

held that, in light of the Supreme Court’s statements in *Menendez* and *Petrella*, “a patentee guilty of laches typically does not surrender its right to an ongoing royalty.”⁴⁶³

Judge Hughes, joined by Judges Moore, Wallach, Taranto, and Chen, concurred-in-part and dissented-in-part.⁴⁶⁴ In Judge Hughes’s opinion, the majority created a patent-specific rule in spite of the Supreme Court’s warnings not to do so.⁴⁶⁵ He would not hold that Congress had codified the laches doctrine in § 286, both according to traditional tools of statutory interpretation and because “in 1952, the Supreme Court had already recognized the common-law principle that laches cannot bar a claim for legal damages.”⁴⁶⁶

In his view, “the plain meaning” of § 282 “does not conclusively rule out the defense of laches” or “necessarily include a defense of laches.”⁴⁶⁷ But the statutory context of § 286 should inform the scope of § 282, and the Supreme Court made it clear in *Petrella* that “laches and the statute of limitations were in such conflict that applying laches created a separation of powers problem.”⁴⁶⁸

Next, Judge Hughes reviewed several Supreme Court cases outside the patent context in which the Court held that “laches cannot bar a claim for legal relief filed within a statutory limitations period.”⁴⁶⁹ Because “laches is a general equitable defense, not a defense specific to patent infringement” he would say that “the role of laches in other areas of civil litigation is of a piece with the role of laches in patent cases.”⁴⁷⁰ But he proceeded to rebut the majority’s characterization of the cases it did rely on for good measure, concluding that “[t]o the extent that Congress codified laches . . . it was as a defense to equitable relief only, not as a defense to legal relief otherwise permitted under § 286.”⁴⁷¹

The Supreme Court granted *certiorari* on May 2, 2016.

Equitable Estoppel

***High Point SARL v. Sprint Nextel Corp.*, No. 2015-1298, 2016 WL 1320782, at *1 (Fed. Cir. Apr. 5, 2016)**

The Federal Circuit held that equitable estoppel barred the plaintiff’s claim because its predecessors-in-interest had known about and assisted in the defendants’ unlicensed use for more than six years.⁴⁷²

⁴⁶³ *Id.* at 1333.

⁴⁶⁴ *Id.* at 1333 (Hughes, J., concurring-in-part and dissenting-in-part).

⁴⁶⁵ *Id.*

⁴⁶⁶ *Id.*

⁴⁶⁷ *Id.* at 1335.

⁴⁶⁸ *Id.* at 1336.

⁴⁶⁹ *Id.* at 1338 (citing *Holberg v. Armbrrecht*, 327 U.S. 392 (1946); *United States v. Mack*, 295 U.S. 480 (1935); *Cross v. Allen*, 141 U.S. 528 (1891); *Wehrman v. Conklin*, 155 U.S. 314 (1894)).

⁴⁷⁰ *Id.* at 1339.

⁴⁷¹ *Id.* at 1340-42.

⁴⁷² *High Point SARL v. Sprint Nextel Corp.*, No. 2015-1298, 2016 WL 1320782, at *1 (Fed. Cir. Apr. 5, 2016).

Beginning in 1996, Sprint, in the course of building a nationwide Code Division Multiple Access (“CDMA”) network that is now an industry standard, entered into agreements with AT&T and later Lucent, two of High Point’s predecessors-in-interest. Those agreements included hardware supply agreements with limited licenses for the patents-in-suit and a memorandum of understanding that the parties would work to develop interoperability standards so that the network could work with equipment from multiple vendors.⁴⁷³ At first, all the zones of the Sprint network were covered by licenses, but as Sprint expanded, it started to use unlicensed equipment.⁴⁷⁴ In 2001, Sprint installed unlicensed Samsung equipment in Puerto Rico. In 2004, Sprint started upgrading the old Lucent hardware with unlicensed Motorola hardware, and in 2008, it started purchasing from Nortel, which was no longer a licensee under the patents. But neither the plaintiff nor its predecessors-in-interest raised infringement concerns until December of 2008.⁴⁷⁵

The Federal Circuit held that the district court did not abuse its discretion in ruling that High Point’s claim was barred by equitable estoppel.

First, “High Point’s predecessors’ misleading course of conduct caused Sprint to reasonably infer that they would not assert the patents-in-suit while Sprint purchased unlicensed infrastructure to build its network.”⁴⁷⁶ The record indicated “both silence”—no whisper of patent assertion even when licenses lapsed and Lucent lost the Puerto Rico project to the unlicensed Samsung—“and active conduct” on the part of the patent owner, such as “discussing interoperability with other potentially infringing vendors, and continuing business relationships, including with respect to the unlicensed activity in Puerto Rico.”⁴⁷⁷

Second, the defendants “detrimentally relied on the conduct of High Point’s predecessors” by expanding its network as it did. The court credited Sprint’s un rebutted testimony that “Sprint had several options when building its network and that Sprint would have acted differently if the threat of litigation was a possibility.”⁴⁷⁸ The court noted that “[w]hether inside or outside the licensing arrangements, Sprint systematically worked to build a network while High Point’s predecessors continued to sell to Sprint equipment and negotiate the interoperability that High Point would come to allege constituted unlicensed infringing activity.”⁴⁷⁹

Finally, the Federal Circuit approved of the district court’s ruling that Defendants suffered evidentiary prejudice from the delay because information about the inventor “was fading or is already absent,” in addition to economic prejudice from having spent billions of dollars expanding its network.⁴⁸⁰

⁴⁷³ *Id.* at *1-2.

⁴⁷⁴ *Id.* at *2.

⁴⁷⁵ *Id.*

⁴⁷⁶ *Id.* at *5.

⁴⁷⁷ *Id.* at *5-6.

⁴⁷⁸ *Id.* at *6.

⁴⁷⁹ *Id.*

⁴⁸⁰ *Id.* at *7.