Patent Issues in Telecoms and the Scope for Resolving these by Arbitration

ITU-WIPO Symposium
Dispute Resolution at the Crossroads of ICT and IP
8 October 2009

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## Patent Issues in Telecoms and the Scope for Resolving these by Arbitration

- Benefit of adjudicating on disputes as to parallel rights in a single proceeding
- IP in telecoms
  - The "patent thicket" in telecoms …
  - Increasing asymmetries as hardware manufacture concentrates and as patent portfolios are acquired by Non Practising Entities (NPEs)
- Current negotiation or litigation responses
  - Negotiation with "proud lists", typically on basis of US claims
  - Patent pools and licensing programmes…
  - Multinational patent litigation …
- Arbitration as an alternative
  - Case study of international patent arbitration …
"As of 2009-09-22, the ETSI IPR Database contains 21258 entries organized in 94 projects between 156 companies"

- in the USA
- 1580 in EPO, 1010 in Germany (some possible double counting)
- 1345 in China
- 1125 in Japan
- 800 in Korea

ie, conservatively more than 1000 declared patent families

But not all are valid or necessarily infringed, and none are assessed by ETSI for essentiality to the relevant standard

And not all patents essential to the standard are declared
Patent Pools and Joint Patent Licensing Programmes in Telecoms

- Patent pools found in discrete areas of technology
  - Such as specific codec standards
  - Where there are relatively few patents to evaluate

- Joint patent licensing programmes
  - eg 3G Licensing Ltd (NTT DOCOMO, NTT, NEC, Mitsubishi, Fujitsu, Sharp, Panasonic, Siemens, France Telecom, KPN, SK Telecom, DETECON at September 2008)

- Both approaches require "gatekeepers" acting performing an expert adjudication role to check on the essentiality of patents

- But that leaves
  - Other major manufacturers
  - Non practising entities
## Multinational Patent Litigation

- **Types of patent dispute in telecoms**
  - Infringement actions
  - Revocation proceedings (or counterclaims)
  - Proceedings for declarations of "non-essentiality" (where local procedure permits)
- **Patents are territorial and have to be enforced in separate jurisdictions in separate actions, each with different procedures and timescales**
  - One recent instance of parallel patent litigation over telecoms patent portfolios involved patent litigation in 6 jurisdictions (US, China, 4 European)
- **Some examples of concluded telecoms patent disputes**
  - Between "non-practising entities" and manufacturers (and sometimes operators)
    - *Nokia v Interdigital* – GB
      - Proceedings for declarations of non-essentiality to 2G and 3G standards of patents declared to ETSI as essential
    - *RIM v Inpro* – UK and DE
      - Inpro patent invalid for anticipation and lack of inventive step
  - Between manufacturers
    - *Ericsson v Samsung* – UK
      - Settled before full hearing
- **Is arbitration an alternative?**
Is Patent Arbitration an Alternative?

- Almost all countries of the world treat patent disputes as capable of being arbitrated
  - Even though in very few will a decision finding a patent unenforceable have effect other than on the parties

- Benefits
  - Possibility of avoiding many of the problems of multinational patent litigation, including
    - Establishing a tribunal to deal with patents in multiple jurisdictions in the single proceeding
    - Appointing a tribunal with patent and technical expertise
    - Choice of procedures appropriate to an IP dispute, with for example provisions for confidentiality etc (especially if WIPO Rules applied)

- But
  - Agreement to arbitrate required
Case Study

- Parties - US and Asian companies
- Subject - US and European patents
- Settlement Agreement of prior litigation in US and Europe
- WIPO Arbitration Clause:
  - First Instance Tribunal:
    - Sole US Arbitrator jurisdiction re US Patents
    - Sole European Arbitrator jurisdiction re European Patents
  - Appeal Tribunal: 3 arbitrators
  - New York place of arbitration
Lawyers representing parties agreed:

- Appointment of sole US arbitrator and sole European arbitrator
- Use of WIPO Electronic Case Facility
- Timetable of proceedings
- Scope of discovery
- Protective order Art. 52
- Preliminary claim construction of US and European patents
- Hearing schedule

Arbitration lasted 18 months following appointment of arbitrators
Thank you