



Neutral Citation Number: [2023] EWHC 3222 (Pat)

Claim No. HP-2023-000036

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

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

Date: Friday, 8th December 2023

Before:

MR. JUSTICE MEADE

Between:

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

Claimants

- and -

(1) TELEFONAKTIEBOLAGET LM ERICSSON
(2) ERICSSON LIMITED

Defendants

MR. MICHAEL BLOCH KC, MR. JAMES SEGAN KC, MR. RAVI MEHTA and MR. FEMI ADEKOYA (instructed by **Kirkland & Ellis International LLP**) appeared for the **Claimants**.

MISS. JOSEPHINE DAVIES (instructed by **Taylor Wessing LLP and Pinsent Masons LLP**) appeared for the **Defendants**.

Approved Judgment

Transcript of the Stenograph Notes of Marten Walsh Cherer Ltd.,
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MR JUSTICE MEADE :

1. In this action, a number of companies in the Lenovo Group sue two companies in the Ericsson Group in relation to standard essential patents. They seek revocation of certain Ericsson patents and relief in relation to some Lenovo patents which are alleged to be essential and infringed by both defendants.
2. The corporate identities of the Lenovo companies are not important to this application, so far as I can tell, but the identity of the two Ericsson entities are to some extent, so I will say at this stage that the second defendant is a UK company, whereas the first defendant is a Swedish company. So far as I understand it, it is the declarant in relation to Ericsson's ETSI declarations of essentiality.
3. The action seeks relief both in respect of Ericsson patents and Lenovo patents, but, as is so often the case at the moment, the real bone of contention is the rate for which a licence under the parties' patents should be granted on a FRAND and worldwide basis.
4. Ericsson and Lenovo have been and are in contractual relationships about SEP patents, the details of which I need not go into, but those relationships do not cover all of the relevant patents, and discussions and negotiations have been going on for some time, Ericsson says 10 years, over a full licence to all the patents that need to be considered. As is also usually the case in this sort of litigation, the parties each blame the other for a licence not yet having been concluded.
5. What leads to today's hearing is the following. Against the background of unsuccessful negotiations, Ericsson has initiated a number of proceedings around the world for infringement of its patents, and details are summarised in a table at paragraph 62 of the first witness statement of Ms. Dagg, Lenovo's solicitor. They include proceedings in the US ITC, the Eastern District of North Carolina in the US, and in Brazil, and there are also proceedings in Colombia, and others may quite possibly be initiated soon.
6. Lenovo wants to rely on its entitlement to a worldwide FRAND licence. Its objective in these proceedings, perhaps its key objective but certainly one of them, is to have a worldwide determination of FRAND terms, including the rate. The case is jurisdictionally somewhat different from the ordinary run of SEP cases in the sense that Lenovo has initiated what might loosely be called a freestanding FRAND determination, and the connection of the first defendant to this jurisdiction is, therefore, not the same as typically happens in FRAND cases where a patentee initiates infringement litigation on its own patents.
7. Lenovo's key concern in commercial terms is that whilst it is willing to take a FRAND licence, and by these proceedings has sought to signal its willingness to have terms determined in this court, to which terms it will commit, that does not deal with the position in the time between now and the resolution of FRAND licensed terms which might be up to a couple of years away. In the meantime, as I have said already, Ericsson has initiated infringement litigation in which it has obtained injunctive relief which it may enforce.
8. This question of what ought to happen during the period between the initiation of FRAND proceedings and their determination is a new and important one which has been before the Patents Court in a number of other proceedings -- so far as I am aware,

this is the third -- all of which are at an early stage, and the rules and principles applicable to the situation will require development and decision as matters go forwards. At the moment the principles applicable simply have not been determined, but when they are it will be important to allow implementers, such as Lenovo and, indeed, patentees in the position of Ericsson, to understand how matters ought to be regulated during that period.

9. Lenovo asserts that there are legal obligations on patentees in Ericsson's position in this interim period and it seeks declarations about what those are. Those declarations are set out in a draft order provided to me at paragraphs 1-3, and they are as follows:
 1. A willing licensor in the circumstances of the Defendants, and a willing licensee in the circumstances of the Claimants would:
 - a. Agree to enter and actually enter into a licence including such terms as determined by a competent court or tribunal making a final determination (including all avenues of appeal) of FRAND terms between the parties, and
 - b. Agree to enter and actually enter into an interim licence pending such final determination, on the following terms:
 - i. The parties enter into a licence on FRAND terms as finally determined by a court;
 - ii. The finally determined licence will have retrospective effect;
 - iii. The scope of rights licensed under the interim licence shall be sufficient to ensure mutual patent peace pending the final determination of terms of the FRAND licence;
 - iv. A reasonable sum will be set aside by the Claimants by payment into court or otherwise to protect the interests of the Defendants; and
 - v. No injunctive or other relief will be sought or enforced by the Claimants or the Defendants in any jurisdiction to be covered by the finally determined licence.
 2. The Claimants' proposed payment into Court of the sum set out in paragraph 66 of the First Witness Statement of Nicola Helen Dagg dated 28 November 2023, within 30 days of this Order, satisfies the Claimants' obligation in its Willingness Undertaking to set aside a reasonable sum to protect the interests of the licensor, until further Order of the Court and/or until terms are determined finally (including any appeals) by the Court in these proceedings, following trial.
 3. The pursuit or continuation of any injunctive or other relief by the Defendants in any jurisdiction to be covered by the finally determined licence would be in breach of the Willingness Undertaking.

10. Paragraph 1 contains declarations in a somewhat abstract sense about the nature of the obligations on a willing licensor in the circumstances of Ericsson. Paragraph 2 claims a declaration that a certain payment into court, proposed by Lenovo, and to which I will return, would satisfy Lenovo's obligations under what is called its willingness undertaking. Paragraph 3 declares that the pursuit of foreign proceedings would be in breach of the willingness undertaking.
11. Ms. Davies, who appears for Ericsson today, submits that there is a strong flavour of anti-suit about this relief, and so far as it matters I agree with that. The relief sought is for the purposes of influencing the foreign court, that is clear from Ms. Dagg's evidence, albeit that it would not directly affect the foreign court (no anti-suit injunction ever does that) and it would not actually restrain Ericsson; it would be a decision that Ericsson would be acting in breach of legal obligations if it did carry on with the foreign relief. These declarations are not contained in the substantive pleadings, but, in my view they ought to be because they are in the nature of final relief, and the parties have agreed that an amendment to the pleadings ought to take place to achieve that.
12. In addition to saying that this relief would be useful in relation to the foreign proceedings, Lenovo assert that the situation is urgent, because if the Brazilian court goes ahead to enforce the relief granted and take Lenovo off the market, then it, that is Lenovo, will suffer very grave damage. I accept the general force of that. What I have doubts about is whether the Brazilian court does not, itself, have the power to consider what is just to do in the light of the fact that Lenovo has now committed to take a licence on terms to be determined in this court, if jurisdiction can be established. I would imagine that the Brazilian court does have power to do that, and may wish to do so. That is a matter for it.
13. None the less, as I say, I do accept Lenovo's general concern about the situation, and if it were to be the case that Lenovo had conclusively agreed to determination of FRAND terms, then it might be thought that Ericsson no longer needed to press ahead with infringement litigation around the world, and that its desire to do that was more to do with exerting commercial pressure on Lenovo. That has been the commercial context for the other similar cases in the Patents Court, for example in the Panasonic v Xiaomi and Oppo litigation.
14. I ought also to say a word about the litigation in the Eastern District of North Carolina. It is Ericsson's position that that is a more natural venue for determination of FRAND to take place, not least because a key Lenovo entity is incorporated in the States and has a place of business there. I need not determine today whether that is right or wrong, but I do note that Ericsson is willing to have FRAND terms determined there, and not just to have it determined whether its offers hitherto have been FRAND in a binary sense, but to have the North Carolina court determine if those offers were not FRAND, what FRAND terms would be. In the course of the hearing before me, Lenovo indicated that it would, in fact, be willing to have a FRAND determination take place in North Carolina, as long as Ericsson agreed not to pursue its litigation in other jurisdictions and, in particular, Brazil.
15. I have mentioned now a couple of times the question of Lenovo's concern that it not be pressured by infringement litigation, including the grant of injunctions, into concluding a licence on terms requiring the payment of royalties in excess of FRAND. I recognise that, but it also must be said that this is not a one-way street, and a concern that Ericsson

expresses, which I think is also an important one, is that Lenovo has not hitherto paid money in relation to royalties for the use of Ericsson's SEPs, and that, it says, may be a legitimate reason for pursuing national litigation.

16. In response to that and the commercial context generally, Lenovo has made an offer to pay into court a confidential, but I will say significant, amount of money, which it says would reassure Ericsson that Ericsson will get effective relief in due course, and not be left out of pocket.
17. With that rather long, but I think necessary, introduction, I come to the question of what I am asked to do. Ericsson has made clear that it intends to challenge the jurisdiction of this court to deal with the claims against it, and alternatively to seek to strike out the claims against it. Those applications sound differently against the first defendant and the second defendant, but in any event they require determination. The defendants have put that before the court by way of an application by notice of 5th December 2023, which seeks that the court decline jurisdiction, or decide not to exercise its jurisdiction on the basis of forum conveniens, to strike out some of the claims that primarily relates to the second defendant, and/or to stay the case pending the proceedings in the Eastern District of North Carolina. I will call that "Ericsson's jurisdiction application" for short.
18. Lenovo applies for the expedition of the ultimate FRAND determination (that is to be referred to as "the expedition application") and has not played a big part in today's argument. Much more importantly, it has brought what it calls the interim licence application, also referred to sometimes in the course of argument or in the papers as "the willingness application", which is for a decision granting it the declaratory relief to which I referred earlier, in advance of and separately from the FRAND determination, which is Lenovo's procedural avenue by which it seeks a decision as to and the imposition of an interim regime to bridge the position through to the ultimate FRAND decision.
19. Originally, Lenovo were pressing for a hearing of the interim licence application on 11th January 2024, next year, at the start of the new term, but that has faded as a proposal, partly because it is impractical, partly because the interim licence declaratory relief needs amending into the pleadings, and for other more minor reasons that I need not dwell on. So what is now proposed is a hearing in February 2024, or no earlier than 12th February 2024, to deal with amendment of Lenovo's pleadings, Ericsson's December application, the strike out application, and the application to expedite the FRAND trial.
20. The bone of contention between the parties, which is key for my decision today, is whether that hearing should include the interim licence application. This has both issues of principle and of practicality around it. In terms of principle, it is Ericsson's position that it ought not to have to fight the interim licence application, which, despite its name, it is clear seeks final relief, without it first being decided whether the court has jurisdiction over the defendants, and the first defendant in particular, and over the interim licence issues. It also says that the interim licence issues will take a significant amount of time to try -- a matter I will come back to in a moment.
21. Lenovo, on the other hand, says that its need for the relief encapsulated in the interim licence application is extremely urgent, and there is no reason of principle or practicality why it cannot be listed to be considered at the same time as matters of jurisdiction,

understanding that the judge who heard that jurisdiction application could, if he or she determined it against Lenovo, decline to go on to decide the substance of the interim licence application.

22. It is agreed that the jurisdictional and strike out elements of Ericsson's application will take about two days to determine. There is a significant difference between Ericsson and Lenovo about the amount of time that will be necessary for the interim licence application. Ms. Davies says that four or five days might be necessary, for reasons I will touch on in a moment, and Mr. Bloch KC, who appears with Mr. Segan KC, Mr. Mehta and Mr. Adekoya on this one-hour directions application, says that it will be much less, and might add really nothing in substance. The basis for that assertion is that the evidence that will be necessary to determine whether there is an adequately arguable case for the purposes of jurisdiction is the same as the evidence that will be required to determine the substantive issues as well.
23. I will first deal with the practical questions of the determination, if the court has jurisdiction over them, of the issues that arise on the interim licence application. Although in the declarations I read out many of the matters raised are somewhat abstract, it is quite clear that Ericsson's behaviour, and Lenovo's behaviour, are engaged, and that there will be a factual dispute about them. That is apparent from the content of the evidence of Ms. Dagg in support of the application. That will, in my view, not be trivial. I also think that the legal framework of the FRAND obligations arising from the ETSI regime will require significant argument, and there is also likely to be some debate about declaration 2, which concerns whether the sum proposed by Lenovo does satisfy its obligation.
24. Furthermore, declaration 3, which declares that Ericsson's conduct in pursuing litigation abroad would be in breach of its obligations, would require the court to consider whether such a declaration was actually useful, in the sense of whether it would be actively taken into account by foreign courts. There are other aspects of the argument as well, but I firmly reject Mr. Bloch's submission that these issues would add little to the two-day hearing for the jurisdiction and strike out matters. I think that Ms. Davies's estimate is much more realistic.
25. I also agree with Ms. Davies that, as a matter of principle, the court ought to be slow to require a party, which has at least a realistic argument about jurisdiction, which I think Ericsson does (without, in saying that, expressing any concluded view about it) to put its whole case for trying the issues over which it says the court does not have jurisdiction into order, and before the court at the jurisdiction stage.
26. I do not conclude that the court could never do that, and I heard some argument about the decision on similar lines of Morgan J in *Optis v Apple* [2019] EWHC 1742 (Pat). Assuming the power exists, I think it is one that the court should exercise sparingly, and in this situation I think it would be unprincipled to require Ericsson to do all of its preparations for the interim licence/willingness determination when it may potentially succeed in persuading a judge that there is no jurisdiction to try it.
27. Mr. Bloch mounted an argument that I could do that, and ought to do that, because of the position of the second defendant being a UK company, but, even if that made a theoretical difference, I do not think it makes a practical difference, and I would, in these circumstances, not think it right to require Ericsson to put on its whole case.

28. More generally, the issue of the interim regime in this kind of FRAND situation is one of high importance, and needs careful argument in a fully developed context, and I would be reluctant to risk rushing it. So I am going to accept Ericsson's proposal, as set out in the draft order provided by Ms. Davies yesterday evening, that the interim licence application ought not to be included in the February hearing.
29. That is not the end of the matter though, because I have considerable sympathy with Lenovo's contention that it could be unfairly prejudiced, as time goes by, by the existence and continuation of foreign proceedings which it says ought not to be happening. Lenovo is free to make any argument along those lines to those foreign courts, as I have said already, and that should provide some considerable comfort I think, but I do accept Lenovo's submission that consideration by this court may help. I also accept Mr. Bloch's submission that it would be unfortunate and unfair if the sequencing which I have decided led to a result, whether by Ericsson's design or otherwise does not matter, where a decision about the interim licence application did not take place for many months.
30. Ms. Davies, in answer to my questions, indicated that from start to finish, were it not for the fact that the holiday season is upon us, the preparation of Ericsson's substantive evidence to meet the interim licence application would take a month, which sounds about right to me. I record that in my judgment for the benefit of whichever judge, in due course, hears the February hearing. Because if, as matters stand then, it appears urgent for there to be a determination so as to assist Lenovo in foreign proceedings, Ericsson ought to expect that it will be held to that estimate. If the matter appears urgent, then the judge hearing the application in the Patents Court generally will no doubt do what is right to bring that hearing on quickly.
31. So I think that Lenovo's desire for a rapid determination can be served in some measure in that way, but I think the practical considerations, and the consideration of principle that Ericsson ought not to have to fight a trial for which there may be no jurisdiction, outweigh that.
32. I would also say that whilst Lenovo's evidence goes to the question of proceedings in other jurisdictions taking place rapidly in the very near future, nothing I decide today is going to deal with that, because the hearing that I have been discussing in this judgment is not going to take place till February anyway, whatever its content, and I do not believe there is evidence before me that the difference as to the hearing of the interim licence application between February and, say, May or June, will, itself, affect Lenovo.
33. That is my decision as to the directions.
34. It will be obvious from what I have said that it would be desirable for the parties to come to an agreement about where a FRAND determination should take place, by where I mean in which court, and as to the interim regime in the meantime.
35. Discussions about resolving FRAND by arbitration have failed. I attribute no blame to either side in relation to that. I have heard only a fraction of the picture. However, both this court and the Eastern District of North Carolina are possibilities. Lenovo has made what I consider, on any view, to be a constructive suggestion, that it will agree to have FRAND determined in the US court, provided that the parties do not carry on with what

Lenovo fears, which is interim relief in foreign courts, and which I regard as undesirable, for reasons that I gave in the two judgments I gave in the Panasonic v Xiaomi and Oppo case.

36. An agreement on this front has moved a little bit closer with the undertaking offered by Mr. Bloch during this hearing, but in my view the parties ought to do more to try to agree this. I have been reassured by Ms. Davies that once Lenovo reduces its undertaking to writing, Ericsson will respond quickly. I consider that I would have power to order the parties to meet to discuss this, because the question of which court is right or wrong is itself an issue in this litigation, not just in the procedural sense but because of Lenovo's willingness application. I only raised this with the parties at the hearing before me today though, so I am not going to exercise that power now, but I do expect the parties to inform me of what Lenovo puts forward in writing, and of Ericsson's response, and I will be willing to consider exercising of my own motion a power to require the parties to discuss both venue and the interim regime, by which I would include, at least, the conduct or otherwise of infringement litigation in other venues and the question of a payment to be made by Lenovo.
37. For those reasons, I rule in favour of Ericsson on the issue of what should be the contents of the February hearing.
