remanded.

Discussion:

After upholding the jury's finding that Apple infringed the patent, the Federal Circuit held that the district court's conclusion that Nokia did not have a duty to disclose its patent application was not supported by the evidence. Nokia's duty to disclose its intellectual property rights (1) was not based on whether or not Nokia's proposal was adopted, but on whether those rights might be essential to the standard if the proposal was adopted, and (2) required disclosure prior to issuance of the patent since un rebutted trial testimony made clear that the European Telecommunications Standard Institute intellectual property rights policy included disclosure of patent applications and that such disclosures were required to be made no later than the date the standard was adopted.

However, the Federal Circuit held that because implied waiver, like the doctrine of inequitable conduct, may render an entire patent unenforceable, the doctrine should only be applied in instances where the patentee's misconduct resulted in an unfair benefit.

It is possible that Nokia and Core Wireless did not obtain an unjust advantage by Nokia's failure to disclose the patent application to the European Telecommunications Standard Institute because Nokia's proposal was not adopted. Because the district court did not make such findings and did not determine whether Nokia's conduct was sufficiently egregious to justify finding implied waiver without regard to any benefit that Nokia or Core Wireless may have obtained as a result of such conduct, the case was vacated and remanded.