



Neutral Citation Number: [2024] EWHC 1267 (Ch)

Case No: HP-2024-000005

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

Rolls Building
Fetter Lane
London EC4A 1NL

Thursday, 23rd May 2024

Before:

MRS JUSTICE BACON

Between:

(1) MOTOROLA MOBILITY LLC
(a company incorporated under the laws of
the State of Delaware, USA)
(2) LENOVO (UNITED STATES) INC.
(a company incorporated under the laws of
the State of Delaware USA)

Claimants

- and -

(1) ERICSSON LIMITED
(2) TELEFONAKTIEBOLAGET LM ERICSSON (publ)
(A company incorporated under the laws of the Kingdom of
Sweden)

Defendants

MICHAEL BLOCH KC, TOM ALKIN and FEMI ADEKOYA (instructed by Kirkland &
Ellis International LLP) appeared for the Claimants

SARAH FORD KC, JOSEPHINE DAVIES KC and THOMAS JONES (instructed by
Taylor Wessing LLP and Pinsent Masons LLP) appeared for the Defendants

Approved Judgment

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MRS JUSTICE BACON:

Introduction

1. This is an application by the claimants for an interim injunction pending trial of their claim alleging infringement by the defendants of UK patent EP (UK) 3,646,649 (**EP 649**) of which the first claimant is the proprietor. The underlying claim for patent infringement was issued on 12 February 2024, and this application was issued on the same day. I will refer in this judgment to the claimants and their group as **Lenovo**, and the defendants and their group as **Ericsson**, unless the context requires reference to a specific entity.
2. The Lenovo patent in question has been declared to the European Telecommunications Standard Setting Organisation (**ETSI**), as being a Standard Essential Patent (**SEP**), and as such is subject to an obligation to grant licences on Fair, Reasonable and Non-Discriminatory (**FRAND**) terms. The claim is the latest in a long-running multijurisdictional dispute between the parties as to a global licensing of their respective SEP patent portfolios.
3. The injunction sought is in unusual terms. Paragraph 1 of the order sought is an order that until final judgment in the claim or further order, Ericsson is restrained from offering, selling or supplying equipment and/or software that operates or is capable of operating in the UK, in accordance with various 5G standard technical specifications, or any other product that falls within any claims of EP 649, or that has been manufactured by any process that falls within any claim of EP 649.
4. That order is, however, subject to a proviso in paragraph 2 of the order that paragraph 1 of the order will not apply if Ericsson agrees one of three things:
 - i) To enter into a global cross-licence agreement on such FRAND terms as a court of competent jurisdiction shall determine, and not to seek or enforce any injunctive relief pending the determination of that, on the terms that Lenovo has offered Ericsson in the English FRAND proceedings currently pending in relation to another Lenovo patent under claim number HP-2023-000036 (the **first English FRAND claim**); or
 - ii) To enter into an interim cross-licence pending the determination of any global cross-licence, on the terms that Lenovo has offered Ericsson in the first English FRAND claim; or
 - iii) To enter into another agreed form of mutual regime within 14 days of the date of the order.
5. Lenovo describes the trio of alternative options in paragraph 2 as its “Preferred Alternatives”. That is because, as Lenovo has made clear, it does not actually want the restraining order in paragraph 1. What it wants is for Ericsson to agree to one of the three Preferred Alternatives in paragraph 2, in order to avoid the huge disruption to its business that would be caused by the restraining order in paragraph 1.

6. Each of the first two Preferred Alternatives has the common result that Ericsson would not be able to pursue or enforce injunctive relief in this or any other jurisdiction. It is clear that the third alternative would not be agreed by Lenovo, unless it had the same effect.
7. The trio of Preferred Alternatives thereby reflects the reason for this application, which is not disguised by Lenovo: it is not to stop Ericsson infringing Lenovo's EP 649 patent in this jurisdiction; rather it is a device to induce Ericsson to abandon or not to enforce injunctions which it has obtained against Lenovo in Brazil and Colombia, in respect of Lenovo's alleged infringement of Ericsson's patents in those jurisdictions, and likewise not to seek or pursue injunctions in any other jurisdiction.
8. Mr Bloch KC for Lenovo submitted that this is an entirely legitimate purpose on the basis that Lenovo has been put at what he characterised as an illegitimate and unconscionable disadvantage in its licence negotiations with Ericsson by the terms of the Brazilian and Colombian interim injunctions, in circumstances where Ericsson is not subject to similar injunctions in relation to Lenovo's SEP portfolio.
9. One might have thought that the proper application, if that was Lenovo's position, would be an anti-suit injunction. That is not, however, what is sought, presumably because Lenovo considers that it would not be able to show the conditions for an anti-suit injunction to be satisfied. Instead, as I have just explained, Lenovo seeks an interim injunction granted *in terrorem*: a sword of Damocles that will remain suspended only on the condition that Ericsson abandons the interim relief obtained in Brazil and Colombia, and its pursuit of interim relief in any other jurisdiction. The effect would be to obtain anti-suit relief by the back door, by forcing Ericsson to agree to terms which Lenovo plainly considers that it cannot ask the court to order.
10. For the reasons which I will set out in the remainder of this judgment, I do not consider that it would be appropriate to order an interim injunction on those terms.

Background

11. The evidence before me sets out considerable detail regarding the background to the application, the parties' respective positions as to the merits of the underlying claim, and the contentions of misconduct on both sides. The background is also set out in the judgment of Richards J on a jurisdiction dispute which arose in the first English FRAND claim, *Lenovo v Ericsson* [2024] EWHC 846 (Ch). For present purposes, the events leading up to this application may be summarised relatively shortly.

The parties and their SEP portfolios

12. Lenovo manufactures and supplies mobile telephones and other electronic devices in the UK and across the world. Ericsson manufactures and supplies telecommunications infrastructure, again in the UK and across the world. Both

Lenovo and Ericsson have portfolios of SEP patents for which declarations have been made to ETSI.

13. Under Clause 6.1 of the ETSI policy on intellectual property rights (commonly referred to as the **ETSI IPR Policy**) a declaration to ETSI may be given on the basis of reciprocity i.e. “subject to the condition that those who seek licences agree to reciprocate”. The declaring party simply has to tick a box to make their undertaking conditional on reciprocity. The consequence of requiring reciprocity is that an implementer who seeks to invoke a SEP owner’s FRAND undertaking must, if the SEP owner requests, offer FRAND terms for their own SEPs, such that any licence eventually granted is liable to be a cross-licence.
14. Both Lenovo and Ericsson have indicated in their declarations to ETSI that they will require reciprocity. It is, therefore, common ground that in so far as their FRAND undertakings are invoked, any FRAND licence will be a cross-licence.
15. The parties have now been in negotiations regarding the terms of a global cross-licence for over 15 years. Those negotiations have not borne fruit, with the result that neither party has entered into a licence agreement for the other’s SEP technology, and neither party has paid any royalties to the other. That has led to proceedings being filed by both parties in multiple jurisdictions over the course of the last year. The following proceedings are relevant to this application:

Eastern District of North Carolina

16. Ericsson commenced proceedings against Lenovo and others in the Federal Court for the Eastern District of North Carolina (EDNC) on 11 October 2023, alleging infringement of four SEPs. The relief sought asks for a declaration that Ericsson has complied with its FRAND commitments. If Ericsson’s offer is determined *not* to be consistent with its FRAND commitments, Ericsson asks the court to determine a FRAND rate for a global cross-licence between Ericsson and the defendants.
17. It appears that for various reasons the EDNC proceedings are unlikely to come to trial before late 2026.

The United States International Trade Commission

18. On 11 and 12 October 2023 Ericsson also commenced two patent infringement proceedings in the United States International Trade Commission (**ITC**), alleging infringement of the same patents that are the subject of the EDNC proceedings. Ericsson seeks by way of relief various orders, the practical effect of which would be to bar Lenovo’s smartphones, computers and tablet computers from the US market.

Brazil and Colombia

19. Having filed its proceedings in the EDNC and ITC, Ericsson then brought infringement proceedings in Brazil on 21 November 2023, and in Colombia in over 30 separate claims filed between 20 November and 1 December 2023, seeking interim and final injunctions in relation to various of its 5G SEPs. A

preliminary injunction was granted in Brazil on 24 November 2023. In Colombia, four separate injunctions have been granted which came into force during the course of December 2023.

20. Brazil and Colombia are both large markets for Lenovo, accounting for (between them) around 25% of Lenovo's smartphone revenues in 2023, with Brazil responsible for the vast majority of those revenues. While it appears that Lenovo is continuing to make at least some sales in Brazil, notwithstanding the injunction against it in that jurisdiction, it is not seriously disputed that the injunctions obtained by Ericsson are causing, and will cause, very significant disruption to Lenovo's business in markets that are very important to it in commercial terms.
21. It is, moreover, implicit in Ericsson's evidence in these proceedings that Ericsson has pursued the proceedings in Brazil and Colombia as a means of exerting commercial pressure on Lenovo to reach agreement with it on the terms of a global cross-licence. Ericsson says that the cross-licence terms which it has offered Lenovo are FRAND. Lenovo disputes that, but says that if the injunctions in Brazil and Colombia are not lifted, it may be forced into agreeing a supra-FRAND rate as the price for not suffering irreparable harm in those markets.
22. Lenovo has attempted to challenge the injunctions in appeal proceedings in both Brazil and Colombia, but has not so far been successful. The injunctions in those jurisdictions therefore remain in force. On 29 December 2023, Lenovo filed a motion before the EDNC court seeking an anti-suit injunction against enforcement of the injunctions in Brazil and Colombia. That motion was denied by the EDNC court on 13 February 2024.

Proceedings in this jurisdiction

23. Meanwhile, Lenovo has issued three claims in this jurisdiction:
 - i) HP-2023-000036, issued on 13 October 2023, concerns UK patent EP (UK) 3,780,758, of which the first claimant in these proceedings is the proprietor. This is the first UK FRAND claim to which I have already referred. That claim was, as I have noted, the subject of a jurisdiction dispute. On 18 April 2024, Richards J handed down his judgment essentially dismissing Ericsson's jurisdiction challenge, and indicating that there was in principle a good reason for expedition of the claim. The claim is broadly parallel with the EDNC proceedings, in that Lenovo seeks a declaration as to what the FRAND terms of a global cross-licence would be. Richards J commented at §81 of his judgment that it was "extraordinarily wasteful" that the parties would seriously contemplate having two proceedings afoot that were directed to the same issue, but observed that the risk of parallel proceedings inevitably arose in circumstances where national courts have jurisdiction to determine questions of validity and infringement of their domestic patents, and thereby also FRAND issues where the patents are subject to FRAND obligations.

- ii) HP-2023-000041, issued on 28 November 2023, alleges that certain of Lenovo's products are licensed under the terms of a 2011 agreement. Nothing turns on that claim for present purposes.
 - iii) The present proceedings, issued on 12 February 2024, relate to the EP 649 patent. This is a new 5G patent granted on 10 January 2024, which is still in its opposition period. On 22 February 2024 Master Brightwell granted permission to serve on the second defendant out of the jurisdiction. The defence(s) are yet to be filed, but Ericsson has indicated that it will deny infringement of the patent if the patent is valid at all. If infringement is found, however, the question of a FRAND cross-licence may yet again arise.
24. Both Lenovo and Ericsson are bound by the terms of their obligations under the FRAND regime. In addition, undertakings have been given by both parties as to their willingness to be bound by the terms of a judicial determination of the terms of a FRAND cross-licence. Lenovo's undertaking, set out in its particulars of claim in the first English FRAND claim, is that it will enter into a licence agreement in the form that is determined to be FRAND at the FRAND trial in those proceedings, or to the extent that there are any appeals, a licence agreement that is finally determined to be FRAND on appeal. That undertaking is repeated for the purposes of this claim.
25. Ericsson for its part has given the following undertaking to the EDNC court, which it reiterates in these proceedings, as follows:
- “LM Ericsson has asked the Eastern District of North Carolina ('EDNC') Court to adjudicate whether its cellular essential patent cross-licence offer to Lenovo complies with FRAND. If LM Ericsson's offer is found to be FRAND, LM Ericsson will provide Lenovo 30 days from the EDNC Court's entry of final judgment to enter into a global cellular essential patent cross licensing agreement, consistent with Ericsson's offered rate. If LM Ericsson's offer is found to not comply with FRAND, LM Ericsson has already requested that the EDNC Court declare how LM Ericsson should revise its rates to bring them into compliance with FRAND and will provide Lenovo 30 days from the EDNC Court's entry of final judgment to enter into a global cellular essential patent cross-licensing agreement, consistent with the EDNC Court's ruling.”
26. Both parties complain about the terms of the undertakings given by the other. Lenovo in particular in its skeleton argument put its case as resting in significant part on Ericsson's refusal to offer an undertaking in the terms sought by Lenovo and equivalent to the undertaking given by Lenovo. Lenovo characterised this as breaching Ericsson's FRAND commitments. At the hearing, however, Mr Bloch confirmed that his only reliance on this and his other allegations of what he characterised as “non-FRAND behaviour” was at the stage of considering the balance of convenience.

Test for the grant of interim relief

27. It is common ground that the principles for grant of interim relief set out in *American Cyanamid v Ethicon* [1975] AC 396 apply equally to a case involving FRAND licensing principles: *IPCom v Xiaomi Technology* [2019] EWHC 3074 (Pat), §15. It is therefore necessary to decide: (i) is there a serious issue to be tried on the merits? (ii) Are damages an adequate remedy for the claimant, if the injunction is not granted but the claimant succeeds at trial? (iii) If not, are damages under the cross-undertaking in damages an adequate remedy for the defendant, if the injunction is granted but the defendant succeeds at trial? (iv) If damages are not an adequate remedy for either side, where does the balance of convenience lie?
28. Mr Bloch was at pains to emphasise that the guidance set out in the *American Cyanamid* case and subsequent authorities should not be read as a statute as Mance LJ observed in *Bath and Northeast Somerset District Council v Mowlem* [2004] EWCA Civ 115, [2015] 1 WLR 785, §12. Floyd LJ emphasised in *Neurim Pharmaceuticals v Generics UK* [2020] EWCA Civ 793 §15, however, that this does not mean that the court has an unfettered discretion; rather, it is a discretion that is exercised according to the settled principles set out above.
29. The purpose of interim relief, as Lord Diplock articulated it in *American Cyanamid* at 406E, is to protect the claimant against injury by a violation of its right for which it could not be adequately compensated in damages if the claimant were to succeed at trial. That is why, if damages are indeed an adequate remedy, there are no grounds for interference with the defendant's freedom of action by grant of an injunction: *National Commercial Bank Jamaica v Olint* [2009] UKPC 16, [2009] 1 WLR 1405, §16.
30. That does not necessarily require a loss which would sound in damages. Indeed, a loss for which damages may not be recoverable is a classic example of a case where damages would not be adequate compensation: *SmithKline Beecham v Apotex Europe* [2003] EWCA Civ 137, per Carnwath LJ, and *AB v CD* [2014] EWCA Civ 229, §27. The foundation of the injunction must, however, always be a risk of harm to the claimant that is caused by the infringement of the claimant's right of which vindication is sought in the underlying claim. As Lord Diplock emphasised in *Bremer Vulkan v South India Shipping* [1981] AC 909, 979–80, the jurisdiction to grant an infringement injunction is confined to injunctions “granted for the enforcement or protection of some legal or equitable right”. That is, indeed, the reason why the first question that must be considered by the court in determining an application for an interim injunction is whether there is a serious question to be tried on the merits of the claim in question.
31. With those observations in mind, I turn to the application of the test in the present case.

Serious issue to be tried

32. Ericsson disputes that it infringes EP 649, if that patent is valid at all. It does not, however, contend that there is not a serious issue to be tried in relation to the alleged infringement of the patent.

33. What Ericsson does say is that there is no serious issue to be tried in so far as Lenovo claims that the harm suffered by the infringement is anything other than damages calculated in the ordinary way under English law. That is relevant to the question of the adequacy of damages.

Whether damages would be an adequate remedy for Lenovo

34. In a FRAND case of the present type, if the patent is infringed and the parties are not competitors, the patentee's loss can normally be quantified as the sum which the patentee would have earned under the FRAND licence: *Unwired Planet International v Huawei* [2017] EWHC 2988 (Pat), §§797–800. The starting point is therefore that if Lenovo's patent is valid, and if Ericsson is found to have infringed that patent, damages should be an adequate remedy. That is the reason why, as Lenovo accepts, there is no precedent in the English courts for the grant of an interim injunction in relation to the alleged infringement of a SEP patent.
35. Lenovo says, however, that the present case is different, because its loss goes beyond the question of the sum that it would have earned under a FRAND licence. That is because, Lenovo says, if an interim injunction is not granted, Ericsson will be allowed to continue to operate in the UK market while Lenovo is shut out of the Brazilian and Colombian markets. There is no dispute that those are very significant markets for Lenovo. If the injunctions in those countries are maintained, I accept that there is likely to be significant disruption to Lenovo's business and strategy, both in the short term and in terms of Lenovo's longer-term ability to grow and retain market share.
36. The alternative to those injunctions, as matters currently stand, is that Lenovo agrees Ericsson's licensing offer which it considers to be supra-FRAND. Whether Ericsson's offer is indeed supra-FRAND is, as I have said, disputed by Ericsson as a matter of fact, but I do not need to decide that dispute. The short and obvious point is that the maintenance of injunctions in markets which are of considerable commercial significance for Lenovo enables Ericsson to exert commercial leverage on Lenovo to take a licence on the terms offered by Ericsson, during this interim period before a FRAND rate is determined either in the EDNC proceedings or in one or other of the English proceedings.
37. There is no doubt that the courts have deprecated the practice of bringing of infringement proceedings in multiple jurisdictions around the world as a way of exerting commercial pressure on alleged infringing implementers of SEPs to agree to supra-FRAND terms. Lenovo refers in particular to the comments of Meade J in *Panasonic v Xiaomi* [2023] EWHC 2872, and in the directions hearing in the present case, [2023] EWHC 322 (Pat). That does not, however, mean that the court can circumvent the conditions for the grant of interim injunctive relief.
38. The problem for Lenovo in this case is that the damage which it prays in aid is not damage which is said to be caused by Ericsson's infringement of Lenovo's patents in this jurisdiction. Rather, it is damage caused by Ericsson's enforcement of its patent rights in Brazil and Colombia.

39. Ericsson's actions in that regard are linked to the present proceedings in the broad sense that the Brazilian and Colombian proceedings, along with the present and other English proceedings and the various US proceedings, all form part of a global dispute between the parties as to the FRAND terms of a global cross-licence. However, Lenovo cannot say that Ericsson's infringement, or alleged infringement, of its EP 649 patent, which is the subject of this claim, has in any way *caused* the orders made in the Brazilian and Colombian courts in relation to Ericsson's patents. Indeed, the injunctions in the Brazilian and Colombian courts came into force around a month before the EP 649 patent was granted.
40. The disconnect between the alleged infringement and the loss relied on by Lenovo can be illustrated in this way: if Ericsson were to be enjoined by this court in the manner sought in paragraph 1 of the draft order, that would not have any impact whatsoever on the proceedings in Brazil and Colombia, or any injunctions granted in those jurisdictions. It is, therefore, transparently not the alleged infringement that is the cause of Lenovo's loss. That is why, of course, Lenovo does not actually want the outcome of this application to be an order in the terms of paragraph 1. What it wants is for Ericsson to avoid that outcome by agreeing to one of the Preferred Alternatives. But that merely emphasises the fact that this application has nothing to do with the protection of Lenovo's right under the EP 649 patent. What Lenovo is actually seeking is an outcome that does nothing at all to protect its rights under EP 649.
41. Mr Bloch argued that a causal link between the alleged infringement and the loss which it is suffering can be established by saying that if an order is not made in the terms sought, then Ericsson will maintain its commercial leverage over Lenovo, with the consequent loss of bargaining position on Lenovo's part. If by contrast the court were to make an order on the terms sought by Lenovo, that would induce Ericsson to abandon or not to enforce its injunctions in other jurisdictions, thereby levelling the playing field. While he candidly accepted that it was "intuitively difficult" to see the infringement of the patent in suit as a common sense or proximate cause of the losses which Lenovo is suffering in Brazil or Colombia, he did not concede that those losses would be irrecoverable in this claim and submitted the court should not at this stage rule out the possibility that causation might ultimately be established at trial.
42. This is not, however, a case where there could conceivably be any finding of causation on any basis at all. For the reasons that I have given, there is no connection at all between the alleged infringement of the EP 649 patent and the losses suffered in Brazil and Colombia. The only reason for Lenovo's reliance on its EP 649 patent is to use the threat of an injunction in relation to that patent as a bargaining chip for the purposes of the Brazilian and Colombian proceedings.
43. That is, however, categorically not a basis on which an interim injunction can be granted in this jurisdiction. As I have said, the purpose of an interim injunction is the protection of the right claimed in the underlying substantive proceedings. An interim injunction in relation to one patent right cannot be used purely as a threat in order to induce the defendant to conduct itself differently in respect of a different patent right in another jurisdiction. The proper course,

if there is a basis for it, would be an application for an anti-suit injunction, but that is not the basis on which this application has been brought.

Conclusion

44. The application for an injunction must therefore be refused on the basis that damages are an adequate remedy for Lenovo and that the losses which Lenovo claims arising from the injunctions in Brazil and Colombia are not losses which can, on any basis, be said to be caused by the infringement of the patent in suit or the alleged infringement of the patent in suit.
45. I do not, therefore, need to go further to consider the other conditions under the *American Cyanamid* test. Nevertheless for completeness I should record that Mr Bloch accepted that if an order was granted restraining Ericsson in the terms of paragraph 1 of the draft order, Ericsson would suffer substantial losses, at least some of which would not be able to be adequately compensated in damages under the cross-undertaking by Lenovo. His submission was, however, that it was inconceivable that this would actually arise, because it would be commercially irrational for Ericsson to submit to the injunction in those terms, rather than avoiding it by agreeing to one of Lenovo's Preferred Alternatives. That, however, underscores the point already made, that this application is not in reality seeking to protect Lenovo's position in relation to its EP 649 patent. On the contrary, on Lenovo's own case, it is inconceivable that such protection would be the result of the order.
46. The application is therefore dismissed.

(This Judgment has been approved by Mrs Justice Bacon)