

Preventing use of disclosure outside litigation - appropriate undertakings for the confidentiality club

Over the past few months two actions concerning the validity and infringement of IPCoM's European Patent EP 1,841,268 (IPCoM v Nokia (Claim No: HC 10 C01233) and HTC v IPCoM (Claim HC 11 C02064)) have been building up momentum for a joint trial of FRAND issues, after both HTC and Nokia raised entitlement to a licence on FRAND terms as one of their defences. A summary of the background to this matter can be found in two blogs posted by this author to be found [here](#) and [here](#).

According to one application judgment of Mr Justice Floyd (6 December 2012) the trial "is going to have to examine for the first time, so far as I am aware, the methodology which it is appropriate to adopt to arrive at a licence which is fair, reasonable and non-discriminatory ("FRAND") in respect of a patent which is essential to a telecommunications standard." If the case does ultimately proceed to trial (recent application judgments in this matter make reference to a potential settlement between Nokia and IPCoM) the methodology that is determined by the High Court is likely to generate a great deal of interest in the electronics and telecommunications industry.

In the build-up to trial the parties have regularly appeared before the High Court both making and defending against various interim applications. A number of these applications relate to the scope of the confidentiality club permitted to review HTC and Nokia's confidential disclosure (licences between Nokia/HTC and third parties). The nature of this disclosure has also caused some of the counterparties to those licences, including Research in Motion, Ericsson and InterDigital, to appear before the court as

“interested parties”.

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On 24 January of this year, Mr Justice Floyd ordered that the confidentiality club should be expanded beyond external UK lawyers and relevant experts to include an external German lawyer (Dr Sedlmaier) who was said to have been co-ordinating IPCoM’s strategy since 2007. The existing provisions of the confidentiality club required Dr Sedlmaier to undertake not use the confidential information otherwise than in the course of proceedings, but Nokia, HTC and interested parties sought even greater protection, and applied to the Court for an order that (a) Dr Sedlmaier should further undertake to exclude himself for a period of three years from any involvement in the negotiation or consideration of commercial terms relating to the licensing of IPCoM’s patent, and (b) to allow the “interested parties” to be a counterparty to the undertakings.

This application came before Mr Justice Floyd on 14 February of this year. While the judgment is yet to be formally reported, it is understood that Mr Justice Floyd considered that the proposed undertakings were both unnecessary and excessive, and that it was for the individual to assess whether his involvement in any of IPCoM’s commercial activities would result in a breach of the undertakings. It was not for the court to require a blanket ban on all activities that might risk a use of the confidential information, but which on the other hand could be risk free. Mr Justice Floyd did order that interested parties could be counterparties to the undertakings if they so wished.

While the full judgment will reveal how wide an application the above decision can be given, from the information available it appears unlikely that a court will require a potential disclosee to undertake to exclude themselves from any and all potentially ‘risky’ activities in order to gain access to confidential disclosure in circumstances where (a) the risk of use of the confidential information did not amount to certainty and (b) the disclosee is capable of exercising discretion as to whether to get involved in specific activities based on having given the more standard form of undertaking (not to use the confidential information otherwise than in the course of proceedings).

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