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Optis v Apple: Meade J considers estoppel due to late IPR declarations for SEPs

Nadine Bleach (Bristows) · Thursday, July 8th, 2021

On 25 June 2021 Meade J handed down his decision in the second of a series of trials listed as part of the *Optis v Apple* UK action ([2021] EWHC 1739 (Pat); a link the judgment is [here](#)). This decision concerned the validity and infringement of EP (UK) 2 229 744. This patent had previously been held valid and infringed/essential by Birss J in the context of the *Unwired Planet v Huawei* dispute (a copy of Birss J's decision is [here](#)). In this case, Apple conceded infringement/essentiality but argued the patent was invalid over two pieces of prior art and also raised a defence of proprietary estoppel. Whilst a number of the patent arguments are interesting – particularly the question of anticipation by equivalence which the judge rejected as a matter of law and fact – this author was especially drawn to the judge's in-depth analysis and dismissal of Apple's proprietary estoppel defence. The decision no-doubt brings a sigh of relief to SEP holders as it appears to close the door in the UK on estoppel arguments of this nature, sometimes categorised as a flavour of 'patent ambush' argument, at least in the context of the ETSI telecommunication standards.

The estoppel issues

Apple's estoppel argument was centred on the fact that the existence of potential IPR (the patent application) had not been declared by Ericsson (the original patent holder) before the relevant technical groups agreed the content of the relevant standards (which incorporated Ericsson's proposal). Specifically, Apple argued that:

- By not declaring its IPR, there was an *assurance* by Ericsson that it did not hold IPR in the technical solution it proposed; and
- the relevant technical groups *relied* on this assurance, suffering a *detriment* by not incorporating an alternative, unpatented technical solution in the standards.

Apple contended that the consequence of this was that Optis (who now owns the patent which has since been declared and found to be essential to the standard) would not be entitled to enforce it against Apple or alternatively would not be able to obtain an injunction based on it.

One of the key points which seemed to drive the decision arose from Meade J's factual findings that the existence of IPR was not a consideration for those agreeing the content of the standards, but rather the goal was to arrive at the best technical solution. Further, the evidence showed that the relevant technical working group was "patent-heavy" and that Ericsson was a well-known

innovator, patent filer and participant in the group. Meade J's conclusion was that no member of the relevant working group could reasonably have thought that Ericsson's proposal was IPR free and, even if they did, there was no reason Ericsson should have been aware of this perception. As such there was no relevant assurance. In any case, the judge considered that the Ericsson proposal was the best technical solution and would have been chosen in any event and so even if his conclusions on assurance were wrong, there was no reliance and detriment.

Breach of clause 4.1 of the ETSI IPR policy

As an element of the estoppel issues, as well as the basis for a standalone alternative argument that Optis should lose entitlement to relief, Apple argued that Ericsson had breached clause 4.1 of the ETSI IPR policy by declaring its IPR rights only after the standard was "frozen".

Clause 4.1 of the ETSI IPR policy states that:

"... each MEMBER shall use its reasonable endeavours, in particular during the development of a STANDARD or TECHNICAL SPECIFICATION where it participates, to inform ETSI of ESSENTIAL IPRs in a timely fashion. In particular, a MEMBER submitting a technical proposal for a STANDARD or TECHNICAL SPECIFICATION shall, on a bona fide basis, draw the attention of ETSI to any of that MEMBER's IPR which might be ESSENTIAL if that proposal is adopted."

The ETSI IPR policy is governed by French law. Therefore, in order to construe this clause, the judge applied the French law test of whether the clause was "clear and precise". Given he concluded it was not, he was then required to discern the "common intention of the parties", which required looking beyond the literal meaning of the words (something the judge described as "materially different" to the construction exercise under English law). The judge found the historical context and evidence of the development of the ETSI IPR Policy taken with the behaviour of declarants to be "very important" for construing the clause. While the judge considered he *could not* reasonably determine the subjective intention of the ETSI members as to the scope of clause 4.1, he considered ETSI's intentions *could* be determined as ETSI had "shown its working" through documented policy objectives and having regard to changes to the policy over time. Some of the judge's conclusions from the evidence included that: ETSI recognised that "late" declaration was not a problem so long as the FRAND regime worked; and if ETSI had thought that a declaration was mandatory when submitting a TDoc it could easily have ensured that at any time by changing its forms. It followed that there was no breach of clause 4.1.

Is this the end of the road?

It is clear that the points dealt with in this decision are of great importance to both SEP holders and implementers. One of Apple's arguments was that the alleged estoppel arose in favour of all implementers of the relevant standard. Therefore, had the judge found in favour of Apple, Ericsson may not have been able to assert its patent against any infringer. Further, it is not just Ericsson's SEPs that could have been affected – the evidence before the court showed that, like Ericsson, the vast majority of SEP holders (including Apple) made "late" IPR declarations.

Given the possible benefit to Apple if the decision were overturned, it seems likely it will give an appeal a go. However, this author suspects that obtaining permission to appeal might be an uphill struggle given that Meade J's conclusions were predominantly based on findings of fact. It also seems likely that, given the judge rejected almost all of the components of Apple's primary and

alternative arguments, this decision will put off other implementers from running patent ambush arguments of a similar vein, but only time will tell.

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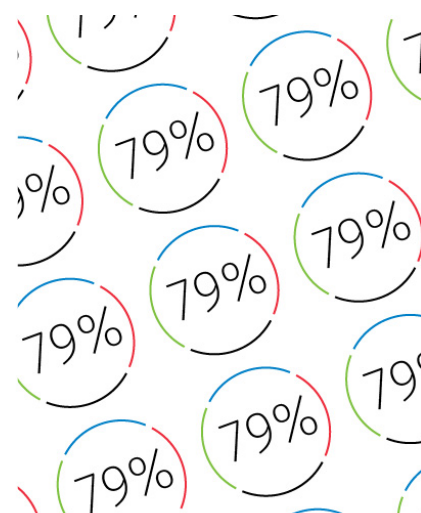
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