CMS 2021 SEP/FRAND Litigation Round Up

Jurisdictional Challenges - Nokia V Oppo

Nokia v Oppo[1] was an important jurisdictional challenge to a FRAND dispute following the Supreme People's Court of China confirming its jurisdiction to determine the terms of global FRAND licences. The question was open as to what would occur where parallel FRAND proceedings were brought in both Chinese and English courts. Applying the Supreme Court's decision in *Unwired Planet*, HHJ Hacon dismissed Oppo's jurisdictional grounds on both forum conveniens and case management grounds. The English court confirmed that as the case was correctly characterised as a claim for infringement of a UK patent, the UK would always have jurisdiction. Although the court left the door open to granting a stay pending determination of FRAND terms by non-English courts, this would only be in rare and compelling circumstances. It remains to be seen what kind of circumstances would satisfy this high bar though.

Confidentiality Clubs and Disclosure

In the arena of confidentiality clubs and the extent of disclosure requirements in patent cases, there have been several disputes in the past year. In *Facebook v Voxer*[2] , one member of the defendant's US team was allowed to view a PPD containing 'confidential' and 'highly confidential' information held by the claimant. He was only to communicate with the defendant's German team (there were concurrent proceedings in Germany) in such a way that the UK team was aware of his communications. This was to provide UK courts with oversight as to what happened to the PPD once disclosed to the German team. In the *InterDigital v Lenovo*[3] proceedings, Mellor J ruled that two specified people at the defendant were to have access to redacted information in prior licence agreements, but that they would be prevented from participating in future licence negotiations for the following five years, owing to the commercially sensitive information that was being made available to them.

In *Godo Kaisha IP Bridge v Huawei*[4], Huawei applied to re-designate two comparable licences relied on by IP Bridge from 'external eyes only' to 'confidential between parties information'. The counterparty to one of the licences opposed this re-designation and applied for further restrictions. The court held that access should be limited to two individuals at Huawei's legal team who were not involved in licensing negotiations. The two individuals were required to give undertakings that they would not take part in any negotiations with the relevant counterparty for a period of five years.

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1 *Nokia Technologies OY & Nor v Oneplus Technology (Shenzhen) Co., Ltd & Ors (Rev1)* [2021] EWHC 2952 (Pat) (Hacon) (4 November 2021)
2 *Facebook Ireland Ltd v Voxer IP LLC* [2021] EWHC 82 (Pat) (Meade) (19 January 2021)
3 *InterDigital Technology v Lenovo Group* [2021] EWHC 3192 (Pat) (Mellor) (26 November 2021)
4 *Godo Kaisha IP Bridge 1 v Huawei* [2021] EWHC 2826 (Pat) (Mellor) (22 October 2021)

In separate applications to the court in *InterDigital v Lenovo*[5], both parties sought disclosure of royalty reports. This was to better inform the court in its determination of FRAND terms in a standard essential patent ("**SEP**") dispute. Birss J (as he was then) rejected both applications on the ground of disproportionality. He stressed that more information would not necessarily lead to more accurate assessments of royalty rates by the court: sometimes more information merely creates more data points, with varying degrees of 'consistency, controversy and imperfections' which can be used by each party to determine the value of a patent portfolio. The decision of disproportionality in disclosing full royalty reports (which would have been practically easy) was notable, given the high value of this dispute. All that the court required was sufficient reliability to make its assessment, and it deemed that the information already "*publicly available*" was sufficient in this regard.

'Unwilling Licensee' – Optis V Apple and Interdigital V Lenovo

Optis v Apple[6] provided an interesting decision on the extent of an implementer's obligation to commit to enter into a FRAND licence *before knowing the terms set by the court*. It also addressed the availability of injunctive relief when an implementer declines to give an unqualified commitment to enter into a FRAND licence and is then found to have infringed a valid SEP. Relying on the Supreme Court's decision in *Unwired Planet*, Meade J held an implementer will be subject to a FRAND injunction (i.e. one that prevents infringement by an implementer, but also allows them to accept a FRAND licence) if they do not commit to enter into *whatever* licence terms the court determines to be FRAND. However, two provisos would first have to be met. Firstly, the SEP owner would need to "*respect their own FRAND commitments*", and secondly, the Court must be satisfied that "*there is not an abuse of dominance which… [it] needs to address by refusing an injunction*."

The *InterDigital v Lenovo*[7] litigation raised an interesting new element not considered in *Optis*. Here, *Lenovo* (the implementer) submitted that it would be prepared to commit to a licence on FRAND terms, but as "*settled by the United States court incorporating a determination by the Chinese court*". The question raised here was the effect of giving an unqualified commitment to accept FRAND terms, settled (unlike in *Optis*) by a court in another jurisdiction. Despite Lenovo's qualified and vague commitment to take a licence, the court refused to grant InterDigital the injunction it claimed for, given that this issue would be best dealt with at a later FRAND trial.

'Free-Standing Frand' – Vestel V Access Advance

The case of an unwilling licensor (the reverse of the unwilling licensee) came to a head in *Vestel v Access Advance*[8], wherein Philips (the owner of several SEPs) and Access Advance (the administrator of a pool of SEPs) appeared unwilling to offer Vestel a licence on FRAND terms. Vestel brought a competition claim against both parties for abuse of dominance by failing to offer a licence on FRAND terms. As neither of the defendants were UK-based, Vestel needed to prove that the UK courts had jurisdiction to hear the case, which was refused by the High Court. Before the Court of Appeal hearing, Vestel made a "*radical*" change to its appeal, dropping its competition claim and focusing its claim instead as one for a declaration of non-liability for infringement of the relevant UK SEPs and/or reliance on the Court's inherent jurisdiction. Notable, by its absence was any

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5 *InterDigital v Lenovo & Motorola* [2021] EWHC 89 (Pat) (Birss) (19 January 2021)
6 *Optis & Unwired Planet v Apple* [2021] EWHC 2564 (Pat) (Meade) (27 September 2021)
7 *InterDigital v Lenovo & Motorola* [2021] EWHC 3401 (Pat) (Hacon) (16 December 2021)
8 Vestel Elektronik Sanayi Ve Ticaret A.S. & Anor v Access Advance LLC & Anor [2021] EWCA Civ 440 (Birss) (26 March 2021)

claim that Vestel had a legally enforceable right to a FRAND licence now that the abuse of dominance claim had been dropped. While it may have been the case that the ITU rules (the relevant SSO for the standards in question) did require Philips to undertake to offer a FRAND licence, Vestel had not pleaded this as part of their case. Accordingly, without a legally enforceable right, the Court of Appeal dismissed the appeal. Interestingly though, despite Vestel's failure to satisfy the court in this instance, the Court did leave it open for an implementer to invoke a FRAND licence where there was a relevant legal claim, which could be used to establish jurisdiction.

'Global Damages – Clever But Wrong' – Ipcom V HTC

In *IPCom v HTC*[9] (although this case was decided in 2020, we have included it as useful context), IPCom, the owner of a SEP nearing the end of its life, had the patent declared valid and infringed by some of HTC's mobile phones, infringement for which HTC was ordered to pay damages to IPCom. IPCom claimed that damages should be determined by reference to a counterfactual FRAND licence (i.e. the rate that would have been paid *globally* by HTC had it taken a licence), rather than by reference to the infringing *UK only* sales. The difference in bases of calculation between the parties meant that IPCom calculated damages in the hundreds of millions of US dollars, whereas HTC calculated them as less than one million US dollars. Justice Birss (as he was then) rejected IPCom's argument; his reasoning being that as non-UK sales of HTC's phones were not linked to any infringement of UK patents, damages for patent infringement could not be calculated by reference to those phones. Although this case was originally listed for appeal in October 2021, the parties have since settled, leaving the method of calculating damages in such circumstances open to exploration in future FRAND litigation.

'Patent Pool Administrators' - Mitsubishi V Oppo

In the *Mitsubishi v Oppo*[10] litigation, Xiaomi applied at the case management conference to dismiss Sisvel, the administrator of a pool of patents, from the legal action. Whereas Sisvel's patent was held not to be infringed and not essential, Mitsubishi's patents were not, which Xiaomi argued should exclude Sisvel from the action. The Court noted that pool licences were a normal part of this legal space, and that an implementer's refusal of a pool licence in favour of a bilateral licence (i.e. to license Mitsubishi's patents, while excluding Xiaomi's patents) would "*require justification*". The Court noted the advantages of keeping a pool administrator within the dispute, "*not least for disclosure, evidence and confidentiality purposes*" and decided that removing Sisvel from the action would not further the Court's overriding objective. It then concluded that the Court in the FRAND trial would be able to consider the position of a pool administrator who does not hold a SEP (i.e. their only role is as administrator) and how that might impact pool licensing, therefore refusing Xiaomi's application.

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9 IPCOM GmbH & Co Kg v HTC Europe Co Ltd & Ors [2020] EWHC 2941 (Pat) (Birss J) (04 November 2020)

10 Mitsubishi Electric Corporation & Anor v Oneplus Technology (Shenzhen) Co., Ltd & Ors [2021] EWHC 1541 (Pat) (Mellor J) (08 June 2021)

Anti-Suit Injunctions and Anti-Anti-Suit Injunctions

As some jurisdictions have established themselves as more patentee or more implementer friendly, parties are predictably looking to take actions to the forum that will give them the most favourable outcome. As well as choosing a jurisdiction to hear the action, claimants are applying for 'anti-suit injunctions' ("**ASIs**"), to prevent parallel proceedings in other jurisdictions taking over the dispute over FRAND terms. This arises because whereas patent disputes are territorially limited, FRAND disputes are global, giving rise to various jurisdictional challenges. The predictable outcome has been that the courts of the anti-suit injuncted jurisdiction have retaliated by granting anti-anti-suit injunctions ("**AASIs**"), which prevent the enforcement of the original ASI; a potential domino effect, which could cause much confusion. However, certain courts are stepping in to stop this spiral. The German courts will allow a proactive AASI even if an ASI has not yet been sought, to prevent other jurisdictions from considering German patent infringement issues. The UK courts have long dealt with ASIs in order to prevent foreign actions interfering with UK actions. It remains to be seen how the UK courts will continue to deal with this sensitive area, although High Court judge Mr Justice Mellor has described the potential for ASIs and AASIs to create a "*total mess*", and has urged courts across the world to exhibit "*some forbearance*" and to only look at the issues affecting their own jurisdictions.[11]

The authors would like to thank Omri Shirion, trainee solicitor, for his assistance in writing this article.

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