



Neutral Citation Number: [2021] EWHC 3401 (Pat)

Case No: HP-2019-000032

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

Royal Courts of Justice, Rolls Building
Fetter Lane,
London EC4A 1NL

16 December 2021

Before :

HIS HONOUR JUDGE HACON
(Sitting as a Judge of the High Court)

Between :

- (1) INTERDIGITAL TECHNOLOGY
CORPORATION
(2) INTERDIGITAL PATENT HOLDINGS,
INC.

- (3) INTERDIGITAL, INC
(4) INTERDIGITAL HOLDINGS, INC

Claimants

- and -

- (1) LENOVO GROUP LIMITED
(2) LENOVO (UNITED STATES) INC.
(3) LENOVO TECHNOLOGY (UNITED
KINGDOM) LIMITED
(4) MOTOROLA MOBILITY LLC
(5) MOTOROLA MOBILITY UK LIMITED

Defendants

Adrian Speck QC and Isabel Jamal (instructed by **Gowling WLG (UK) LLP**) for the
Claimants

Daniel Alexander QC, James Segan QC, Ravi Mehta and William Duncan (instructed by
Kirkland and Ellis International LLP) for the **Defendants**

Hearing dates: 29-30 November 2021

Approved Judgment

Covid-19 Protocol: This judgment was handed down remotely by circulation to the parties' representatives by email and released to BAILII. The date and time for hand-down is deemed to be 10.30 a.m. on Thursday 16 December 2021.

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HIS HONOUR JUDGE HACON

Judge Hacon :

Introduction

1. On 29 July 2021 I handed down a judgment in this claim. It followed the first of a series of five trials in each of which the Claimants (“InterDigital”) allege infringement of one or more of the First Claimant’s patents.
2. All the patents are said to be standard essential patents (“SEPs”) in the field of telecommunications technology and have been so declared to the European Telecommunications Standard Institute (“ETSI”) under clause 4.1 of the ETSI IPR Policy.
3. The patent in suit in this claim, the UK designation of European Patent No. 2 485 558 (“EP 558”), was found to be valid, essential to the relevant standard and to have been infringed by the defendants (“Lenovo”).
4. Further to their declaration to ETSI, InterDigital gave an undertaking that they are prepared to grant irrevocable licences under a portfolio of patents on fair, reasonable and non-discriminatory (FRAND) terms, in accordance with clause 6.1 of the ETSI IPR Policy. The patents in the present series of trials form part of that portfolio, which also contains patents granted in other territories including China and the United States.
5. A trial to settle the terms of a licence under InterDigital’s patent portfolio is due to be heard in this court in January 2022 (“the FRAND trial”). The licence to be settled would be a global licence, subject to possible qualifications which I will discuss further below.

6. As part of the consequential relief following the present trial, InterDigital seek a declaration and an injunction respectively in the following terms:

“By refusing and/or failing to undertake to take the licence the subject of the Court’s FRAND determination, the Defendants and each of them are not entitled to rely on the Claimants’ undertaking to ETSI under clause 6.1 of the ETSI IPR Policy”

“With effect from 14 days from the order, the Defendants (and each of the), either by themselves or through their agents, affiliates, through third parties or howsoever otherwise, are prohibited from infringing EP 558. The aforesaid injunction shall cease to have effect if the Defendants enter into a licence on FRAND terms which covers EP 558, and is subject to a liberty to apply in the event that any FRAND licence that is entered into ceases to have effect for any reason.”

7. Lenovo has declined to undertake to take a global licence on the terms to be settled in this court without qualifications. Put broadly, InterDigital’s argument is that in consequence of that stance, Lenovo are not entitled to rely on InterDigital’s undertaking made pursuant to clause 6.1 of the ETSI IPR Policy. InterDigital are therefore entitled to the foregoing injunction. They say that that this follows from Meade J’s ruling in *Optis Cellular Technology LLC v Apple Retail UK Limited* [2021] EWHC 2564 (Pat) (the “*Optis Injunction Judgment*”).
8. Lenovo submit that the question whether the injunction should be granted cannot be decided now and should instead be determined after judgment in the FRAND trial. Two reasons are advanced. First, Birss J directed that the matter should be determined at the FRAND trial. Secondly, the grant of the injunction

sought turns on issues not considered in *Optis*, issues which can only be resolved by full consideration following cross-examination of experts in French, Chinese and US law.

9. Adrian Speck QC, Douglas Campbell QC, Isabel Jamal and Maxwell Keay appeared for InterDigital, Daniel Alexander QC, James Segan QC, Ravi Mehta and William Duncan for Lenovo.

Earlier directions for the resolution of InterDigital's claim to an injunction

10. The claim form was issued on 27 August 2019. The Particulars of Claim sought a "FRAND injunction" as defined by Birss J in *Unwired Planet International Ltd v Huawei Technologies Co. Ltd.* [2017] EWHC 1304 (Pat), at [20], namely the usual injunction granted to a patentee which has established infringement of a valid patent with the proviso that it will cease to have effect if Lenovo were to enter into a licence held to be FRAND.
11. On 3 February 2020 Mann J gave directions in relation to two of the technical trials and the FRAND trial. The present trial was designated "Technical Trial A" and second "Technical Trial B".
12. On 20 May 2020 Birss J gave further directions, including this:

"Trials to determine the validity, essentiality and/or whether the accused products fall within the scope of the claims of the remaining Patents (such trials together with Technical Trial A and Technical Trial B referred to herein as the "Technical Trials") and a trial to determine all remaining non-technical issues including, but not limited to, FRAND

and joint tortfeasance issues (the “Non-Technical Trial”) shall be listed as follows:”

13. Lenovo submitted that “all remaining non-technical issues” encompassed whether an injunction should be granted in relation to each of Technical Trials A and B if there was a finding of infringement. I am not sure about that. If Birss J had it in mind to leave to the FRAND trial a matter which is conventionally always decided at the hearing on consequential matters following a trial in which the patentee proves infringement, I think that would have been more clearly stated in the order. The order was anyway overtaken by a subsequent application.
14. In the meantime, the *Optis* litigation moved ahead. In the *Optis* Injunction Judgment Meade J explained how the injunction issue arose (Trial F is the trial which resulted in the *Optis* Injunction Judgment, Trial E is the FRAND trial still to be heard in the *Optis* litigation):

“[13] The dispute before me for the purposes of Trial F crystallised in summer 2020. By that stage of the proceedings, Trial E had already been fixed, but there was no finding that any of the patents in dispute was valid and infringed.

[14] *Optis* raised before Birss J, by way of an application to amend its pleaded case, the question of whether Apple is an ‘unwilling licensee’ (in the sense discussed below) and therefore disentitled from relying on *Optis*' FRAND commitments to ETSI. It sought a separate trial, with the goal that it might be able to obtain an injunction if successful at a technical trial, without waiting for Trial E.

[15] Apple resisted the prospect of having a separate Trial F, arguing that the issues overlapped significantly with those to be resolved at Trial E and should therefore be dealt with at the same time. Birss J rejected Apple's submissions, finding that the issues to be dealt with at the two trials could be distinguished and that there was a real prospect that the determination of a Trial F might lead to the possibility of settlement between the parties: see [2020] EWHC 2033 (Pat).

[16] Birss J made clear that his directions were not for preliminary issues, but for the sequencing of issues within the proceedings as a whole. He said that if it proved that decisions on issues which were only for determination at Trial E turned out to be necessary to decide whether Optis was entitled to an injunction, then that was simply Optis' problem.”

15. Presumably influenced by this development, InterDigital made an application in the present proceedings which came before Birss J on 16 December 2020. At that hearing InterDigital argued that there should be a trial, to be heard before the FRAND trial, to determine an issue defined by two of the declarations sought in the Re-Re-Re-Amended Particulars of Claim:

“(2A)

- (a) A declaration that the Defendants and each of them are and have been unwilling FRAND licensees by refusing and/or failing to submit to the outcome of this Court's FRAND determination; and

(b) A declaration that, by reason of paragraph 2A(a) aforesaid, the Defendants and each of them are not entitled to enforce the Claimants' FRAND obligations against them."

16. InterDigital further submitted that if the court ruled in its favour on those declarations and in the event that the court in a technical trial found that the relevant patent had been infringed, it would follow that InterDigital would be entitled to the usual relief granted to a successful patentee.

17. Birss J gave no formal judgment but refused to order the extra trial sought by InterDigital. I was shown a transcript of the hearing, in which he said:

"... I am not persuaded that on case management grounds I should order this case, fundamentally, because there is not enough time between when [InterDigital] wants to have [a] separate trial and the FRAND trial to make it worth the significant disruption that it would cause to the timetable to schedule this case in position. I am not convinced that this makes sense.

This is, in terms of its timing, very different from a situation in the *Apple* case. The application to do it comes later into time and it would end up being closer in time to the FRAND trial to make it not worth a candle to separate the two issues."

18. On 27 September 2021 Meade J handed down the *Optis* Injunction Judgment. On 25 October 2021 there was a hearing before Mellor J of the CMC for the FRAND trial in this set of proceedings. InterDigital was given permission to Re-Re-Re-Re-Amend their Particulars of Claim, introducing a further

alternative injunction in the prayer for relief, more closely aligned with the ruling Meade J had given and substantially in the form of the injunction sought in this application.

19. Before me there was argument by reference to the detail of the evolution of the pleadings as to whether or not on 16 December 2020 Birss J ordered that InterDigital's entitlement to the injunction now sought was to be heard at the FRAND trial. Lenovo argued that he did, that there has been no application to amend that order, that such case management orders were notoriously difficult to appeal successfully for well-established reasons and that any application now to amend the order should be refused for similar reasons.
20. It seems to me that on 16 December 2020 Birss J did not have in mind the situation that arises now. InterDigital's application at that stage was for an extra trial along the lines of *Optis* Trial F. Even on InterDigital's case it would have included cross-examination; if Lenovo were right, the evidence and cross-examination would have been extensive. Birss J was not prepared to sanction such a trial.
21. InterDigital's position at the present hearing is different: it is that Meade J has decided the point on whether an injunction should be granted in the *Optis* Injunction Judgment, there is nothing more to be debated and an injunction must follow.
22. Whatever it was that Birss J had in mind in December 2020, I take the view that if the matters on which InterDigital's entitlement to an injunction depends were comprehensively decided by Meade J in the *Optis* Injunction Judgment, it would be absurd for me not to say so now and to grant the injunction.

23. The real question I have to resolve is whether, as InterDigital submit, the grant of the injunction they seek follows inexorably from the *Optis* Injunction Judgment or whether, as Lenovo submit, it depends in significant part on matters not considered by Meade J which can only be resolved at the FRAND trial.

Whether the issues raised were decided in *Optis*

Lenovo's stance regarding the terms to be settled at the FRAND trial

24. Before turning to the *Optis* Injunction Judgment and the issues arising in this application, I will say something about Lenovo's current stance before the court. Lenovo's skeleton argument included this (original italics):

“136. ... Lenovo *is* prepared to commit to a licence on FRAND terms.

It *is* and has for a long time been prepared to commit to a licence settled by the United States court incorporating a determination by the Chinese court. It is indeed prepared to commit to a licence settled by this Court, so long as a mechanism is provided for ensuring that the determination of the United States and Chinese courts in the existing proceedings are given effect.

137. What it should not be forced to do is to commit, in advance of [the FRAND] trial, to take a licence settled by this court *alone* which either does not or may not give effect to the decisions of either IDC's home court (the US) or its home court (China), and which on IDC's case would in fact settle and put an end to those foreign proceedings ...”

25. When I sought clarification of these paragraphs, they were explained by Mr Alexander in the form of qualifications to Lenovo's willingness to take a FRAND licence settled by this court, which I believe I can fairly summarise in three parts.
26. First, it would not be sufficient that each side should present evidence in relation to, and argue the merits of, giving effect to the determinations of the Chinese and United States courts. (InterDigital was content that this should happen). Lenovo required what it called a "reciprocal undertaking" from InterDigital that it would not oppose giving effect to the determination of the Chinese and United States courts.
27. Secondly, whether or not such a reciprocal undertaking is given, "ensuring that the determinations of the United States and Chinese courts in existing proceedings are given effect" means that should a global FRAND licence be settled by this court, it must include provisions which take into account United States and Chinese practice with regard to the settlement of FRAND terms and could, perhaps should, remit to the United States and Chinese courts the resolution of the terms governing the licensing of certain patents in InterDigital's portfolio – presumably United States and Chinese patents respectively, but not stated to be necessarily limited to just those.
28. Thirdly, once the judge in the FRAND trial has given his ruling and settled FRAND terms, Lenovo would at that stage, not before, decide whether they were terms which Lenovo are prepared to accept, with particular regard to the degree of reliance on Chinese and United States practice in respect of the

settlement of FRAND terms and/or the extent to which matters are remitted to the courts of those countries.

29. Plainly, Lenovo are not prepared now to give an unqualified commitment to take a licence on the terms to be settled by this court following the FRAND trial in January. Lenovo say that they are prepared to commit to a licence settled by a court in the United States, but this is subject to the proviso that there is some determination by the Chinese courts of matters forming part of the licence. Without knowing the form and extent of such determination by Chinese courts which Lenovo would require, whether this could be agreed with InterDigital and/or sanctioned by a court in the United States, I must assume that the commitment is just as qualified.

The Optis Injunction Judgment

30. The claimants in the *Optis* Injunction Judgment were referred to collectively as “Optis” and the defendants collectively as “Apple”. There had been two technical trials, in each of which Optis’ patent had been found valid, essential and infringed. Two further technical trials were due to be heard and a fifth, designated Trial E, would be the FRAND trial. Optis sought an injunction to restrain infringement of both patents. Apple offered what was defined as their “Contingent Undertaking”, which Meade J explained:

“[21] I have found the terms of the Contingent Undertaking rather convoluted, but essentially what it says is that Apple undertakes, if it is found to have infringed a valid and essential patent (which it has following Trials A and B), to take the licence which the Court determines to be FRAND at Trial E, subject to two provisos.

[22] The two provisos are these:

i) If it is Finally Decided (which means appeals are exhausted) that Apple does not need to give the undertaking in order to enforce Optis' undertaking to ETSI to give FRAND licences.

ii) If it is Finally Decided that Apple ought to be enjoined even if it gives the undertaking. This arises because of Optis' case, discussed below, that Apple already and irreversibly missed the chance to invoke its right to a FRAND licence under the ETSI undertaking.

[23] So in a nutshell, by way of the Contingent Undertaking, Apple undertakes to take the Trial E licence unless its undertaking is found to be unnecessary, or too late.”

31. The question was whether, in order to rely on the undertaking that Optis had given under clause 6.1 of ETSI IPR Policy, Apple was required to commit there and then to enter into the FRAND licence on the terms that would be settled in Trial E.
32. This depended on four issues: (1) the correct interpretation of clause 6.1 of the ETSI IPR policy, (2) issues of competition law, (3) discretion and (4) whether the Contingent Undertaking already offered made any difference.
33. Only the first of these was said by InterDigital to be relevant to the present application. Meade J set out that issue in more detail:

“[55] The first and most fundamental issue is the proper interpretation of clause 6.1 of the ETSI IPR policy.

[56] Clause 6.1 is as follows:

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

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

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

[57] Although not a member of ETSI, Optis has given undertakings within the regime of clause 6.1 in relation to the patents in issue in these proceedings.

[58] The issue of the interpretation of clause 6.1 involves the following sub-issues :

i) What is the applicable French law? The scope of dispute is narrow and mainly relates to the fact that clause 6.1 does not, Apple contends, explicitly state any obligation on the part of the implementer to agree to take a FRAND licence. The parties disagree about whether the French law applicable to this kind of contract requires the explicit statement of such an obligation.

ii) What is the relevant context for interpreting clause 6.1? The parties generally agree that the overall goals of clause 6.1 and the balance which it seeks to strike can be identified from the CJEU and domestic case law that I have identified above, but have deployed expert evidence from licensing and economics experts to develop their arguments that their competing interpretations of the clause better serve those goals and respect that balance.

iii) In the light of the relevant French law and context, what does clause 6.1 mean?

a) Optis says that an implementer which wants to take advantage of a SEP holder's FRAND undertaking must engage constructively in negotiations and if no agreement is reached must commit to take a licence on terms decided by a Court. The implementer's commitment must, Optis says, be given either when the SEP holder unequivocally commits to give a FRAND licence, or, alternatively, when there is a finding of validity and

infringement. Failing that, Optis says that the implementer is not a willing licensee, and irretrievably loses the right to a FRAND licence. Thus Optis contends that an implementer must commit to a Court-determined FRAND licence in advance of knowing its terms.

b) Apple on the other hand says that clause 6.1 contains no limitation other than that the implementer seeks a licence. Accordingly, an implementer can meet that minimal requirement at any time, and is entitled to wait until the Court's decision about what FRAND terms are, and then make a decision. Apple also notes that French law has a principle of good faith in the performance of contracts, and it says that that is the solution for a case where an implementer which says it wants a licence is actually holding out. But Apple says that that requires a fact-sensitive assessment.”

34. Before turning to the question with which he had to deal, Meade J considered the judgment of the Supreme Court in *Unwired Planet International Ltd v Huawei Technologies (UK) Co Ltd* [2020] UKSC 37, which Meade J called “UPSC” (he referred to the *Unwired Planet* case in the Court of Appeal as “UPCA”). I need not here review the Supreme Court’s judgment in the same detail, only those sections of particular importance to Meade J’s conclusions.
35. The Supreme Court considered the policy underlying the ETSI IPR Policy, including this:

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

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

That statement clearly reveals a policy of preventing the owner of an Essential IPR from ‘holding up’ the implementation of the standard. But that policy is to be balanced by the next sentence of clause 3.1 which speaks of seeking a balance, when achieving that objective, ‘between the needs of standardization for public use in the field of telecommunications and the rights of the owners of IPRs.’ The importance of protecting the rights of the owners of IPRs is declared in the second policy objective (clause 3.2) in these terms:

‘IPR holders whether members of ETSI and their AFFILIATES or third parties, should be adequately and fairly rewarded for the use of their IPRs in the implementation of STANDARDS and TECHNICAL SPECIFICATIONS.’

This objective seeks to address the mischief of ‘holding out’ by which implementers, in the period during which the IPR Policy requires SEP

owners not to enforce their patent rights by seeking injunctive relief, in the expectation that licence terms will be negotiated and agreed, might knowingly infringe the owner's Essential IPRs by using the inventions in products which meet the standard while failing to agree a licence for their use on FRAND terms, including fair, reasonable and non-discriminatory royalties for their use. In circumstances where it may well be difficult for the SEP owner to enforce its rights after the event, implementers might use their economic strength to avoid paying anything to the owner. They may unduly drag out the process of licence negotiation and thereby put the owner to additional cost and effectively force the owner to accept a lower royalty rate than is fair.”

36. There the Supreme Court summarised the balance which the ETSI IPR Policy seeks to maintain, on the one hand preventing the SEP owner from “holding up” the use of the standard by the implementer and on the other preventing the implementer from “holding out” – unduly delaying licence negotiation with, and payment to, the SEP owner.
37. The Supreme Court provided a summary of its conclusions regarding the ETSI IPR Policy:

“[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.”

38. Meade J heard evidence on French law and the effect of clause 6.1 of the ETSI IPR Policy:

“[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.

...

[154] I therefore agree with Optis that French law does not require that that obligations on the beneficiary of a stipulation pour autrui have to be explicit. They may be implicit. Whether they exist and if so what they are is a matter of contractual interpretation.

[155] Under French law, it is required that the beneficiary be identified, or capable of being determined at the time of the performance of the promise. This was common ground and recorded in the agreed statement of French law issues.

[156] A further aspect of French law which is relevant to the arguments before me is the principle of good faith that applies to the negotiation, formation and performance of contracts under French law. It includes a duty of loyalty and a duty of cooperation.

[157] There was some lack of clarity at the start of the trial about whether the principle applies to the beneficiary of a stipulation pour autrui, but by closing submissions it was common ground that it does.

[158] It was common ground that the principle is a very flexible one which has to be assessed in concreto , i.e. in the light of all the circumstances.

[159] The significance of the principle of good faith to the arguments before me was that Apple said that if Optis was obliged to rely on it, then the assessment in concreto could not be carried out until Trial E. Apple reinforced this by pointing out that good faith is presumed (as Prof Caron

accepted), so if Optis wished to argue that Apple had not acted in good faith, it would carry the burden of proving it.”

39. Meade J also heard evidence from expert economists. Two models of how a potential licensee under an SEP would behave were discussed in this evidence:

“[165] The first situation he called ‘Sight Unseen’ or ‘SU’ where the licensee, finding itself in litigation with a SEP holder, had to commit to taking a FRAND licence set by the Court in advance of knowing the terms, and in a situation where the licence would be worldwide. In other words, the situation under clause 6.1 for which Optis contends. When I say "terms" in this context, I really mean price.

[166] The second situation he called ‘Informed Choice’ or ‘IC’, where the same licensee could choose whether or not to take worldwide FRAND licence terms set by the Court, but knowing what those terms were, after the Court's decision. In other words, the situation for which Apple contends.

[167] Under IC, the potential licensee could reject the terms found by the Court once those were set, but at the price of being enjoined in the UK. That would mean the parties' dispute would be unresolved, and the SEP holder would have to pursue litigation in another jurisdiction. Prof Farrell envisaged that the potential licensee would not necessarily actually leave the UK market, because the parties, as part of what he called a ‘post-rejection process’ might still settle against the background of the Court's rate to avoid that. If so, the rate would inevitably be lower than that set by the Court.

[168] As Dr Niels pointed out, the terms ‘Sight Unseen’ and ‘Informed Choice’ are loaded ones, freighted with the connotation that the former is unfair and worse than the latter. Nonetheless they are convenient and were used throughout the evidence. I will also use them, without any prejudgment of their merits.”

40. Meade J went on to set out his conclusions on clause 6.1 of the ETSI IPR Policy (original italics):

“[275] I thus come, at last, to the actual interpretation of clause 6.1. Apple made the point in its opening and closing submissions that the interpretation of clause 6.1 needs to be ‘robust to, and justified in, all possible factual scenarios’, including in particular, it said, where the implementer has made a FRAND offer and the SEP owner has only made offers so far above FRAND that they disrupt negotiations (in other words the facts to be assumed pending Trial E). This was a rather tendentious way of making a valid point, which is that clause 6.1 applies to parties of all kinds and sizes, and has effect internationally. It has to be applied in relation to the UK, which is the task facing me, but also around the world, and its interpretation should therefore not be undertaken exclusively or excessively through the lens of UK litigation practice. Other territories will not have the situation where there is a significant gap between finding validity and essentiality and then later FRAND terms.

[276] I have already identified from the ETSI IPR Policy itself, and from *Huawei v ZTE* and *UPSC* the balance which clause 6.1 must serve.

As, I have also said, those cases and *UPSC* in particular make clear that hold-out by implementers is to be deprecated.

[277] I have already expressed my view, based on the analysis in those cases and on the expert evidence before me, that the IC approach that Apple takes would provide a tool which *could* be used by implementers, if they so decided, to carry out or support hold-out.

[278] In my view, the right interpretation of clause 6.1 is that any person interested in implementing an ETSI standard must be entitled to have a licence on FRAND terms on demand to a patentee which has given the relevant undertaking. That is the class of beneficiaries, and it is a very broad one. It is consistent with the ETSI regime of making standards widely available that there should be no restriction in terms of what the beneficiary wants to do commercially, as to manufacture, sales or the like – the acts which in the absence of a licence would be an infringement.

[279] However, what such a person must be entitled to is to *have and take* a licence, and to *operate under* a licence. Clause 6.1. does not change the position that a party without a licence may potentially be enjoined. Thus I essentially accept Optis' point that it is not right and not the intention of clause 6.1 for a party using the technology of a SEP to have the benefit of the patentee's FRAND undertaking in terms of immunity from being sued, without the corresponding burden of taking a licence.

[280] Optis expressed this in terms of the beneficiaries of the stipulation created by clause 6.1, and says that to be a beneficiary the potential licensee must commit to take a licence on FRAND terms set by a Court in default of agreement. Apple's position was also expressed in terms of the beneficiaries; it contended that Optis' argument did not fit with the words of clause 6.1, was unduly narrow, and created an implicit obligation (to give the commitment to take a licence), which was not permitted by French law.

[281] Apple put the matter this way: it said that the parties were agreed that absolutely any implementer can have a licence under clause 6.1 as a beneficiary (this was certainly Apple's position), and that to succeed Optis *either* had to argue that although entitled to a licence in general Apple was precluded because it was in breach of the obligation of good faith that accompanies contractual performance under French law, *or* it had to 'read in' the obligation to commit to a licence. Apple said that the first was fact sensitive and would require resolution of issues reserved to Trial E, and that the second was not possible under French law, or wrong.

[282] I do not think this was in fact how Optis argued the case, though. As I have said, Optis' case was founded on the dictum of Kitchin LJ in *UPCA* at [54] where he referred to implementers negotiating in good faith and where necessary committing to a licence to be determined by a Court in default of agreement. The first of those does indeed sound fact sensitive and perhaps similar to the French law concept of good faith in contractual performance, but Optis has always contended that the

requirements are cumulative and that the second, committing to a licence, is a hard-edged requirement. It therefore does not accept the very first step in the way that Apple characterised its (Optis') case.

[283] I do however accept that there is some force in the criticism made by Apple that Optis' formulation of the class of beneficiaries (the need for a 'commitment'), and its arguments generally, have been framed too much in the specific context of UK proceedings, with too much of an eye to the period which elapses in UK practice between a finding of infringement of a valid patent, and a FRAND trial. But I do not think this matters much. The key concept and key argument for Optis was the one I have mentioned above, of the implementer not having the benefit of the FRAND undertaking without accepting the burden.

[284] Optis sought to reinforce its argument by contending that on Apple's view it would not be possible to tell whether an implementer fell within the relevant class at the time of performance of the SEP owner's promise, but only later when FRAND terms were identified. I do not agree with this as such because Apple's class of beneficiaries is so broad as to be easy to determine at any time; it just requires that the implementer says it is interested in a FRAND licence. Optis' argument does however flag a different timing issue which I think is very important and come to below: the implementer needs a licence when it is found to infringe, but on Apple's analysis does not actually take one until later, and may never take one at all.

[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.”

41. InterDigital submitted that the facts of the present case read squarely onto the principles determined by Meade J – the effect in French law of clause 6.1 of the ETSI IPR Policy. It is not the intention of clause 6.1 for a party using the technology of an SEP to have the benefit of the patentee’s FRAND undertaking in terms of immunity from being sued, without the corresponding burden of taking a licence. If an implementer is found to infringe an SEP owner’s rights,

it needs a licence at that point if it is not to be acting unlawfully. If the implementer does not commit to taking a licence on the FRAND terms to be settled, the stipulation does not have effect, there is no licence and on the authority of *UPSC* there should be an injunction.

42. Mr Speck, for InterDigital, laid emphasis on the statement by Meade J at [285] that the foregoing was not fact sensitive. It is relevant to note that he accepted that were the grant of the injunction to depend on the French concept of good faith, this is liable to be fact sensitive. But the case advanced by *Optis* was that the two obligations – to act in good faith and to commit to take a FRAND licence – were cumulative: a breach of either would justify the grant of an injunction. Meade J appears to have accepted that case, together with the latter being a “hard-edged” requirement.
43. Mr Speck submitted that since Lenovo has declined to commit to a licence on the FRAND terms to be settled in January but wants to work the technology of the patent it has been found to infringe, it must now be made subject to an injunction. Any other differences in the facts between this and the *Optis* case are irrelevant and cannot alter that consequence in law.
44. Mr Alexander, for Lenovo, submitted that the principles of French law found by Meade J were made on the basis that this Court was the only tribunal which could determine a global FRAND licence. The judge said:

“[12] Trial E is, as matters stand, the only way by which a global FRAND rate for the [*Optis* portfolio of patents] can be set by a Court anywhere in the world. I asked Counsel for Apple a number of times

what other option there might be for bringing the global dispute between the parties to a resolution, but Apple made no suggestion in response.”

45. In principle, I think that Mr Alexander is right about this. To give an example: Meade J had no reason to consider whether it would make a difference if an implementer were to give an unqualified commitment to taking a FRAND licence to be settled by a court in another jurisdiction and if so, the extent to which the SEP owner had agreed to such a course. In the present case Lenovo have made no unqualified commitment, but it shows that there remain aspects of French law not explored before Meade J. I must therefore turn to the evidence of French law filed to assess whether Lenovo have established that their argument goes to a point of substance, at least arguably.

The expert evidence

46. There was evidence from experts on French, Chinese and US law. Mr Alexander explained that the evidence of Chinese and US law identified the relevance of those two jurisdictions, but it is the French law evidence that goes directly to whether an injunction is appropriate. I found the evidence on Chinese and US law to be peripheral to anything I have to decide in this application.
47. Lenovo’s expert on French law was Philippe Stoffel-Munck who is a professor of law at the University of Paris 1 Panthéon-Sorbonne. He is the author or co-author of several books on the French law of contract and has written articles on points of contract law relevant to the analysis of FRAND terms.

48. In his first report Professor Stoffel-Munck explained relevant general principles of French law before going on to discuss the effect of clause 6.1 of the ETSI IPR Policy. In his paragraph 6.6 he identified the following as one of the issues which he had been asked to consider:

“whether a potential licensee’s right to rely upon a *stipulation pour autrui* may be affected by its conduct, and in particular whether (and if so when) it must give an unequivocal commitment to enter into a FRAND licence whatever the terms may be and whatever tribunal is selected by the SEP holder to determine those terms in default of agreement.”

49. Professor Stoffel-Munck identified the concept of *stipulation de contrat pour autrui*. He said that it is a “subset” of the doctrine of *stipulation pour autrui* and represents more accurately the consequence and effect of a declaration to ETSI.

50. Professor Stoffel-Munck considered paragraph 287 of Meade J’s judgment (quoted above). He did not disagree with it but noted what he described as the broad terms of the proposition in that paragraph, stating that while French law may imply an obligation on an implementer to commit to taking a licence at a certain point in time, this was subject to a condition of reasonableness. In his view, there are multiple ways in which an implementer might reasonably and in good faith commit in this context.

51. Professor Stoffel-Munck expressed the view that the requirement to negotiate in good faith, although binding on both SEP owner and implementer, was not binding to the same degree, the implementer being at liberty to defend its

position within a wider spectrum of what good faith implies. He continued, considering the consequence of a failure to agree terms:

“8.8 In the context of ETSI such a persisting disagreement merely directs the parties to turn to a court for FRAND determination. That is the specific remedy implied by the ETSI Licensing Declaration to break the deadlock caused by unsuccessful negotiations, irrespective of the good or bad faith of each party. That option is available to each party at any time and results from the nature of the ETSI Licensing Declaration being a *stipulation de contrat pour autrui*. The availability of that court remedy is independent from the real or imagined conduct of the other party.

8.9 More specifically, it is my professional opinion that a prospective FRAND licensee does not breach its duty under French law to act in good faith by declining to submit automatically and without qualification to the outcome of the specific dispute resolution process proposed by the IPR holder, in advance of that outcome. In circumstances where the implementer makes reasonable counter proposals for the determination of the terms of the licence, it does not depart from the standard of acting as a reasonable and honest businessperson, aiming for the formation of the contract in a fashion that it finds appropriate to preserve its interests would.”

52. Mr Alexander relied in particular on paragraph 8.9. This paragraph appears to be inconsistent with the findings of French law by Meade J. Professor Stoffel-Munck seems to treat the obligation to act in good faith as being intertwined

with the obligation to commit to taking a FRAND licence in the sense that acting in good faith, such as making a reasonable counter-proposal, will relieve the implementer from the obligation to commit. The inconsistency between the two interpretations of French law is reinforced by Professor Stoffel-Munck's paragraphs 8.11 and 8.12, although these were not pressed upon me by Mr Alexander:

“8.11 I fail to see any rule which, under French contract law, would lead to the conclusion that the concept of ‘willing licensee’ may act to impair or overrule the continuing effect of and right and obligations imparted by the ETSI Licensing Declaration. This is particularly the case in circumstances where that Declaration has expressly been said to be, and legally is, irrevocable. As the Declarant's commitment is expressed to be irrevocable and this accords with my interpretation of the underlying French law (as detailed in section 5.5 above), this leads me to the conclusion that a third-party shall always benefit from the ETSI Licensing Declaration and shall always be able to enter into a licence on FRAND terms. That is the case even if the conduct of that third-party with respect to the promisor has not at all times been above reproach.

8.12 To conclude, it is my professional opinion that where a prospective licensee has been shown to have conducted negotiations with a Declarant in bad faith and caused the latter to spend time and money in vain before resorting to a court to obtain an objective determination of what FRAND terms are, the only remedy available to the latter in response to the bad

faith of the third-party will consist in damages compensating those costs. Whether the third-party beneficiary can be said to be a willing licensee or not has no bearing on this reasoning. The concept of ‘willing licensee’ was built up to determine when a Declarant may or may not seek an injunction without committing an abuse of dominant position in the sense of European competition law. The circumstances characterising an unwilling licensee may occasionally overlap with the circumstances characterising a breach of the duty to conduct negotiations in good faith, but the concept of a willing/unwilling licensee remains a different legal issue. It was not designed to modify, let alone disrupt, the legal regime attached by French law to the duty to conduct negotiations in good faith. Thus the so-called ‘unwilling licensee’ is still entitled to a licence on FRAND terms in the future.”

53. If I understand Professor Stoffel-Munck correctly, even if an implementer refuses to take a FRAND licence and does so in bad faith, the only remedy available to the SEP owner in French law is damages, not an injunction. This view seems to be held by the professor irrespective of whether there is one forum or more than one available to settle a global licence.
54. InterDigital’s expert in French law was Professor Genevieve Helleringer. She is a professor of law at ESSEC Business School in France and a lecturer at the Institute of European and Comparative Law at the University of Oxford.
55. In her first report, Professor Helleringer explained matters of general principle only: the French court system, the sources of French law and the principles of the law of contract in France. In her second report she addressed Professor

Stoffel-Munck's first report insofar as it concerned matters of general principle. She said that she had been instructed that Professor Stoffel-Munck's evidence on the interpretation of the ETSI IPR Policy was a matter of argument which she should not address.

56. Meade J's findings of French law and those of the Supreme Court were findings of fact. Mr Speck submitted that those findings were final and could not be relitigated. Neither side addressed authorities which consider a finding of fact in earlier unrelated litigation which dealt with a similar factual matrix. Lenovo referred to *Joint Stock Co. "Aeroflot-Russian Airlines" v Leeds* [2017] EWHC 150 (Ch), which explained the effect of s.4(2) and (5) of the Civil Evidence Act 1972 on earlier findings of foreign law, but there was no argument addressed to what may be the limited relevance of those subsections.
57. Lenovo rightly submitted that the Supreme Court made no relevant findings of French law, see the *Optis* Injunction Judgment at [109]. Lenovo also pointed out that the findings of French law by Meade J are to be considered on appeal from that judgment. However, Lenovo's principal point was that their application raised new points of French law not considered by Meade J, namely whether an implementer benefits from the *stipulation de contrat pour autrui* created by the SEP owner's undertaking and clause 6.1 of the ETSI IPR Policy even if it refuses to commit to take a licence settled by the court in which there has been a finding of infringement, provided that it makes a reasonable proposal to commit to take a FRAND licence to be determined, in whole or in part, by a different court. I asked Mr Alexander by what criteria the reasonableness of the

proposal would be assessed according to French law. He told me that Professor Stoffel-Munck has not as yet progressed into that level of detail.

Discussion and Conclusion

58. The facts of the present case are close to those in *Optis*. In *Optis*, as in the present case, there was parallel litigation in the United States but the US court was not settling a global licence.
59. I was informed that on the working day before the application Lenovo brought proceedings in China to settle a global licence, but from the year 2024. There is other parallel litigation in China, but it relates only to Chinese patents in the InterDigital portfolio. The only tribunal thus far asked to settle FRAND terms of the patents in suit in this series of proceedings is this court. On the other hand, neither side wishes the FRAND terms of a licence under EP 558 to be settled separately from terms relating to other patents in the portfolio.
60. As I have said, Meade J appeared to accept that the obligation on the part of an implementer found to have infringed an SEP to commit to take FRAND terms settled by the court was hard-edged. But necessarily he was taking that view in the context of the facts of *Optis*, in which this court was the only tribunal under consideration for the settlement of the terms. Meade J made no ruling that the obligation was hard-edged in the sense of requiring the implementer invariably to commit to FRAND terms to be settled by the court in which the finding of infringement of one patent in the portfolio had been made or, looked at another way, the court preferred by the SEP owner.

61. French law on the effect of the *stipulation de contrat pour autrui* and the circumstances in which an implementer continues to benefit from it, in particular where it refuses to commit to take a FRAND licence on terms to be settled by the tribunal preferred by the SEP owner but gives an unqualified undertaking to take a licence on terms to be settled by another tribunal which has jurisdiction to settle the terms, has not yet been considered by this court. So far as I am aware it has not been considered by any court.

62. This is not that case. The commitment offered by Lenovo is qualified and the qualifications are vague. Nonetheless, in my view it is not possible to say that under French law unarguably Lenovo's qualified and vague commitment disqualifies them from the benefit of the *stipulation de contrat pour autrui* created by InterDigital's undertaking to ETSI and clause 6.1 of ETSI's IPR Policy. Professor Stoffel-Munck's evidence was forthright so far as it went and there was little by way of countervailing evidence from Professor Helleringer. This is a matter which can only be decided after cross-examination of the experts and full argument.

63. The application to grant an injunction at this stage is dismissed.