

## **JUDGMENT**

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### **COURT OF DISTRICT THE HAGUE**

Civil law section

Docket number 287058 / HA ZA 07-1470

#### **Judgment of November 14, 2007**

In the case of:

1. The limited liability company  
**NOKIA NEDERLAND B.V.**,  
having its registered office at Rijswijk,
2. The company under foreign law **NOKIA CORPORATION** having its  
registered office at Espoo, Finland,

Hereinafter: the Plaintiffs

Counsel and docket attorney: mr. W.E. Pors

against

The company under foreign law **QUALCOMM INCORPORATED**  
having its registered office at San Diego, USA

Hereinafter: the Defendant

Procurator: mr. H.J.A. Knijff

Attorneys: mr. B.J. van den Broek en W.A. Hoyng, Amsterdam

Hereinafter parties will be referred to as Nokia and Qualcomm.

#### **1. Course of the proceedings**

- 1.1 The course of the proceedings follows from:
  - Instruction President of the District Court The Hague of March 16, 2007 with of the accelerated regime in patent cases;
  - Writ of summons of March 19, 2007
  - Act submission of exhibits of Nokia of May 9, 2007 with two exhibits;
  - Interim motion ex article 843a and 22 Dutch Code of Civil Proceedings of Nokia of May 9, 2007;
  - Defence re interim motion ex article 843a and 22 Dutch code of civil Proceedings of Qualcomm of June 27, 2007 with one exhibit
  - Interim jurisdiction motion also statement of defence and conditional claim to take a provisional measure as well as act submission exhibits of Qualcomm of June 27, 2007 with four exhibits

- Interim Statement of answer with regard to jurisdiction and with regard to the conditional preliminary request of Nokia of August 8, 2007
  - Letter of procurator of Nokia with four exhibits of August 31, 2007
  - Act submission exhibit Qualcomm of September 14, 2007 with one exhibit
  - E-mail of the chairman of the Court of District to Mr. Van den Broek and Hoyng (with copy to Mr. Pors) of September 7, 2007 in which Qualcomm has been ordered to submit the confidential TI Patent Portfolio Agreement under certain conditions, which are mentioned in the e-mail
  - E-mail of Mr. Van den Broek of September 10, 2007 to the District Court with attachment of the confidential TI Patent Portfolio Agreement
  - Pleading notes and exhibits as submitted by both parties on September 14, 2007
- 1.2 During the hearing Nokia has changed its claim. Qualcomm has lodged an objection to this change, which the Court of District rejected on the hearing.
- 1.3 Part of the hearing has taken place behind closed doors due to Qualcomm's argued confidentiality of the provisions of the TI Patent Portfolio Agreement. Since the judgment does not include any confidential extracts, the judgment will be pronounced in open court fully.
- 1.4 The date of the judgment has been set on today.

## **2. The facts**

- 2.1 Nokia Corporation is the world's leading mobile phone manufacturer. Nokia sells mobile telephones which are suitable for use of the Wideband Code Division Multiple Access (WCDMA), also referred to as Universal Mobile Telecommunications Systems, UMTS. WCDMA is the 3<sup>rd</sup> generation ("3G") wireless telecommunications technology and is considered to be a successor of the 2<sup>nd</sup> generation ("2G") GSM-technology.
- 2.2 Qualcomm develops and implements digital wireless communications technologies. Qualcomm is holder of many patents with respect to the WDMCS-technology. Qualcomm's core business sectors are the licensing of mobile phone technologies, the manufacture, sale and licensing of chips and chipsets and the licensing of software.
- 2.3 On December 2, 2000 Qualcomm entered into a agreement with Texas Instruments Inc, titled "Patent Portfolio Agreement". As appears from this agreement, parties have promised to not act against each others production and sale of chips and chip sets on the basis of each of their patent rights.
- 2.4 On July 2, 2001 Qualcomm and Nokia entered into the Subscriber Unit License Agreement ("SULA"). The SULA grants Nokia a license to the 3G mobile telecommunications patents of Qualcomm. The duration of the SULA

expired on April 9, 2007. In the SULA is determined that with respect to certain groups of patents of Qualcomm, Nokia has the right to continue the license after April 9, 2007 against the agreed payment of royalties.

- 2.5 After April 9, 2007 Nokia has continued the use of the rights as granted under the SULA. However, Nokia has not paid any payment to Qualcomm regarding this use.
- 2.6 Qualcomm has inter alia instituted patent infringement proceedings on EP 0629342 and EP 0695482 against Nokia Corporation at the Landgericht Dusseldorf on August 9, 2006 and at the Tribunale di Milano on Oktober 16, 2006. The patents in suit are related to 2G technology. Nokia Nederland is no party in these proceedings.
- 2.7 On her turn, Nokia Corporation instituted proceedings against Qualcomm at the Landgericht Mannheim on March 16, 2007. The reason for the proceedings is a declaratory judgment of exhaustion and is limited to Germany.

### **3. The dispute**

#### **In the main action**

- 3.1 Initially Nokia claimed, with the starting point that this action will not affect the SULA or any obligations under the SULA, the following.
  - A. Declare that all of Qualcomm's patent rights relevant for the chips and chipsets and their exploitation have been exhausted in the Netherlands in accordance with article 53 paragraph 4 of the Dutch Patent Act 1995 in circumstances as described in this writ and where Qualcomm has received a reward from TI in respect of the patents licensed to TI and has not agreed with TI to instead seek such reward from TI's customers;
  - B. Declare that, as all of Qualcomm's patent rights relevant for the chips and chipsets and their exploitation have been exhausted in the Netherlands in accordance with article 53 paragraph 4 of the Dutch Patent Act 1995, such patents have also been exhausted in the other member states of the European Union and in the whole European Economic Area, or at least any further distribution of these chips and chipsets and of the handsets containing these chips and chipsets to other member states or to other parts of the European Economic Area, either directly or after intermediately passing other countries cannot be stopped by Qualcomm and the further exploitation of such phones cannot be stopped by Qualcomm on the basis of the chipsets patents as meant in these proceedings;
  - C. Order Qualcomm to pay the costs of these proceedings, including the real costs of attorneys and patent agents on the basis of the interpretation of Dutch law (section 237 Dutch Code of Civil Procedure) in conformity with the Enforcement Directive (section 14 of Directive 2004/48 EC of 29 April 2004 on

the enforcement of intellectual property rights) and article 1019h of the Dutch Code of Civil Procedure.

with immediate effect and notwithstanding appeal of the judgment

3.2 After change of claim as mentioned in paragraph 3.1 under A, Nokia claims –at least that's what the Court of District understands- the following:

Declare that all of Qualcomm's patent rights relevant for the chips and chipsets and their exploitation have been exhausted in the Netherlands in accordance with article 53 paragraph 4 of the Dutch Patent Act 1995 under the following conditions:

- a. the mobile phones consist of a Texas Instruments chip;
- b. it concerns patents of Qualcomm which are achieved by means of this chip, irrespective of whether this concerns apparatus claims (chipsets or mobile phones claims), method claims or system claims (which refer to the functionality of a mobile phone), irrespective of whether a method claim will be achieved by the mobile phone itself, under the condition that the method claim inside that mobile phone is in fact achieved by the chip and irrespective of whether the method claim will be achieved by the end user, under the condition that the technical part which realizes the fulfilment of the claim by the end user is fully inserted in the chip;
- c. it concerns a Qualcomm patent, which consist of an European patent which is valid for the Netherlands, or a national Dutch patent;
- d. the chip has been marketed in the EER by Texas Instruments;
- e. the chip has been built in the mobile phone in the factories of Nokia in Finland, Germany or Hungary,

upholding the other claims.

3.3 In the event that the Court of District is not able to allow Nokia's claims, Nokia requests that the Court seeks preliminary questions with the European Court of Justice directly.

3.4 Nokia claims that Qualcomm's chipset patents have been exhausted as the chips or chipsets purchased by Nokia from TI are put on the European market with Qualcomm's consent. Nokia's exploitation of mobile phones with TI chips and chipsets therefore do not form an infringement of Qualcomm's chipsets patents. The chips and chipsets are put on the market in the EU by TI with Qualcomm's consent.

3.5 Qualcomm has put up a motivated defence. In so far as necessary, hereinafter will be dealt with the statements of parties.

### **In the incidents**

3.6 Nokia has instituted an interim motion ordering Qualcomm to submit a copy of the Patent Portfolio Agreement between Qualcomm and Texas Instruments, on the basis of articles 843a and 22 Dutch Civil code of Civil Procedure.

- 3.7 Before all defences, Qualcomm has explicitly contested the jurisdiction of the Court with respect to Nokia's claims.
- 3.8 Furthermore, Qualcomm has instituted a claim for conditional interlocutory relief for the duration of the proceedings. In case the Court of District will put questions to the ECJ, by way of interlocutory relief Nokia should be ordered to pay to Qualcomm by way of an advance payment a fee as agreed under the SULA from April 9, 2007 to the date the final judgment will be rendered in this matter. This under the pain of a penalty.
- 3.9 In both interim motions parties did not request judgment, possibly because by application of the accelerated regime in patent cases a pleading date was already set. Therefore, the court will decide on the interim motions now. In so far as necessary, hereinafter will be dealt with the statements of parties.

#### **4. The assessment**

##### *Voidness writ of summons*

- 4.1 As defence, Qualcomm pleaded the voidness of the writ of summons. Qualcomm stated that from the statements of writ of summons it is not clear to her what the ground is, or which grounds are the basis of Nokia's claim and what exactly Nokia's reproach is to Qualcomm. Therefore, Qualcomm is of the opinion that the claims are insufficiently concrete.
- 4.2 This plea does not succeed. Even though Qualcomm is correct that the writ of summons has a quite broad tenor, the claim and the grounds have been included sufficiently clear. Therefore, the writ of summons meets the requirements of article 111 paragraph 2 of Dutch Civil Code of Civil Procedure. Qualcomm unsuccessfully pleaded that it was not able to put up a decent defense and therefore is harmed in its interest. As appears from its defence in the Statement of Defence and during the hearing, Qualcomm on the contrary has understood the essence of the plea of Nokia apparently very well. The (possibly) broad tenor of the claim of Nokia is a question which should be answered within the framework of the discussion of the awardness of the claims, which is dealt with hereinafter.

##### *Jurisdiction*

- 4.3 Qualcomm has disputed that this district court has territorial and international jurisdiction over Nokia's claims. According to Qualcomm the claim do not fall under Article 80 section 2 of the Dutch patent Act. In Qualcomm's opinion there are no grounds for jurisdiction over the claimed cross-border declaration.
- 4.4 To start with, to determine jurisdiction Regulation (EC) 44/2001 (the Brussels Regulation) is of importance. As Qualcomm has no domicile in the territory of a member state of the Brussels Regulation, in accordance with Article 4 of the Brussels Regulation, the jurisdiction of each member state is governed by the laws of that member state.

- 4.5 Pursuant to Article 10 Dutch Code of Civil Proceedings in conjunction with Article 80 section 2 of the Dutch Patent Act, this district court has jurisdiction over the claims against Qualcomm insofar the claims pertain to exhaustion of Qualcomm's patent rights valid in the Netherlands. Qualcomm's defence that the proceedings in question can not be brought within the scope of Article 80 section 2 of the Dutch Patent Act is denied. The reasons for that are the following. Nokia claims cross-border declaration that Qualcomm's patent rights are under certain circumstance exhausted. This declaration is, against the background of Nokia's statements, substantively equivalent to and can be put into line with a declaration that certain acts, namely selling mobile phones containing TI chips, are not infringing Qualcomm's patents rights valid in the Netherlands. This declaration falls within the scope of Article 80 section 2(b) of the Dutch Patent Act. In this connection it is of importance that Nokia's claim is a clear reliance on Article 53 section 5 Dutch Patent Act. Qualcomm's argument that Nokia's claims comes down to an interpretation of the agreement, in which connection it invoked the judgment of the judge in preliminary relief of this district court dated 7 October 1997 (*Blösch/Hauzer, BIE 1999/80*), does not hold for that reason alone that the situation described in that judgment described is not at hand. The claims in these proceeding pertain to – briefly summarized – prohibit the defendant to proclaim in the market it can enforce its patent rights, which can not be equated to a claim for a declaration of non-infringement. Moreover it concerned a French patent.
- 4.6 In so far as Nokia claims a declaration that also other than Dutch patents or Dutch parts of European patents are exhausted, this district court has no jurisdiction over these claims. For this the following applies.
- 4.7 Nokia invoked Article 6 heading and section e in conjunction with Article 102 CCP, stating that Qualcomm would act unlawfully in the court district The Hague if it in spite of the alleged exhaustion would take measures against the sale of Nokia's products. This appeal fails. De claim mentioned in ground 4.6 pertains to the alleged potential action of Qualcomm in other member states of the European Union and in the entire European Economic Area, so there is no matter of (imminent) unlawful actions in the Netherlands by Qualcomm. Therefore, from the above-mentioned articles the Dutch court can not derive jurisdiction. This is not altered by the fact that this court does have international (and territorial, as considered in the above) jurisdiction in so far the claim pertains to the Netherlands, but this jurisdiction to be based on Article 6 section e CCP is in accordance with established case law not cross-border.
- 4.8 Nokia furthermore invoked Article 109 CCP. This appeal also fails. Said article refers to an internal jurisdiction rule which forms part of the third part of the second title of the Dutch Code of Civil Proceedings, from which the Dutch judge – in view of Article 10 CCP – can not derive international jurisdiction.
- 4.9 In conclusion, Nokia invoked the EC Treaty, in such sense that, at least the court interpreted Nokia's statements this way, exhaustion of Qualcomm's patent rights with regard to the sale of products in the Netherlands, also constitutes exhaustion in the entire European Union and the entire European Economic Area. The Dutch court can with respect to this pursuant to Article 94 of the

Constitution also give a declaration. Thereupon this judgement is – in Nokia's view – pursuant to Article 33 EEX suitable for acknowledgement in the other member states of the European Union.

- 4.10 This view of Nokia is not shared. From the provisions of the EC Treaty or Article 94 of the Constitution no international (cross-border) jurisdiction can be derived. As considered in the above, the jurisdiction of the Dutch court is restricted to an assessment of whether Nokia's acts are infringing the Dutch patents or the Dutch parts of the European patents from Qualcomm. The assessment as to whether other than the aforementioned patent rights are exhausted must – in the absence of other reference points – take place by the court of the country of the foreign patent right (where the damage occurs). The Dutch court has in this respect no jurisdiction.
- 4.11 The conclusion is that this court has international and territorial jurisdiction to take cognizance of the claim of exhaustion in so far this claim pertains to the Dutch territory.

#### Lis pendens

- 4.12 Qualcomm invoked the provisions of Article 27 of the Brussels Regulation. Although Qualcomm has no domicile in the territory of the EC, Article 27 of the Brussels Regulation is indeed applicable. For the applicability of these provisions not the domicile of the parties is decisive, but the fact that there are parallel procedures pending in different member states (see ECJ 27 June 1991, case 351/89, NJ 1993/527).
- 4.13 In so far Qualcomm's appeal to Article 27 of the Brussels Convention, made in view of its defence against cross-border jurisdiction in Germany, also pertains to the claimed declaration of exhaustion in the Netherlands, it is dismissed, as considered in the above, the proceedings in Düsseldorf and Mannheim pertain to other patents (for 2G technology and not the 3G technology as in this case). The proceedings before Landgericht Mannheim do not pertain to exhaustion of the Dutch patents and the Dutch parts of the European patents, so that it can not be said that the claims relate to the same subject and rest on the same cause within the meaning of the above-mentioned article.

#### Declaration of exhaustion

- 4.14 With this we have come to the assessment of Nokia's claims. Qualcomm has pleaded that the claims may not be allowed for the sole reason they are too vague and too undefined. In this context Qualcomm pointed out Nokia demands without any specification a declaration in which the court declares that the complete patent portfolio of Qualcomm can not be invoked against the mobile phones sold by Nokia on the basis of the unsubstantiated fact certain unspecified patents would be exhausted because in some unspecified Nokia mobile phones certain unspecified TI chips are used. Such abstract and theoretical claim – Qualcomm speaks of an 'Ars Aequi-case' – can according to Qualcomm not be allowed. This plea succeeds.

- 4.15 The claim, also as it reads after the change of the claim, has been formulated too broad and insufficiently specific. From the used formulation (“*patents of Qualcomm that are realised through this chip*”, see ground 3.2 under d of this decision) it cannot be determined whether the exhaustion has taken place. Thereto applies that Nokia has refrained from specifying the patents of Qualcomm and the relevant claims thereof. Nokia has solely submitted one example, which furthermore solely regards an application (EP 1 239 465 A2). In addition it has not specified which specific products would be brought within the free movement of goods and what the exact configuration of these products would be, nor where it regards the chips of Texas Instruments, nor where it would regard Nokia’s own mobile phones. Nokia also does not specify how these products work and what the functionality of the chips are in relation to other, possibly coming from third parties, components in or outside the mobile phones, such as software which is uploaded onto the chip. It is not unthinkable that first after the use of such components from third parties, there would be an infringement of certain claims of certain patents of Qualcomm. It however remains a guess hereto, now that the concerning patents, have not been submitted or further specified. Nokia has also not specified which features of which patent(s)(claims) would read on which parts of the chips of the mobile phones. In view of the different types of possible claims – Nokia itself mentions apparatusive claims, process claims and system claims - it is thinkable that there are many permutations. In view of the foregoing it is unclear which type of claims in relation to which products may possibly be exhausted. Another thing is that it also depends on the type of claim whether or not (implicit) consent has been given by the patentee for the placing of the products within the free movement of goods, for so far the TI patent portfolio agreement would contain such consent, that which Qualcomm has contested. Therefore, the by Nokia chosen general formulation of the claims are not allowable.

#### Suspension

- 4.16 In view of the foregoing, the request of Qualcomm to stay these proceedings on the ground of article 28 EEX (‘Brussels Regulation’), awaiting the outcome of the under 2.6 and 2.7 mentioned procedures, is not opportune. Now that the court does not come to an assessment of the by Nokia alleged exhaustion, no risk of incompatible decisions will exist.

#### Incidents

- 4.17 The plea of incompetence of the court has been assessed above.
- 4.18 Nokia has withdrawn its claim for submission of the agreement between Qualcomm and Texas Instruments during the pleadings, so that this issue no longer needs to be decided on.
- 4.19 Now that the condition, under which the application for interim relief has been made, has not been met, this can further be left undiscussed.

#### Costs of the proceeding



4.20 Nokia shall as the party against whom the judgment is given be ordered to pay the costs of the proceedings, including the costs of the incidents. These shall be estimated in conformity with the 'liquidation rate' (rate calculated in accordance with the rates set by the Netherlands Bar association) [*explanation added by B&B*], now that it can not be considered that Qualcomm has claimed (substantiated) the costs of the proceeding on the ground of article 1019 CCP. Although the pleadings of mr. Hoyng (end) mention that these costs would be attached, Qualcomm has refrained from submitting a specification of the actual incurred costs to the court. Now that in addition no specific amount is mentioned, the costs of the proceeding shall be awarded in accordance with the liquidation rate. The costs on the part of Qualcomm are estimated at:

- court registry fee	€ 251
- local counsel's fee	€1,808 (4,0 point x rate EUR 452)
Total	€2,059

## 5. The decision

The Court

- 5.1. declares that it is incompetent to take cognizance of the claim in so far as it has effect outside the Netherlands;
- 5.2. dismisses the other claims;
- 5.3. orders Nokia to pay the costs of the proceedings, including the costs of the incidents, on the part of Qualcomm assessed to date at €251 in disbursements and €1,808 in local counsel's fees.

This judgment was passed by mr. E.F. Brinkman, mr. P.G.J. de Heij and mr. J.Th. van Walderveen, and pronounced in open court on 14 November 2007.

In the absence of the presiding judge, the judgment is signed by the most senior judge.

(signature)

(signature)

(stamp of the  
District Court  
The Hague)

Certified as a true Bailiff's copy  
14 November 2007  
The court Registrar  
(signature)