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Attorneys for Plaintiff
LENOVO (UNITED STATES) INC.

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION**

LENOVO (UNITED STATES) INC.,

Plaintiff,

vs.

NOKIA TECHNOLOGIES OY,

Defendant.

Case No.

COMPLAINT

JURY TRIAL DEMANDED

1 Plaintiff Lenovo (United States) Inc. (“Lenovo United States”), on personal knowledge as
2 to its own acts, and on information and belief as to all other acts based on its own and its
3 attorneys’ investigation, by and through its attorneys, alleges as follows:

4 **INTRODUCTION**

5 1. Defendant Nokia Technologies Oy (“Nokia Oy”) has asserted, and continues to
6 assert, that Lenovo United States is required to take a license to patents that Nokia Oy claims to
7 own and claims are essential to practice the H.264 video compression standard. However, with
8 respect to each of the nineteen patents discussed below (“Nokia Patents”), the prior owner (Nokia
9 Corporation) failed to comply with its contractual obligation to disclose any rights in the allegedly
10 essential Nokia Patents to the relevant standards-setting organization before the H.264 standard
11 was “frozen”—thus depriving members of the ability to take those alleged patent rights into
12 account when the standard was still under development.

13 2. Because this late disclosure breached the contract that existed between Nokia
14 Corporation and the H.264 standards-setting organization (and Lenovo United States is a third-
15 party beneficiary of that contract and has suffered harm as a result of the breach) and also violated
16 California unfair competition law, each of the Nokia Patents is unenforceable against the H.264
17 standard. Moreover, because this repeated late disclosure was egregious, and because Nokia Oy
18 and/or Nokia Corporation have leveraged the allegedly standard-essential nature of the late-
19 disclosed Nokia Patents to obtain unjust benefits, the Nokia Patents are unenforceable against the
20 H.264 standard under the doctrine of implied waiver.

21 **PARTIES**

22 3. Plaintiff Lenovo United States is a company organized under the laws of Delaware,
23 with its principal place of business at 8001 Development Drive, Morrisville, North Carolina
24 27560.

1 technology. As a result, a patent holder may demand royalties attributable to inclusion of the
2 patented technology in the standard rather than the actual value of the patented technology.

3 15. The danger that a patent holder will gain an arbitrary and unfair advantage in
4 demanding royalties is particularly high when an SSO standardization participant proposes ideas
5 to be included in the standard that are identical or similar to the ideas the participant separately
6 seeks to patent (or has already patented). Such a situation creates the risk that a participant will
7 intentionally push the SSO to adopt—unknowingly—the participant’s patented technology, even
8 though the SSO might have adopted a different technology or excluded the functionality from the
9 standard if the SSO was timely made aware that the patent-holding participant claims to have
10 patent rights covering the technology under consideration.

11 16. In response to this substantial risk of exploitative behavior, most SSOs have adopted
12 intellectual property rights (IPR) policies that seek to minimize the potential for this type of abuse.
13 Among other things, these IPR policies typically require participants to timely disclose any
14 alleged standard-essential patent rights (including rights in pending patent applications) that might
15 cover the technology that the SSO is considering for standardization. By requiring members to
16 declare any patent rights that, if adopted into the standard, might be essential to practice the
17 standard, members can evaluate alternative technical proposals, decide not to include the proposed
18 technology, and consider other potential implications of any patents that that might cover the
19 various proposals—all *before* the standard is frozen and *before* industry participants become
20 locked into implementing the standard in their products.

21 17. SSOs adopt such disclosure policies to promote the widespread use of their
22 standards by suppliers and consumers. Standards that are developed subject to a requirement of
23 full, timely disclosure of potentially essential patent rights ensure that the resulting standard is not
24 encumbered by patents that SSO members were unaware of during the standardization process.

25 THE H.264 STANDARD

26 18. This Complaint concerns nineteen patents that Nokia Oy and/or Nokia Corporation
27 have claimed are essential to practice the H.264 video compression standard.

28

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