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Case No: CA-2021-003304

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

His Honour Judge Hacon sitting as a High Court Judge
[2021] EWHC 2952 (Pat)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 11 July 2022

Before :

LORD JUSTICE PETER JACKSON
LORD JUSTICE ARNOLD
and
LORD JUSTICE PHILLIPS

Between :

(1) NOKIA TECHNOLOGIES OY	<u>Claimants/</u>
(2) NOKIA SOLUTIONS AND NETWORKS OY	<u>Respondents</u>
- and -	
(1) ONEPLUS TECHNOLOGY (SHENZHEN) CO., LTD	<u>Defendants/</u>
(2) UNUMPLUS LIMITED	<u>Appellants</u>
(3) GUANGDONG OPPO MOBILE TELECOMMUNICATIONS CORP, LTD	
(4) OPPO MOBILE UK LIMITED	
(5) ASCENSION INTERNATIONAL TRADING CO., LTD	
(6) REALME MOBILE TELECOMMUNICATIONS (SHENZHEN) CO., LTD	
(7) REALME CHONGQING MOBILE TELECOMMUNICATIONS CORP LTD	

Alexander Layton QC, Daniel Alexander QC and Josephine Davies (instructed by **Hogan Lovells International LLP**) for the **Appellants**
Nicholas Saunders QC, Joanne Box and Edmund Eustace (instructed by **Bird & Bird LLP**) for the **Respondents**

Hearing date : 30 June 2022

Approved Judgment

This judgment was handed down by the Court remotely by circulation to the parties' representatives by email and release to The National Archives. The date and time for hand-down is deemed to be 10:30 on 11 July 2022.

Lord Justice Arnold:

Introduction

1. This is a jurisdictional dispute. The Claimants (“Nokia”) are two Finnish companies in the group headed by Nokia Corporation. Nokia are proprietors of a global portfolio of patents which have been declared to be essential to (inter alia) the UMTS (3G), LTE (4G) and/or 5G telecommunications standards, including European Patent (UK) Nos. 2 070 217, 2 087 626 and 2 981 103 (“the UK Patents”). The Defendants (“OPPO”) are seven companies in the OPPO group of companies: two English companies, four companies incorporated in the People’s Republic of China (“the PRC”) and one company incorporated in the Hong Kong Special Administrative Region of the PRC (I shall refer to the latter five as “the Chinese Defendants”). OPPO market mobile devices under the OPPO, OnePlus and realme brands. From 1 July 2018 to 30 June 2021 OPPO were licensed by Nokia, and granted Nokia a cross-licence in respect of OPPO’s own portfolio of patents which have been declared essential to the standards, but negotiations for a further licence have not so far borne fruit.
2. On 1 July 2021 Nokia issued the claim form in this claim. The claim form was served on the English Defendants together with Particulars of Claim and Particulars of Infringements by courier on 2 July 2021 and service was deemed to have occurred on 6 July 2021. On 8 July 2021 Nokia applied for permission to serve the claim form out of the jurisdiction on the Chinese Defendants. Permission was granted by Master Pester on 20 July 2021. In the meantime, on 13 July 2021 OPPO commenced proceedings against Nokia in the No. 1 Intermediate People’s Court of Chongqing Municipality in the PRC asking that court to determine the terms of a global FRAND licence for Nokia’s portfolio. OPPO have subsequently undertaken to Nokia that they will enter into a global licence on the terms set by the Chongqing court. On 3 August 2021 the English Defendants applied for a stay of this claim on the ground of *forum non conveniens*, alternatively on case management grounds. On 8 September 2021 the claim form was served on the Chinese Defendants and on the same day the Chinese Defendants applied to set aside Master Pester’s order, alternatively for a stay of this claim on case management grounds. His Honour Judge Hacon sitting as a High Court Judge dismissed both applications for the reasons given in his judgment dated 4 November 2021 [2021] EWHC 2952 (Pat). OPPO now appeal with permission granted by the judge.
3. In *Unwired Planet International Ltd v Huawei Technologies (UK) Co Ltd and Conversant Wireless Licensing SARL v Huawei Technologies (UK) Co Ltd* [2020] UKSC 37, [2020] Bus LR 2422 the UK Supreme Court held that, where the court would otherwise have jurisdiction over claims concerning the infringement and validity of UK patents which have been declared to be essential to compliance with a standard (“standard-essential patents” or SEPs), it made no difference that the claimant sought an injunction to restrain infringement of the patents unless the defendant entered into a global (as opposed to a UK) licence of an international portfolio of SEPs (including the UK patents) which was compliant with the claimant’s undertaking to license the SEPs on fair, reasonable and non-discriminatory (FRAND) terms.

4. Since then, there have been two significant developments. First, as a result of Brexit, European Parliament and Council Regulation 1215/2012/EU of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (“the Brussels I Regulation”) no longer applies in this jurisdiction. Secondly, on 19 August 2021 the Supreme People’s Court (“the SPC”) of the PRC held in *Guangdong OPPO Mobile Telecommunications Corp Ltd v Sharp Corp* (2020) Zui Gao Fa Zhi Min Xia Zhong No 57 that courts in the PRC have jurisdiction to settle the global terms of a FRAND licence of SEPs in the absence of agreement by the parties as to the forum in which such terms are to be determined.
5. The first main question arising on this appeal is whether, having regard to these developments, the courts of England and Wales should accept jurisdiction over this claim. The second main question is whether, even if jurisdiction is accepted, there should be a stay on case management grounds.
6. It should be noted before proceeding further that the claim in this jurisdiction and the proceedings in Chongqing are far from the only proceedings commenced by the parties. Nokia have issued proceedings for infringement of two SEPs in Finland, nine SEPs in Germany, three SEPs in India, five SEPs in Indonesia, four SEPs in the Netherlands and two SEPs in Sweden; and have issued proceedings for infringement of patents which have not been declared essential to any standards in France (two patents), Germany (six patents), the PRC (three patents), Spain (two patents), Russia (two patents) and England (one patent), although the Russian claim was withdrawn after Russia’s invasion of Ukraine. OPPO have also filed claims for infringement of their own SEPs by Nokia in Germany (eight patents) and the PRC (eight patents). As at the date of the hearing before this Court, only one judgment on the merits had been given in these proceedings, namely a judgment of the Regional Court of Mannheim dated 21 June 2022 holding that European Patent (DE) No. 1 704 731 had been infringed by OPPO, but further judgments were expected imminently in both Germany and Indonesia.

The general problem

7. Before turning to the specifics of the present dispute, it may be helpful to outline the general problem in this kind of dispute.
8. Standards exist so that different manufacturers can produce equipment which is interoperable. This has a number of advantages, of which the following are probably the most important. First, it enables different manufacturers to produce different components of a system. This spreads the investment required and enables specialisation. Secondly, it enables additional types of device to be connected to a system, producing network effects. Thirdly, it means that manufacturers of the same type of device can compete with each other on both quality and price. Fourthly, it gives users of devices that comply with the standard the confidence that they will work anywhere. Standards are central to the development of modern technology, and their advantages are now familiar to many people worldwide through the development of telecommunications standards from 2G to 5G. As this example shows, standards have enabled major technological advances to be rapidly developed and commercialised in recent years. This has required huge investments to be made in research and development.

9. Standards are set by standards-development organisations (SDOs), also known as standards-setting organisations (SSOs), such as the European Telecommunications Standards Institute (ETSI). SDOs such as ETSI typically have an intellectual property rights (IPR) policy which requires companies participating in the development of a new standard to declare when technical proposals they contribute are covered by SEPs (or, more usually at that stage, applications for SEPs). A patent is said to be standard-essential if implementation of the standard would necessarily involve infringement of the patent in the absence of a licence. Once a proposal is declared to be covered by a SEP, the patentee is required to give an irrevocable undertaking to grant licences of the SEP on FRAND terms. If the patentee declines to give such an undertaking, the proposal is not incorporated into the standard and some other technology is used instead. In this way a balance is struck between the interests of patentees and of implementers. Patentees are ensured a fair reward for the use of their inventions, and implementers are guaranteed access to those inventions at a fair price. This balance is in the public interest, because it encourages patentees to permit their inventions to be incorporated into standards and it encourages implementers to implement those standards. Because standards are global in nature, and are implemented by businesses which trade globally, the obligation to licence SEPs on FRAND terms is also a global one.
10. In order to make IPR policies involving the licensing of SEPs on FRAND terms fully succeed, there are two particular potential evils that must be avoided. Although terminology is not entirely consistent, these evils are generally known as “hold up” and “hold out” respectively. In simple terms, “hold up” occurs if a patentee is able to ensure that a SEP is incorporated into a standard and implemented by implementers in circumstances which enable the patentee to use the threat of an injunction to restrain infringement to extract licence terms, and in particular royalty rates, which exceed the reasonable market value of a licence of the patented invention (i.e. treating the SEP as akin to a “ransom strip” of land). “Hold out” occurs if an implementer is able to implement a technical solution covered by a SEP without paying the reasonable market value for a licence (or perhaps anything at all). It will be appreciated that the FRAND undertaking is designed to prevent hold up by giving the implementer a defence to a claim for infringement and hence to an injunction, while the patentee’s ability to obtain an injunction to restrain infringement of an unlicensed SEP should prevent hold out.
11. Avoidance of hold up and hold out depends upon the existence of a well-functioning dispute resolution system, because it is in the interests of patentees to maximise the royalty rates they can obtain for licensing their SEPs, while it is in the interests of implementers to minimise the royalty rates they pay. In the absence of a negotiated agreement between a patentee and an implementer as to the terms of a FRAND licence, which may be facilitated but cannot be guaranteed by mediation, a dispute resolution system is required to resolve disputes. As the Supreme Court noted in *Unwired Planet* at [90], the IPR policies of SDOs such as ETSI do not provide for any international tribunal to determine such disputes. It follows that, in the absence of an agreement to arbitrate, the only dispute resolution systems available to such parties are the national courts competent to adjudicate upon patent disputes.
12. It is generally accepted, however, that patents are territorial. That is to say, they are proprietary legal rights created by the law of a nation state which confer a monopoly

within the territory of that nation state, but not outside it. (The unitary EU patent, when it comes into existence, will confer a monopoly within the territory of the participating EU Member States, but that does not detract from the basic principle.) Thus an inventor wishing to patent their invention must apply for a patent in every state in which they wish to obtain a monopoly: in any state where they do not obtain a patent, the invention may be freely used by other parties. It follows that patentees typically own families of corresponding patents in many countries of the world, although the costs of patenting everywhere are generally prohibitive.

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.

The facts of the present case in more detail

18. The relevant standards in the present case are standards promulgated by ETSI, and so the relevant IPR policy is the ETSI IPR Policy. The key term of the ETSI IPR Policy is clause 6.1, which is the clause which requires patent holders who make a declaration of essentiality to give an irrevocable undertaking to grant irrevocable licences on FRAND terms. Clause 6.1 also provides that this undertaking may be made subject to the condition that those who seek licences agree to reciprocate.
19. In their claim form Nokia sought the following principal relief:
 - i) A declaration that each of the UK Patents is essential to various standards identified by Nokia.
 - ii) A declaration that each of the UK Patents is valid and has been infringed by OPPO. (To be precise, each of the Defendants is alleged either to have done infringing acts within the UK or to be jointly liable with one or more Defendants which have committed such acts.)
 - iii) A declaration that the terms and conditions of "the Nokia Offers" are FRAND. The Nokia Offers are defined in the Particulars of Claim as a written offer made on 29 November 2020 and an oral offer made on 11 June 2021, particulars of which are given in a Confidential Schedule.
 - iv) Save in so far as OPPO are entitled to and take a licence to the UK Patents on FRAND terms and Nokia remain required to grant one, an injunction to restrain OPPO from infringing the UK Patents and an order for delivery up.
 - v) An inquiry as to damages for infringement of the UK Patents alternatively an account of profits and an order for payment for all sums found due together with interest.

20. Without prejudice to their jurisdictional challenge, OPPO have served draft Defences, which have subsequently been amended, challenging the validity of each of the UK Patents, disputing essentiality and infringement of each of the UK Patents, and counterclaiming for declarations (inter alia) that (i) Nokia are unwilling licensors who have not complied with their obligations under the ETSI IPR Policy and that OPPO are entitled to enforce Nokia's undertakings to ETSI and (ii) OPPO are within the class of beneficiaries of clause 6.1 of the ETSI IPR Policy and are entitled to rely upon and enforce the undertakings given by Nokia to ETSI.
21. By his order dated 9 November 2021 the judge gave directions for three five-day technical trials of validity, essentiality and infringement of the UK Patents in November 2022 (Trial A), April 2023 (Trial B) and June 2023 (Trial C) and a 10-15-day trial in October 2023 to determine FRAND issues (Trial D). Subsequently directions have been given for a five-day trial after February 2023 to determine whether Nokia can pursue their claim for an injunction having regard to OPPO's undertaking to take a global licence on the terms settled by the Chongqing court (Trial E).
22. On 8 April 2022 Nokia sent OPPO draft Amended Particulars of Claim. OPPO have declined to consent to the amendments, and are opposing a subsequent application by Nokia for permission to amend, but counsel for OPPO accepted that this Court could proceed on the assumption that Nokia would be granted permission. By the Amended Particulars of Claim Nokia seek, in the alternative to a declaration that the Nokia Offers are FRAND, a determination of the FRAND terms for licensing the UK Patents and a declaration to that effect. In addition, Nokia have modified their claim to an injunction so as to claim, save in so far as OPPO undertake to the court (i.e. the English court) to take a licence to the UK Patents on the terms determined by the court to be FRAND, (i) a declaration that OPPO do not fall within the class of beneficiaries of clause 6.1 of the ETSI IPR Policy and/or are not entitled to rely upon Nokia's FRAND obligation to avoid an injunction and (ii) a so-called "FRAND injunction" to restrain infringement of the UK Patents (meaning an injunction which has effect unless and until OPPO take a licence on the terms determined by the court to be FRAND).
23. Although OPPO commenced two sets of proceedings in Chongqing, it is only necessary to refer to one (referred to as "the Rate Setting Claim"). This is a free-standing claim brought by the Third Defendant, its Shenzhen branch and a Chongqing affiliate against Nokia Corporation, the First Claimant and a Beijing affiliate ("Nokia Beijing") by which OPPO ask the Chongqing court to determine the rates and terms of a FRAND licence of Nokia's global portfolio. The Rate Setting Claim was served on Nokia Beijing on 11 August 2021 (it is unclear whether it has been served on the other defendants, but this does not matter for present purposes). On 25 August 2021 Nokia Beijing filed an objection to the jurisdiction of the Chongqing court. On 28 December 2021 the Chongqing court dismissed Nokia Beijing's jurisdictional challenge. Nokia Beijing has appealed to the Intellectual Property Tribunal of the SPC, and judgment on the appeal is presently awaited.
24. It is important to note that, in this case, it is common ground between the parties that a FRAND licence of Nokia's portfolio of SEPs, including the UK Patents, is a global licence. OPPO do not suggest that a UK only-licence would be FRAND.

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 to 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.
26. This Court asked the parties whether they were willing to agree to arbitration of the dispute. OPPO's position was that they were opposed to arbitration because they considered that the appropriate way in which to resolve the dispute, failing a negotiated or mediated settlement, was through the national courts. Nokia's position was that, in general, they are agreeable to arbitration of disputes over the terms of a FRAND licence (and it is a matter of public record that Nokia have arbitrated at least two previous disputes), but that it was now too late to arbitrate this dispute given the passage of time since 1 July 2021 and the substantial investments made by the parties in litigation in the national courts.

The appropriate forum

The law

27. There is no dispute that Nokia's claims have a real prospect of success and that Nokia are able to rely upon one or more of the applicable gateways for service of the claim form out of the jurisdiction on the Chinese Defendants. The dispute on both of OPPO's applications is as to the appropriate forum. In the case of the Chinese Defendants, the burden lies upon Nokia to show that England is "clearly or distinctly the appropriate forum for the trial of the dispute" (*Altimo Holdings and Investment Ltd v Kyrgyz Mobil Tel Ltd* [2011] UKPC 7, [2012] 1 WLR 1804 at [71] (Lord Collins of Mapesbury)). In the case of the English Defendants, the burden lies upon OPPO to show that another forum is more appropriate for the trial of the dispute than England (*Spiliada Maritime Corp v Cansulex Ltd* [1987] 1 AC). While the application of these tests could in principle lead to each side failing to discharge its respective burden, with this result that the court declined jurisdiction over the Chinese Defendants but proceeded to exercise its jurisdiction over the English Defendants, the judge noted that neither side had suggested that the difference in the burden of proof was important in this case.
28. One of the reasons why the defendants' jurisdictional challenge in the *Conversant* case failed in the High Court and Court of Appeal was that, by virtue of the Brussels I Regulation as interpreted in Case C-281/02 *Owusu v Jackson* [EU:C:2005:120], it was not possible for the court to decline jurisdiction over the English defendants on the ground of *forum non conveniens*. Furthermore, that favoured accepting jurisdiction over the Chinese defendants, in order to avoid fragmenting the case. As is common ground, this is no longer the position even if the Court of Appeal was correct in that case (a point the Supreme Court left open).
29. As Lord Briggs explained in *Lungowe v Vedanta Resources plc* [2019] UKSC 20, [2020] AC 1045 at [66]:

“The best known fleshed-out description of the concept [of the appropriate forum] is to be found in Lord Goff of Chieveley’s famous speech in the *Spiliada* case ... That concept generally requires a summary examination of connecting factors between the case and one or more jurisdictions in which it could be litigated. Those include matters of practical convenience such as accessibility to courts for parties and witnesses and the availability of a common language so as to minimise the expense and potential for distortion involved in translation of evidence. Although they are important, they are not necessarily conclusive. Connecting factors also include matters such as the system of law which will be applied to decide the issues, the place where the wrongful act or omission occurred and the place where the harm occurred.”

Characterisation of the dispute

30. The starting point is the proper characterisation of the dispute for which the appropriate forum is to be determined. For this purpose the court must have regard to the totality of the dispute between the parties: see *VTB Capital Plc v Nutritek International Corp* [2013] UKSC 5, [2013] 2 AC 337 at [57] (Lord Mance), [90]-[91] (Lord Neuberger of Abbotsbury) and [192]-[193] (Lord Clarke of Stone-cum-Ebony).

31. As the Supreme Court explained in *Conversant*:

“[94] Leaving aside questions as to the burden of proof, at common law the *forum conveniens* doctrine requires the English court to decide whether its jurisdiction or that of the suggested foreign court is the more suitable as a forum for the determination of the dispute between the parties. The traditional way in which this question has been framed speaks of the ‘forum in which the case can be suitably tried for the interests of all the parties and for the ends of justice’ The requirement in complex litigation to define, at the outset, what is ‘the case’ to be tried runs the risk that the court will by choosing a particular definition pre-judge the outcome of the *forum conveniens* analysis, as the Court of Appeal decided had occurred at first instance in *Re Harrods (Buenos Aires) Ltd* [1992] Ch 72. Harman J had characterised ‘the case’ as a petition under the English Companies Act for relief for unfair prejudice in the conduct of the affairs of an English registered company, which made it ‘blindingly obvious’ to him that England was the appropriate forum. But the company carried on business entirely in Argentina. The matters complained of all occurred there, where there was a parallel jurisdiction to provide relief under Argentinian legislation. So the Court of Appeal preferred Argentina as the appropriate forum. Like the Court of Appeal in the present case, we therefore prefer for present purposes to identify the dispute between the parties as the matter to be

tried, lest reference to ‘the case’ should introduce undue formalism into the analysis of a question of substance.

[95] The question how the dispute should be defined has been the main bone of contention between the parties, both in this court and in the courts below. Is it, as the appellants say, in substance a dispute about the terms of a global FRAND licence, or is it, as the respondent maintains, both in form and in substance about the vindication of the rights inherent in English patents, and therefore about their validity and infringement, with FRAND issues arising only as an aspect of an alleged contractual defence? Thus far the respondent has had the better of that argument, both before the judge and the Court of Appeal. At the heart of the analysis which has thus far prevailed is the recognition that the owner of a portfolio of patents granted by different countries is in principle entitled to decide which patents (and therefore in which country or countries) to seek to enforce, and cannot be compelled to enforce patents in the portfolio granted by other countries merely because a common FRAND defence to the enforcement of any of them raises issues which might more conveniently be determined in another jurisdiction than that which exclusively regulated the enforcement of the chosen patents.

[96] Were it necessary to choose between the rival characterisations of the substance of the dispute, we would have agreed with the choice made by the courts below. ...”

32. At first instance ([2018] EWHC 808 (Pat), [2018] RPC 16) at [73]) Henry Carr J characterised Conversant’s claim as “a case which concerns allegations of infringement of UK patents, and for relief in terms of a global FRAND licence.”

33. The Court of Appeal ([2019] EWCA Civ 38, [2019] RPC 6) endorsed this characterisation for the reasons given by Floyd LJ in a passage which merits quotation almost in full:

“[96] I accept Mr Layton’s submission, supported by Mr Bloch, and not contested by Mr Speck, that in characterising the claim one does not look simply at Conversant’s claim: one must look at the overall dispute between the parties. That may involve looking at how the claim is to be answered insofar as that is known That consideration alone does not assist the appellants, because the dispute characterised as a whole still involves ... the questions of essentiality, infringement and validity of the UK patents. ...

[97] It is clear that one may get different answers to the *forum conveniens* questions depending on the level of generality at which one characterises the dispute. It is possible to define the dispute both in a way which is too specific and in a way which is too general. Thus, to define a dispute in a way which focuses

on the relief which would be granted in the English court was to define it too specifically: see *re Harrods (Buenos Aires)*. On the other hand, to define the dispute in so general a way that the claimant is left to pursue a claim based on a different property right and different underlying facts in the foreign forum is, in my judgment, likely to define it too broadly.

[98] The way in which claims of the type which Conversant wishes to bring are to be analysed was considered in some depth in *Unwired CA*. The points which emerge from that judgment which are relevant to this appeal are the following:

- (i) At [52] the court pointed out that it was accepted that there was no such thing as a global portfolio right, and that the court in this country will only determine disputes concerning infringement and validity of UK patents or European patents designating the UK. Moreover, if a UK patent is found valid and infringed the relief by way of injunction and damages will relate only to acts of infringement of those patents within that territory.
- (ii) At [53] the court contrasted the territorial nature of patent rights with the position in relation to the FRAND undertaking given to ETSI. The undertaking, like the standard to which it relates, was of international effect, applying to all patents which belong to the same family irrespective of the territory in which they subsist. This was necessary in order to protect implementers whose equipment may be sold in a number of different jurisdictions and then used by members of the public who may travel with that equipment from one jurisdiction to another.
- (iii) However, just as it was necessary to protect implementers by giving them global protection in this way, it was necessary to protect SEP owners from the need to negotiate patent licences on a country by country basis, and the need to litigate on such a basis. As the court pointed out at [55], Huawei's witness had accepted that the costs of such litigation to the SEP owner would be impossibly high.
- (iv) Thus, the court pointed out at [56], in such circumstances it was possible, depending on the facts, that a global licence could be FRAND.
- (v) Where a SEP owner brings proceedings for infringement against an implementer in one jurisdiction in respect of the SEPs which it owns there and makes good its case, two outcomes might follow. First, if the

evidence establishes that a willing licensor and a willing licensee in the position of the parties would agree a FRAND licence in respect of that jurisdiction but the SEP owner refuses to offer it such a licence then no injunction should be granted. If on the other hand, the implementer refuses to enter into the FRAND licence for that jurisdiction then the SEP owner can properly seek an injunction to restrain further infringement there. Secondly, however, if the evidence establishes that a willing licensor and a willing licensee in the position of the parties would agree a global FRAND licence, that such a licence would conform to industry practice and that it would not be discriminatory but the SEP owner refuses to grant such a licence to the implementer then once again it should be denied an injunction. If on the other hand, the implementer were to refuse to enter into such a licence then the SEP owner should be entitled to an injunction in that jurisdiction to restrain infringement of the particular SEPs in issue in those proceedings: see [57] and [58].

- (vi) Were the position otherwise then the SEP owner seeking to recover the FRAND licence monies for all of the SEPs in the same family from an uncooperative implementer who is acting unreasonably would be required to bring proceedings in every jurisdiction in which those rights subsist, which might be prohibitively expensive for it to do. This result would not involve any alteration of the territorially limited characteristics of any SEP; nor would it involve any jurisdictional expansionism. To the contrary, it would amount to a recognition by the court (i) that the SEP owner has complied with its undertaking to ETSI to offer a licence on FRAND terms; (ii) that the implementer has refused or declined to accept that offer without any reasonable ground for so doing; and (iii) that in these circumstances the SEP owner is entitled to the usual relief available for patent infringement including an injunction to restrain further infringement of the particular SEPs in issue in the proceedings.

- [99] Conversant's claim in the present case is closely analogous to the claim advanced in the Unwired Planet case. It is (i) that the UK patents are essential to the standard, (ii) that it has complied with its ETSI undertaking, in that the offers which it has made are FRAND, (iii) that Huawei and ZTE have not so complied without any reasonable ground for so doing, and (iv) that it is therefore entitled to enforce its UK SEPs and obtain the usual relief for infringement, including a FRAND

injunction and damages. Conversant also seeks a determination as to the terms which are FRAND for the licensing of its portfolio. Huawei's and ZTE's answer is likely to be (i) that Conversant's patents are neither essential nor valid, and (ii) that Conversant has not complied with its FRAND undertaking and so is not entitled to an injunction even if it establishes that its UK patents are valid and essential. The content of Conversant's FRAND undertaking is thus an inseparable part of the dispute about whether Conversant is entitled to relief for infringement of valid UK patents.

[100] I do not accept that this analysis, by referring throughout to the UK patents in Conversant's portfolio, commits the error which the Court of Appeal identified in *re Harrods (Buenos Aires)*.
...

[101] In the present case, leaving Conversant to seek a remedy in China would be to compel them to advance a case based on different patents. The Chinese patents are not the UK patents viewed through the lens of Chinese law, but are different property rights applied for and registered in China. They are not even in the same families as the UK patents. They will have different claims. Different prior art will be relevant to their validity. The issue of essentiality of those patents will give rise to wholly different technical issues from the issues which would arise on the essentiality of the UK patents. The acts of infringement relied on will be acts in China, not acts in the UK. I find it impossible to view such a dispute as being the same dispute as that which would arise in the English court.

[102] I therefore do not accept it is legitimate to generalise out the claim made in the present proceedings and characterise it as a claim for infringement of a 'local' patent. That characterisation suggests that it is a matter of indifference to Conversant which national patents they sue on, when that is plainly not the case. It is a way of characterising the dispute so as to make it suitable for determination in any jurisdiction where Conversant has a patent, no matter how different the scope of that patent may be to the scope of the UK patents in suit. Of the two ways in which the parties seek to characterise the dispute, it seems to me that the appellants' way is the one which offends against the warnings in *Harrods Buenos Aires* against building the answer into the way in which one formulates the question.

[103] It is also not legitimate to characterise the claim as one for enforcement of a global portfolio right. No such right exists, as this court readily accepted in *Unwired CA*. I therefore reject the appellants' challenge to the way in which the dispute is to be characterised. The question which the judge asked himself was the correct one.

[104] If one characterises the case in the way in which the judge characterised it, with which I agree, then it seems to me that the *forum conveniens* question answers itself. The fact that the dispute concerns UK patents is a matter of substance and not of form. Resolution of the dispute will involve determining infringement, essentiality and validity of UK patents. A UK forum is clearly the most appropriate forum, indeed the only possible forum, for this dispute to be tried.”

34. In the present case OPPO contend that the correct characterisation of the dispute is that it is a dispute over the FRAND terms for a global licence of Nokia’s SEP portfolio. The judge did not accept this contention for the following reasons:

“43. I do not accept that the change in the factual context of this case, specifically the newly confirmed jurisdiction of Chinese courts to settle global terms of a FRAND licence, alters the correct characterisation of the present proceedings. Floyd LJ’s reasoning for the characterisation of the dispute in *Conversant* with one qualification applies equally to the dispute in the present case.

44. The qualification arises from Floyd LJ’s paragraph 101. Since the Chongqing Proceedings in which global FRAND terms are to be settled do not involve a determination of the essentiality, infringement or validity of any Chinese patents, it cannot be said that leaving Nokia to seek a remedy in China would be to compel them to advance a case based on different patents. But in this part of Floyd LJ’s judgment he was distinguishing the facts of *Conversant* from those in *Re Harrods (Buenos Aires) Ltd* [1992] Ch 72. As I understand the judgment, Floyd LJ was making the point that in *Harrods (Buenos Aires)* the underlying dispute between the parties would be the same whether heard in England or Argentina and that this would not be so in *Conversant*. The same applies in the present case. As in *Conversant* there would be an overlap in the form of the dispute as to what constitute FRAND terms for a licence under Nokia’s SEPs. Otherwise the present proceedings have less in common with the Chongqing Proceedings than was the case between the two sets of proceedings hypothesised in *Conversant* since the Chongqing Proceedings do not involve any issues of essentiality, infringement or validity of any patent. There may be other differences, which I consider below.”

35. OPPO’s first ground of appeal is that the judge erred in his characterisation of the dispute. OPPO do not dispute that this claim involves issues of validity, essentiality and infringement of the UK Patents (although OPPO contend that in all likelihood it will never be necessary to determine those issues for reasons I will consider when I come to OPPO’s application for a stay on case management grounds). Nor do OPPO dispute that those issues can only be tried in a UK court. OPPO contend, however,

that those issues constitute no more than, as counsel for OPPO put it, the tail of an elephant the body of which is the dispute between the parties as to what terms for a global licence of Nokia's SEP portfolio are FRAND.

36. Counsel for OPPO submitted that there were a number of points of distinction between the present case and *Conversant*, and thus the judge had been wrong to conclude that the present case was indistinguishable from that one. Leaving aside two points he mentioned in his oral submissions which had not been foreshadowed in OPPO's skeleton argument and which are plainly irrelevant to this question (namely, the age of *Conversant*'s portfolio and the fact that *Conversant* was a so-called patent assertion entity), he relied upon four points of distinction.
37. The first two points are those mentioned in paragraph 4 above. Neither of those points is relevant to the characterisation of the dispute, however. The first means that the issue as to the appropriate forum is no longer pre-determined (in the case of English defendants) or weighted (in the case of foreign co-defendants) by the domicile of the English defendants. The second is relevant to the question of whether there is an alternative forum for the determination of the dispute, once the dispute has been characterised.
38. The third and fourth points of distinction counsel for OPPO identified are opposite sides of the same coin and therefore it is convenient to take them together. The third point is that, as counsel put it in OPPO's skeleton argument, "[t]he dispute is not about *whether* OPPO will take a global licence; it is about the terms of that licence ... OPPO accepts that it needs a global licence for the portfolio taken as a whole and undertakes to take one ... OPPO want and will take a global licence". The fourth point is that, for this reason, Nokia's ability to obtain compensation for the exploitation of its portfolio via a global licence does not depend on Nokia proving infringement of any specific valid SEP in any particular country.
39. I agree that OPPO's acceptance that they need a global licence and their expressed willingness to take one represents a factual distinction between the present case and *Conversant*, where Huawei and ZTE neither accepted the need for a global licence nor expressed a willingness to take one. I do not accept that this is a relevant distinction, however. My reasons are as follows.
40. First, if the dispute was purely about the terms of a global licence, there would be no need for three five-day trials of the validity, essentiality and infringement of the UK Patents (Trials A-C). Nor would there be any need for a trial of whether OPPO can rely upon Nokia's FRAND obligation without undertaking to the English court to take a licence on terms determined by the English court to be FRAND (Trial E). Rather, the parties could proceed straight to the determination of what terms are FRAND (Trial D). When asked whether OPPO were willing to dispense with their challenges to the validity, essentiality and infringement of the UK Patents (which OPPO could do purely for the purpose of this claim and without any admission that the UK Patents are in fact valid, essential or infringed), counsel for OPPO's answer was that OPPO are not willing to do that. On the contrary, OPPO are insistent upon exercising their right to challenge validity, essentiality and infringement of the UK Patents (although, as noted above, OPPO say that it should not be necessary to determine those issues). It follows that only if Nokia prove that at least one of the UK Patents is valid, essential and infringed absent a licence will it become necessary to determine whether

OPPO can rely upon Nokia's FRAND obligation by way of defence and if so upon what licence terms.

41. Counsel for OPPO accepted that this confirmed that the dispute included issues as to the validity, essentiality and infringement of the UK patents, but he argued that this was merely a jurisdictional "hook" which did not detract from the fact that the "meat" of the dispute was over the terms of a global licence. This does not distinguish the present case from *Conversant*, however, as can be seen from the passage from Floyd LJ's judgment I have quoted.
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.”

44. I therefore consider that the judge correctly characterised the dispute between the parties in the present case. As Floyd LJ noted in *Conversant*, if the dispute is correctly characterised as a claim to enforce UK patents, raising issues as to the validity, essentiality and infringement of those patents and as to a defence seeking to enforce the patentee’s FRAND obligation, there can only be one answer to the question as to which is the appropriate forum in which to try that dispute. OPPO do not dispute this, and accordingly their second ground of appeal challenging the judge’s conclusion as to the appropriate forum is contingent upon the success of their first ground of appeal. I shall nevertheless consider the issue for completeness.

The availability of an alternative forum

45. OPPO’s jurisdictional challenge depends on the availability of an alternative forum for the resolution of the dispute between the parties. The ground upon which Huawei’s jurisdictional challenge in the *Conversant* appeals failed in the Supreme Court was that no alternative forum with jurisdiction to determine the dispute as to the terms of a global FRAND licence in the absence of the consent of both parties had been established by the defendants. The judge held that that has now changed as result of the decision of the SPC in the *OPPO v Sharp* case, and there is an alternative forum in the PRC, specifically the Chongqing court. Nokia challenge this conclusion by a respondents’ notice.
46. I do not understand it to be contested that, if the dispute is correctly characterised as a claim to enforce UK patents, raising issues as to the validity, essentiality and infringement of those patents and as to a defence seeking to enforce the patentee’s FRAND obligation, then, as Floyd LJ noted in *Conversant*, there is no alternative forum for the resolution of the dispute, because the only court with jurisdiction to consider all those issues is a UK court.
47. The issue is whether there is an alternative forum if the dispute is correctly characterised, as OPPO contend, as a dispute over the terms of a global FRAND licence of Nokia’s SEP portfolio. Nokia contend that the Chongqing court is not an alternative forum for the determination of the dispute so characterised for three reasons.
48. The first is that it is uncertain whether the Chongqing court has jurisdiction to hear the Rate Setting Claim given that judgment is still awaited on Nokia’s appeal against the dismissal of their jurisdictional challenge. As matters stand, however, the jurisdictional challenge has not succeeded.
49. The second reason is that, at least as currently pleaded, the Rate Setting Claim does not ask the Chongqing court to set terms which include a cross-licence from OPPO. The judge concluded that this was unlikely to have been an oversight, but went on to find that it would be open to Nokia to seek a global cross-licence to OPPO’s SEP portfolio by way of a counterclaim in the Chongqing proceedings. This finding was based on unchallenged evidence from Tingting Liao of Fangda Partners, a law firm in Shanghai, who has conduct of the Rate Setting Claim on behalf of OPPO. Counsel for Nokia described this as a “leap of faith”, but I disagree.

50. The third reason is that, at least as currently pleaded, the Rate Setting Claim only covers OPPO-branded devices, and not OnePlus and realme devices. The judge accepted evidence from Ms Liao that OPPO would “take such steps as were necessary” to ensure that the Rate Setting Claim covered “all Licensed OPPO Products (as defined in the 2018 Licence)”. Nokia point out that OPPO have not yet amended their claim in the Rate Setting Claim to cover OnePlus and realme devices, but no weight can be placed on this given that Nokia still have a pending jurisdictional challenge.
51. I therefore consider that the judge was correct to hold that, if the dispute is correctly characterised as one over the terms of a global FRAND licence of Nokia’s SEP portfolio, the Chongqing court is an alternative forum.

The appropriate forum

52. OPPO’s second ground of appeal is that, if the judge had correctly characterised the dispute, he should have concluded that the appropriate forum for the determination of the dispute was Chongqing. Nokia contend that, even if the dispute is correctly characterised as a dispute over the terms of a global FRAND licence of Nokia’s SEP portfolio, and even if Chongqing is an alternative forum for the trial of that dispute, England is the appropriate forum. The resolution of this issue requires consideration of the connecting factors between the dispute and the alternative fora. The judge understandably did not carry out this exercise given his conclusion on characterisation.
53. OPPO rely upon seven factors as connecting the dispute more closely with Chongqing than England. The first, sixth and seventh factors can be taken together. The first is that the Chongqing court is an available forum. This is not a connecting factor, however, but a pre-condition for the question as to which forum is appropriate to arise. The sixth factor is that the Chongqing court is already seised of the dispute. This does no more than confirm its availability as a forum, however. The seventh factor is the risk of irreconcilable judgments. This simply arises from the fact that, after the commencement of this claim, OPPO brought duplicative proceedings in the alternative forum. It does not show that the alternative forum is the appropriate forum.
54. The second factor is that OPPO are based in the PRC whereas Nokia are Finnish. This ignores the fact that two of the Defendants are English. In any event, the domicile of corporate parties is of little weight as a connecting factor (the location of witnesses and documents may be of more weight, but OPPO do not rely upon those factors).
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.

56. For their part Nokia rely upon three factors as connecting the dispute more closely with England than Chongqing. The first concerns the application of the proper law. The ETSI IPR Policy is governed by French law. Accordingly, in *Unwired Planet*, the High Court, Court of Appeal and Supreme Court construed the Policy, in particular clause 6.1, in accordance with the applicable principles of French law (as established by expert evidence as to French law): see in particular the Supreme Court at [8]. For present purposes the key issue concerns the non-discrimination limb of the FRAND, and in particular whether it is “general” or “hard-edged”. As the Supreme Court held at [113], this is a question of interpretation of clause 6.1. In rejecting a “hard-edged” approach to non-discrimination, the Supreme Court analysed the language of the clause itself ([114]), the internal context of the IPR Policy ([115]) and previous ETSI documents publicly rejecting a “most-favourable licence” term ([116]-[117]).
57. In the present case it was common ground between the experts who gave evidence as to Chinese law before the judge that the Chongqing court will apply Chinese law when determining the terms of a global FRAND licence. Indeed, the Guangdong Higher People’s Court expressly rejected an argument that the Shenzhen first instance court should have applied French law in *Huawei Technology Co Ltd v InterDigital Communications Inc* (2013) Yue Gao Fa Min San Zhong Zi No. 305. Moreover, Ms Liao questioned why French law or the ETSI obligation were relevant to calculation of the applicable royalty rate at all.
58. The significance of this point is that, while the Supreme Court rejected a “hard-edged” approach to non-discrimination in *Unwired Planet*, it is common ground that that is the approach that has been adopted by the Chinese courts to date in cases involving PRC-only licences. Although there is no precedent in which a Chinese court has addressed this issue in a case involving a global licence, there is no evidence that this is likely to make a difference. As a result, Henry Carr J found in *Conversant* at [62(i)] and [63] that proceedings in China “would result in a lower rate for the entire portfolio than would be granted in other parts of the world”. This is of particular concern for Nokia in circumstances where Oppo may seek to point to the 2018 licence as the appropriate comparator when adopting a hard-edged approach.
59. As Meade J observed in *Optis Cellular Technology LLC v Apple Retail UK Ltd* [2021] EWHC 2564 (Pat) at [187], “[t]he decision by an implementer to accept or reject the UK Court’s FRAND rate is driven not by whether the FRAND rate is truly FRAND but only by whether it matches the implementer’s expectations of what it might get from another Court in another jurisdiction.” For the reason explained above, if the Chongqing court is found to be the appropriate forum, it is likely that that court will apply a different law and a different approach to FRAND to the English court, probably resulting in lower licence fees payable by OPPO. Nokia argue that this is a compelling reason why the English court is the appropriate forum for the trial of this dispute.

60. The judge dealt with this argument in the context of OPPO's application for a stay on case management grounds. It appears that it was not as clearly articulated before him as it was before this Court, since he commented at [106] that it was "not explained" to him "why any difference matters". He therefore concluded at [107] that "this point ultimately goes nowhere".
61. Counsel for OPPO's answers to the argument were that, first, the Supreme Court had not applied any principle of French law as to non-discrimination in *Unwired Planet*; and secondly, even if it had, this was no more than a "legitimate personal or juridical advantage" for Nokia, rather than amounting to a denial of substantial justice, and therefore was not a factor to be taken into account when determining the appropriate forum (*Spiliada* at 482-484 (Lord Goff of Chieveley)). I accept that this factor does not establish that England is a more appropriate forum than Chongqing at least for the second reason if not the first. What it does do, however, is to confirm the point that I have already made that there is in truth no "natural" forum for the determination of the dispute even as characterised by OPPO, and that the arguments on forum are purely driven by the desire of each side to have the dispute determined in the forum which it perceives to be favourable to it.
62. The second factor relied upon by Nokia is the relief available in the alternative fora. Assuming that Nokia succeed in establishing at least one of the UK Patents is valid, essential and infringed in the absence of a licence, and assuming that OPPO are beneficiaries of Nokia's FRAND undertaking, the English court will not merely determine what terms of a global licence are FRAND, but also grant Nokia a FRAND injunction. In those circumstances Nokia will be able to enforce their SEPs unless OPPO are prepared either to take a licence or to forego the UK market. As discussed above, however, the Rate Setting Claim in the Chongqing court does not include any claim for enforcement of Nokia's SEPs. Moreover, on its face the Rate Setting Claim merely asks the Chongqing court for determination of what terms are FRAND, it does not include any claim for an order either that Nokia grant a licence or that OPPO accept one.
63. Nokia argue that it follows that the judgment of the Chongqing court would be no more than advisory. The judge held at [15] that it was "not necessary" for him "to resolve whether that is an accurate characterisation". He went on to say that he would assume that OPPO would undertake to Nokia that they will enter into a licence on the terms settled by the Chongqing court (and, as noted above, OPPO have subsequently done so, although it remains unclear whether, and if so how, this undertaking could be enforced by Nokia). The judge went on, however, to consider some "last minute" evidence given by Ms Liao shortly before the hearing to the effect that, if either party refused to obey the decision of the Chongqing court, the other party could petition the court to impose sanctions upon the defaulting party comprising a substantial fine or imprisonment of their officers. The judge said at [110] that he would "need more considered evidence from both sides" before reaching the conclusion that such sanctions on Nokia were "realistic probabilities in the event that Nokia did not like the terms settled by [the Chongqing court] and refuses to offer a licence on those terms". Although the judge did not explicitly mention the converse position (i.e. if OPPO do not like the terms settled by the Chongqing court and refuse to take a licence on those terms), it seems to me that his conclusion is equally applicable to OPPO.

64. The judge did not regard this factor, in the case management context, as a factor favouring the refusal of a stay, but did not clearly explain why not. In my view the fundamental answer to it is the one I have already mentioned. The question of how the FRAND obligation is to be enforced does not point to the appropriateness of either forum. Let it be assumed that the decision of the Chongqing court is in itself purely advisory. If the decision favours Nokia, Nokia can seek to enforce their PRC SEPs, and if Nokia can prove that at least one is valid, essential and infringed absent a licence, then as a practical matter OPPO will have no choice but to take a licence on those terms in order to avoid being excluded from the PRC market. If the decision favours OPPO, it will be Nokia rather than OPPO who are placed on the horns of a dilemma: in all probability Nokia will be refused an injunction to enforce their PRC SEPs unless they grant a licence on those terms, and so will have to forgo any revenues from the PRC if they do not.
65. The third factor relied upon by Nokia is that the English court has more experience than the Chongqing court, having tried two FRAND determinations (although judgment in the second case is still awaited) whereas the Chongqing court has not tried any yet. Like the judge in the context of case management, I do not regard this as a factor of any weight in the context of the appropriate forum.
66. In summary, if the dispute is correctly characterised as a dispute over the terms of a global FRAND licence, there is no “natural” forum to determine it and none of the factors relied upon by the parties favours one forum over the other. In those circumstances one answer would be to resolve the dispute by application of the burden of proof, but as noted above neither side advocates that. That being so, it seems to me that the correct answer is that England is clearly an appropriate forum for the determination of the dispute since Nokia have UK SEPs which they wish to enforce in order to compel OPPO to take a licence upon FRAND terms, and Chongqing is at best no more appropriate a forum than England.

Stay on case management grounds

The law

67. As the Supreme Court explained in *Conversant* at [99]:

“... The English courts have wide case management powers, and they include the power to impose a temporary stay on proceedings where to do so would serve the Overriding Objective: see CPR 1.2(a) and 3.1(2)(f). For example a temporary stay is frequently imposed (and even more frequently ordered by consent) in order to give the parties breathing space to attempt to settle the proceedings or narrow the issues by mediation or some other form of alternative dispute resolution. A temporary stay may be ordered where there are parallel proceedings in another jurisdiction, raising similar or related issues between the same or related parties, where the earlier resolution of those issues in the foreign proceedings would better serve the interests of justice than by allowing the English proceedings to continue without a temporary stay: see *Reichhold Norway ASA v Goldman Sachs*

International [2000] 1 WLR 173. But this would be justified only in rare or compelling circumstances: see per Lord Bingham CJ [2000] 1 WLR 173 at 185–186, and *Klöckner Holdings GmbH v Klöckner Beteiligungs GmbH* [2005] EWHC 1453 (Comm), [2005] All ER (D) 111 (Jul).”

The judge’s decision

68. The judge considered a series of factors relied upon by the parties, some of which I have already considered.
69. OPPO relied upon five factors:
 - i) The risk of irreconcilable judgments.
 - ii) Speedier determination of the terms of a FRAND licence by the Chongqing court than by the English court.
 - iii) Nokia could seek a carve-out from the terms settled by the Chongqing court to enable the English court to settle terms for the UK.
 - iv) The dispute was more closely connected with the PRC than the UK.
 - v) SEP holders should not be entitled to choose whichever jurisdiction suited their interests.
70. The judge’s assessment of these factors was as follows:
 - i) As the Supreme Court noted in *Conversant* at [90], the risk of irreconcilable judgments is the result of the current system for determining SEP/FRAND disputes with no international tribunal (although I would add that, if parties wish to avoid the risk of irreconcilable national court judgments, they should agree to arbitration).
 - ii) The judge considered that there were too many uncertainties for him to reach any reliable conclusion as to which court would provide an earlier determination of the terms of a FRAND licence. His best guess is that there would not be much in it.
 - iii) The judge was sceptical that the Chongqing court would agree to carve out the UK, and pointed out that, if the UK was to be carved out, then why not Germany, India or Indonesia or any other territory Nokia might wish to list? This would make a nonsense of the idea of one court deciding the terms of a global licence.
 - iv) The judge did not think this had a bearing on the question of case management.
 - v) The judge agreed with OPPO that it was undesirable for SEP holders to be free to choose whichever jurisdiction was most favourable to them, but pointed out that it was equally undesirable for implementers to be free to choose

whichever jurisdiction was most favourable to them. As the judge put it at [118], “[a] race to the bottom is no more attractive than a race to the top”.

71. Nokia relied upon no less than nine factors:

- i) The Rate Setting Claim did not include the cross-licence issue.
- ii) The Rate Setting Claim did not include OnePlus and realme branded devices.
- iii) The judgments would not necessarily be irreconcilable because more than one set of terms could be FRAND.
- iv) A stay would deprive Nokia of a legitimate juridical advantage because of the likelihood that the Chongqing court would set lower royalty rates than the English court.
- v) The English court would apply French law whereas the Chongqing court would apply Chinese law.
- vi) Nokia would be exposed to a fine and/or imprisonment of their officers if they did not grant a licence on the terms determined by the Chongqing court, and should not be exposed to such sanctions.
- vii) The Chongqing court would determine the terms of a FRAND licence later than the English court.
- viii) The ETSI documents, the negotiations between the parties and comparable licences were all in English, and all of Nokia’s anticipated witnesses spoke English.
- ix) The relative experience of the English and Chongqing courts.

72. The judge’s assessment of these was as follows:

- i) See paragraph 49 above.
- ii) See paragraph 50 above.
- iii) The judge accepted this, but did not accept that there was no risk.
- iv) The judge held that the proposition that a stay on *forum non conveniens* grounds will not be refused simply because the claimant will thereby be deprived of a “legitimate personal or juridical advantage”, provided that substantial justice would be done in the alternative forum, was equally applicable to a stay on case management grounds.
- v) See paragraph 60 above.
- vi) See paragraphs 63-64 above.
- vii) As noted in sub-paragraph 70(ii) above, the judge did not think there would be much in it.

- viii) The judge did not think this was relevant since he had no doubt that the Chongqing court would have no difficulty in dealing with documents and evidence in translation.
- ix) See paragraph 65 above.

73. The judge's overall conclusion was as follows:

“126. In my judgment none of the factors raised by the parties tips the balance of justice as between the parties in favour of a stay or no stay.

127. That being so, I do not take the view that the circumstances of the present case are of the rare and compelling nature contemplated by the Court of Appeal in *Reichhold Norway* such that the balance of justice favours a stay of the FRAND issues before this court. No stay will be granted.”

The appeal

- 74. As is common ground, the judge's decision was an exercise of discretion. It can therefore only be interfered with if he erred in law or failed to take some factor into account that he should have or took some factor into account which he should not have or was plainly wrong. Moreover, since it was a case management decision, the judge's assessment should be accorded a particularly high level of deference.
- 75. OPPO contend that the judge erred in his assessment. Nokia dispute this, but in the alternative contend by way of their respondents' notice that, if this Court is required to re-exercise the discretion, it should give weight to the factors Nokia relied upon before the judge as favouring the refusal of a stay.
- 76. Although various criticisms of the judge's reasoning were advanced in OPPO's skeleton argument, counsel for OPPO focused his oral submissions upon the argument that the judge had failed properly to consider the temporal dimension of the dispute. He relied upon further evidence filed by OPPO since the hearing before the judge as showing that the judge was wrong to find that there would be little difference between the dates at which the English and Chongqing courts reached their decisions. This was answered, however, by further evidence from Nokia supporting the judge's conclusion. For example, OPPO's further evidence suggested that a decision on Nokia's jurisdictional appeal would be available “by June 2022”, whereas Nokia's further evidence suggested a decision in the period July 2022 to December 2022 was more likely. Given that no decision had been handed down by the date of the hearing before this Court on 30 June 2022, Nokia's evidence appears more realistic.
- 77. Counsel for OPPO argued that this did not matter, because time and money could in any event be saved by waiting for the decision of the Chongqing court and then reactivating the English proceedings if and to the extent necessary. I do not accept this argument. If the English proceedings are stayed pending the decision of the Chongqing court, time and money will only be saved if the Chongqing decision proves to be determinative of the issues between the parties. Otherwise, the effect will merely be to delay the resolution of the English proceedings. For the reasons

explained above, it is by no means certain that the Chongqing decision will be determinative of the issues between the parties.

78. If OPPO really wanted an expeditious determination of the terms of a FRAND licence and to save a lot of money on legal costs, they could have achieved this by dispensing with their invalidity and non-essentiality challenges in this jurisdiction. That would have enabled directions to be given for a trial of the FRAND issues as soon as these proceedings were commenced. If that had been done, the FRAND trial could have been scheduled for July 2022 or at worst October 2022. OPPO were not even prepared to agree to the FRAND issues being tried first and the technical issues later if necessary. The reality is that OPPO are not concerned to save time or legal costs, they just want the FRAND issues to be determined in the forum of their choice having commenced duplicative proceedings there after the commencement of the present claim. That is not a good reason for a case management stay.
79. Accordingly, I am not persuaded that the judge made any error in his assessment which would justify this Court setting his decision aside. Even if this Court were to re-exercise the discretion, I see no reason to reach a different conclusion to the judge. Indeed, I would be inclined to give some of the factors relied upon by Nokia in favour of refusing a stay more weight than the judge did. In particular, I disagree with the judge's view that a legitimate juridical advantage which is available to the claimant if the claim proceeds in this jurisdiction is not a reason for a refusing a stay on case management grounds, and therefore I would give weight in this context to the evidence that the Chongqing court would apply Chinese law rather than French law to Nokia's disadvantage.

Conclusion

80. For the reasons given above I would dismiss this appeal.

Lord Justice Phillips:

81. I agree.

Lord Justice Peter Jackson:

82. I also agree.