



Neutral Citation Number: [2021] EWHC 1541 (Pat)

Case No: HP-2019-000014

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

The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: 8/6/2021

Before:

THE HON. MR JUSTICE MELLOR

Between:

(1) MITSUBISHI ELECTRIC CORPORATION
(a company incorporated under the laws of Japan)

(2) SISVEL INTERNATIONAL SA
(a company incorporated under the laws of Luxembourg)
- and -

Claimants

(1) ARCHOS SA
(a company incorporated under the laws of France)
(2) SUN-CUPID TECHNOLOGY HK LTD
(a company incorporated under the laws of Hong Kong)
(3) NUU MOBILE UK LIMITED
(4) ONEPLUS TECHNOLOGY (SHENZHEN) CO., LTD
(a company incorporated under the laws of the Republic of China)

Defendants

(5) OPLUS MOBILETECH UK LIMITED
(6) REFLECTION INVESTMENT B.V.
(a company incorporated under the laws of the Netherlands)
(7) GUANGDONG OPPO MOBILE TELECOMMUNICATIONS CORP, LTD
(a company incorporated under the laws of the Republic of China)
(8) OPPO MOBILE UK LTD

- (9) XIAOMI COMMUNICATIONS CO LTD**
(a company incorporated under the laws of the Republic of China)
- (10) XIAOMI INC**
(a company incorporated under the laws of the Republic of China)
- (11) XIAOMI TECHNOLOGY FRANCE SAS**
(a company incorporated under the laws of France)
- (12) XIAOMI TECHNOLOGY UK LIMITED**

MS. SARAH ABRAM and MR. THOMAS JONES (instructed by **Bird & Bird LLP**) for the **Claimants**

MR. DANIEL PICCININ (instructed by **Taylor Wessing LLP**) for the **Fourth to Eighth Defendants**

MR. DANIEL ALEXANDER QC and MR. WILLIAM DUNCAN (instructed by **Kirkland & Ellis International LLP**) for the **Ninth to Twelfth Defendants**

Hearing date: 21st May 2021

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.

COVID-19: This judgment was handed down remotely by circulation to the parties' representatives by email. It will also be released for publication on BAILII and other websites. The date and time for hand-down is deemed to be 4.30pm on Tuesday 8th June 2021.

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THE HON MR JUSTICE MELLOR

MR. JUSTICE MELLOR:

1. This judgment is concerned with two applications relating to the FRAND part of this case which I heard at CMC 5 on 21st May 2021. I dismissed both applications for reasons to be given later. This judgment contains those reasons.
2. I previously heard CMC 3 on 2nd March 2021 (Judgment at [2021] EWHC 493 (Pat)) and CMC 4 on 1st April 2021 (giving rise to Judgments at [2021] EWHC 889 (Pat) and [2021] EWHC 918 (Pat)), both of which were on the FRAND part of the case. At these CMCs, there were various disclosure issues which have had to be resolved, but the recurring issue has involved disputes over the Claimants' case as to the essentiality analysis they seek to rely upon at Trial 3, at which the FRAND and some other issues are to be determined. I return to this in the context of the second application.

The history of these proceedings to date

3. The claim was commenced on 23 April 2019 and it was clear from the endorsement on the Claim Form (and, naturally, confirmed by the Particulars of Claim) that the Claimants sought to establish that the terms of the licence on offer to a pool of patents called the MCP Pool are FRAND.
4. As originally constituted, the claim alleged infringement of three UK Patents drawn from the MCP Pool, two owned by the First Claimant and one by the Second Claimant. The Particulars of Claim also identified the Second Claimant as the administrator of the MCP Pool, and the entity which offers licenses to the MCP Pool patents. As indicated in the heading, the action has continued only against two sets of Defendants: the Oppo/OnePlus Defendants and the Xiaomi Defendants.
5. The first CMC came before Mr Nicholas Caddick QC and his Order dated 19 December 2019 case managed the action into three trials. Trial 1 was due to be heard in December 2020 concerning EP'657, owned by Mitsubishi, but was settled shortly before trial and that patent has played no further part in this action. Trial 2 was originally to deal with EP'142 and EP'259, but EP'689 (being the parent patent of EP'259) was added. Trial 2 was heard by me in March 2021, but in fact was two trials heard back to back, with part 1 dealing with EP'142 (9th-17th March) and part 2 dealing with EP'259 and EP'689 (19th-30th March). Trial 3 has been listed for three weeks in October 2021 to deal with FRAND and other issues concerning relief.
6. The Xiaomi Defendants bring the first application I have to deal with. It arises from the Judgment I handed down on 26th April 2021, [2021] EWHC 1048 (Pat) in the first part of Technical Trial 2 which concerned EP'142, a patent owned by Sisvel, the Second Claimant. In that judgment I held that EP'142 was valid, but not infringed and therefore not essential to the 4G standard. I made an Order on the same date adjourning the determination of the appropriate form of order to a further hearing to be fixed. I understand that hearing has now been listed to be heard 6-7 July 2021, possibly in the expectation that by then I will have also handed down my Judgment in part 2 of Trial 2 regarding EP'259 and EP'689, two patents owned by the First Claimant.

7. In accordance with Mr Caddick QC's directions, the Claimants served their Statement of Case on FRAND on 13 March 2020 and set out their case based on a series of licences alleged to be comparable. A dispute arose which led to a second CMC which was heard by Mann J and by his Order dated 22 July 2020, he gave a fresh set of directions down to the FRAND Trial 3. On 21 May 2020 the Xiaomi and Oppo Defendants served their Responsive Statements of Case on FRAND in draft because at that stage they were seeking to preserve their challenge to jurisdiction which was later resolved. In very broad summary, both sets of Defendants disputed the comparability of the licenses relied upon by the Claimants, pleaded some of their own but also pleaded top-down cross checks by way of confirmation. A further dispute arose, this time as to confidentiality. Norris J. ruled on that dispute in July 2020, but the dispute was only finally resolved on appeal in November 2020. This significantly delayed the completion of the FRAND pleadings and the Claimants' Reply Statement of Case on FRAND was only served on 9 February 2021. This was an extensive document and gave rise to a number of arguments. However, a principal issue was the fact that the Claimants pleaded that the patents in the MCP Pool had a 100% essentiality rate.
8. This was a focus of CMC 3 which I heard on 2nd March 2021, which led to my ruling (Judgment at [2021] EWHC 493 (Pat)). At CMC 3, the Claimants mentioned they intended to apply to add a further patent into the action. Since I scheduled a further CMC on the FRAND issues to be heard on either 31st March or 1st April 2021, immediately after Trial 2 concluded, I indicated the Claimants could bring their intended application before the Court on that occasion.
9. Accordingly, the day after that hearing the Claimants issued an application seeking to add a claim for infringement of a further patent into the action, EP'640, owned by a subsidiary of the Second Claimant, 3G Licensing SA. This came before me on paper, just before the start of Trial 2. I adjourned the hearing of that application to a date to be fixed after I had handed down judgment on the two parts of Trial 2.

Xiaomi's Application

10. The Xiaomi Defendants claim that the consequence of my judgment on EP'142 is that the Second Claimant can be dismissed from this claim. More specifically, Xiaomi's Application Notice seeks the following orders:
 1. Variation of paragraph 1 of [my Order] of 26 April 2021, such that it dismisses the Second Claimant's claim and stays all further matters consequential upon the trial relating to EP 142 to a form of order hearing to be listed.
 2. If pursuant to Trial 2 the First Claimant establishes that it owns at least one valid patent which is essential to the relevant standard and would be infringed by the acts alleged, the First Claimant's claim for relief shall proceed to trial and be determined at Trial 3. Trial 3 shall be limited to such a determination.
 3. Further to paragraph 2, consequential directions for the First Claimant to serve amended pleadings and for the future conduct of Trial 3.

11. There was some debate at the hearing as to the precise effect of the limitation sought in paragraph 2. The basis for the orders sought was summarised in Box 10, pending service of a fuller witness statement, and included this passage:

‘Judgment is pending on the remaining patents in suit, which both belong to Mitsubishi. However, it is clear that a FRAND Trial can only proceed on the basis of a finding that one of Mitsubishi’s patents is valid, essential and infringed. If there is such a finding, then based on the Claimants’ pleaded case, Mitsubishi has no entitlement to seek relief in the form of a licence to the MCP Pool and is only entitled to seek a bilateral licence to its own patent portfolio.’

12. This passage indicates the original intention at least was to limit the First Claimant to a bilateral licence to its own patent portfolio. This was confirmed in the witness statement served in support – the Eighth Witness Statement of Stephen Baldwin. At [19], he summarised the Xiaomi Defendants’ position as follows:

‘(a) Sisvel has no right or standing to participate in any FRAND trial that is based solely on the finding of a valid, essential and infringed patent owned by Mitsubishi and the Claimants have provided no proper basis to believe otherwise;

(b) Mitsubishi is not entitled to seek a licence to the entire MCP Pool in circumstances where no patent belonging to any other MCP Pool patent owner has been found valid, essential and infringed, and when in any event Mitsubishi has no right to grant a licence to the MCP Pool; and

(c) a bilateral FRAND licence to the Mitsubishi portfolio would be the appropriate remedy for Mitsubishi if it is found to have a valid, essential and infringed patent, and the Claimants have given no valid reason why it would not.’

13. These points were expanded upon slightly later in his witness statement under the heading ‘*Sisvel’s “interest” in proceedings as the administrator of the MCP Pool*’:

‘30. Whilst Sisvel may be interested in the outcome of any FRAND trial between Mitsubishi and the Defendants that does not give it standing to be a party to that trial. The jurisdictional basis on which this Court may make FRAND determinations arises from the effect of the ETSI IPR policy in circumstances where a SEP is found to be valid, essential and infringed (*Unwired Planet v Huawei* [2020] UKSC 37, paragraph 14). It is well established that there is no free standing right to a FRAND determination absent a finding of a valid, essential and infringed patent. It has repeatedly been stated that a SEP owner cannot bring proceedings for a determination as to what terms would be FRAND for a portfolio it owns in the absence of a finding of a valid, essential and infringed patent. That approach has recently been confirmed by the Court of Appeal in *Vestel*

Elektronik Sanayi Ve Ticaret A.S. & Anor v Access Advance LLC & Anor [2021] EWCA Civ 440 in that the Court has rejected the concept of a free-standing right to a FRAND determination under English law.

31. In this case, there is no basis for Sisvel to be granted the “usual” forms of relief for infringement of a patent (a declaration of validity and/or infringement, an injunction and an enquiry as to damages/account of profits). The FRAND relief sought by the Claimants in their pleadings (a declaration that the terms of the MCP Pool Licence are FRAND, alternatively a determination of FRAND licence terms) hinges on the assumption that an injunction can be imposed upon the Defendants in the event that they refuse to take a FRAND licence and is thus also dependent upon a finding of a valid, essential and infringed patent which Sisvel has failed to obtain. The position was summarised by Henry Carr J in *Conversant v Huawei* ([2018] EWHC 808 at [68]: “I agree with Birss J that there is no such thing as a portfolio right. That mischaracterises the claim, as it is not the cause of action sued upon. These claims are concerned with infringement of UK patents, and the relief that should be granted if infringement is established. If one or more of the four patents in suit is held to be valid and infringed, then the court will consider what relief should be granted.”

32. In the absence of a patent held to be valid, essential and infringed there is no basis on which the Court can compel the Defendants to accept a licence to Sisvel’s patents and it would be “absurd” to conduct a FRAND trial in relation to those rights in such circumstances (see Judgment of Birss J (as he then was) in *Vringo v ZTE* [2013] EWHC 1591 (Pat) at paragraphs 44-46).’

14. Despite the fact that Xiaomi’s Skeleton Argument was entirely consistent with the approach explained in Mr Baldwin’s witness statement, and perhaps recognising the difficulties with this line of argument (which I am about to explain) in the course of argument Mr Alexander QC for Xiaomi confirmed he was not seeking to preclude the First Claimant from claiming that the licence on offer which relates to the MCP Pool is FRAND. I return to consider the consequences of this later but first I must address the original basis of Xiaomi’s application, based on *Vestel* and *Vringo v ZTE*.
15. The key passages in *Vestel* are in [78] where Birss LJ said: ‘*There is no such thing as a free-standing FRAND claim*’ and, in [79], after making the assumption that there was some arguable useful purpose in the declarations sought, made it clear that in that case: ‘...*the attempt to invoke the court’s declaratory jurisdiction has no reasonable prospect of success because it is not based on the existence or non-existence of a legal right.*’
16. In order to understand how far those points extend, it is necessary to pay close attention to what happened in *Vestel*. *Vestel* was a manufacturer of televisions which

are sold under various well-known brands. Vestel's televisions implemented a particular form of HDTV technology called HECV defined in a standard operated by the ITU, whose rules require patents declared essential to the standard to be licensed on FRAND terms. A large number of patents had been declared essential to the standard.

17. The action began as a competition law claim by Vestel for abuse of dominant position against Access Advance and Philips. Philips owned some SEPs. Access Advance was a US company which administered a patent pool for the standard (the HECV Advanced pool), which included Philips' SEPs, but Access Advance did not own any patents itself. The main abuses relied upon were the alleged failure to offer a licence on FRAND terms and the demanding of royalty rates alleged to be excessive. Vestel claimed declarations by way of relief.
18. As Birss LJ pointed out in [11] the context arose from a series of cases which culminated in the judgment of the Supreme Court in *Unwired Planet v Huawei* [2020] UKSC 37. He added:

‘...By that judgment the existence of a jurisdiction to make FRAND declarations has been confirmed. However the present case is in a different form from the previous ones. Cases like *Unwired Planet* are essentially claims for UK patent infringement brought in this jurisdiction by the patent owners against companies implementing the technology here. The FRAND declaration is granted as part of the remedy for patent infringement on the basis that once the patent holder has vindicated their right, they would normally obtain an injunction. However in the relevant regime the infringing implementer has a right, legally enforceable against the patent holder, to insist on being granted a licence on FRAND terms instead of being enjoined. If, as commonly happens, the parties cannot agree what terms are FRAND, the court uses its declaratory powers to sort that out.

12. This case is different because it is an implementer (Vestel) which is seeking a FRAND declaration. There is no claim for patent infringement. Nor have Vestel used the machinery available to them under the Patents Act 1977 to bring a claim for a declaration of non-infringement or revocation of any SEPs before the court. Vestel candidly agree they do need a licence, although it is fair to note that they have not admitted any particular patent is valid or infringed/essential.

13. When the action began Vestel's case was legally coherent in that the claimants were bringing it as a claim in tort against the defendants for abuse of dominance and then seeking the FRAND declarations as part of the remedy. The dominance comes from the patents and the abuse was the failure to offer a licence which was FRAND. However since the defendants were overseas companies, the court's jurisdiction had to be established.’

19. It is not necessary to relate the detail, but in essence Vestel failed to establish jurisdiction against either Philips or Access Advance. Vestel's appeal to the Court of Appeal was due to be heard in March 2021, but, as Birss LJ explained at [28], in early 2021 Vestel made a radical change to its case by dropping the claim based on abuse of dominant position altogether, and amending the declarations sought.
20. A question which Birss LJ had to address was how to characterise the claims for FRAND declarations made in that case. He decided it was not correct to characterise the claim as a declaration of non-liability for the tort of infringing any of Philips' SEPs because of the approach of the Supreme Court in *Unwired Planet* [2020] UKSC 37. After quoting from the Supreme Court Judgment at [14], [58] & [90], Birss LJ said this at [48]:

'Finally in relation to the Supreme Court's judgment, the specific contract which gave rise to the particular FRAND obligation in issue itself played an important role in the decision. One of the issues the court had to decide was the scope of the non-discrimination limb of FRAND. The court decided it was a "general" obligation rather than "hard edged". This was a matter of construction of clause 6.1 of the ETSI IPR Policy itself in its own context. The court held (paragraph 117) that a powerful indication in favour of the construction it favoured was that ETSI had previously considered and rejected the imposition of a most-favourable licence clause in the undertaking, which was in effect a hard edged version of non-discrimination. This had been done in documents which were published and accessible to all market participants. This point illustrates that FRAND is not something to be addressed in the abstract. The legal basis for the particular FRAND obligation on which the court is being asked to adjudicate needs to be identified.'

21. Following the amendments, Vestel sought declarations that the offer by Access Advance was not FRAND, that Vestel's counter-offer was FRAND, alternatively a declaration as to what terms were FRAND for the patents in the HECV Advance patent pool. As Birss LJ said at [51]:

'These declarations do not provide that Vestel has a right to any such licence. That might not matter if the Particulars of Claim did plead a case that Vestel has a legal right to such a licence, but they do not.'

22. It is against that background that [78]-[79] must be viewed:

'78. The need of a legal standard against which to judge the claimed declarations is important. The reference above to paragraph 117 of the Supreme Court's judgment in *Unwired Planet* shows why that is so. There is no such thing as a free standing FRAND claim. Although Vestel refers to the ITU rules it does not contend in these proceedings that they have legal force.

79. It is hard to know how to decide whether the declarations sought, untethered to any legal standard, actually could serve a useful purpose but that is not the basis on which I reject this part of the claim. I will take it that there is some arguable useful purpose. Even if that is so, the attempt to invoke the court's declaratory jurisdiction has no reasonable prospect of success because it is not based on the existence or non-existence of a legal right.

23. So *Vestel* confirms that before the Court makes any determination to FRAND relief, a claimant must establish a legal right on the basis of which the FRAND relief sought can be granted. If the legal right asserted is patent infringement, then it is necessary to show that at least one patent is valid, infringed and essential to the standard whose rules require FRAND licensing. However, *Vestel* says nothing about the position of an administrator of a patent pool, if at least one patent from the pool is found to be valid, infringed and essential.
24. I acknowledge what Birss J. (as he then was) said in *Vringo v ZTE* [2013] EWHC 1591 (Pat) at [44]-[46]. His judgment on the case management issue in that case highlighted the importance of ascertaining the precise basis on which the Court is being asked to proceed. What he was pointing out in those paragraphs is once the Court has proceeded on a particular basis, one party cannot turn around and seek to impose a different basis. Hence, as he said, if patent trials were held and all of Vringo's SEPs were found invalid, in those circumstances it would be absurd for Vringo to say it still wanted to have a trial to determine a FRAND royalty rate for the UK. Equally, if Vringo won all the patent trials and then proceeded to a FRAND trial, it would be absurd for ZTE to say 'Oh but these are weak patents likely to be invalid or not infringed and the royalty should be correspondingly less.'
25. Vringo had sued on 6 patents which it owned. The case says nothing about the position of the administrator of a patent pool.
26. From the UK caselaw (including the judgment of the Supreme Court in *Unwired Planet v Huawei*), certain principles are clear:
 - i) First, the claimant must establish a legal right as the foundation before the Court can rule on whether certain licence terms on offer are FRAND under a contractual framework of a standards organisation.
 - ii) Second, the scope of the allegedly FRAND licence terms for consideration by the Court is not constrained by the scope of the legal right established. This is clear from *Unwired Planet v Huawei* where the scope of the FRAND inquiry was not limited either (a) to the patents found in the technical trials to be valid, infringed and essential or (b) to the geographical scope of the UK patents – indeed, for the reasons given by Birss J. in his judgment at first instance, a global licence was FRAND.
27. So far as I am aware, there has been no determination in the UK yet as to the position of an administrator of a patent pool in a FRAND case. However the position has been considered in Germany. In her Ninth Witness Statement Ms Mutimear puts forward two propositions, based on a series of German decisions: first, that an offer for a

licence to a pool has consistently been held to be FRAND and second, that a licensee seeking a bilateral only offer must have some legitimate interest for so doing. In support she makes reference to a series of decisions of the Landgericht Düsseldorf (4c O 44/18, 4b 23/20, 4b O83/19, 4a O 63/17) and one of the Oberlandesgericht Karlsruhe. Ms Mutimear exhibited translations (with redactions) of two of these decisions, and provided a quotation from a third.

28. First, in case 4c O 44/18 the Landgericht Düsseldorf (ECLI: DE:LGD:2020:0507.4C.O44.18.00) dealt with a claim based on a single EP(DE) which was part of the HECV Advance patent pool containing patents declared essential to the HECV standard (i.e. the same pool as in *Vestel*). The judgment records the pool contained over 10,000 patents owned by 27 patent proprietors, the pool being managed by HECV Advance LLC as a ‘licensing administrator’ which had granted 138 licences so far. The published report does not reveal the name of the single claimant as proprietor of the patent (and there is considerable redaction in the report), but it appears that HECV Advance LLC was not a claimant. Having found the patent valid, infringed and essential and that no abuse of dominant position had occurred, the Court turned to consider whether the requirements of the CJEU in *Huawei v ZTE* had been complied with. In that context, the Court considered whether the licence offer by the patent proprietor was FRAND. In fact, the licence offer (referred to as ‘the new standard licensing agreement’) was made by the administrator, HECV Advance LLC. The Court addressed the position of a licence offer for a pool in this passage:

‘Establishing that there is a fair and reasonable licence offer for a pool requires substantiated presentation of facts and evidence on use of the patents from the pool (cf. Düsseldorf Upper District Court, court order of 17 November 2016, case no. I-15 U 66/15, para. 26, cited from juris). Such a presentation can be made by presenting a “proud list” with claim charts, if this is customary practice in the field (cf. Düsseldorf Upper District Court, *ibid.* – *Mobiles Kommunikationssystem*). The plaintiff did not give the defendant a proud list with claim charts, on the basis of which the defendant could check for infringement and standard-essentiality. This was because the defendant could associate the specific relevant passages in the HEVC standard to all the pool patents on the basis of the cross-reference charts available on the Internet (Exhibit K Kart 1), which seems sufficient (see also Düsseldorf District Court, judgment of 9 November 2018, case no. 4a O 17/17). The defendant did not raise any technical issues in that respect, neither with the plaintiff nor with HEVC Advance, that would have necessitated further claim charts being sent. Use was not called into question or denied – irrespective of the patents discussed in the present dispute and in the parallel legal disputes.

Based on the principles described in the foregoing, the offer presented in the new standard licensing agreement is FRAND.’

29. The second translation (with redactions) was the judgment of the Oberlandesgericht Karlsruhe in case 6 U 103/19 on appeal from the Landgericht Mannheim 7 O 115/16. Although the redacted translation does not reveal the identity of the claimant nor the

identity of the pool, Ms Mutimear indicates it was the Second Claimant in this action, and the offer was for a portfolio licence to the MCP Pool. The translation reveals the action was based on a single EP(DE) in suit, and the offer was to conclude a portfolio licence for the benefit of the whole group of companies of which the defendants formed part. The appeal court appears to have agreed with the view at first instance that the licence offers submitted by the claimant were *‘in any case not non-FRAND to an extent which would have released the defendants from purposeful participation in the licence agreement negotiations...’*.

30. It appears that one of the points taken on appeal by the defendants concerned five patents selected by them allegedly at random from the portfolio. The defendants asserted this sample of five were not standard essential. The Court responded as follows:

‘For the purposes of license agreement acts and the conclusion of a license agreement, it is not necessary to conclusively clarify whether each portfolio patent is standard essential. This is also the assumption of the ECJ (GRUR 2015, 764 marginal no. 69 - Huawei ./ ZTE), because the alleged patent infringer may challenge the validity of the patents declared as standard essential and/or their essential character for the standard to which they belong and/or their actual use during the contract negotiations or reserve the possibility to do so later, i.e. after conclusion of a license agreement. These principles, which apply even to contract negotiations for the licensing of a single SEP, apply a fortiori when a license to a patent portfolio is at issue. Whether something else applies if an offered portfolio obviously contains non-standard essential patents to such an extent that the suspicion arises that the SEP owner would like to abuse his ownership of standard essential patents in order to obtain a license for non-standard essential patents and thus to enforce an excessive license fee does not have to be decided in the case of dispute, because the five patents cited, assuming their lack of standard essentiality, are not sufficient for this. In view of the counter-argument of the plaintiff it is furthermore not obvious that the cited five patents are not standard essential.’

31. Third, Ms Mutimear quotes a translated extract from the decision of the Landgericht Düsseldorf in case 4b O 83/19, dated 11 May 2021

‘Nevertheless, a willingness to license on the part of the defendant is not discernible. On the contrary, the further content of the letter and the subsequent behavior of the parent company or the defendant are, from the perspective of an objective recipient of the declaration, a continuation of the behavior aimed at delaying the negotiation.

The conduct of the parent company or the defendants is then subsequently characterized by the fact that, on the one hand, they request a contractual offer from the plaintiff for a bilateral

license without disclosing a legitimate interest in such a license - as distinguished from a pool license (see (aaa) above), and, on the other hand, they request information about the pool license without any substantive discussion of it (see (bbb) above). This behavior shows the continuing unwillingness of XX... to obtain a license.

However, the parent company has not indicated a sufficiently concrete interest in a bilateral license, neither in the letters mentioned nor have the defendants shown such interest in the course of their legal proceedings. On the other hand, it would have been expected of a user actually willing to take out a license that, after a period of more than three years since becoming aware of a pool license and the possibility of concluding a bilateral agreement, he had already weighed up both alternatives to a certain extent and, on the basis of specific group relationships, provided information as to why it was preferable to take out a bilateral license.'

32. These judgments support the propositions put forward by Ms Mutimear. In any event, neither of those propositions is at all surprising in view of the following points:
- i) First, it is clear that in the real world FRAND licences are agreed covering pools of patents, not least because of the obvious efficiencies and cost savings involved, and I am prepared to assume this occurs whether the whole pool is owned by a single proprietor or by several. In fact, it seems to me the efficiencies are the greater, the larger the number of proprietors contributing to the pool.
 - ii) Second, for an implementer to refuse a pool licence but to insist only on a bilateral licence would require justification in a case where the pool comprised patents claimed to be essential to a particular standard which had been implemented by the products in question.
33. Just as in *Unwired Planet v Huawei*, where the justification for the Court determining a global FRAND licence was founded on real life transactions, so here it must at the very least be distinctly arguable that the Court at the FRAND trial in this case may find that the MCP Pool license, administered and offered by the Second Claimant, is also FRAND.
34. Turning now to the facts in this case, the Claimants accept that before they can proceed to the FRAND trial they need to establish at least one patent is valid, infringed and essential. Therefore, this is not a case akin to *Vestel* where no legal right is established as the foundation for the FRAND enquiry. From one of the Claimants' patent lists relating to the MCP Pool, it appears that the patents in the pool are owned by about 10 different entities, including each of the Claimants, but the precise number does not matter. 3GL appears to have the largest number of patents or patent families in the pool, followed by the First Claimant and then the Second Claimant. Again, the precise numbers do not matter. The point is that this action has proceeded for more than 2 years on the basis that the FRAND part of the case concerns the MCP Pool. This is no doubt because it is the Claimants' position that

the offers made by the Second Claimant (as pool administrator) to the Defendants are licences for the MCP Pool and that such licences are FRAND.

35. Whilst it is true that the Xiaomi Defendants have pleaded that the FRAND determination should be limited to just patents owned by the First or Second Claimants, hitherto none of the Defendants has sought to crystallise this point before trial, although the pending application to add EP'640 owned by 3GL seems to be an attempt to meet this point. Furthermore, this case has proceeded on the apparently conventional basis that if the claimants establish that at least one of the patents in suit in the technical trials is valid, infringed and essential there is a legal basis upon which the FRAND trial can take place. I say 'apparently conventional basis' because this case differs from *Unwired Planet*. The claimant in that case, as I understand the position, was itself the proprietor of the large portfolio of patents which were in issue, most of which had been acquired from Ericsson. Thus, in that case, the claimant's entitlement to sue for patent infringement was coincident with its licence offers.
36. In this case, the second claimant is the proprietor of some 30 UK patents in the MCP Pool, of which one (EP'142) was put forward for a technical trial and found by me to be valid, but not infringed or essential.
37. The other patents put forward for consideration at a technical trial are EP'259 and EP'689, of which the First Claimant is the proprietor. On this application, Xiaomi say that the Second Claimant has no standing to be involved in proceedings for infringement of those patents. In response, Ms Mutimear says the Second Claimant is a licensee to the Mitsubishi patents in suit, with an exclusive right to license those patents to the Defendants. However, I observe that in the Particulars of Claim the Second Claimant is only identified as a non-exclusive licensee of the First Claimant's SEPs, and there is no application to amend. Therefore, for the purpose of dealing with Xiaomi's application, I proceed on the basis that the Second Claimant does not have a right of action to bring proceedings for infringement of EP'259 or EP'689. However, even that does not meet the point which is central to the case advanced by the Claimants – that the MCP Pool license is FRAND.
38. Despite my judgment on EP'142, the position of the Second Claimant is, in one sense, no different to the position of all the other proprietors of patents in the MCP Pool who are not claimants in this action. In another sense, the Second Claimant has a greater 'interest' than the other proprietors due to its position as administrator of the MCP Pool, notwithstanding the fact that an administrator is not within the categories of persons who may bring proceedings for infringement of a patent.
39. It seemed to me that Xiaomi's application as originally formulated amounted to an application for partial summary judgment against the Claimants which would have had two effects: first, preventing consideration at the FRAND trial of whether licences to the MCP Pool were or could be FRAND and second, the counterpoint of limiting the consideration to a bilateral licence of patents owned by the First Claimant. It was my intimation of the first of these effects on a provisional basis in the course of argument which resulted in Xiaomi's change of position mentioned above. Having considered the matter further, I am quite clear that these would have been the effects of Xiaomi's application. I am also clear that such a ruling at this stage of this action is unwarranted and unjustifiable.

40. That leads me to consider Xiaomi's change of position. If Xiaomi does not seek to exclude the First Claimant from contending at the FRAND trial that offers of licenses to the MCP Pool are FRAND, then there seems to be very little point in excluding the Second Claimant from participating. The Court will have to determine whether the offered licence to the MCP Pool is FRAND in any event. It was not made clear whether Xiaomi would insist on amended FRAND pleadings being served to exclude reference to the Second Claimant as a party. If it did, that would only result in a lot of needless work. If it did not, that would only confirm the pointlessness of this exercise.
41. Counsel for Xiaomi argued there was some point to excluding Sisvel as a claimant because it would mean that the First Claimant was only entitled to claim a proportion of the pool licence and not the entire pool licence. If the issue is damages for patent infringement, then I can see that the First Claimant would only be entitled to damages in respect of its patents held to be valid and infringed. However, if the issue is the terms of a FRAND licence (which it is if we are considering whether a pool licence is FRAND or not) this argument again proves the pointlessness of the exercise. The Court would have to find the terms of a pool licence in any event. Why the Court would then have to go on to consider the proportion to which the First Claimant was entitled eludes me – that would surely be a matter as between the members of the pool and unlikely to be in dispute in any event.
42. For the Claimants it was indicated that if Sisvel International S.A. was struck out as Second Claimant, the First Claimant would nonetheless seek to add Sisvel International S.A. as a defendant. This did not seem an unreasonable position, bearing in mind that, as between themselves, the two claimants might well wish both to be bound by any judgment of this Court. This point has added impetus in view of Ms Mutimear's evidence as to the position as between the two Claimants.
43. In any event, I can see advantage in having a pool administrator as a party in a FRAND dispute, not least for disclosure, evidence and confidentiality purposes.
44. Accordingly, it seems to me that the remnant of Xiaomi's application after its change of position is pointless. In my view, to order the excision of the Second Claimant from this action at this stage would be pointless and would not be in accordance with the overriding objective. I realise that this outcome could be described as something of a fudge because it remains unclear as to the entitlement of the Second Claimant to remain a claimant in this action. However, since this area of the law is still developing, it is more sensible to maintain the status quo and to allow the judge at the FRAND trial to consider the implications of a pool licence and the position of a mere administrator in the light of all the circumstances.
45. For all these reasons I dismiss Xiaomi's application.

The Claimants' Application.

46. Although there was no application notice, it was clear it was essential to grapple with the Claimants' latest case on essentiality. In this regard I need to explain a little more of what I ordered at CMC3 and CMC4.

47. By the time of CMC3 on 2nd March 2021, the FRAND part of the case was well behind schedule due to the delay caused by the dispute over confidentiality. At CMC3, in line with indication given by Arnold J (as he then was) in *TQ Delta v ZyXEL Communications UK Ltd* [2018] EWHC 3651, I took the view that the Xiaomi Defendants needed to provide answers to two requests for further information, designed to find out what case the Xiaomi Defendants were running on any essentiality review in response to the Claimants' pleaded case that the patents in the MCP Pool had a 100% essentiality rate. In so ordering, I had some sympathy for the Defendants' position because their response was likely to depend on how the Claimants proposed to prove their case on essentiality. So the final paragraph of my judgment at CMC3 was directed at both sides:

'19. If it is not already clear from what I have said above, the methodology proposed to be employed in any essentiality review must be pleaded as soon as possible so that the evidence required to prove the results of such a review can be identified and suitable case management directions can be given in good time within the directions down to the FRAND trial already in place.'

48. CMC4 took place on 1st April 2021. In my approved Judgment from that hearing ([2021] EWHC 889 (Pat)) I described how it appeared to me that the case had reached something of an impasse or logjam in that the Defendants had given answers to the RFIs but had been constrained to answer in fairly general terms because any essentiality review(s) they might conduct depended on what case the Claimants were going to put forward to establish their claimed 100% essentiality rate. At that point, the Claimants' case was that at least one member of each of the patent families in the MCP Pool had been subject to an independent review process for determination of essentiality to the UMTS and/or LTE standards. With the *TQ Delta* guidance in mind, the question arose as to how the Claimants proposed to prove this part of their case at the FRAND trial, because this would impact on how the Defendants would respond. In particular, the Defendants had raised a number of potential difficulties including how the reviews would be proved, whether the Claimants would waive privilege and the extent of any such waivers. In those circumstances, I concluded that '*...part of the Court's task is to remove the logjam and keep things moving, bearing in mind that we have relatively little time in the timetable in which to develop the pleadings into a state where they are fit for purpose.*'

49. Later in that Judgment I stated:

'25. On the current state of the FRAND pleadings, it seems to me that neither the Claimants nor the Xiaomi Defendants have yet set out their case on essentiality at a sufficient level of detail to enable the Court either (a) to case manage this part of the case effectively or (b) to make appropriate findings of fact at trial.

26. For these reasons I am going to order an exchange of statements of case on the allegations relating to essentiality ratios.'

50. After setting out some details as to the level of detail which these statements of case had to contain, I emphasised that the parties were very short of time in which to progress this case to the FRAND trial in a manageable way, bearing in mind that 7 June 2021 was the date set for exchange of expert evidence in chief for the FRAND trial. I set a further CMC to be heard after 10 May, which became CMC5 heard on 21 May 2021.
51. However, in their Statement of Case on Essentiality which was served on 26 April 2021, the Claimants performed a *volte-face*, abandoning their previous case relying on the individual review process. They proposed replacing their existing case (pleaded in their FRAND Statement of Case in Reply) with a new one based on ‘essentiality claim charts’ prepared for each patent family in the MCP Pool, the suggestion being that the Defendants should review all these claim charts and indicate any for which essentiality was disputed. Then, it was suggested, each party would adduce technical evidence and the trial judge would determine which disputed families would be regarded as essential by parties to a hypothetical negotiation. At this point, the Claimants relied on claim charts for 63 3G patent families and 101 4G patent families in the MCP Pool.
52. Not surprisingly, the Defendants responded (both in correspondence and in their Statements of Case on Essentiality in response) that the Claimants’ proposal was unworkable and disproportionate. They also pointed out several respects in which they contended the Claimants had failed to comply with my order (from CMC4) as to the detail required to be set out in the Statement of Case on Essentiality, either on the original ‘individual review’ case or the new proposal.
53. On 5 May 2021, the Claimants served an ‘Amended’ Statement of Case on Essentiality and provided claim charts for 63 3G patent families and now 95 4G patent families in the MCP Pool. Of these, the Claimants alleged that some 29 of the 3G claim charts and 26 of the 4G claim charts had been supplied to the Defendants in late 2015. The explanation put forward for the revision of 101 down to 95 4G patent families between 26 April and 5 May 2021 was ‘*whilst collating the claim charts [the Claimants] have identified some limited revisions that need to be made...*’. Bearing in mind the pleading of a 100% essentiality rate, unsurprisingly the Defendants asked for a proper explanation, but no further explanation was forthcoming.
54. Further correspondence ensued. The Oppo Defendants served their Statements of Case on Essentiality in response on 11 May, with Xiaomi’s served on 13 May.

The Claimants’ proposal

55. Yet further proposals were put forward in Bird & Bird’s second letter of 17 May 2021 (7 pages and sent in the evening) and in the Ninth Witness Statement of Ms Mutimear served on 18 May 2021 (Tuesday before the Friday hearing). In summary, the Claimants’ latest proposal can be summarised as follows:
 - i) On 24 May 2021, up to 50 MCP families should be randomly selected from the 135 MCP families that the Claimants now say would be treated as essential in a hypothetical negotiation;

- ii) On 5 July 2021, the Claimants and Xiaomi should exchange technical expert evidence in chief on those families;
 - iii) On 2 August 2021, the Claimants and Xiaomi should exchange technical expert evidence in reply on those families; and
 - iv) At trial in October 2021, the Court should consider that technical evidence and determine which of the 50 randomly selected MCP families should be treated as essential, and apply the resulting proportion as an essentiality rate for the MCP pool as a whole.
56. This proposal did not include the Oppo Defendants serving any technical evidence because the Claimants asserted they did not have a positive case on the essentiality of the MCP pool, a point not accepted by the Oppo Defendants.
57. Furthermore, as Mr Piccinin for the Oppo Defendants pointed out, the Claimants do not propose that any technical analysis should be conducted for the industry stack. Instead, Ms Mutimear says that a fair comparison with the industry stack will be achieved by ensuring that the technical evidence is prepared in a way that is “*broadly consistent with the approach taken to assessing essentiality in the publicly available materials relied on by the Claimants for the essentiality percentage of the industry stack denominators*”.
58. In terms of the tasks required by this proposal, Ms Mutimear said the six weeks before the service of expert evidence in chief would allow for the review of the sample patents and claim charts and preparation of expert evidence in chief. This would allow about half a day for each patent. Ms Mutimear did not envisage that significant involvement from the respective legal teams would be necessary in the preparation of this technical evidence.
59. Reply evidence would have to be prepared within 4 weeks. Ms Mutimear proposed that cross examination of the technical experts should be limited to no more than 1 day to ensure the process was kept proportionate.
60. As a fallback, Ms Mutimear presented a statistical analysis performed by an unidentified member of her ‘team’ to support the alternative suggestion that a sample of 30 patents would still produce a useful analysis.

The Defendants’ response

61. It is not necessary for me to set out the myriad points made by the Defendants in response to this proposal. They submit the exercise proposed would be disproportionate, has no serious prospect of being probative and simply cannot be fitted into this case in a practical way. The Defendants have valid points under each of these heads, but it is sufficient for me to consider the practicalities.
62. It seemed to me that the Claimants’ proposal approached the matter from completely the wrong direction – seeking to squeeze this exercise into the existing timetable to trial and the existing trial estimate, when those directions were not given with this sort of exercise in mind. If this proposal had been put forward a year ago with proper support and consideration (i.e. not at the last minute before the CMC), the Court

might (and I emphasise that) have been prepared to entertain an exercise of this nature *if* it had been reassured, amongst other things, that (1) a relevant comparison could be made with data for the industry stack generally (2) the exercise would be proportionate (3) either a single or a low number of experts would be suitably qualified to analyse the sample patents potentially dealing with a wide variety of technical subject matter and (4) the task of the trial judge would be manageable.

63. Just concentrating on that last point for the moment, the Claimants' proposal of squeezing some 50 or 30 or 25 mini-patent trials into the existing three week slot for the FRAND trial seems completely unmanageable. Furthermore, since the Claimants' proposal limits the time for consideration of each patent for expert's reports and potentially allows only about 10 minutes of cross-examination per patent, it seems to me that the effect of those limitations would only increase the burden on the trial judge who might be left after the trial with potentially many weeks of work trying to decide on essentiality (and validity in at least some cases) on incomplete evidence and on an uncertain basis.
64. I intimated some of these concerns during the hearing and mentioned that I had considered putting the Claimants to an election: if they wanted to adhere to this proposal, the October trial would have to be adjourned and up to a six week trial listing would have to be obtained at some future date. For understandable reasons, the Claimants confirmed that was the last thing they wanted. I also indicated I ruled against the Claimants' proposed essentiality analysis simply on the basis that there was insufficient time before or at trial to accommodate it, but would explain my reasons more fully in this judgment.
65. On that basis, the discussion at the hearing turned to consider what alternative proposal the Claimant might put forward. I indicated that the Claimants were very much in the last chance saloon in this regard and they agreed to serve an amended Statement of Case on Essentiality within 7 days. Indeed, the Claimants should consider themselves fortunate that the Defendants did not press me to decide their contentions that the Claimants had (deliberately) failed to comply with the Order from CMC4.
66. Fortunately, the parties have since managed to agree an Order, for which I am grateful. It requires the Claimants to serve amended statements of case to explain the case on essentiality they wish to advance at trial, also requiring the detail as set out in my order from CMC4 (save for one part which is no longer applicable), and to make proposals as to costs consequent on the amendments. If those matters cannot be agreed, there will have to be yet another CMC.