

No. 2019-2039

**UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT**

CONVERSANT WIRELESS LICENSING S.A.R.L.,

Plaintiff-Appellant,

v.

APPLE INC.,

Defendant-Appellee.

On Appeal from the United States District Court for the Northern District of California in Case No. 5:15-cv-05008-NC, Magistrate Judge Nathanael M. Cousins

**NON-CONFIDENTIAL BRIEF FOR
DEFENDANT-APPELLEE APPLE INC.**

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CERTIFICATE OF INTEREST

Counsel for Defendant-Appellee Apple Inc. certifies the following:

1. The full name of every party or *amicus* represented by me is:

Apple Inc.

2. The names of the real party in interest represented by me is:

Not applicable.

3. All parent corporations and any publicly held companies that own 10 percent or more of the stock of the party or *amicus curiae* represented by me are:

None.

4. The names of all law firms and the partners or associates that appeared for the party or *amicus* now represented by me in the trial court or agency or are expected to appear in this court (and who have not or will not enter an appearance in this case) are:

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5. The title and number of any case known to counsel to be pending in this or any other court or agency that will directly affect or be directly affected by this court's decision in the pending appeal:

None.

Dated: November 12, 2019

/s/ Joseph J. Mueller

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CONFIDENTIAL MATERIAL OMITTED

The confidential information that has been deleted on page 22 discloses details of Conversant's expert Stephen Dell's analysis of confidential Apple documents. The district court ordered that this portion of the trial testimony be sealed.

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STATEMENT OF RELATED CASES

This appeal arises from the remand of an appeal previously before this Court in *Core Wireless Licensing S.a.r.l. v. Apple Inc.*, 899 F.3d 1356 (Fed. Cir. 2018) (Reyna, Bryson, and Hughes, JJ.). In that decision, the Court:

(1) reversed the jury's verdict that Apple Inc. ("Apple") had infringed U.S. Patent No. 6,633,536 ("the '536 patent");

(2) affirmed the jury's verdict that Apple infringed U.S. Patent No. 6,477,151 ("the '151 patent"), and that the asserted claims of the '151 patent are not invalid;

(3) reversed the district court's rejection of Apple's implied waiver defense, and found that Nokia Corporation ("Nokia"), the original '151 patent assignee, had breached its standard-setting disclosure obligations for the '151 patent; and

(4) remanded for the district court to make further factual findings relating to Apple's implied waiver defense.

Appellant and current '151 patent owner, Conversant Wireless Licensing S.a.r.l. (previously known as Core Wireless Licensing S.a.r.l.) ("Conversant") filed a combined petition for panel rehearing and rehearing *en banc*, which the Court denied on December 19, 2018. *See* Case No. 2017-2102, Dkts. 80, 81; Appx2508-2515.

In *Core Wireless Licensing, S.a.r.l. v. Apple Inc.*, 853 F.3d 1360 (Fed. Cir. 2017) (O'Malley, Bryson, and Wallach, JJ.), this Court addressed an earlier case

between the parties. In that decision, this Court affirmed the jury's verdict that Apple did not infringe any of the five patents that Conversant asserted at trial against Apple in the Eastern District of Texas. (Conversant also asserted nine other patents against Apple in that case, all of which were dismissed before trial.) That case did not involve the '151 patent at issue in this appeal. Previously in that same case, this Court denied Apple's request for a writ of mandamus on transfer issues. *In re Apple Inc.*, 743 F.3d 1377 (Fed. Cir. 2014) (Newman, Prost, and Reyna, JJ.).

In *Core Wireless Licensing S.a.r.l. v. LG Electronics, Inc.*, No. 2:14-cv-911-JRG-RSP (E.D. Tex.), Conversant accused LG Electronics of infringing multiple patents, including the '151 patent and the '536 patent. Before trial, Conversant elected not to proceed with its claims relating to the '151 patent.

Counsel for Apple is unaware of any other pending case that will directly affect or be directly affected by the Court's decision in this appeal.

INTRODUCTION

In the parties' earlier appeal in this case, the Court found that the '151 patent's prior owner Nokia had breached its disclosure obligations to the standard-setting organization ETSI, by waiting *more than four years after* the relevant GPRS standard was frozen to first declare the '151 patent as essential to that standard. The Court then remanded to have the district court make factual findings on the sole remaining issue underlying Apple's implied waiver defense—specifically, to determine whether Nokia and/or Conversant unjustly benefitted from Nokia's breach, or alternatively, whether Nokia's breach-related conduct was egregious.

On remand, Apple proved via admitted trial evidence—including unrebutted testimony from the former Chairman of the Board of ETSI, trial admissions from Nokia and Conversant witnesses, and multiple admitted exhibits—that Nokia and Conversant have realized multiple unjust benefits from Nokia's breached disclosure obligations. For example, the evidence established that Nokia initially rated its idea as just a 2-out-of-5 for technical importance, but recognized that it could turn the idea into a 5-out-of-5 by getting the invention incorporated into an ETSI standard (GPRS). Nokia proceeded to do exactly that—all while secretly patenting the same idea and thereby precluding ETSI members from considering non-patented alternatives. By converting the '151 patent from a low value asset into something essential to *all* GPRS-standard-compatible handsets, Nokia vastly expanded the

importance and reach of the '151 patent—a significant unjust benefit, the fruits of which Conversant still holds today.

Apple further demonstrated how Nokia and Conversant have leveraged that improperly-obtained standard-essential status of the '151 patent, including to demand and obtain inflated licensing revenues and to bolster negotiation and litigation positions. Indeed, if the Court overturns the implied waiver finding in this case, Conversant (and its business partner Nokia) stand to receive millions of dollars in damages for infringement of the '151 patent based on nothing more than Apple's practice of the GPRS standard—the same standard for which Nokia breached the ETSI rules. This would constitute yet another significant unjust benefit flowing from Nokia's breach.

Given this record, the district court did not abuse its discretion in finding that “[t]he '151 patent was incorporated into the GPRS standard *as a result of* Nokia's nondisclosure,” and that both Nokia and Conversant had obtained an “unfair competitive advantage” as a result, including by “extract[ing] licenses from industry participants” and “command[ing] substantial royalties” for their “essential patent families, which includes the '151 patent.”¹ Accordingly, the Court should affirm

¹ All emphases and highlighting are added unless otherwise noted.

that the implied waiver doctrine renders the '151 patent unenforceable against products practicing the GPRS standard, including the accused Apple products.

On appeal, Conversant raises three primary arguments. None has merit.

First, Conversant argues that the implied waiver doctrine required Apple to prove “but-for” causation—insisting on proof that, when ETSI members were considering Mr. Oksala’s proposal *more than two decades ago*, if Nokia had disclosed its secret patenting activity to the ETSI membership, they *necessarily* would have voted to adopt a different proposal over the '151 patent approach. But this Court rejected that elevated proof requirement in *Qualcomm Inc. v. Broadcom Corp.*, 548 F.3d 1004, 1021 (Fed. Cir. 2008), and it should do so again here. Nor would such a proof requirement make sense—given that it would perversely encourage patentees to wait as long as possible before disclosing their patented technology to standard-setting bodies, all while memories and other relevant evidence become increasingly stale or even lost, and industry participants become increasingly locked-in to their investment in standard-compliant products.

But even under an elevated proof requirement, Conversant’s breach of ETSI rules had consequences: the district court here found that the '151 patent was, in fact, incorporated into the GPRS standard “*as a result of* Nokia’s nondisclosure.” Because Conversant presents no reasoned basis to treat that factual finding as an abuse of discretion, even Conversant’s legally flawed “but-for” test is satisfied.

Second, Conversant argues that it did nothing wrong, and that any resulting benefits were “just” because Nokia previously gave a generic, blanket promise to license any future declared-essential patent rights on FRAND terms. But Conversant previously argued that it had not breached ETSI’s disclosure obligations for the same reason, and this Court rightly found that Nokia’s late disclosure was misconduct—simply put, Nokia broke the rules—despite that generic promise to license. Moreover, Conversant’s argument—which rests entirely on non-admitted hearsay (including a report filed in a different case by a Conversant expert who never testified at trial)—rests on the false premise that ETSI’s disclosure requirement is solely concerned with obtaining a FRAND commitment. The *only admitted evidence* on this issue came from the trial testimony of Dr. Michael Walker, the former ETSI Chairman of the Board. And he explained that the disclosure requirement is designed to allow members to take the patented nature of an idea into account when considering whether to incorporate the idea into the standard—i.e., before the standard is frozen. The district court was entitled to rely on that unrefuted and credible testimony from the former head of ETSI.

Finally, Conversant urges the Court to ignore the plentiful evidence of unjust benefits and egregious misconduct based on a claim that the ’151 patent is not even essential to the GPRS standard. But the Court previously determined in this case that the accused functionality is *mandatory* for GPRS-complaint handsets, and

previously determined in *Qualcomm* that implied waiver can exist even when the asserted patent is not essential. Nor can Conversant overcome the trial evidence consisting of:

(1) signed declarations of the '151 patent's essentiality submitted to ETSI by both Nokia and Conversant,

(2) trial testimony from the '151 inventor, Mr. Oksala, that he views his patent as essential,

(3) Conversant's repeated reliance in this case on the '151 patent being essential, and

(4) trial evidence confirming that the '151 patent approach is a "mandatory" feature for handsets implementing the GPRS standard. The district court did not abuse its discretion by crediting that overwhelming evidence of essentiality.

Additionally, the Court can reach the same result of unenforceability on alternative grounds based on Nokia's egregious misconduct. As noted above, remand established that Nokia successfully executed its plan to simultaneously incorporate the '151 patent approach into the GPRS standard and patent the same idea in secret. After less than two weeks of quick action by Nokia to do so, Nokia then kept the existence of the '151 patent family hidden from ETSI until *four years after* the GPRS standard was frozen—all while GPRS-compliant handset

manufacturers were continuing to perpetuate the patented functionality across their products.

The district court found that this behavior was “undoubtedly misconduct,” but did not believe it was sufficiently egregious to warrant a finding of implied waiver. However, the substantial and clear evidence confirms that was incorrect, and therefore provides an alternative ground for the Court to deem the ’151 patent unenforceable against Apple’s accused handsets.

For these reasons, this Court should affirm the district court’s judgment that, under the implied waiver doctrine, the ’151 patent is unenforceable against products practicing the GPRS standard, including the accused Apple products at issue here.

STATEMENT OF ISSUES ON APPEAL

1. Whether the district court abused its discretion in finding that Nokia and Conversant unjustly benefitted from having the ’151 patent incorporated into the GPRS standard, where the unrebutted trial evidence demonstrated that both companies had leveraged and otherwise benefitted from the essential status of the patent in multiple key respects?

2. Alternatively, whether this Court should hold that the ’151 patent is unenforceable against products practicing the GPRS standard in view of Nokia’s egregious misconduct to get the ’151 patent approach incorporated into the standard,

while secretly patenting the same approach, and then waiting four years after the standard was frozen before declaring the patent as essential?

STATEMENT OF THE CASE

I. THIS COURT’S REMAND DECISION IN THE PARTIES’ PRIOR APPEAL

In the prior appeal in this case (No. 17-2102), Apple asked the Court to review the jury’s infringement and no invalidity verdict for the ’151 patent, which the Court affirmed. *See Core Wireless Licensing*, 899 F.3d at 1363.

However, Apple also appealed the rejection of its implied waiver defense, which stemmed from Nokia’s failure to disclose its then-pending patent application while ETSI members were still considering whether to incorporate that patented approach into the GPRS standard—and for another four years after the standard incorporating that feature was frozen. The Court held that the district court had erred in rejecting Apple’s implied waiver defense.

First, the Court found that under the express language of the rules governing standard setting at ETSI, when an ETSI member submits a technical proposal that “might” become essential “if” adopted into the standard, the member must declare any potential intellectual property rights in the proposed technology. *Core Wireless Licensing*, 899 F.3d at 1367 (“ETSI’s intellectual property rights policy states that the disclosure requirement attaches to a member ‘submitting a technical proposal’ if that party has intellectual property that ‘might’ be essential ‘if that proposal is

adopted.”); *id.* at 1366 (“[A]n IPR does not have to actually be essential to fall under the disclosure obligation, ‘[s]o long as it might become essential, that’s all that’s required.’”).

The Court recognized that Apple’s expert and former ETSI Chairman of the Board, Dr. Walker, was the *only* trial witness to address the meaning of ETSI’s disclosure requirement, and accepted his testimony that “the very purpose of [the] disclosure [requirement] was to permit the standards setting decisionmakers to make an informed choice about whether to adopt a particular proposal.” *Core Wireless Licensing*, 899 F.3d at 1367; *id.* at 1366 (“The importance of the IPR disclosure requirement, [Dr. Walker] explained, was to inform the decisionmaking of the members of the standards-setting organization, which could affect what technical solution they chose to adopt.”).

Second, the Court found that Nokia had breached its disclosure obligations under ETSI’s IPR policy by failing to disclose the pending ’151 patent family application when Nokia first proposed its approach to ETSI in November 1997—or at any other time before the GPRS standard was frozen in June 1998. *Core Wireless Licensing*, 899 F.3d at 1368 (“As Dr. Walker’s testimony made clear, [Nokia] had a duty to disclose its IPR no later than June 1998; its later disclosure was clearly untimely and not sufficient to cure the earlier breach of its duty.”); *id.* at 1366 (“Given his understanding of ETSI’s policy, Dr. Walker concluded that Nokia

should have disclosed its patent application when it submitted its proposal because ‘it has the potential to be essential,’ which was acknowledged by Nokia’s employees in the invention report.”).

In reaching that conclusion, the Court rejected Conversant’s assertions that ETSI’s IPR policy does not apply to pending patent applications (even if the application is treated as confidential by the relevant patent office). *Core Wireless Licensing*, 899 F.3d at 1367-1368 (“Dr. Walker explained that ... ETSI’s policy applied to unpublished patent applications without regard to whether they were confidential.”); *id.* at 1367 (“Dr. Walker’s unrebutted trial testimony made clear that the ETSI policy included patent applications, which are, by their nature, not yet final.”). It also rejected Conversant’s argument that the IPR policy did not apply because Nokia’s proposal involving the ’151 patent approach was originally accepted, but later replaced with an Ericsson proposal.²

² The trial record confirmed that Ericsson submitted a proposal that incorporated Nokia’s original proposal as an *optional feature for base stations*, and ETSI adopted that Ericsson proposal. Appx3320-3321; Appx3354. But because GPRS handsets must be ready at all times to communicate with a base station that chooses to implement that optional feature (e.g., if the handset moves into range of a new base station using the feature), supporting the feature is *mandatory for all GPRS-compliant handsets*. See *Core Wireless Licensing*, 899 F.3d at 1363; *id.* at 1365 (“Nokia’s proposal was rejected and replaced by a competing proposal submitted by Ericsson. Ericsson’s proposal was similar to Nokia’s, except that it merely permitted a mobile device to use a single TAV for bi-directional transfer, rather than requiring it.”); *id.* at 1367 (summarizing Mr. Oksala’s testimony “that Ericsson’s proposal is different only because it made his idea ‘optional’”).

Finally, because implied waiver is an equitable doctrine that “hinges on basic fairness,” the Court remanded for the district court to determine in the first instance whether Nokia and/or Conversant had obtained any unjust benefits or engaged in egregious misconduct:

Here, it may be that, despite breaching its duty to disclose its application, Nokia (and Core Wireless, its successor-in-interest) did not obtain any unjust advantage, because Nokia’s proposal was not adopted. On the other hand, given the similarities between Nokia’s and Ericsson’s proposals, and given that Nokia participated in at least some of the discussions in the ETSI working groups, *it is also possible that the standard that was adopted, which made Nokia’s proposal “optional,” has still provided Nokia (and Core Wireless) with an undeserved competitive advantage.*

Core Wireless Licensing, 899 F.3d at 1368; *id.* at 1369 (“Those issues must be addressed in the first instance by the district court on remand, as the task of applying an equitable defense is committed to the district court’s discretion.”).

Following the Court’s decision, Conversant filed a combined petition seeking panel rehearing and *en banc* review, repeating its arguments that: (1) the panel applied the wrong legal standard because implied waiver supposedly requires proof that third parties actually relied on Nokia’s lack of disclosure; (2) Nokia could not have breached its disclosure obligations because it had previously made a blanket promise to license its patent rights on FRAND terms, and the sole supposed purpose of ETSI’s disclosure policy is to ensure that standard-essential patents are available for a FRAND royalty; and (3) Nokia’s proposal was never adopted into the standard,

and thus not essential, because it was “rejected and replaced” by Ericsson’s proposal. *See* Appx7015; Appx7024-7025; Appx2509.³

The full Court denied the petition for *en banc* review. Appx2514-2515. And for its part, the Panel issued an Order rejecting Conversant’s petition arguments on the merits. Appx2508-2513. For example, the Panel again rejected Conversant’s attempt to require proof that one or more third parties had detrimentally relied on Nokia’s untimely disclosure. Appx2509-2510 (“[I]mplied waiver does not require proof of detrimental reliance on the non-disclosure.” (citing *Qualcomm*, 548 F.3d at 1021)); Appx2509 (“As the panel noted ... implied waiver turns on whether the patentee had a duty of disclosure to the standard-setting organization and breached that duty. ... Based on Apple’s uncontradicted showing, the panel concluded that the patentee had such a duty and breached it.”).

The Panel also rejected Conversant’s renewed claim that no breach was possible in view of Nokia’s prior blanket FRAND commitment, or because the ’151 patent approach supposedly was not essential to practice the GPRS standard.

³ The Court also received amicus briefs from Nokia and patent prosecutor Kelce Wilson, which collectively made the same arguments repeated by the amicus briefs in the current appeal, and which the district court rightly rejected from being submitted in the remanded proceedings. *See* Appx4275-4276. Nokia’s current amicus brief, for example, merely cites to the Wilson amicus brief previously submitted (Nokia Br. 14), and admits that it simply “disagrees that its disclosure of the ’151 patent in 2002 was untimely, as previously stated by this Court” (*id.* n.5).

Instead, the Panel confirmed that ETSI’s disclosure policy requires timely disclosure “of any IPR ‘*which might be essential if that proposal is adopted,*’” and that “clearly includes the IPR at issue in this case, as Dr. Walker explained at trial.” Appx2510-2511; *see also id.* (“Conversant’s contention that a disclosure would be timely even if made years after the adoption of the [standard] was unsupported in the record and contrary to the plain terms of the policy.”).

II. APPLE’S REMAND EVIDENCE THAT NOKIA AND CONVERSANT RECEIVED MULTIPLE UNJUST BENEFITS RESULTING FROM INCORPORATION OF THE ’151 PATENT INTO THE STANDARD.

On remand, Apple established that Nokia and Conversant derived multiple unjust benefits from having the approach of the ’151 patent incorporated into the GPRS standard, including: (1) a drastic expansion of the patent’s value given a larger universe of potential licensees; (2) heightened leverage in negotiations with potential licensees and accused infringers based on the standard-essential status of the ’151 patent; (3) the realization of actual licensing revenues in connection with standard-essential licenses taken by others; and (4) repeated reliance in this litigation on the standard-essential status of the ’151 patent, including to demand the millions of dollars in damages that they stand to make in this litigation—if the district court’s implied-waiver decision were overturned—based solely on Apple’s practice of the GPRS standard.

A. Unjust Benefits Resulting From Nokia’s (Successful) Effort to Convert Its Low-Value Patent Into One Required By All GPRS-Compliant Handsets

The undisputed evidence reveals that, in 1997, Nokia engineer Jarko Oksala was “studying standardization and working very closely with the standardization people.” Appx319(Oksala), 210:17-23. As part of that work, on November 4, 1997, Mr. Oksala submitted an invention disclosure report within Nokia that detailed an idea to modify the GPRS standard then under discussion at ETSI (i.e., the same idea now disclosed in the ’151 patent). Appx5442-5446.

Nokia initially ranked the technical value of Mr. Oksala’s idea on a scale from 1 to 5 as just a “modest” 2:

<p>2. VALUE OF THE INVENTION</p> <hr/> <p>Describe the strategic importance to NMP by rating 0 - 5: 2</p> <p>0 = none</p> <p>1 = marginal</p> <p>2 = modest (easy to design around or modest potential for standard specification)</p> <p>3 = moderate (difficult to design around or high potential for standard specification)</p> <p>4 = significant (only commercially viable solution or very high potential for standard specification)</p> <p>5 = key strategic value (reads on the standard specification)</p>
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Appx5444. But the same report predicted that competitors were “likely to want to use the invention,” precisely because “[i]t *will be added* to [the] GSM specification”:

Further information	Attached Change Request to GSM spec. 03.64
Are competitors likely to want to use the invention?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Why?	It will be added to GSM specification.

*Id.*⁴

Thus, at the outset, Nokia proposed (1) patenting Mr. Oksala's "modest" idea, and (2) increasing its value by having it incorporated into the standard then under consideration at ETSI. Indeed, Mr. Oksala even attached a draft Change Request to his report that could be submitted to ETSI for that very purpose. Appx321(Oksala), 221:18-23; Appx324(Oksala), 232:23-233:14; Appx5442-5446.

The following week, in November 1997, Nokia and Mr. Oksala executed the first part of that plan by filing the patent application to which the '151 patent claims priority, listing Mr. Oksala as the sole named inventor. Appx4821. The same week, Nokia also initiated the second part of the plan by having its employees attend an ETSI meeting where they submitted the same Change Request that Mr. Oksala had

⁴ As Conversant admits, the "GSM" standard includes the GPRS standard. *See, e.g.,* Conversant Brief ("Br.") 11.

attached to his invention report. Appx972(Walker), 1426:12-1427:22; Appx5436-5438.

ETSI initially “agreed” to Mr. Oksala’s idea as a modification to the GPRS standard. Appx5489; Appx5500. ETSI subsequently decided at a January 1998 meeting to replace Mr. Oksala’s proposal with a more-recently submitted Ericsson proposal. Appx3320-3321; Appx3354. But because that new Ericsson proposal still included Mr. Oksala’s original idea as an “optional” feature for base stations (which can choose between multiple different procedures), that feature remained *mandatory* for all GPRS handsets—which must be ready *at all times* to implement *any* procedure chosen by a base station (e.g., if a handset were to come into range of a base station choosing to implement Mr. Oksala’s approach). Appx659(Knightly), 896:7-898:14 (“If a phone disables one of these procedures, it could not pass the standardization test ... *It’s mandatory to have all three procedures.*”). In fact, Conversant’s own expert agreed that, from “the phone’s perspective, it is *absolutely mandatory* that they perform all” of the optional procedures. Appx933(Wesel), 1271:17-20; *see Core Wireless Licensing*, 899 F.3d at 1365 (“Nokia’s proposal was rejected and replaced by a competing proposal submitted by Ericsson. Ericsson’s proposal was similar to Nokia’s, except that it merely permitted a mobile device to use a single TAV for bi-directional transfer, rather than requiring it.”); *Core Wireless*

Licensing, 899 F.3d at 1367 (summarizing Mr. Oksala’s testimony “that Ericsson’s proposal is different only because it made his idea ‘optional’”).

ETSI subsequently froze the GPRS standard in June 1998 with Mr. Oksala’s idea embedded within it—and without any disclosure from Nokia that it was in the process of trying to patent the same idea. In fact, that disclosure did not occur until July 24, 2002, almost *five years* after Nokia’s November 1997 efforts to incorporate the patented technology into the standard, and *four years* after the relevant standard was adopted. Appx973(Walker), 1429:6-1430:14; Appx5414; Appx5432.

Through these acts, Nokia realized the final step in its plan: it successfully converted the low-value, “modest”-rated idea of the ’151 patent into an important asset that must be practiced by *every* handset compatible with the GPRS standard—a valuable (and unjust) benefit that Conversant would still enjoy if not for the district court’s implied waiver judgment.

That important result did not go unnoticed within Nokia. For having the ’151 patent approach incorporated into the GPRS standard, Mr. Oksala testified that he received a “really large” bonus—enough to buy a “summer cottage”—under Nokia’s reward system for standard-essential patents. Appx320-321(Oksala), 217:21-219:11 (Mr. Oksala testifying that he received this bonus because “Nokia has studied standardization and understood this is something that is essential for the standards,

and based on that, they have a rewarding system that they are then rewarding the inventors of that kind of patents.”).

B. Unjust Benefits Resulting From Nokia’s and Conversant’s Leveraging of the ’151 Patent in Negotiations

On remand, Apple also detailed how Nokia and Conversant leveraged the standard-essential status of the ’151 patent in their negotiations against competitors. For example, Nokia publicly touted both the number and *proportion* of its standard essential patents, and the benefits that competitors would realize by taking a license to Nokia’s extensive standard-essential patent portfolio—which included the ’151 patent. Nokia’s pitch to investors stated that Nokia “should be compensated for its IPR based on the fundamentals of reasonable cumulative royalty terms and proportionality”—meaning not only on “how important the technology is” but also “*the number of essential patents that a company contributes to a technology.*” Appx7119-7120. As these statements confirm, Nokia recognized that every patent it could add to its portfolio of standard-essential patents, including the ’151 patent, would increase its leverage in these licensing efforts. Appx509(Dell), 658:10-659:8 (discussing Nokia’s announcement that it had declared over 320 essential patents to the GSM standard).

The record reveals that Nokia and Conversant both took similar positions in actual licensing discussions. For example, during negotiations with Apple (while Nokia still owned the ’151 patent), Nokia claimed that its “industry leading”

portfolio of standard essential patents included hundreds of patents, amounting to 45% of the patents declared essential to the GSM standard. Appx6110; Appx6115-6116. Nokia then based its demand for excessive royalties on the purported value of *each* “essential patent family”—which necessarily included the ’151 patent. Appx5985; Appx5987-5988 (asserting *each* essential patent family was entitled to a **0.06% royalty** of Apple’s net selling price per phone, in addition to “reciprocity” to Apple’s essential patents); Appx6127-6129; Appx7066; Appx507(Dell), 649:6-20; Appx5432.

Although Nokia ultimately divested the ’151 patent to Conversant before reaching any deal with Apple, Nokia successfully licensed its portfolio of patents, including the ’151 patent, to large companies with significant volumes of products supporting the GSM/GPRS standards—including Microsoft, Sony, Blackberry, Samsung, and Ericsson. Appx496(Lindgren), 606:15-607:5. At trial, Conversant’s CEO also touted that it had licensed its declared-essential patent portfolio, including the ’151 patent, to NEC-Casio for \$1 million. Appx496-497(Lindgren), 607:6-608:10, 611:9-21. Conversant’s CEO also confirmed that he believed these licenses bore a nexus to the ’151 patent, which is why he described them to the jury during his direct testimony. Appx497(Lindgren), 609:1-19.

C. Unjust Benefits Resulting From Conversant’s Reliance in This Litigation on the Standard-Essential Nature of the ’151 Patent

Conversant’s actions leading up to and during this case also confirm that it viewed the ’151 patent as among its most significant. For example, Conversant specifically selected the ’151 patent (out of the approximately 2,000 Nokia-divested patents) to assert in litigation against Apple, and repeatedly relied on the standard-essential nature of that patent to its benefit. For example, Conversant’s complaint identified the ’151 patent as standard-essential, and based its infringement allegations entirely on the accused products’ compliance with the GPRS standard:

- “The ’634, ’151, ’536, ’818, and ’828 patents (‘patents-in-suit’) are among over 1,200 *Standard-Essential Patents* owned by Core Wireless.” Appx133, ¶ 15;
- “*Nokia declared before ETSI that the patents-in-suit are essential*” Appx134, ¶ 18;
- “[Conversant] is informed and believes that *Apple’s Standard-Compliant Products comply with at least the applicable GSM and/or LTE standards covered by the claims of the ’151 patent and therefore infringe* claims of the ’151 patent.” Appx146, ¶ 79.

Nor was that an isolated incident. Conversant later repeated similar claims in its infringement contentions. Appx2715-2753. And multiple Conversant witnesses leveraged the standard-essential nature of the ’151 patent in their testimony at trial. For instance, ’151 inventor Mr. Oksala testified that his patent had been incorporated into the standard, and that he was “really proud” his invention was “utilized by the phones everywhere.” Appx321(Oksala), 219:1-5; Appx328(Oksala), 246:25-247:9.

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Likewise, Conversant’s damages expert, Stephen Dell, based his damages calculation on the fact that the ’151 patent is standard-essential—a factor that he deemed sufficient to justify increasing his royalty base to the value of “cellular connectivity” (according to Mr. Dell, █████ per accused iPhone). Appx507(Dell), 650:17-651:13. Mr. Dell even assumed that the ’151 patent would have been among the top 10% of the declared essential patents in Conversant’s portfolio, and that Apple would have attributed all the portfolio’s value to just those top 10% patents. Appx509-511(Dell), 659:9-661:4, 665:19-666:16. Although the jury did not accept Mr. Dell’s full damages number, it awarded more than \$3 million in damages based on Apple’s practicing of the GPRS standard—which Apple now must pay unless the ’151 patent is deemed unenforceable. Appx1070-1071.

D. The District Court’s Remand Decision

On remand, after receiving additional briefing and conducting a hearing, the district court issued a written decision in which it found that “[t]he ’151 patent was incorporated into the GPRS standard *as a result of* Nokia’s nondisclosure,” and that Nokia and Conversant had obtained an “unfair competitive advantage” from the ’151 patent in multiple respects sufficient to support a finding of implied waiver. Appx40-44.⁵

⁵ Despite amici Ericsson’s unfounded charge that “the district court was not given the benefit of a fully developed record” (Ericsson Br. 6), Conversant does not seek reversal of the district court’s well-reasoned decision to rely on the existing trial

Specifically, the district court found that “[t]he ‘151 patent became standard-essential when ETSI incorporated the method into the GPRS standard, allowing Conversant to extract licenses from industry participants.” Appx41; *see id.* (“This undeserved competitive advantage is further bolstered by the fact that the ‘151 patent is essential. ... As [Conversant’s CEO] recognized, ‘[s]tandards-essential patents cannot be ‘designed-around’ and must be licensed by anyone using the standard.’”) (citing Appx6010)); Appx43-44 (“The ‘151 patent was incorporated into the GPRS standard as a result of Nokia’s nondisclosure.”).

In support of that conclusion, the district court relied on trial testimony from Conversant’s CEO, who explained that the ‘151 patent had been licensed to numerous companies, including Microsoft, Sony, and Ericsson. Appx41 (citing Appx496(Lindgren), 606:18-23). The district court further found that Nokia had utilized the standard-essential status of the ‘151 patent to “extract licenses from industry participants” and “commands substantial royalties” for its “essential patent families, which includes the ‘151 patent.” *Id.*

record on remand. Nor could it. As the district court observed, both parties had a fair opportunity to present evidence at trial directed to Apple’s implied waiver defense, and Conversant chose not to offer *any* witnesses on that issue. Appx2530 (“There was an opportunity for discovery. There was an opportunity before trial to develop the theories that were presented at trial, and I don’t find good cause to reopen that phase of the case.”).

The district court also addressed and rejected Conversant's arguments that no unjust benefits had been received.

First, the district court rejected Conversant's argument that the '151 patent is not essential because it covers a feature labelled as "optional" in the standard. In doing so, the district court found that "[t]he ['151] patented method ... was only optional for base stations; mobile devices were **required** to have the capability to operate in accordance with the patented method. ... In short, the '151 patent was **essential** because industry participants **must** design their devices to be compatible with the patented method." Appx41-42.

Second, the district court rejected Conversant's claim that it could not have obtained an inequitable benefit from incorporation of the '151 patent into the GPRS standard because Nokia had previously committed to license the patent on FRAND terms, and Conversant had later agreed to honor the same commitment. On that issue, the court reasoned that "whether Conversant offered FRAND terms is beside the point," and that the issue instead "is whether Conversant should have been able to request a license at all." Appx42-43 ("A FRAND license may be inequitable if the licensing party was forced to obtain the license.").

Third, the district court rejected Conversant's argument "that Apple failed to specifically trace any licensing revenue to the '151 patent." Appx43. The district court cited the testimony of Conversant's CEO that licenses to individual patents are

rare in the industry, and held that “[r]equiring proof that a particular patent conferred specific monetary benefits would ignore that common practice.” *Id.* (citing Appx496(Lindgren), 607:1-2). The district court also found that “the benefit conferred by the ’151 patent was not limited to licensing revenue,” but lay “also in increasing Nokia’s leverage by bolstering its patent portfolio.” *Id.* (citing Appx6116).

Finally, as a matter of law, the district court rejected Conversant’s attempt to inject a new “but-for” causation requirement into this Court’s implied waiver law. Appx43. Relying on Dr. Walker’s testimony, the district court also found that, even under Conversant’s but-for test, “there was a reasonable possibility that the ’151 patent would not have been incorporated into the GPRS standard” had Nokia disclosed its IPR. *Id.* (citing Appx970(Walker), 1420:2-14).

Accordingly, having found that Nokia and Conversant had received multiple unjust benefits resulting from Nokia’s breach of its ETSI disclosure obligations, the district court concluded that Conversant “has implicitly waived its rights to enforce the ’151 patent against products practicing the GPRS standard.” Appx44.

The district court also addressed Apple’s argument that Nokia had engaged in egregious misconduct sufficient to find implied waiver regardless of any unjust benefit, by (1) executing on its plan to simultaneously patent and standardize Mr. Oksala’s idea, (2) but then withholding the existence of that patent from ETSI’s

decisionmakers for more than four years—long after the standard had been frozen and the entire GPRS handset industry had become locked-in to Mr. Oksala’s ’151 patent approach. The district court found that Nokia’s nondisclosure was “undoubtedly misconduct,” but not sufficiently egregious to warrant unenforceability on its own. Appx40. It did so, however, under the apparent belief that sufficiently “egregious” misconduct exists only “where the patent holder or applicant makes affirmative false statements or otherwise attempts to actively mislead relevant decision-makers.” Appx38.

This appeal followed.

SUMMARY OF THE ARGUMENT

This Court has already determined that Nokia (1) had a duty to disclose the existence of the ’151 patent family when it first proposed Mr. Oksala’s idea for inclusion in the GPRS standard, and (2) breached that duty by waiting *more than four years* after the deadline to do so. The Court remanded this case for a single, narrow purpose: to have the district court determine in the first instance whether Nokia or Conversant inequitably benefitted from Nokia’s lack of disclosure, or whether Nokia engaged in egregious misconduct when getting its patented invention incorporated into the GPRS standard—either of which would warrant a finding of implied waiver.

The trial record strongly supports the district court’s finding that Nokia and Conversant obtained multiple unjust benefits from incorporation of the ’151 patent approach into the GPRS standard. The record confirms that Nokia successfully converted the admittedly low-value invention of the ’151 patent into a mandatory requirement for every GPRS handset practicing the standard—itsself an unjust (and ongoing) benefit that vastly expanded the scope of potential licensees. The remand record also shows that Nokia and Conversant repeatedly leveraged that mandatory requirement in license negotiations, including with Apple, and again in this litigation. In the face of this overwhelming evidence of unjust benefits related to the ’151 patent, there is no basis to conclude that the district court abused its discretion.

On appeal, Conversant argues that implied waiver requires proof that ETSI decisionmakers would have adopted a different proposal “but-for” Nokia’s breach. But this Court rejected that same elevated proof requirement in *Qualcomm*, and should do so again here—or risk incentivizing those who wait the longest to disclose their essential patents, ensuring that proof of alternate proposals fades away just as the industry’s investment in standard-compliant products grows insurmountable. Moreover, the district court found that the ’151 patent was incorporated into the GPRS standard “*as a result of* Nokia’s nondisclosure”—which would meet Conversant’s flawed legal test in any event.

Conversant also argues that no finding of unjust benefits (or even breach) is possible in view of Nokia's blanket promise to license on FRAND terms any future declared-essential patent rights. But in the prior appeal, this Court rejected the same contention when Conversant argued that Nokia's late disclosure was not misconduct. Conversant's argument also rests on the false premise (and unadmitted hearsay "evidence") that ETSI's disclosure requirement is solely concerned with obtaining a FRAND commitment. The district court was entitled to accept Dr. Walker's contrary trial testimony that the actual purpose of the disclosure requirement is to allow members to consider the potentially patented nature of an idea when considering whether to adopt the idea into the standard.

Finally, Conversant seeks to sidestep the evidence of unjust benefits by arguing that the '151 patent is not even essential to the GPRS standard. But the remand record was replete with evidence that the '151 patent is a standard-essential patent, including (1) signed declarations of the '151 patent's essentiality from both Nokia and Conversant, (2) trial testimony from the '151 patent's inventor that the entire industry must use his invention (as confirmed by the bonus Nokia paid him for his patent becoming standard-essential), and (3) Conversant's own repeated reliance on essentiality in this litigation, including in its complaint, infringement contentions, and damages claim at trial. The district court did not abuse its discretion by accepting that clear and significant evidence of essentiality.

A finding of implied waiver also is warranted on alternative grounds as a result of Nokia's egregious misconduct. The trial evidence demonstrates how Nokia successfully executed a plan to incorporate the '151 patent approach into the GPRS standard, and simultaneously to patent the same idea in secret. Specifically, Nokia kept the existence of the '151 patent family hidden from ETSI until *four years after* the GPRS standard was frozen—all while GPRS-compliant handset manufacturers were continuing to implement the patented functionality in their products. The district court correctly found that Nokia “undoubtedly” had engaged in “misconduct,” but erred by finding that the misconduct did not rise to the level of “egregious” behavior.

Accordingly, the Court should affirm that the '151 patent is unenforceable against products practicing the GPRS standard, including the accused Apple products.

STANDARD OF REVIEW

A district court's judgment on the equitable defense of waiver is reviewed for an abuse of discretion. *See Meredith v. Winter Haven*, 320 U.S. 228, 235 (1943) (“An appeal to the equity jurisdiction conferred on federal district courts is an appeal to the sound discretion which guides the determinations of courts of equity.”); *Core Wireless Licensing*, 899 F.3d at 1369 (“[T]he task of applying an equitable defense is committed to the district court's discretion”). Issues of law involved in a district

court's waiver judgment are reviewed *de novo*; however, here the Court has already determined the legal question of whether there was a duty to disclose the '151 patent (it held there was) and the factual question of whether Nokia breached that duty (it held Nokia did). *Core Wireless Licensing*, 899 F.3d at 1368. Accordingly, absent an erroneous interpretation of the law or clearly erroneous factual findings, the district court's decision "can be overturned only if [it] represents an unreasonable judgment in weighing relevant factors." *Qualcomm*, 548 F.3d at 1019. As detailed below, neither circumstance is present here.

ARGUMENT

I. LEGAL STANDARD FOR FINDING IMPLIED WAIVER

In *Allied Tube & Conduit Corp. v. Indian Head, Inc.*, the Supreme Court recognized that, because standard-setting participants "often have economic incentives to restrain competition," the standard-setting process must not be "biased by members with economic interests in stifling product competition." 486 U.S. 492, 500-501 (1988). Consistent with those anticompetitive concerns, this Court has repeatedly recognized that, under the implied waiver doctrine, "[a] participant in a standards setting organization may waive its right to assert infringement claims against products that practice the standard," including where the participant failed to timely disclose relevant intellectual property rights. *Core Wireless Licensing*, 899

F.3d at 1365 (citing *Hynix Semiconductor Inc. v. Rambus Inc.*, 645 F.3d 1336, 1347-1348 (Fed. Cir. 2011)); *see also Qualcomm*, 548 F.3d at 1010, 1020-24.

As the Court explained in *Qualcomm*, the implied waiver doctrine is needed to protect against potential abuses in the standard-setting context: “By failing to disclose relevant intellectual property rights (‘IPR’) to an SSO prior to the adoption of a standard, a ‘patent holder is in a position to ‘hold up’ industry participants from implementing the standard.’” 548 F.3d at 1010 (quoting *Broadcom Corp. v. Qualcomm Inc.*, 501 F.3d 297, 310 (3d Cir. 2007)). Moreover, once a patented technology has been adopted into a standard, the patentee may impose “significant burdens” on industry participants with products that practice the standard by “[f]orcing a party to accept a license and pay whatever fee the licensor demands, or to undergo the uncertainty and cost of litigation.” *Id.* at 1021; *id.* at 1010 (describing harm caused by nondisclosure once a standard is frozen, because thereafter it is often “prohibitively expensive [for industry participants] to abandon their investment and switch to another standard.” (quoting *Broadcom*, 501 F.3d at 310)).

Specifically, “[i]mplied waiver occurs when the patentee’s ‘conduct was so inconsistent with an intent to enforce its rights as to induce a reasonable belief that such right has been relinquished.’” *Core Wireless Licensing*, 899 F.3d at 1365 (quoting *Hynix*, 645 F.3d at 1348). “[S]uch conduct can be shown where (1) the patentee had a duty of disclosure to the standard setting organization, and (2) the

patentee breached that duty.” *Id.* Moreover, because implied waiver is an equitable doctrine that “hinges on basic fairness,” the doctrine only applies “where the patentee’s misconduct resulted in [an] unfair benefit” or upon a showing of “egregious misconduct sufficient to justify the sanction of unenforceability of the patent at issue.” *Id.* at 1368.

II. THE DISTRICT COURT CORRECTLY FOUND THAT CONVERSANT AND NOKIA RECEIVED MULTIPLE UNJUST BENEFITS SUFFICIENT TO WARRANT A FINDING OF IMPLIED WAIVER.

On remand, the district court concluded that “[t]he ’151 patent was incorporated into the GPRS standard *as a result of* Nokia’s nondisclosure,” and that unenforceability against the standard was justified because Nokia and Conversant both obtained an “unfair competitive advantage” as a result of Nokia’s untimely disclosure. Appx41. That conclusion was not an abuse of discretion. To the contrary, as detailed below, the remand record reveals that Nokia and Conversant unjustly benefitted in numerous respects from the improperly-obtained standard-essential status of the ’151 patent, including from (1) the drastic expansion in overall value of the patent resulting from standardization, (2) use of the standard-essential status of the ’151 patent to bolster Nokia and Conversant positions in negotiations, (3) actual revenues obtained from the ’151 patent for licenses to standard-essential patents, and (4) repeated use of the standard-essential nature of the ’151 patent to advance litigation positions in this case, including to secure the millions of dollars

in damages that Conversant and Nokia stand to make if the district court's judgment is not affirmed. Any one of these factual findings is sufficient to uphold the district court's ruling, and collectively they present overwhelming grounds for affirmance—and vindication of the rules of standard setting at ETSI.

A. Nokia and Conversant Unjustly Benefitted from Conversion of the '151 Patent From a Low-Value "Modest" Asset Into An Essential Requirement For Every GPRS-Compliant Handset.

Nokia and Conversant benefitted greatly just by having the '151 patent approach incorporated into the GPRS standard—which they obtained without ETSI members having an opportunity to consider non-patented alternatives. Specifically, the record shows that, at the outset, Nokia viewed the technical merits of the '151 patent approach as a low-value, "modest" idea deserving of just a 2-out-of-5 ranking. Appx5444. But at that time, Nokia recognized that competitors were "likely to want to use the invention," because "[i]t *will be added* to [the] GSM specification." *Id.*

And that is precisely what happened. The following week, Nokia proposed to ETSI that it should adopt the '151 patent approach into the GPRS standard—using the same Change Request that Mr. Oksala had attached to his invention disclosure form. Appx972(Walker), 1426:12-1427:22; Appx5436-5438. The same week, Nokia also filed a patent application covering the same approach, which eventually led to the '151 patent. Appx321(Oksala), 221:18-23; Appx324(Oksala), 232:23-233:14; Appx5442; Appx5445. Yet, Nokia did not share the existence of that patent

filing with anyone at ETSI when Nokia made its proposal, when ETSI accepted the proposal, when ETSI again adopted the proposal as part of a new Ericsson proposal—or at any other time during the next four years. *Core Wireless Licensing*, 899 F.3d at 1368.

That silence was critical. Conversant concedes on appeal that ETSI was considering several other options at the time, including some with better performance than the '151 patent approach. Br. 9 (arguing there were “different ways to get the job done” under discussion, each of which “could be used with the exclusion of the other two”); Appx2940 (noting Ericsson’s observation that “*not using* Mr. Oksala’s invention ... ‘improv[ed] the performance’” (emphasis in original)). And Dr. Walker testified—without rebuttal—that, when considering technically equivalent solutions, ETSI members are more likely to select the alternative *not covered* by patent rights (and the potential need to pay royalties). Appx970(Walker), 1420:2-14; *see Qualcomm*, 548 F.3d at 1010 (untimely disclosure means that a standard-setting organization “los[es] the opportunity to mitigate, if not to avoid, Qualcomm’s IPR in the development of the [] standard”).

ETSI’s ultimate decision to incorporate the '151 approach into the GPRS standard—made without knowledge that any patent rights covered that approach—drastically changed the licensing landscape for the '151 patent. Almost immediately, the '151 patent approach skyrocketed on Nokia’s valuation scale from

a modest “2” into something essential for *all* GPRS-compatible handsets—i.e., the highest rank possible, a “5” (“key strategic value (reads on the standard specification)”). Appx5444.

That transformation vastly inflated the importance of the ’151 patent by expanding the universe of potential licensees to reach *every* handset made to use the GPRS standard. This significant jump in valuation—which Conversant would still enjoy if not for the district court’s judgment—alone is sufficient to affirm the district court’s factual finding that Nokia and Conversant obtained unjust benefits from having the ’151 patent approach adopted into the standard. *See Qualcomm*, 548 F.3d at 1010 (“Industry participants who have invested significant resources developing products and technologies that conform to the standard will find it prohibitively expensive to abandon their investment and switch to another standard.” (quoting *Broadcom*, 501 F.3d at 310)); *Ericsson, Inc. v. D-Link Sys., Inc.*, 773 F.3d 1201, 1233 (Fed. Cir. 2014) (incorporated technology is “typically chosen from among different options,” but “[o]nce incorporated and widely adopted, that technology is not always used because it is the best or the only option; it is used because its use is necessary to comply with the standard.”); Appx41 (“This undeserved competitive advantage is further bolstered by the fact that the ’151 patent is essential. ... As [Conversant’s CEO] recognized, ‘[s]tandards-essential patents cannot be ‘designed-around’ and must be licensed by anyone using the standard.’” (citing Appx6010)).

B. Nokia and Conversant Received Unjust Benefits By Leveraging the Standard-Essential Status of the '151 Patent in Licensing Negotiations.

The remand record further confirms that the significant added value that Nokia and Conversant derived from standardization of the '151 patent approach was not merely theoretical. Rather, both companies have actively used the standard-essential status of the '151 patent as negotiating leverage when dealing with industry participants—who are now locked-in to producing standard-compliant products that support the '151 patent approach.

For example, to encourage broader licensing of its patent portfolio, Nokia has regularly publicized its total *volume* of patents declared essential to the GSM/GPRS standard, as well as the overall *percentage* of declared essential patents that Nokia holds for the standard. Appx7119-7120 (Nokia representing its “standards-related essential patent portfolio is one of the strongest in the industry,” and that it “should be compensated for IPR based on the fundamentals of reasonable cumulative royalty terms *and proportionality*”—meaning not only on “how important the technology is” but also “*the number of essential patents that a company contributes to a technology*”). And by getting the '151 patent incorporated into the GPRS standard, Nokia was able to claim an even higher volume and percentage of declared-essential GSM/GPRS patents. Appx509(Dell), 658:10-659:8 (discussing Nokia’s

announcement that it had declared over 320 essential patents to ETSI's GSM standard); Appx6115-6116.

While it still owned the '151 patent, Nokia took similar positions in its actual licensing discussions with Apple—by claiming that its “industry leading” portfolio of standard essential patents included hundreds of patents, amounting to 45% of the total patents declared essential to the GSM/GPRS standard. Appx6110; Appx6115-6166. Nokia also leveraged the standard-essential status of its patents by claiming to base its demands for excessive royalties on the purported value of *each* “essential patent family,” which included the '151 patent family. Appx5985; Appx5987-5988 (asserting *each* essential patent family was entitled to a **0.06% royalty of Apple's net selling price per phone**, in addition to “reciprocity” to Apple's essential patents); Appx6127-6129; Appx7066; Appx507(Dell), 649:6-20; Appx5432.

In other words, Nokia claimed that it was entitled to a substantial royalty for the '151 patent family simply because the patent was incorporated into the GPRS standard. The district court did not abuse its discretion by finding that Nokia's use of the '151 patent's status as an essential patent in that manner constituted an unjust benefit. Appx41 (finding that “[t]he '151 patent became standard-essential when ETSI incorporated the method into the GPRS standard, allowing Conversant to extract licenses from industry participants”); Appx43 (finding “the benefit conferred

by the '151 patent was not limited to licensing revenue,” but “also in increasing Nokia’s leverage by bolstering its patent portfolio”).

Nor did the district court abuse its discretion in finding that, even beyond its dealings with Apple, Nokia had utilized the standard-essential status of the '151 patent to “extract licenses from industry participants” and “command substantial royalties” for the '151 patent. Appx41. Indeed, in his direct testimony, Conversant’s CEO explained how numerous companies making products supporting the GSM/GPRS standards “have licenses to these patents” (i.e., the patents-in-suit), including Microsoft, Sony, Blackberry, Samsung, and Ericsson. Appx496(Lindgren), 606:15-607:5. He also touted that Conversant had licensed its declared-essential patent portfolio, including the '151 patent, to NEC-Casio for \$1 million. Appx496-497(Lindgren), 607:6-608:10, 611:9-21. Mr. Lindgren then confirmed that this testimony about prior licenses was his effort “to give [the jury] relevant information for the two patents that they’re charged with deciding,” and that he agreed there was “a nexus, a connection between the patents in this case” and the licenses he described in this direct testimony. Appx497(Lindgren), 609:1-19.⁶

⁶ Mr. Lindgren’s testimony regarding the nexus between the '151 patent and the portfolio licenses directly contradicts Conversant’s claim that there is no record evidence “that Nokia’s licenses, encompassing portfolios of hundreds and sometimes thousands of patents, were affected by the alleged ‘essentiality’ of the '151 patent.” Br. 39-40 (arguing that the nexus requirement for showing secondary indicia of non-obviousness also applies to the unjust benefit requirement for implied waiver). Conversant also admits that Nokia touted both the *number* and *proportion*

Simply put, Nokia and Conversant could not have utilized—and benefitted from—the ’151 patent in this manner if the patent had never been incorporated into the GPRS standard. And the license demands that Nokia and Conversant made to Apple and others—coupled with the risk of litigation—gave rise to exactly the kind of “significant burdens” that this Court warned in *Qualcomm* could result from abuse of the standard-setting process. 548 F.3d at 1021 (explaining the implied waiver doctrine is needed because “[f]orcing a party to accept a license and pay whatever fee the licensor demands, or to undergo the uncertainty and cost of litigation [are] significant burdens”).

C. Conversant Received Unjust Benefits By Using the Standard-Essential Status of the ’151 Patent to Advance Positions in This Litigation.

The remand record also confirmed that Conversant used the standard-essential status of the ’151 patent to advance positions throughout the course of this litigation. For example, at the beginning of this case, Conversant identified the ’151 patent as standard-essential in its complaint, and relied solely on that allegation to accuse Apple of infringement:

of its essential patents in licensing negotiations, but claims that removing the ’151 patent from these numbers would have been “negligible.” Br. 41-42. To the contrary, Nokia specifically calculated the effect of *each patent family* in its licensing demands. *See* Appx5987-5988 (asserting *each* essential patent family was entitled to a 0.06% royalty of Apple’s net selling price per phone).

- “The ’634, ’151, ’536, ’818, and ’828 patents (‘patents-in-suit’) are among over 1,200 *Standard-Essential Patents* owned by Core Wireless.” Appx133, ¶ 15.
- “*Nokia declared before ETSI that the patents-in-suit are essential*” Appx134, ¶ 18.
- “[Conversant] is informed and believes that *Apple’s Standard-Compliant Products comply with at least the applicable GSM and/or LTE standards covered by the claims of the ’151 patent and therefore infringe* claims of the ’151 patent.” Appx146, ¶ 79.

During the case, Conversant repeated similar standard-essential based claims in its infringement contentions. Appx2715-2753.

Likewise, at trial, multiple Conversant witnesses relied on the standard-essential status of the ’151 patent. This included ’151 inventor Mr. Oksala, who emphasized the importance of the patent by telling the jury how “really proud” he was to have a standard-essential patent “utilized by the phones everywhere.” Appx321(Oksala), 219:1-5; Appx328(Oksala), 246:25-247:9. It also included Conversant’s damages expert Mr. Dell, who used the standard-essential status of the ’151 patent to tie his royalty base to the purported value of cellular connectivity, and to claim that the patent would have been one of the most important in Conversant’s entire standard-essential patent portfolio. Appx507(Dell), 650:17-651:13; Appx509-511(Dell), 659:9-661:4, 665:19-666:16.

This repeated use of the ’151 patent as a tool for leverage in litigation would not have been possible if Nokia had not succeeded in incorporating the patent into

the GPRS standard. Further, having prevailed on its infringement arguments based on Apple's mere implementation of that standard, Conversant will be awarded more than \$3 million in damages—beyond the substantial amounts that Apple has already paid in legal fees—unless the district court's unenforceability decision is affirmed. Appx1070-1071. Again, these are precisely the types of unjust benefits that the implied waiver doctrine was intended to prevent. *See Qualcomm*, 548 F.3d at 1021.

III. NONE OF CONVERSANT'S APPELLATE ARGUMENTS SHOW ANY ABUSE OF DISCRETION.

As detailed above, the trial record overwhelmingly demonstrates the existence of unjust benefits sufficient to support the district court's implied waiver ruling. And as detailed below, none of Conversant's arguments on appeal change that result, or otherwise show that the district court abused its discretion in any way.

A. "But-For" Causation Is Not Required for Implied Waiver.

Seeking to impose an artificial legal hurdle, Conversant argues that the district court applied the wrong legal standard—based on a claim that the implied waiver doctrine requires proof that ETSI would not have adopted Nokia's proposal "but-for" Nokia's non-disclosure. Br. 26, 30. But none of Conversant's purported reasons for imposing a new "but-for" test withstand scrutiny.

First, Conversant argues that, in the prior appeal, this Court purportedly held that "implied waiver requires proof of 'but-for' causation" based on a citation to *Therasense, Inc. v. Becton, Dickinson and Co.*, 649 F.3d 1276, 1292 (Fed. Cir.

2011), a decision involving inequitable conduct. Br. 26 (quoting *Core Wireless Licensing*, 899 F.3d at 1368). But nothing in the Court’s two implied waiver decisions in this case, or in *Therasense*, or in any other decision from this Court grafts a “but-for” materiality requirement from inequitable conduct doctrine into implied waiver.

To the contrary, in *Qualcomm*, the Court applied the implied waiver doctrine for a patent found *not essential* to the standard—which itself confirms there is no requirement that nondisclosure be shown as the “but-for” cause of a patent becoming essential to the standard. See 548 F.3d at 1025-1026. In reaching that decision, the Court *rejected* the argument that implied waiver resulting “from [] intentional nondisclosure of the asserted patents” supposedly requires proof of “detrimental reliance” such that implementers of a standard acted differently than they would have had the patents been disclosed. *Id.* at 1021 (“[I]t would be improper to allow [a patent owner] to rely on the effect of its misconduct to shield it from the application of the equitable defense of implied waiver.”).

Nothing in *Therasense* or *Core Wireless Licensing* purports to overturn that sound decision—which accords with the well-accepted principle that wrongdoers should not be permitted to benefit from their own wrongdoing by making it impossible to recreate a “but-for” world. See, e.g., *United States v. Microsoft*, 253 F.3d 34, 79 (D.C. Cir. 2001) (“[T]he underlying proof problem is the same—neither

plaintiffs nor the court can confidently reconstruct a product's hypothetical technological development in a world absent the defendant's exclusionary conduct. To some degree, 'the defendant is made to suffer the uncertain consequences of its own undesirable conduct.'" (quoting 3 Areeda & Hovenkamp, *Antitrust Law* ¶ 651c, at 78) (1996)).

In fact, in the prior appeal, this Court cited *Qualcomm favorably* four different times—without any suggestion that the decision had been overturned in any respect—including when noting that *Qualcomm* rejected a detrimental reliance requirement for finding implied waiver. *See* Appx2509-2510 (citing *Qualcomm*, 548 F.3d at 1021).⁷

Nor does Conversant present any valid reason for the Court to change its law. Indeed, requiring implementers of the GPRS standard to recreate a hypothetical world from more than two decades ago where Nokia's improper breach had never occurred would only further encourage nondisclosure. With every passing year following nondisclosure, the evidentiary record degrades—making proof of the hypothetical world that Conversant demands more and more difficult, all while the "lock-in" effect resulting from nondisclosure increases, making the unjust benefit

⁷ Conversant cites *Eckes v. Card Prices Update*, 736 F.2d 859, 861-862 (2d Cir. 1984), but that copyright case—decided decades before *Therasense*—does not apply a "but-for" standard. Br. 27.

more and more perverse. *See Qualcomm*, 548 F.3d at 1010 (“By failing to disclose relevant intellectual property rights (‘IPR’) to an SSO prior to the adoption of a standard, a ‘patent holder is in a position to ‘hold up’ industry participants from implementing the standard.’” (quoting *Broadcom*, 501 F.3d at 310)). In other words, Conversant’s proposed test would place a nearly impossible and highly unfair burden on those affected most by breach of nondisclosure rules.

Ensuring that standard-setting participants have the opportunity to consider all options while *fully* informed of the potentially relevant patent rights *before* freezing the standard is the precise purpose of the disclosure requirement that Nokia breached. Losing that opportunity is the precise prejudice that renders the undisclosed patent unenforceable against the standard under the implied waiver doctrine. *See Core Wireless Licensing*, 899 F.3d at 1368 (“[E]quitable considerations require *either a showing of prejudice* or egregious misconduct sufficient to justify the sanction of unenforceability of the patent at issue.”); *id.* at 1367 (explaining how withholding the existence of patent rights “undermine[s] the very purpose of disclosure,” which is “to permit the standards-setting decisionmakers to make an informed choice about whether to adopt a particular proposal”); *Qualcomm*, 548 F.3d at 1010 (due to Qualcomm’s nondisclosure, the standards body “los[t] the opportunity to mitigate, if not to avoid, [Qualcomm’s] IPR in the development of the [] standard”).

Second, Conversant argues that its “but-for” test was implicitly required by the Court’s prior decision based on a claim that “[t]he entire point of the remand” was to determine whether ETSI would have included Mr. Oksala’s “single TAV approach as an option, through the Ericsson Proposal, in the standard had Nokia made its disclosure” in timely fashion. Br. 30. But that is not what the Court said in its remand instructions. The Court noted that it was remanding because it was unclear whether the district court had rejected Apple’s implied waiver defense “based on the conclusion that, because Nokia’s proposal was not adopted, no inequitable consequence flowed from Nokia’s failure to disclose its patent application.” *Core Wireless Licensing*, 899 F.3d at 1368. As discussed above, however, the district court has now confirmed that was not the case—based on its more explicit findings that Nokia and Conversant derived multiple unjust benefits from Nokia’s breach of its disclosure obligations.

Conversant also ignores the portion of the Court’s remand instructions noting that, “given the similarities between Nokia’s and Ericsson’s proposals, and given that Nokia participated in at least some of the discussions in the ETSI working groups, *it is also possible that the standard that was adopted, which made Nokia’s proposal ‘optional,’ has still provided Nokia (and Core Wireless) with an undeserved competitive advantage.*” *Core Wireless Licensing*, 899 F.3d at 1368. In other words, the Court made clear here as well that “the point of the remand” was

to assess whether Nokia and/or Conversant had derived *any benefits* from Nokia's incorporation of its undisclosed patent into "the standard that was adopted"—without requiring the district court to reconstruct a but-for world dating back more than twenty years ago.

Third, Conversant argues that the tests for inequitable conduct and implied waiver must be co-extensive because both doctrines lead to the "extreme" remedy of unenforceability. Br. 27. But as this Court observed in *Qualcomm*, the two equitable remedies differ in scope. There, the Court held that the appropriate remedy for implied waiver is not unenforceability against the entire world—i.e., the "atomic bomb" discussed in *Therasense* for inequitable conduct—but unenforceability narrowly tailored to the standard-setting misconduct—i.e., against products that practice the standard that was set when the family should have been disclosed. *Qualcomm*, 548 F.3d at 1026.

In deriving this remedy for implied waiver, the Court also considered the patent misuse doctrine, where the remedy is unenforceability "until the misconduct can be purged, ... [not] for all time." *Qualcomm*, 548 F.3d at 1025. Unlike patent misuse cases, however, Nokia's misconduct here cannot be "purged" because that misconduct is the very cause for why it is impossible to know what ETSI decisionmakers would have done with knowledge of Nokia's patent rights. For that reason, the Court held "it would be improper to allow [a patent owner] to rely on the

effect of its misconduct to shield it from the application of the equitable defense of implied waiver.” *Id.* at 1021.

Conversant attempts to distinguish this principle—which the D.C. Circuit applied in the antitrust context in *Microsoft*—by claiming that *Microsoft* actually requires “proof of causation” “where extreme equitable relief is sought.” Br. 41. But, like *Qualcomm*, *Microsoft* looks to the scope of the remedy and ***confirms*** that Conversant’s reference to the “atomic bomb” of patent law—unenforceability against the world—is a mischaracterization. *See Microsoft*, 253 F.3d at 80 (“Microsoft’s concerns over causation have more purchase in connection with the appropriate remedy issue, i.e., whether the court should impose a structural remedy ***or merely enjoin the offensive conduct at issue.***”) Here, unenforceability against the accused standard is the appropriate remedy because it “enjoin[s] the offensive conduct at issue”; i.e., it prevents Conversant from unjustly benefitting from the ’151 patent’s relationship to the standard created under the cloud of Nokia’s improper nondisclosure.⁸

⁸ Conversant also mischaracterizes *Microsoft* as merely supporting a principle that “where it is difficult to prove something because of the defendant’s bad conduct,” the defendant should suffer the uncertain consequences of that conduct. *See* Br. 40. But the principle in *Microsoft* is far more specific and analogous because the “something” that was difficult to prove is exactly what Conversant now seeks to require in implied waiver cases: “a product’s hypothetical technological development in a world absent the defendant’s [misconduct].” *Microsoft*, 253 F.3d at 79.

Finally, Conversant argues that finding implied waiver without use of a “but-for” test would itself be inequitable because, according to “one estimate ... 88% of all IPR disclosed to ETSI were disclosed after the publication of the technical standard.” Br. 31. As an initial matter, this “one estimate” comes from a hearsay expert *report* (not testimony) submitted in a *different case* (not this one), and itself cites to another hearsay article as support—none of which is properly admissible evidence. *See* Appx3055; Appx3058; Appx3083; Appx3464; *see also Engebretsen v. Fairchild Aircraft Corp.*, 21 F.3d 721, 728 (6th Cir. 1994) (“Rule 702 permits the admission of expert opinion *testimony* not opinions contained in documents prepared out of court.” (emphasis in original)); *Hunt v. City of Portland*, 599 F. App’x 620, 621 (9th Cir. 2013) (holding an expert report “is hearsay to which no hearsay exception applies”); *Bianco v. Globus Med., Inc.*, 30 F. Supp. 3d 565, 570 (E.D. Tex. 2014) (Bryson, J.) (same).

Conversant’s hearsay article also does not distinguish between (1) parties like Nokia that *made a proposal* and failed to disclose IPR relevant *to that proposal*, thus violating the second sentence of Section 4.1 of the ETSI IPR policy, and (2) parties that are subject only the Section 4.1’s general obligation to disclose essential IPR in a timely fashion. *See* Appx5409; *see Core Wireless Licensing*, 899 F.3d at 1367 (confirming disclosure obligation in the “specific case” as explained by Dr. Walker under the second sentence of Section 4.1). Thus, the hearsay article, and hearsay

expert report relying on it, say nothing about whether Nokia’s particular misconduct was “common industry practice” or not.

In the end, Conversant presents no principled reason for the Court to depart from its precedent and impose a new “but-for” causation requirement as a precondition for finding implied waiver—but even under such a regime, Apple still would satisfy such a test given the record evidence showing that ETSI was considering multiple options in 1997 with respect to the accused functionality (including the option of not using the feature at all). Br. 9 (Conversant conceding there were other procedures under consideration that were “different ways to get the job done” and could be used “with the exclusion of the other two”). And as this Court previously found, Nokia’s misconduct prevented ETSI from considering those options with knowledge of Nokia’s pending patent application. *Core Wireless Licensing*, 899 F.3d at 1367 (such nondisclosure “undermine[s] the very purpose of the disclosure,” which is “to permit the standards-setting decisionmakers to make an informed choice about whether to adopt a particular proposal”); *see Qualcomm*, 548 F.3d at 1010 (holding that, due to Qualcomm’s nondisclosure, the standards body “los[t] the opportunity to mitigate, if not to avoid, [Qualcomm’s] IPR in the development of the [] standard”).

B. Conversant Cannot Excuse the Consequences of Nokia’s Breach Based on Blanket FRAND Commitments.

Conversant argues that Nokia’s four-year late disclosure is legally irrelevant because (1) Nokia had previously provided a blanket commitment to license its patent rights on FRAND terms, and (2) according to Conversant, the sole goal of ETSI’s IPR policy is supposedly to avoid lock-out situations where members refuse to license their essential patents on FRAND terms. Br. 35-36 (“[T]he existence of [Nokia’s] IPR would only be of concern to ETSI members if it was not subject to a FRAND commitment”). That argument fails for multiple reasons.

First, Conversant relied on Nokia’s blanket FRAND promise in the prior appeal, and the Court twice found it insufficient to absolve Nokia’s misconduct. *Core Wireless Licensing*, 899 F.3d at 1367-1368 (holding that the “very purpose” of ETSI’s disclosure requirement is “to permit the standards-setting decisionmakers to make an informed choice about whether to adopt a particular proposal”—*not*, as Conversant now claims, to ensure a FRAND commitment); Appx2511 (“Conversant’s contention that a disclosure would be timely even if made years after the adoption of the [standard] was unsupported in the record and contrary to the plain terms of the policy.”); Appx2429 (in prior appeal, Conversant arguing that “the purpose of the IPR disclosure policy is to reduce the risk that investment in creating the standards could be wasted if essential IPR for the standard is unavailable” (quotations omitted); Appx7024 (in petition for rehearing, Conversant arguing that

“Nokia never made the standard or any related rights unavailable or held them up”). Conversant presents no reason for the Court to revisit the same issue a third time, but if the Court does, it should reject the argument again for the same reasons.

Second, Conversant relatedly claims that Apple could not have suffered any harm because Conversant’s and Nokia’s licensing offers were “always FRAND,” and thus the patented technology was supposedly always “available.” Br. 45. But even if those offers were FRAND—and they were not (as discussed below)—this Court has made clear that a patentholder cannot erase standard-setting misconduct arising from a late-disclosed patent merely by offering to license the patent on FRAND terms and promising not to seek an injunction. This is because “forcing a party to accept a license and pay whatever fee the licensor demands, or to undergo the uncertainty and cost of litigation” alone imposes “*significant burdens*” on implementers of the standard. *Qualcomm*, 548 F.3d at 1021. And that is precisely the case here, where Apple has had to defend itself against infringement claims for five years—through discovery, trial, appeal, remand, and now another appeal—based on Nokia’s effort to turn its “modest” 2-out-of-5 idea into one that “reads on the standard.” Appx5444.

Third, Conversant’s legally flawed arguments about the supposed “purpose” of ETSI’s IPR policy stem entirely from a document reporting discussions from an “ad hoc” group about potential changes to the ETSI policy. Br. 35 (citing

Appx3111-3112). But that document was not part of the trial record, and no witness discussed it. To the contrary, the *only* witness to testify on the purpose of ETSI's policy was Apple's expert and former ETSI Chairman of the Board Dr. Walker, who explained that, even with a FRAND commitment, late disclosures are a breach under the *official* ETSI IPR policy. Appx973(Walker), 1429:6-1430:14.

Moreover, Conversant's cited document itself states that untimely disclosure may place implementers "in a difficult situation ... *even if* licenses are ultimately available on ETSI IPR policy terms." Appx3112. Other ETSI documents cited by Conversant also confirm—consistent with the IPR policy and Federal Circuit law—that merely committing to license an essential patent on FRAND terms does *not* forgive untimely disclosure. Appx3026 (confirming "[u]se of the General IPR licensing declaration *does not* take away the obligation for members to declare essential patents to ETSI"); Appx5541 (ETSI's legal advisor confirming the "[i]mportance of obtaining knowledge of [the] IPR-landscape *before* lock-in of [the] standard"); Appx5404 ("[R]emov[ing] the obligation of prompt disclosure ... could in fact encourage last minute IPR disclosures [which] could achieve the exact opposite result of what is intended"); *see also Core Wireless Licensing*, 899 F.3d at 1367 (holding the purpose of ETSI's IPR disclosure requirement is "to permit the

standards-setting decisionmakers to make an informed choice about whether to adopt a particular proposal”).⁹

Fourth, amici Nokia and Ericsson purport to support Conversant’s position, but do so based on arguments that they previously have contradicted. For example, Nokia—which is Conversant’s business partner and holds a stake in any proceeds from this litigation—now argues that “ETSI and its members’ primary concern was then, and remains today, that patents are available under FRAND terms.” Nokia Br. 4. But Nokia argued exactly the *opposite* in its own litigation against Qualcomm, by confirming that the need to prevent later demands for an “unexpected and unanticipated” royalty—FRAND or not—is an “obvious” reason to require timely disclosure. Appx4211; Appx4217-4218 ¶¶ 22, 26 (accusing Qualcomm of violating ETSI’s IPR policy because members must identify all patents they hold “that may be essential to [be in] compliance with a proposed technology standard ... before the standard is adopted” (underlining emphasis in original)).

⁹ Conversant similarly cites an expert report submitted from Nokia engineer Antti Toskala as purported “evidence” that no one at ETSI ever “tr[ie]d to avoid a solution with potential Nokia essential IPR” due to Nokia’s general FRAND commitment. *See* Br. 37. But Conversant never offered this testimony at trial, despite listing Mr. Toskala on its witness list as a “potential rebuttal witness” to testify that “Nokia fulfilled any disclosure obligation it may have had to ETSI.” Appx7003; Appx7006. Having failed to offer this evidence at trial, Conversant cannot now expand the record by citing an inadmissible hearsay report.

Likewise, Ericsson argues that an unenforceability ruling here would disrupt a purportedly “successful framework” in which it is “commonplace” to breach ETSI’s written disclosure obligations, because members remain protected via blanket FRAND commitments. Ericsson Br. 4-5. But Ericsson previously told the Federal Trade Commission that standard-setting groups in the telecommunications industry “require[e] their members to *pre-disclose* potentially essential patents.” Appx3538 (acknowledging that Ericsson’s proposal to require *only* pre-agreement to FRAND licensing was not adopted, such that companies “rely on the declaration rules, in combination with other legal means ..., to make sure hold-up situations do not occur”); Appx3536 (Ericsson’s Response to FTC’s Request for Comments (Standard Setting Workshop, Project No. P111204)).

Nokia and Ericsson also argue that finding unenforceability here would impose an onerous disclosure requirement that would “invite disclosures that are not actually essential, or even relevant, to a standard.” Ericsson Br. 17-18. Of course, there is no evidence that Nokia would have needed to incur any additional analysis, cost, or other burden to comply with the ETSI disclosure policy. From the outset, the ’151 patent approach was specifically and purposefully linked with a proposal to get the idea incorporated into the GPRS standard. Appx5442-5446 (attaching proposed Change Request to the invention disclosure report). Ericsson further argues that Apple’s position “would force SEP holders to analyze their own patents

ceaselessly.” Ericsson Br. 18. But the ETSI IPR policy itself expressly states that “[t]he obligations pursuant to Clause 4.1 above do however *not imply any obligations on MEMBERS to conduct IPR searches.*” Appx5410.

Finally, even if Conversant could rewrite ETSI’s IPR policy so that a blanket FRAND commitment would forgive late disclosures of patent rights—which it cannot—that new policy would be irrelevant here because Conversant’s damages demand for the ’151 patent was *not* FRAND—as confirmed by the jury’s determination that a reasonable royalty for the ’151 patent was worth \$3.4 million, less than a third of Conversant’s \$11.3 million damages demand. Appx806(Meyer), 1139:6-1140:6; Appx514(Dell), 679:23-680:6; Appx1070-1071. Thus, the record confirms that Conversant did not seek only FRAND royalties from Apple for the ’151 patent.

C. Conversant Cannot Avoid Implied Waiver By Contradicting This Court’s Prior Rulings, and Nokia’s and Conversant’s Own Prior Admissions, That the ’151 Patent is Essential.

Left without any legal or factual support for its positions, Conversant ultimately resorts to a claim that Nokia’s breach of its disclosure obligations cannot support implied waiver because the ’151 patent supposedly is not even essential to the GPRS standard. Br. 52-57. That argument should be rejected.

First, Conversant’s argument fails as a matter of law. As noted above, this Court confirmed in *Qualcomm* that implied waiver applies with respect to breached

disclosure obligations—even for patents *not essential* to a standard. *Qualcomm*, 548 F.3d at 1009, 1025. Further, in the prior appeal, Apple argued, and this Court agreed, that the accused portion of the GPRS standard is “optional” only for base stations, and *mandatory for mobile phones*. Appx659(Knightly), 896:7-898:14 (“If a phone disables one of these procedures, it could not pass the standardization test ... It’s mandatory to have all three procedures.”); Appx933(Wesel), 1271:17-20 (agreeing from “the phone’s perspective, it is *absolutely* mandatory”); *Core Wireless Licensing*, 899 F.3d at 1363 (holding the accused iPhones must “work with a base station regardless of which mode or modes [the base station] is employing”). The law of the case doctrine precludes Conversant from renewing the same argument again here.

Second, as a matter of fact, Conversant has not demonstrated, and cannot demonstrate, that the district court abused its discretion in finding that the ’151 patent is essential to the GPRS standard. Appx41 (“The ’151 patent became standard-essential when ETSI incorporated the method into the GPRS standard”); *id.* (“This undeserved competitive advantage is further bolstered by the fact that the ’151 patent is essential.”); Appx43-44 (“The ’151 patent was incorporated into the GPRS standard as a result of Nokia’s nondisclosure.”). That conclusion was supported, for example, by record evidence including:

- The signed declarations of essentiality that both Nokia and Conversant submitted to ETSI for the ’151 patent family, Appx5414; Appx6027;

- The representations made in Conversant’s complaint and infringement contentions casting the ’151 patent as essential, Appx133, ¶ 15 (“The ’634, ’151, ’536, ’818, and ’828 patents (‘patents-in-suit’) are among over 1,200 *Standard-Essential Patents* owned by Core Wireless.”); Appx134, ¶ 18 (“*Nokia declared before ETSI that the patents-in-suit are essential ...*”); Appx146, ¶ 79 (“*Apple’s Standard-Compliant Products comply with at least the applicable GSM and/or LTE standards covered by the claims of the ’151 patent* and therefore infringe claims of the ’151 patent.”);
- Trial testimony from inventor Mr. Oksala confirming that his ’151 patent was incorporated (via Ericsson’s proposal) into the standard and “utilized by the phones everywhere,” and Nokia’s payment to him of a substantial bonus for a standard-essential patent, Appx328(Oksala), 246:25-247:9; Appx320-321(Oksala), 217:21-219:11, 218:9-13 (testifying he received this bonus because “Nokia ... understood this is something that is essential for the standards”); and
- Conversant’s own expert testifying that the ’151 patent approach is a “mandatory” feature for handsets implementing the GPRS standard, Appx933(Wesel), 1271:17-20 (agreeing from “the phone’s perspective, it is *absolutely mandatory* that they perform all three [procedures]”); *see also* Appx659((Apple expert) Knightly), 896:7-898:14 (“It’s mandatory to have all three procedures.”).¹⁰

On this last point, Conversant argues that there were “two options within the continuous mode,” only one of which was infringing. *See* Br. 54-55. Thus, according to Conversant, “evidence that the three modes [continuous, initial, and on-demand] must be supported, for whatever reason, does not touch on the question of

¹⁰ Even under Conversant’s (incorrect) theory that the accused functionality in the standard is an “optional” feature, and thus “by definition” is not essential, that feature would still be essential to the standard because the IPR policy broadly defines “STANDARD” as “any standard adopted by ETSI *including options therein*.” Appx5413.

whether the '151 Patent *must* be supported by a phone that supports the continuous mode.” Br. 55 (italics emphasis in original). But Conversant’s expert testified *the opposite* at trial. Appx365(Wesel), 394:19-22 (“Q: Now, in your infringement analysis, you have focused on one and only one of those, and that’s the continuous timing advance value procedure; correct? A: That’s the procedure that infringes.”); Appx373(Wesel), 428:25-429:5 (“Q: And are the accused Apple products configured to operate in the continuous timing mode? A: Absolutely. Q: And when they operate in the continuous timing mode, do they infringe claim 14 of the '151 patent? A: Yes, absolutely.”).

Similarly, Conversant argues that the testimony this Court cited in *Core Wireless Licensing* that “Apple’s devices must be ready for all three [modes], so of course it has to be ready for just one” contains “no reference to the *standard* requiring said readiness.” Br. 54 (italics emphasis in original and internal quotation marks omitted). But again, Apple’s expert specifically confirmed precisely this point: “Q: So would the mobile phone be compliant with the GPRS standard if it only supported one of these procedures? A: No. If a phone disables one of these procedures, it could not pass the standardization test ... It’s mandatory to have all three procedures.” Appx659(Knightly), 898:8-14.

In the end, Conversant cannot demonstrate, either as a matter of law or fact, that the district court abused its discretion in concluding that the '151 patent is

essential to the GPRS standard—particularly where Nokia and Conversant previously took that exact position both before *and even during* this litigation. *See Qualcomm*, 548 F.3d at 1019 (finding unenforceability warranted under the implied waiver doctrine where the court cannot reconcile “*ex post* argument[s] that the asserted patents do not meet the ‘reasonably might be necessary’ standard with its *ex ante* arguments regarding infringement”).

IV. ALTERNATIVELY, THE COURT CAN FIND THAT IMPLIED WAIVER APPLIES BECAUSE NOKIA’S MISCONDUCT WAS EGREGIOUS.

This Court may affirm the district court on “any ground the law and the record will support so long as that ground would not expand the relief granted.” *Propellex Corp. v. Brownlee*, 342 F.3d 1335, 1342 (Fed. Cir. 2003). Here, the district court’s judgment can be affirmed on the alternative ground that Nokia engaged in egregious behavior in connection with its extremely untimely disclosure of the ’151 patent (regardless of whether that late disclosure also resulted in prejudice). *See Core Wireless Licensing*, 899 F.3d at 1368 (“[E]quitable considerations require *either* a showing of prejudice *or* egregious misconduct sufficient to justify the sanction of unenforceability”).

As an initial matter, this case does not involve an innocent disconnect between different Nokia employees, some working to incorporate a technical feature into a standard and others unknowingly working to patent the same idea. Rather, the undisputed record confirms that—from the outset—Nokia embarked on a calculated

scheme to *both* patent Mr. Oksala’s idea *and* have it incorporated into the GPRS standard. Indeed, in connection with Mr. Oksala’s own invention disclosure form, Nokia expressly tied the importance of that to-be-patented approach exclusively to the fact that “[i]t *will be added* to [the] GSM specification”—even attaching the Change Request to be used to propose the feature to ETSI:

Further information	Attached Change Request to GSM spec. 03.64
Are competitors likely to want to use the invention?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Why?	It will be added to GSM specification.

Appx5442-5446; Appx320-321(Oksala), 216:2-217:4, 221:18-23; Appx325(Oksala), 234:4-24 (Mr. Oksala testifying that he specifically proposed the ’151 invention as an idea for the GPRS standard, and knew Nokia was proposing his idea to ETSI). From there, Nokia took the affirmative step to *separate* the patenting process from the standardization process, even though the disclosure report had expressly linked them.

The week after Mr. Oksala filled out his ’151 invention disclosure, Nokia proposed Mr. Oksala’s idea to ETSI (using the same Change Request that Mr. Oksala had drafted and attached to his invention disclosure), and also filed the patent

application to which the '151 patent claims priority. Appx4821; Appx5489; Appx5500; Appx972(Walker), 1426:12-1427:22; Appx5436-5438.

Yet, for *more than four years*, Nokia (and Mr. Oksala) said *nothing* about the existence of '151 patent family to anyone at ETSI—all while the industry continued to invest in products practicing the standardized approach of the '151 patent. Appx970(Walker), 1419:19-1420:1 (“[L]ock-in of the standard means that the standard is developed to such an extent that people start to manufacture it, they’ve invested money in it, they may have it as part of a regulatory framework, a licensing framework. That’s lock-in.”). Nokia later rewarded Mr. Oksala with a “really large” bonus—enough to buy a “summer cottage”—under Nokia’s reward system for patents that it believes are standard essential. Appx320-321(Oksala), 217:21-219:11. Mr. Oksala confirmed that he received this bonus because “Nokia has studied standardization and understood this is something that is essential for the standards, and based on that, they have a rewarding system that they are then rewarding the inventors of that kind of patents.” Appx321(Oksala), 218:9-13, 219:6-11.

These undisputed facts reveal that Nokia (1) intended to patent Mr. Oksala’s idea and get it incorporated into the GPRS standard—solely to inflate the value of the patent, and (2) understood that it had succeeded in doing so. The district court acknowledged that this successful plan, followed by years of silence and non-

disclosure, was “undoubtedly misconduct,” but it held that the misconduct was not sufficiently egregious to warrant unenforceability on its own. Appx40. That was error.

Nokia’s breach of ETSI’s IPR policy was at least as egregious as the misconduct discussed in *Qualcomm*. Like Nokia here, Qualcomm “knew that the asserted patents ‘reasonably might be necessary’ to practice th[e] standard,” but intentionally did not disclose them. *Qualcomm*, 548 F.3d at 1020. Like Nokia here, Qualcomm breached its duty to disclose its patents to the standard-setting organization, and then, after the standard was adopted, asserted the same patents against a competitor “solely because they practiced the [] standard.” *Id.* at 1018. And like Nokia’s invention report did here, internal Qualcomm documents “suggest[ed] ‘extending’ Qualcomm’s patents in order to cover the standard being developed.” *Id.* at 1027.

In short, Nokia’s misconduct 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 that misconduct.” *Core Wireless Licensing*, 899 F.3d at 1369. That finding is consistent with this Court’s law holding that an applicant who conceals information *uniquely in its possession* from the Patent Office has acted “particularly egregious[ly].” *Paragon Podiatry Lab., Inc. v. KLM Labs., Inc.*, 984 F.2d 1182, 1193 (Fed. Cir. 1993). The same result applies here where, for years,

only Nokia knew that it had filed for patent rights on technology that Nokia itself had proposed (successfully) for incorporation into the GPRS standard. That “particularly egregious” nondisclosure justifies a finding of unenforceability.

The district court found otherwise based on the apparent belief that sufficiently “egregious” conduct exists only “where the patent holder or applicant makes affirmative false statements or otherwise attempts to actively mislead relevant decision-makers,” and that Nokia “made no similarly false statements.” Appx38 (citing *Skedco, Inc. v. Strategic Operations, Inc.*, 287 F. Supp. 3d 1100, 1144 n.15 (D. Or. 2018)). However, the district court later acknowledged that the nondisclosure in *Qualcomm* was “particularly exceptional and therefore egregious.” Appx40; *see also* Br. 29 (Conversant arguing that the Court’s unenforceability holding in *Qualcomm* “turns on a finding of egregious misconduct”). Accordingly, it would be error to assume that egregious misconduct cannot be shown through nondisclosure.

In the district court, Conversant argued that Nokia’s nondisclosure was justified, and not egregious, based on non-record “evidence” that patent rights were “rarely if ever discussed” at ETSI meetings. Appx2936. But as this Court previously found, Dr. Walker—former ETSI Chairman of the Board, was the *only witness* to testify on these issues at trial, and explained *without rebuttal* that the obligation to disclose relevant patent rights (1) was the *first* thing discussed at *every* meeting, and

(2) “attaches at the time of the proposal.” *see Core Wireless Licensing*, 899 F.3d at 1367; Appx969(Walker), 1413:3-24.

Furthermore, as discussed above, none of Conversant’s purported evidence regarding the supposed “common practice” of late disclosures speaks to the specific circumstance here—where Nokia (1) internally tied the value and strategic importance of the ’151 patent approach specifically to its incorporation in the GPRS standard, and (2) externally, and only a week later, made its proposal to ETSI while withholding the existence of the IPR that *only Nokia* could have revealed. *See Core Wireless Licensing*, 899 F.3d at 1367 (confirming disclosure obligation in the “specific case” as explained by Dr. Walker and under the second sentence of Section 4.1 of the ETSI IPR policy).

CONCLUSION

For these reasons, this Court should hold that the ’151 patent family is unenforceable against products practicing the GPRS standard—including the accused Apple products at issue here.

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November 12, 2019

CERTIFICATE OF SERVICE

I hereby certify that, on this 12th day of November, 2019, I filed the foregoing Non-Confidential Brief for Defendant-Appellee Apple Inc. with the Clerk of the United States Court of Appeals for the Federal Circuit via the CM/ECF system, which will send notice of such filing to all registered CM/ECF users.

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CERTIFICATE OF COMPLIANCE

Pursuant to Fed. R. App. P. 32(g), the undersigned hereby certifies that this brief complies with the type-volume limitation of Federal Circuit Rule 32(a).

1. Exclusive of the exempted portions of the brief, as provided in Fed. R. App. P. 32(f) and Fed. Cir. R. 32(b), the brief contains 13,944 words.

2. The brief has been prepared in proportionally spaced typeface using Microsoft Word 2010 in 14 point Times New Roman font. As permitted by Fed. R. App. P. 32(g), the undersigned has relied upon the word count feature of this word processing system in preparing this certificate.

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