



Neutral Citation Number: [2020] EWHC 2553 (Ch)

Case No: HP-2018-000032

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

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

Date: 25/09/2020

Before :

MR JUSTICE MANN

Between :

KONINKLIJKE PHILIPS NV
(a company incorporated under the laws of The
Netherlands)
- and -

Claimant

(1) TINNO MOBILE TECHNOLOGY
CORPORATION
(a company incorporated under the laws of China)
(2) WIKO SAS
(a company incorporated under the laws of France)
(3) TCL CORPORATION
(a company incorporated under the laws of China)
(4) TCL COMMUNICATION TECHNOLOGY
HOLDINGS LIMITED
(a company incorporated under the laws of the
Cayman Islands)
(5) TCL COMMUNICATION LIMITED
(a company incorporated under the laws of Hong
Kong)
(6) TCL MOBILE EUROPE SAS
(a company incorporated under the laws of France)
(7) TCL MOBILE UK LIMITED

Defendants

Meredith Pickford QC and Andrew Scott (instructed by Bristows LLP) for the Claimant

Geoffrey Hobbs QC and Henry Forbes Smith (instructed by **Kirkland & Ellis International LLP**) for the **Third to Seventh Defendants**

Hearing dates: 27th & 28th July, 6th August 2020

Approved Judgment

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this Judgment and that copies of this version as handed down may be treated as authentic.

.....
MR JUSTICE MANN

Mr Justice Mann :

Introduction

1. This is a patent action in which the claimants (“Philips”) patents are said to be, and are now accepted to be, standard essential patents (“SEPs”) for the purposes of operating mobile phone handsets in the 3G and 4G standards. Philips alleges infringement against the third to seventh defendants (together “TCL”), and claims the usual relief claimed by patentees in respect of infringement but has declared itself willing to grant a licence on FRAND (fair, reasonable and non-discriminatory) terms in order to enable the allegedly infringing defendants to avoid those consequences of infringement. This is pursuant to worldwide procedures coordinated by ETSI, a French organisation, in relation to SEPs. For a description as to how this works, see the judgment of Birss J in *Unwired Planet International Ltd v Huawei Technologies Co Ltd* (No 3) [2018] RPC 8. In these English proceedings Philips seek inter alia, a declaration that the terms it has offered are FRAND, or alternatively that FRAND terms be determined. Its injunction claim accepts that the injunction will only come into force if a worldwide FRAND licence is not accepted by TCL.
2. TCL originally challenged the validity of the patents and denied infringement, but it has now abandoned both those postures. It now seeks to take the benefit of the FRAND regime and, subsequently to the commencement of this action, it has commenced proceedings in France which, inter alia, seem to seek to have FRAND terms determined. Philips attempted to have those proceedings stayed on the footing that they were second-started proceedings dealing with the same point, pursuant to Article 29 of the Brussels I Regulation ((EU) 1215/2012 - “the Brussels Regulation), but that attempt failed, as did an application for a stay under Article 30.
3. That has led to another jurisdictional tussle arising out of TCL’s application before me. TCL seeks a stay of these proceedings, including, crucially, the vacation of a trial date in November which is intended to determine FRAND issues, in favour of its French proceedings pursuant to Articles 29 and/or 30 of the Brussels Regulation. In a cross-application, Philips seeks declarations in respect of essentiality and infringement; disclosure of TCL’s sales; and a payment on account of damages, though two of those matters were not live by the time of the hearing.
4. In these applications Mr Meredith Pickford QC led for Philips and Mr Geoffrey Hobbs QC led for TCL. In what follows I shall ignore the position of the first two defendants, who have not participated in the action, and for ease of exposition will refer to TCL as though it were one body, not several.

The English proceedings

5. Philips commenced its English proceedings by a claim form issued on 30th October 2018 with Particulars of Claim annexed. The claim form says it is for infringement of two of its European patents (called the 525 patent and the 511 patent). Paragraph 2 of what is effectively the prayer claims a declaration of infringement and then an injunction in these terms:

“(2). Save insofar as the Defendants and each of them are entitled to and take a licence to the Patents on FRAND terms (in accordance with the Claimant's undertakings and the ETSI IPR Policy) and insofar as the Claimant is and remains required to grant such a licence:

a. an injunction to restrain the Defendants and each of them (whether acting by their directors, officers, servants, agents or any of them otherwise howsoever) from infringing the Patents;

b. an order that the Defendants take all steps as are in their power to retrieve from the channels of distribution all products the sale, disposal or keeping of which would infringe the Patents or any of them; and

c. an order for delivery up or destruction upon oath of all articles and materials in the possession, custody or control of the Defendants (or each of them) which infringe the Patents or any of them.”

The remainder of the prayer seeks an inquiry as to damages or an account of profits, and other ancillary relief (including a prayer for “Further or other relief”).

6. The Particulars of Claim avers the patents and then refers to FRAND in extensive terms which it is convenient to set out in an appendix to this judgment rather than in its body. Those paragraphs demonstrate a very clear pleading of the FRAND obligation. Paragraph 16 acknowledges that Philips is prepared to grant a licence on FRAND terms and there are two sentences of paragraph 17 which are of particular significance so I set them out here:

“The terms “fair, reasonable and non-discriminatory” fall properly within the province of judicial interpretation. They will form the subject of a FRAND Statement of Case in due course.”

7. So far as the TCL defendants are concerned, the Particulars plead:

“ 33. The Claimant has pursued negotiations with TCL CTH and TCL Corp seeking to license the Patents on FRAND terms but has thus far been unsuccessful... In summary Philips first notified TCL CTH and TCL Corp that Philips was aware of the TCL Defendants' infringing acts in [various particularised correspondence]. Philips received no response to these letters and is, accordingly, under the impression that the TCL Defendants are not presently willing to take a licence on FRAND terms.”

8. The pleading then goes on to allege infringement and the prayer is to the same effect as in the claim form.
9. TCL's initial response was to challenge the English court's jurisdiction. It did so on the footing that it had no objection to the English forum if the reach of the FRAND licence required to avoid the injunction were confined to patents which excluded US and Chinese patents within the same patent families as the patent in suit. However, if (as seemed to be the case) the licence sought was world-wide then jurisdiction was challenged on the footing that it was inappropriate to litigate here when a large portion (said to be 95%) of the royalties under the proposed licence were not justified by UK patents. The connections of the case to England were said to be insufficient to make it fair or appropriate, or FRAND, for a truly global licence to be determined here. Furthermore, the validity of non-UK patents in the portfolio, which was challenged, was not justiciable here either.
10. Some of this appears from a witness statement of Katharine Coltart, a solicitor for TCL:

“13. ...Although the Claimant has not yet produced a Statement of Case on FRAND, the Claimant pleads that its “standard terms and conditions...are FRAND”.

15. Philips' case in these proceedings appears to be that if infringement of the two UK patents in suit is shown the TCL Defendants should enter into this Draft Agreement and thereby

licence some 1,253 patents, at royalty rates settled by the English court, in order to avoid an English injunction.

16. The TCL Defendants would have no commercial or jurisdictional objection to Philips' choice of this English forum if the reach of the patent licence required to avoid an English injunction if UK patent infringement is shown is limited to European patents within the same patent families as the UK patents in suit, or indeed simply excludes US and Chinese patents and is limited to "rest of world" patents within the same patent families as the UK patents in suit.

17. Provided that Philips accepts and agrees not to argue in these English proceedings that the required FRAND licence includes US and Chinese patents or reaches US sales or sales in China or countries where Philips has no patents, the TCL Defendants are willing (and hereby offer) to enter into a global patent licence in respect of patents in the same families as the UK patents in suit, excluding the US and China (and US and Chinese patents) on terms determined by the English court in the event that the UK patents in suit are found to be infringed. If this offer is accepted, the Jurisdictional Challenge now made will no longer be required and the case will be able to progress on the merits."

11. Shortly after the application to challenge jurisdiction was launched, on 19th February 2019 TCL launched its French proceedings. I describe those proceedings in the next section of this judgment. For present purposes it should be noted that TCL did not add the existence of the French proceedings as a challenge to English jurisdiction.
12. 2 months later TCL changed its posture in relation to jurisdiction. On 18th April 2019 it filed a second acknowledgment of service stating it intended to defend Philips' claims and on the same day filed a Defence and Counterclaim. The jurisdiction application was disposed of in an order of Birss J stamped on 29th May 2019 which recites the jurisdiction application, and various applications by the claimants to serve out of the jurisdiction (and other matters), it recites the service of the Defence and Counterclaim "thereby accepting that the Court has jurisdiction to try the claim", and it declares that:

"1. The Court has jurisdiction to try the claim."

This part of the order is not recorded as being made by consent. These events are relied on by Philips as being a submission to the jurisdiction which cannot now be resiled from.

13. The Defence and Counterclaim pleaded to the FRAND pleading in the Particulars of Claim. Because the form of pleading may be relevant to a resolution of this matter, the relevant paragraphs (paragraphs 6-16), are set out in the Appendix to this judgment. They are set out in their Re-Amended form. Of particular relevance are the averments that the French proceedings will determine a licence on FRAND terms and that Philips' future FRAND Statement of Case in the English proceedings would relate "to matters which are the subject of the French proceedings and which accordingly should not be addressed in the current proceedings.". Further, in paragraphs 21 and 22, TCL say that they raise their 'plea in bar' defence to the effect that Philips are not entitled to relief due to TCL's intention to take a licence on FRAND terms as determined in the French proceedings.
14. On 30th May 2019, Philips filed its Reply and Defence to Counterclaim. In that pleading Philips challenged TCL's averment that FRAND terms should not be determined in the English proceedings and denied its 'plea in bar' defence.
15. The matter came before Arnold J on 1st July 2019, who, *inter alia*, set directions for two technical trials, one in respect of each patent. These trials were subsequently listed to commence on 13th July and 5th October 2020 respectively. The October trial slot remains reserved though by agreement of the parties it is no longer necessary and will be vacated. By the same order, TCL were required to file a reply to Philips' FRAND Statement of Case, once served, and a trial was listed to determine the issues as defined in the FRAND Statements of Case together with any aspects of Philips' defence to TCL's claim for a declaration of non-infringement that related to Philips' FRAND obligations ("the FRAND Trial"). A case management conference was listed to provide for further directions for the FRAND Trial.
16. On 5th July 2019, Philips filed and served its FRAND Statement of Case. This pleading to some extent reproduced its position as originally set out in paragraphs 8 to 22 of the Particulars of Claim. Otherwise, the pleading set out Philips' position as to what FRAND terms were and an averment that should TCL not take a licence on FRAND terms, Philips were entitled to damages or an account of profits calculated by reference to FRAND terms i.e. to ensure that Philips is left no worse off than had TCL taken a licence on FRAND terms. The FRAND Statement of Case included a section on relief as follows:

"63. In the premises, Philips requests that the Court:

- a) *declare that the terms on which Philips is willing to license the Philips Portfolio as set out at paragraph 17 above are in the FRAND range; in the alternative,*
- b) *determine the adjustments required to the terms set out in paragraph 17 above that are required for those terms to fall within the FRAND range for a licence to the Philips Portfolio; and*
- c) *once the Court has found that TCL has infringed EP'511 or EP'525, in the event that TCL declines or refuses to enter into a licence on the terms set out at paragraph 17 above, or in the alternative, to undertake to enter into a licence on terms within the FRAND range as adjusted by this Court and offered to it by Philips:*
 - i. *grant injunctive relief prohibiting in the United Kingdom TCL, (whether acting by its respective directors, officers, servants, agents and third parties with whom it is jointly liable or any of them or otherwise howsoever), from (i) manufacturing, disposing of, offering to dispose of, using, importing or keeping mobile devices that are held out as implementing HSPA functionality, or (ii) otherwise infringing EP'511 and/or EP'525; and*
 - ii. *award damages, alternatively an account of profits, in respect of the past acts of infringement of EP'511 and/or EP'525 by TCL (whether committed by its directors, officers, servants, agents, third parties with whom it is jointly liable or any of them or otherwise howsoever) in relation to devices that have been held out as implementing HSPA functionality.”*

17. As ordered by Arnold J, TCL filed and served its reply to Philips’ FRAND Statement of Case on 27th September 2019. That reply merely referred to paragraphs of TCL’s Amended Defence and Counterclaim, including some of those set out in Appendix 2 and its ‘plea in bar’ defence. Effectively, TCL did not set out its position as to what FRAND terms were but instead indicated that such terms would be determined in the French proceedings.

18. The case management conference to provide directions for the FRAND Trial was heard on 26th November 2019 by Nugee J. At that hearing, TCL asked that no directions be made but that a further case management conference be listed after the French court had given judgment on Philips’ jurisdictional challenge in the French proceedings. Philips asked that directions be made for the FRAND Trial which had by then been listed to commence on 23 November 2020. Nugee J decided to give directions to trial and it is convenient to reproduce his short judgment in that regard in full.

1. I will give a very short judgment on the question of principle. I have listened to what has been said on both sides with great care, and there is, as is so often with discretionary matters, something to be said on both sides. It is possible that if I put things off at this stage matters will be rather clearer by the time matters come back at some stage in February or March. It is possible that the decision of the Supreme Court [in the Unwired Planet case] might

affect matters and be available. It is possible that the Court of Appeal [in other litigation involving these patents] might say that these patents are invalid altogether, which would put an end to these things. It is possible that the decision of the Paris court will provide at least some reason for thinking that the shape of the FRAND trial will be rather different, either more extensive or less extensive, than is currently envisaged. Nevertheless, I am persuaded by Mr. Pickford that the appropriate thing to do is to proceed on the basis laid down by Arnold J's order of July, which is to proceed on the basis that there will be a trial of the FRAND issues, as currently pleaded in November next year, and that there is in the end no good reason why this CMC, which was directed by paragraph 32 of that order, in order to set directions for that trial, should not do what it was intended to do, which is to set directions for that trial.

2. That will, of course, be subject to being revisited, and in certain circumstances if Philips takes steps in reliance on the directions I am going to make, and they turn out to be completely wasted that will be money that is just thrown away, but Philips want to get on with it and I have considerable sympathy with the idea that what should be done is to proceed on the basis that there will be an effective trial in November and put in place now directions intended to achieve that end rather than put matters off to a date which is not yet known, which runs at least the risk that things will be squeezed next year. Therefore, I prefer Mr. Pickford's submissions and I will make directions. I will revisit the points of detail at 2 o'clock.

19. The discussions between counsel and the judge at the hearing of 26th November 2019 are also relevant to this application. Of particular relevance are the following passages:

“MR. JUSTICE NUGEE: I do not I think either side is asking me to resolve that question.

MR. PICKFORD: No.

MR. JUSTICE NUGEE: Because that question will have to be resolved at some stage, and it may be something resolved in Paris for all I know. You are not asking me today to decide this question of whether you had put in issue the FRAND terms originally?

MR. PICKFORD: No, I do not.

...

MR. JUSTICE NUGEE: As I understand the defendant's position, it is that this claim did not initially raise the question of whether -- did not seek a declaration that your worldwide terms were FRAND. So, they managed to get in first, in Paris, by raising that issue that the two are not the same issue and therefore the French court is the first court seized. That is their position.

MR. PICKFORD: That is what they say.

...

MR PICKFORD: ... I need to come on to make some short submissions about the underlying premise for the alternative which is advanced by TCL. Their whole

case effectively depends on saying, "Do not worry about this here. We are going to sort it out in France".

MR. JUSTICE NUGEE: It is all going to be sorted out in Paris, and we should not really be doing it at all.

MR. PICKFORD: Yes, indeed. There are two immediate points that can be made in response to that without actually having to determine the Brussels regulation issues today. As I said to your Lordship at the beginning, we are not asking you to.

MR. JUSTICE NUGEE: I do not think anybody is asking me to.

MR. PICKFORD: No.

...

MR TAPPIN: ... We say our position is entirely consistent in France and here. My learned friend does not invite my Lord to decide any of this today, and rightly so. That is a matter which is being heard by the French Court next week, I think. It is the 2nd or 3rd December. My Lord, just to put the record straight, we do not accept an inconsistency between the way we put matters here and the way we put matters in France. My Lord, no one is asking you to second-guess what the French Court will do."

20. On 17th December 2019 in separate proceedings, the Court of Appeal upheld the validity of the two patents in suit in the English proceedings. Following from that, TCL agreed to not pursue its previous allegations of non-infringement or invalidity and the parties reached a compromise in that regard. On 7th April 2020, Nugee J approved a consent order providing for the various counterclaims dealing with non-infringement and non-validity to be dismissed and for the parties to file amended statements of case to reflect the new positions. The parties did this, by way of Re-Amended Defence and Re-Amended Reply on 14th April 2020.
21. Thereafter the applications before the court at this hearing were made. In terms of preparation for the FRAND Trial in November, Philips state that they have complied with the directions set by Nugee J, and have in particular served factual witness statements and expert evidence on French law. TCL have not served any factual witness statements or any expert evidence.

The French proceedings

22. As appears above, the French proceedings were issued on 19th February 2019. Using English expressions, the claimants were the same parties as the fourth, fifth and sixth defendants in the English proceedings and the defendants were Philips, Philips

International B.V. and European Telecommunications Standards Institute (ETSI). The writ, as translated into English, asks the French court to:

- *Hold and adjudge that the declarations made by the PHILIPS companies to the ETSI constitute a promise to grant a licence to the member companies of the TCL group for all of the patents of the PHILIPS companies which are declared to be essential to the UMTS and LTE standards and to any developments thereto, on fair, reasonable and non-discriminatory terms and conditions, and therefore, to:*
- *Instruct the PHILIPS companies to grant the member companies of the TCL group a licence for all of the patents of the PHILIPS companies which are declared to be essential to the UMTS and LTE standards and to any developments thereto, on fair, reasonable and non-discriminatory terms and conditions, with the Court determining such fair, reasonable and non-discriminatory terms and conditions.*
- *Instruct the ETSI to contribute to the member companies of the TCL group being granted a licence for all of the patents of the PHILIPS companies which are declared to be essential to the UMTS and LTE standards and to any developments thereto, on fair, reasonable and non-discriminatory terms and conditions.*
- *Hold and adjudge that the terms and conditions proposed by the PHILIPS companies to the TCL companies for the licence for the patents of the PHILIPS companies, which are declared to be essential to the UMTS and LTE standards, are not fair, reasonable and non-discriminatory.*
- *In the alternative, the Court is called upon to instruct the PHILIPS companies to conduct FRAND negotiations resulting in the granting of licences for these patents on fair, reasonable and non-discriminatory terms and conditions.*
- *Should the PHILIPS companies fail to conduct negotiations that result in the granting of licences for patents on fair, reasonable and non-discriminatory terms and conditions, the Court is called upon to determine the terms and conditions of the licences for these patents on fair, reasonable and non-discriminatory terms and conditions.*
- *In the further alternative, the Court is called upon to order the PHILIPS companies to pay, jointly and severally, 15 million euros by way of advance on damages to indemnify the losses sustained by the TCL companies, subject to adjustment.*

23. Philips challenged the jurisdiction of the French court under Article 29 of the Brussels Regulation, alternatively asking for a discretionary stay of the French proceedings under Article 30 of the Brussels Regulation. Philips also challenged jurisdiction under Articles 7 and 8 of the Brussels Regulation but that is not relevant to this application. At a Scheduling Conference on 28 May 2019, the judge gave directions for pleadings to be filed in respect of that challenge.
24. On 11th July 2019, Philips submitted its written challenge to the jurisdiction. In respect of Article 29, Philips averred that there was an identity of parties, cause of action and

object of action between the English proceedings and the French proceedings, that the English court was first seised and therefore the French court was bound to decline jurisdiction in favour of the English court. In respect of Article 30, Philips averred that if its case on Article 29 was not accepted, the French court should nevertheless decline jurisdiction in light of the risk of irreconcilable judgments arising from the English and French proceedings which it said were related (Article 30).

25. In written submissions Philips developed its case are as follows (so far as relevant):

“36...This is indeed because the lawsuit pending before the England and Wales High Court from the outset involved a request for determination of the FRAND terms and conditions for a licence on a global portfolio of patents held by the company Philips, beyond the infringement solely of the English parts of two European patents.

The England and Wales High Court remains the jurisdiction before whom all the claims and applications of the company Philips NV have been brought, including the FRAND related claims, in respect of which the jurisdictional objections raised by the TCL companies have been purged.

It is therefore in vain that these companies now maintain that the court in France is the first court before whom these claims were brought or that “the court in England has never had jurisdiction and should not deem itself to have jurisdiction to determine the FRAND licence terms and conditions in the context of the UK proceedings”.

37 The jurisdiction of the court in England to rule on the claims of the company Philips NV having by now been established, the proceeding before that court is continuing along its course.

...

38 Although they have attempted to disguise their claims in the form of a contractual dispute disconnected from any infringement proceeding, the TCL companies intend to bring before this very court a dispute that is identical or, in any case, closely related to the one already pending before the England and Wales High Court .

The juge de la mise en état/pre-trial judge preparing the case will not be taken in and will state that this court (TGI) ought to decline jurisdiction over the case in favour of the England and Wales High Court, if the latter has jurisdiction.

...

111 If, by some extraordinary circumstances, the jurisdiction of this court (TGI Paris) were retained, the juge de la mise en état/pre-trial judge would declare the lis pendens, arising between the claims brought by the TCL companies against the company Philips NV before the England and Wales High Court (EWHC) and before TGI Paris, requiring that the judge decline jurisdiction in favour of the EWHC.

...

114 The proceedings brought before the court in the United Kingdom and the present court combine this triple identity of parties..., cause of action... and subject matter... .

The identicalness (identity) of cause and subject matter must be assessed on the basis of only the claims contained in the two documents initiating proceedings, to the exclusion of subsequent claims or counterclaims.

For the purposes of his analysis, the juge de la mise en état/pre-trial judge preparing the case must therefore compare the claims contained in the Particulars of Claim filed on October 30, 2018 before the England and Wales High Court (Philips Exhibit no 4) and the summons of the TCL companies filed before this very court dated February 19, 2019.

The juge de la mise en état/pre-trial judge must in particular not take into account the defence briefs filed by the TCL companies in the UK proceedings, as well as the pleadings on the merits of the case submitted by the latter and by ETSI in the proceedings in France.

The FRAND Statement of Case served by the company Philips NV in the UK proceedings on July 5, 2019 (Philips Interlocutory Proceeding Exhibit no 8) only details the FRAND claims of which the England and Wales High Court has been seized by the Particulars of Claim: these submissions therefore do not constitute subsequent claims.

In this regard, account is to be taken of the specific features of the English procedural system, wherein referral of the dispute is done by a first form (the Claim form), followed by the filing of Particulars of Claim which briefly describe the facts and circumstances of the dispute and list the claims brought before the court, followed again by Statements of Case which go on to detail these claims.”

...

115... Whereas it is certain that the parties to the two proceedings must be identical, this identity is understood in a manner independent of their respective procedural positions, “the claimant in the first proceedings may be the defendant in the second”.

116 Furthermore, the identicalness of the parties between the two proceedings does not have to be total: the presence or absence of certain parties in one or other of the proceedings does not destroy the lis pendens.

This is not disputed by the TCL companies.

...

122... The two proceedings initiated therefore have the same legal basis, having their origin in the FRAND undertaking made by the company Philips NV to ETSI and its consequences for the holder of patents declared to be essential and for the third party who exploits the same.

...

132 The claims of the TCL companies, according to the terms of their summons dated February 19, 2019 would lead this court to examine identical questions...

133 The action brought before the court (TGI Paris) is indeed the mirror image of the one already brought before the UK court and also has the same object.

...

144 The TCL companies have justified their ability to select the court jurisdiction of their choice for this same request for FRAND licence determination by the decision ZyXEL v. TQ Delta ...

...

152 By bringing before this court, the present proceeding against the company Philips NV, relating to the same dispute as the one already submitted by the latter to the court in England, several months earlier, the TCL companies have positioned themselves within the scope of Article 29 of the Brussels I Bis Regulation.

Save for this court (TGI Paris) declaring its lack of jurisdiction, the same dispute has therefore been submitted to the courts of two Member States of the European Union, who equally have jurisdiction under their own rules of jurisdiction, the court in England having already declared itself to have jurisdiction

26. TCL submitted that there was no identity of parties, cause or object. TCL relied on differences between the legal foundations of the actions, the patents in suit, the relief sought, the territories concerned, the type of liability relied upon, the reasons for the respective proceedings and the respective parties. In respect of the lack of identity of parties, TCL's case was put as follows:

“581. It is clear...that there is no identification of the parties.

...

584. To justify the alleged identity of the parties, PHILIPS indicates in its pleadings that the identity of the parties can only be partial, basing this on community case-law.

585. However, if in some cases, they can only be partially identified, it is only on the assumption that there is also an identity of object and cause.

586. This is not the case here: it has been shown that neither the identity of the object nor the identity of the cause can be reported, as has been demonstrated above.”

Overall, TCL based its case, in part at least, on an argument that the FRAND Statement of Case dated 5th July 2019 was a subsequent claim and was to be disregarded when considering identity of cause, object and parties.

27. ETSI's submissions, for its own reasons, were that Articles 29 and 30 of the Brussels Regulation were not fulfilled.
28. The French court delivered its judgment on 6th February 2020. In the “Statement of Claim”, the judgment records the English proceedings and the relief sought therein and

in particular quotes the proviso to the injunctive relief sought in the Particulars of Claim. The parts of the judgment relevant to the arguments on Article 29 are as follows:

“The PHILIPS companies maintain in this regard that the condition of triple identity of the parties, cause, and subject matter is fulfilled. They state that the parties are the same, and that the cause is the same, the claims, both in France and in Great Britain, having the same basis, namely the commitment entered into with ETSI in application of Article 6.1 of the intellectual property policy. They point out that, on the basis of this text, they require the UK jurisdiction to determine the terms of a FRAND licence and to set a timeframe for TCL companies to subscribe to such a licence and in the absence thereof, to impose prohibition measures. The PHILIPS companies also maintain that the applications before the English and French courts have the same purpose of determining the terms of a FRAND licence.

The TCL companies conclude that this objection should be rejected. They claim that the suit lodged in Great Britain is an action of tort law in relation to patent infringement, while the suit lodged in France is not an action in declaration of non-infringement, but an action of a contractual nature with the intention of the PHILIPS companies performing their obligation. They point out that the decision rendered in the Zyxell case by the English court shows that the TCL companies can give up their right to a FRAND licence for the British territory and even their right to have the terms of such a licence determined, so that, according to the defence of the TCL companies, the claim of the PHILIPS companies only seeks to obtain a prohibition measure in Great Britain.

They add that the English courts could stay proceedings pending the future decision on the merits of this court. With regard to the identity of the cause, the TCL companies point out that their claim concerns the patent portfolio and the English proceedings, only two patents, and that the territory concerned by the two proceedings is not the same. They conclude on this point (lack of identity of cause and subject matter) by indicating that the other English decision cited by the PHILIPS companies (Unwired planet versus Huawei) is the subject of an appeal before the Supreme Court.

The TCL companies finally indicate that the parties are not the same, ETSI not being a party to the English dispute.

ETSI contends that the objection of lis pendens should be rejected.

...

In the present case, the claim before the High Court of Justice of England and Wales is based on the infringement of the English part of the European patents EP 1 440 525 B1 and EP 1 623 511 B1 and the claim of the PHILIPS companies aims to obtain an injunction and compensation for the damage suffered after expert assessment. It only concerns the PHILIPS and TCL companies.

This dispute concerns the PHILIPS and TCL companies, as well as ETSI. It consists in determining whether, in application of the procedural rules relating to intellectual property rights drawn up by ETSI, the PHILIPS companies have offered a worldwide licence relating to a portfolio containing, among others, European patents EP 1 440 525 B1 and EP 1 623 511 B1 on “fair, reasonable and non-discriminatory” terms.

It follows that, since the condition of triple identity of cause, subject matter and parties is not fulfilled, there is no reason to relinquish jurisdiction in favour of the English Court.”

29. The parts of the judgment relevant to the arguments on Article 30 are as follows:

“In the further alternative, the PHILIPS companies maintain that the disputes submitted to the English and French courts can only lead these two courts to examine the same questions of fact and of law likely to lead to irreconcilable solutions, contrary to the objectives of the Brussels I bis Regulation.

The TCL companies claim that the objection based on related actions should be dismissed and claim that, in light of the development of the claims submitted to it, the English court should stay the proceedings pending the decision of the Paris Court.

ETSI similarly concludes that the objection based on related actions should be rejected.

...

As noted by the TCL companies, the proceedings on the question of the FRAND licence will only be held in Great Britain if the TCL companies do not waive seeking such a licence (Court of Appeal, 18 July 2019, TQ Delta LLC v. ZyXEL Communications UK Limited and ZyXEL Communications: “I can see no basis whatsoever for saying that such a waiver should be treated as ineffective or invalid. To say that the waiver is ineffective is equivalent to saying that the proceedings must go on as if ZyXEL were still relying on the RAND undertaking to resist the grant of the injunction in the UK, when ZyXEL are prepared to give an irrevocable undertaking not to do so.” Translation of the decision authorising the appeal from the judgment in that it had authorised the continuation of the “FRAND process” despite the waiver of the ZyXEL companies to request the determination of the terms of such a licence).

Given that no risk of irreconcilable decisions within the meaning of Article 30 of the Regulation has yet been characterised, the objection based on related actions cannot be accepted in this case, and there is no reason to order the relinquishment of this jurisdiction.”

30. The judgment concludes with a “dispositif” which, so far as it is relevant, states “The pre-trial judge rejects all procedural objections raised by KONINKLIJKE PHILIPS NV and PHILIPS INTERNATIONAL BV”.

31. A certificate under Article 53 of the Brussels Regulation in respect of the judgment of 6th February 2020 was obtained on 3rd March 2020. That certificate records the French court's decision, again so far as relevant, as:

“Decision of the juge de la mise en état [pre-trial judge preparing the case] dismissing all the exceptions relating to procedural issues (exceptions in respect of jurisdiction, lis pendens and correctness) raised by the companies KONINKLIJKE PHILIPS NV and PHILIPS INTERNATIONAL BV...”

32. On 2 June 2020, Philips filed an appeal in respect of the judgment of 6th February 2020. Philips are challenging the French court's decision in respect of Articles 7, 8 and 30 of the Brussels Regulations. Philips is not appealing in respect of the decision on Article 29. The appeal is due to be heard on 15 February 2021. Philips, on advice from its French lawyers, estimates that the decision on the appeal will be delivered around March 2021.

33. In relation to the substantive determination of the French proceedings, Philips, on advice from its French lawyers, estimates that the decision will be delivered in late 2022 or early 2023 if the substantive proceedings recommence after Philips' current appeal on jurisdiction. It is relevant to observe that one of the patents in suit in the English proceedings (and also in the French proceedings) expires before then, on 15th October 2022.

Applications before the Court

34. Following the French decision on 6th February 2020, the parties have issued three applications which have been heard together.

35. The first is an application by TCL, issued on 9th April 2020, for a stay of *“all aspects of these proceedings concerning the Claimant's FRAND licensing obligations, including its claims set out in its Statement of Case on FRAND dated 5 July 2019”* and a vacation of the FRAND Trial.

36. The second is an application by Philips, issued on 28th April 2020, for (i) declarations that the patents in suit are essential; (ii) declarations that TCL has infringed the patents in suit and continue to do so; (iii) orders that TCL disclose by 22nd May 2020 the

number of infringing devices sold in the UK and the rest of the world by TCL and its agents; and (iv) a payment on account of damages for infringement. This application is said to be the consequence of TCL's admissions as to infringement and validity.

37. There is also an application by Philips, issued shortly before this hearing, on 24th July 2020. This application is for permission under CPR 17.1(2)(b) to amend Philips' Reply to reflect the fact that Philips is not pursuing an appeal against the French court's decision in respect of Article 29 of the Brussels Regulation. TCL do not object to this application.

The basis of the stay application by TCL

38. Against that background TCL applies for stay under Article 29 of the Brussels Convention Re-stated, and/or under Article 30. The issues on this application turn on those two articles. There is no application for a "case management" stay, although some of Mr Hobbs' submissions seemed to suggest there was.

The Article 29 point – the arguments

39. Article 29 provides:

"1. Without prejudice to Article 31(2), where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States, any court other than the court first seised shall of its own motion stay its proceedings until such time as the jurisdiction of the court first seised is established.

2. In cases referred to in paragraph 1, upon request by a court seised of the dispute, any other court seised shall without delay inform the former court of the date when it was seised in accordance with Article 32.

3. Where the jurisdiction of the court first seised is established, any court other than the court first seised shall decline jurisdiction in favour of that court.”

40. At the heart of Mr Hobbs’ case is the proposition that the French proceedings involve the French court being seised of the FRAND issues in the case, and is the court first seised of those issues. He submits that the English court was not seised, or perhaps not sufficiently seised, of those issues in the originally constituted proceedings, and they were not properly or effectively introduced until the FRAND statement of case by Philips, and that came after the French proceedings had been commenced. Accordingly the English court ought to stay its FRAND proceedings, which means vacating the November trial of FRAND and relief issues. Furthermore, he claims that not only is that the correct analysis; it has also been held to be the correct analysis by the French court in the French proceedings in its determination of Philips’ application in those proceedings, and this court must acknowledge and give effect to that decision. Article 36 provides that the English court must recognise the French judgment without any special procedure and Article 52 prevents the French judgment being reviewed in this jurisdiction.
41. Mr Hobbs originally maintained that the key part of the French disposition is the "dispositif", which dismisses all Philips jurisdictional, lis pendens and “connectedness” procedural objections. The wording appears above. That, he said, was the operative part, though he modified his case in his reply submissions by accepting that one could look more widely into the French judgment. The effect of the dispositif was confirmed by the certificate issued under Article 53. One can see what was rejected by looking at the written submissions of Philips in paragraph 36, again set out above - the submissions say that the English claim involves a request for the determination of FRAND and makes it clear that the case of Philips was that the FRAND determination claim was in the proceedings from the outset and were not introduced subsequently (paragraph 114). The real point was whether the “objets” were the same. Philips maintained that they were throughout its submissions.
42. The judge in France is said by Mr Hobbs to have held against that view. She held that the claims were different and there was no prior FRAND claim in England. That is determined by looking at the "dispositif" part of the judgment, measured against the submissions made to her. That is the crux of what she held, and Philips is not even appealing that. If one looks at the wider judgment, there is a “baked in” finding that there was no prior FRAND case in England. Accordingly the English proceedings ought now to be stayed. All this was anticipated as being possible by Nugee J in his ruling, and what he anticipated might happen has happened. TCL is applying under the liberty to apply in paragraph 25 of his order of 26th November 2019 in precisely the circumstances that were anticipated by that liberty.

43. Although Mr Hobbs based his submissions firmly on the French court's determination, he was prepared to justify the analysis. He supported his submission that there was no FRAND case articulated in this jurisdiction until the service of Philips' FRAND statement of case by reference to *Barclays Bank v Ente Nazionale [etc]* 2016 EWCA Civ 1261 ("*Enpam*").

44. Mr Pickford's case is that when one looks to see what happened in the French proceedings, and what the French court actually decided, the court did not decide that it was first seised of FRAND issues which were then invoked in England, making England second seised of them. One had to look at the French judgment properly to work out what the ratio was, and not confine oneself to the "dispositif" and the certificate. The French court decided that Article 29 was not engaged and the two sets of proceedings involved different matters (and parties). That being the case, it cannot have decided that Article 29 required the French proceedings to continue over the English proceedings as being the court first seised of the same issue, and it did not do so. Some common issues might be raised, but that did not mean the same cause of action was involved for the purposes of Article 29.

45. He went on to submit that Philips accepted that that was the correct view. The proceedings in the two jurisdictions were different - in England and Wales the proceedings were tort proceedings - infringement of patents seeking consequential relief. That relief involved a FRAND determination if TCL wished to avoid the injunction, and it involved a damages claim in which a FRAND licence fee was said to form the basis of the damages calculation, but that is as far as FRAND went. In France the proceedings were contractual - TCL were seeking to enforce a contract requiring the grant of a FRAND licence. The French court therefore did not decide that there were two relevantly similar sets of proceedings of which it was first seised, either expressly or by implication.

46. Furthermore, if it became necessary in this jurisdiction actually to consider whether the courts of this jurisdiction were first seised of the FRAND issue or not (irrespective of the French decision), then the answer was that they were. If the issue arises in the present proceedings, then it arose from the outset and not from the date of Philips' FRAND statement of case. That document merely provided particulars of a case that was already there, notwithstanding the absence of a claim for a declaration that Philips' terms were not FRAND in the Claim form and Particulars of Claim (which Mr Hobbs accepted in his reply submissions would have made all the difference and would have meant that the FRAND claim, on his arguments, would have been raised first in this jurisdiction). But even if that is wrong, and the FRAND statement of case introduced a new cause of action, the old one, with its dependency on FRAND in terms of a means of avoiding the injunction and the measure of damages, would still have to proceed, and should proceed.

47. In addition to those points about the proper operation of Article 29, Mr Pickford also submitted that it was too late for TCL to take these points even if they would otherwise have been sound. He submitted that they were jurisdictional points, and this court has already ruled (apparently without opposition, though not by consent) that it has jurisdiction to try the claim - see the order of Birss J above. Furthermore, TCL has submitted to the jurisdiction by filing a further acknowledgment of service and serving a Defence and Counterclaim. It is now too late for TCL to backtrack and claim that there is no jurisdiction. At the time of the decision to submit to the jurisdiction, and of Birss J's order, the French proceedings had been started, and if jurisdictional objections were to be taken based on those proceedings they ought to have been taken then. They were not, and the contrary stance of submitting to the jurisdiction was taken.

The proper way to view the French judgment

48. Although I do not think there was much between the parties on this point by the end of the hearing, I will deal with it briefly.
49. Mr Hobbs's original position on this (that one looks at the "dispositif" to find out what the judge decided) seems to have been based on some alleged principle of French law which was not established by any expert evidence. In fact the question of what is the ratio of a decision on these European matters is a matter of European, not domestic, law. In *Gothaer [etc] v Samskip* [2013] QB 548 the ECJ held:

"40. Moreover, the concept of res judicata under European Union law does not attach only to the operative part of the judgment in question, but also attaches to the ratio decidendi of that judgment, which provides the necessary underpinning for the operative part and is inseparable from it As observed in para 35 above, given that the common rules of jurisdiction applied by the courts of the member states have their source in European Union law, more specifically in Regulation No 44/2001, and given the requirement of uniform application referred to in para 39 above, the concept of res judicata under European Union law is relevant for determining the effects produced by a judgment by which a court of a member state has declined jurisdiction on the basis of a jurisdiction clause.

41. Thus, a judgment by which a court of a member state has declined jurisdiction on the basis of a jurisdiction clause, on the ground that that clause is valid, binds the courts of the other

member states both as regards that court's decision to decline jurisdiction, contained in the operative part of the judgment, and as regards the finding on the validity of that clause, contained in the ratio decidendi which provides the necessary underpinning for that operative part."

50. In accordance with those findings, it is both appropriate and necessary to look beyond the bare sentence at the end of the judgment and see what the reasons for that decision were. That involves looking at the earlier parts of the judgment, and in this case it is useful, and probably necessary, to go back into what the parties' submissions were as well. Mr Hobbs himself did not shrink from referring to those matters in the course of his submissions and, as I have observed, he seemed to have expressly resiled from his narrow view by the time he came to his reply submissions.
51. I shall therefore, so far as necessary, refer to that material myself.

The effect of Article 29 in this case

52. I start by considering the French judgment. The end result is that the "procedural objections" taken by Philips were rejected. Working backwards through the judgment to find the ratio, one finds the reasons for the rejection in the section headed "Whereupon". The judge started this section by citing Article 29, and then cited *The Tatry* (Case C-406/92), specifically citing (amongst other things):

"41. The "objet of the action" for the purposes of Article 21 means the end the action has in view ..."

It therefore appears that the end result of the action was something she very much had in mind. She also went on to cite passages about the identity of the parties in two parallel actions.

53. Then she went on to rule as appears above, ending with the conclusion the identity of the cause, subject matter and parties is not fulfilled. Her conclusion seems to be that none of the three identities were fulfilled, but I shall not dwell on the question of the identity of parties. In referring to the need to find the same "objet" the judge clearly indicated that she had that point in mind. Accordingly, when she described the nature

of the two actions in the first of the two paragraphs cited above (“In the present case ...” and “This dispute concerns ...”) she was, in my view clearly contrasting the two “objets” of the action. So when she finds the triple identity is not fulfilled, she is finding that the identity of the “objets”, and in my view also the subject matter or identity of the actions, was not there. In other words, they had different “objets” and subject matter.

54. That is not a sound foundation for Mr Hobbs’s submission that the French judge decided that it was first seised of the FRAND issue. It seems only to hold that there were different “objets”, and if that is right it would seem that it supports the reverse of Mr Hobbs’s case. If there are different “objets”, then whether an Article 29 point is taken in this jurisdiction or in France, it becomes impossible for Mr Hobbs to establish the identical “objets” which he needs to succeed.

55. On analysis it appears that Mr Hobbs’ position depends on establishing that Philips’ submission was that the English court was first seised of the FRAND issue, and that in rejecting all Philips’ procedural challenges the French court was inevitably determining that the English courts were not seised of that issue and that the French court was. That exercise seems to me to involve an expansion of the apparent express reasoning in the “Whereupon” section of the judgment but one needs to consider whether the judgment is capable of bearing that interpretation.

56. In this context the judge recorded the position of Philips as being as follows (which appears above but which I repeat here):

“The PHILIPS companies maintain in this regard that the condition of triple identity of the parties, cause, and subject matter is fulfilled. They state that the parties are the same, and that the cause is the same, the claims, both in France and in Great Britain, having the same basis, namely the commitment entered into with ETSI in application of Article 6.1 of the intellectual property policy. They point out that, on the basis of this text, they require the UK jurisdiction to determine the terms of a FRAND licence and to set a timeframe for TCL companies to subscribe to such a licence and in the absence thereof, to impose prohibition measures. The PHILIPS companies also maintain that the applications before the English and French courts have the same purpose of determining the terms of a FRAND licence.”

57. This was apparently the position that the French judge rejected. She was faced with a case in which Philips was saying that the commitment to grant a FRAND licence, and a determination of its terms, was what the English proceedings were about. That was the basis on which Philips said the French proceedings ought to be stayed. She seems to have rejected that as a description of what the English proceedings were for the purposes of Article 29 - she analysed them differently in the passage above, saying they were proceedings in tort for infringement. That is what TCL actually submitted they were (that is apparent from their extensive written submissions), and that is what the French judge held. That does not involve an implicit finding that the English court was not seised of FRAND issues.
58. Accordingly, what the French judge held was that the proceedings in England and the proceedings in France did not (for the purposes of Article 29) have the same subject matter. That means that the question of first seised becomes irrelevant. Each court was first seised of the Article 29 subject matter of its own actions. That in turn means that, at least at this stage of the reasoning, Mr Hobbs cannot rely on the French judgment as having established what he says it establishes, namely that the French court was first seised of FRAND proceedings so that the English court cannot proceed with the FRAND aspects of its action. The French judge did not expressly or by implication find that the English proceedings contained the same cause of action, or “objet”, as the French proceedings but was second seised. She did not make a finding that they were the same at all - in fact the contrary. Nor did she make a finding about which court was first seised of FRAND issues. So in rejecting Philips’ arguments she was not making an implicit finding that in Article 29 terms there was a relevant identity.
59. That means that Mr Hobbs’ reliance on the French judgment fails unless he can somehow establish that it is implicit in the judgment that the judge found that the “objets” and/or subject matter of the proceedings were or had become the same, but not until after the French proceedings were commenced so that the French court was first seised. I am not sure that Mr Hobbs went quite that far, but in any event it is too much of a stretch. He puts much store on the FRAND statement of case introducing a new case into the English proceedings which did not exist before, and that new case came after the commencement of the French proceedings. His argument is that the French court was first seised over the English court in relation to the FRAND claim when one looks at that later English event. Philips’ case was that there was an English FRAND claim from the outset and the FRAND statement of case did not introduce a new one. Both those arguments were in the parties’ submissions before the French judge, though Philips did not articulate it quite as clearly as that. Mr Hobbs (I think) submits that in making her findings that all Philips procedural objections failed the judge was rejecting Philips’ submissions that its FRAND case was always present in the English proceedings and therefore must be taken to find the case was introduced subsequently, and then deciding that the French court was first seised of that matter.

60. That line of argument is at least one, if not more, implication too far. It is true that the question of whether a FRAND case was raised in the English proceedings from the outset or only from the FRAND statement of case was referred to in the two sets of submissions, but it was not dealt with, or even referred to, in the French judgment, and it is not implicit in the judgment that the judge made any finding about it. In fact, it would seem to be most likely that she did not regard the point of significance to her determination. She described the English proceedings as having a certain nature, with no indication that the FRAND statement of case made any difference. In those circumstances Mr Hobbs' implication is not open to him.
61. In short, Mr Hobbs' reliance on the French judgment fails. In order to succeed on his reliance he needs it to establish, clearly, that the French judge found that the English and French judgments contained the same cause of action, and the French action came first. She did not do so. She found that they did not contain the same cause of action or "objet", so there is no ruling as to whether one similar claim was prior to another. Having decided that the claims were not the same, questions of priority did not arise. Mr Hobbs invited me to determine that the French court found there was no prior FRAND claim in the UK, and then give him victory. What the judge in fact found is that there was no FRAND claim in England equivalent to the French claim, without reference to priority. The claims were different. That is a not a "stilted" interpretation of the French judgment as suggested by Mr Hobbs; it is the correct one.
62. After the argument in this case, and when this judgment was pending, the Supreme Court delivered its judgment in the *Unwired Planet* case ([2020] UKSC 37) in which Birss J delivered the first instance judgment. I agreed to receive further submissions on it and postponed finalising this judgment until I had received them. The Supreme Court affirmed the decisions of Birss J and the Court of Appeal, but other than a confirmation of Birss J's analysis of the interaction between relief and the ETSI undertaking, there was little of direct relevance to the matters before me. However, the judgment of the Court did contain a reference to the appropriate characterisation of the English claim in that case, which applies to the present one, albeit not in the context of Article 29. The Court said:

"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.”

63. In so suggesting the Court was in agreement with the French court in the present litigation, that is to say the action is about the vindication of UK patent rights. The French proceedings obviously cannot be characterised in that way. Those factors point to the correctness of Philips’ arguments on this aspect of the case.

When was the English court first seised of a FRAND issue?

64. Mr Pickford advances this point, so far as he needs to, as an alternative ground for not staying under Article 29. He says that this English court has always been seised of a FRAND issue, so if that were a touchstone then his client’s claim should be allowed to proceed here as being in the court first seised. That, of course depends on a different characterisation of the English action from that found by the French court. Since Mr Hobbs fails under his principal claim that the French court’s finding determines this matter in his favour, the point does not strictly arise under this head. However, it has been argued, and it may have some relevance to the next point (the Article 30 point) so I will make some determinations about it.
65. It is the case of the claimants that what I will call their FRAND case has been properly encompassed within these proceedings from the outset and that the FRAND statement of case did not introduce a new case - it provided particulars of an existing case. TCL disputes that. It maintains that the claimant’s FRAND case, which includes claim for a determination of what was FRAND if Philips offer was not FRAND, was effectively introduced as a new element of the claim in the FRAND statement of case and not before.

66. The claim form contains a short statement of the relief as referred to above, but it also refers to the annexed Particulars of Claim, so those two documents need to be read together. The relevant parts are set out above and below. There is no claim in the prayer for a declaration that the Philips terms are FRAND, and the appropriate measure of damages is not set out.
67. The FRAND statement of case was served on 5th July 2019. Paragraph 1 summarises its contents:

“1. This is Philips’ FRAND Statement of Case with respect to the Third to Seventh Defendants (“TCL”). Philips addresses the following issues in this FRAND Statement of Case:

a) Without prejudice to any fuller statement of case on French Law, should it be required, the essential propositions of French Law which govern the European Telecommunications Standards Institute (“ETSI”) IPR Policy and the Philips Licensing Declaration;

b) An overview of Philips’ portfolio of patents that have been declared essential ... (“SEPS”) to the 3G/UMTS and 4G/LTE telecommunications standards ...

c) The key fair, reasonable and non-discriminatory (“FRAND”) terms on which Philips is willing to licence the Philips Portfolio to TCL;

d) The principles and approach to be applied in determining whether the terms for a licence to the Philips Portfolio are FRAND;

e) The principles to be applied in determining whether the approach of Philips and TCL to negotiations has been FRAND;

f) The conduct of Philips and TCL in advance of this litigation, and whether that conduct was FRAND; and

g) The relief sought by Philips at the FRAND trial in these proceedings.”

68. That is an accurate summary of the sections which then follow. The next section largely repeats and amplifies (to a limited extent) the section of the Particulars of Claim which describes the ETSI Policy and the effect of Philips signing up to it. The section described at (c) annexes Philips’ terms said to be FRAND, and then says:

“18. For the reasons set out in this Statement of Case, Philips' licence offer satisfies all the necessary requirements of FRAND. In the alternative, if the Court determines that adjustments are required for the Philips' licence offer to fall within the FRAND range, Philips is willing to grant a licence on those terms, as adjusted.”

69. The section described at (d) sets out principles and techniques for arriving at FRAND terms, including various techniques said to be established by authority, and invites their application so as to give rise to a worldwide licence. There is then a section entitled “FRAND approach”, which describes an appropriate approach to a FRAND negotiation and the process of referring to a third party to determine terms if negotiation does not succeed. The section described at (f) does indeed describe the conduct of the parties, accusing TCL of delaying tactics and of “hold out”. It ends with the following two paragraphs:

“61. In the premises, once the Court has found that TCL has infringed EP(UK) 1 623 511 (EP'511) or EP (UK) 1 440 525 (EP'525), Philips is entitled to injunctive relief as described in paragraph 63 below in the event that TCL declines or refuses to enter into a licence on the terms set out at paragraph 17 above, or in the alternative, to undertake to enter into a licence on terms within the FRAND range as adjusted by the Court and offered to TCL by Philips.

62. Further, in the event that TCL declines to take or undertake to take a FRAND licence on the terms set out at paragraph 17 above or as adjusted by this Court and offered to TCL by Philips, the FRAND Commitment is not applicable and Philips is entitled to damages unconstrained by its normal FRAND royalty rate, alternatively, an account of profits derived by the infringement. Damages should be calculated so as to ensure that Philips is left no worse off than had TCL taken a licence on FRAND terms when it was able to do so. An account of profits, if elected, should be calculated so as to ensure TCL does not profit from committing acts of infringement and then refusing to take a FRAND licence instead of taking a licence at the time it was able to do so.”

70. The latter paragraph introduces a claim that the measure of damages should correspond to, or be no less than, a FRAND licence would have generated. That did not appear

in the Particulars of Claim. Under “Relief” the document claims a declaration that the Philips terms are FRAND, or alternatively that they be adjusted to FRAND terms, and then claims an injunction restraining infringement in the event that TCL does not enter into a licence or undertake to enter into a licence which the court says is in the FRAND range.

71. Based on that material, one then has to consider whether the FRAND statement of case is merely amplifying the original claim or making a new one.
72. I consider it to be clear that the former of those, that is to say amplification, is the case. In terms of relief, and comparing it with the prayer, it adds a declaration that the Philips terms are FRAND, a head of relief which is not explicit in the prayer in the claim form or the Particulars of Claim. Mr Hobbs seems to think that that made all the difference, because he accepted that if the declaration were in the claim from the outset then his Article 29 point would fail because the English court would have been seised of the relevant FRAND claim from the outset and therefore would have been first seised. His argument was that its later introduction introduced an equation between the proceedings that had not hitherto been there.
73. I disagree. It is true that the declaration was not sought, in terms, from the outset, but the argument that Philips’ terms were FRAND was there from the beginning. It was clearly articulated in the last sentence of paragraph 17 of the Particulars of Claim, which falls to be read with the claim form because of the cross-reference within the latter. That sentence, to which I have already drawn attention above, reads:

“The Claimant's standard terms and conditions pursuant to which it offers a worldwide licence to its portfolio of standard essential patents, which licence has been offered to the Defendants, are FRAND.”

So that point was plainly there from the beginning. The claim for a declaration was merely an attempt to identify the key plank in Philips’ case. It was not a new claim, and did not expand the original claim. I would test the position in this way. Suppose that TCL had challenged the claim for a declaration as introducing a new claim which required amendment of the claim form. Would that argument have succeeded? I consider that it clearly would not. Nor would Philips have been required technically to seek an amendment to get a declaration had the FRAND statement of case not contained a request for a declaration. Philips would have been entitled to seek one at the end of the trial as part of the general relief to which they were entitled on the basis of the facts

proved (assuming, of course, that they had managed to demonstrate that Philips' terms were FRAND).

74. Accordingly the presence of the claim for a declaration is not something which makes any difference at all. Are there any other matters set out in the FRAND statement of case which mean that a new or further claim should be taken as being introduced? Again, I consider clearly not. The FRAND statement of case was a document anticipated by the Particulars of Claim in paragraph 17 as providing particulars of the case then pleaded. That paragraph indicated that Philips' positive case of what was FRAND would appear in a separate document, and it does. The FRAND statement of case purports to be, and is, a particularisation of an existing case, and not the advancement of a new one, on its true construction. It contains newly pleaded facts, but not newly pleaded claims. This applies even to the averment of a FRAND measure of damages. Damages was always pleaded; FRAND is now pleaded as the measure (or rather, a minimum measure).
75. That is consistent with the general structure of the claim, which has clear FRAND elements inherent within it. The claim acknowledges that an injunction will not be appropriate if TCL takes or agrees to take a FRAND licence, but it also makes clear that the terms of a FRAND licence have not been agreed or negotiated. It avers that its terms are FRAND, but paragraph 1 of the prayer speaks of FRAND terms generally, and not just Philips' terms. Paragraph 16 indicates Philips' willingness to enter into a licence on FRAND terms. It seems to me to be obvious that the court will be asked to grant an injunction unless TCL take or agree to take a FRAND licence, the terms of that licence to be determined by the English court as being the price of avoiding the injunction. All that was always inherent in the English proceedings, and there is no newly introduced claim in the FRAND statement of case. FRAND is also a necessary factor as a minimum amount of damages. That is not set out in the original claim, but it is not a new claim when the FRAND statement of case identifies the matter. And again, if one tests the matter by considering whether any of the FRAND case would require an amendment of the claim form or Particulars of Claim, the answer in my view is clearly No.
76. Accordingly, and insofar as it matters for the purposes of the applications before me, I determine that the FRAND statement of case is an amplification of an existing case and not an articulation of a new case.

The Article 30 point

77. Article 30 enables a national court second seised of an action which is “related” to a prior action in another member state to stay its own proceedings, particularly to avoid the risk of inconsistent findings. It reads:

“1. Where related actions are pending in the courts of different Member States, any court other than the court first seised may stay its proceedings..

2. Where the action in the court first seised is pending at first instance, any other court may also, on the application of one of the parties, decline jurisdiction if the court first seised has jurisdiction over the actions in question and its law permits the consolidation thereof.

3. For the purposes of this Article, actions are deemed to be related where they are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings.”

78. The test for there being related proceedings is in paragraph 3. It is accepted. by both sides in this case that the English and the French proceedings are related for these purposes, but not when they became related.

79. Mr Hobbs’ case is that the actions are related, and they became related when the FRAND statement of case was served in these proceedings and the FRAND claim was raised for the first time in England. The claim had already been raised in France in the French proceedings. On the authorities a court is not seised of a new claim subsequently added until the date of its addition - *Enpam*, supra. As the court second seised, the English court could, and on the facts should, exercise its Article 30 jurisdiction to stay its proceedings for the following reasons:

(a) The French proceedings will still carry on because they are not stayed, and there is a serious risk of inconsistent judgments and/or duplicate determination activities.

(b) If complaint is made by Philips about costs being wasted if there is a stay now, then they wasted them with their eyes open to that possibility, as was pointed out by Nugee J when he gave directions.

(c) The French courts are in the best position to apply and interpret the French law of the obligation to grant a licence.

(d) TCL would wish to have ETSI in the proceedings to explain how they understand the relationship; or, as it was put in his skeleton argument, so that all ETSI's members know where they stand.

(e) On the authorities TCL have the right to choose where to enforce the obligation to give them a licence. The FRAND licence is a "defendant's thing" which it is entitled to pursue when, where and how it likes. In this case it has chosen France.

(f) The French court can compel the grant, and determine the terms of, a worldwide licence.

80. Mr Pickford analysed the point differently. His first point was that the French court had actually decided the point against TCL. Next, he submitted that under Article 30 the date for considering first seisin is the date when each action was commenced, not when they became related. Even assuming for these purposes that they became related only on service of the FRAND statement of case, nonetheless the English action was started first, so it is not the English court which should be considering stays under Article 30. See *FKI Engineering Ltd v Stribog Ltd* [2011] 1 WLR 3264. Third, in fact the correct view is that the actions were related as soon as the French proceedings were started - the service of the FRAND statement of case did not create the relatedness because the FRAND issues were already raised in the original form of the English proceedings. On that footing the English court is first seised, making it inappropriate for the English court to be considering a stay. Fourth, the point taken by TCL is a jurisdictional point, and it is now too late for it to take the point in the light of the provisions in CPR 11 and the declaration that has already been made that these courts have jurisdiction. Fifth, on the question of discretion all the relevant factors point away from a stay.

The Article 30 point - decision

81. I will start with Mr Pickford's first point - that the French court has effectively decided the case against Mr Hobbs. He does so on the footing that the French court has decided that the actions are not related, and that is binding on TCL.
82. I do not consider this to be a basis on which I can safely decide this point at this stage of these proceedings. The basis of the French decision seems to be that no risk of irreconcilable decisions (which is a feature of Article 30 much emphasised by the judge

in the preceding paragraphs) has “yet been characterised” (which I take to mean has “yet been established”). I am not sure that, as such, that is the position of either party in this litigation (though I note that Philips has appealed this aspect of the French decision). It is certainly not the position of TCL, which makes its application on the footing that there is such a risk (something which was not exactly in the forefront of its submissions before the French court). I am not sure why the French judge reached the decision that she did, but looking at the matter I do not consider that she should be taken as having decided anything that I would otherwise have to decide now. If necessary and appropriate I would, of course, defer to a French decision clearly made, and which covers issues before me. However, I do not consider that to be the case here.

83. It is therefore necessary to consider the effect of the submissions made to me without the benefit of a prior French decision on the point.
84. Mr Hobbs’ case for an adjournment is based on the fact that the English court was second seised of the FRAND issues which were first raised in France. In this jurisdiction they, or a necessary equivalent, were not raised until and by virtue of Philips’ FRAND statement of case.
85. Mr Hobbs is wrong about this because he is wrong on the point of when the FRAND issues were first raised and whether, for these purposes, they were not raised until Philips’ FRAND statement of case. I have found that the FRAND statement of case is not something which introduces a new case. It proposes a specific new remedy, but the determination which would have underpinned that remedy was always within the original claim (so far as the court thought it correct to declare accordingly on the facts).
86. That means that the English court was first seised for the purposes of Article 30. It has no jurisdiction under the Article to stay its action (in the terminology of the decided cases - eg *FKI Engineering v Stribog Ltd* [2011] 1 WLR 3264).
87. As I have summarised above, Mr Pickford mounts an alternative argument on the alternative footing that the English court was not first seised in the sense just found, and that the actions became related only when Philips served its FRAND statement of case. On that footing the French court was first seised of the issue; though the English court was first seised of the actions in the context of which the point arose.

88. In those circumstances Mr Pickford relies on *FKI Engineering v Stribog Ltd*, supra. In that case the Court of Appeal had to consider the following chain of events - (1) Claim brought in German courts; (2) Claim brought in English courts - actions not “related” at that point; (3) a new issue (but not a new cause of action - see para 70) introduced into the German proceedings which made the actions “related”. An application was brought to stay the English proceedings on the footing that the court first seised of the related issues was the German court where the matter was first raised. The Court of Appeal considered that in those circumstances the problem was not answered by seeking to identify which court was first seised of the issues which made the actions related (see most clearly the judgment of Wilson LJ at paragraph 135); one asks “which of the two courts was the first to achieve seisin of one or other of those actions?” (per Rix LJ at para 119). That was the German court, so the English proceedings were the proceedings to be subject to the stay.
89. I consider that on the basis of this clear authority, even if the actions only became related on the service of the FRAND statement of case, the English court was first seised for the purposes of Article 30 because the English action was started first.
90. Part of Mr Hobbs’ case on this point is that I should not reach this conclusion on the basis of that decision, but instead I should make a reference to the CJEU. He advances that argument on the basis that the decision in *The Alexandros T* [2014] 1 Lloyds Rep 223 strongly suggests that a reference would be appropriate to deal with the question of how one determines which court is first seised when new matters arise in an existing action:

“90. It is never easy to decide what is an entirely new claim, what is a new claim and what is an expansion of an old claim. These claims are not new or entirely new because they are brought by way of enforcement of the outcome of the original dispute, in the same way as execution on a money judgment. In these circumstances it makes sense to hold that these claims, which largely arise out of the settlement agreements, arise out of the attempts made by the owners to avoid the effect of those agreements and, in particular, the exclusive jurisdiction agreements. This solution would, as I see it, be consistent with the overall policy of the Regulation to avoid a multiplicity of proceedings. However, I can see that there is scope for argument under this head and, if the issue of first seised were critical to the decision, it might be appropriate to refer an appropriate question to the Court of Justice of the European Union. I therefore turn to the issue of discretion on the assumption that the English court is second seised for the purposes of article 28. (per Lord Clarke)”

91. Mr Hobbs constructed elaborate submissions around, and to justify, his proposition, and sought to demonstrate that the reasoning that led to the decision in *FKI v Stribog* was based on a distinction between the word “proceedings” in Article 29 and “actions” in Article 30 which is misplaced. To support that he produced the wording of the Articles in a number of different languages to demonstrate that in those languages the same word was used in each Article where the English version uses the two different words, and submits that in construing the Articles one has to take account of the languages used other than English, as well as English. That, he says, reinforces the appropriateness of a reference.
92. I shall not exercise my discretion to refer a point to the CJEU on this. First, I consider it right that I should follow the English Court of Appeal authority, which is binding on me in this jurisdiction. In doing so I follow the decision of Blair J in *SET Energy GmbH v F&M Bunkering Ltd* [2014] 1 Lloyds Rep 652 at paragraph 25, in which he considered it right to follow English binding authority on the point before him even though a reference had been suggested by a higher court. Mr Hobbs sought to demonstrate that I could refer if I thought it right to do so, and I will assume that if I thought the case was appropriate I could do so. However, I do not consider that it would be appropriate in the circumstances, and that a decision to refer, if it is to be taken, should be taken by a higher court in the circumstances of this case.
93. Furthermore, in the light of my decision as to which court was first seised of relevant issues, the question would be academic and not determinative of the action. For the reasons appearing above, I consider that the FRAND issue was already in play in the English proceedings when the French proceedings were commenced, so that, looking at that issue, the English court was first seised of the issue that made the actions related. There would therefore be no point in a reference because, on that analysis, it would not be determinative of anything, or anything useful, in these proceedings. Even if Mr Hobbs won on the referred point and established that the relevant date for considering relatedness was when the common issues first arose, he would still lose because this English court was first seised of the sort of FRAND issues raised in the French proceedings and which make the actions related.
94. There is another potential reason why a reference would not be usefully determinative of anything in these proceedings, and that is the discretion which would arise if Mr Hobbs is right about his analysis of Article 30. If he is right then the court second seised (the English court, on his analysis) has a discretion, but not an obligation, to stay its action. It will therefore be useful, if not appropriate, to consider whether a stay should be granted on the working assumption that Article 30 confers a jurisdiction to grant a stay in the circumstances of this case.

95. The useful starting point for this consideration is paragraph 92 of *The Alexandros T* which sets out various factors which are particularly relevant:

“92. In Owens Bank Ltd v Bracco (Case C-129/92) [1994] QB 509, at paras 74-79, Advocate General Lenz identified a number of factors which he thought were relevant to the exercise of the discretion. They can I think briefly be summarised in this way. The circumstances of each case are of particular importance but the aim of Article 28 [the then equivalent of Article 30] is to avoid parallel proceedings and conflicting decisions. In a case of doubt it would be appropriate to grant a stay. Indeed, he appears to have approved the proposition that there is a strong presumption in favour of a stay. However, he identified three particular factors as being of importance: (1) the extent of the relatedness between the actions and the risk of mutually irreconcilable decisions; (2) the stage reached in each set of proceedings; and (3) the proximity of the courts to the subject matter of the case. In conclusion the Advocate General said at para 79 that it goes without saying that in the exercise of the discretion regard may be had to the question of which court is in the best position to decide a given question.”

96. Relying on this formulation, Mr Pickford said there should be no stay. He particularly relied on the advanced stage of the English proceedings when compared with the French, doubts expressed by his side’s expert as to whether the French court would actually determine FRAND terms, the existence of issues which only this court can decide (infringement and (now critically) relief) and the ability of the English courts to determine FRAND terms. He submitted that the likelihood of inconsistent judgments was low. Furthermore, one of the patents was due to expire on 15th October 2022, and if (which is said to be likely) there is no decision in France until after that date then his clients would be deprived of the possibility of an injunction for the rest of the period of the patent.
97. Mr Hobbs, propounding the desirability of a stay, relied on the close connections of the FRAND contract with France - France is the home forum of ETSI, and there were key contractual interpretation questions arising out of the ETSI contract which were governed by French law and which are appropriately and better decided by a French court (possibly with the benefit of *travaux préparatoires* which were at ETSI’s French headquarters) for the benefit of the parties in this case and for the benefit of all other parties to the ETSI arrangements. Furthermore, TCL had the contractual right to decide whether and where to claim a licence - *TQ Delta LLC v Zyxel Communications UK Ltd* [2019] EWCA Civ 1277; it had chosen France and that wish was to be respected. The stay should encompass all aspects of the proceedings, because the French FRAND determination would effectively resolve the dispute.

98. I will deal first with one of Mr Hobbs' points which, on one analysis, is capable of being completely determinative of whether there should be a stay, namely his claim that he has a contractual right (an absolute right, on one interpretation of his submissions) to decide where to have FRAND determined under *TQ Delta*. I consider that this submission mis-states the effect of that decision. What happened in that case was that a defendant faced with an injunction unless it took a FRAND licence decided to waive unequivocally its right to enforce the claimant's obligations to grant a FRAND licence in the United Kingdom (see paragraph 9). The Court of Appeal held that the defendant was entitled to do that, and once it had done it the claimant was no longer entitled to come to court for the determination of a FRAND licence. That is as far as the decision goes. It does not go further and decide that the defendant had a contractual right to decide whether, where and when to apply for a FRAND licence, so as to be able to exclude the English (or another) court from considering FRAND if the point arose in those domestic proceedings. If the defendant had not made its concession, it would apparently have been open to the court to consider FRAND terms as the price for limiting the injunction which would otherwise be likely to have followed (assuming infringement was established). The question in that case was not whether the court could consider FRAND terms in the face of an application to have them determined elsewhere; it was whether the court could (or should) determine FRAND terms in the face of a potential licensee which said it did not want them on any footing. Those are two distinct questions. *TQ Delta* says nothing about the former.
99. I can therefore leave that point of Mr Hobbs out of account. His other points cannot be dismissed in that way and fall to be assessed in the overall assessment exercise which I am conducting on the assumption that the English court has a discretion (but not an obligation) to stay under Article 30.
100. I have concluded that, if I have a discretion to stay, I should exercise it against a stay. It is true that the contract to which Philips is a party is one subject to French law, with connections to a French body, and I shall assume that questions of construction arise under that contract. However, English courts are well used to construing foreign contracts, with the aid of evidence from foreign lawyers, and this contract is no exception. The English court can determine the scope and effect of the contract, and (if it thinks fit to do so) can determine FRAND terms under a worldwide licence if appropriate (see the decision in *Unwired Planet* in the Supreme Court), or under a different form of licence. It would determine those terms as the price of not granting an injunction to restrain infringement. There is nothing inherently inappropriate in that process.
101. What weighs most heavily in the balance in this case is the question of timing. There is a trial date for the trial of these issues in November of this year. The proceedings are at an advanced stage. On the evidence about the French proceedings, a decision can

apparently be expected in France in late 2022 or early 2023, not allowing for an appeal. That 2 year difference is a very material one in commercial terms. It is true that the proceedings have been held up by Philips' unsuccessful jurisdictional challenges, and Philips still have an outstanding appeal on the Article 30 point, but I do not consider that that detracts much from the essential fact that an answer can be obtained from a November trial which is much sooner than an answer in the French proceedings. I also give some weight to Mr Pickford's point about the expiry of one of the patents before the likely result in the French proceedings.

102. Mr Pickford emphasised the fact that the English proceedings were the proceedings in which the patent remedies were being sought and in which infringement was relevant, so to that extent the English court was more "proximate" to the question of relief. If validity and infringement had still been in issue those points would have been much more telling. However, since they are no longer in issue, realistically the main question becomes whether it is appropriate to stay the FRAND determination so that it can be tried in France. I consider that it is not. There is still a close proximity between the English proceedings and the determination of FRAND terms, since the determination of the latter, and the entering into of a licence on those terms, are closely linked to the nature of the relief to be granted and its effectiveness.

103. I have to consider the possibility of inconsistent judgments which Article 30 is intended to avoid or reduce. The mere possibility of inconsistent judgments is not a complete answer in every case, though it is obviously a very important point. It cannot be ruled out that there could be inconsistent judgments were the French court to reach a different conclusion as to the terms of the FRAND licence which Philips should grant. However, I do not consider that possibility to be so great as to weigh against the desirability and fairness of the prompt resolution of an essentially commercial dispute in this jurisdiction. In reaching this conclusion I have borne in mind the suggestion that there is serious doubt as to whether the French court would actually determine FRAND terms. Philips' expert has said that it would be more in keeping with the practice of the French courts to order the parties to negotiate and consider imposing damages if a party has failed to act in good faith. If accurate this would be a very uncomfortable and undesirable end result for this litigation, but not a decision which is inconsistent with an English court's determination of actual terms. If it were clearly established that the French court would not determine terms that would be a compelling reason for not staying the English proceedings, but the notion has not really been tested and I am uncertain as to the weight to be given to this opinion. I therefore do not bring it into the calculation.

104. In all the circumstances, therefore, and taking into consideration the factors referred to in *The Alexandros T*, I find that if I had a discretion to stay under Article 30 I would not exercise it. For the same reasons I would not order a case management stay, the possibility of which from time to time raised its head in argument but which was not the basis of the formal application before me.

The jurisdiction point

105. Mr Pickford had an additional riposte to the stay application in the form of a jurisdiction point. His point was that reliance on those Articles was essentially a jurisdictional point, and in the events that have happened TCL has lost the chance to take those points and has submitted to the jurisdiction. In this respect Philips relied on the order of Birss J and the declaration as to jurisdiction therein, and the filing of revised acknowledgments of service on 18th April 2019. It submits that the effect of those events is to preclude the challenges that are now made.
106. Mr Hobbs submitted that this was a very poor point which was (he said) rightly relegated in Mr Pickford's submissions to one made at the end. He disputed that there was any jurisdictional point and said that what he was seeking to do was to bring the French judgment back to this jurisdiction and have effect given to it. He was entitled to do that without any special procedure (see Article 36) and nothing in CPR 11 prevented his doing what the legislation required.
107. I have remained a little puzzled as to how Mr Pickford's arguments are supposed to work bearing in mind the way that the stay application is mounted, but I will deal with it as best I can. It is probably necessary to consider the applications under Articles 29 and 30 separately.
108. So far as Article 29 is concerned, it seems to be common ground that in principle an objection to jurisdiction under Article 29 can be barred by the workings of CPR 11 if the defendant does not invoke the ability to challenge jurisdiction under that rule. Mr Hobbs accepted as much in oral argument. It is apparent from *Texan Management Ltd v Pacific Electric Wire and Cable Company Ltd* [2009] UKPC 46 that the rule is applicable to jurisdiction-related applications for a stay as well as pure jurisdiction applications. In *Office Depot International BV v Holdam SA* [2019] 4 WLR 120 Vos C treated CPR 11 as applying to article 29 challenges but not Article 30 challenges (see paragraph 39).

CPR 11 reads, so far as material:

“11—(1) A defendant who wishes to—

11.1

(a) dispute the court's jurisdiction to try the claim; or

(b) argue that the court should not exercise its jurisdiction,

may apply to the court for an order declaring that it has no such jurisdiction or should not exercise any jurisdiction which it may have.

(2) A defendant who wishes to make such an application must first file an acknowledgment of service in accordance with Part 10.

(3) A defendant who files an acknowledgment of service does not, by doing so, lose any right that he may have to dispute the court's jurisdiction.

(4) An application under this rule must—

(a) be made within 14 days after filing an acknowledgment of service; and

(b) be supported by evidence.

(5) If the defendant—

(a) files an acknowledgment of service; and

(b) does not make such an application within the period specified in paragraph (4), he is to be treated as having accepted that the court has jurisdiction to try the claim.”

109. As appears above, TCL invoked its right to challenge jurisdiction within the timeframe of the provision. The challenge was on the basis that TCL disputed the validity of some of the non-UK patents in the portfolio which Philips was proposing to make the subject of a FRAND inquiry and that validity was not justiciable here, that England was not the appropriate forum to decide questions involving a worldwide licence (the US and China were said to be more appropriate), and service had not been validly effected - see the summary in the first witness statement of Katharine Jane Coltart at paragraph 25. Then TCL, having commenced its French proceedings, abandoned its jurisdictional challenge, as recorded in the order of Birss J. It also filed amended acknowledgments of service on 18th April 2019 which indicated an intention to defend but did not tick the box which indicated an intention to challenge jurisdiction.
110. It is quite plain that, as at this stage of the proceedings, TCL would not be entitled to challenge jurisdiction under Article 29. By then the French proceedings had been commenced. TCL did not dispute the jurisdiction of the court to determine the English proceedings as they were then constituted, and would not be able to use Article 29 to challenge the ability of the court to entertain them. Logic would defeat such a challenge - Article 29 could only apply at that stage if the proceedings were the same, and if they were then the English court would be first seised anyway. There would be, and could be, no Article 29 point available to the defendant then, and its present Article 29 point had not then arisen (because the FRAND statement of case had not been served).
111. The acceptance of jurisdiction would not affect any subsequent event to which jurisdiction might again become relevant, but Mr Pickford did not rely on any subsequent acceptance of jurisdiction, so if jurisdiction had raised its head again he would not have that particular answer to it. If somehow jurisdiction became relevant afresh as a result of the service of the FRAND statement of case then Mr Pickford did not propose an acceptance of jurisdiction answer in relation to it. But in any event there was no subsequent event which brought Article 29 into play because the only candidate (service of the FRAND statement of case) did not do so.
112. The end result of this part of the debate is that if an Article 29 challenge had arisen by the time of the order of Birss J, then it would have been lost as a result of what happened at the hearing and the filing of new Acknowledgments of Service. That would mean that an application to stay the proceedings as then formulated would fail. However, on the way the stay application is mounted such a challenge had not arisen then, so the point becomes academic.

113. So far as Article 30 is concerned, for the reasons given by Vos C in *Office Depot* at paragraph 40 a CPR 11-type jurisdictional point is unlikely to arise in relation to that part of the application. Vos C was minded to hold that the CPR 11 jurisdictional challenge provisions did not apply to Article 30 challenges. However, even if those provisions are capable of so applying, I do not see how Mr Pickford's jurisdictional arguments work in relation to such a challenge. On Mr Hobbs' case, the proceedings did not become related until service of the FRAND particulars. That occurred after the acts of acceptance of jurisdiction relied on by Mr Pickford. No other act accepting of jurisdiction was relied on by Mr Pickford, so CPR 11 would not be a jurisdictional answer to the application.
114. There is, however, another way in which the jurisdiction acceptance demonstrates the poverty of the Article 29 challenge. TCL expressly accepted that the court had jurisdiction to hear the action as it was constituted at the date of the acceptance. For the reasons given above the action as then constituted involved the determination of whether Philips' licence terms were FRAND, and also what other terms might be FRAND – see in particular paragraphs 16 and 17 of the Particulars of Claim, and the prayer. On any footing, therefore, it has been accepted that the court has jurisdiction to determine that claim and there would be no jurisdictional basis for staying it.

Philips' application

115. On the footing that there will be what we are calling a FRAND trial in November, Philips made a three-pronged application. The first prong was a claim for declaratory relief at this stage to reflect the admissions of essentiality, validity and infringement of the relevant patents which flow from the abandonment by TCL of those attacks, but at the beginning of the hearing Mr Pickford changed this part to an application for an order formally recording the admissions that had been made by TCL. He sought this record so as to make it quite clear that the issues are withdrawn from the fray and that the dispute in November takes place on the relevant factual footing. The second is a claim for an interim award of damages, and the third is a claim for disclosure which is said to go to some of the issues at the November FRAND trial.
116. The first of those seemed to be in issue until Mr Hobbs made a series of apparent mini-concessions during his submissions, and afterwards I was told that the parties had agreed a form of order on those issues which, as I understand it, means I do not have decide anything in relation to them. The proposed order now records admissions rather than declarations.

117. The second matter (interim damages) was not pursued by Mr Pickford at the hearing before me and he was content to leave that matter over for another occasion. That leaves the third - disclosure.

118. Philips seeks disclosure by way of a vouched schedule of the annual number of devices that implement the various mobile telephony technologies, broken down by product name, and broken down into UK sales figures and worldwide figures. The proposed order is not limited to sales within the limitation period which would be applicable to the infringement action.

119. The reason why it is said that this disclosure is relevant is because it is said to go to damages. The present action includes a claim for damages, and infringement is now conceded. Philips, on at least one way of putting its case, will say that the appropriate measure of damages is the sum to which it would have been entitled under a licence had the sales been licensed, and that the appropriate licence for these purposes would be a worldwide licence because that is the only licence which Philips would have granted, and it would have extended back to before the limitation period appropriate to the infringements; it would not have granted a purely UK territorial licence confined to the limitation period. In order to calculate those damages it is necessary to understand what sales have taken place worldwide; and if damages fall to be calculated by UK sales only (contrary to Philips' primary case) then it is necessary to know the UK sales. It is said to be necessary to break down sales by specified models of phones in order to enable Philips to understand or confirm which models fall within the claims of the patents and which do not. If Philips is right in its reasoning the damages awarded will reflect the number of infringing phones. That is why it needs the numbers. It proposes a strict confidentiality regime to protect the confidentiality of the sales data. I am not aware of any issue as to that regime if the disclosure is ordered.

120. Mr Hobbs starts by saying that there is no order for a damages inquiry in November (or any other date), so there is no inquiry to which the disclosure is relevant. However, at the heart of his objections is the proposition that the disclosure is unnecessary and inappropriate because there will not be, or should not at the moment be, a damages assessment at all because it cannot be said that there is an infringement. He says his clients are committed to the French FRAND inquiry and when that is finalised his clients will enter into a licence which Philips is obliged to grant. Because of that chain of reasoning a damages claim is inappropriate. Infringement of the patent involves use without consent, but Philips are obliged to grant that consent and will have to do so, and it will operate retroactively so as to mean there was consent to the usage after all. Thus there will not have been an infringement on which to hang any damages claim. The damages claim cannot be uncoupled from the FRAND determination. That determination will satisfy the proviso which he says is pleaded in relation to the damages claim on the claimants' own pleaded case - "Save insofar as the Defendants

and each of them are entitled to and take a licence to the Patents on FRAND terms”. Since the defendants are entitled to and will take a licence, damages cannot be granted. He also takes the point that even if damages are awarded, they can only be awarded for UK infringements of UK patents, so damages calculated on the basis of a worldwide FRAND are inappropriate. In addition, he maintains that the November hearing is not the hearing of a damages inquiry - it is a FRAND determination.

121. I will deal first with the question of whether the orders for the November trial have ordered an inquiry as to damages or whether it is just for a FRAND determination. As will appear in a moment, the November trial was fixed and described by reference to issues arising out of Philips’ FRAND statement of case. Paragraph 62 of that document says:

“Further, in the event that TCL declines to take or undertake to take a FRAND licence on the terms set out at paragraph 17 above or as adjusted by this Court and offered to TCL by Philips, the FRAND Commitment is not applicable and Philips is entitled to damages unconstrained by its normal FRAND royalty rate, alternatively, an account of profits derived by the infringement. Damages should be calculated so as to ensure that Philips is left no worse off than had TCL taken a licence on FRAND terms when it was able to do so. An account of profits, if elected, should be calculated so as to ensure TCL does not profit from committing acts of infringement and then refusing to take a FRAND licence instead of taking a licence at the time it was able to do so.”

122. That pleading therefore expressly brings in a damages claim. In its very short “Reply” to that document TCL merely cross-references to certain paragraphs of its Amended Defence and Counterclaim, in which it pleads to the damages claim by saying that the court should not be entertaining it because of TCL’s right to a licence. Issue is thereby joined on the damages claim, but TCL did not plead specifically to the particular formulation of the damages claim in Philips’ FRAND statement of case.

123. An order of Arnold J of 1st July 2020 provided for a trial

“of issues as defined by Philips FRAND SoC and the TCL FRAND SoC”.

124. The order of Nugee J of 26th November 2020 recites:

“AND UPON a FRAND Trial to determine the issues arising on Philips’ FRAND Statement of Case (“SoC”) and the TCL FRAND SoC (the “FRAND SoC Issues”) ... [and other matters] having been listed for 15 days to begin in a 5-day window commencing on 23 November 2020”.

Paragraph 10 of that order provides that Philips shall elect as between an account of profits and damages by 2nd October 2020, and in the event of an election for an account of profits paragraph 11 provides for some additional disclosure by 9th November, which is obviously timed to be available for the trial. In fact, Philips has now elected for damages and not for an account of profits.

125. In my view it is clear that the November trial is to encompass the question of damages. The original pleadings contain such a claim. Mr Hobbs is wrong to say that the proviso about FRAND licensing to which he refers relates to damages; it does not - it relates to the injunction only, though logically a licence, if and when entered into, would be capable of affecting a damages claim if it was retrospective. The FRAND statement of case clearly raises the question of damages, and the Reply to that document leaves damages in issue. On a proper construction of Arnold J’s order, the issues for the FRAND trial would therefore include damages, and it would seem that Nugee J’s order assumed the same. Accordingly, the FRAND trial in November will include the damages claim as well as the licensing terms issues.

126. That therefore requires a consideration of Mr Hobb’s next point to the effect that the obligation to grant a licence, TCL’s indication that it will accept one and the existence of the French proceedings in which the terms will be sufficiently determined mean that there cannot be a damages claim because (in essence) there cannot be an infringement on which to hang it. If there is no damages claim, there is no need to give disclosure.

127. This argument seems to be related to the “plea in bar” defence (as it has been called) in paragraphs 21 and 22 of the Defence. It seems to require a conceptual discussion as to whether there can be a present infringement of a patent where there is to be a licence in the future which will operate retrospectively to cover what was an infringement at the

time (absent the licence). It is not an analysis which I accept. The plea in bar defence is a point which will be dealt with at the November trial.

128. The only authority relied on by Mr Hobbs for this analysis was a combination of section 60 of the Patents Act 1977 and a statement in *Zino Davidoff SA v A & G Imports Ltd* EU :C:2001:617. Section 60 describes an infringement as being an offending act done:

“without the consent of the proprietor of the patent”.

129. In *Davidoff* the at paragraph 47 the CJEU said that: “consent may be implied, where it is to be inferred from facts and circumstances prior to, simultaneous with or subsequent to the placing of the goods in the market” (Mr Hobbs’ emphasis).

130. From this Mr Hobbs builds his theory that the obligation to grant a licence, and TCL’s indication it will accept one, means there can be no infringement for the purposes of a damages claim because retrospective consent “subsequent to” an otherwise infringing act means there is no breach now.

131. I am unable to accept this proposition. The legal logic of the position stands in its way. As things stand, there is an admission of infringement, so there is an infringement. As things stand, that entitles the owner of the patent to the usual relief, namely (in this case) an injunction and damages. Because of the agreed ETSI protocols, Philips is obliged to offer and grant a licence, but TCL does not have to accept it. At all times until it is accepted there has been infringement. The licence is the means to avoid the remedy of an injunction, and that is made clear by Philips’ Particulars of Claim and FRAND statement of case, but at this stage of the reasoning there is still an infringement. If a licence is granted and taken then it becomes the case, from that point, that acts which might have been treated as an infringement can no longer be treated as an infringement, whether historic or future, but that state of affairs operates only from the date of the effective licence. That would mean that historic damages could no longer be proved or recoverable. It does not mean that legally there was no recoverable loss provable up to that point.

132. Mr Hobbs had no authority to back up his analysis other than *Davidoff*, and I do not consider that that case assists him. It concerned what would amount to consent for the purposes of Article 7 of the Trade Marks Directive. A mark’s proprietor is not entitled

to prohibit the use of the mark on goods put on the market with its “consent”. The court’s dictum indicates that consent can be retrospective for those purposes, but its reasoning says nothing about the state of affairs which existed for the time being before that consent, which is what Mr Hobbs has to deal with in the present case. So I do not consider the case helps him.

133. Mr Hobbs would doubtless rely on the fact that there has been some form of commitment on the part of TCL to take a licence. His argument, if it is to succeed at all, would probably require some form of complete contract in which it can be seen that there is in effect something in the nature of a current binding arrangement from which TCL cannot resile. However, I do not consider that that degree of commitment has been established. The commitment, such as it is, appears in TCL’s defence at paragraphs 13 and 21 in which TCL expresses its “intention” to take a licence on the terms determined to be FRAND by the French court. That does not seem to me to be the sort of final and binding commitment which Mr Hobbs is really relying on, and the statements are not made more binding by Mr Hobbs’ repetition of the intention in his submissions.
134. Mr Hobbs sought to reinforce his position on this point by referring to some passages in the *Unwired Planet* decision in the Supreme Court. In written submissions made after the delivery of that decision he relied on the following passages as supporting his position that there can be no infringement when a licence is granted pursuant to the ETSI arrangement, and as therefore demonstrating that his client’s saying it will take a licence pursuant to the French proceedings means there is no infringement now.

“14 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.

....

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.”

135. He also relied on references to the right to licence being a “contractual defence” in paragraphs 90 and 93.

136. I do not consider those passages assist Mr Hobbs. The central issue in the *Unwired Planet* case was whether an English court could make a worldwide FRAND licence, on terms to be determined by the English court, as a condition of avoiding the grant of an injunction. Damages did not figure largely in the discussion (though there was reference to them), and the issues involved did not require (or receive) a consideration of the status of an infringing act when a licence is apparently to be sought and taken. Care must therefore be taken before reading too much about that into statements made in the judgment, and I do not consider that, as they stand, they sufficiently address issues which are sufficiently close to Mr Hobbs' point to be determinative or useful. In fact they seem to be directed to other points. When the passages in question are looked at closely they seem to be looking to the future - the passage beginning "Fourthly ..." seems to be considering how it is that an implementer can avoid being an infringer in the future. It is obvious that once a licence is granted, there can be no liability for infringement thereafter, but that does not address the position before the licence is granted. The reference to an injunction in the cited passages also suggests a focus on the future without consideration of what the contemporaneous status of infringing acts is prior to the grant of a licence.
137. In short, therefore, I do not consider that those passages, or any other passages, assist Mr Hobbs. In fact there are passages which might be said to work against him. In paragraph 61 the court said:

"61. The possibility of the grant of an injunction by a national court is a necessary component of the balance which the IPR Policy seeks to strike, in that it is this which ensures that an implementer has a strong incentive to negotiate and accept FRAND terms for use of the owner's SEP portfolio. The possibility of obtaining such relief if FRAND terms are not accepted and honoured by the implementer is not excluded either expressly or by necessary implication."

The emphasis is mine. The words suggest that nothing material happens until the licence is at least completed ("accepted"), if not more, and that certainly does not assist Mr Hobbs' analysis. But the same observation can be made as I have made in relation to Mr Hobbs' passages - the court was not really focusing on the quasi-metaphysical debate as to the present state of an "infringement" when it is said a licence will be taken in the future.

138. Thus far, therefore, Mr Hobbs' arguments fail.

139. Next Mr Hobbs has his arguments as to the relevance of worldwide sales to an inquiry as to damages for infringement of UK patents. He asks rhetorically how such sales can be recoverable in a claim which covers merely UK infringements. Philips' response to that is that it will be argued that damages should be assessed by reference to the sort of royalties which would have been payable under a FRAND worldwide, not UK-only, licence, because that is the only licence which Philips would have given, and that is therefore an appropriate measure.
140. Mr Hobbs' point requires a determination, on a disclosure application, that the way in which the claimants put part of their case is hopeless. It is akin to a striking out or summary judgment application. There is no doubt that the court could determine a disclosure application on that basis, but where it amounts to a huge part of the claimant's case then particular care must be taken before doing so. I would have to be satisfied that, as a matter of principle, and frankly on the basis of only relative short argument amounting to little more than assertion and counter-assertion, that the claimant's case is unsustainable. I am unable to come to that conclusion. It might fairly be described as ambitious, but it is arguable and in *Philips v Asustek* [2020] EWHC 29 (Ch) Marcus Smith J declined to hold that the terms of a worldwide licence were sufficiently irrelevant to a damages assessment as to justify striking out a claim which seemed to involve an averment of relevance. In that case the judge considered that the correct measure of damages and how one got there was a matter for trial in his case. The same is true of the present case. I also note that in *Unwired Planet* the Supreme Court said (at para 87):

"If the court awards damages it does so on proof of the loss which the SEP owner has suffered through the infringement of its patent or patents. It may be that the measure of damages which a court would award for past infringement of patents would equate to the royalties that would have been due under a FRAND licence."

In the light of that it can hardly be said at this stage that the case of Philips is unarguable.

141. That means that one cannot simply say that that the terms and effect of a potential FRAND worldwide licence, and the moneys which would flow from it, are irrelevant to a damages assessment. It is clearly Philips' pleaded case that damages should be no less than they would have received under a worldwide FRAND licence, and that is not a plea which can be struck out or ignored. If it remains in then the worldwide sales of phones incorporating relevant technology are capable of being relevant because the

FRAND licence amounts payable in respect of worldwide sales would be potentially relevant to the damages payable in respect of historic sales of those phones. That means that the disclosure sought of TCL is relevant, though of course it will be a matter for the trial judge what the measure of damages is. It is not unduly onerous or disproportionate to provide the disclosure (and Mr Hobbs did not contend otherwise - his point was one of principle). In my view it should be provided.

Conclusion

142. It follows from the above that I make the following rulings:

- (a) TCL's application for a stay is dismissed.
- (b) Philips' application for disclosure is allowed.
- (c) Philips' application for an interim payment is adjourned with liberty to apply.

APPENDIX

Paragraphs 8 to 22 of the Particulars of Claim

ESSENTIALITY AND FRAND

8. The Patents are the subject of an IPR Licensing Declaration, ISLD-2011001-011 dated 26 November 2009 (the "**Philips Licensing Declaration**") (attached hereto as Annex 7) made by the Claimant to the European Telecommunications Standard Institute ("ETSI") in the following terms:

"In accordance with Clause 6.1 of the ETSI IPR Policy the Declarant and/or its AFFILIATES hereby irrevocably declares the following ...

To the extent that the IPR(s) disclosed in the attached IPR Information Statement Annex are or become, and remain ESSENTIAL in respect of the ETSI Work Item, STANDARD and/or TECHNICAL SPECIFICATION identified in the attached IPR Information Statement Annex, the Declarant and/or its AFFILIATES are prepared to grant irrevocable licences under this/these IPR(s) on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy.

The construction, validity and performance of this IPR information statement and licensing declaration shall be governed by the laws of France.

Terms in ALL CAPS on this form have the meaning provided in Clause 15 of the ETSI IPR Policy."

9. Clause 6.1 of the ETSI IPR Policy of 8 April 2009 in force at time of the Philips Licensing Declaration provided 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 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."

10. The terms "fair, reasonable and non-discriminatory" are hereafter referred to as "**FRAND**".

11. By Clause 15, paragraph 6 of the ETSI IPR Policy:

"ESSENTIAL" as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL. "

12. The term "essential" as used hereafter has the meaning ascribed to it above.

13. Pursuant to Clause 12 of the ETSI IPR Policy and Article 3(1) of the Convention on the law applicable to contractual obligations opened for signature in Rome on 19th June 1980 and signed by the United Kingdom on 7th December 1981 (the "**Rome Convention**"), as implemented in the United Kingdom by section 2(1) of the Contract (Applicable Law) Act 1990, the construction, validity and performance of the ETSI IPR Policy and the Philips Licensing Declaration is governed by French law.

14. By (i) signing the Philips Licensing Declaration and (ii) returning that signed Declaration to the Director-General of ETSI, the Claimant:

(a) has declared to ETSI its belief that the Patents maybe or may become essential to at least the following UMTS telecommunications standards and/or technical specifications, the relevant sections of which relate to HSPA functionality:

i. EP 525: UMTS TS 25.214 v6.11.0 citing illustrative paragraph §5.1.2.5A; and

ii. EP 511: UMTS TS 25.214 v6.11.0 citing illustrative paragraph §5.1.2.6; and

(b) entered into a contract with ETSI whereby the Claimant is bound to enter into negotiations with a view to concluding, alternatively, to grant, licences of its ESSENTIAL IPR on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy (the “**FRAND Commitment**”).

15. Pursuant to Article 1205 of the new French Civil Code (Article 1121 of the old French Civil Code), the FRAND Commitment is enforceable against the Claimant by a person that wishes to take a licence to the Claimant's relevant IPR in accordance with Clause 6.1 of the ETSI IPR Policy. Once a contract has been formed, it is enforceable and considered as a private law between the parties, following Article 1103 of the new French Civil Code (Article 1134, al. 1 of the old French Civil Code). Moreover, the contract must be negotiated, formed and executed in good faith (Article 1104 of the new French Civil Code; Article 1121 of the old French Civil Code).

16. The Claimant is accordingly prepared to grant such FRAND licences of the Patents in accordance with the FRAND Commitment.

17. The FRAND Commitment is to be interpreted in accordance with, *inter alia*, Articles 1188 to 1192 of the new French Civil Code Civil (Articles 1156 to 1164 of the old French Code Civil). The terms "fair, reasonable and non-discriminator}' fall properly within the province of judicial interpretation. They will form the subject of a FRAND Statement of Case in due course. The Claimant's standard terms and conditions pursuant to which it offers a worldwide licence to its portfolio of standard essential patents, which licence has been offered to the Defendants, are FRAND.

18. The Patents are and remain essential to certain versions and releases (“**Relevant Versions and Releases**”) of the technical specifications and standards. The Claimant relies on the following:

(a) In respect of claims 1, 10, 13, 14 and 15 of EP 525 as granted, the sending of acknowledgements at power levels specified in paragraph 5.1.2.5A of the UMTS standard technical specification 3GPP TS 25.214, v5.9.0. The Relevant Versions and Releases in respect of EP 525 are all versions of releases 5, 6, 7, 8, 9, 10, 11 and 12 made available on or after 18 June 2004;

(b) In respect of claims 1 and 3 of EP 511 as amended, the power level limits specified in paragraph 5.1.2.6 of the UMTS standard technical specification 3GPP TS 25.214, v6.11.0. The Relevant Versions and Releases in respect of EP 511 are all versions of releases 6, 7, 8, 9, 10, 11 and 12 made available on or after 14 December 2006.

19. It is the Claimant's case that there is no material difference between the functionality of the sections of the releases and versions of the technical specifications of the standards relied upon and the corresponding sections of the other Relevant Versions & Releases. Insofar as any further releases are made available in respect of which there is no such material difference, the Claimant will rely at trial on such further releases as being included in the Relevant Versions & Releases.

20. As recorded in the 525 Judgment as between the Claimant and (1) Asustek Computer Incorporation, (2) Asustek (UK) Limited, (3) Asus Technology Pte. Ltd (4) HTC Corporation and (5) HTC Europe Co. Ltd, (collectively the ASUS and HTC Defendants), the Honourable Mr Justice Arnold held that ASUS and HTC Defendants had infringed EP 525 since their phones complied with Release 5 of UMTS 3GPP Technical Specification 25.214 and it thereby follows that EP 525 Patent is essential, within the meaning of the ETSI IPR Policy and Rules of Procedure, in relation to UMTS 3GPP Technical Specification 25.214, v5.9.0 and all subsequent relevant versions and releases of that specification including without limitation all versions for releases 5, 6, 7, 8, 9, 10, 11 and 12 published on or after 27 September 2002.

21. As recorded in the 511 Judgment as between the Claimant and the ASUS and HTC Defendants the Honourable Mr Justice Arnold held that ASUS and HTC Defendants had infringed EP 511 since their phones complied with Release 6 of UMTS 3GPP Technical Specification 25.214 and it thereby follows that EP 511 is essential, within the meaning

of the ETSI IPR Policy and Rules of Procedure, in relation to UMTS 3GPP Technical Specification 25.214, v6.11.0 and all subsequent relevant versions and releases of that specification including without limitation all versions for releases 6, 7, 8, 9, 10, 11 and 12 published on or after 21 June 2005.

22. Further and for the avoidance of doubt in the 525 Judgment and in the 511 Judgment the Honourable Mr Justice Arnold found that HTC and ASUS sample mobile telephones which had been commercially dealt with in the United Kingdom and which supported HSDPA and HSUPA technology infringed EP 525 and EP 511 respectively.

Paragraphs 6 to 16 of the Re-Amended Defence

6. Paragraph 14(a) is admitted.

7. As to paragraph 14(b), it is admitted that by signing the Philips Licensing Declaration and returning it to the Director-General of ETSI, the Claimant entered into a contract with ETSI. All aspects of the implementation and operation of that contract are governed by French law. The Claimant and its Affiliates are accordingly obliged by their *stipulation pour autrui* to grant irrevocable licences of the intellectual property rights the subject of the Philips Licensing Declaration (including the Patents) on FRAND terms to any person wishing to obtain such a licence. This takes effect as a tripartite contractual arrangement in which the declarant is the promisor, ETSI is the promisee and the prospective licensee is the beneficiary of the *stipulation pour autrui*.

8. Paragraph 15 is admitted and averred. The process of seeking and obtaining the grant of a licence begins when (and not before) a prospective licensee invokes its right to enforce the *stipulation pour autrui* embodied in a FRAND commitment. The prospective licensee has the right to decide for itself when, where, how and to what extent to enforce that stipulation in relation to relevant IPR.

9. The right to enforce the *stipulation pour autrui* of the Claimant and its Affiliates in relation to the IPR (including the Patents) relevant to the ETSI Universal Mobile Telecommunications System (UMTS) standard and the ETSI Long Term Evolution (LTE) standard has been invoked for the benefit of the TCL Defendants and their Affiliates in proceedings for the grant of a worldwide licence in respect thereof on FRAND terms brought by the Fourth, Fifth and Sixth Defendants against the Claimant, Koninklijke Philips Electronics N.V., Philips International B.V. and ETSI before the Tribunal de Grand Instance in Paris, filed on 19 February 2019 (“the French proceedings”). The IPR the subject of the French proceedings includes patents of which the Claimant is not a proprietor, patents of which the Claimant is co-proprietor with an Affiliate and patents of which the Claimant is co-proprietor with an unrelated entity.

10. Paragraph 16 is noted and the Claimant’s preparedness will, if it extends to its own and its Affiliates’ IPR relevant to the UMTS and LTE standards, assist with the determination of the claim for a licence to be granted on FRAND terms in the French proceedings.

11. The first and second sentences of paragraph 17 are admitted. They raise matters of French law which are expected and intended to be addressed in the French proceedings.

12. The third and fourth sentences of paragraph 17 relate to matters which are the subject of the French proceedings and which accordingly should not be addressed in the current proceedings.

13. The TCL Defendants and their Affiliates wish and intend to take a licence in relation to the IPR (including the Patents) of the Claimant and its Affiliates relevant to the UMTS and LTE standards on the terms ultimately determined to be FRAND in the French proceedings.

14. As to paragraph 18, it is admitted that claims 1, 10, 13, 14 and 15 of EP 525 as granted are essential to the UMTS standard technical specification 3GPP TS 25.214 v5.9.0 and all versions of releases 5, 6, 7, 8, 9, 10, 11 and 12 made available on or after 18 June 2004. It is also admitted that claims 1, 3, 12, 13 and 15 of EP 511 as amended are essential to the UMTS standard technical specification 3GPP TS 25.214 v6.11.0 and all versions of releases 6, 7, 8, 9, 10, 11 and 12 made available on or after 14 December 2006.

15. Paragraph 19 is noted.

16. Without prejudice to paragraph 14 above, paragraphs 20-22 are admitted (save that the dates of 27 September 2002 and 21 June 2005 are not admitted as they are inconsistent with the dates pleaded in paragraph 18).

....

21. As to paragraphs 34-37, it is denied that the Claimant has suffered loss and damage by any wrongful act of the TCL Defendants or any of them. It is admitted that the Fifth and Sixth Defendants intend to continue to act as set out in paragraphs 19(3)-(4) above, but it is denied that that will cause the Claimant to suffer loss and damage for which the TCL Defendants or any of them are liable. If, contrary to the TCL Defendants' case as set out above, the TCL Defendants or any of them are liable to the Claimant for acts of infringement of EP 525 and/or EP 511, no relief should be granted in respect thereof in the light of the TCL Defendants' intention to take a licence as pleaded above on the terms ultimately determined to be FRAND in the French proceedings.

22. As to paragraphs 1-6 of the Claimant's prayer for relief: (1) since the French proceedings are expected and intended to result in the grant of a licence on FRAND terms retroactively and for the future (inter alia) in relation to the United Kingdom and the subject matter of the claims of the Patents, it would be contrary to the requirements of the General Obligation set out in Article 3 of the Enforcement Directive (Directive 2004/48/EC) for the Claimant to be granted relief to the effect claimed in those paragraphs or any of them; and additionally or alternatively

(2) it is not within the power or discretion of this Court under any applicable principle or rule of law or practice in the United Kingdom to grant relief for infringement of a United Kingdom patent subject to or conditional upon the defendant invoking in the courts of this country rather than in the courts of another country such as France, its right to enforce the stipulation pour autrui embodied in a FRAND commitment of the claimant or its affiliates pertaining to the subject matter of the claims of the patent in suit.”