Neutral Citation Number: [2023] EWHC 1912 (Pat)
Case No. HP-2021-000022

**IN THE HIGH COURT OF JUSTICE**
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**
**INTELLECTUAL PROPERTY LIST (ChD)**
**PATENTS COURT**

Rolls Building
Fetter Lane
London, EC4A 1NL
Date: Wednesday 26 July 2023

**Before: Mr Justice Meade**
**Between :**

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|---|---|
| **(1) NOKIA TECHNOLOGIES OY**<br>**(2) NOKIA SOLUTIONS AND NETWORKS OY** | **Claimants** |
| **- and –** | |
| **(1) ONEPLUS TECHNOLOGY (SHENZHEN) CO., LTD**<br>**(2) UNUMPLUS LIMITED (t/a OnePlus)**<br>**(3) GUANGDONG Oppo MOBILE TELECOMMUNICATIONS CORP, LTD**<br>**(4) OPPO MOBILE UK LTD**<br>**(5) ASCENSION INTERNATIONAL TRADING CO., LIMITED (t/a Realme)**<br>**(6) REALME MOBILE TELECOMMUNICATIONS (SHENZHEN) CO., LTD**<br>**(7) REALME CHONGQING MOBILE TELECOMMUNICATIONS CORP LTD** | **Defendants** |

**Sarah Ford KC and Thomas Jones** (instructed by **Bird & Bird LLP**) for the **Claimants**
**Andrew Lykiardopoulos KC, Kassie Smith KC and Ravi Mehta** (instructed by **Hogan Lovells International LLP**) for the **Defendants**
Hearing dates: 24-27 April, 3-4 May 2023

# APPROVED JUDGMENT

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## Mr Justice Meade:

## INTRODUCTION

1. This is Trial E in these proceedings. A fuller procedural history appears below, but for the purposes of this Introduction to my judgment only outline details are necessary.

2. These are international telecoms patent infringement and FRAND proceedings of a kind now generally familiar in the Patents Court. Nokia (there is no need to distinguish between the claimant corporate entities) has a large patent portfolio which includes many standard-essential patents ("SEPs" – explained below in the authorities to which I refer) and implementation patents (patents which are not standard-essential, also referred to as "NEPs"). It says that Oppo needs a licence.

3. Oppo has agreed that it needs a licence, and indeed from 1 July 2018 to 30 June 2021 a licence agreement ("the 2018 Licence") was in place between the parties, but they could not agree the terms of a new licence and litigation ensued in multiple jurisdictions.

4. There is in general no need to distinguish between the defendant corporate entities, which are all related to each other and would be covered by a Licence settled by this court, so I will just refer to "Oppo" but there is a minor point about the treatment of Oppo, Realme and OnePlus companies/devices in the Chinese proceedings to which I refer below. Often but by no means always OPPO is written all in upper case, including in its own skeleton arguments. I have chosen "Oppo", simply for consistency with my earlier judgments.

5. Trials A to C were to be technical trials (i.e. concerning validity, infringement and essentiality) of selected Nokia SEPs. Trial A took place before me and Nokia won: the patent has been referred to as "EP 103". In a parallel action, likewise tried by me, HP-2021-000023 or "'023" for short, Nokia also won on an implementation patent, referred to as "EP 560". The Court of Appeal refused permission to appeal on EP 560.

6. Trials B and C, and the appeal from Trial A, for which I gave permission, have all been stayed by agreement in circumstances described in more detail below.

7. Trial D is the non-technical trial whose main function will be to set FRAND terms on a worldwide basis, and it is to be tried in October this year. It will certainly cover Nokia's SEPs; whether and on what basis it may cover Nokia's implementation patents has been a matter of dispute.

8. This, Trial E, is also referred to as the "HOTEOTU", which stands for "Hearing on the Effect of the Undertakings". The undertakings in question are undertakings offered by Oppo that it will take a licence on FRAND terms to be set by the First Intermediate People's Court of Chongqing ("the Chongqing court") in what is referred to as "the 1232 Action". I will refer to the proceedings in the 1232 Action, including appeals, as "the Chongqing proceedings".

9. The sequence of trials in terms of their being heard was thus initially to be A, B, C and then D. Trial E is coming out of alphabetical order because it was inserted into the schedule at Oppo's request.

10. The essential issue is this: having lost on infringement of a SEP, the position following my decision and the decision of the Court of Appeal in relation to Trial F in the *Optis v Apple* litigation would be that Oppo would have to choose either to undertake to take a licence on the terms decided at Trial D, or to submit to an injunction on the UK SEP it infringes (references are given below to the *Optis v Apple* Trial F judgments; the Supreme Court has given permission to appeal but that does not affect my task in this judgment). Oppo says that that does not apply in the light of the undertakings it has offered to take a licence on terms decided in the Chongqing proceedings. It says that the undertakings change the position and either mean that it is already licensed under the ETSI IPR Policy (explained below) or at least is a "Clause 6.1 Beneficiary" pursuant to that Policy and therefore entitled to get a licence in due course and not liable to be injuncted.

11. At the form of order hearing following the trial over EP 560, Oppo said that its contentions relating to a FRAND licence for Nokia's SEPs also applied to EP 560. I directed that the question of injunctive relief for EP 560 should be deferred to this trial. The scope of the issues at this trial over EP 560 later became a matter of dispute, and I cover that below.

12. Oppo stresses that this trial concerns a different situation from that which pertained in *Optis v Apple* and other similar cases that have come before the Patents Court, because it agrees that it will take a licence, and indeed has, it says, initiated proceedings, in Chongqing, to have licence terms determined, to which it has committed. This is not just a presentational difference, it emphasises: it says that it is a legally important distinction compared with *Unwired Planet* and *Optis v Apple* such that the decisions of the Supreme Court and Court of Appeal in those cases do not apply directly.

13. Oppo also stresses that this is not a case where it, as implementer, is not being serious about the level of licence fees that are appropriate. I will not include figures in the light of confidentiality issues and the precise figures do not matter to this point anyway, but suffice it to say that very large sums were paid under the 2018 Licence and that Oppo agrees that an increase for a new licence, which the parties agree should run until 2024, will be appropriate. The parties are still far apart, by a factor of very roughly two, but this is much closer than in other similar recent litigations. So I accept Oppo's point, but it is not of direct legal relevance. I also note that the parties have taken part in a recent mediation - regrettably without success – although naturally its contents remain confidential and the subject of privilege.

*Post-script: after seeing my judgment in draft, Oppo asked me to correct this paragraph (and paragraph [70] below). It said that although the new licence will cover additional technology in the form of pure 5G patents, although there are additional sales to take into account (though now declining, it says), although there were references at trial to an "uplift" (I used the word and Counsel for Oppo made no objection to it), and although Oppo's counter-offers*

*for a new licence have exceeded the consideration paid under the 2018 Licence, it did not concede that it was necessarily true that the new licence will command a higher price. It justified this position by reference to the need for unpacking all the comparables and the assessment of the relative portfolio strengths of the parties, and how they may have changed since 2018. It said that the FRAND payment under the new licence is a matter for Trial D, not this trial. In my view the wording above, as it appeared in my draft judgment, accurately reflects the impression that I was given by Oppo at trial, and certainly the impression that Oppo was aware I was under. It was in Oppo's interest at this trial, presentationally at least, to give the impression that it was willing to pay more. I suspect Oppo has simply had a post-trial afterthought that there are at least theoretical situations where it might be able to argue that the new licence should come with a lower price and wants to keep its options open. I prefer simply to record Oppo's contentions and not to amend my judgment. In concrete terms it does not matter to my decision at this trial whether Oppo wants to maintain the chance to argue at Trial D that the price should go down, and whether it does so or not, it remains the case that Oppo has offered very large sums of money for a new licence.*

14. I have so far not mentioned jurisdiction. Oppo applied for a stay of this action on grounds of *forum non conveniens*, alternatively for a case management stay, in light of the Chongqing proceedings. That failed at first instance before HHJ Hacon sitting as a High Court Judge and its appeal was dismissed in July 2022. I give further details below. The rest of this action continued during that challenge.

15. Nokia for its part applied for dismissal of the Chongqing proceedings on the basis of lack of jurisdiction. The application and an appeal failed. Under the relevant Chinese procedural regime, the application and appeal led to a stay of the rate-setting proceedings as a whole. Oppo complains of Nokia's causing that delay. On the other hand, in this action the need for Trials A to C and their scheduling meant that Trial D was listed much later than it need have been. It always seemed to me that the technical trials were pointless given that Oppo said it wanted a licence and effectively admitted that it needed one. I raised this with Oppo at a number of procedural hearings and it finally relented shortly before Trial B would have come on, leading to the stay of Trials B and C and the appeal on Trial A, and the rest of these proceedings taking place under an assumption of infringement of valid claims. By then, of course, the delay to Trial D had been achieved, as I am sure was Oppo's intention all along. Oppo submitted at this trial that it could not or did not agree to an assumption of infringement earlier because of potential effect on proceedings in other jurisdictions. I would not accept that as having been its reason without evidence. So far as I recall there was never any evidence before me that that was the reason for maintaining the technical trials and if it had been raised then I would have sought to manage the issue. There was never anything to stop Oppo making clear that it did not accept infringement but was prepared to have the FRAND part of the proceedings conducted on the assumption of it and if this was a real problem I do not see why it went away just before Trial B.

16. The Chongqing proceedings and Trial D will reach their respective conclusions at roughly the same time; the parties agree that it cannot be predicted which will come first. Although this trial is in form about the nature of Oppo's substantive entitlement to a licence from Nokia, or indeed whether it already has a licence, many of the arguments have a strong flavour of *forum conveniens* about them, despite that having already been decided. Each side has arguments of principle as to whether a decision in London or Chongqing is more appropriate to decide FRAND, but the real strategic driver is that each side thinks it will get a better result in the court it prefers, as the Court of Appeal inferred in its judgment on the appeal from HHJ Hacon referred to above. Oppo says that it cannot undertake to accept a licence on the terms settled at Trial D because the Chongqing court would or might then regard the parties as having agreed to rate setting in the UK and end the Chongqing proceedings. I am sceptical about this. Oppo did not support it with evidence of Chinese law and it is not an issue of Chinese law that I am invited to decide.

17. In addition to its contention that it already has a licence or is a Clause 6.1. Beneficiary, Oppo relies on competition law. It says that it is an abuse of a dominant position for Nokia to seek an injunction at this stage. For the purposes of this trial, it is to be assumed that Nokia holds a dominant position. It is also assumed for the purposes this trial that Nokia will not grant a licence on terms settled by the Chongqing court and will still seek a FRAND injunction in these proceedings. I set out the assumptions in full below.

18. Each side relies on the possibility of the decision of its less-preferred court having a role in the overall outcome. Nokia says that any decision of the Chongqing court can potentially be considered at Trial D and used to adjust the FRAND terms, at least for China, although it makes no concession that there ought in fact to be any such adjustment. Oppo has made a proposal that this court be permitted potentially to decide rates for the UK and the EU, as long as the Chongqing proceedings set the rates for all the rest of the territories where Nokia has patents.

19. The trial before me involved some disputed issues of fact, although the parties helpfully minimised the number of these, the time spent on them and the need for cross-examination. On some issues, such as when procedural steps would happen in future, or precisely what was argued at hearings abroad of which there is no transcript, they jointly said that it was enough for them to agree that no definite decision was possible and that I should proceed simply on the basis that the answer was uncertain. This was pragmatic if unconventional and I will follow that course.

20. The trial also involved expert evidence on French law relating to the proper analysis of the ETSI regime, and Chinese law on procedure and on how Chinese courts determine FRAND. But the real issues were matters of law; overall I heard four days of submissions and two days of evidence.

21. Oppo took the role of claimant at this trial, opening and calling its expert evidence first (Nokia was the only party with a witness of fact who was cross-examined). This was appropriate given that it was the party making the positive

case: that its undertakings to take a licence as determined by the Chongqing proceedings prevented any injunction.

22. I was supplied by the parties with:

    i) An agreed list of issues for determination (the "ALI"). There were over two dozen issues including sub-issues and while I have found them useful as a checklist and am grateful they were too granular to structure this judgment around; the parties did not structure their submissions by reference to them.

    ii) An agreed chronology.

    iii) A list of disputed issues of fact.

    iv) An agreed statement on foreign law split into French and Chinese law, and stating points of agreement and points of dispute. It was updated following the evidence.

23. As I have touched on already there was a dispute over the scope of the issues for this trial which concerned EP 560 and which became apparent at the stage of closing submissions. It occupied an unfortunate amount of the time available for oral closing submissions. I deal with it below under the heading "Was it an issue for this trial whether a standstill was FRAND?"

24. At the trial, Sarah Ford KC appeared with Thomas Jones for Nokia. Andrew Lykiardopoulos KC, Kassie Smith KC and Ravi Mehta appeared for Oppo, with Mr Lykiardopoulos undertaking the oral advocacy, except on the abuse of dominance issue, which Ms Smith addressed. I am grateful to Counsel and all the parties' advisers for their help and submissions.

## CONFIDENTIALITY

25. Confidentiality was asserted by one or both sides, mainly over financial details and over third party licence agreements.

26. As I mention below, I thought these concerns were overdone and I think the degree of confidentiality was overstated. However, the details said to be confidential have not mattered to my reasoning or conclusions so I do not intend to resolve the extent to which confidentiality was properly claimed. I mention this particularly because at Trial D the details will matter much more, and the parties should not assume that I will take the same approach.

## PROCEDURAL HISTORY IN MORE DETAIL

27. From 1 July 2018 to 30 June 2021, Oppo was licensed by Nokia, and granted Nokia a cross-licence for Nokia's infrastructure business in respect of Oppo's own portfolio of patents which have been declared essential to the standards. Under the 2018 Licence, Oppo paid Nokia a very significant lump sum payment. The 2018 Licence expired on 30 June 2021.

28. The parties had been in negotiations to renew the licence prior to its expiry, but no agreement was reached. Nokia quickly issued two actions in the UK, as well as actions in Germany, France, Spain, India, Indonesia and Russia. Nokia has also commenced patent infringement actions (on SEPs and non-SEPs) in China, Brazil, Finland, The Netherlands and Sweden.

29. In Germany Nokia launched 22 infringement proceedings against Oppo. They consisted of 10 SEP infringement actions and 12 NEP infringement actions, spread around Mannheim, Munich and Düsseldorf. The German courts do not generally determine FRAND rates and instead follow the guidance of the CJEU in *Huawei v ZTE* Case C-170/13, with a particular focus on the pre-litigation negotiations. The court assesses whether a SEP owner's offers are "*evidently unFRAND"*. If offers are not evidently unFRAND, then the focus shifts to the implementer to conclude the licence. If it has not entered into a licence, it is in danger of being injuncted as an unwilling licensee. Oppo suggested that this system was more beneficial for SEP owners, and that Nokia thus saw a strategic opportunity.

30. Both of Nokia's UK claims were commenced in July 2021. In this action Nokia sued on three SEPs disclosed as essential to ETSI. In the '023 action Nokia sued on an implementation patent, not declared as essential to any standard, EP 560, as already mentioned.

31. Oppo has asserted that Nokia's UK strategy was intended to mirror the German approach, since the present action was commenced not as a rate-setting claim, but to determine only, specifically, whether Nokia's offers were FRAND, and asserting that if so an injunction should follow. In support of this Oppo pointed to the statement of Mr Vary of Bird & Bird, for Nokia, who explained in his second witness statement at §32:

> As can be seen in the Prayer for Relief, Nokia claims the typical relief for patent infringement (injunctions, damages inquiries etc) but tempered to take account of the fact that the patents in suit are SEPs. This is what gives rise to the declaratory relief sought, pursuant to the well-recognised jurisdiction of this court since the Unwired Planet litigation. In particular, the injunctive relief sought is contingent upon there being a FRAND licence alternative available to the Defendants, in respect of which Nokia seek a declaration. In this respect, I would emphasise that the UK court is not asked to enter into an open ended enquiry as to what the FRAND licence between the parties may be. Instead, Nokia seeks to take an approach, which in my experience of managing pan European SEP litigation, is much more akin to the way in which the interaction between FRAND and injunctive relief is addressed in the German courts.

32. That position changed when Nokia filed its Amended Particulars of Claim, first provided in draft on 8 April 2022 and amended on 21 September 2022. There it asked for a determination from the English court as to a FRAND rate.

33. Shortly after Nokia commenced its UK claims, on 13 July 2021, Oppo commenced the Chongqing proceedings, seeking the following relief:

> Request the court to determine, in respect of all the standard-essential patents that the Plaintiffs need a licence for, that the Defendants own and have the right to license, that meet the 2G, 3G, 4G and 5G standards or technical specifications, and that are valid and genuinely necessary, the license conditions in compliance with the principles of fairness, reasonableness and non-discrimination that the Defendants should offer to the Plaintiffs for their smart terminal products, including but not limited to global licensing rates which include China;

34. This does seek open-ended rate-setting, unlike Nokia's original binary formulation outlined above. Nokia says that the Chinese proceedings were reactive and ought to be regarded as second in time, while Oppo says that it initiated the first true FRAND claim seeking an open-ended rate-setting decision, and Nokia only followed on by its amendment referred to above. I think this was a rather unhelpful and insubstantial dispute. So far as it matters I agree with Nokia that Oppo was the reactive party in substance, although I think Nokia's attempt to follow the German model was not well thought out, and tactical. Both sides have been highly tactical in many respects in this litigation, though.

35. On 3 August 2021 Oppo applied for a Part 11 stay of this action on the grounds of *forum non conveniens*, or alternatively a case management stay.

36. Oppo's stay argument was that China was the proper place for determination of the FRAND dispute, being both an available forum following the *Sharp v Oppo* decision of the Chinese Supreme Court, and its commencement of the Chongqing proceedings, and that China was a greater centre of commercial gravity than the UK. Oppo undertook to honour the outcome of the Chongqing proceedings, and argued that this meant that the case in the UK should be stayed in favour of the Chinese claim. Both the High Court ([2021] EWHC 2952 (Pat)) and Court of Appeal ([2022] EWCA Civ 947; [2023] FSR 11) refused the stay of proceedings, essentially on the basis that Nokia's claim was properly characterised as a claim for UK patent infringement.

37. The Chongqing proceedings have continued. There was a hearing in Chongqing in December 2022, a 4-5 day evidential hearing held in March 2023 and another 5-day hearing in May 2023, for the conclusion of the evidence phase and legal argument. There are no further hearings scheduled. The parties disagree about when judgment will be given, with Oppo predicting it earlier than Nokia, but do agree that there is uncertainty. It may be later in 2023, or could be in 2024.

38. Nokia's case before the court in Chongqing is that no judgment should be issued at all. Nokia is seeking to prevent any judgment being rendered in Chongqing on the basis that Oppo does not have legal standing to request FRAND terms, that the claims are unclear and that they lack basis for adjudication and are not enforceable. Nokia also submits in Chongqing that the claim violates the legitimate rights of Realme and OnePlus (companies related to Oppo) and that the request for a standstill that is sought (I explain this further below) violates Nokia's rights to its non-SEPs.

39. At the same time as dismissing the jurisdiction challenge at first instance, in November 2021 HHJ Hacon case-managed this action into four trials: Trial A to Trial D. Trials A to C were listed for November 2022, March 2023 and June 2023 respectively. Trial D was listed for 10-15 sitting days in October 2023.

40. Trial A took place in November 2022. Nokia was successful: EP 103 was held valid and infringed ([2023] EWHC 23 (Pat)). I granted Oppo permission to appeal that decision, and the appeal was expedited for hearing in June 2023. In February 2023 Trial C was adjourned to September 2023 on the provision of certain undertakings by Oppo ([2023] EWHC 346 (Pat)).

41. Then in March 2023 Trials B, C and the appeal in Trial A were stayed by consent.

42. Pursuant to my Order of 7 March 2022, this Trial E was listed to address the repercussions of Oppo's commitment to the outcome of the Chongqing proceedings. Specifically, it was listed to determine Oppo's entitlement to certain declarations premised on Oppo's commitment.

43. The scope of this trial was adjusted twice (my Order of 21 September 2022 and my Order of 16 January 2023) to reflect amendments to the declarations sought by Oppo and a declaration sought by Nokia.

44. The above Orders provided that this trial was to take place on the following assumptions:

    i) if the outcome of the Chongqing proceedings is not known (or the Claimants have not offered to grant a licence on the terms determined to be FRAND by the Chongqing court), such a request is to be determined on an assumption that the Claimants will not grant a licence on the terms determined to be FRAND by the Chongqing Court, and that they will still request a FRAND injunction from this court; and

    ii) in respect of the Defendants' request for declaratory relief at 2BB(ii) of the Defendants' prayer for relief in the Re-Amended Defences and Counterclaims dated 30 September 2022, an assumption of dominance. If the Claimants wish to contest dominance, following the outcome of Trial E, then the Claimants shall seek to agree further directions with the Defendants, or apply to the Court for further directions.

45. The declarations sought by Oppo are as follows:

    i) Oppo Declaration 2A – "*A declaration that the Oppo Defendants are Intended Licensees within the class of beneficiaries of Clause 6.1 of the ETSI IPR policy and are entitled in these proceedings to rely upon and to enforce the undertakings given by the Claimants or their affiliates to ETSI*".

    ii) Oppo Declaration 2B – "*Further, or in the alternative to 2A above and if the jurisdiction challenge fails, a declaration that the giving of an undertaking to the High Court that the Third Defendant shall enter into a*

*global licence on FRAND terms as set by the Chongqing Court in the 1232 Action, is sufficient for the Oppo Defendants to be Intended Licensees within the class of beneficiaries of Clause 6.1 and to be entitled to rely upon and to enforce in these proceedings the undertakings given by the Claimants or their affiliates to ETSI*".

iii) Oppo Declaration 2BA – "*Further, or in the alternative to 2A and 2B above, and if the jurisdiction challenge fails, a declaration that the giving of an undertaking to the High Court that the Third Defendant shall enter into a global licence on FRAND terms as set by the Chongqing Court in the 1232 Action as adjusted by the English Court in respect of the terms applying to sales in the UK and in EU countries (if Nokia so elects), is sufficient for the Oppo Defendants to be Intended Licensees within the class of beneficiaries of Clause 6.1 and to be entitled to rely upon and to enforce in these proceedings the undertakings given by the Claimants or their affiliates to ETSI*".

iv) Oppo Declaration 2 – "*A declaration that Claimants (and each of them) are unwilling licensors who have not complied with their obligations under the ETSI IPR policy*".

v) Oppo Declarations 2BB(i) and 2BB(ii) – "*Further, and in addition to 2A, 2B or 2BA above, and if the jurisdiction challenge fails, a declaration that (i) the Oppo Defendants are entitled to rely upon an offer to take a licence on terms determined by a competent court to be FRAND in order to avoid injunctive relief and/or (ii) it would be an abuse of dominant position, contrary to Article 102 TFEU and/or Article 54 EEA and/or the Chapter II Prohibition, for the Claimants to seek injunctive relief absent any consideration of those terms by the English Court*".

vi) Oppo Declaration 2C – "*Further or in the alternative to 2A, 2B, 2BA or 2BB above, a declaration that the Oppo Defendants have at all material times been Licensees, licensed to the Nokia Mobile Standard SEPs (including the Patents) pursuant to French law, and as such there is no infringement of the Patents*".

46. Oppo's Declaration 2BA merits some comment. It is an adjustment proposal. Oppo explained at trial that it was not a 'fall-back' in the sense of following as a legal conclusion for some concrete reason if declaration 2B was rejected, but was instead offered in a constructive spirit as something to make the main FRAND determination taking place in Chongqing more acceptable.

47. Nokia said that in putting forward Declaration 2BA, Oppo was conceding that there could be some proper role for the English court in setting FRAND terms notwithstanding the Chongqing proceedings.

48. Nokia, in turn seeks a declaration - Declaration 4aa – that "*Save insofar as the Defendants and each of them undertake to the Court to take a licence to the Patents on the terms determined by the Court to be FRAND: A declaration that the Defendants do not fall within the class of beneficiaries of clause 6.1 of the*

*ETSI IPR Policy and are not entitled to rely upon and to enforce the undertakings given by the Claimants or their affiliates to ETSI*".

49. In the '023 action, 'normal' patent trial directions were given in December 2021. The trial was listed for September 2022 and took place over 5 days. EP 560 was held valid and infringed in November 2022 ([2022] EWHC 2814 (Pat)). Permission to appeal was refused by the Court of Appeal on 9 February 2023.

## German litigation

50. In Germany, Nokia has succeeded on two implementation patents (EP 731 (wi-fi) and EP 352 (secure data transfer)) and on two SEPs (EP 103 and its divisional EP 562). Another relevant patent, EP 217, has been revoked before the German courts.

51. Injunctions were granted and Oppo left the market in Germany in June 2022.

## Undertakings given and proposed

52. The parties have given or proposed the following undertakings.

53. Nokia's Particulars of Claim, as amended, contain an undertaking to offer Oppo a FRAND licence in the last sentence of paragraph 37:

> 37. Accordingly, and insofar as the Defendants and each of them agree by undertaking to the Court to take a licence to the Patents on the terms determined by the Court to be FRAND, the Claimants seek a declaration that the terms and conditions of the Nokia Offers are FRAND, alternatively a determination of the FRAND terms for the licensing of the Patents and a declaration that such terms are FRAND. The Claimants hereby undertake to offer the Defendants a licence to the Patents on terms determined by this Court to be FRAND.

54. Oppo's Re-Amended Defence and Counterclaim contains the following undertaking (the document was provided in draft when the jurisdiction challenge was still live; I quote from the Third and Fourth Defendants' version but the others' are not materially different):

> 19E. In his Judgment in this Action [2021] EWHC 2952, HHJ Hacon explained that if it mattered, he would ask the Defendants to state unequivocally that an undertaking is given. The Oppo Defendants do not accept that their intentions have ever been equivocal. Further, to the knowledge of the Oppo Defendants, it is not possible to give an undertaking to the Chongqing Court directly. If this was possible, the Chongqing Oppo Plaintiffs would do so. In light of the fact that the Defendants continue to challenge the jurisdiction of this Court, and in the absence of any court order allowing for such an undertaking whilst protecting the Defendants' position, no undertaking is given (or can be given) to this Court. Accordingly, by a second letter dated 22 November

2021 from Hogan Lovells to Bird & Bird, the Third Defendants gave the following undertaking to the Claimants:

> "without prejudice to the Defendants' challenge to the jurisdiction of the English Court, the Third Defendant confirms unequivocally that it hereby undertakes to Nokia to enter into a licence of Nokia's portfolio (including a cross-licence if Nokia wishes to have a cross-licence) on FRAND terms set by the Chongqing Court in action 1232 (with the cause of action being listed therein as "Dispute over standard essential patent royalties")", (the "Undertaking").

55. This is an undertaking to Nokia. Declarations 2B and 2BA (quoted above) postulate an undertaking to this court.

## THE PATENT AND COMMERCIAL LANDSCAPE

56. In making its argument that it is rational for global FRAND determination of this dispute to take place in China, Oppo relies on the geographical spread of Nokia's patents.

57. The numbers are said to be confidential. As on other matters, I think the claim to confidentiality is overdone but it is enough to say that European Patents make up by some way the largest part of Nokia's SEP portfolio. China is next and somewhat less, but Chinese patents account for the majority of non-European SEPs. Some important markets for Oppo are covered by very few Nokia SEPs.

58. Oppo emphasises that its largest retail markets are China and another Asian market (again said to be confidential). It points out that nearly all its devices are made in China and none is made in the EU. The whole of the EU accounts for 5% of its turnover and the UK is only a fraction of that.

59. I accept that this a factually accurate picture but I do not think it means the present dispute has any greater connection with China than with Europe. My reasons are given when dealing with the decision of the Court of Appeal in the jurisdiction appeal in this litigation.

## STANDSTILLS

60. Much of the argument at trial concerned "standstill" agreements.

61. What that means in the present context is an agreement that a patent or some patents will not be asserted, either for a fixed period of time, or until the occurrence of some event. What is under discussion in the present context is a standstill in relation to implementation patents being agreed in parallel with a licence for SEPs.

62. Clause 5 of the 2018 Licence included a standstill, essentially for implementation patents, and the draft licences put forward by the parties for the Trial D also include standstill provisions. There are some differences between

the parties. It is not necessary to set them out in detail, but I note that these are not confidential.

63. Not all standstills are the same. In particular, some standstills do no more than prevent the patentee from suing. When the standstill runs out, the patentee can sue and potentially recover damages in full for any infringements committed during the standstill. The licensee's acts during that period are not and never were licensed. But another factor is that a long standstill might lead to some acts that were infringements falling outside the relevant limitation period.

64. Yet another aspect to this is that some standstills allow the patentee to terminate and begin proceedings if they are attacked by the licensee. Furthermore, standstill agreements make more sense in the context of lump sum licences than in running royalty licences, since in the latter a licensee would stop paying if inhibited from selling products by assertion of an implementation patent (for example), while in the former case the lump sum will have been paid over, and the licensee needs the assurance of freedom to operate in order to derive its benefit.

65. In the present case, a potential complication was that if the new FRAND licence were to include a back-to-back standstill with the 2018 Licence, the effect could be that acts early in the overall period covered would fall outside the limitation period in the countries where they took place. Nokia's position at one point was that that meant that the new standstill it was offering had economic value which was real and which was greater than the standstill in the 2018 Licence.

66. After I made an order requiring Nokia to value the new standstill, it changed its position and now puts forward a standstill which it says does not abandon any of its accrued rights and has the same value as in the 2018 Licence. I say more about this when I deal with the procedural dispute that arose over standstills.

67. I have been able to describe matters at a level adequate for this judgment. Nokia maintains confidentiality in relation to its practices as to giving standstills, and in relation to which of its licensees do and do not have them and in what form.

## THE NEW LICENCE AND THE ARGUMENTS OVER ITS PRICE

68. The parties agree that a new FRAND licence will run for three years, until the end of June 2024. Sadly that means that it will in all likelihood have expired before an appellate court in this jurisdiction or in China rules on its terms (I say "in all likelihood" because Oppo says it is unlikely but not impossible that the Supreme People's Court will decide an appeal by June 2024; I severely doubt this).

69. The parties have put forward draft licences for court consideration, here and in China. Much of the content is agreed. There is, as I have said, a large disagreement about price, but at least in form the parties agree that if this court sets the price it will be a lump sum and if the Chongqing court sets it, it will be

a per-unit royalty. Oppo says that is in practice not a real difference, and I address that below.

70. As to price, there is agreement that it should represent an increase over the 2018 Agreement. Nokia previously justified the increase for which it contends by reference to (a) the fact that 5G is now included, (b) increasing sales by Oppo, and (c) the different and, it said, better nature of the "standstill" offered. Factor (c) has now gone away, however, because Nokia proposes in essence, subject to some minor details not relevant for present purposes, the same standstill as in the 2018 Licence.

71. The proposed licences for court consideration between Nokia and Oppo have changed from time to time. This is not unusual for FRAND litigation, where parties reduce what they are ultimately asking for, or decide that a decision of the court on some particular set of terms is no longer needed, or withdraw an offer from being open to acceptance. In the present case, Oppo notified me after trial that it had withdrawn an offer of May 2022, although it says it will still give those terms to Nokia if the Chongqing court so decides. Nokia made further submissions about Oppo's withdrawal, but I do not think it matters to my decision at this trial.

## WAS IT AN ISSUE FOR THIS TRIAL WHETHER A STANDSTILL WAS FRAND?

72. Near the end of the trial it became apparent that the parties did not agree about the scope of the issues for decision. The point was as follows: if I decided that Oppo was right and it already had a FRAND licence to Nokia's SEPs, or was a Clause 6.1 Beneficiary so as to be entitled to get a licence in due course, ought I to go on to decide whether or not that licence would include a standstill such that no injunction was available in relation to EP 560, which is an implementation patent?

73. Nokia said yes, which would have given it the potential still to get an injunction on EP 560 if it lost the main points on its SEPs, and Oppo said no. Oppo's main point was that the content of any FRAND licence was for Trial D and that at most all it had to show for present purposes to avoid an injunction in that scenario was that it was possible that the FRAND licence determined at Trial D would include a standstill for implementation patents.

74. Nokia relied on issue B and issue 7 in the ALI as putting the point in play. It also said that the fact evidence of Mr Hammaren was directed to the matter and that if Oppo wanted to show that a standstill either would necessarily be part of a FRAND licence, or might be found so at Trial D, then it needed to prove that and make any necessary challenge to Mr Hammaren.

75. The ALI, it should be noted, was drafted by the parties pursuant to paragraph 8 of a directions order I made on 16 January 2023 and that paragraph made clear that the purpose of the list was to clarify what the parties needed to cover in evidence. The ALI did not as such define the scope of this trial. That was set

originally by my order in March 2022 directing this trial, and adjusted in September 2022 and in paragraph 1 of the January 2023 order.

76. Reading the ALI closely and somewhat acontextually I can see Nokia's point. On the other hand, Nokia's opening skeleton did not really flag this as a point in play and there was nothing in the agreed list of factual disputes either.

77. Speaking for myself, I certainly had not picked up from my pre-reading or my previous case management of this dispute that there was a scenario in which I would determine part of the contents of a FRAND licence in this way in advance of Trial D, and although Nokia said it was the purpose of Mr Hammaren's evidence to enable me to do so, I had not realised that and indeed wondered what the relevance of his evidence was at this trial. Oppo submitted, and I accept, that if the contents of a FRAND licence were to be in issue, it would be expected that there would be much wider evidence, including expert evidence, for example about the prevalence and importance of standstill agreements generally.

78. Another factor in assessing this unfortunate procedural disagreement, and a factor that I think is very important, is that Nokia's case and position in relation to the standstill issue had been developing and changing in the run up to trial. I will describe this is rather general terms to avoid giving away anything alleged to be confidential:

    i) The nature of any standstill and its impact on the appropriate uplift from the 2018 Licence to arrive at the right price for the new licence was something on which Nokia had changed its position.

    ii) Nokia had indicated in correspondence in late March (a letter of 29 March 2023) that it would agree to a new licence determined by this court at Trial D containing a standstill provided that it was the same kind of standstill as in the 2018 Licence, and would not enforce any injunction already obtained. Its agreement was qualified: it emphasised its position that it was not obliged to do this. Nokia's opening written submissions had focused on the 29 March letter and a discussion of it constituted almost all that Nokia said in opening about a FRAND licence including a standstill in due course.

    iii) In the light of the complexities of Nokia's position on the standstill issue, I had directed that it had to provide a Statement of Case on Standstill Terms which it had done on 5 April 2023.

    iv) Nokia had then supplied an amended version of that Statement of Case on the Friday before this trial started, and the parties had agreed that Oppo would provide its answer after this trial was over. So, Oppo said, the pleadings were not even closed on the standstill issue. I found that a powerful point.

79. I must also bear in mind that when I dealt with the position on injunctive relief for EP 560 at the consequentials hearing from the relevant technical trial, I had expected that the position would be resolved at this trial, and I had been

persuaded to take the course I did largely on the basis of Oppo's contention that it was already licensed under French law. Counsel for Oppo said that matters had moved on because of Nokia's change of position on the standstill and its acceptance that a standstill would be available (albeit qualified as I have described).

80. This is a messy situation. In fairness to the parties (and to me) it was a challenge to define the issues for this trial in the light of the matters in the litigation as a whole and given that Trial D was to follow. It is tempting to say that the problem should have been spotted earlier but I think that employs too much retrospection.

81. In the end I think that there was a genuine lack of a meeting of minds between the parties on this relatively detailed question of what was to be in issue at this trial. I have sympathy with Nokia in the sense that at the consequentials hearing on EP 560 it was envisaged that injunctive relief for that patent would be determined at this trial, but matters have genuinely moved on, and Nokia's repeated changes of stance over the standstill issue are of overriding importance. Above all else, it would be unjust and not sensible to resolve the issue when the pleadings on it have not even closed, as I have explained above.

82. This makes Mr Hammaren's evidence unimportant. In addition, all he really spoke to was what Nokia's licences say and that could probably have been assessed without his evidence. In case I am wrong about whether this was an issue properly for decision at this trial, I will very briefly say that on the materials before me I would have accepted the contentions contained in Oppo's closing written submissions at paragraphs 229-234. I express my conclusion in this indirect way to avoid including confidential material in this judgment. Since I have accepted Oppo's argument that the FRAND status of standstills covering implementation patents is not within the scope of this trial, it ought to follow in principle that the matter could be explored more fully at Trial D. But the need to do so seems very unlikely since Nokia accepts, it says for pragmatic reasons, that a standstill should form part of the FRAND licence settled at Trial D, albeit that it says there is no obligation on it to offer one.

## EFFECT ON TRIAL D OF THE CHONGQING PROCEEDINGS

83. A point made by Nokia was that it was Oppo's intention to obtain a decision in the Chongqing proceedings and to try to use it to prevent Trial D from taking place.

84. Oppo changed its position on this multiple times.

85. Oppo's opening skeleton said (paragraph 19, emphasis in original):

> If the Court holds that Oppo <u>is</u> a Clause 6.1 Beneficiary and/or is licensed, that does not mean that Trial D should not take place. It would mean that Oppo is not put to an election now between the two sets of proceedings. If the Chongqing court issues its judgment prior to

judgment in Trial D then this will require case management within Trial D.

86. However, in oral submissions on day 2 of the trial, Counsel for Oppo, replying to a question from me on day 1, said that Oppo reserved the right if the Chongqing court decided FRAND terms before Trial D, to argue that Trial D should *not* go ahead. He also said that Oppo might argue that the Chongqing court could compel Nokia to enter into a licence on terms that it set.

87. I expressed some concern about this new or at least more developed position, and then on day 3 Counsel for Oppo clarified that Oppo was not making a case that the Chongqing court could or would compel Nokia to enter into a licence against its will. What might happen if the Chongqing court ruled first was discussed further in the context of the adjustment regime the subject of declaration 2BA.

88. Oppo's position in closing submissions was that a decision in the Chongqing proceedings prior to Trial D might mean that Trial D should not go ahead but that it depended on the nature of the judgment and the situation as it developed. Oppo again reserved the right to apply for Trial D to be vacated in the light of a decision of the Chongqing court. Oppo also clarified that its adjustment proposal (the subject of declaration 2BA) envisaged that the Chongqing court should hold its trial first, with Trial D stayed in the meantime, and then Trial D only to resume following the Chongqing result, with Nokia having the chance to try to persuade the court that a UK/EU rate should be different from the Chongqing rate.

## WITNESSES

89. Since Oppo took the role of Claimant at this trial I will describe its witnesses first.

### Oppo's Factual Witnesses

90. Ms Tingting Liao is a partner at the Chinese law firm Fangda Partners, which represents Oppo in the Chongqing proceedings. She gave evidence about those proceedings. She did not give oral evidence.

91. Dr Henrik Lehment is a partner at Hogan Lovells in Düsseldorf, which represented Oppo in the German proceedings. He gave evidence on the Munich court's approach to the dispute, and for the need for a standstill. He did not give oral evidence.

### Oppo's Foreign Law Witnesses

92. Oppo called two foreign law experts: Professor Stoffel-Munck and Professor Wang. Both gave oral evidence.

93. Professor Stoffel-Munck is Professor of law at the University of Paris, who is also registered at the Paris Bar. In March 2020 the French Ministry of Justice

appointed him to preside over the Law Commission tasked with the French law reforming c*ontrats spéciaux.* He gave evidence on French Law.

94. Professor Wang Yanfang is Professor of Intellectual Property Practice at East China University of Political Science and Law, with extensive academic credentials. She is a former judge of the Intellectual Property Court of the Supreme People's Court in China. She holds PhD in Law from China, and LLM degrees from Universities in both the United States and the United Kingdom. She has been a visiting scholar at Stanford University, the Max Planck Institute, and JICA in Japan. She gave evidence on Chinese Law. Prof Wang gave evidence through an interpreter.

**Nokia's Factual Witnesses**

95. Mr Yuguo Zuo is a partner at Lawyjay Partners, which represents Nokia in the Chongqing proceedings. He gave evidence about those proceedings. He did not give oral evidence.

96. Patrik Hammaren is Head of IoT Licensing at Nokia globally, and was former Head of Licensing in Greater China. He was involved in negotiations with Oppo for the 2018 Licence. He gave evidence regarding Nokia's licensing policies for SEPs and its approach to non-SEPs. In particular, his evidence covered the specific term Nokia generally included in cellular SEP licenses which were directed at unlicensed patents. He also responded to Dr Lehment's witness statement. Mr Hammaren gave oral evidence. I thought he was a careful and fair witness and Oppo made no criticism of him.

97. Stephan Waldheim is a partner in Bird & Bird's German office. He gave evidence as to the German proceedings, and responded to Mr Lehment's statement. Mr Waldheim did not give oral evidence.

**Nokia's Foreign Law Witnesses**

98. Nokia called two witnesses on foreign law: Professor Helleringer and Dr Hao, both of whom gave oral evidence.

99. Professor Geneviève Helleringer holds several academic positions. She is a Professor of Law at ESSEC Business School in France, the IECL Lecturer in French Law and Business Law and Deputy Director of the Institute of European and Comparative Law at the University of Oxford. She was admitted to the New York Bar and practised law in the United States from 1999-2001. She returned to academia in 2004. She gave evidence in French law, in particular as regards the French contract law concepts of *promesse unilatérale* under Article 1124 of the Civil Code*, stipulation pour autrui* under Article 1205 et sec. of the Civil Code, and the requirements of certainty of content under Article 1163 of the Civil Code.

100. Dr Yuan Hao is a Senior Fellow and Director of the Chinese IP Law Engagement Project at the Law School of the University of California, Berkeley. She practises law within both the United States and the People's Republic of China, having practised in Beijing from 2011 to 2014. Dr Hao gave

evidence on Chinese law, particularly the approach that a Chinese court will take to FRAND determinations.

**Assessment of the foreign law experts**

101. No criticism was made by either side of the experts on Chinese law. I found their oral evidence clear, fair and helpful.

102. Each side criticised the other's French law expert for taking positions that were, in effect, extreme (the ways they expressed the criticisms were slightly different from each other). There was a little substance in this but it must be recalled that the experts were giving evidence on some topics that are relatively innovative or little-explored in French law, for example the concept of an SCPA, which is explained below. I did not think that their independence or credibility was undermined and their help has put me in a good position to decide the issues.

103. I agree with Nokia that Prof Stoffel-Munck commented on application of French law to the facts rather than sticking to identifying simply what French law is. Possibly this was because he has written on FRAND and ETSI a fair bit, but in any event his commenting on the application to the facts did not cause a problem in his oral evidence and does not lead me to give his evidence any less weight.

**THE KEY DOMESTIC CASE LAW**

104. I have to consider a number of decisions of the courts in this jurisdiction. They were given in three disputes:

    i) *Unwired Planet v Huawei*. Naturally, the controlling authority is the decision of the Supreme Court *Unwired Planet v Huawei* [2020] UKSC 37 ("*UPSC*"). But I also need to consider the judgments of Birss J, as he then was, at first instance [2017] EWHC 2988 (Pat) ("*UPHC*") and of the Court of Appeal [2018] EWCA Civ 2344 ("*UPCA*") because they provide context for *UPSC* and/or because they contain holdings not changed on appeal. In the case of *UPHC* I also need to set out what Birss J said about there being a single set of FRAND terms even though the Court of Appeal disagreed.

    ii) *Optis v Apple*, trial F [2021] EWHC 2564 (Pat). I decided ("*Optis F (HC)*") that Apple had to agree to the FRAND terms that were going to be set subsequently or otherwise submit to an injunction on the SEP it had been found to infringe, and the Court of Appeal upheld my decision – [2022] EWCA Civ 1411 ("*Optis F (CA)*"). I commented on French law, competition law, the ETSI regime and the application of UPSC. As with *Unwired Planet*, the controlling authority is the Court of Appeal but aspects of my judgment remain relevant for analogous reasons.

    iii) This litigation, at the jurisdiction stage. The parties' main arguments before me focused on the Court of Appeal decision, [2022] EWCA Civ 947 ("*Jurisdiction CA*"), and I will not need to quote from the decision of

> HHJ Hacon, [2021] EWHC 2952 (Pat), other than to note his important statement at [98] that "*as both Nokia and the defendants agreed, the Chongqing court, if and when it rules on royalty rates, will do so justly. I fully endorse that agreement.*"

105. I will deal with the authorities in the above order (*Unwired*, *Optis v Apple*, this litigation) which is basically chronological, with the slight wrinkle, which does not affect the analysis, that the decision in *Optis v Apple* at first instance preceded the judgment of HHJ Hacon, but the appeal in *Optis v Apple* was after the Court of Appeal in this case.

***UPHC***

106. I will only cite specific paragraphs referred to by the parties which are important to their arguments; I do not think it necessary to give any general summary of the case.

107. At [138] Birss J said:

> 138. I am not persuaded by this. I cannot see any reason why a blank form is incapable of being an offer made by ETSI nor any reason why a properly completed form cannot be an acceptance of that offer, indicating which of the pre-defined options the form shows ETSI is prepared to offer, the declarant has chosen to accept. As for the terms of future contracts, the form makes an unambiguous reference to Clause 6.1 of the ETSI IPR Policy. That policy expressly provides that a future licence will be available on FRAND terms. The issue of what FRAND terms are is addressed below. *At this stage the key point is that (as I have found below) it is possible for a court to adjudicate whether a licence is or is not FRAND. Whether terms are FRAND is an objective matter for a given set of circumstances and therefore whether a FRAND undertaking has been complied with can be determined as a matter of law. In that sense the undertaking is legally enforceable. Knowing that the licence will be on FRAND terms is all the parties need to know*.

108. Oppo relied on the section italicised (by me, not in the original). The context was the French law analysis of the ETSI regime and the different contracts involved. Oppo made the point that whether given terms are FRAND terms is determinable by courts without the need for any further meeting of minds by the potential licensor and licensee. I agree with this, as further discussed below.

109. At [141]-[143] Birss J commented on whether in the ETSI regime the patentee's FRAND undertaking might mean that an implementer was already licensed:

> 141. These are significant issues for which I have considerable sympathy. An idea which has been canvassed and was in the pleadings at one stage in these proceedings although it was subsequently dropped, is that a FRAND undertaking could mean that an implementer is in effect already licensed. Just as in English law a specifically enforceable contract to sell property can be treated as an assignment in equity such that the buyer is, for some purposes, treated as the owner of the property

> in all but name, so the FRAND undertaking may have the same effect. On that basis an implementer could plead that it has a complete defence to past infringements since it was, in substance, licensed.
>
> 142. Neither side before me suggests that the FRAND undertaking is specifically enforceable in the sense I have described. For my part I doubt that the FRAND undertaking can be specifically enforced in such a way that either party could legally be compelled to enter into a contract against their will. Certainly the implementer could not be so compelled and I doubt the patentee could be either. However a proper analysis of the full legal situation needs to have regard to the intellectual property rights which the FRAND undertaking relates to as well as the contractual position. It also needs to take into account competition law.
>
> 143. I do not believe it is necessary in order for the FRAND undertaking to be legally effective, for it to be true that the undertaking is specifically enforceable in such a way that the IPR holder could be compelled to enter into a contract against their will. In other words, even if a patentee cannot be compelled to enter into a contract by specific performance of the FRAND undertaking, that undertaking can still have substantive legal effect. As mentioned already FRAND is an objective standard. Courts concerned with patent cases in a number of countries around the world have set FRAND rates and this court will do so too. If a patentee refuses to enter into a licence which a court has determined is FRAND then, subject to the *Vringo* problem which I will consider below, a court can and in my judgment should normally refuse to grant relief for patent infringement. The converse applies to an implementer who refuses to accept a FRAND licence. In that case the normal relief for patent infringement should normally follow. Thus there is no need for contract law to go as far as creating a power to compel parties to enter into FRAND licences against their will because patent law already has the tools available to give legal effect to the FRAND undertaking.

110. Thus Birss J noted that neither side actively argued that there was already a licence in such circumstances; he doubted whether the FRAND undertaking could be specifically enforced; and he said that it did not need to be because the regime could be made to work by the grant or refusal of injunctive relief. I return to this below, however, because Birss J commented on it again later on.

111. At [158]-[159] Birss J commented on the concept of a single set of FRAND terms:

> A single set of FRAND terms and the *Vringo* problem
>
> 158. The concept of a single set of FRAND terms also eliminates the *Vringo* problem. That is a significant virtue. If more than one set of terms can be FRAND then the *Vringo* problem of rival FRAND offers cannot be solved in a fair way. I do not accept either party's submission about what a court should do if presented with rival terms both of which are FRAND. I reject Unwired Planet's submission that the patentee should

> win in that case because the patentee's obligation is simply to make a FRAND offer. This argument derives from too narrow a view of the wording of the FRAND undertaking and the reference to being "prepared to grant irrevocable licences" on FRAND terms. These words are not apt to distinguish between Unwired Planet's interpretation, which sets the limit of a patentee's obligations as being merely to make offers, and a wider interpretation which would oblige a patentee to enter into licences on FRAND terms.
>
> 159. The wider interpretation is preferable for another reason too. It is more consonant with the purpose of the FRAND undertaking itself. An obligation focussed only on making FRAND offers (my emphasis) is unrealistic since a process of fair negotiation will usually involve some compromise between the parties' rival offers. If the ETSI undertaking demands that offers made by a patentee must themselves consist of FRAND terms, then that would condemn patentees to always end up with negotiated rates below a FRAND rate. Therefore it makes much more sense to interpret the ETSI FRAND obligation as applicable primarily to the finally agreed terms rather than to the offers. In other words, it is an obligation to enter into FRAND licences. The same logic also applies to implementers: an obligation on implementers to make FRAND offers as opposed to enter into FRAND licences would have them paying rates higher than the FRAND rate.

112. Both sides relied on these paragraphs before me as to whether the patentee is obliged only to make offers of FRAND terms, as opposed to grant licences. However, the point about whether there can only be a single set of FRAND terms in a given situation is one on which the Court of Appeal differed from Birss J (see below), although it had no impact on the overall result. So I do not think it is right to place reliance on them. The same applies to [793] to which Ms Smith KC took me.

113. Birss J also considered whether an implementer's willingness under *Huawei v ZTE* had to be unqualified. This is relevant because it is part of the context for the Supreme Court's reasoning in *UPSC* [158]:

> 705. It is plainly correct that Unwired Planet have maintained their claim for injunctive relief throughout the proceedings, subject to what I have found to be an irrelevant qualification. But it is not accurate to say that the claim has been maintained even after Huawei made it clear they were willing to enter into a FRAND licence.
>
> 706. In the only forum which is admissible before this court Huawei have never made an unqualified commitment to enter into a FRAND licence. Having reviewed the conduct of the proceedings in detail, Huawei's stance has always been that they are willing to enter into what Huawei contend is a FRAND licence. Until a few days before trial that was and was only a patent by patent licence for any patent found valid and infringed. After the 11th October it was a UK portfolio licence.

Huawei have always reserved to themselves the right to determine what was FRAND at least in respect of the scope of the licence.

707. That kind of stance always has been a risk. Leaving to one side the Art 102 defence itself, in other words Huawei's case that Unwired Planet have abused their dominant position such that the appropriate remedy would be refusal of an injunction in any event even if no licence is in place, the insistence on a particular scope of licence depends on the court finding or the claimant agreeing that such a licence was indeed FRAND. Insistence on a patent by patent licence derived some support from my *Vringo* judgments which refer to that sort of licence but on any view once *Huawei v ZTE* had been decided, it was clear that *Vringo* was not the whole story. In any event Huawei's stance shifted beyond that before trial.

708. I will address *Huawei v ZTE* in detail below but at this stage I can say that when the CJEU in *Huawei v ZTE* refers to a licensee expressing a willingness to conclude a licence agreement on FRAND terms, in my judgment they are referring to a willingness which is unqualified. In other words, a willing licensee must be one willing to take a FRAND licence on whatever terms are in fact FRAND. Those terms might be settled by negotiation, by a court or by an arbitrator but to insist on any particular term runs the risk that that term is not FRAND. At best it could only amount to a form of contingent willingness.

709. The position of Unwired Planet in these proceedings involves trying to insist on certain terms (a worldwide licence) but that insistence is not of the same kind as Huawei's insistence on a UK portfolio licence because Unwired Planet's approach takes account of the possibility that they may not be entitled to demand what they ask for, whereas Huawei's stance does not. Unlike Unwired Planet, Huawei's approach had no fall-back position.

710. The issues about royalty rates or other terms does not add anything to this analysis. The parties' offers on rates were far apart but by the trial both sides were prepared for the court to decide what the FRAND rate was (subject the scope issue). Other terms were not discussed at all until the court initiated the discussion.

711. In reality of course it is and has always been obvious that both sides would be prepared to enter into a licence if only agreement could be reached. Unwired Planet never wanted an injunction, they wanted a licence if the terms could be agreed. Huawei did not want to be injuncted, they too wanted a licence if the terms could be agreed. And both parties have known that perfectly well from the very beginning. To the extent they have each accused the other of intransigence, the only basis on which the court can operate is the open stances adopted by each side.

> 712. So this is an action for a prohibitory injunction, but it is not one in which the patentee has persisted in seeking such an injunction when the defendant has given an unqualified commitment to take whatever licence is FRAND.

114. In the summary of his conclusions at [806], Birss J said:

> (5) The legal effect of the FRAND undertaking relating to a SEP is not that the implementer is already licensed. Its effect is that an implementer who makes an unqualified commitment to take a licence on FRAND terms (settled in an appropriate way) cannot be the subject of a final injunction to restrain patent infringement. Whereas an implementer who refuses to take a licence on terms found by the court to be FRAND has chosen to have no licence, and so if they have been found to infringe a valid patent an injunction can be granted against them.

115. It was pointed out to me by Counsel for Oppo that Birss J had not earlier reached a conclusion on whether under French law there was already a licence, but rather had said at [141] that the idea had been raised and then dropped. I agree with this, but in context what Birss J was really saying was that the ETSI regime was workable without there *having to be* a licence already, by the grant or withholding of an injunction. So I do not think there is a material inconsistency.

***UPCA***

116. At [54] the Court of Appeal said:

> 54. But there is another side to the coin which needs some elaboration at this point. Just as implementers need protection, so too do the SEP owners. They are entitled to an appropriate reward for carrying out their research and development activities and for engaging with the standardisation process, and they must be able to prevent technology users from free-riding on their innovations. It is therefore important that implementers engage constructively in any FRAND negotiation and, where necessary, agree to submit to the outcome of an appropriate FRAND determination.

117. Oppo relied on this, arguing that it had complied with what the Court of Appeal said was required, because it had engaged in negotiation and agreed to submit to the outcome of a FRAND determination (in the Chongqing proceedings). I think the Court of Appeal was speaking very generally at this stage, although the point made is an important one. As Oppo itself submits, the question of what to do when more than one jurisdiction may determine FRAND was just not in the court's mind.

118. At [80] the Court of Appeal said this:

> 80. The next matter is the meaning and effect of the undertaking that UP has given to ETSI in relation to the SEPs in its patent portfolio, wherever those rights may be situated. This is a single undertaking, the

> construction, validity and enforcement of which are governed by French law. As we have explained, the judge decided, as he was entitled to decide, that this undertaking is enforceable by third party implementers and it requires a SEP owner to grant a licence to any such implementer under its SEPs on FRAND terms. One of the critical questions for the judge in this trial was what those FRAND terms were for a licence by UP to Huawei and, in particular, whether UP was required by its undertaking to grant to Huawei a licence under its SEPs territory by territory or whether it could meet its obligations to ETSI by offering to Huawei a worldwide licence. The judge decided this issue in favour of UP. In doing so he was not adjudicating on issues of infringement or validity concerning any foreign SEPs. Nor was he deciding what the appropriate relief for infringement of any foreign SEPs might be. He was simply determining the terms of the licence that UP was required to offer to Huawei pursuant to its undertaking to ETSI. It was then a matter for Huawei whether it was prepared to take that licence, and to do so in its full scope. It could not be compelled to do so, and if it chose not to, the only relief to which UP would be entitled would be relief for infringement of the two UK SEPs the judge had found to be valid and essential.

119. This was relied on in the context of whether a patentee is obliged by the ETSI regime to *grant* or to *offer* a licence. I return to this below, as there are further paragraphs in the Court of Appeal's judgment relevant to this point.

120. In a passage from [121]-[127] the Court of Appeal dealt with the issue of whether there can only be one set of FRAND terms in a particular situation, and reached a different conclusion from Birss J:

> 121. We have come to a different conclusion from that of the judge on the question whether there can be only one set of FRAND terms for any given set of circumstances. Patent licences are complex and, having regard to the commercial priorities of the participating undertakings and the experience and preferences of the individuals involved, may be structured in different ways in terms of, for example, the particular contracting parties, the rights to be included in the licence, the geographical scope of the licence, the products to be licensed, royalty rates and how they are to be assessed, and payment terms. Further, concepts such as fairness and reasonableness do not sit easily with such a rigid approach. In our judgment it is unreal to suggest that two parties, acting fairly and reasonably, will necessarily arrive at precisely the same set of licence terms as two other parties, also acting fairly and reasonably and faced with the same set of circumstances. To the contrary, the reality is that a number of sets of terms may all be fair and reasonable in a given set of circumstances.
>
> 122. We agree with Huawei that the judge relied on two matters in coming to a contrary conclusion. The first was the economic evidence. The judge observed at [148] that, from the point of view of economists, the FRAND royalty rate was the rate which the parties in a given set of

circumstances would converge upon and agree to. Then, at [164], he appeared to rely once again on the economist's view in concluding that, for a given set of circumstances, there will be only one set of FRAND terms and one FRAND rate.

123. The economic evidence did not support such an inflexible approach, however. Dr Niels, UP's expert economist, explained in his second report that FRAND was a range for all practical purposes. Dr Neven, Huawei's expert economist, said that there are different combinations of contractual clauses including royalties that can be deemed to be FRAND, but that for a given set of contractual clauses there is only one level of royalty payments that will be agreed upon.

124. The second matter relied upon by the judge was the problem he had identified in his two *Vringo* decisions and to which we have referred. He thought one of the merits of the single set of FRAND terms approach was that it eliminated this problem. He also said that if more than one set of terms can be FRAND then the *Vringo* problem cannot be solved in a fair way.

125. In our judgment this is more of a theoretical problem than a real one. If the SEP owner and prospective licensee cannot agree upon the terms and royalty rates of a FRAND licence and the question of what is FRAND falls to be decided by a tribunal, whether a court or an arbitrator, then the tribunal will normally declare one set of terms as FRAND and that will be the set of terms the SEP owner must offer to the prospective licensee. If, however, the outcome of the proceedings is that two different sets of terms are each found to be FRAND then in our judgment the SEP owner will satisfy its obligation to ETSI if it offers either one of them. It will in that way be offering an irrevocable licence of its SEPs on FRAND terms.

126. Counsel for Huawei submit this outcome will create injustice in a case where, as here, the real difference between the parties is whether a global or a national licence is FRAND. If both are FRAND then, counsel continue, the tribunal should limit its consideration to the particular jurisdiction where it is situated. Further, it would be unjust for the SEP owner to be given the opportunity to use the threat of a national injunction to require the prospective licensee to take the global licence for this would amount to a form of international coercion.

127. We disagree. For the reasons we have given earlier in this judgment, this submission involves an elision of two separate but related matters: first the relief to which a SEP owner is entitled if it establishes infringement of its monopoly right, and secondly, what the SEP owner must do to satisfy the undertaking it has given to ETSI. Moreover, the term coercion is used in this context to imply improper duress or compulsion. But, if both the global and the national licence were FRAND, the SEP owner would be guilty of no such behaviour by offering the global licence. That global licence would, on this hypothesis,

be fair, reasonable and non-discriminatory. It would then be a matter for the prospective licensee whether to accept it.

## *UPSC*

121. The judgment begins with a general assessment of how the policy behind the patents system relates to standardisation in the telecommunications industry:

> *Patents: the legal background*
>
> 2. The starting point is the "patent bargain" which promotes innovation and justifies the monopoly which a patent gives an inventor. The patent bargain is this: an inventor receives the reward of a time-limited monopoly of the industrial use of its invention in return for disclosing the invention and dedicating it to the public for use after the monopoly has expired. See for example *Actavis Group PTC EHF v ICOS Corpn* [2019] UKSC 15, para 53. The patents conferring such monopoly rights are national in scope and are usually conferred by national governments. Legal questions as to their validity and their infringement are determined by the national courts of the state which has conferred the patent right or, in the case of a European patent, in a designated state. An inventor has to protect its invention by applying for patents to the national authorities of each of those states in which it seeks to obtain a monopoly (unless it obtains a patent from the European Patent Office under the European Patent Convention which creates a nationally enforceable patent within each designated state). It is not unusual for a national patent for an invention to be upheld by the courts of one state and another national patent for what in substance is the same invention to be invalidated by the courts of another state. Within Europe, the same European patent can on occasion be upheld by the courts in one signatory state but be invalidated in another. Much may depend on the differing evidence led and arguments advanced in national legal proceedings.
>
> 3. In English law, once a patent owner has established that a patent is valid and has been infringed, it is prima facie entitled to prevent further infringement of its property rights by injunction. In Scots law an interdict provides a similar remedy. We discuss this matter (the fifth issue) in more detail in paras 159-169 below. This prima facie entitlement and the patent owner's entitlement in other jurisdictions to obtain similar prohibitory remedies form part of the backdrop to the contractual arrangements which lie at the centre of these appeals.
>
> 4. To promote the development of global markets for telecommunications products, including mobile phones, the infrastructure equipment and devices produced by competing manufacturers need to communicate and inter-operate with one another and the phones need to be available for use internationally by consumers who travel with their phones from one jurisdiction to another. Two attributes of patent law have militated against this development. First, the prima facie entitlement of the owner of a patent to prohibit by injunction the use of its invention

> within a national jurisdiction has the potential to disrupt a global market for equipment using that invention. Secondly, the national nature of patent monopolies, which forces the patent owner seeking to protect its monopoly to raise proceedings in individual national courts, makes it very difficult, if not wholly impracticable, for a patent owner to protect an invention which is used in equipment manufactured in another country, sold in many countries and used by consumers globally. The first attribute may give owners of patents included in an agreed standard excessive power to disrupt an otherwise global market to the prejudice of manufacturers of equipment using such inventions ("implementers") and to exact excessive royalties for the use of their inventions. The second attribute may enable implementers to avoid paying an inventor a proper price for the use of its invention internationally. There was therefore potential for the alternative evils of the abuse by a patent owner of its monopoly rights and of the denial by implementers of the patent owner's legitimate rights. Organisations involved in the telecommunications industry have sought to address those evils by establishing Standard Setting Organisations ("SSOs") to which they bring their most advanced technologies, promoting standards using those technologies, and putting in place contractual arrangements to which we now turn. SSOs aim to promote both technological innovation, which is made available to the public, and competition between manufacturers, and thereby to benefit consumers through more convenient products and services, interoperability, lower product costs and increased price competition.

122. For the purposes of this dispute, two key elements of this passage must be emphasised. The first is that the patent system is designed to allow for a limited monopoly of the industrial use of an invention in return for that invention's release into public use once the patent has expired. The second is that the patent owner is prima facie entitled to an injunction once a patent right has been infringed. Nokia relied on this heavily, but at the general level stated I did not really detect any disagreement from Oppo.

123. The court went on to explain how SSOs and ETSI in particular fit into the position. The Supreme Court introduced the relevant framework, including the ETSI IPR Policy, and its context and interpretation:

> *Standard Setting Organisations*
>
> 5. Telecommunications SSOs have been established in China, Europe, India, Japan (two), South Korea and the United States. The first telecommunications SSO was the European Telecommunications Standards Institute ("ETSI"), which is a French association formed in 1988 and which has adopted an intellectual property rights ("IPR") policy and contractual framework governed by French law. ETSI is recognised as the SSO in the European Union telecommunications sector. It has over 800 members from 66 countries across five continents. Its purposes, as set out in article 2 of its Statutes (5 April 2017), include the production of "the technical standards which are necessary to achieve a large unified European market for telecommunications [etc]" and "to

contribute to world-wide standardization" in that field. SSOs bring together industry participants to evaluate technologies for inclusion in a new standard. ETSI is the relevant SSO as the patents which are the subject of these appeals are the UK designations of European patents ("UK patents") which have been declared to ETSI as essential. The relevant standards in these appeals are telecommunications standards for 2G (GSM), 3G (UMTS) and 4G (LTE) telecommunications equipment and devices. The seven SSOs have cooperated to form the 3rd Generation Platform Partnership (3GPP) to develop and oversee those standards. ETSI through its secretariat manages the process by which its members contribute to the development of international standards. Participants in SSOs have an incentive to put forward their technology as a component of a proposed standard as inclusion in the standard ensures a market for the technology. Alternative technologies which are not included in a standard may well disappear from the market. Participants also accept obligations to declare IPRs which might potentially have an effect on the implementation of standards developed by the SSOs.

6. Although it is necessary to examine the arrangements in more detail below, it may be useful to give an overview of how ETSI deals with "Essential IPRs", a term which we equate with SEPs, when it devises those standards. Owners of patented inventions which might be used in a telecommunications industry standard, which is under preparation, declare their patents to ETSI. When considering whether to include a technology in a standard, ETSI requires the patent owner to enter into an irrevocable undertaking or contract with it to allow implementers of the standard to obtain a licence to use the relevant patented technology on fair, reasonable and non-discriminatory ("FRAND") terms. If the declared patented invention is included in a standard and it is not possible to make, sell, use or operate etc equipment or methods which comply with the standard without infringing that IPR, it is treated as an "Essential IPR". The irrevocable undertaking to give a licence on FRAND terms to implementers applies to any such Essential IPRs. But ETSI is not under an obligation to check whether patents declared to be essential are in fact essential. Nor does ETSI make any binding judgment on the validity or status of any such patents: ETSI Guide on IPRs (19 September 2013) ("the Guidance") para 3.2.1. Those are matters for the relevant national courts. ETSI leaves it to the relevant parties, if they so wish, to resolve those questions by court proceedings or alternative dispute resolution: the Guidance para 4.3.

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.

124. Again, Nokia relied on the balance set out at [7], and at this general level I did not understand Oppo to disagree.

125. The court went on to consider the ETSI IPR Policy's context from [8]. In the course of doing so it quoted the key operative part of Clause 6.1 at [12]. This is a convenient point to set out, purely for completeness, the whole of Clause 6.1; the parts omitted by the Supreme Court were not relevant to what it was considering and mostly do not matter for the purposes of my judgment, although the requirement of reciprocity has some significance:

> 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.

126. At the end of this section the court summarised its view in the following terms:

> 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.

127. This refers to the SEP owner having an enforceable obligation to *grant* licences, and Oppo relied on that. Nokia for its part stressed that the Supreme Court did not interfere with the Court of Appeal's reasoning that more than one set of terms may be FRAND. Nokia also put a heavy emphasis on the Supreme Court's reasoning that the ETSI regime is a contractual derogation from a patentee's general right to an injunction. As to the first of Nokia's points, the Supreme Court noted without criticism the Court of Appeal's reasoning at [29]:

> 29. Huawei appealed against Birss J's orders. On 23 October 2018 the Court of Appeal (Lord Kitchin, and Floyd and Asplin LJJ) handed down a judgment dismissing the appeal: [2018] EWCA Civ 2344; [2018] RPC 20. The court disagreed with the judge's conclusion that in any particular case there could only be one set of FRAND terms. If a circumstance were to arise in which either a local or a global licence would be FRAND, 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. But this aspect of the judge's reasoning had no material effect on the conclusion which he had reached because he had not erred in deciding that, in the circumstances of this case, only a global licence would be FRAND.

128. The Supreme Court commented further on the ETSI regime in general, the importance of negotiation and the possibility ultimately of an injunction at [61]:

> 61. We therefore do not construe the IPR Policy as providing that the SEP owner is entitled to be paid for the right to use technology only in patents which have been established as valid and infringed. 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.

129. In this instance the court referred to an undertaking to "offer" a licence. It reiterated that there is a limitation on the patentee's ability to seek an injunction.

130. At [90] the court commented on the lack of an international tribunal for determining FRAND and the role of national courts in that context:

> 90. Finally, Huawei submits that if a national court were prepared to determine that a worldwide licence is FRAND and that entering into such a licence is a precondition of the refusal of an injunction to prohibit infringement of a national patent, there is a risk of forum shopping, conflicting judgments and applications for anti-suit injunctions. In so far as that is so, it is the result of the policies of the SSOs which various industries have established, which limit the national rights of a SEP owner if an implementer agrees to take a FRAND licence. Those policies, which either expressly or by implication provide for the possibility of FRAND worldwide licences when a SEP owner has a sufficiently large and geographically diverse portfolio and the implementer is active globally, do not provide for any international tribunal or forum to determine the terms of such licences. Absent such a tribunal it falls to national courts, before which the infringement of a national patent is asserted, to determine the terms of a FRAND licence. The participants in the relevant industry, which have pragmatically resolved many disputes over SEPs by the practice of agreeing worldwide or international licences, can devise methods by which the terms of a FRAND licence may be settled, either by amending the terms of the policies of the relevant SSOs to provide for an international tribunal or by identifying respected national IP courts or tribunals to which they agree to refer such a determination. 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. Subject to the plea of forum non conveniens, to which we now turn, this court has no basis for declining jurisdiction.

131. It then went on to deal with *forum non conveniens* (the issue in the Conversant appeals). Its critical finding was that the dispute should be characterised as a UK patent infringement and validity action. That was Issue 2. Issue 3 concerned FRAND and non-discrimination and the court held in favour of Unwired that the standard was not "hard-edged".

132. Finally, at [158] and dealing with Issue 4 (competition law) the court endorsed the view of Birss J that what mattered was Unwired's willingness to license on whatever terms the court found, and Huawei's preparedness to do so only on its own terms:

> 158. Given that we share Birss J's interpretation of the CJEU's judgment, we see no reason to interfere with his assessment that Unwired had not behaved abusively. He found that sufficient notice was given to Huawei before the injunction application was made. He properly evaluated the course of the negotiations between the parties in light of what the CJEU had said. There was no mandatory requirement that Unwired itself make an offer of terms which coincided with those that were ultimately determined by the court to be FRAND. Apart from the more general points that we have made earlier, in rejecting the argument that the CJEU's scheme was mandatory, such an absolute requirement to hit the target precisely with an offer could not sit easily alongside para 68 of the CJEU's judgment, which contemplates determination of the amount of the royalty by an independent third party. What mattered on the facts of this case was that Unwired had shown itself willing to license Huawei on whatever terms the court determined were FRAND, whereas Huawei, in contrast, had only been prepared to take a licence with a scope determined by it.

***Optis F (HC)***

133. I dealt with the ETSI regime and Clause 6.1 in a section starting at [135]. At [139]ff I said this:

> **Further aspects of French law**
>
> 139. Clause 6.1 of the ETSI IPR Policy creates what is referred to in French law as a *stipulation pour autrui*. It is a type of contract where one party, the promisor (the SEP owner, in this case Optis) is required by

> another party, the stipulator (ETSI), to carry out an act of performance for the benefit of a third party (the implementer, in this case Apple).
>
> 140. The obligation to carry out the act of performance, which in the present case is to grant a licence to essential patents on FRAND terms, can be enforced by the stipulator or the beneficiary.
>
> 141. The *stipulation* must be accepted by the beneficiary.
>
> 142. Usually, the *stipulation* only confers a benefit on the beneficiary. It may, however, also impose a burden.
>
> 143. Beneficiaries may be a named individual or individuals, or they may be a category of people (an example referred to in argument was the poor of a particular municipality).
>
> 144. Where the beneficiaries are defined by reference to a category, it is by the process of contractual interpretation that I described in my judgment in Trial B that French law determines the meaning and scope of the category.
>
> 145. Various points of French law were in issue at the start of this trial, but they mostly fell away. For example, Optis dropped arguments that there were relevant presumptions, and Apple decided not to oppose Optis' position that a patent licence under French law did not have to have a specified price (Apple seeks to reserve the right to revive the point at Trial E, as to which I express no opinion, but I will proceed on the basis of Optis' position for the purposes of this trial). The only outstanding issues concerned the situation where a *stipulation pour autrui* imposes obligations on the beneficiary. Apple contended that such a situation was unusual and that obligations imposed on the beneficiary must be explicit and cannot be implied.

134. Some of the written evidence on French law and some argument at this trial focused on what I said at [141]. In fact, for the *stipulation* to be valid it does not have to be accepted by the beneficiary. Acceptance of the relevant benefit makes the *stipulation* irrevocable, but in the period between the *stipulation* initially being made and any acceptance of the benefit the *stipulation* is valid but revocable. I do not think anything turned on the point in *Optis v Apple* or in this case, not least because by Clause 6.1 the patentee's undertaking to ETSI is irrevocable.

135. It may be noted that I recorded at [145] that the argument that a patent licence under French law did not have to have a specified price was dropped. It therefore seems that the parties there thought that the licence between patentee and implementer arising from the ETSI arrangement would be under French law, which the parties at the trial before me in this action agreed was not the case.

136. I also decided that it was possible for a *stipulation pour autrui* to impose a burden on the beneficiary. I went on to conclude at [154] that such burden did not have to be explicit.

137. My interpretation of Clause 6.1 was set out in a section from [275]ff. I held for a broad class of beneficiaries but that the benefit came with the "corresponding burden of taking a licence" ([279]). At [285]-[290] I said this:

> 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.
>
> 286. Not expressing the analysis in terms of giving a commitment avoids the problem of the interpretation being too tied to UK procedure.
>
> 287. Had it been right and necessary to decide whether a commitment to take a licence at some later point could and should be implied under French law, I would have held that it could and should. I have dealt with the relevant French law above. Given my other reasoning I think it is very obvious that ensuring there was not the ability for implementers to work the standard without a licence was the intention of ETSI. I accept Apple's point that clause 6.1 has an express obligation on implementers in some circumstances to grant cross-licences, and it could be a factor against implying other obligations, but it is of very modest weight, and if the matter has to be approached by the implication of an obligation, then an obligation necessary to make the whole balance of clause 6.1 work clearly should be implied.
>
> 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.

> 289. The way for Apple to remedy this situation as a matter of this Court's procedure is to give an undertaking to take whatever licence is set at Trial E. That would ensure that its intention was to operate under a licence. One might debate at what point after it gave such an undertaking Apple would actually become licensed. This was not argued in any detail before me. Since French law (on the basis I am proceeding) does not require a specific price for a valid patent licence it may be possible that a licence comes into effect immediately. It is however not necessary to decide this, however, since Optis does not, as I understand it, say there should be an injunction if the undertaking is given.
>
> 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.

138. Paragraph [288] again raises the point about the *stipulation* being accepted. It would perhaps have been more accurate for me to say that the burden had to be accepted, but it is not important for present purposes.

139. Both sides focused submissions on [290]. Nokia said that in the present case Oppo, as was the case for Apple, is only willing on its own terms (a decision in the Chongqing proceedings) and Oppo responded that whereas Apple was insistent on its own price, albeit that that fell within a FRAND range, it, Oppo, imposed no conditions and would take whatever the Chongqing court decided. That is at the heart of the dispute at this trial and I return to it below.

140. I dealt with abuse of dominance at [303]ff. The section is much too long to quote in full but I held that it was not possible to decide that Optis had not acted abusively in the past, even though it had committed to give a licence on whatever was held FRAND at the later trial, but that that did not preclude an injunction for the future. The abuses alleged by Apple are set out at [303] and included seeking an injunction in advance of terms being decided.

141. Part of my analysis that was important to my conclusions was at [322]-[323]:

> 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.

142. And I concluded that it would be wrong to withhold an injunction at [327]-[331]:

> 327. In this context, I asked [Counsel for Apple] 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 (see *UPHC* at [795]).

> 330. These all militate in Optis' favour and it would be wrong to withhold an injunction. One can imagine that in other, different situations it would be appropriate to refuse an injunction, especially if the SEP owner had not committed to adhere to the Court's decision on FRAND. Another example might be if the SEP owner was seeking an injunction at a time when it had still not explained the basis for the rates sought, although I think that is very unlikely to occur in the context of UK litigation.
>
> 331. As I have said, I must also consider whether it is appropriate to make this decision now, without waiting until Trial E. I think it is. My reasoning assumes that Apple will prove the abuses at Trial E that it alleges. I have concluded that the effect of those abuses, if any, has ceased or been prevented, and that will not change.

### *Optis F (CA)*

143. The leading judgment was that of Arnold LJ.

144. He dealt in detail with the arguments on Clause 6.1. For present purposes, I need only quote the central ground on which he rejected Apple's appeal:

> 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 injuncted) 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.

And two paragraphs in the more detailed reasoning where Arnold LJ was dealing with Apple's more specific points:

> 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.
>
> …
>
> 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.

145. I agree with Nokia that [70] supports its case that even in relation to the price there can be more than one FRAND answer, and that the patentee is entitled to choose. As the Court of Appeal said in *UPCA*, that is an unlikely scenario in practice, but in principle I think Nokia is right. In the present case Nokia has undertaken to give a licence at the rate set by this Court.

146. The Court of Appeal's key reasoning on abuse of dominance relevant to the present case (a forward-looking perspective) is to be found at [93]-[94]:

> 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.

147. Arnold LJ concluded:

> 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.

The dysfunction on which Arnold LJ was commenting was the lack of a dispute resolution mechanism in the SDOs' policies. It is that that leads to the problems of timing, hold up and hold out to which he was referring and to the difficulties with parallel global rate-setting proceedings raised by this trial. But post-*Unwired* it is at least possible for patentees to seek to bring about a decision on global FRAND terms in the UK, and both in China and in the UK (see what I say about *Kigen* below) an implementer can seek a decision about global FRAND terms if they want to.

***Jurisdiction CA***

148. Following a general introduction to the ETSI regime and this litigation with its international scope Arnold LJ (giving the main judgment) said:

> 13. 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 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.
>
> 14. 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 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.
>
> 15. 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).
>
> 16. But what is to happen if the courts of more than one country are seised with proceedings concerning the SEPs in question? If more than one country's courts proceed to determine the terms of a global FRAND licence, there is an obvious risk of inconsistent decisions (not to mention a huge waste of legal costs). The only way to avoid the risk of inconsistent decisions is to ensure that only one court determines the terms of the global FRAND licence. As a matter of principle, one might expect this to be the court first seised of the dispute, with its determination being binding on the parties (by way of *res judicata*) in any other proceedings. This has three potential consequences. The first is a rush by each party to the court to establish jurisdiction in a forum which is perceived to be favourable to that party's position. The second is an application by one party for an anti-suit injunction to restrain the other party from commencing or pursuing proceedings in a different jurisdiction to that considered favourable by the applicant party. The third is an application by the respondent party in the forum sought to be enjoined for an anti-anti-suit injunction restraining the first party from making or pursuing its application for the anti-suit injunction in the other forum. All of these consequences have manifested themselves in disputes between patentees and implementers in recent years.
>
> 17. The only sure way to avoid these problems is to use a supranational dispute resolution procedure, and the only supranational procedure currently available is arbitration. If the parties do not agree to arbitration, however, the national courts must deal with the resulting jurisdictional disputes as best they can. Because there are no bespoke jurisdictional rules applicable to such disputes, still less any internationally agreed ones, national courts must apply their ordinary jurisdictional rules. In doing so national courts must have due regard to comity (that is, the need to respect the jurisdictions and judicial systems of other nations), but national courts cannot solve the problems inherent in the present system of resolving SEP/FRAND disputes.

149. This has obvious echoes of [115] in *Optis F CA*; it again stresses the difficulties caused by the lack of an effective supranational dispute procedure and says that national courts must do the best they can with existing tools, as they are doing. It also raises the question of using *res judicata* to address the situation where more than one national court decides global FRAND terms.

150. Having in mind the issues Arnold LJ identified and their acute potential relevance in this litigation in the near future should the Chongqing court give judgment close in time to Trial D, I asked the parties for their submissions about *res judicata* in this kind of context. The parties did provide submissions on the point in their closings for trial, but there were two problems. First, the factual situation is uncertain as to which court will come first and what each will say,

so the question would have to be addressed on a number of hypotheses, and other complications arise over whether a decision of the Chongqing court would be regarded as giving rise to a *res judicata* under Chinese law, pending appeal there. Second, the parties were very cagey because whether or not the application of *res judicata* is likely to favour them in due course depends on what happens. I do not feel in a position to make any findings with this limited assistance and have concluded that I do not need to. It is clear that much thought and argument will be needed before *res judicata* can provide an answer, to the extent it can.

151. At [25] Arnold LJ noted that any FRAND licence arising from the present litigation ought to include a cross-licence:

> 25. It is also important to note that it does not appear to be disputed by Oppo that a FRAND licence of Nokia's portfolio of SEPs will include a cross-licence of Oppo's SEP portfolio. This is because Nokia exercised the option available them under clause 6.1 of the ETSI IPR Policy when making their declarations of essentiality of making their undertakings to grant licences on FRAND terms conditional upon reciprocal cross-licences on FRAND terms being granted by any implementer which has also made a declaration of essentiality.

152. In dealing with *forum non conveniens*, Arnold LJ analysed the proper characterisation of the dispute, concluding that it should be seen as an infringement and validity dispute over UK patents. The conclusion is at [44], and in the analysis leading to it, Arnold LJ said (his emphasis):

> 42. Secondly, Oppo's undertaking to Nokia is only to take a global licence upon the terms determined to be FRAND *by the Chongqing court*. Oppo have offered no undertaking to take a global licence upon the terms determined to be FRAND by the English court. Nor have Oppo offered an undertaking to take a global licence upon the terms determined to be FRAND by an arbitral tribunal. In other words, Oppo's characterisation of the dispute is not in truth forum-neutral, but amounts to an attempt by a sleight of hand to build the answer as to forum into the question of how the dispute is to be characterised. As *Re Harrods (Buenos Aires)* Ltd [1993] Ch 72 establishes, that is an illegitimate approach to characterisation.
>
> 43. Thirdly, even if the point about the nature of Oppo's undertaking is put on one side, the question remains as to how Nokia are to enforce their right to obtain compensation for Oppo's exploitation of their portfolio. As explained above, the SEP holder's FRAND obligation operates by way of defence to an infringement claim in order to prevent hold up. Like any SEP holder, the only remedy available to Nokia for preventing hold out by an implementer is an injunction to restrain unlicensed infringement of their patents. Oppo's characterisation of the dispute as being purely about the terms of a global licence ignores this critical dimension of the dispute. The point can be illustrated in this way. Obviously, Oppo have commenced proceedings in Chongqing in the belief that the Chongqing

court will set a lower royalty rate or rates than the English court. But the royalty rate which is determined to be FRAND makes no difference to the question of enforcement. What happens if the Chongqing court, contrary to Oppo's expectation, determines a FRAND rate that is higher than Oppo are willing to pay? Unless the determination of the Chongqing court can be directly enforced against Oppo, a question I will return to in the context of considering the appropriate forum, the only way for Nokia to enforce their rights will be to obtain an injunction to restrain patent infringement. Nokia will therefore have to bring claims for infringement of their SEPs in the PRC even if they have not done so before then. Thus Nokia's claim for an injunction to enforce their SEPs is inescapably a key aspect of the dispute between the parties, and since patents are territorial any proceedings in a national court are inescapably founded upon the SEPs asserted by Nokia in that jurisdiction. As the judge put it at [45]:

> " … I do not agree that broadening out the dispute between the parties so that it becomes viewed from a global perspective leads to the result that it can be correctly characterised as a dispute about FRAND terms. That is only possible if the allegations by Nokia of infringement of its SEPs in the various jurisdictions are brushed aside. Alternatively, if they are included with[in] the overall picture of the dispute, those allegations must be characterised as being concerned with the essentiality, infringement and validity of local patents in their various jurisdictions."

153. When considering alternative forum (which he did only for completeness, having concluded that the case was properly to be seen as a claim to enforce UK patents), he said this:

> 55. Counsel for Oppo placed most weight on the third, fourth and fifth factors, which again can be taken together. These are that most of the devices covered by the dispute are manufactured in the PRC and a significant quantity in Chongqing; the majority of the devices are sold in the PRC, India and Indonesia, with Europe accounting for less than 5% of global sales and the UK less than 0.5%; and the main source of revenue from the putative licence will be the PRC. I am not persuaded that these factors connect the dispute with Chongqing rather than England, however. On Oppo's own characterisation of the dispute, it is over the terms of a global FRAND licence, and in particular the applicable royalty rate(s). The key factor in the assessment will be the value of a global licence of Nokia's SEP portfolio (taking into account the value of a cross-licence of Oppo's SEP portfolio) which will depend on (i) the strength (in terms of validity and essentiality) of that portfolio and (ii) the contribution of that portfolio to the standards in question. As such, the determination of the dispute will depend very largely upon expert technical and valuation evidence taking into account any comparable licences. Thus the dispute over the terms of the licence could be determined by any competent national court or by a supranational arbitral tribunal. It has no real connection with any territory.

154. I respectfully agree with this. It is a reason to reject Oppo's point at this trial that its approach generally makes sense because of a closer connection with China (and in relation to other territories outside Europe, that they are more closely connected with China because Oppo devices sold there are made in China). Oppo's point at this trial is more a point of presentation or prejudice. Closeness of connection is not a concrete point I have to decide, but if I did I would follow the Court of Appeal. My view is reinforced by the fact that having considered Oppo's FRAND pleadings I see nothing that could be better or more readily decided by a Chinese court, and the fact that the Chinese decisions on FRAND that I have seen in the course of this trial do not contain anything along such lines, either. Of course, this is not to say that the Chinese courts would do global FRAND less well than a court here. I am simply saying that global licence valuation has no particular connection with any territory in preference to another, as the Court of Appeal said.

155. At [59]-[63] Arnold LJ dealt with whether the Chongqing court would apply Chinese law rather than French law (see also [79] on the latter point in the context of Oppo's appeal on the case management stay) and whether the Chongqing court's decision would be binding on the parties. I deal with the former point below since matters have moved on in the meantime and there is more evidence and more clarity than when the appeal was heard. As to the second, it is now agreed that the Chongqing court's decision will not be binding pending any appeal, which will take place after the new licence's term runs out, and the parties have agreed that it is uncertain whether the Chinese appellate court would force Nokia to enter into the licence determined, which in any event would of course also be after expiry of the new licence.

156. In stating its conclusion dismissing Oppo's appeal on *forum non conveniens* at [66] Arnold LJ again said that the dispute had no natural forum.

***Conversant***

157. At first instance in *Conversant v Huawei*, [2018] EWHC 808 (Pat) Henry Carr J commented on the way in which the English court would deal with revocation or rate setting by Chinese courts in the context of settling a FRAND licence. He said:

> 18. Birss J's analysis [about whether setting FRAND terms would involve the English court adjudicating the validity of foreign patents] is simple, and in my view, compelling. Applying it to the present case, there is nothing to prevent Huawei China and ZTE China from continuing in China with challenges to validity in respect of the Chinese patents. If all the Chinese patents are invalid or not infringed, then any FRAND licence will need to provide that no royalties should be payable in respect of them, either for the past or the future. If the Defendants are successful in respect of all such patents, then, on the figures provided to me, a large proportion of the royalties which would otherwise be payable will fall away. Furthermore, if the Chinese courts determine a FRAND royalty rate for the Chinese patents which are valid and infringed, the English court may well decide to include this rate for China in any global FRAND licence that it determines.

> 19. For reasons that both sides accept, the Defendants cannot put in issue the validity of foreign patents in proceedings before the English court. If, in their defences, the Defendants asked this court to determine that foreign patents were invalid, the plea would be strikeable as non-justiciable. However, it is not unjust to the Defendants for this claim to proceed in the English court, merely because of an assertion that the Defendants intend to plead matters which are non-justiciable. The Defendants do not need to do so, as they can bring their invalidity claims in the appropriate jurisdiction. A global licence which is FRAND can take account of the results of proceedings taken by the Defendants in the appropriate jurisdiction, by reflecting the results of those proceedings and by providing an appropriate mechanism for royalty adjustment.

158. I respectfully agree with this. It means that the English court can give effect to foreign decisions in two ways. First, it can adjust FRAND rates if foreign patents are revoked by the courts of the jurisdictions where they are registered. Second, it can include a rate settled by a foreign court for the relevant territory. It follows that it may also reflect a foreign decision about rates without going so far as to plug it in directly to the licence it is settling.

### *Kigen*

159. *Unwired Planet* establishes that the Patents Court can determine the terms of a FRAND licence in the context of infringement proceedings, at the instance of the patentee. In *Kigen (UK) Ltd v Thales Dis France* [2022] EWHC 2846 Fancourt J had to consider whether an implementer could seek a global FRAND determination. He said (conclusion at [20]) that it could, although he held that the implementer had to undertake to take the licence so determined.

160. *Kigen* was not a case involving the ETSI IPR Policy, but was under equivalent provisions of the GSM IPR Regulations, which required an undertaking parallel to Clause 6.1. The claim for a FRAND determination was brought to enforce the patentee's undertaking.

161. I asked Nokia and Oppo to say whether they agreed that *Kigen* was correctly decided. They both agreed. It means that an implementer can proactively seek to have global FRAND terms set in the UK.

## FOREIGN LAW

162. As I have mentioned above, the parties provided a helpful document on foreign law. For each of French law and Chinese law there was a section of agreed principles and a section identifying the disputes. The parties also provided an updated version at the time of closing arguments to reflect matters which had dropped away.

163. I have split the parties' document into French law and Chinese law and edited it slightly as to its wording. My editing changes are not intended to alter its

substance. I have also removed sections which became irrelevant as a result of discussions during the closing arguments:

i) It became apparent that Oppo no longer needed to rely, or at least did not rely, on Art. 1194 of the French Civil Code (which concerns the implication of terms).

ii) An argument that the licence alleged by Oppo already to exist was not in writing as French law required fell away when it was agreed that such licence need not be subject to French law in any event.

iii) It was agreed that patent licences are akin to leases under French law, but this was not relied on by either side.

164. Because the French and Chinese law points fit into the arguments in very different ways and places, I am going to deal with all of French law and then all of Chinese law.

165. In relation to French law, I have found it easier to restate the single disputed issue in my own terms than to adopt the parties' formulation. This is not a criticism; the parties were trying to phrase the dispute in neutral terms which made their description a little Delphic, and matters have moved on in terms of the arguments.

166. I have removed references to the experts' reports for brevity. They were helpful to me but I do not think they will aid the reader of this judgment.

## Agreed principles of French law

167. Unless otherwise indicated, references to Article numbers are to the French Civil Code, as reformed in 2016.

General Principles of French contract law

168. In French law, a contract is a concordance of wills of two or more persons intended to create, modify, transfer or extinguish obligations.

169. Contracts are formed through a sufficiently clear and precise offer followed by acceptance, either of which may be express or implied.

*Principles of contract formation – unilateral promise*

Art. 1124. A unilateral promise is a contract by which one party, the promisor, grants another, the beneficiary, a right to have the option to conclude a contract whose essential elements are determined, and for the formation of which only the consent of the beneficiary is missing.

Revocation of the promise during the period allowed to the beneficiary to exercise the option does not prevent the formation of the contract which was promised.

A contract concluded in breach of a unilateral promise with a third party who knew of its existence, is a nullity.

170. It is possible for there to be a unilateral promise of contract. This is an agreement entered into between a promisor and a promisee.

171. The promise contemplates the formation of a future contract to which the promisor already consents, while the promisee is granted the right to opt in for the formation of that contract. When the promisee exercises his option right, the contemplated contract is formed.

172. By a preliminary contractual arrangement (a "first contract") a party declares its willingness to enter into a subsequent contract (a "second contract"). The person or persons to whom that promise is made can exercise an option to enter into the second contract at will. Once the option is exercised, the second contract is formed and becomes enforceable, by and against both parties to it.

173. The nature of the second contract is not limited and may apply validly to any nature of contract.

174. There are no limitations as to the law of the second contract. Determining the applicable law for the second contract would be a matter of French law contractual interpretation of the first contract. Accordingly, while French law governs the first contract, the applicability of French law stops at the boundary of the first contract.

*Stipulation pour Autrui*

Art. 1205. A person may make a *stipulation* for another person.

One of the parties to a contract (the 'stipulator') may require a promise from the other party (the 'promisor') to accomplish an act of performance for the benefit of a third party (the 'beneficiary'). The third party may be a future person but must be exactly identified or must be able to be determined at the time of the performance of the promise.

Art. 1206. The beneficiary is invested with a direct right to the act of performance against the promisor from the time of the *stipulation*.

Nevertheless, the stipulator may freely revoke the *stipulation* as long as the beneficiary has not accepted it.

The *stipulation* becomes irrevocable at the moment when the acceptance reaches the stipulator or the promisor.

175. The *stipulation pour autrui* ("SPA") is a legal mechanism whereby the parties to a contract, namely a stipulator and a promisor, immediately vest a third-party (the beneficiary) with a right against one of them (the promisor) even though that third-party is defined in the abstract, is not aware of the benefit of that right and has not accepted it.

176. As long as the third-party has not accepted the benefit of the right vested in it, the stipulator may revoke that right. By contrast, the promisor may not revoke the right vested in the beneficiary by the SPA.

177. The main legal effect attached to the SPA mechanism is expressed in article 1206 paragraph 1 of the Civil Code which creates an accessory right between the beneficiary and the promisor.

178. The beneficiary is not a party to the underlying agreement between the stipulator and the promisor. It is merely the beneficiary of a specific enforceable right derived from this contract and defined therein.

179. A third party will be a beneficiary of an SPA provided that third party satisfies the conditions for being a beneficiary set out in or objectively determinable by reference to the underlying contract between the stipulator and the promisor.

180. It is not necessary for the beneficiary to be determined when the underlying contract between the stipulator and the promisor is entered into. However, it must be possible to determine the beneficiary at the time the obligation undertaken by the promisor is to be performed.

181. The right vested in the beneficiary by the SPA must be determined or determinable, as is generally required by Article 1163 (set out below). There is a dispute as to whether there is a material difference in the law before and after the Reformed Civil Code (see below).

182. If the *stipulation* (i.e., the wording of the underlying contract between the stipulator and the promisor) is valid but nonetheless unclear or ambiguous, it will not undermine the legal force of the *stipulation*; rather, the *stipulation* will have to be interpreted to see whom it is designed to benefit.

183. Acceptance of the SPA (express or implicit) makes it irrevocable. In cases where the SPA is subject to corollary obligations for the beneficiary, the role of the beneficiary's acceptance is not merely to accept the benefit but also to accept the debt.

*Stipulation de contrat pour autrui (SCPA)*

184. An SCPA is a mechanism combining, on the one hand, a unilateral promise of contract, i.e., an agreement whereby a promisor grants an option right to a promisee for the formation of a future contract and, on the other hand, an SPA whereby the parties agree that the option right be granted to a third-party beneficiary rather than to the promisee.

185. An SCPA is a triangular device whereby A (the stipulator) agrees with B (the promisor) that B will conclude with a third party C (the beneficiary) a future contract as agreed between A and B, if C so desires. Thus, an SCPA vests the third-party beneficiary with an option right to enter into a future contract with the promisor.

186. The third party beneficiary must exercise their option right (i.e., agree to be bound by the prospective contract with the promisor) in order to conclude (i.e., to form) that contract. Thus the prospective contract is formed at the point at which the beneficiary opts in for the formation of that contract.

187. The mechanics of the SCPA follows the regime of the unilateral promise of contract and accompanying right of option. The contract is fully formed and exercise of the option implicitly includes an acceptance of complying with all the obligations stipulated in the contract.

*The effect of acceptance of an SPA*

188. The acceptance by the beneficiary of the benefit contemplated by the *stipulation* precludes the stipulator from revoking the *stipulation*. Acceptance by the beneficiary of the benefit can be said to stabilise the benefit.

189. The acceptance by the beneficiary of the benefit of an SPA is not a precondition of the entitlement to the right set out by SPA, except if the wording of the *stipulation* subjects that right to certain obligations on the part of the beneficiary, in which case the beneficiary shall be allowed to enforce the right against the promisor only if he accepts to be bound by the corollary obligations. Prof Stoffel-Munck referred to this as a *stipulation avec charge* and that became the term more frequently used in argument. Prof Helleringer referred to it as an "advanced" SPA.

190. In the case of an SCPA:

    i) Where the stipulation does not subject the benefit of the option right to any condition, the beneficiary does not need to accept anything in order to benefit from the option right contemplated by the SCPA.

    ii) Where the *stipulation* is subject to a condition, the beneficiary will be entitled to the option right only if he accepts to be bound by the corollary obligation. If he accepts to be so bound he will benefit from the option right and may therefore exercise it to form the second contract.

    iii) In both cases, the beneficiary must exercise the option right in order to form the second contract. In so doing the beneficiary accepts to be bound by any obligations that arise under the second contract.

*The ETSI undertaking creates an SPA*

191. Following *Unwired Planet v Huawei* and *Optis v Apple* (UK), it is now well accepted that the ETSI undertaking creates an SPA or SPCA under French law.

*Article 1163 – certainty of performance (including price)*

Art. 1163. An obligation has as its subject-matter a present or future act of performance.

> The latter must be possible and determined or capable of being determined.
>
> An act of performance is capable of being determined where it can be deduced from the contract or by reference to usage or the previous dealings of the parties, without the need for further agreement.

192. The general rule under Article 1163 is that, for a contractual obligation to be valid, it "must be possible and determined or capable of being determined" i.e., determinable.

193. "Determinable" means that the act of performance required can be deduced on the basis of the intent of the parties either from the terms of the contract itself or by reference to previous dealings, and in any case without the need for further agreement. The determinability can typically derive from a procedure (e.g. appointment of a third party who will set the price) or a mathematical formula agreed by the parties. No further agreement is needed, because by some agreed operation (or by deduction from the parties' previous conduct) it is possible to ascertain what the agreed price is.

194. Allowing an act of performance to be "determinable" at the time of the formation of the contract allows the parties to a formed contract to postpone the crystallisation of the actual act required.

195. Unless the Code specifically provides otherwise, the parties must bilaterally agree on the determined act of performance or the criteria for its determinability. Whether the acts of performance have been sufficiently defined is a question of fact.

*Rules on Interpretation of Contracts*

Art. 1188. A contract is to be interpreted according to the common intention of the parties rather than stopping at the literal meaning of its terms.

> Where this intention cannot be discerned, a contract is to be interpreted in the sense which a reasonable person placed in the same situation would give to it.

Art. 1189. All the terms of a contract are to be interpreted in relation to each other, giving to each the meaning which respects the consistency of the contract as a whole.

> Where, according to the common intention of the parties, several contracts contribute to one and the same operation, they are to be interpreted by reference to this operation.

Art. 1190. In case of ambiguity, a bespoke contract is interpreted against the creditor and in favour of the debtor, and a standard-form contract is interpreted against the person who put it forward.

Art. 1191. Where a contract term is capable of bearing two meanings, the one which gives it some effect is to be preferred to the one which makes it produce no effect.

Art. 1192. Clear and unambiguous terms are not subject to interpretation as doing so risks their distortion.

196. The principles governing interpretation of contracts should only be looked at where there is room for interpretation i.e. where the black letter text of the contract is obscure or ambiguous.

197. Where contractual interpretation is performed, it is common practice to do so using extrinsic materials, including, for example, negotiation documents and other materials relating to the period preceding the conclusion of the contract or relating to the context of the conclusion (collective agreements, individually negotiated contracts, etc.).

198. The court may also take into consideration the conduct of the parties after the conclusion of the contract, to the extent that it sheds light on the parties' original intentions as to the meaning and effect of their contract.

199. From a general standpoint, French law provides two alternative tests for the interpretation of contracts: (1) a subjective one, aimed at ascertaining the genuine common intent of the parties (if any), or (2) an objective one, by reference to the standard of the reasonable person. Under the rubric of the concept of the "common intention" of the parties, the French courts have commonly adopted an objective approach when no genuine common intent could be identified.

200. A French court may prefer an interpretation which allows a provision to bear legal effects and, therefore, which is compliant with the law. In the event of ambiguity, in accordance with Article 1191, a French court may prefer an interpretation of a contract which results in the contract complying with the law (e.g., competition law), rather than one which would infringe the law and call for sanctions. A meaning that would lead the provision to become void, ineffective or inapplicable because it would, for example, qualify as an infringement of the law, may be less preferred.

201. The rules of interpretation also favour consistency with the contractual context. It follows that, when a text allows two meanings, it must be understood to have the meaning that reconciles best with other relevant terms of the relevant agreement(s).

**Disputed propositions of French law**

Article 1163 – determinable on an objective basis

202. Although the general position under Article 1163 is the subject of agreement as set out above, there is a dispute as to the particular approach to "determinability", and whether the Article materially departed from the prior

Article 1129 of the Napoleonic Code, which applies to contracts entered into before October 2016.

203. The cut-off date of October 2016 appeared at least at the start of trial to have some potential importance because Nokia's declarations to ETSI relating to 3G and 4G were all before that date, but its declarations as to 5G were afterwards.

204. Prof Stoffel-Munck said that Article 1163 merely codified the position under Article 1129, in which case the approach to all the Nokia declarations would be effectively the same, while Prof Helleringer said that it had effected a major change. I mention that Article 1129 said that the price had to be "determined" for a contract to be valid, but case law had decided that that meant "determined or determinable".

205. The dispute shrank in importance because it was initially mainly directed to whether the price for the licence under the contract with Nokia which Oppo said already existed was sufficiently certain, and it came to be agreed that that contract was not necessarily subject to French law anyway, as I discuss below.

206. I will start with what "determinable" means.

207. Oppo phrased this in its closing written submissions as "the obligation must be determinable in a way that does not depend on the will of the parties, such as by using objective criteria".

208. Nokia said "'determinable' requires that [the act of performance] can be deduced on the basis of the intent of the parties either from the contract itself or by reference to previous dealings, and in any case without the need for further negotiation." It imputed to Prof Stoffel-Munck or Oppo the notion that a price could be adequately determinable even if further negotiation was needed; but that clearly was not what Oppo was saying.

209. Two examples from the case law will bring more flavour to articulating what "determinable" means.

210. In a 1972 case referred to at trial as "the Widow's Case" (Appeal No. 70-13,759) the Court de Cassation held that a contract was sufficiently certain in relation to a provision giving a widow a pension in an amount "allowing her to live decently". The report is extremely brief but the basis was that a determination could be made "by way of relation with elements that do not depend on the will of the parties". Prof Helleringer suggested that the decision might be explicable because of the existence of some kind of state-defined indexation of benefits that could be used as an objective criterion. That does not appear in the decision and is speculative but in any case I agree with Oppo that the case is an example of a broadly and descriptively phrased price being adequately determinable; one just cannot tell from the report what external factors the court thought made it so.

211. In a 1998 case referred to at trial as "the Shares Case" (Appeal No. 96-10,168) a contract provided that the price for some shares was to be "based on growth in earnings and the actual value of the company at the time of each transaction".

This was held to be adequately certain because the factors to go into the price were objective and "independent of the sole will of the parties", so the court could determine the price "without replacing the parties", in the event by instructing an expert. However, it should be noted that although the factors were objective there was nothing in the nature of a formula as to how they should be deployed. Prof Helleringer said that the type of expert to be appointed ("*expert de la chiffrer*") and the concept of the true value of the company ("*valleur réalle*") implicitly meant that a deterministic approach was going to be possible but again I think that was speculative and the brief report gives no indication that such was the basis for the decision.

212. These cases support a view that an adequately certain price can be validly described in French law by language which is descriptive (in the Widow's Case, highly descriptive: "live decently"); determination must however be possible without reference back to the parties, and it is important to have regard to the factors that will feed into the price. I think at this level there was probably little disagreement between the experts. There was certainly agreement that what will be sufficient varies according to the facts.

213. There was clearly, by contrast, a sharp disagreement between the experts on the effect of the change in 2016 by the introduction of Article 1163. Nokia, through Prof Helleringer, said that the standard was tightened so that it became a requirement that a price was only adequately determinable if it could be assessed in a mechanical or deterministic way. Prof Stoffel-Munck, as I have mentioned, said that Article 1163 was merely a codifying provision.

214. I was referred to the following arguments and materials on this point:

    i) Oppo said that the wording of Article 1163 itself does not suggest anything like a strict deterministic requirement, but rather seems to be consistent with the approach exemplified in the cases above in that further agreement of the parties is not permitted but reference to "usage" or previous dealings is.

    ii) A Ministry of Justice Report to the President, the only official commentary on the reform to which I was referred, clearly indicated that Article 1163 was a codifying rather than reforming provision. The Report was only introduced during cross-examination and I take that into account, but I thought it was a clear pointer. It is apparent that Prof Helleringer's position is seriously inconsistent with the report.

    iii) A 2022 textbook by Flour, Auber and Savaux referred to Article 1163 being "based on previous case law" and so was consistent with Oppo's position. The book had been put into evidence by Prof Helleringer.

    iv) A 2018 article by Bassilana and Racine, also introduced by Prof Helleringer. Oppo said that it supported its position but I found it not particularly cogent in either direction in the parts cited by Prof Helleringer. I note that paragraph 44 (not cited by her) did use the word "codified" but Oppo did not rely on it very heavily.

215. These all seem to me to favour Oppo, in some instances significantly, or to be neutral. There is also the dog that did not bark in the night: if it had been the case that the change to Article 1163 made the sharp change proposed by Prof Helleringer then some *travaux*, commentary or case law would by now have said so, and there is no such thing.

216. I therefore conclude that Oppo is right on this. The 2016 revision merely codified what went before. To be sufficiently certain a price does not have to be capable of deterministic decision, but it does have to be capable of being assessed based on objective criteria and without further negotiation by the parties. This is very fact- and context-dependent.

**Agreed principles of Chinese law**

217. I have removed a number of paragraphs from the agreed principles section on Chinese law because they did not appear to be relevant any more. I also removed some whole sections from the agreed principles section and the disputed principles section relating to the juridical basis for FRAND determinations under Chinese law. Neither side said it mattered what the juridical basis is.

The court and legal system

218. Judicial interpretations and rules set out the official interpretation made by the Supreme People's Court ("SPC") on the specific application and interpretation of certain laws. Judicial interpretations are binding on the practice of all PRC courts.

219. PRC courts are not bound by *stare decisis*; however, the courts in the PRC recognise the importance of and encourage the unified application of law by promoting a similar case research mechanism ("SCR").

220. SPC "Guiding Cases" or SPC "Typical Cases" should be mandatorily considered by the court conducting SCR. A Guiding Case is an SPC case that has attracted broad public attention, concerns legal provisions of a relatively general nature, is representative of similar cases and touches upon difficult and complicated or unprecedented legal issues which can serve as a guide for other cases. All Guiding Cases are de facto binding over lower courts. No SEP case has yet been selected by the SPC as a Guiding Case. Typical Cases are published by the SPC so that lower courts can "consider" those cases.

Jurisdiction over global FRAND disputes

221. There is no national law enacted by the National People's Congress which explicitly sets out that the PRC courts have jurisdiction to set the terms of a global FRAND licence. However, Article 24 of the Interpretation of the SPC on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Disputes (II) ("Patent Infringement Disputes Interpretation II"), a binding judicial interpretation, provides that the courts of the PRC can be requested to give a decision on FRAND licensing terms, where no agreement can be reached after the parties have conducted full negotiations.

222. The jurisdiction of the PRC courts to determine global FRAND terms was explained in the decision of the SPC in *Sharp v Oppo*.

The Approach to FRAND

223. The assessment of FRAND terms between two parties is highly fact specific and will depend on the facts of the particular case. There is a dispute as to the extent to which previous cases may be considered as persuasive.

224. The Chinese courts are likely to apply Chinese law. There is a dispute as to the circumstances in which the court might apply foreign law (see below).

225. The Chinese courts are unlikely to adopt an approach not advocated by either party or outside the range of rates advocated by either party.

226. In previous cases where the Chinese courts were determining FRAND rates for China, the Chinese courts have used a top down methodology as well as an approach of comparable licences.

**Disputed propositions of Chinese law**

227. There were two main areas of dispute. The first was over whether the Chinese courts would apply Chinese law when assessing FRAND rates. The second was whether the Chinese courts' approach to the non-discrimination element of FRAND was "hard edged" and therefore different from domestic case law under *Unwired Planet*.

Application of Chinese law

228. I agree that Chinese courts will apply Chinese law to FRAND valuation. That was not seriously in dispute. But I agree with Oppo that it does not signify anything at this trial unless there is some reason to suppose that it makes a difference. I do not think that Nokia showed that there was any material difference between the Chinese and English approaches and I agree with Oppo that Nokia tended to operate at the general level of "Chinese courts apply Chinese law", just assuming that it made a difference.

229. It ought to be borne in mind that although the FRAND concept comes from the ETSI regime and that is subject to French law, FRAND is not a French law concept, as Nokia accepts. The English courts have determined the proper analysis of FRAND valuation without relying on French law.

230. I was referred to a number of Chinese cases on FRAND. Back in *UPHC* Birss J was also shown Chinese case law. At [92]-[93] he said this:

> 92. The underlying purpose of the FRAND undertaking is to secure a proper reward for innovation whilst avoiding "hold up", i.e. the ability of the owner of a SEP to hold implementers to ransom by reason of the incorporation of the invention into the standard by declining to grant them a licence at all or only granting one on unfair, unreasonable or discriminatory terms. The idea is to strike a fair balance. This way of describing the purpose of FRAND is not in dispute and can be seen in

numerous sources. It was put in the following way in the Huawei v InterDigital case in China:

> "For good faith users who are willing to pay reasonable royalties, holders of standards-essential patents should not directly refuse to grant licenses. On the one hand, it is necessary to ensure that patentees can obtain sufficient returns from their technical innovations. On the other hand, holders of standards-essential patents should be prevented from charging exorbitant royalty rates or attaching unreasonable terms by leveraging their powerful position forged by the standards. The core of the FRAND obligations lies in the determination of reasonable and non-discriminatory royalties or royalty rates." [section IV 2nd paragraph (p56 of the translation)]
>
> 93. I agree with the Guangdong High People's Court's succinct summary of the purpose of FRAND.

231. This is consistent with the approach of the Nanjing court in its 2016 decision in *Huawei v Conversant* that was cited to me. I am satisfied therefore that the overall purpose of FRAND determination is no different in China.

232. The oral evidence of Dr Hao and the decisions to which I was referred also showed that Chinese decisions use the same tools when assessing FRAND: comparables, top-down cross-checks, assessments of portfolio strength and so on. Which is appropriate in a given case is fact specific, of course, both in China and here, but there is no systematic difference of approach that was identified to me (leaving aside hard-edged non-discrimination, which I am coming to next).

233. Other than hard-edged non-discrimination Nokia did not seek to point to anything that was actually different in the Chinese law approach to FRAND. It just relied on a high level approach that the Chinese courts would apply Chinese law and that that was "wrong". It does not really matter to the analysis but I do not agree with the contention that Chinese law is "wrong" in this respect. The Chinese courts are just applying their own choice of law approach to an obligation in a contract subject to French law insofar as it relates to a concept, FRAND, which is not a French law concept.

234. Nokia agreed that it could have sought to adduce evidence of French law in the Chongqing proceedings but had not attempted to do so. I agree with Nokia that it probably would not have made any difference.

<u>The hard-edged non-discrimination *IDC v Huawei* dispute</u>

235. As I have already said, the reason this argument potentially matters relates to Nokia's argument that the Chongqing court will apply Chinese law as opposed to French law. Oppo says there is no material difference between the two laws when it comes to FRAND determinations. Nokia says there is, because Chinese law applies a "hard-edged" concept of non-discrimination; it says that that can

be seen from materials (judgments and articles) from the Chinese courts in relation to the *IDC v Huawei* dispute.

236. Oppo disagrees with that interpretation of *IDC v Huawei* and that is the point of Chinese law I have to decide. I am going to decide it, but I am going to give my reasons in very short form because another fact-based answer to this whole line of argument by Nokia came to the fore at trial and renders the point of Chinese law unimportant. The answer was that Oppo is not relying and is not going to rely on discrimination of any kind in the Chongqing proceedings. I will not go into details about how this emerged at trial because it does not matter and because it involves material said to be confidential. Suffice it to say that I asked a number of questions about Oppo's case there and was satisfied by the responses that Oppo is not relying on non-discrimination, that the nature of the comparables and other matters in issue there mean that it would not make sense for Oppo to do so, and that there is no realistic chance that the position will change.

237. Nokia essentially accepted that on this basis the question of whether the Chongqing court would apply hard edged discrimination was "moot". Nokia's acceptance is another reason why I have not gone into detail about how the eventual position was reached.

238. In any case, having listened to the evidence at trial and reviewed the materials I conclude that Oppo is right about *IDC v Huawei*. It is true that in that case the FRAND decision involved consideration of, and decisive reliance on, an earlier IDC licence with Apple. It is also true that the rate arrived at was low, perhaps strikingly so, but that is a different matter. However, I am satisfied that the reasoning of the Chinese courts (in Shenzhen and on appeal in Guangdong) was not that the Apple licence rate had to be applied because of a hard-edged non-discrimination approach. It was because the Apple licence was the best comparable, a conceptually quite different point.

Approach to previous cases

239. It was common ground that is no strict *stare decisis* under Chinese law and therefore that *Huawei v IDC* would not be binding on the Chongqing court. There was a modest dispute about the degree of guidance that the Chongqing court would take from the decision. Since it is not a "Guiding" or "Typical" case that tends to minimise its importance. Prof Wang thought it would not have much impact and Dr Hao said that it was not possible to say with certainty what effect it would have.

240. I conclude that the effect of *Huawei v IDC* would be modest at most but it is not possible to express its effect with any greater precision. Given my other findings about *Huawei v IDC* and Oppo's non-reliance on discrimination, this conclusion is of very little importance, however.

## IS OPPO ALREADY LICENSED?

241. I start with French law. It is common ground that there are two contractual relationships to consider in this scenario. The first is the patentee's relationship with ETSI, which it is agreed, and it is plain, is subject to French law. The second is the patentee's potential relationship with the implementer. It is common ground that that is not necessarily subject to French law.

242. Both sides emphasised before me in their *closing* submissions that it is important to have these two separate relationships, and the fact that French law applies only to the first, firmly in mind. I agree with this, but I also observe that it is easy to lose sight of, and quite often the parties' submissions seemed to me to be directed to whether the second relationship would meet the determinability requirements under French law. Indeed, as I read the pleadings and the parties' written *opening* submissions they were focused quite hard on whether the price in the second contractual relationship was sufficiently determinable, and I think that was the main reason for the dispute between the French law experts about Article 1163.

243. On Nokia's view of Clause 6.1, it is the patentee's obligation to make an *offer* which is in fact FRAND and capable of acceptance. Does this meet the requirements of certainty of French law? I think it clearly does. It is a binary question which involves taking the offer made, a single and complete set of terms, and assessing it against a potentially complex but conceptually understandable set of requirements (fair, reasonable, etc). On the question of price, generally the key area of dispute, there is an understood standard and tools for the analysis such as comparables, top-down analysis and so on. This is not to say the analysis is trivial or even very easy for a given set of facts, but it is tractable. I think it is fair to note that judges of the Patents Court have been able to give the necessary yes/no answer in the cases that have come before them.

244. Nokia said its view could be arrived at either by regarding the ETSI undertaking giving rise to an SPA or to an SCPA, but it said that in the latter instance the contract that would come into effect would simply contain an obligation on the patentee to make a FRAND offer, not a patent licence contract. I do not think this matters much if at all to result of this trial but I think it is important that the implementer should be able to compel the patentee to make an offer; it might want to accept the offer (less likely if the patentee is not willing even to make one) and it might be important to allow a concrete dispute capable of litigation if necessary to be better defined. It is also more consistent with ETSI's focus on negotiation.

245. Oppo said that Nokia had revealed its obligation-merely-to-offer argument for the first time in its opening submissions for this trial. I do not think either side's arguments were fully explained in the pleadings or evidence, and as I have said above, both sides changed emphasis in relation to the nature of the two contractual relationships during the trial. I also do not think Nokia's argument was inconsistent with anything said before. In any event, Oppo did not say that Nokia was precluded from running the argument and rightly so: it is a pure

matter of analysis and does not involve any different primary facts or foreign law.

246. Oppo's main contention was that Clause 6.1 gives rise to an SCPA where the first contract contains an obligation on the patentee to grant a patent licence on request and the second contract is a patent licence.

247. Oppo's argument is that the implementer simply invokes its right to a licence and the parties are then without more in a contractual relationship. Conceptually this is easy to understand as to what the implementer has to do – just call for a licence - but the problem comes because the patentee and the implementer may have absolutely no idea what the terms of the resulting second contractual relationship, the licence, are. As I have said, the parties agree that the relationship need not be under French law so its standards of determinability cannot reliably be applied; what law applies is or may be just as uncertain as everything else about the licence. In a particular case it may be reasonably clear what many of the terms sensibly might be; if the parties are renewing a recently-expired licence, as in this case, the only blank to fill in may be price and one could conceive of a system of law reaching the conclusion that a FRAND price is determinable enough that its presence does not make a contact bad for uncertainty, just as a term to perform an act in a reasonable time can be sufficiently certain in English law.

248. However, the fact that there are some relatively benign factual circumstances where Oppo's preferred approach might not be too bad, is not enough. Clause 6.1 must have a single, uniform meaning that works generally. Under Oppo's approach, an implementer could put itself in a contractual relationship with a patentee when they had had no previous dealings at all with each other and not even any negotiating history. Everything about their relationship would be at large: the licence duration, whether it was lump sum or running royalty, the applicable law, the price, and so on. It is not an answer in such a situation to say that the implementer couples its acceptance with an agreement to have the terms determined by a court (of its choice) because the court would be making an agreement for the parties, not deciding what an agreement that they have actually made means, or filling in minor gaps.

249. I have made clear that the certainty of the second contractual relationship is not to be tested against French law, but I have also said that the parties tended to dwell on what the situation would be if it were. I have no doubt that if French law were applicable, the test of determinability under Art 1163 would not be met in the sort of case where all the terms were at large. In a case where the only issue was price, perhaps because the parties had already agreed everything else, and there were objective criteria available such as sound comparables I think the French law standard might well be met as to that one term, but it would be fact-specific.

250. The notion that Clause 6.1 requires a patentee to make an offer also fits with the importance that the ETSI IPR regime attaches to negotiation – see UPSC at [14] and Optis F HC at [78]. Oppo's approach on the other hand means that an implementer can obtain a licence without any prior discussion.

251. I also consider that Nokia's interpretation of Clause 6.1 is more consistent with the existing case law, in particular UP CA at [125], and, relatedly, the concept that the patentee is entitled to choose between two different sets of terms if both are FRAND. I recognise that, as Oppo pointed out, there are statements in the case law referring to an obligation on the patentee to *grant* a licence but I do not think they were addressed to the distinction I have to analyse. For example, in UPSC at [14] there is reference to the patentee having an obligation, enforceable by the implementer, to grant a licence, but at that stage the court was just emphasising that the implementer could get a licence if it wanted one, not dwelling on the way in which that would come about in French law, and the court did not express any disagreement with the Court of Appeal's view that if more than one set of terms was FRAND the patentee could choose.

252. Similarly, while the ETSI IPR Policy and the Guide refer to "grant" in a number of places the usage is fairly general and Clause 6.1 itself requires an undertaking that the patentee "is prepared to grant irrevocable licences on … FRAND terms". A simple obligation to make a FRAND offer is not inconsistent with that.

253. Nokia also relied on various dicta which it said were more consistent with an offer and acceptance "choreography" (its term). It referred to *UPSC* at [61], *UPCA* at [80], the "outcome" in *UP Remedies* [2017] EWHC 1304 (Pat) generally and *Philips v Asus* [2020] EWHC 29 (Pat). I do not think these take matters much further in themselves or by means of looking at single words chosen. In *UPSC* at [61] the court used the words "offer" and "accept", but it was no more focusing on the point before me than it was at [14] when it referred to "grant". In *UPCA* the Court of Appeal referred to "grant" and "offer" in the same paragraph. However, these dicta serve as an antidote to any argument by Oppo based on "grant" and when taken in context their stress on the ability of the implementer to turn down the terms available once known and on the patentee's choice among a range of equally FRAND options support Nokia for reasons touched on above.

254. Oppo said that if the obligation on the patentee was to make a FRAND offer and which was capable of acceptance then there was no difference between interpreting the ETSI undertaking as one to grant licences and one to offer them. It said that in either case, if the implementer accepts then a licence results. I agreed that if a patentee makes an offer and the implementer accepts then a licence arises. So far as the existence of the licence is concerned it does not matter what the exact obligation on the patentee was. But there is still a very significant difference between a patentee having to make an offer which is capable of acceptance (as Nokia accepted it must be) and its granting a licence immediately on terms unknown at the election of the implementer, for all the reasons explored above.

255. Oppo also pointed out that if the obligation on Nokia were to make an offer which is in fact FRAND (which I understood Nokia also to accept) then it is presently unknown in this litigation whether it has done so, so there should be no injunction. I disagree. Whether or not Optis' offers were FRAND was unknown at the time when the Court of Appeal upheld my decision in *Optis F*

*(HC)* that there should be an injunction unless Apple committed to the result of the FRAND trial.

256. Oppo also sought to meet Nokia's argument about the desirability of negotiation by pointing out that in the present case negotiation had failed and it was only when it had failed that Oppo began the Chongqing proceedings. That is true in the present case but does not meet the point that Oppo's approach to Clause 6.1 allows an implementer to become licensed without any negotiation taking place whereas Nokia's leads to an offer having to be put forward for consideration.

257. I was also concerned to understand how Oppo's approach to Clause 6.1 would work in the present case if (and appreciating that Oppo says this unlikely, which I accept for reasons given below) the Chongqing court decided that it was not going to set global FRAND terms after all. Given that Oppo's case is that there is already a contractual licence in place, terms to be identified, surely in that scenario, I thought Oppo would be bound by those terms and obliged by contract to honour them, when *this* court declared what they were. Oppo argued that it had only accepted "to the Chongqing court", not this court. To my mind it makes no sense to say that the parties *are* in a contract whose terms are (Oppo says) adequately determinable but *not* in a contract (at least not any more) if the determination turns out to take place in a court the implementer does not prefer. Yet that seems to be where Oppo's contentions drove it.

258. In the light of this analysis as a whole I agree with Nokia that Clause 6.1 requires the patentee to make a FRAND offer which is capable of acceptance, and actually FRAND. How does that then work in practice?

259. In the Patents Court, a FRAND matter such as this comes on for trial with a concrete set of terms for consideration (sometimes more than one set of terms if there has been more than one offer by the patentee, and there may also be offers from the implementer to consider; it does not matter to the practical point I am making).

260. The court applies the standard of whether the offer was FRAND or not. Because it is almost impossible to hit the nail on the head, it is usually found that the offer was not FRAND, but the court is able to say what would be FRAND. In cases to date the patentee has always (at least since *Unwired*), as far as I am aware, given an undertaking before trial that it will offer what the court decides is FRAND. So it then complies with Clause 6.1 and its undertaking to the court by doing so. Similarly, implementers have usually, following a finding of infringement at a technical trial, given an undertaking that they will accept the offer at the FRAND stage (see *Optis F*, and the same applied as I understand it in *InterDigital v Lenovo*; it had not happened in *Unwired Planet* and a lesson was learned from that).

261. In the unlikely event that the patentee had not prior to trial given an undertaking to make an offer on the FRAND terms decided by the court then it would have the choice whether to do so, but if it did not then it would not have complied with Clause 6.1 and would not be entitled to an injunction. Such a situation ought to be unlikely to arise because the court typically expects the patentee to

give such an undertaking to try to ensure that the parties' dispute is conclusively resolved by a licence coming into being.

262. As I have said above, it is possible that the court might say that more than one offer would be FRAND, and then the patentee can choose which to offer, but as the Court of Appeal said in *Unwired Planet*, this will be rare in practice.

263. For the above reasons, I reject Oppo's argument that it is already licensed.

## ETSI BENEFICIARY; UNDERTAKING TO TAKE THE CHONGQING TERMS

264. If not already licensed by operation of French law, Oppo argues that it is a beneficiary under Clause 6.1, entitled to enforce Nokia's undertakings to ETSI, or that it can become a beneficiary by undertaking to this court to accept a licence on the terms decided by the Chongqing court. These contentions are reflected in various ways in declarations 2A, 2B and 2BB(i).

265. Oppo emphasises that it is willing to take a licence, that its willingness is unqualified, and that it will bind itself to the result of the Chongqing proceedings whatever that turns out to be. It says that this puts it in a quite different position from, for example, Apple at the time of Trial F in *Optis v Apple*, because Apple would not commit to take a licence unless the terms on offer turned out to be to its liking.

266. I accept that this is a distinction; the question is whether it makes the necessary difference.

267. Nokia has two main answers.

268. The first is that because what is in play is a contractual derogation from the SEP owner's usual right to an injunction, this court, as the court that found there to be infringement and which usually would grant the injunction, has a special responsibility "that it cannot abrogate to determine the content of the contractual limit on the patentee's ability to obtain contractual relief".

269. The second is that in the light of the interpretation of Clause 6.1 for which Nokia argues (which I have held to be correct) and in the light of in particular *UPCA*, Nokia can meet its FRAND obligation by offering any set of FRAND terms; it has the choice and it chooses the terms to be set by this court.

270. I will deal with the second point first as I find it the more convincing, but the two points are somewhat related in any event.

### Nokia's second point – patentee can choose between FRAND options

271. I have held that the English case law indicates that patentees in Nokia's position can choose between more than one FRAND alternative. Oppo does not dispute that in general but says that the authorities which so decided (primarily *UPCA*) were in the context of a single court finding that more than one alternative was FRAND, whereas in the present situation FRAND terms will come from more

than one court. I cannot see why this matters. I am assuming at this trial that the Chongqing proceedings will lead to a FRAND result and that Trial D will too. Why should the patentee not have the right to elect between two such FRAND results? Results from two different courts might be very different in structure while both being FRAND and there may be powerful reasons why the patentee would prefer one over the other. In the present case Trial D will lead to a lump sum decision while the Chongqing proceedings will at least in form be a per unit royalty rate; Oppo meets that point by saying that there is no material difference on the particular facts of this case and there is something to that. But what if it was clearly going to be that way and Nokia had a business practice of always preferring lump sums because it did not want to have to audit its licensees' sales volumes, or did not like taking the risk of licensees' sales dropping unexpectedly? That would seem a perfectly valid reason to choose between two FRAND alternatives if they were both on offer following UK proceedings and I see no reason of principle why a patentee should not have the same choice if two proceedings in different courts came up with the two alternatives.

272. So in general I think that the principle of the patentee choosing is applicable in a situation where more than one court is considering FRAND.

273. What muddies the waters in the present case is that Nokia's choice is being exercised prospectively, in advance of either Trial D or the Chongqing proceedings. That gives rise to a suspicion that the choice is nothing to do with the different substance of the two outcomes, since Nokia does not know them and cannot compare them, but as a way of choosing the forum. The suspicion is heightened by the fact that some of the potential differences have arisen because of Nokia's procedural approach in the Chongqing court.

274. I address the potential differences one by one:

Devices covered:

275. The 2018 Licence covered Oppo, OnePlus and Realme devices, but only Oppo was a party even though different corporate entities undertook the trade in OnePlus and Realme devices.

276. Oppo's original claim in Chongqing referenced the 2018 Licence and I find that it was clear enough that Oppo was seeking, in broad terms, a renewal.

277. Nokia has, however, raised objection to whether the right parties have been included in Chongqing so as to put OnePlus and Realme devices properly in issue. Authorisation letters from the relevant OnePlus and Realme entities have been put before the Chongqing court. Nokia maintains its objection.

278. It is common ground that Nokia could have consented to the scope for which Oppo contends in this respect.

279. It cannot be predicted with certainty whether the Chongqing court will rule in Oppo's favour or not on this point. There is also a dispute about whether or not it has *already* decided the point in Oppo's favour but that turns on events at an

oral hearing where the parties agree that it is not practical for me to make a yes/ no decision about what took place.

280. On this issue it seems to me that Nokia has been unnecessarily obstructive in the Chongqing proceedings. Oppo has done as much as it can and the sensible course would seem quite plainly to be that if the Chongqing court sets global rates in replacement of the 2018 Licence it should cover all the brands. I cannot say for certain whether Nokia's remaining procedural objection on this front will succeed but common sense suggests that it is highly unlikely.

Cross-licence:

281. Oppo's original claim in the Chongqing proceedings did not extend to a cross-licence. That, Oppo explained in evidence, was because it was concerned that it would complicate the jurisdictional position. In other words, the omission was a tactical one.

282. It should be borne in mind in assessing this point that Nokia's ETSI declarations made its willingness to licence on FRAND terms subject to reciprocity.

283. It is, again, common ground, following the oral evidence of the Chinese law experts, which moved the matter on, that Nokia could have sought the inclusion of a cross-licence in the Chongqing proceedings, but it has not.

284. As matters stand, Oppo has submitted a draft licence which would give Nokia an *option* under the new licence to demand a cross-licence, price not specified. It was accepted by Counsel for Oppo that the evidence and argument in the Chongqing proceedings have closed without any submissions or evidence on the value of the cross-licence so while a decision could come from the Chongqing court that set a price for Nokia's portfolio, the Chongqing court will not set the price of a cross-licence.

285. This point is significantly different from the point about other products in my view. The points I have listed make clear that setting a cross-licence might be regarded by the Chongqing court as outside its jurisdiction, but it cannot be suggested that the same would apply to the other products. Nokia could have consented to the cross-licence being covered, but the nature of its refusal is not wilfully obstructive in the same way as with the other products. Most importantly, the situation is simply that the Chongqing proceedings will not set a cross-licence price, whereas it most probably will deal with all the products, on my finding above. Nokia ought to be able to choose a licence which includes a cross-licence, which Trial D will decide.

Running royalty versus lump sum:

286. In these proceedings the FRAND valuation is in terms of a lump sum, whereas in the Chongqing proceedings the contentions are in terms of a per-unit or running royalty.

287. In the abstract, and for reasons I have given above, I think that the difference between lump sum and running royalty could be a major one with real impacts

for a patentee, and if it were determined that each was FRAND then one can see why the patentee ought to be entitled to choose.

288. However, in the present context the difference is much less and may be nil. The reason is that the duration of the proceedings here and in Chongqing and the term for the new FRAND licence, expiring in 2024, mean that Oppo will not in reality work under the licence on an ongoing basis after it is put in place. The proposed licences in Chongqing do not include reporting provisions or the like and the result in Chongqing while analysed as a running royalty will in all likelihood result in a lump sum payment based on the per unit rate and Oppo's sales.

289. Nokia argued that it could not be completely excluded that the Chongqing court will just set a per unit rate and that the parties might thereafter have to debate the relevant sales numbers. I agree that this cannot be ruled out, so the result in these proceedings could give Nokia a modest degree of extra certainty. It is a minor additional reason why Nokia's ability to choose between the results would be one with some reality.

Standstill

290. There are some differences in the precise terms of the standstill put forward by Oppo in these proceedings and in Chongqing. Nokia did not seek to make anything of those, but the bigger point, which it did rely on, is that it says it cannot be obliged to give a standstill, since the ETSI regime does not extend to non-SEPs and is offering a standstill in these proceedings only out of pragmatism.

291. Again, I can see that the choice between a licence with a standstill and one without could be genuinely significant and if both were FRAND, which they might be if the one without the standstill had other balancing provisions, the patentee ought to be able to choose. In the circumstances of this case the difference is not very real given Nokia's position that it will in fact agree to a standstill in these proceedings.

Summary on the differences

292. While these points do somewhat undermine Nokia's choice being one between different FRAND terms rather than just an exercise in selecting its preferred court, they do not in my opinion negate the overall thrust of what Nokia says. In particular the fact that the Chongqing proceedings will not result in a cross-licence with a value assigned to it is a real difference which can be seen to exist now and allows one to say that Nokia is making a choice between two different FRAND options, as it is entitled to do. I think the point about devices covered reflects rather petty behaviour on Nokia's part and I do not attach any weight to it. The point about running royalty versus lump sum has some minor relevance. The point about the application of French law (dealt with in more detail above) has not been shown to go anywhere because it relates to a potentially different treatment of non-discrimination and for the reasons given above even if there is a relevant difference in law, which has not been shown, it is of no consequence

on the facts. The point about standstill has some limited weight for reasons given above.

**Nokia's first point - responsibility that cannot be derogated**

293. My assessment of this argument involves a factual issue, which is whether the Chongqing court will set FRAND terms at all. I will deal with that and then move on to my reasoning.

Will the Chongqing court set FRAND terms at all?

294. Nokia said that it was possible that the Chongqing court will not set FRAND terms at all. The basis for this was that Nokia still have objections to its doing so. Oppo did not cross-examine Nokia's fact witness about this (Mr Zuo) since it accepts that, in point of fact, Nokia still asserts reasons for the Chongqing court not to settle FRAND terms. Oppo also did not cross-examine about whether these matters have already been addressed at an oral hearing.

295. On the other hand, Oppo did lead expert evidence from Prof Wang that such points as Nokia still maintains are unlikely to succeed. Dr Hao did not put in evidence on this point.

296. Counsel for Oppo argued in oral closing submissions that while it was not possible to say with absolute certainty whether the Chongqing court will set FRAND terms, the likelihood that it will not is very small. I accept that. It is not necessary or practical to be quantitative about the likelihood.

297. The risk that the Chongqing court will not set FRAND terms being so modest means that it has little weight in my assessment of the facts of this case. But it illustrates a more general point. Nokia casts its arguments in terms of a responsibility on the English court to address the contractual derogation from the patentee's right to an injunction that the ETSI FRAND regime represents. The English court can be certain of its own proceedings and that it will set FRAND terms. It does not control the proceedings in foreign courts. Allowing an implementer to avoid the *Optis F* election between an injunction and a licence on FRAND terms as set by the English court on the basis of foreign FRAND proceedings could be really damaging for the patentee if the foreign proceedings miscarry, as the implementer would have remained on the market, unlicensed, for a substantial extra period and without being obliged to take the English court's FRAND licence. I return to this below.

The point in general

298. In my view Nokia's point about the court having a responsibility has some substance to it, but the English case law does not go as far as Nokia says. It does not cast matters in terms of a responsibility that cannot ever be derogated from.

299. I agree, however, that it is right to approach the current kind of situation with it firmly in mind that the defendant has been found to infringe a valid monopoly right. The English court does have an obligation to ensure that an effective

remedy is given. Oppo's approach presents the risk that an implementer found to infringe could stave off any danger of an injunction by opting for a FRAND assessment in a court abroad which either would be unacceptably slow or which might ultimately not set FRAND terms at all, or might not compel the implementer to enter into a licence.

300. The Chongqing court is plainly not unacceptably slow and I have found the risk of its not setting terms is low. But in another case the situation might be different. I also find it shaky and unsatisfactory that the means of compelling Oppo to take the Chongqing terms is an undertaking to the English court, because the Chongqing court itself will not compel Oppo to do so. That might work in the present case, but it illustrates the unsatisfactory structure of another court in a different jurisdiction dealing with a matter so closely related to the grant of relief in the English court.

301. All these matters militate in favour of Nokia's position, but as I say I do not accept that the English court is always and without any possible exception obliged to set FRAND terms itself. Precisely when it might leave it to another court is a matter for another day, but it is possible to imagine a situation where proceedings abroad were already far advanced when this court came to deal with the matter, and the proceedings abroad gave effect to the patentee's right to choose between different licences which were all FRAND, and it was clear that the proceedings abroad would give a prompt and enforceable result.

302. Similarly, it cannot be ruled out that a FRAND judgment abroad would be enforceable here, or give rise to a *res judicata*, but that too is a matter for another day.

## PRACTICALITY

303. Each side attacked the practicality of the other's preferred legal analysis.

304. Oppo's main case, that under French law a party in Oppo's position actually is licensed immediately at its own election when the terms are unknown, and can specify the court that must decide those terms, seems to present a possibility for such a party, faced with infringement proceedings and worldwide rate setting in country A, to render itself a licensee when the country A proceedings are far advanced, and insist on matters being determined in country B instead. If so, there would be an obvious possibility for delay and possibly hold-out. That is not the situation in the present case, since the Chongqing proceedings were started soon after this action, but a scenario to test the general workability of Oppo's position.

305. Oppo's main response was that such behaviour would be inconsistent with an implementer's obligations to act in a FRAND-like manner. It also submitted that French law in general contains obligations of good faith in contractual negotiation. I found this vague and unsatisfying and it did not dispel my more general concern that enabling an implementer unilaterally to award itself a licence instantly when its terms are unknown is unsatisfactory.

306. Nokia's position also raises potential problems. Its contention that the court dealing with infringement has a special obligation to address the terms of any contractual derogation from it, coupled with the principle that the patentee can choose among different terms set by different courts was argued to have two effects. One would be that the patentee could control the timing of litigation by, for example, suing in the UK at a time that suited it and thereby effectively curtailing a rate-setting claim initiated by an implementer elsewhere. The other would be that a patentee could try rate setting in country A and then if it did not like the result, sue in country B and then "choose" the country B terms.

307. Nokia's response was two-fold. First, it said that it was not its case that the special responsibility of a court finding infringement conferred exclusive jurisdiction over FRAND licence terms because such a court would be permitted, though not required, to take account of FRAND decisions from the courts of other jurisdictions.

308. Second, it said that if a patentee did seek to try successive courts, declining to give a licence on Country A's terms by choosing Country B would mean giving up the opportunity for an injunction in Country A. Nokia also relied on the possibility of *res judicata* or abuse of process preventing such conduct, but Nokia was tentative about that. I also note that the UK approach has involved the patentee giving an undertaking to offer a licence on the terms that the court sets; if other courts internationally do the same then patentees will not be able to pursue that kind of conduct.

309. Nokia's defence of its position was somewhat vague, but considerably less so than Oppo's. While it is hard to be precise about how it would be done, I think the English courts would try hard, and would have the tools, to prevent FRAND rate-setting in respect of identical or overlapping geographical territories being conducted at the same time here and in another jurisdiction purely by the patentee's own election.

310. I do not shrink from the fact that these are difficult issues and that there is no clear or fully satisfactory solution. In large part that is because the current system, lacking a central dispute resolution mechanism for global FRAND, is, as Arnold LJ said, dysfunctional. It does not help to say that Nokia (or Oppo) must be wrong because the course it proposes leads to some problems. That is to assume that a problem-free course exists, and it does not. However, I think that Nokia's approach, as well as being consistent with the case law of this jurisdiction, makes better practical sense and is fairer.

Conclusion on the ETSI Clause 6.1 Beneficiary issue

311. Oppo is not currently an ETSI Clause 6.1 Beneficiary and committing to the result of the Chongqing proceedings is not enough to make it one.

## WILLINGNESS

312. Oppo Declaration 2 is to the effect that Nokia is not a willing licensor. Since it is a separate head of relief I will decide it briefly. I think whether Nokia is a

willing licensor has to be considered alongside whether Oppo is a willing licensee. I appreciate that it is possible that neither licensor nor licensee is willing in a given factual context, but I think the situation has to be seen in the round. Also, Oppo relies on its willingness in relation to abuse of dominance, considered below.

313. It follows from my analysis above that Oppo is not a willing licensee. Its willingness is qualified because it insists on terms set in the Chongqing proceedings. The qualification is different from that which Apple sought to impose in *Optis v Apple* because of the existence of parallel proceedings and because Oppo is willing to commit to the Chongqing result whatever it may be. But for reasons given above, I do not think the difference matters to the question of willingness.

314. Nokia is a willing licensor because it has made an unqualified commitment to offer and then, if Oppo wants, grant a licence on whatever FRAND terms this court decides. That meets the standard of willingness decided in *Unwired*. Nokia is not willing to assent to terms set in Chongqing (at least I am assuming so for the purposes of this Trial E), but that does not make it unwilling in my view. The main reason is that the patentee can choose among different FRAND terms, and that is also the reason for the asymmetry between the parties, with Nokia being able to elect for that which this court decides, and Oppo not being able to insist on terms set in Chongqing.

## ABUSE OF DOMINANCE

315. Oppo's overall position was pithily summarised in its opening written submissions at [246]:

> 246. Oppo further submits that, in the circumstances of the case, Nokia's proposed conduct in seeking injunctive relief from the UK court (i) notwithstanding Oppo's unequivocal commitment to take a global licence on FRAND terms settled by a competent court (in the Chongqing proceedings), and (ii) whatever the outcome in the Chongqing proceedings, is an abuse of Nokia's dominant position on the relevant market(s) in breach of Article 102 of the Treaty on the Functioning of the European Union ("TFEU") and/or Article 54 of the European Economic Agreement ("EEA") and/or section 18 of the UK Competition Act 1998 (the "Chapter II Prohibition").

316. It is common ground that the Article 102 and the Chapter II Prohibition are equivalent.

317. This trial is proceeding on the assumption that Nokia holds a dominant position. Oppo asserts that an undertaking with a dominant position has "a special responsibility not to allow its conduct to impair genuine undistorted competition on the common market", citing Case C-322/81 *Nederlandsche Banden Industrie Michelin "Michelin I" v Commission* [1983] ECR 3461 at [57]. I will proceed on that basis.

318. Oppo also relies on *Michelin I* (at [30]) for the proposition that abuse is an objective concept relating to the behaviour of a dominant undertaking which is "*such as to influence the structure of a market where, as a result of the very presence of the undertaking in question, the degree of competition is weakened and which, through recourse to methods different from those which condition normal competition in products or services on the basis of the transactions of commercial operators, has the effect of hindering the maintenance of the degree of competition still existing in the market or the growth of that competition*".

319. "Normal competition" is competition on the merits. Actual effect on competition does not have to be shown, it is enough that the conduct in question is capable of having that effect.

320. I did not think that Nokia disputed any of these general propositions.

321. I also agree that SEPs can create a particular risk of abuse because their successful assertion can shut a defendant out of a market altogether. *Huawei v ZTE* makes that plain, among numerous other authorities (although it should be noted that that case was about precipitate assertion of SEPs without proper forewarning or negotiation, which is not what is alleged in the present case).

322. Oppo cited a great many authorities in support of the above propositions, but since I accept the propositions and Nokia does not materially dispute them, I do not propose to go into the cases.

323. Against, this background, Oppo's argument is that:

    i) Injuncting under a SEP an undertaking which wants to practise a cellular standard is behaviour which is liable to restrict competition.

    ii) It therefore requires to be objectively justified by the patent holder of the SEP in the light of its special responsibility.

    iii) Nokia cannot justify the injunction.

324. I also note that Oppo cited various authorities in relation to the difference between seeking an injunction on a SEP against a party which is willing to take a FRAND licence under a regime such as the ETSI IPR Policy and one which is not. This distinction is very important, I agree, but has to be seen in the light of the analysis in *Unwired Planet* and *Optis v Apple F* about what "willingness" means. In my view Oppo's willingness is merely contingent, for reasons given above.

325. Nokia's short answer is that obtaining a SEP injunction is not necessarily an abuse; whether it is depends on the circumstances. Oppo's analysis "sells the pass" because it assumes that Nokia is acting abusively right from the beginning. In support of this view, Nokia cited the opinion of Advocate General Jacobs in Case C-53/03 *Syfait***:**

> 72. In any event, however, as the Commission submits, it is clear that the Community case-law provides dominant undertakings with the possibility of demonstrating an objective justification for their conduct,

> even if it is prima facie an abuse, and I now turn to the issue of objective justification. *I would add that the two-stage analysis suggested by the distinction between an abuse and its objective justification is to my mind somewhat artificial.* Article 82 EC, by contrast with Article 81 EC, does not contain any explicit provision for the exemption of conduct otherwise falling within it. Indeed, the very fact that conduct is characterised as an 'abuse' suggests that a negative conclusion has already been reached, by contrast with the more neutral terminology of 'prevention, restriction, or distortion of competition' under Article 81 EC. *In my view, it is therefore more accurate to say that certain types of conduct on the part of a dominant undertaking do not fall within the category of abuse at all…* (emphasis added by Nokia).

326. I agree that Oppo's approach blurs matters unhelpfully and inappropriately. I also agree with Nokia that it is necessary actually to look to see what the alleged *abuse* is.

327. Oppo has raised a number of potential abuses at trial:

    i) Leveraging market power by threatening to exclude Oppo from the UK market;

    ii) Disrupting negotiations;

    iii) Seeking an unfair advantage in the process of rate setting;

    iv) Seeking a FRAND rate to be set by this court regardless of what decision the Chongqing court makes.

328. It also said that Nokia's conduct was capable of restricting competition because it would prevent Oppo from supplying its standard-compliant phones.

329. Oppo argues that all the above must be considered in the light of its commitment to take the licence set by the Chongqing court, and it prays in aid the adjustment proposal it has made, which is that the English court can set licence terms for the EU and UK after the conclusion of the Chongqing proceedings.

330. I find that none of Oppo's allegations of abuse can succeed.

331. First, the overriding point is that Oppo will not be excluded from the UK market just so long as it agrees to pay FRAND licence fees. By definition, the rates set at Trial D will be FRAND and hence fair, reasonable and non-discriminatory. Oppo does not know what the rates will be, numerically speaking, but it knows they will have those qualities.

332. Second, the allegation about disrupting negotiations is not in play anyway. No evidence has been led about it and the parties agreed a truce about those aspects of conduct. But even if it were it relates to the past and could not prevent an injunction for the future, as in *Optis F*. It is obvious, I might add, that

negotiation has run its course, at least for the moment, as witness the recent unsuccessful mediation.

333. Third, as to seeking an unfair advantage in the process of rate setting, Nokia has sought a decision from a court. Oppo can put its case with the benefit of all the necessary procedural safeguards including pleadings, disclosure, oral evidence and so on. There is nothing unfair about the process.

334. The fourth point - seeking a FRAND rate here whatever decision the Chongqing court makes – was relied on most heavily by Oppo during the oral opening submissions. It is related to the third point. The fatal problems with it are that Oppo cannot point to anything that means the Chongqing court will provide a better or better-informed result, that Nokia accepts that this court can consider and take account of any decision from the Chongqing court if the Chongqing court reaches a judgment first, that the Chongqing court might not rule at all (though this is not especially likely), and that Oppo's fallback proposal under Declaration 2BA permits this court to reach a different result from the Chongqing court in any event.

335. Nokia said there was a parallel between this case on the one hand and *Unwired Planet* and/or *Optis v Apple* on the other. Oppo replied that the abuses alleged in those cases and the facts leading to their rejection mean that no comparison can be made.

336. In relation to *Optis v Apple*, I found at [326] (see also [329]) in that case that there were two related aspects of abuse, the first being seeking and then imposing excessive licence fees and the second being disruption of negotiations. I held that the first was precluded for the future by Optis' undertaking to give a licence on the court's terms, and that the second had ceased to have any effect. I agree that the second is different from what is in issue in this case, but I think there is a parallel on the first.

337. Overall, I think my own decision in *Optis v Apple F* and the Court of Appeal's judgment upholding it are strongly consistent with, and supportive of, the general position that once a SEP owner has committed to give a FRAND licence on terms set by the court its future conduct at least in relation to seeking an injunction against an infringer who will not commit to take such a licence will not without more be an abuse of a dominant position. But this parallel to *Optis v Apple F* is not essential to my reasoning; Oppo has simply failed to show anything amounting to an abuse.

## POINTS OF PREJUDICE

338. Oppo raised at trial various points about Nokia's conduct. In my view they generally were not within the proper scope of this trial both because they were not identified in the ALI and because the parties positively agreed through their statements of case that their respective good faith in conducting negotiations was not in issue for the purposes of this trial. I record that the allegations were:

    i) Nokia's making absurdly high offers;

ii) Nokia's suing too rapidly;

iii) Nokia's being opaque on standstill terms;

iv) Nokia's enforcing injunctions in Germany;

v) Nokia's "playing games" in Chongqing;

vi) Nokia's submitting FRAND rates in Chongqing while seeking an injunction in the UK.

339. I also record that Nokia responded to these points in Annex A to its closing written submissions, while maintaining its position that they were not within the scope of this trial.

340. Points i), ii) and iv) would have required evidence which, unsurprisingly, neither side has put in.

341. I have gone into Nokia's developing case on standstill terms to the extent relevant to decide whether the inclusion of a standstill as FRAND ought to be decided at this trial. That is really a procedural matter and I do not think it feeds into the basic questions I have to decide.

342. I have addressed the way the Chongqing proceedings have developed in assessing Nokia's arguments that it is entitled to choose between terms from different courts. I have stigmatised some of Nokia's steps as petty but have not concluded that it was playing games. In general it was fighting hard and uncompromisingly as both sides have done at every turn.

343. I accept that Nokia has submitted FRAND rates in Chongqing and sought an injunction in the UK. There is nothing surprising in that; its main position is that the Chongqing court should not set FRAND rates and that it will not agree to a licence on any terms that the Chongqing court does set. But events may go against it and it wants to do its best to ensure that rates set there are appropriate.

344. Nokia for its part, and I suspect in retaliation, sought to argue that Oppo, whose main case was that it was already licensed, had not behaved as a licensee because it was not paying and had never paid under the licence it says exists. This point was raised very late, I think mid-trial.

345. I can understand Nokia's point, in that on Oppo's own figures and given that a licence starting from the expiry of the 2018 Licence would now have been running for about two years, Oppo would owe Nokia many of millions of dollars. One can see a case that Oppo ought to be paying the minimum that it says is due.

346. Oppo's response was that it had provided security in the context of the German proceedings in compliance with *Huawei v ZTE*. Providing security is not the same as putting the money in Nokia's hands, but Oppo's better point was that because Nokia had only raised the issue so late it had not had an opportunity to formulate a response. I accept that, and I also accept Counsel for Oppo's submission that it would not be prudent or fair for Oppo to pay what it says is

due unless it had some assurance that Nokia would allow the injunctions against it to be lifted. That is a concrete example of why the point cannot be dealt with fairly on such short notice, and I give it no importance in my decision.

## EP 560

347. Oppo's route to avoiding an injunction in relation to EP 560 was via its asserted entitlement to avoid an injunction on Nokia's SEPs. It had no freestanding way to avoid an injunction on EP 560.

348. As a practical matter, though, Nokia agrees to a standstill being included and valued at Trial D. It just says it is not obliged to take that course.

349. As I see it in the light of the facts and findings above, this means in practical terms that if Oppo commits to taking the licence set at Trial D, then there will be no injunction in relation to EP 560. But if Oppo does not commit then there will.

## CONCLUSIONS

350. My conclusions are:

    i) Oppo is not licensed pursuant to the ETSI IPR Policy.

    ii) Oppo is not an ETSI Clause 6.1 Beneficiary.

    iii) Oppo is not entitled to any of the declarations sought.

    iv) The abuse of dominance arguments fail.

351. As a result, Oppo will have to make its election between committing to the FRAND licence determined in Trial D or being subjected to an injunction against infringing Nokia's patents.

## REFLECTIONS

352. For the reasons given above, Oppo is unsuccessful at this trial and must now either undertake to accept the FRAND terms set at Trial D, or submit to an injunction. Two broader questions arise.

353. First, I step back and ask myself if the result is fair. I think it is. Oppo has been able to practise the ETSI standards and it can do so in future. All it has to do is to agree to a FRAND determination in a court and system with experience of the task and which has developed procedural methods for doing it, and where it has been rightfully sued because it infringes. Oppo would prefer the Chongqing court, but there is no substance to the preference other than trying to get a lower rate.

354. Oppo says that it would be a failure of the FRAND system if it has to withdraw from the UK market in the same way as it had to withdraw in Germany. I disagree. This is essentially another aspect of why the result is fair. Oppo can get a FRAND licence in the UK; if self-interest means that it might overall be better off by not taking the licence and thereby being prevented from operating in a particular market in the hope of getting a lower rate for other territories that is not a failure of the FRAND system. The FRAND system is there to provide *access* to the standards on FRAND terms and it works. Oppo has access on FRAND terms, but may elect not to use it. The German situation arises under a different procedural regime in a different system.

355. Not only is Oppo able to get a FRAND licence from this court, but if it had not insisted on the technical trials, it would already know the terms of that licence.

356. That leads to the second question. There have now been multiple FRAND/SEP litigations in the UK where the FRAND trial has been scheduled to take place only after a number of technical trials, up to 2 years or longer after the litigation has been initiated. This has been the approach since even before *Unwired*. It was initially used both because a finding of infringement of a valid claim was seen as a precondition for the grant of relief and for practical reasons of listing and judicial resource. There was also a perception earlier on that testing a few patents might give some indication of portfolio strength and be useful at the FRAND stage, but experience has not borne that out.

357. The approach has been applied even in cases such as the present where the patentee has a significant portfolio and it is plain or at least very likely that the portfolio will contain at least some patents which are valid, essential, and infringed.

358. The long time from issue of the proceedings to the FRAND trial has the capacity to work unfairness on the patentee. The sequencing that has been used incentivises an implementer to fight the technical trials for tactical and timing reasons even when it knows it needs a licence. The amounts at stake can make the delay worth it even if the implementer has to pay the costs of the technical trials. This is not a finding in relation to what happened or why in any other specific case than this one but is an overall appreciation of what experience has shown.

359. It is becoming ever clearer that technical trials are not about what is really in issue in these disputes. What is really in issue is FRAND terms. Experience also shows that the sequencing used has not only made the FRAND trial later in time but has also tended to defer focus on the FRAND issues and to cause the provision of key information, in particular comparable licences, to take place later than could otherwise be achieved. That is likely to impede progress towards the parties' understanding of their positions, negotiation and potential settlement.

360. The decision of the Supreme Court in *Unwired* was, quite rightly, that a finding of infringement is an essential stepping stone, so that an infringing implementer must take FRAND terms or submit to an injunction. But I do not see that the decision necessitates any particular sequencing or dictates how these cases

should be managed. I do not see why it should not be possible to prioritise the FRAND issues more than has been the case to date, and, for example, to schedule at the start of a case such as this a single trial, or two trials which are simultaneous or very close in time, covering technical issues and FRAND. If the patentee failed to show that there was a SEP that was valid and essential then the FRAND terms could not be imposed on the implementer by putting it to its election. There would be consequences in terms of costs and use of resources if no patent was found valid and essential but that can happen in any action where the establishment of a cause of action and the consequences of its breach are tried together.

361. I acknowledge that this could be a challenge for the court lists and the judges hearing the cases, although I do not see why the technical trials and FRAND would have to be heard before the same judge, even if they were at the same time. But I doubt if implementers would be so keen to contest technical trials if they knew as a matter of practical reality that they needed a licence, that their chances of winning on all the technical issues were small, and that the FRAND issue was going to be tried. They might well decide to concede the need for a licence and focus on FRAND, as Oppo (belatedly) did in this case. This approach would also promote provision of information enabling discussion and possibly settlement a good deal earlier. Of course, an implementer that positively wants FRAND determined can start proceedings without the need for any technical trials, as Fancourt J decided in *Kigen*.

362. I am not making rules about the case management of this kind of litigation and all situations are different. It will be necessary to hear submissions from the parties in any particular case. But I am of the view that there is now sufficient experience of these disputes to take a considered view of whether the general approach to date can be improved.

## FORM OF ORDER HEARING AND OPPO'S ELECTION

363. It will not be possible to hold a form of order hearing within 28 days of this judgment because of the vacation but I intend that it should happen in September 2023 and ask the parties to liaise about its timing. Of course, if it is possible to agree an order then that would be welcome, but I do not expect that it is a realistic aspiration. I will expect Oppo to be in a position by then to make an election between the Trial D FRAND terms or an injunction if required to do so, or otherwise to explain why it cannot. I acknowledge that Oppo may well wish to make arguments about how matters should be arranged pending any appeal and my indication that it needs to have decided what to do if required to make its election does not detract from that.