

Apple Can't Render 4G Patents Unenforceable In \$506M Row

By Britain Eakin

Law360 (February 9, 2021, 8:53 PM EST) -- U.S. District Judge Rodney Gilstrap shot down Apple's argument that five PanOptis 4G LTE standard essential patents, which a jury said the iPhone maker owes \$506 million for infringing, are unenforceable because they weren't disclosed in a timely fashion to a European standard-setting body.

The Jan. 22 opinion, which was unsealed Tuesday, resulted from a bench trial in August that came on the heels of a jury verdict finding that Apple willfully infringed the PanOptis wireless patents.

In his opinion, Judge Gilstrap of the Eastern District of Texas said he found no evidence to support Apple's argument that participants in the European Telecommunications Standards Institute are required to disclose their intellectual property rights, or IPR, by a "freeze" date after which no new features can be added and before a standard is adopted.

Judge Gilstrap said "the vast majority" of ETSI's participants disclose after that date, the body is aware of that, "and there is no evidence it has taken any action to encourage or enforce earlier disclosure."

"The Court finds no clear and convincing evidence that Optis has breached its duty to disclose its essential IPR to ETSI; rather, the evidence indicates that Optis and its predecessors-in-interest in the applicable patents timely disclosed their IPR to ETSI in a manner consistent with" the body's procedures, Judge Gilstrap wrote.

In its post-trial briefing, PanOptis said that under Apple's own theory, the iPhone maker's disclosure track history would be "worse than the ETSI community as a whole."

Also at issue was PanOptis' request for a declaratory judgment that it didn't breach its obligations to offer Apple a fair, reasonable and nondiscriminatory, or FRAND, license on the essential patents.

Apple had asked the court to toss that portion of PanOptis' suit back in May 2019, and the court agreed that it didn't have jurisdiction to look at whether PanOptis had met its global obligations. Judge Gilstrap said he would consider the matter in relation to PanOptis' U.S.-only patents.

In his opinion Tuesday, Judge Gilstrap said that PanOptis didn't show that it actually made an offer to Apple for the U.S. patents.

"Optis never made an offer specifically for or limited to its U.S. Patents. Rather, during negotiations with Apple, Optis consistently and only made offers for a global license, at a global rate," the decision said.

The decision went on to say that since PanOptis didn't present evidence of an offer to Apple on U.S.-only patents, the court can't determine if Optis met its FRAND obligations. "Any declaration by the Court would amount to merely an advisory opinion, which is disfavored. Accordingly, the Court declines to issue the declaratory judgment that Optis requests ... as a matter of discretion," the opinion states.

Optis Wireless Technology LLC, PanOptis Patent Management LLC, Unwired Planet LLC and other related companies had accused Apple in its Feb. 2019 suit of infringing five patents by offering 4G LTE capability on the iPhone, iPad and Apple Watch. PanOptis has said it tried to get Apple to take a license, but that Apple didn't make a good-faith effort to negotiate.

The case went to trial in August, marking the first in-person jury trial to take place in the U.S. since the COVID-19 pandemic started. The jury returned its verdict after a seven-day trial, with Apple vowing to appeal.

Counsel for PanOptis declined to comment on Tuesday's opinion while counsel for Apple did not immediately return a request for comment.

The patents-in-suit are U.S. Patent Nos. 8,019,332; 8,385,284; 8,411,557; 9,001,774; and 8,102,833.

PanOptis is represented by Jason Sheasby, Annita Zhong and Ingrid Petersen of Irell & Manella LLP and Jonathan Yim of McKool Smith PC.

Apple is represented by Joseph J. Mueller, Mark Selwyn, Mindy Sooter, Timothy Syrett and Brittany Blueitt Amadi of WilmerHale and Melissa Smith of Gillam & Smith LLP.

The case is Optis Wireless Technology LLC et al. v. Apple Inc., case number 2:19-cv-00066, in the U.S. District Court for the Eastern District of Texas.

--Additional reporting by Dani Kass, Mike LaSusa and Ryan Davis. Editing by Alanna Weissman.

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