



Neutral Citation Number: [2012] EWHC 1446 (Ch)

Case No: HC10 C01233

**IN THE HIGH COURT OF JUSTICE**  
**CHANCERY DIVISION**

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

Date: Friday 18<sup>th</sup> May 2012

**Before:**

**MR. JUSTICE ROTH**

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**Between:**

**NOKIA OYJ (NOKIA CORPORATION)**

**Claimant**

**- and -**

**IPCOM GmbH & Co. KG**

**Defendant**

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**MR. RICHARD MEADE QC, MR. PAUL HARRIS QC, MR. NIK YEO**  
**and MR. PHILIP WOOLFE** (instructed by Messrs. Bird & Bird LLP)  
appeared for the **Claimant**  
**MR. NICHOLAS GREEN QC and MR. MEREDITH PICKFORD** (instructed by  
Messrs. Bristows) appeared for the **Defendant**  
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**Approved Judgment**

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**MR. JUSTICE ROTH :**

1. Following the judgment of Floyd J upholding the validity of its patent, ICom sought an injunction to restrain infringement by Nokia. ICom then applied to strike out or for summary judgment discussing all the objections raised by Nokia to the grant of such an injunction.
2. After Floyd J gave his judgment, Nokia made clear that there were a number of grounds which it wished to pursue as a basis for resisting an injunction. They included competition law arguments and the argument that in fact it already had a licence to the patent in question. All those matters had been stayed by order of Lewison J of 30th November 2010, pending the determination of validity.
3. As a result, extensive pleadings were filed by both sides, whereby Nokia set out its objections under a number of heads. The first was that it had an existing licence to the patent. The second was, in the alternative, its entitlement to a licence and therefore, the inappropriateness of an injunction. The third was competition law.
4. That led in turn to an extensive particularisation of ICom's application to strike out, relying in detail on three judgments of the German courts that were said to establish a *res judicata* on the basis of issue estoppel regarding many of those issues.
5. Included in those grounds of objection by Nokia was the assertion that it is ready to take a licence and is entitled to a licence on FRAND terms from ICom. It did not appear from what I saw that ICom was in fact resisting that basic proposition. That was clarified by their leading counsel at the outset of what had been listed as a three day hearing of ICom's application. In those circumstances, it seemed to the court that in any event an injunction was inappropriate on the basis of the well known *Shelfer* criteria and that the sensible course was to proceed to a determination of the terms of the licence as rapidly as was practically possible. By taking that course, all these issues that had been raised regarding the question of an existing licence, regarding competition law and regarding *res judicata* would not have to be explored, whether by way of summary determination or indeed at trial.
6. With what may be described as some urging by the court, ICom then accepted that course. As a result, it has not been necessary to proceed with this application for an injunction which ICom has agreed not to pursue. I think that in those circumstances, the appropriate order to make is that there be no order on this application for summary judgment and it follows there will be no injunction granted to ICom.
7. The parties have now sensibly agreed the outline of a timetable for trial of the FRAND licence issues and the question of damages. There remains the question of costs. I have little doubt that the costs of this application on both sides have been substantial.
8. For Nokia, Mr. Meade submits it should have its costs, pointing to the fact that in its Reply and Defence to Counterclaim, served as long ago as 21st July 2010, it pleaded clearly that if, contrary to its primary case, the patent was held to be valid it would undertake to enter into a written licence on terms held to be FRAND. He says that has been its position throughout.

9. Mr. Green says that Nokia has changed its position, in the light of the observations of the court at the start of this hearing. He points to correspondence between the parties' lawyers where ICom's solicitors asked expressly whether an offer made without prejudice was intended to cover only past infringement or also constitute a licence for the future, to which the answer is, in my view, as regards a future licence, at best ambiguous.
10. Although I do not accept that there has been a change of position by Nokia and I consider that this has been a ground which it has put forward throughout, I do think that this has been, to a certain extent, its secondary ground. In any event, it has also quite clearly run a large number of additional or alternative arguments which have been strongly resisted by ICom and on which the court has not ruled.
11. Mr. Meade submits that this was a summary judgment or strikeout application by ICom and whether those additional or alternative grounds advanced by Nokia would have succeeded at the end of the day or not, it was wholly inappropriate to seek to challenge them by way of summary relief. He says that the summary application was effectively bound to fail and that, therefore, Nokia should have all of its costs.
12. I agree that Nokia should have part of its costs of this application for the simple reason that it has throughout contended that it is entitled to a licence by reason of ICom's undertaking to the Commission, that it is willing to enter into a licence, and that the FRAND terms of the licence can be settled by the court. That was in its original Reply and Defence to Counterclaim, as I have mentioned. It was in its grounds of opposition to the grant of an injunction that were pleaded pursuant to the order of Floyd J. That is also reiterated in its skeleton argument for today's hearing. However, it does not follow, in my view, that it should recover all of its costs. Mr. Meade says it should, as I have mentioned, because he says that the summary judgment application regarding the balance of its grounds of opposition was hopeless and bound to fail. I find it difficult to come with confidence to that conclusion when those grounds have not been argued, and it would clearly be inefficient and inappropriate to hear argument upon them purely for determining whether or not they were hopeless for the purposes of dealing with the question of costs. It was entirely sensible that they are now not being pursued, so that matters can go forward in the way that I have indicated.
13. In the well known *Boxall* case, *R (Boxall) v London Borough of Waltham Forest London* (2000), albeit in the context of judicial review applications, Scott Baker J considered the question of how costs should be dealt with where an application is not pursued. In the principles which he set out, that have been followed by the courts on a number of occasions, he said this, at [22]:

"At each end of the spectrum there will be cases where it is obvious which side would have won, had the substantive issues been fought to a conclusion. In-between, the position will, in differing degrees, be less clear. How far the court will be prepared to look into the previously unresolved substantive issues will depend upon the circumstances of the particular case, not least the amount of costs at stake and the conduct of the parties. In the absence of a good reason to make any other order the fallback is to make no order as to costs."

He concluded: "The court should take care to ensure that it does not discourage parties from settling" -- he said judicial review proceedings, that being the case before him -- "by making a concession at an early stage."

14. How then, in the circumstances of the present application, should the question of costs be determined? The overriding objective is of course to do justice between the parties without leading to additional costs being incurred. In those circumstances I consider, in the light of all that I have said, that the appropriate order is that IPCom should pay 60% of Nokia's costs and that there should be no order as to the balance of its costs or as to IPCom's costs.
15. Mr. Meade says he should have his costs on an indemnity basis, pointing to what Mann J said at a recent CMC, giving directions for this matter. However, as Mr. Green points out, Mann J's observations were made on the basis of what should happen if IPCom's application was to fail on all its grounds. It has not failed. It is very sensibly not being pursued and has not been heard. I do not think that this is an appropriate case for indemnity costs: the costs will be on a standard basis, to be subject to detailed assessment if not agreed.