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Case No: CA-2021-003153

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY LIST (ChD),
PATENTS COURT

Mr Justice Meade

[2021] EWHC 2564 (Pat)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 27 October 2022

Before :

LADY JUSTICE ASPLIN
LORD JUSTICE ARNOLD
and
LADY JUSTICE ELISABETH LAING

Between :

(1) OPTIS CELLULAR TECHNOLOGY LLC
(2) OPTIS WIRELESS TECHNOLOGY LLC
(3) UNWIRED PLANET INTERNATIONAL
LIMITED

Claimants/
Respondents

- and -

(1) APPLE RETAIL U.K. LIMITED
(2) APPLE DISTRIBUTION INTERNATIONAL
LIMITED
(3) APPLE INC.

Defendants/
Appellants

Marie Demetriou KC, Meredith Pickford KC, Sarah Love and Ligia Osepciu (instructed by
WilmerHale LLP) for the Appellants

Sarah Ford KC, Isabel Jamal, Emily MacKenzie and Jennifer Dixon (instructed by EIP
Europe LLP and Osborne Clarke LLP) for the Respondents

Hearing dates : 18-19 October 2022

Approved Judgment

This judgment was handed down by the Court remotely by circulation to the parties' representatives by email and release to The National Archives. The date and time for hand-down is deemed to be 10:30 on 27 October 2022.

Lord Justice Arnold:

Introduction

1. The Court has before it an appeal by the Defendants (“Apple”) and a cross-appeal by the Claimants (“Optis”) against an order of Meade J dated 5 October 2021 made for the reasons given in the judge’s judgment dated 27 September 2021 [2021] EWHC 2564 (Pat) following “Trial F” in these proceedings. The key paragraph of the order under appeal is in the following terms:

“If they wish to rely on the Claimants’ undertaking to ETSI under clause 6.1 of the ETSI IPR policy, the Defendants must give the following undertaking ...:

‘Apple undertakes to enter into a licence in the form that is determined to be FRAND at Trial E in these proceedings or, to the extent that there are any appeals of the judgment in Trial E, a licence that is finally determined to be FRAND on appeal.’”

2. By an order dated 25 October 2021 Meade J accepted an undertaking given by Apple in those terms, and on that basis refused to grant an injunction against Apple to restrain them from infringing European Patent (UK) No. 2 229 744 (“EP744”).
3. The essential issue raised by the appeals is whether the proprietor of a patent declared essential to a standard (a “standard-essential patent” or SEP) who has undertaken to the European Telecommunications Standards Institute (“ETSI”) to grant licences on fair, reasonable and non-discriminatory (“FRAND”) terms is entitled to an immediate injunction once it has been held by the court that the patent is valid, essential and has been infringed by an implementer unless the implementer has undertaken to take a licence on such terms as are subsequently determined by the court to be FRAND. Apple’s position is that the patentee is not entitled to an injunction until such time as the court has determined what terms are FRAND and the implementer has had the opportunity to decide whether or not to take a licence on those terms. Optis’ position is that the patentee is entitled to an immediate and unqualified injunction if the implementer has not by then undertaken to take a licence on the terms to be determined by the court as being FRAND. The judge held that neither side was correct, and that the right answer is that the patentee is entitled to an injunction unless and until the implementer undertakes to take a licence on the terms subsequently determined by the court to be FRAND (a so-called “FRAND Injunction” with the modification that the injunction bites unless the implementer undertakes to take a licence on terms to be determined to be FRAND rather than unless the implementer takes a licence on terms which have already been determined to be FRAND). The issue turns primarily on the proper interpretation of clause 6.1 of the ETSI Intellectual Property Rights Policy (“the ETSI IPR Policy”). As will appear, however, it also involves a question of competition law and a procedural dispute.

The general background

4. Before turning to the specifics of the present dispute, it may be helpful to outline the general background to it.

5. Standards exist so that different manufacturers can produce equipment which is interoperable. This has a number of advantages, of which the following are probably the most important. First, it enables different manufacturers to produce different components of a system. This spreads the investment required and enables specialisation. Secondly, it enables additional types of device to be connected to a system, producing network effects. Thirdly, it means that manufacturers of the same type of device can compete with each other on both quality and price. Fourthly, it gives users of devices that comply with the standard the confidence that they will work anywhere. Standards are central to the development of modern technology, and their advantages are now familiar to many people worldwide through the development of telecommunications standards from 2G to 5G. As this example shows, standards have enabled major technological advances to be rapidly developed and commercialised in recent years. This has required huge investments to be made in research and development.
6. Standards are set by standards-development organisations (“SDOs”), also known as standards-setting organisations (“SSOs”), such as ETSI. SDOs such as ETSI typically have an intellectual property rights (“IPR”) policy which requires companies participating in the development of a new standard to declare when technical proposals they contribute are covered by SEPs (or, more usually at that stage, applications for SEPs). A patent is said to be standard-essential if implementation of the standard would necessarily involve infringement of the patent in the absence of a licence. Once a proposal is declared to be covered by a SEP, the patentee is required to give an irrevocable undertaking to grant licences of the SEP on FRAND terms. If the patentee declines to give such an undertaking, the proposal is not incorporated into the standard and some other technology is used instead. In this way a balance is struck between the interests of patentees and of implementers. Patentees are ensured a fair reward for the use of their inventions, and implementers are guaranteed access to those inventions at a fair price. This balance is in the public interest, because it encourages patentees to permit their inventions to be incorporated into standards and it encourages implementers to implement those standards. Because standards are global in nature, and are implemented by businesses which trade globally, the obligation to license SEPs on FRAND terms is also a global one.
7. In order to make IPR policies involving the licensing of SEPs on FRAND terms fully succeed, there are two particular potential evils that must be avoided. Although terminology is not entirely consistent, these evils are generally known as “hold up” and “hold out” respectively. In simple terms, “hold up” occurs if a patentee is able to ensure that a SEP is incorporated into a standard and implemented by implementers in circumstances which enable the patentee to use the threat of an injunction to restrain infringement to extract licence terms, and in particular royalty rates, which exceed the reasonable market value of a licence of the patented invention (i.e. treating the SEP as akin to a “ransom strip” of land). “Hold out” occurs if an implementer is able to implement a technical solution covered by a SEP without paying the reasonable market value for a licence (or perhaps anything at all). It will be appreciated that the FRAND undertaking is designed to prevent hold up by giving the implementer a defence to a claim for infringement and hence to an injunction, while the patentee’s ability to obtain an injunction to restrain infringement of an unlicensed SEP should prevent hold out.

8. Avoidance of hold up and hold out depends upon the existence of a well-functioning dispute resolution system, because it is in the interests of patentees to maximise the royalty rates they can obtain for licensing their SEPs, while it is in the interests of implementers to minimise the royalty rates they pay. In the absence of a negotiated agreement between a patentee and an implementer as to the terms of a FRAND licence, which may be facilitated but cannot be guaranteed by mediation, a dispute resolution system is required to resolve disputes. The IPR policies of SDOs such as ETSI do not provide for any international tribunal to determine such disputes. It follows that, in the absence of an agreement to arbitrate, the only dispute resolution systems available to such parties are the national courts competent to adjudicate upon patent disputes.
9. It is generally accepted, however, that patents are territorial. That is to say, they are proprietary legal rights created by the law of a nation state which confer a monopoly within the territory of that nation state, but not outside it. (The unitary EU patent, when it comes into existence, will confer a monopoly within the territory of the participating EU Member States, but that does not detract from the basic principle.) Thus an inventor wishing to patent their invention must apply for a patent in every state in which they wish to obtain a monopoly: in any state where they do not obtain a patent, the invention may be freely used by other parties. It follows that patentees typically own families of corresponding patents in many countries of the world, although the costs of patenting everywhere are generally prohibitive.
10. The competence of the courts of one state to adjudicate upon a claim for infringement of a patent granted by another state is a complex and contested question, but it is generally accepted that, even if they have jurisdiction over the parties because of e.g. domicile, the courts of state A are not competent to adjudicate upon a claim for infringement of a patent granted by state B at least if the validity of that patent is in issue. This principle is enshrined, for example, in Articles 24(4) and 27 of European Parliament and Council Regulation 1215/2012/EU of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (“the Brussels I Regulation”). Since it is commonplace for a claim for patent infringement to be met with a defence and/or counterclaim that the patent is invalid, the practical reality is that, for the most part, the courts of the state where the patent was granted have exclusive jurisdiction over the enforcement of that patent. It follows that SEPs must be enforced territory by territory.
11. This gives implementers who wish to (as the patentee would put it) hold out against taking a licence or (as the implementer would put it) resist exorbitant demands for a licence an important tactical weapon, which is to require the patentee to sue in every jurisdiction where the implementer exploits a patent family (or at least in a significant number of such jurisdictions). This places a significant burden on patentees. Although it also places a similar burden on implementers, the result is a war of attrition which tends to favour implementers because it leads to delay in enforcement and hence the potential to starve patentees of income from licensing.
12. Patentees have reacted to this problem by seeking determinations that FRAND terms are global, enabling the courts of one country to set the terms of a global FRAND licence which the implementer must either accept or face exclusion from that country’s market by an injunction to restrain patent infringement. The courts of an increasing number of countries have held that they have jurisdiction to determine the

terms of a global FRAND licence either with or, in some cases, even without the consent of both parties. If the courts of a single country determine the terms of a global FRAND licence, then that should (at least in theory) avoid the necessity for patent enforcement proceedings in multiple countries (whether it will actually have that result depends on whether the implementer is willing to forego exploitation of the patented inventions in that territory in order to avoid having to take a licence on those terms). This approach by patentees frequently gives rise to jurisdictional issues, but happily no such issues remain live in the present litigation (although Apple did initially challenge the jurisdiction of the courts of England and Wales, they did not pursue that challenge).

13. In addition to seeking determinations of FRAND terms on a global basis, it is common for patentees to seek determinations as to the FRAND terms of a licence of a portfolio of SEPs. Since it is often impracticable for the proprietor of such a portfolio to sue on all the patents in the portfolio even though the claim is limited to the patents subsisting in the country where the claim is brought, it is common for the patentee to select a handful of patents to enforce. Although the real issue between the parties is as to the FRAND terms for a licence of the portfolio, it is in the interests of the implementer where possible to challenge validity, essentiality and infringement of the selected patents. Unless and until the patentee can establish that at least one patent is valid, essential and has been infringed by the implementer, the patentee cannot obtain an injunction to enforce the patent and thus cannot prevent hold out by the implementer.
14. This leads to two problems. The first is how to case manage the litigation in an efficient and effective manner. Trying all issues together in one trial would be very burdensome and impractical both for the parties and for the court. Accordingly, to date, the practice in England and Wales has been to split the claim into a number of separate trials: first, a number of “technical trials” to determine issues of validity, essentiality and infringement of the selected patents, and then a “FRAND trial” to determine the FRAND terms for a licence of the portfolio after all or some of the technical trials. As explained in more detail below, this is the course that has been adopted in the present case.
15. The second problem follows from the solution which has been adopted to the first. What happens if the implementer is found to have infringed a valid and essential patent before the court has determined what licence terms are FRAND? There is no difficulty if both parties are willing to commit to enter into a licence on such terms as are subsequently determined to be FRAND (a “Court-Determined Licence”), but what if the SEP owner is willing to do so but the implementer is not? This is the problem at the heart of these appeals.

The present case

16. Optis commenced these proceeding in February 2019, alleging that Apple had infringed eight patents (“the Asserted Patents”) which form part of its wider portfolio of telecommunications patents (the “PO Portfolio”) by dealings in Apple’s UMTS (3G) and LTE (4G) connected devices (iPhone, iPad + Cellular, etc.). Each of the Asserted Patents has been declared to ETSI as being essential under clause 4.1 of the ETSI IPR Policy.

17. In the Particulars of Claim as originally served, Optis accepted that they were obliged by the undertaking they had given pursuant to clause 6.1 of the ETSI IPR Policy (“the ETSI Undertaking”) to grant Apple a licence to the PO Portfolio, including the Asserted Patents, on FRAND terms. Optis asserted that it had offered to license the PO Portfolio on terms which were FRAND, but in the alternative pleaded that they were willing to offer Apple a Court-Determined Licence of the Asserted Patents, which Optis contended would be a worldwide licence of the PO Portfolio. The relief initially sought by Optis was confined to (i) declarations of essentiality and infringement in respect of the Asserted Patents; (ii) declarations that offers of specific licences previously made by Optis were FRAND and that counter-offers made by Apple were not FRAND, and in the alternative a determination of the FRAND terms for a licence of the Asserted Patents; (iii) an injunction restraining Apple from infringing the Asserted Patents which would cease to have effect if Apple entered into a licence on FRAND terms (which would embrace a Court-Determined Licence); (iv) an inquiry as to damages or account of profits and an order for the payment of all sums found due together with interest; and (v) an order for publication of the judgment(s) at Apple’s expense.
18. In their Defence Apple alleged that Optis had abused a dominant position contrary to Article 102 of the Treaty on the Functioning of the European Union (“TFEU”). Subsequently Apple re-amended the Defence and introduced a counterclaim for a declaration to that effect and damages.
19. On 5 February 2020 Morgan J ordered that five trials (“Trials A-E”) be listed, with Trials A-D being technical trials to determine issues of validity, essentiality and infringement of the Asserted Patents and Trial E being a trial of the remaining issues required to determine relief, including: the terms of a FRAND licence to the Asserted Patents; whether the positions taken by the parties in prior negotiations were FRAND and/or could reasonably be regarded as such and/or were taken in good faith; competition law issues; and the availability and terms of injunctive relief.
20. On 13 July 2020 Optis re-amended their Particulars of Claim to contend that Apple were not entitled to enforce Optis’ ETSI Undertaking and on that basis to seek an unqualified injunction to restrain Apple from infringing the Asserted Patents (paragraph (5) of the prayer). In the alternative, if (contrary to Optis’ case) Apple were entitled to enforce Optis’ ETSI Undertaking, Optis continued to seek an injunction restraining Apple from infringing the Asserted Patents which would cease to have effect if Apple entered into a licence on FRAND terms (paragraph (5A) of the prayer).
21. By an order dated 27 July 2020 Birss J (as he then was) ordered Trial F to be listed in July 2021 to determine (i) Optis’ claim that Apple was permanently disentitled from relying on Optis’ ETSI Undertaking and thus might be subject to an unqualified injunction in respect of any Asserted Patent held valid and infringed; and (ii) some, but not all, of Apple’s defences to that claim. Specifically excluded from the scope of Trial F were questions of whether Optis’ conduct prior to its offer of a Court-Determined Licence to be determined at Trial E was reasonable and/or FRAND and/or an abuse of a dominant position contrary to Article 102 TFEU. The question whether Optis’ conduct had breached Article 102 TFEU was to be addressed in Trial E.

22. By an order dated 4 September 2020 Birss J gave directions for Trial F, including an order that the issues to be tried at Trial F were those specified in a List of Issues annexed to the order. These included Optis' claim for an unqualified injunction (paragraph (5) of the prayer to the Particulars of Claim), but not Optis' claim for an injunction which would cease to have effect if Apple entered into a licence on FRAND terms (paragraph (5A) of the prayer). Accordingly, as is common ground, Optis' case for Trial F (as opposed to Trial E) was limited to a claim for an unqualified injunction. Another issue listed in the List of Issues was an alternative case which Apple had pleaded to the effect that, if Optis should have any relief in the period prior to the determination of FRAND terms following Trial E, it should be in the nature of interim relief. As is again common ground, however, Apple subsequently abandoned that alternative case.
23. Trial A was heard by Birss J in October 2020 and concerned European Patent (UK) No. 1 230 818 ("EP818"). On 16 October 2020 Birss J handed down judgment ([2020] EWHC 2746 (Pat)), finding that the patent was valid, essential to the relevant standards and had been infringed by Apple. EP818 expired on 20 October 2020. On 10 November 2021, after Trial F, the findings of essentiality and infringement (but not the finding of validity) were reversed by this Court ([2021] EWCA Civ 1619).
24. Trial B was heard by Meade J in April 2021 and concerned EP744. On 25 June 2021 Meade J handed down judgment ([2021] EWHC 1739 (Pat)), finding that the patent was valid, essential to the relevant standards and had been infringed by Apple. On 13 June 2022, again after Trial F, Apple's appeal against that judgment was dismissed by this Court ([2022] EWCA Civ 792). EP744 will expire on 7 October 2028.
25. By an application notice dated 8 June 2021 Optis made an application to amend their Re-Amended Reply and Defence to advance an alternative case that Apple's failure to give an unconditional undertaking to take a Court-Determined Licence should lead to a FRAND Injunction against Apple in respect of any patent found to be valid and infringed before the Court-Determined Licence was settled at Trial E. Apple resisted this application. In the event, at a hearing before Meade J on 17 June 2021, Optis withdrew the application. I shall have to consider the circumstances of this withdrawal and its consequences below.
26. Trial F was tried by Meade J in July 2021. As noted above, he gave judgment on 27 September 2021.
27. Trial C, concerning European Patents (UK) Nos. 2 093 953, 2 464 065 and 2 592 779, was heard by Meade J in October 2021. On 25 November 2021 Meade J handed down judgment ([2021] EWHC 3121 (Pat)), finding that the patents were invalid. His decision has been appealed by Optis. The appeal will be heard in March 2023.
28. Trial D, concerning European Patents EP (UK) Nos. 2 187 549 and 2 690 810, was heard by Meade J in January 2022. On 15 March 2022 Meade J handed down judgment ([2022] EWHC 561 (Pat)), finding that the patents were valid, essential and had been infringed. His decision has been appealed by Apple. The appeal will be heard in May 2023.

29. Trial E, concerning the terms of a FRAND licence and Apple's claim of abuse of dominant position by Optis, was heard by Marcus Smith J in June and July 2022. At the timing of writing this judgment, that judgment is still awaited.

Clause 6.1 of the ETSI IPR Policy

30. Clause 6.1 reads as follows:

“When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory (“FRAND”) terms and conditions under such IPR to at least the following extent:

- MANUFACTURE, including the right to make or have made customized components and sub-systems to the licensee's own design for use in MANUFACTURE;
- sell, lease, or otherwise dispose of EQUIPMENT so MANUFACTURED;
- repair, use, or operate EQUIPMENT; and
- use METHODS.

The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate.”

31. The ETSI IPR Policy is governed by French law. Clause 6.1 is a *stipulation pour autrui*, which is equivalent to a contractual obligation for the benefit of a third party.

The judge's judgment

32. In his very thorough judgment, to which reference should be made for further details of the evidence, facts and arguments, the judge identified four main issues for decision. The first and most important issue was the proper interpretation of clause 6.1. The second issue was the effect of the competition law arguments raised by Apple. The third issue concerned the exercise of the court's discretion as to whether or not to grant an injunction. The fourth issue was whether a contingent undertaking given by Apple on 15 October 2020 made any difference.

33. The judge analysed the key case law, including the judgment of the Supreme Court in *Unwired Planet International Ltd v Huawei Technologies (UK) Co Ltd* [2020] UKSC 37, [2020] Bus LR 2422 (“UPSC”), Birss J's judgment in *Unwired Planet International Ltd v Huawei Technologies (UK) Co Ltd* [2017] EWHC 1304 (Pat) (“UP Remedies”) and the Court of Justice of the European Union's judgment in Case C-170/13 *Huawei Technologies Co Ltd v ZTE Corp* [EU:C:2015:477], at [71]-[134].

34. The judge considered the first issue at [135]-[302].

35. As the judge explained at [6], he had had to consider ETSI and its IPR Policy, and the French law relevant to the proper interpretation of the latter, in Trial B. Some of his findings in that judgment were relevant for Trial F, but certain additional points of French law arose and the provision of the ETSI IPR Policy he had to interpret was different. As the judge noted in [70(i)], the parties adduced expert evidence from the same expert witnesses who had given evidence in Trial B, and there was no cross-examination. As the judge explained at [135]-[138], much of the applicable French law was not in dispute. The judge made findings on the few points on dispute at [139]-[159]. There is no challenge to any of those findings on the appeals.
36. The parties also adduced expert evidence from economists which the judge considered at [163]-[220] and from licensing experts which the judge considered at [221]-[244]. The judge's conclusion on this evidence as a whole at [245] was that Apple's interpretation of clause 6.1 "would tend to create situations where implementers could practise hold-out that would harm SEP owners in their efforts to obtain financial rewards from their SEPs" since "[t]he effects of delay tend to be asymmetric and affect SEP owners significantly more badly than implementers". As the judge noted at [246], this did no more than confirm the view expressed by the Supreme Court in *UPSC* at [10] (as to which, see below) based on the policy statements contained in the ETSI IPR Policy itself. Again, there is no challenge to any of the judge's findings based on the economic and licensing evidence on the appeals.
37. The judge considered the wording of clause 6.1 at [247]-[257]. First, he considered the word "irrevocable", which appears twice in clause 6.1. In this context he said at [253]:
- "... Apple deployed the word 'irrevocable' ... in relation to the ... question of whether, if the implementer does not commit at some relevant time, it is permanently shut out from ever invoking the SEP owner's FRAND commitment. On that point, I think there is some modest force in the presence of the first 'irrevocable', in that it emphasises that the possibility to get a FRAND licence must always exist. But I reject Optis' case on that issue anyway, for reasons given below."
38. The judge went on to consider the last sentence of clause 6.1, saying at [256]:
- "This is of some significance. It explicitly introduces the concept of a category of persons: 'those who seek licences'. As a matter of semantics, of the sequence of the wording of clause 6.1, the concept is only introduced near the end, when addressing the sub-issue of the SEP owner being able to insist on cross-licensing as a condition of its own undertaking, but as a matter of substance I think the concept is relevant to the whole clause. The concept defines the people who may get licences under the SEP owner's undertaking and hence the beneficiaries of the stipulation pour autrui."
39. The judge considered the proper interpretation of clause 6.1 at [275]-[290]. He set out his interpretation in the following paragraphs:

- “278. In my view, the right interpretation of clause 6.1 is that any person interested in implementing an ETSI standard must be entitled to have a licence on FRAND terms on demand to a patentee which has given the relevant undertaking. That is the class of beneficiaries, and it is a very broad one. It is consistent with the ETSI regime of making standards widely available that there should be no restriction in terms of what the beneficiary wants to do commercially, as to manufacture, sales or the like - the acts which in the absence of a licence would be an infringement.
279. However, what such a person must be entitled to is to *have and take* a licence, and to *operate under* a licence. Clause 6.1. does not change the position that a party without a licence may potentially be enjoined. Thus I essentially accept Optis’ point that it is not right and not the intention of clause 6.1 for a party using the technology of a SEP to have the benefit of the patentee’s FRAND undertaking in terms of immunity from being sued, without the corresponding burden of taking a licence.
- ...
285. So I would express the class of beneficiaries of the stipulation of clause 6.1 as: any undertaking which wants a licence to work a relevant standard by any commercial activities, and which intends to work the standard under a licence from the SEP owner. This meets the balance envisaged by the ETSI IPR Policy because it places no limitation at all on access to the standards other than the need to respect FRAND terms. Whether or not this might be fact sensitive in some cases, it is not in the present case, since Apple intends, unless the Court stops it, to work without a licence for period from now until Trial E. It will also not be fact sensitive in any case where the implementer declines to commit to a licence on FRAND terms but wants to work the technology of a patent that it has been found to infringe.
- ...
288. That is how I would analyse matters in terms of beneficiaries and (if necessary) implied obligations, but I think there is a simpler way to look at matters. As matters stand, Apple is infringing Optis’ patent rights. It therefore needs a licence *now* if it is not to be acting unlawfully. So even if clause 6.1 has no limitation at all as to its beneficiaries, as Apple contends, and Apple is able to call for and take a FRAND licence whenever it wants, it needs to do so now. Otherwise it is infringing now, even though a licence is open to it. On the authority of *UPSC*, there should then be an injunction. In French law terms, one would just say that the

stipulation does not take effect and confer on Apple the benefit of a FRAND licence until it is accepted.

...

290. Apple emphasised repeatedly that the interpretation of clause 6.1 that Optis argued for and which I have essentially accepted must be of general application, and that its own situation emphasises that the interpretation bites on companies which ‘want’ a licence and which are ‘willing’ to become licensees. It relies in particular on the fact that it has made a licence offer within the FRAND range (as I assume for the purposes of this trial). The trouble with the submission is that Apple only ‘wants’ a licence and is only ‘willing’ in a limited sense. Its offer within the FRAND range does put it in a different situation from that of Huawei in the Unwired litigation, but falls critically short of agreeing to take a licence on the point within the FRAND range that the Court settles at Trial E. It only ‘wants’ a licence on its own terms and at a time of its own choosing, and then only conditionally; it reserves the right to say no altogether. Its contention is that it ought to be able to use Optis’ technology for another year and then, if it declines to take the FRAND terms on offer, *never* to have had a licence. This cannot be what ETSI intended by clause 6.1. The fact that my approach to clause 6.1 means that Apple is not currently entitled to a FRAND licence does not cause me to doubt my conclusion.”

40. The judge went on to reject Optis’ argument that the implementer permanently loses its right to rely on clause 6.1 if it does not commit to enter into a Court-Determined Licence either as soon as the SEP owner indicates that it is willing to do so or when there is a finding of validity and infringement of the SEP. The judge agreed with Optis that the implementer had to give an undertaking to take a licence once there was a finding of validity and infringement in order to avoid an injunction, albeit that he disagreed that the implementer had to do so any earlier than that, but he held a failure to do so did not permanently deprive the implementer of the right to a FRAND licence for the following reasons:

“300. The policy behind clause 6.1 is to ensure wide access to the relevant standards for all implementers who want it, at FRAND rates. If Optis’ argument were right, an implementer which declined to make a commitment to a court-determined FRAND licence would lose that access. It might still get a licence at rates in respect of which the SEP owner was constrained by competition law, but that could well be higher than FRAND
....

301. Implementers might decline to commit to FRAND for a number of reasons. One might be that they did not think they infringed, but later found they had misjudged the situation. Another (raised by Apple in argument) might be that at an

early stage they had only a very small presence in the UK and preferred to not operate here rather than to fight the SEP owner; that might change as market opportunities grew. In either case it would be unfair and unprincipled to punish what was merely a misjudgment by removing the FRAND entitlement permanently.

302. I do not think there is anything in the terms of clause 6.1 that supports Optis' position on this issue and for the reasons I have just given it runs counter to the purpose of clause 6.1."
41. The judge considered the second issue at [303]-[331]. As the judge explained at [60]-[61], Apple alleged in summary that Optis (i) had never made an offer which was FRAND, (ii) only made offers which were so far in excess of FRAND that they disrupted negotiations and (iii) by those means, and by the relief sought at Trial F, abused a dominant position with the objective of getting royalty rates which were far in excess of FRAND. Apple also alleged that they had made an offer which was FRAND. As the judge explained at [62]-[63], the questions of whether Optis' offers were FRAND or were so far above FRAND as to disrupt negotiations and whether Apple's offer was FRAND were reserved for Trial E, and therefore the answers to those questions had to be assumed in Apple's favour for the purposes of Trial F. In addition, it was accepted by Optis for the purposes of Trial F that it had to be assumed that Optis had a dominant position in the relevant market.
42. Apple contended that an unqualified injunction prior to Trial E should be refused on the ground that Optis had, Apple alleged, abused its dominant position contrary to competition law for two reasons. First, because the grant of such unqualified relief would itself facilitate Optis' abuse of dominance by charging excessive prices; in particular, it would place undue and unfair pressure on Apple to take whatever licence terms were demanded by Optis, unrestricted by clause 6.1, in order for Apple to be able to continue commercialising 4G devices in the UK. Secondly, because the grant of an injunction would endorse and unjustly assist Optis' abuse of dominance by its disruptive approach to negotiations prior to the issue of these proceedings (including by making offers so far in excess of a FRAND royalty rate that they were liable to disrupt negotiations).
43. Although Optis argued that, as long as they had committed to take a Court-Determined Licence while Apple had not, there could be no finding that Optis had abused a dominant position, the judge rejected that argument at [310]-[315]. There is no challenge to that conclusion on the appeals.
44. The judge nevertheless rejected Apple's arguments for the following reasons:
- "322. The Supreme Court in *UPSC* made a very clear decision that the normal position is that there should be an injunction against an infringer. It particularly stressed that that ought to be the case where the infringer has the means to get a licence, as Apple does, but does not take it. Apple's allegations of dominance do not change the fact that it is now able to invoke Optis' obligation to grant a FRAND licence, but does not want to.

323. In connection with the argument on damages in lieu of an injunction, the Supreme Court held ([164]) that the existence of the SEP owner's FRAND obligation, which Optis has confirmed it will honour, means that there is no possibility of the threat (or grant) of an injunction leading to exorbitant fees, and it held that damages are not an adequate remedy in lieu because in the absence of an injunction there would still be the threat to the SEP owner of a proliferation of litigation internationally and, hence, hold-out.
324. For these reasons, I think the effect of the Supreme Court's reasoning in *UPSC* is that withholding an injunction will tend to leave the SEP owner with an inadequate remedy, and frustrate that goal of the ETSI FRAND regime to prevent hold-out.
326. ... I must consider on the other side of the coin what positive effects withholding an injunction might achieve in the context of a finding of abuse of dominance. That must, I think, depend on what the abuse is and what its effects are or might be. In the present case, as I have explained above, there are two related aspects. The first is the seeking and thereafter imposition of excessive royalties. The possibility of non-FRAND royalties being compelled from Apple no longer exists though, as the Supreme Court made clear at [164]. The Court is going to set FRAND rates and Optis is going to have to respect them. The second aspect is disruption of negotiations and the risk of Apple having been rushed into agreeing excessive royalties without adequate knowledge of Optis' portfolio or basis for its requested rates. That too has ceased to have effect. The parties are just too far apart to have settled, but Optis has had to plead out its case on rates to the Court's satisfaction and Apple knows where it stands. I said above that it is necessary to consider the aggregate effect of the assumed abuses, as Apple has pleaded, but it does not make any difference at this stage. The alleged abuses have no continuing effect separately or in totality.
327. In this context, I asked Ms Demetriou in the course of argument what the purpose of withholding an injunction would be; would it just be to seek to deter other SEP owners from behaving in the way that Apple says Optis has? She said that it would not just be deterrence. She said that if Apple were right and Optis had carried out a policy of frustrating negotiations by ridiculous demands so Apple did not know where it stood, in pursuit of excessive royalties, then the Court would be endorsing and assisting that policy if it granted an injunction.
328. I reject this: by insisting on Optis undertaking to honour the Court's FRAND determination and by ensuring that Optis'

FRAND position is explained, the Court is preventing any further effect of such abuse (if there was one).

329. I think the key relevant factors here are:

- i) Optis accepts it must give a licence and will obey the Court's decision as to the FRAND terms.
- ii) Apple has the means to obtain a licence but has not taken them.
- iii) Damages would not be an adequate remedy in lieu of an injunction.
- iv) Any effect of the abuses alleged has ceased and/or is prevented by the Court's process already.
- v) There are alternative financial remedies available to Apple by way of damages, costs or the limitation of Optis' recovery

330. These all militate in Optis' favour and it would be wrong to withhold an injunction. ...”

45. The judge considered the third issue at [332]-[345]. He rejected Apple's argument that injunctive relief should be withheld as a matter of discretion. This conclusion is not challenged on the appeals. Nevertheless, it is important to note what the judge said in this context at [340]:

“As to the allegation that the SEP owner is not prejudiced by having to wait for its injunction, I have found above that damages are not an adequate remedy, and that (among other things) having to wait in a state of uncertainty as to whether other proceedings in other jurisdictions are needed is a form of potential hold-out which damages the patentee. To make the patentee wait for a year or more (it would have been two years had the patent in Trial A not expired) from infringement finding to FRAND trial would be almost like a compulsory licence, and that is not justified. It is not just a question of an interim position pending a further determination but a substantive loss of rights for the patentee in respect of an ageing property right.”

46. The judge considered the fourth issue at [346]-[347]. He concluded that the contingent undertaking did not alter his other conclusions. This conclusion is not challenged on the appeals.

47. The judge considered the appropriate relief in the light of his conclusions on the four main issues at [348]-[361]. He noted at [348]-[349] that he had concluded that Optis were substantially correct about the meaning of clause 6.1 and that Apple should be enjoined unless they committed to taking a FRAND licence on the terms to be determined at Trial E, but he had also concluded that Optis were wrong that Apple

had permanently forfeited the right to a licence and had rejected Optis' claim for an unqualified injunction. He went on to explain:

“353. In the context of the way the arguments developed at trial, I found the notion that Apple might permanently lose, or have already lost, its entitlement to a FRAND licence unattractive, based primarily on the decision of Birss J in *UP Remedies*, but also as a matter of principle. I made clear during this trial that I thought I ought, in the event that Optis was generally successful but lost on its argument for an unqualified injunction (which is what has happened), to consider making a FRAND injunction instead of an unqualified one.

354. Optis adopted this as a fall back. Apple objected that it was not open to Optis to do so on the pleadings. I will therefore decide this procedural objection.”

48. The judge rejected this objection for the following main reasons:

“358. In my view, Apple's objection to my considering a FRAND injunction is insubstantial and I reject it. Apple itself says that there should be a FRAND injunction at the end of the day (post Trial E) if it loses, and its objections to Optis' seeking an unqualified injunction, which to a considerable extent I accept, are based on the notions that implementers should not be forced to pay supra-FRAND rates and ought to be able, if initially injuncted, later to accept a FRAND licence. So really the notion of a FRAND injunction was embedded in Apple's own arguments.

359. Apple renewed at trial its objection, made in June, that [Apple's expert economist] Prof Farrell had not been able to model a FRAND injunction. As I make clear elsewhere in this judgment, the economists' evidence could have only a very modest role, at most, in the interpretation of clause 6.1 and Apple presented no real argument for supposing that a FRAND injunction, if modelled, would change the overall analysis materially.”

The grounds of appeal

49. Apple have permission to appeal the Judgment on the following grounds.

50. Ground 1: The judge erred in law as to the construction of clause 6.1 of the ETSI IPR Policy. The correct interpretation is that any person wishing to support the ETSI standards who seeks a licence in good faith is a beneficiary of the *stipulation pour autrui* created by the ETSI Undertaking.

51. Ground 2: Even if the judge were correct in his construction of clause 6.1 of the ETSI IPR Policy, he erred in law in his application of that construction to Apple, in

particular, his conclusion that Apple intend to practise Optis' valid and infringed patents without a licence until Trial E.

52. Ground 3: In any event, the judge erred in law by failing to recognise that the grant of injunctive relief in these circumstances would facilitate Optis' (alleged) abuse of a dominant position.
53. Ground 4: The judge's conclusion that Apple were liable to be the subject of a FRAND injunction amounts to a serious procedural irregularity in circumstances where Optis had no pleaded case for a FRAND injunction at Trial F, and had withdrawn their application for permission to amend their pleadings to introduce such a case at a preliminary hearing in advance of Trial F.
54. Optis have permission to cross-appeal on the following grounds.
55. Ground 1: The judge erred in finding that an implementer who fails to commit to taking a Court-Determined Licence on having been found to infringe a valid patent (and who is therefore disentitled from relying on a SEP owner's ETSI Undertaking under clause 6.1 of the ETSI IPR Policy) does not become permanently disentitled from relying on an SEP owner's undertaking to ETSI.
56. Ground 2: The judge erred in his conclusion that *UP Remedies* militated strongly against the grant of an unqualified final injunction and/or made unattractive the notion that Apple might permanently lose their entitlement to a FRAND licence.
57. Ground 3: The judge erred in failing to recognise that, by concluding that the proper form of injunction to which Apple would be liable was a FRAND Injunction, the judge was allowing Apple to obtain a tangible benefit from the existence of Clause 6.1, because that is a lesser form of injunction than would apply absent the existence of the ETSI IPR Policy.

Interpretation of clause 6.1

58. Apple's grounds 1 and 2 and Optis' grounds all concern the proper interpretation of clause 6.1. It is therefore convenient to consider them together.
59. Although the judge made findings as to the applicable principles of French law, it is not necessary to set them all out because the parties' arguments on the appeals do not depend upon most of those principles, but on the wording, context and purpose of clause 6.1. The only principles of French law which it is necessary to mention are the following. First, Optis rely upon the principles that a *stipulation pour autrui* must be accepted by the beneficiary and may impose a burden as well as conferring a benefit ([141]-[142]). Secondly, Apple rely upon the principle that contracts are to be negotiated, formed and performed in good faith, which applies to the beneficiary of a *stipulation pour autrui* ([156]-[157]).
60. I have set out clause 6.1 in paragraph 30 above. For present purposes, it has three key elements. The first is the reference to "an irrevocable undertaking in writing that [the owner] is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory ('FRAND') terms" i.e. the ETSI Undertaking. The second is the stipulation that such licences must extend to at least manufacturing equipment,

selling, leasing or otherwise disposing of such equipment, repairing using or operating equipment and using methods. These are all references to acts which, in the absence of a licence, would infringe a SEP. The third is the statement that the undertaking may be made subject to the condition that “those who seek licences agree to reciprocate”.

61. Clause 6.1 forms part of the ETSI IPR Policy. The context and purpose of the ETSI IPR Policy in general, and of clause 6.1 in particular, have been authoritatively analysed by the Supreme Court in *UPSC* in a passage which it is necessary to set out in full:

“7. The purpose of the ETSI IPR Policy is, first, to reduce the risk that technology used in a standard is not available to implementers through a patent owner's assertion of its exclusive proprietary interest in the SEPs. It achieves this by requiring the SEP owner to give the undertaking to license the technology on FRAND terms. Secondly, its purpose is to enable SEP owners to be fairly rewarded for the use of their SEPs in the implementation of the standards. Achieving a fair balance between the interests of implementers and owners of SEPs is a central aim of the ETSI contractual arrangements.

The ETSI IPR Policy

8. The ETSI IPR Policy (‘the IPR Policy’) is a contractual document, governed by French law. It binds the members of ETSI and their affiliates. It speaks (clause 15(6)) of patents which are inevitably infringed by the sale, lease, use, operation etc of components which comply with a standard as ‘Essential IPR’. By requiring an IPR holder whose invention appears to be an Essential IPR to give an irrevocable undertaking to grant a licence of the IPR on FRAND terms, it creates a ‘stipulation pour autrui’, in other words an obligation which a third-party implementer can enforce against the IPR holder. The IPR Policy falls to be construed, like other contracts in French law, by reference to the language used in the relevant contractual clauses of the contract and also by having regard to the context. In this case, that context is both the external context and the internal context of the IPR Policy document itself, such as the policy objectives declared in the document.

9. The external context includes (i) the Guidance (above) which ETSI has produced on the operation of the IPR Policy, (ii) ETSI's statutes (above), (iii) the globalised market which ETSI and other SSOs were and are seeking to promote, which we have discussed in para 4 above, and (iv) the fact that ETSI is a body comprising experts and practitioners in the telecommunications industry who would be expected to have a good knowledge of the territorial nature of national patents, the remedies available to patent owners against infringement of their patents, the need to modify by contract the application of patent law to promote the development of a globalised market

in telecommunications products, and the practice of the industry in negotiating patent licensing agreements voluntarily.

10. The policy statements which provide the internal context include the objectives set out in clause 3 of the IPR Policy. They include the statement in clause 3.1 that the IPR Policy:

‘seeks to reduce the risk to ETSI, MEMBERS, and others applying ETSI STANDARDS and TECHNICAL SPECIFICATIONS, that investment in the preparation, adoption and application of STANDARDS could be wasted as a result of an ESSENTIAL IPR for a STANDARD or TECHNICAL SPECIFICATION being unavailable.’

That statement clearly reveals a policy of preventing the owner of an Essential IPR from ‘holding up’ the implementation of the standard. But that policy is to be balanced by the next sentence of clause 3.1 which speaks of seeking a balance, when achieving that objective, ‘between the needs of standardization for public use in the field of telecommunications and the rights of the owners of IPRs’. The importance of protecting the rights of the owners of IPRs is declared in the second policy objective (clause 3.2) in these terms: ‘IPR holders whether members of ETSI and their AFFILIATES or third parties, should be adequately and fairly rewarded for the use of their IPRs in the implementation of STANDARDS and TECHNICAL SPECIFICATIONS.’ This objective seeks to address the mischief of ‘holding out’ by which implementers, in the period during which the IPR Policy requires SEP owners not to enforce their patent rights by seeking injunctive relief, in the expectation that licence terms will be negotiated and agreed, might knowingly infringe the owner's Essential IPRs by using the inventions in products which meet the standard while failing to agree a licence for their use on FRAND terms, including fair, reasonable and non-discriminatory royalties for their use. In circumstances where it may well be difficult for the SEP owner to enforce its rights after the event, implementers might use their economic strength to avoid paying anything to the owner. They may unduly drag out the process of licence negotiation and thereby put the owner to additional cost and effectively force the owner to accept a lower royalty rate than is fair.

11. Having looked at context, we turn to the operative clauses of the IPR Policy. A member of ETSI is obliged to use its reasonable endeavours to inform ETSI in a timely manner of Essential IPRs during the development of a standard or technical specification. If a member submits a technical proposal for a standard or technical specification it is obliged to inform ETSI of its IPRs which might be essential (clause

4.1). Clause 4.3 confirms that this obligation of disclosure applies to all existing and future members of a ‘patent family’ and deems the obligation in respect of them to be fulfilled if an ETSI member has provided details of just one member of the patent family in a timely manner, while also allowing it voluntarily to provide information to ETSI about other members of that family. A ‘patent family’ is defined as “all the documents having at least one priority in common, including the priority document(s) themselves’ and ‘documents’ in this context means ‘patents, utility models, and applications therefor’ (clause 15(13)). The patent family thus extends to patents relating to the same invention applied for and obtained in several jurisdictions. It shows an intention for the arrangement to apply internationally. This is important because the undertaking to grant a licence under clause 6, to which we now turn, extends to all present and future Essential IPRs in that patent family.

12. The key to the IPR Policy is clause 6, which provides the legal basis on which an owner of an Essential IPR gives an irrevocable undertaking to grant a licence and thereby protects both ETSI and implementers against ‘holding up’. Clause 6.1 provides so far as relevant:

‘When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory (‘FRAND’) terms and conditions under such IPR ...’

It provides that the licences must at least cover the manufacture of equipment, the sale, lease or other disposal of equipment so manufactured, and the repair, use or operation of such equipment. FRAND licensing undertakings made pursuant to clause 6 are intended to bind all successors-in-interest in respect of a SEP, and upon transfer of a SEP the SEP owner is required to take steps to ensure that this is achieved (clause 6.1bis). The undertaking made in respect of a specified member of a patent family is applied to all existing and future Essential IPRs of that patent family unless specified IPRs are excluded in writing when the undertaking is made (clause 6.2). It is envisaged in the IPR Policy that this process will usually take place while ETSI is working to create a standard because clause 6.3 provides that, if the IPR owner does not grant the requested undertaking, relevant office-bearers in ETSI will decide whether to suspend work on the relevant parts of the standard or technical specification until the matter is resolved,

or to submit any relevant standard or technical specification for adoption. Similarly, if, before a standard or technical specification is published, an IPR owner is not prepared to license an IPR, clause 8.1 provides for the adoption of a viable alternative technology for the standard or technical specification if such a technology exists. If such technology does not exist, clause 8.1 provides an option for work on the standard or technical specification to cease. If the refusal to grant a licence occurs after ETSI has published a standard or a technical specification, clause 8.2 provides the option of modifying the standard so that the relevant IPR is no longer essential.

13. Clause 6*bis* instructs members of ETSI to use one of the declaration forms annexed to the Policy. So far as relevant, the licensing declaration is an irrevocable declaration by the declarant and its affiliated legal entities that, to the extent that disclosed IPRs are or become and remain Essential IPRs, they (a) are prepared to grant irrevocable licences in accordance with clause 6.1, and (b) will comply with clause 6.1*bis*.
14. It appears from this brief review of the IPR Policy in its context that the following conclusions may be reached. First, the contractual modifications to the general law of patents are designed to achieve a fair balance between the interests of SEP owners and implementers, by giving implementers access to the technology protected by SEPs and by giving the SEP owners fair rewards through the licence for the use of their monopoly rights. Secondly, the SEP owner's undertaking, which the implementer can enforce, to grant a licence to an implementer on FRAND terms is a contractual derogation from a SEP owner's right under the general law to obtain an injunction to prevent infringement of its patent. Thirdly, the obtaining of undertakings from SEP owners will often occur at a time when the relevant standard is being devised and before anyone may know (a) whether the patent in question is in fact essential, or may become essential as the standard is developed, in the sense that it would be impossible to implement the standard without making use of the patent and (b) whether the patent itself is valid. Fourthly, the only way in which an implementer can avoid infringing a SEP when implementing a standard and thereby exposing itself to the legal remedies available to the SEP owner under the general law of the jurisdiction governing the relevant patent rights is to request a licence from the SEP owner, by enforcing that contractual obligation on the SEP owner. Fifthly, subject only to an express reservation entered pursuant to clause 6.2, the undertaking, which the SEP owner gives on its own behalf and for its affiliates, extends to patents in the same patent family as the declared SEP, giving the implementer the right to obtain a

licence for the technology covering several jurisdictions. Finally, the IPR Policy envisages that the SEP owner and the implementer will negotiate a licence on FRAND terms. It gives those parties the responsibility to resolve any disputes as to the validity of particular patents by agreement or by recourse to national courts for determination.”

62. Although there is much else in *UPSC* that is relevant to the issues on these appeals, and was considered by the judge, it is sufficient for present purposes to quote a few more passages from the Supreme Court’s judgment:

“61. ... Nor do we construe the IPR Policy as prohibiting the SEP owner from seeking in appropriate circumstances an injunction from a national court where it establishes that an implementer is infringing its patent. On the contrary, the IPR Policy encourages parties to reach agreement on the terms of a licence and avoid litigation which might involve injunctions that would exclude an implementer from a national market, thereby undermining the effect of what is intended to be an international standard. It recognises that if there are disputes about the validity or infringement of patents which require to be resolved, the parties must resolve them by invoking the jurisdiction of national courts or by arbitration. The possibility of the grant of an injunction by a national court is a necessary component of the balance which the IPR Policy seeks to strike, in that it is this which ensures that an implementer has a strong incentive to negotiate and accept FRAND terms for use of the owner’s SEP portfolio. The possibility of obtaining such relief if FRAND terms are not accepted and honoured by the implementer is not excluded either expressly or by necessary implication. The IPR Policy imposes a limitation on a SEP owner’s ability to seek an injunction, but that limitation is the irrevocable undertaking to offer a licence of the relevant technology on FRAND terms, which if accepted and honoured by the implementer would exclude an injunction.

...

90. ... In the final analysis, the implementers and the SEP owners in these appeals are inviting a national court under the current IPR Policy to rule upon and enforce the contracts into which the SEP owners have entered. If it is determined that the SEP owners have not breached the FRAND obligation in the irrevocable undertakings they have given, they seek to enforce by obtaining the grant of injunctive relief in the usual way the patents which have been found to be valid and to be infringed. The English courts have jurisdiction to rule upon whether the UK patents in suit are valid and have been infringed, and also have jurisdiction to rule on the contractual defence relied upon by the implementers based upon the true meaning and effect of the irrevocable undertaking the SEP owners have given

pursuant to the ETSI regime. In agreement with Birss J (para 793), we observe that Huawei is before this court without a licence in respect of infringed UK patents when it had the means of obtaining such a licence. ...

...

164. There are ... no grounds in this case for a concern of the kind expressed by Kennedy J in the *eBay* case. The threat of an injunction cannot be employed by the claimants as a means of charging exorbitant fees, or for undue leverage in negotiations, since they cannot enforce their rights unless they have offered to license their patents on terms which the court is satisfied are fair, reasonable and non-discriminatory.

...

166. ... in a case of the present kind, an award of damages is unlikely to be an adequate substitute for what would be lost by the withholding of an injunction. The critical feature of a case of this kind is that the patent is a standard technology for products which are designed to operate on a global basis. That is why standard technology is essential, and why the patent-holders whose patents are accepted as SEPs are required to give an undertaking that licences will be made available on FRAND terms. Once the patents have been accepted as SEPs, it may well be impractical for the patent-holder to bring proceedings to enforce its rights against an infringing implementer in every country where the patents have been infringed. That is because ... the cost of bringing enforcement proceedings around the world, patent by patent, and country by country, would be ‘impossibly high’.

167. In those circumstances, if the patent-holder were confined to a monetary remedy, implementers who were infringing the patents would have an incentive to continue infringing until, patent by patent, and country by country, they were compelled to pay royalties. It would not make economic sense for them to enter voluntarily into FRAND licences. In practice, the enforcement of patent rights on that basis might well be impractical ... An injunction is likely to be a more effective remedy, since it does not merely add a small increment to the cost of products which infringe the UK patents, but prohibits infringement altogether. In the face of such an order, the infringer may have little option, if it wishes to remain in the market, but to accept the FRAND licence which *ex hypothesi* is available from the patent-holder. However, for the reasons explained in paras 164-165, that does not mean that the court is enabling the patent-holder to abuse its rights.”

63. It can be seen from the Supreme Court's analysis that clause 6.1 must be interpreted in a manner which avoids both hold up by the SEP owner and hold out by an implementer. Hold up by the SEP owner will be avoided by ensuring that the SEP owner is held to its ETSI Undertaking. Hold out by the implementer will be avoided by allowing the SEP owner to enforce its normal right under the general law to obtain an injunction to prevent infringement of the SEP by the implementer save to the extent that this would be inconsistent with the SEP owner's ETSI Undertaking.
64. As I have explained, the upshot of Trial B on 25 June 2021 was that Apple were found to be infringing EP744. Normally, when a party is found to be infringing a patent, an injunction will follow as a matter of course. (This is not to say that an injunction is an automatic remedy: it is a discretionary remedy which may be refused or qualified where it would be disproportionate, but such cases are rare.) Furthermore, although Optis had by then committed to enter into a Court-Determined Licence, Apple had not.
65. By their ground 1, Apple contend that the judge erred in law in concluding that, properly construed, clause 6.1 requires a beneficiary of the *stipulation pour autrui* created by that clause to commit to take a licence as soon as it is established that it is infringing a valid SEP, irrespective of whether the FRAND terms of that licence have yet been determined by the court. Apple contend that any person who seeks a licence in good faith is a beneficiary of the ETSI Undertaking, and therefore protected from an injunction, regardless of whether that person commits to take a licence upon terms determined to be FRAND by the court. The implementer is only obliged to take a licence (or else be enjoined) once both (a) a SEP has been found valid and infringed and (b) the FRAND terms of a licence have been determined.
66. In my view the fundamental problem with this contention is that it involves interpreting clause 6.1 in a way that would undermine a key part of the purpose of the ETSI IPR Policy, including clause 6.1, as analysed in *UPSC*. Apple do not challenge the Supreme Court's analysis of the context and purpose of clause 6.1 (not that such a challenge would be open to Apple in this Court anyway). Instead, Apple point out that the Supreme Court was not addressing the issue which arises in this case, because the question as to the appropriate relief only arose in *Unwired Planet* after the FRAND terms had been determined. That is a factual distinction between the circumstances of that case and those of the present one, but it does not diminish in any way the relevance of the Supreme Court's analysis. Apple characterise this case as only being concerned with an "interim" position between a finding of validity, essentiality and infringement and the determination of FRAND terms, and thus as different to other forms of hold out, but as the judge pointed out at [340] Apple's case involves a substantive loss of rights for the patentee in respect of an ageing (and time-limited) property right.
67. Furthermore, the judge found on the basis of the expert economic and licensing evidence that Apple's interpretation would tend to promote hold out by implementers. As noted above, there is no challenge by Apple to the judge's finding. Although the judge rightly said that this confirmed the Supreme Court's analysis, it also provides independent support for that analysis.
68. I shall nevertheless address each of the arguments advanced by Apple in support of their contention. The first is that, although the judge was correct to start from the

premise that the final sentence of clause 6.1 defines the beneficiaries of the *stipulation pour autrui*, that sentence refers to “those who seek licences”, not those who take licences or commit to taking licences. This is a thoroughly bad point. In this context “seeking” a licence on FRAND terms must involve agreeing to take a licence on terms that are objectively FRAND. Otherwise, the implementer is not in truth seeking a licence on FRAND terms, it is only seeking the option of taking or declining a licence which is FRAND. Furthermore, it is only if a licence is taken that the implementer can have a defence to infringement of the SEP. If there were any doubt about this, it is confirmed by the fact that the final sentence of clause 6.1 says that the ETSI Undertaking may be made subject to the condition that “those who seek licences agree to reciprocate”. But if seeking a licence does not involve taking a licence on terms that are FRAND, there can be no agreement and hence no reciprocity.

69. Apple argue that this interpretation overlooks the fact that clause 6.1 imposes obligations upon SEP owners and not implementers. This is incorrect. As the judge explained at length, clause 6.1 is a *stipulation pour autrui*. The question, therefore, is who can enforce that stipulation and in what circumstances. As the judge also explained, the key point is that the implementer cannot have the benefit of clause 6.1 without accepting the burden.
70. Apple also argue that, whatever the position might be in other cases, on the facts of this case, the judge should have held that Apple were seeking a licence because he was required to assume that Apple had made an offer which was FRAND. This is a *non-sequitur*. The fact remains that Apple are not prepared to commit to taking a Court-Determined Licence. In *UPSC* the Supreme Court noted without criticism at [29] the Court of Appeal’s conclusion that more than one set of terms may be FRAND and that in such a case “it would be for the SEP owner to choose which it preferred because the SEP owner performed its obligation by offering a licence on FRAND terms”. It follows that Marcus Smith J may set a FRAND royalty higher than that offered by Apple even assuming that Apple’s offer was FRAND, and in that event Optis will be entitled to that higher royalty. Apple are unwilling to commit to taking the Court-Determined Licence precisely because they are concerned by this possibility.
71. Apple also argue interpreting clause 6.1 in this way requires the implementer to sign a blank cheque, and that the implementer should be protected against the risk that the court determines FRAND terms that are uncommercial or unviable. I disagree. The judge’s interpretation only requires the implementer – as the price for not being restrained from continuing to infringe a valid patent that it has been found to be infringing – to commit to taking a licence on terms which the court objectively determines to be FRAND. That is not a blank cheque: as the judge found on the basis of the expert licensing evidence at [227], implementers are able, with information from research organisations, the ETSI database and SEP owners during negotiations, to estimate what a FRAND rate is likely to be. Moreover, as the judge essentially found on the basis of the expert economic evidence at [197]-[210], it is improbable that terms which are objectively FRAND will be uncommercial or unviable (as opposed to involving a higher royalty rate than the implementer wants to pay). If an implementer genuinely cannot afford to pay a royalty which is FRAND, it ought not to be practising the patented invention, and therefore should not be seeking a licence.

72. Apple also argue that the judge was wrong at [290] to find that Apple were only willing to take a licence on terms and at a time of their own choosing, but the judge was right about that, as Apple's own arguments confirm.
73. Secondly, Apple argue that the judge's interpretation is inconsistent with the policy objectives of the ETSI IPR Policy, which envisage that the SEP owner and the implementer will negotiate a licence on FRAND terms. This is another bad point. Of course it is preferable that SEP owners and implementers should negotiate licences. This is reflected in the ETSI IPR Policy and in paragraph 4.4 of ETSI's *Guide on Intellectual Property Rights* (which states that both members and non-members should engage in a negotiation process for FRAND terms). As the judge recognised at [78] and [128], the importance of negotiation has been emphasised both by the CJEU in *Huawei v ZTE* and by the Supreme Court in *UPSC*. The present issue arises, however, when the parties cannot agree terms. In those circumstances the national court must resolve the dispute, as paragraph 4.3 of the ETSI Guide states and as both the CJEU and the Supreme Court recognised. As discussed above, the twin purposes of the ETSI IPR Policy are to avoid hold up and hold out. To achieve this it is necessary, in the absence of agreement between the parties, for the national court to be able to enforce its determination against both parties. The national court can only enforce its determination against the SEP owner by withholding an injunction from the SEP owner if it is unwilling to abide by its ETSI Undertaking by granting a licence on the terms determined to be FRAND. The national court can only enforce its determination against the implementer by granting an injunction against the implementer if it is unwilling to take a licence on the terms determined to be FRAND.
74. Apple argue that the judge's construction would enable the SEP owner to avoid negotiations by (i) commencing proceedings, (ii) offering to enter into a Court-Determined Licence, (iii) demanding an undertaking to enter into Court-Determined Licence from the implementer and (iv) proceeding to a court determination of FRAND rates. What this argument ignores is that in order to get to step (iv) the patentee has to get a judgment from the court that the SEP is valid, essential and infringed. Furthermore, the argument is contrary to the very authority that Apple rely upon in support of it, namely *Huawei v ZTE*. As Apple themselves point out, the CJEU made it clear in at [63]-[66] that, in order to avoid abusing a dominant position, the SEP owner must present to the implementer a specific written offer for a licence on FRAND terms, the alleged infringer must diligently respond to that offer in good faith and without delaying tactics, and if it does not accept the SEP owner's offer the implementer must promptly submit a counter-offer that corresponds to FRAND terms. Thus, as Apple themselves argue in the context of their ground 3, both parties are obliged by competition law to negotiate. Moreover, experience shows that SEP owners and implementers invariably do negotiate, at least in the sense of making rival offers. This case is no exception, both Optis and Apple having made offers of what they respectively consider to be FRAND terms (although the judge was required to assume that Optis' offers were not FRAND, but on the contrary designed to disrupt negotiations, whereas Apple's offer was FRAND). There is nothing in the judge's interpretation to undermine this. As I have said, the judge's interpretation addresses the situation when negotiations are unsuccessful. Apple's interpretation would undermine the incentive identified by the Supreme Court for implementers to negotiate in a meaningful way.

75. Thirdly, Apple argue that there is no need to interpret clause 6.1 in the manner that the judge did because there was nothing in the evidence before the court to indicate that there is a problem of SEP owners such as Optis having to sue implementers around the world to secure global portfolio licence agreements. This argument is directed to a comment the judge made in the introductory section of his judgment at [12] about Trial E providing the only way a global FRAND rate for the PO Portfolio can be set by court anywhere in the world and Apple not having identified any other options for resolving the global dispute between the parties. This point did not form a significant part of the judge's reasoning as to the interpretation of clause 6.1 at [275]-[290], however. Rather, the judge's reasoning was focussed on the need to interpret clause 6.1 in a manner which avoids both hold up and hold out. His reasoning would hold good even if the SEP portfolio in issue consisted purely of a number of UK patents, although the problem of hold out is considerably worse with a global portfolio. I would add that the need to bring proceedings in multiple jurisdictions if global licence terms cannot be agreed or determined by a court for a global portfolio of SEPs is inherent in the territorial nature of patents and was central to the reasoning of the Supreme Court in *UPSC*; it does not require evidence. I shall return to this point below.
76. Fourthly, Apple argue that the judge's interpretation deprives an implementer who has been found to infringe a SEP of the choice between taking the Court-Determined Licence, once its terms are known, and submitting to an injunction. The key words in this argument are "once its terms are known". The argument assumes that an implementer who has been found to infringe a SEP is entitled to the luxury of being able to wait until the court has determined what terms are FRAND before deciding whether to take a licence on those terms or not, and to continue to infringe the SEP in the meantime. But I see no reason why the implementer should be entitled to that luxury. If the implementer wants to avoid the normal consequences of having been found to infringe, it can commit to taking a Court-Determined Licence. If the implementer does not want to commit to taking a Court-Determined Licence, then it should be restrained from infringing (unless it changes its mind, which the judge's interpretation permits it to do). Otherwise, as the judge found, hold out by implementers would be promoted. I would add that, as counsel for Apple accepted, the logic of Apple's argument is that the implementer should not have to commit even once there is a first instance decision as to what terms are FRAND, but only when there is a final appellate decision against which no further appeal is possible. That, of course, would make the hold out problem even worse.
77. Fifthly, Apple argue that the question of whether Apple are entitled to enforce Optis' ETSI Undertaking is a fact-sensitive question which can only be determined once all of the relevant facts have been found following Trial E, and that the effect of the judge's interpretation is wrongly to treat Apple's unwillingness to commit to a Court-Determined Licence as determinative. I do not accept this. The judge's conclusion at [285] was that the beneficiaries of *stipulation pour autrui* in clause 6.1 were undertakings which wanted a licence to work (SEPs essential to) a relevant standard and which intended to work (SEPs essential to) the standard under a licence from the SEP owner. As he said, whether or not the question is fact-sensitive in some cases, it is not in this case because Apple intend (unless prevented by the court) to work EP744 without a licence until the FRAND terms have been determined by the court. I shall return to this point below.

78. Sixthly, Apple argue that the judge's interpretation upsets the "delicate jurisdictional balance" established by the decision of the Supreme Court in *UPSC*. Where validity is in issue, the courts of England and Wales only have jurisdiction over disputes concerning UK patents and to grant final injunctions restraining infringement of those patents within the UK. The Supreme Court held that the courts of England and Wales nevertheless have jurisdiction in that context to determine that only a global licence of the patentee's portfolio is FRAND and to determine what terms of that global licence are FRAND, since the SEP owner's FRAND obligations operate by way of defences to the claims for infringement. Apple argue that the consequence of the judge's interpretation is that, whereas an implementer who only operated in the UK could avoid paying what it perceived to be excessive royalties pursuant to the Court-Determined Licence by not practising the patented invention in the UK (if necessary, by withdrawing from the UK market), an implementer who operated globally would have to pay royalties pursuant to the Court-Determined Licence for practising the invention outside the UK even if it ceased to do so in the UK. This, Apple argue, would involve an exorbitant exercise of jurisdiction by the courts of England and Wales.
79. This argument assumes that the implementer would continue to be bound by its undertaking to take a Court-Determined Licence even if the implementer ceased to practise the patented invention in the UK and hence to infringe the SEP in the absence of a licence pursuant to the SEP owner's ETSI Undertaking. In this connection, Apple relied upon what was said by Floyd LJ in *TQ Delta LLC v ZxXEL Communications UK Ltd* [2019] EWCA Civ 1277, [2020] FSR 10 at [51]-[52]; but if anything that decision suggests the opposite. In that case the implementer waived its right to enforce the SEP owner's undertaking in respect of first one and then all UK SEPs in the SEP owner's portfolio. Despite this, the SEP owner attempted to pursue claims for the determination of RAND terms and for a declaration that the implementer was an unwilling licensee. This Court struck out those claims. As Floyd LJ explained, there was no live dispute for the court to determine as to RAND terms within this jurisdiction. He went on to hold that it would be an exercise in judicial imperialism for the courts of England and Wales to foist their own view as to whether the implementer was an unwilling licensee on the courts in an unknown foreign jurisdiction. In that context he addressed a suggestion by the SEP owner that the implementer could achieve, by a strategy of selective, country-by-country waiver, a situation in which the SEP owner was forced to sue the implementer on a country-by-country basis. If such a strategy were permissible, it was argued, it would seriously undermine the approach to (F)RAND licensing of SEPs adopted in *Unwired Planet*. Floyd LJ said he did not think that was a real concern. Whether he was right about that or not does not matter for present purposes. What matters is that the Court of Appeal struck out the SEP owner's claims as having no real prospect of success.
80. I will assume, however, that the premise of Apple's argument is correct. Even so, I consider that the argument suffers from the same flaws as I have already identified in Apple's other arguments. In particular, it assumes that the implementer is entitled to know the terms of the Court-Determined Licence before deciding whether or not to take a licence and to continue to infringe in the meantime. For the reasons I have given, I do not accept this. Nor do I accept that the scenario postulated by Apple would involve an exorbitant exercise of jurisdiction by the courts of England and Wales. At the time of determining the FRAND terms of a global licence, the court

would be seized of that issue as part of a dispute as to the validity, essentiality and infringement of a UK SEP. A subsequent decision by the implementer to cease practising the invention in the UK in order to avoid paying royalties for the UK pursuant to the Court-Determined Licence would not retrospectively call into question the court's exercise of the jurisdiction it had at the time of decision.

81. By their ground 2, Apple contend that the judge was wrong to find at [285] that Apple intend, unless the court stops them, to work EP744 without a licence in the period between judgment after Trial F and judgment after Trial E. This is a hopeless contention. Leaving aside the point that the judge's finding is a finding of fact, and therefore subject to the usual constraints applicable to appeals against findings of fact, it is obviously correct. As discussed above, it is Apple's own case that they are entitled to wait until the court has determined the FRAND terms of a licence following Trial E before deciding whether to take a licence on those terms or submit to an injunction. It necessarily follows that they intend to work EP744 without a licence in the intervening period. Indeed, counsel for Apple accepted that Apple would in fact be working EP744 without a licence. Plainly Apple would be doing so intentionally. Apple argue that this situation has only come about because of the way in which the litigation has been case-managed. That may be so, but it does not affect the correctness of the judge's finding. Furthermore, Apple could have avoided this situation by accepting a proposal made by Optis at an early stage of the proceedings that FRAND terms be determined before, rather than after, the technical trials, but Apple did not do so.
82. Turning to Optis' appeal, by their ground 1 Optis contend that an implementer who fails to commit to take a Court-Determined Licence on having been found to infringe a SEP becomes permanently disentitled to rely upon the SEP owner's ETSI Undertaking.
83. I do not accept this contention. In my judgment the judge was correct for the reasons he gave at [300]-[302]. Nevertheless I will address Optis' arguments in support of it.
84. First, Optis argue that the judge's interpretation is inconsistent with the purpose of that clause as identified by the judge at [160], namely to balance access to SEPs and fair reward to SEP owners. This is a hopeless argument. The judge's interpretation achieves that balance, while Optis' interpretation would promote hold up.
85. Secondly, Optis argue that the implementer in this scenario is not within the class of beneficiaries of clause 6.1. That is correct viewing the position at the time when the court is deciding whether or not to grant an injunction, but ignores the fact that the implementer will be within the class of beneficiaries of clause 6.1 if it changes its mind subsequently.
86. Thirdly, Optis argue that the scenarios postulated by the judge at [301] are irrelevant. There is force in this argument so far as the first scenario is concerned given that the implementer would find out it had misjudged the infringement issue as soon as the court gave judgment after the technical trial, but the second scenario is different. There is no reason why an implementer should not be able to change its mind for commercial reasons and every reason why it should be able to do so given that a key purpose of the ETSI IPR Policy is to ensure access to technology covered by SEPs. Optis argue that competition law would stop the SEP owner charging excessive

royalties, but this misses the point that clause 6.1 is intended to prevent hold up occurring in the first place rather than merely providing a remedy for it after the event. Moreover, the royalties permitted by competition law might exceed those permitted by the SEP owner's FRAND obligation.

87. Fourthly, Optis argue that the judge wrongly regarded the presence of the first "irrevocable" in clause 6.1 as having modest force supporting his interpretation. In my view, however, the judge was correct to place some weight on this. Indeed, it lends considerable support to his conclusion. The fact that the undertaking is irrevocable suggests that it should be open to an implementer to enforce it at any time, regardless of whether the implementer has previously decided not to do so. In any event, the key factor the judge relied upon was the purpose of the clause and he was correct to do so.
88. Optis' ground 2 is that the judge was wrong at [353] to treat *UP Remedies*, in which Birss J held that a FRAND Injunction was the appropriate form of injunction after having determined the FRAND terms of a global licence, as persuasive since that judgment was not concerned with the construction issues or factual scenario involved in this case. It is not necessary to consider this ground at any length. Although the judge did rely upon Birss J's reasoning, he also concluded that a FRAND Injunction was appropriate as a matter of principle. Therefore the key question is whether he was right about that. I will address that question next.
89. Optis' ground 3 is that the judge erred in principle in deciding to grant a FRAND Injunction because that allowed Apple to benefit from clause 6.1 when they were not entitled to rely upon clause 6.1. I do not accept either of the arguments which Optis advance in support of this contention.
90. The first argument is that the proper analysis should be to consider what relief for patent infringement would be appropriate absent the existence of the ETSI IPR Policy. This is an impossible argument, because the ETSI IPR Policy does exist and Optis are bound by their ETSI Undertaking. The fact that, absent the order under appeal, Apple are not presently in a position to enforce the ETSI Undertaking because they are unwilling to commit to a Court-Determined Licence is immaterial. As discussed above, Apple may change their mind.
91. The second argument is that there is no need for a FRAND Injunction, because Apple would be adequately protected by their ability to apply to set aside or vary an injunction in the normal unqualified form. I do not accept this. Apple would not necessarily be able to get the injunction set aside or varied if they subsequently changed their mind. As matter of principle, the court should make provision for the possibility of Apple changing their mind now, rather than leave the parties to the uncertainty of a contested application to discharge or vary. It might be different if the court was being asked to make provision for a future event the possible occurrence of which was merely speculative, but in the present case there is a very real likelihood of Apple accepting the Court-Determined Licence (at least once the parties' rights of appeal have been exhausted) and hence being entitled to enforce the ETSI Undertaking.

Competition law

92. As explained above, the judge concluded that Optis' commitment to enter into a Court-Determined Licence did not preclude a finding at Trial E that Optis had abused a dominant position contrary to Article 102 TFEU. He nevertheless held that, even assuming that Optis had abused a dominant position as alleged by Apple, that did not justify withholding an injunction. By their ground 3 Apple contend that the judge erred in law in reaching that conclusion.
93. Apple's criticisms of the judge's reasoning are threefold. First, Apple argue that, in granting injunctive relief, the court would be rewarding Optis' assumed breach of competition law, because an injunction cannot secure the genuine, good-faith negotiations of which Apple have already been deprived.
94. I do not accept this argument. As the judge pointed out, withholding an injunction to restrain infringement of a patent which has been found to be valid, essential and infringed will tend to leave the SEP owner with an inadequate remedy and to promote hold out. It follows that a strong reason is required to justify withholding an injunction. The assumed fact that Optis have abused a dominant position by disrupting meaningful negotiations prior to launching this litigation does not provide such a reason. The decision to grant or withhold an injunction looks to the future, whereas Apple's complaint is about the past. As the judge explained, the assumed abuse has no continuing effect because Optis have accepted that they must grant a licence, have pleaded their case on FRAND to the court's satisfaction and will abide by the court's decision as to what terms are FRAND. All that Apple have to do to obtain a licence upon FRAND terms is to accept the court's determination. The only obstacle Apple face is their own unwillingness to commit to taking a Court-Determined Licence before the terms have been finally determined. Moreover, it is Apple's own case as articulated before this Court that the reason why Apple are unwilling to commit to a Court-Determined Licence is in order to protect themselves against the risk that the FRAND terms determined *by the court* are uncommercial or unviable.
95. Secondly, Apple argue that the effect of the judge's approach is to "whitewash" any prior abusive conduct of the SEP owner if the latter offers to enter into a Court-Determined Licence and establishes validity, essentiality and infringement of a single SEP in its portfolio. This approach not only fails to disincentivise abusive conduct by a SEP owner, but undermines constructive and meaningful negotiations.
96. Again, I do not accept this. The judge's approach does not "whitewash" Optis' assumed abuse, because Apple will be compensated for that abuse, if the court finds that it has occurred, by an award of damages. It does not undermine constructive and meaningful negotiations, both because parties have other incentives to negotiate, notably in order to avoid the delay, expense and distraction of litigation, and because an abusive failure to negotiate on part of the SEP owner will be penalised by an award of damages. Furthermore, as the judge pointed out, another potential remedy for Apple is for Optis' recovery to be restricted.
97. Thirdly, Apple argue that the judge failed to consider the adequacy of a damages remedy. It is implicit in the judge's reasoning, however, that he considered that financial remedies including but not limited to damages would be an adequate remedy

for Apple, in particular when he said at [329(v)] that there were alternative financial remedies available to Apple. Furthermore, I consider that the judge was correct to hold that financial remedies would be an adequate remedy for Apple for the reasons I have given in the preceding paragraph.

98. Fourthly, Apple argue that the question whether an injunction should be withheld as a remedy for Optis' assumed abuse is a fact-sensitive question which can only be decided once all of the facts have been found at Trial E and that the judge was wrong to pre-empt that investigation. I do not accept this. Given the judge's unimpeachable findings at [329], there are no facts capable of being found at Trial E which could undermine his decision.
99. Fifthly, Apple argue that the judge failed to consider the deterrent effect of withholding an injunction, both vis-à-vis Optis and vis-à-vis other SEP owners. In my judgment the judge was correct to discount deterrence as a factor. There is no reason to think that the alternative financial remedies canvassed by the judge would not be an adequate deterrent of future abuse by Optis. As for other SEP owners, it would be contrary to principle to withhold the remedy of injunction to restrain invasion of Optis' proprietary right in order to deter the speculative possibility of future abuses by different owners of different rights. Counsel for Apple admitted that she was unable to cite any authority in support of such an approach, which comes as no surprise.
100. Finally on this topic, I should record that there was considerable discussion in the course of argument about *Huawei v ZTE*. As Optis point out, that decision was not addressing the situation where the patent has been found by a court to be valid, essential and infringed. As Apple point out, however, the guidance given by the CJEU is quite general. I do not consider it necessary or profitable to discuss *Huawei v ZTE* beyond the points I have noted in paragraphs 73 and 74 above. As the judge noted, it was considered in some detail by the Supreme Court in *UPSC*. It suffices to say that in my judgment nothing in *Huawei v ZTE* calls into question the judge's decision in this case.

Apple's procedural objection

101. In order to address Apple's fourth ground of appeal I need to explain the procedural history a little more fully.
102. Optis' amendment application dated 8 June 2021 was to plead, as an alternative to its primary case, that if Optis succeeded in showing that Apple was not entitled to rely on the ETSI Undertaking, then Apple should be subject to a FRAND Injunction. Optis sought the amendment in response to an alternative case pleaded by Apple in its FRAND Defence which alleged that, even if (contrary to Apple's primary case) an implementer was found to be disentitled to enforce the ETSI Undertaking by virtue of its not having given an unconditional undertaking to enter into a Court-Determined Licence before that licence had been determined, the implementer could in the future become entitled to enforce the ETSI Undertaking.
103. Apple opposed Optis' amendment, primarily on the basis that they would have wanted to adduce further evidence from Prof Farrell as to the economic effects of a FRAND Injunction if such a case was being advanced, but it was now too late for Apple to do so.

104. During the hearing on 17 June 2021, Apple explained that Apple were not maintaining their alternative case described in paragraph 102 above. On that basis Optis dropped the proposed amendment. Apple's statement that they were no longer maintaining their alternative case and Optis' withdrawal of their application "on the basis of the Defendants' aforesaid statement" were both recited in the order Meade J made that day. As counsel for Apple accepted, it is not open to either side to go behind those recitals.
105. Ultimately, the judge held at [300]-[302] that the interpretation which Apple had dropped as their alternative case was the correct interpretation of clause 6.1. It was that substantive conclusion on interpretation which formed the basis for the judge's finding that the correct form of injunction was a FRAND Injunction. Given that Apple had themselves advanced that interpretation at one stage, Apple must have known that it was a possibility that the judge would adopt that interpretation of clause 6.1. Apple must also have appreciated that that conclusion would re-open the possibility of a FRAND Injunction. Indeed, even now Apple's position on the appeals is that the only form of injunctive relief to which Optis could possibly be entitled on the judge's interpretation of clause 6.1 is a FRAND Injunction.
106. Despite this, Apple contend that the judge's dismissal of their procedural objection amounted to a serious procedural irregularity. I do not accept this. This was a case-management decision on the part of the judge, who was very well placed to assess the relevance of Optis' amendment application and whether there would be any procedural unfairness to Apple if he granted a FRAND Injunction. His conclusion was that Apple's objection was insubstantial. That assessment cannot be challenged unless he erred in law or principle, but no such error has been identified by Apple.
107. Apple argue that the judge should have required Optis to make a formal application to amend. I disagree. This argument proceeds on the premise that the court may only order an injunction in a particular form if it has been formally pleaded. This is incorrect for a number of reasons. First, section 37(2) of the Senior Courts Act 1981 confirms that the court may grant an injunction "on such terms and conditions as the court thinks just". Thus the decision as to the form of an injunction is one for the court, not the parties.
108. Secondly, CPR rule 16.2(5) provides that the court may grant any remedy to which the claimant is entitled even if that remedy is not specified in the claim form. Thus there is no requirement in the CPR to plead the precise form of the injunction sought.
109. Thirdly, at all times the prayer to Optis' Particulars of Claim included the conventional claim for "[f]urther or other relief". As Neuberger J explained in *Kirin-Amgen Inc v Transkaryotic Therapies Inc (No. 2)* [2002] RPC 3 at [31], this does not enable relief to be accorded in respect of an unpleaded claim or which is inconsistent with the relief specifically claimed or which is not supported by the pleaded allegations or which takes the defendant by surprise. But none of those caveats apply here.
110. Fourthly, and perhaps most importantly, Optis' claim going into Trial F was for an unqualified injunction. The judge's decision was that an unqualified injunction was not appropriate, but a FRAND Injunction was. Thus he granted (or would have granted if Apple had not given an undertaking instead) a more limited injunction than

that requested by Optis. It is always within the court's discretion to grant a more limited form of injunction than that requested by the claimant, whether or not that more limited form has been requested in the alternative, and it is commonplace for courts to do this.

111. Furthermore, even if Optis had applied to amend, it is plain that the judge would have allowed the amendment and have been justified in doing so for the reasons he gave for granting a FRAND Injunction without requiring Optis to amend. In short, a FRAND Injunction was at all times a possible form of injunction which was in the contemplation of the parties, having been established in *UP Remedies*, and having been within the case pleaded by Optis in their original Particulars of Claim and maintained as part of their case for Trial E, albeit not for Trial F. Moreover, as the judge rightly held, the possibility of a FRAND Injunction was inherent in Apple's own arguments.
112. Apple complain that the judge was wrong to prevent them from adducing further evidence from Prof Farrell. As the judge held, however, further evidence from Prof Farrell would have made no real difference. As I have already noted, the judge's overall assessment of the expert evidence was that it did no more than confirm the Supreme Court's analysis of the ETSI IPR Policy in *UPSC*. As Optis point out, moreover, any additional form of modelling carried by Prof Farrell would have been of a lesser form of injunction than that which had already been modelled, and thus a less problematic form of injunction from the implementer's perspective. In other words, the evidence heard at trial represented the high-water mark of Apple's economics case.
113. In oral submissions Apple advanced a new complaint that the judge was wrong because his decision prevented Apple from arguing that an interim, rather than a final, injunction was appropriate and adducing evidence on the balance of the risk of injustice. This complaint has no more merit than the preceding one. Once the judge made it clear, as he did during the hearing, that he was considering granting a FRAND Injunction, it was open to Apple to argue that the appropriate remedy (if any) was an interim injunction and that, if the court accepted that argument in principle, then there should be a further hearing after the parties had had the opportunity to adduce evidence on the balance of the risk of injustice. Apple did not do so; the nearest they got was an *en passant* observation by counsel for Apple that what Optis were seeking was "effectively an interim injunction". Moreover, even now Apple has no ground of appeal contending in the alternative that the appropriate remedy is an interim, not a final, injunction.

Conclusion

114. For the reasons given above I would dismiss both appeals.

Postscript

115. These appeals illustrate yet again the dysfunctional state of the current system for determining SEP/FRAND disputes. Apple's behaviour in declining to commit to take a Court-Determined Licence once they had been found to infringe EP744, and their pursuit of their appeal, could well be argued to constitute a form of hold out (whether Apple have in fact been guilty of hold out is an issue for Trial E); while Optis'

contention that an unqualified injunction should be granted would open the door to hold up. Each side has adopted its position in an attempt to game the system in its favour. The only way to put a stop to such behaviour is for SDOs like ETSI to make legally-enforceable arbitration of such disputes part of their IPR policies.

Lady Justice Elisabeth Laing:

116. I agree.

Lady Justice Asplin:

117. I also agree.