



Neutral Citation Number: [2024] EWHC 197 (Ch)

Case No: HP-2019-00006

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

7 Rolls Buildings  
Fetter Lane  
London, EC4A 1NL

Date: 14 February 2024

**Before:**

**THE HONOURABLE MR JUSTICE MARCUS SMITH**

**Between:**

- (1) OPTIS CELLULAR TECHNOLOGY LLC  
(A company incorporated under the laws of the State of Delaware)  
(2) OPTIS WIRELESS TECHNOLOGY LLC  
(A company incorporated under the laws of the State of Delaware)  
(3) UNWIRED PLANET INTERNATIONAL LIMITED  
(A company incorporated under the laws of the Republic of Ireland)

**Claimants**

- and -

- (1) APPLE RETAIL UK LIMITED  
(2) APPLE DISTRIBUTION INTERNATIONAL  
(A company incorporated under the laws of  
the Republic of Ireland)  
(3) APPLE INC.  
(A company incorporated under the laws of the State of California)

**Defendants**

**Mr James St Ville KC and Ms Jennifer Dixon (on confidentiality), Mr James Abrahams KC, Mr Thomas Raphael KC and Ms Isabel Jamal (instructed by EIP Europe LLP and Osborne Clarke LLP) for the Claimants**

**Mr Michael Bloch KC, Mr Hugh Mercer, KC, Mr Brian Nicholson KC, Mr David Ivison and Ms Sarah Love (instructed by Wilmer Cutler Pickering Hale and Dorr LLP) for the Defendants**

Various **Third Parties** appeared to make representations on confidentiality of the Redacted Judgment

Hearing dates: 24 to 27 July, 17 to 19 December 2023 and 13 February 2024.

**Approved Judgment (Consequential Matters)**

Circulated in draft on 7 August 2023 and (again) on 2 and 11 February 2024

This judgment was handed down remotely at 10.00am on 14 February 2024 by circulation to the parties or their representatives by e-mail and by release to the National Archives

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**Mr Justice Marcus Smith:**

**A. INTRODUCTION**

**(1) Hand-down of the Judgment**

1. On 10 May 2023, I handed down my Judgment in these proceedings under Neutral Citation Number [2023] EWHC 1095 (Ch) (the **Unredacted Judgment**). Although I handed down the Judgment on this date, the hand-down was (due to issues of confidentiality) confined to certain defined persons sitting in a confidentiality ring. On 7 June 2023, I handed down a significantly redacted version of the Unredacted Judgment (the **Redacted Judgment**). At my express direction, the parties redacted the Unredacted Judgment on an aggressive basis (i.e. erring on the side of over-redaction), so as to ensure that arguments about what was confidential should not be prejudiced. This judgment – the Redacted Judgment – was released to the public under cover of a note from me, dated 29 May 2023 (somewhat earlier than the date of hand-down), explaining the status of the Redacted Judgment.
2. All references to the **Judgment** are indifferent references to either of the Redacted or Unredacted Judgment. I will seek generally to refer to the Judgment, and will only differentiate between the Unredacted Judgment and the Redacted Judgment where the question of redaction is material.
3. Some concern has been expressed by interested third parties that the Redacted Judgment is not widely available. It appears neither in The National Archives nor on Bailii. That is not for want of effort on my part: The National Archives – for reasons that are obscure to me – were asked to and declined to publish the Redacted Judgment. Bailii were also asked to publish the Redacted Judgment, and were unable to do so because they are contractually obliged only to publish that which appears in The National Archives. HMCTS declined to publish the Redacted Judgment on the Courts and Tribunals Judiciary website, again for reasons that are obscure.
4. I share the concern expressed about this deficit in open access to judgments. I can only say that I have done my best to procure the wider circulation of the Redacted Judgment: but that those efforts proved less successful than I would have liked. The point is now academic, for the Redacted Judgment is available on Westlaw. I cannot say for how long that has been the case.

**(2) The Judgment**

5. The Judgment is lengthy, and there is no point in seeking to summarise its reasoning. Whilst it will be necessary to consider, in some detail, aspects of the Judgment during the course of this **Judgment on Consequential Matters**, the Judgment is taken as read. The terms and abbreviations set out in Annex 1 to the Judgment are adopted.

### (3) The FRAND Question

6. Although the Judgment is long, it is concerned with a single – albeit multi-faceted – question. The Judgment defines this as the “FRAND Question” in the following terms:<sup>1</sup>

“Although Optis say they are ready and willing to give a FRAND licence over the Portfolio, and Apple say they are ready and willing to take such a licence, it will come as no surprise to the reader that Optis and Apple have been unable to reach agreement as to the terms of the actual FRAND licence that would resolve the licensing issues arising out of Optis’ ownership of the Portfolio. It was common ground – at least before me – that the function of this trial was to state the terms of a FRAND licence in respect of the Portfolio. That issue is simply stated, but – as will be seen – gives rise to a multiplicity of subordinate questions. I shall refer to the fundamental issue of the terms of the FRAND licence to be imposed as the **FRAND Question**.”

7. The FRAND Question was resolved in the following way:

- i) The annual rate for a worldwide licence to the entire Stack of SEP patents, of which the Optis Portfolio formed a (tiny) part, was US\$1,350 million.<sup>2</sup>
- ii) Optis’ share of the Stack was 0.61% (translating into a royalty share of US\$8.235 million/year),<sup>3</sup> but Apple only required a licence to the Stack excluding the Ericsson Patent Families (in relation to which Apple had options of separate licensing arrangements),<sup>4</sup> meaning that (as regards Apple specifically) Optis’ relevant share of the Stack was 0.38% (translating into a royalty share of US\$5.13 million/year).<sup>5</sup>
- iii) This annual licence rate would need to be projected both forwards and backwards:
  - a) In terms of forward licensing, Apple would be obliged to pay (up front) five years’ annual rate with no discount for accelerated receipt in the amount of US\$25.65 million.<sup>6</sup> The licence so granted would be to the expiry of all patents in the Portfolio (even if some should have a term beyond five years).<sup>7</sup>
  - b) In terms of past infringement and release, the release would be general,<sup>8</sup> but calculated by reference to when Optis first asserted themselves at the beginning of 2017. The release would therefore be calculated at the annual rate multiplied by six, and would be in a principal amount of US\$30.78 million.<sup>9</sup>
- iv) On top of this amount would come interest.<sup>10</sup> The incidence of interest and the rate of interest on the sum of US\$30.78 million were matters on which the

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<sup>1</sup> Judgment/[35].

<sup>2</sup> Judgment/[486].

<sup>3</sup> Judgment/[487].

<sup>4</sup> Judgment/[487], [491] to [494].

<sup>5</sup> Judgment/[494].

<sup>6</sup> Judgment/[498].

<sup>7</sup> Judgment/[497].

<sup>8</sup> Judgment/[501].

<sup>9</sup> Judgment/[501].

<sup>10</sup> Judgment/[502].

Judgment expresses a “firm but provisional view”. Accordingly, this is one of the matters that falls to be determined in this Judgment on Consequential Matters.

**(4) Consequential matters arising for determination**

8. A number of consequential matters arise out of the Judgment. They are as follows:
- i) *Final scope of the redactions to the Redacted Judgment.* As I have described, the Unredacted Judgment has only been disclosed into a limited circle of persons within a confidentiality ring. The only public version is the Redacted Judgment which – by my direction, and in order to protect third party interests pending resolution of the extent of the redactions – has been aggressively rather than conservatively redacted in favour of confidentiality and not open justice. The intention, as expressed in the note that accompanied the release of the Redacted Judgment, was that the redactions in the Redacted Judgment would be “dialled back”, once I had heard from the parties in these proceedings (i.e. Optis and Apple), as well as a number of third parties (the **Optis/Apple Counterparties**) having an interest in the non-disclosure of the redacted parts of the Redacted Judgment. The interest of the Optis/Apple Counterparties arises because of the licence agreements that comprises the Apple Comparables and the Optis Comparables. The question of redaction is dealt with in Section B below.
  - ii) *A licence from Optis in relation to the Ericsson Patent Families.* I have described that absent the arrangement between Apple and Ericsson regarding the Ericsson Patent Families, Optis’ share of the Stack would be 0.61% and the annual royalty implied by that would be US\$8.235 million. With that arrangement, and assuming (as the Judgment does) that a licence to the Ericsson Patent Families from Optis is unnecessary, Optis’ share of the stack *quoad* Apple falls to 0.38% with an annual implied royalty of US\$5.13 million.<sup>11</sup> Apple’s position paper for the purposes of the consequentials hearing made clear (for the first time) that the choice was not as binary as presented in this paragraph and – more significantly – as stated in the Judgment. It appears that there remains a (possibly peripheral) need in Apple to have some form of licence from Optis as regards the Ericsson Patent Families. This, somewhat unexpected, point is considered in Section C below.
  - iii) *Interest payable by Apple on the release for past infringement.* As regards the payment Apple are obliged to pay in respect of past infringements,<sup>12</sup> the Judgment expresses a “firm but provisional view” that interest should be paid on such sums.<sup>13</sup> Apple – as was their right – sought to persuade me that this view should not be maintained. I consider this point in Section D below.
  - iv) *The costs of Trial E.* Apple sought its costs of Trial E, to be the subject of a detailed assessment (if not agreed) and with a payment on account. Optis contended that this was a case where the court was setting a rate, and that no

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<sup>11</sup> See paragraph 7(ii) above.

<sup>12</sup> Presently calculated at an annual rate of US\$5.13 million: Judgment/[501]. If Apple elect to obtain a licence from Optis extending to the Ericsson Patent Families, then this rate rises to US\$8.235 million.

<sup>13</sup> Judgment/[502].

order as to costs was the appropriate order in this case. I consider this point in Section E below.

- v) *The scope of the FRAND licence: whether certain patents in the Optis Portfolio can be excluded from scope.* These are not the only proceedings where Optis is litigating against Apple as regards the Portfolio. There are parallel – or, at least, partially duplicative – proceedings ongoing before the US District Court for the Eastern District of Texas (the **EDTX Proceedings**). It is necessary to resolve the interrelationship between these proceedings and the EDTX Proceedings. This point is considered in Section F below.
  - vi) *Whether the FRAND licence should embrace 5G standards.* The FRAND licence will undoubtedly be a licence to the Optis Patents insofar as they read onto – or purport to read onto – the three standards set out in Judgment/[94], namely 2G GSM, 3G UMTS and 4G LTE. The question – which is considered in Section G below – is whether the FRAND licence resulting from Trial E ought also to extend to 5G standards.
  - vii) *Permission to appeal.* Apple has made clear that it does not seek to appeal the Judgment, although they reserve their position as to the appeal of any matters arising out of this Judgment on Consequential Matters (including any interrelationship between this Judgment on Consequential Matters and the Judgment). Optis – whilst similarly reserving their position as regards this Judgment on Consequential Matters – do seek permission to appeal the Judgment itself. I deal with this matter in Section H below.
  - viii) *Other terms of the FRAND licence and the order consequential upon the Judgment.* I have been addressed at some length, and on various different occasions, on the terms of both the FRAND licence and the order consequential upon the Judgment. Whilst I had anticipated that my rulings and directions in relation to the foregoing matters (which were circulated in draft as long ago as August 2023, as I describe below) might enable the parties to progress both the terms of the FRAND licence and the order consequential upon the Judgment, the parties remain far apart on a number of issues. My concern is that the further I seek to resolve these issues, the more granular the disagreements between the parties become, and – by a process of iteration – the longer the FRAND licence becomes, and the more likely it is to create satellite litigation, in this or other jurisdictions. The problem is that – unlike with a commercial agreement, where both parties see the agreement is beneficial to their commercial interests – neither side particularly trusts nor wants to do business with the other. They are compelled to by virtue of their positions as Implementer and SEP Owner, and even then the FRAND Question arises for the Court to resolve because the parties cannot agree. I have, therefore, sought to resolve the issue of the terms of the FRAND licence by drawing on the fact that both the Judgment and this Judgment on Consequential Matters constitute the starting point of and the foundation for the FRAND licence itself. The FRAND licence and the order are considered in Section I below.
9. These issues were thoroughly aired at a three-day consequentials hearing in July 2023. At the end of that hearing – given the scope of the issues under consideration – it was anticipated that a further hearing would be needed to “fine-tune” the above matters. It

was anticipated that a draft Judgment on Consequential Matters would be circulated to facilitate this. This occurred on 7 August 2023. A further hearing was diarised – unfortunately, for as late as December 2023, due to unavoidable commitments. At this hearing, there was not so much a “fine-tuning” as a wholesale re-visiting of some of the issues that, for my part, I considered had been dealt with. As a result, some parts of this Judgment on Consequential Matters deal with what might appear to be the same point twice over: that is because I heard similar, but not exactly the same, arguments on similar, but not exactly the same, points.

## **B. FINAL SCOPE OF THE REDACTIONS TO THE REDACTED JUDGMENT**

### **(1) The issue of confidentiality stated**

#### **(a) *The comparables***

10. As is clear from the Judgment, comparable licences formed an important element underlying the reasoning in the Judgment. It would not be overstating matters that the answer to the FRAND Question could not have been obtained without these comparables; and it is difficult to see what defensible<sup>14</sup> answer I could have reached without these materials.
11. The comparables put forward by the parties fell into two classes:
  - i) *The Optis Comparables*. These comparables, as their name implies, were provided by Optis during the course of disclosure in support of Optis’ case at Trial E. With the exception of the Google 2020 (Optis) licence, these licences were all at *ad valorem* rates,<sup>15</sup> which Optis tended to publish and/or speak about openly when negotiating licences with third parties.<sup>16</sup>
  - ii) *The Apple Comparables*. These comparables were provided by Apple during the course of disclosure in support of Apple’s case. These licences were not typically *ad valorem* (although there were sometimes elements of this contained in the licences) but lump sum. Lump sum licences are self-evidently (and as the Judgment found) at rates that are bespoke to the specific SEP Holder and Implementer who are party to that particular licence.<sup>17</sup> The Judgment does not accept that lump sum rates are simply the mechanical product or outcome of volumes sold (or anticipated to be sold) and the ASP. In short, lump sum rates are not the arithmetical outcome of an *ad valorem* or per unit rate multiplied by volume sold. Whilst ASP and volumes sold/anticipated to be sold are unquestionably relevant and important factors going to the negotiation of lump

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<sup>14</sup> By which I mean an outcome founded in reason, and not arbitrary.

<sup>15</sup> There were sometimes lump sum elements mixed in with the *ad valorem* rate

<sup>16</sup> See Section G of the Judgment.

<sup>17</sup> As to this, see Judgment/[303]ff (and in particular [303(i)], [430] to [433], [478]).



sum rates, other factors (and those factors are likely to be different according to the party to the licence<sup>18</sup>) will play a material role.<sup>19</sup>

12. Given the fact that the royalties payable pursuant to the terms of the comparables before me were calculated on different bases, the parties and court were faced with the difficulty of rendering that which was not comparable, comparable. This is referred to in the Judgment as the “unpacking” of licences, whereby the experts on each side sought to “translate” a lump sum rate into an *ad valorem* rate and *vice versa*.
13. Whilst this is in no way a criticism of the experts undertaking this exercise (who did their best), the Judgment finds that “unpacking” was a subjective and highly unreliable process, which failed to render licences using different royalty calculation rates truly comparable.<sup>20</sup>
14. The Judgment answers the FRAND Question by reference to the lump sum comparables – which essentially comprised the Apple Comparables plus the Google 2020 (Optis) licence<sup>21</sup> – and declines to use the remaining Optis Comparables (i.e. all of Optis’ Comparables apart from the Google 2020 (Optis) licence) for reasons stated in the Judgment.<sup>22</sup> The Judgment approaches the question of *ad valorem* assessment and lump sum assessment of royalties in a FRAND licence as alternatives and (for the reasons given) does not use unpacked *ad valorem* licences in the lump sum process (nor would it have used lump sum licences in the *ad valorem* process, had that been the route to answering the FRAND Question).<sup>23</sup>

**(b) *The protection of confidentiality in the comparables***

15. Although the comparable licences were provided on disclosure during Trial E by Optis and Apple respectively, many of the counterparties to the licences that were Apple Comparables had the benefit of contractual provisions protecting the confidentiality of the terms of the licences. It is fair to say that all of the counterparties to Apple in the Apple Comparables that made submissions to the Court, and to a lesser but nevertheless important degree the counterparties to Optis in the Optis Comparables, were concerned to ensure that their contractual (and any other) rights as to confidentiality were respected and that the terms of these licences were not deployed in public. Apple itself was in many cases bound to assert the confidentiality of the licences and, most conscientiously, did so.

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<sup>18</sup> In other words, the reasons why a particular lump sum is agreed will differ according to party. It is perfectly possible for the parties to be *ad idem* as to the lump sum payable, and yet reach that agreement for radically different reasons.

<sup>19</sup> It was for this reason I rejected – in trenchant terms – a suggestion made by Apple (and, ostensibly, not contradicted by Optis) that lump sum rates were simply a mathematical product of definable/identifiable factors. That is emphatically not the case. The factors going to the negotiation of a lump sum rate will be (i) multifarious and (ii) subjective to the parties to the agreement.

<sup>20</sup> Judgment/[288]ff, and in particular [295]ff, [397] to [398], [467]ff, [473] to [475], and in particular [474]. Also fn 618.

<sup>21</sup> Judgment/[480]ff.

<sup>22</sup> Judgment/[465]ff.

<sup>23</sup> As I have stated, the calculation of rates for the purpose of a FRAND licence could – for the reasons given in the Judgment – only be undertaken on a lump sum basis (using “lump sum” comparables) or on an *ad valorem* basis (using “*ad valorem*” comparables). The subjectivities in “unpacking” made it impossible to “mix-and-match” “lump sum” and “*ad valorem*” licences.

16. It might have been possible to override the confidentiality provisions in the Apple Comparables and – in effect – force their publication without the co-operation of the Optis/Apple Counterparties at an early stage in the Trial E proceedings. That is a course none of the Judges involved in this litigation (myself included) countenanced, because it was considered better to procure voluntary compliance of the Optis/Apple Counterparties with the court’s disclosure regime. The price of that voluntary compliance was: (i) the introduction of the comparable licences into a confidentiality regime; (ii) the use of a procedure for referring to the counterparties to the licences by “code names”; and (iii) avoiding oral reference, where possible, to rates during court proceedings, with the parties instead inviting the court to read what was stated on paper, rather than saying the rate out loud. In this way, it was possible to conduct a trial in public, whilst protecting information that had been asserted to be (but not necessarily found to be) confidential. That process proved largely successful, thanks to the skill of counsel and the use of a 15 second delay in the transmission of the livestream of the proceedings, so that any (limited) slips were confined to within the court room itself.
17. It is important to stress that this regime operated without any finding on the part of the Court as to whether the information protected as confidential was in fact confidential. Indeed, it became clear, during the course of the proceedings that the redactions were on any view) excessive, and that confidentiality had been asserted (not least by the Optis/Apple Counterparties) in an overly broad-brush manner.
18. These documents were admitted into the proceedings on this basis, pursuant to various orders of this Court, and nothing was said about the end-product of the process, the judgment itself. The point was never addressed and the assumption appears to have been (at least on the part of the parties and of the Court) that whilst the judgment would obviously respect the interests of the Optis/Apple Counterparties, at the end of the day the terms of the judgment, what was said openly and what would be redacted would be a matter for the Court. That assumption proved false, and a number of days have been spent litigating this (collateral) matter, and enormous out-of-court time and money have been expended.
19. I say this not to minimise the importance of confidentiality, including the interests of Optis/Apple Counterparties, but to indicate that for the future more efficient ways need to be identified to deal with issues of confidentiality.
20. The main (but not the only) driver of assertions of confidentiality was the lump sum rates contained in the comparable licences. The importance of the confidentiality of rates is explained in many witness statements from the Third Parties, that were deployed before me for the purposes of the confidentiality hearing. I will set out the explanation provided by one of those Third Parties, Ericsson, in a statement of a Mr Robert Earle dated 19 July 2023:
  - “13. Ericsson is used to its licences being provided in disclosure or discovery proceedings, both those to which it is a party and those where it is not. Even in cases where Ericsson is not a party, it accepts the need in the interests of justice for such disclosure in jurisdictions whose procedures require it. In some jurisdictions, particularly the US, “EEO” (“external eyes only”) status is generally maintained. In England, where I understand limited disclosure of particularly relevant information to named individuals (say two) within a party to litigation can be required (in particular at a later stage of the proceedings), Ericsson is reassured that it will have the right to voice concerns and

make such observations as are appropriate in the particular circumstances, before such wider disclosure is ordered. Such disclosure in England and Wales I understand is always subject to the obligation in Civil Procedure Rules (CPR) 31.22 that documents may only be used for the purpose of the proceedings and to the recipient giving a confidentiality undertaking to the Court, the terms of which typically include restrictions that prevent the recipient using the information for any purpose other than those proceedings and obligations not to be involved in licensing negotiations, either at all or with the parties to the relevant licence.

14. Publication of details of a transaction to the world at large in a public judgment naturally has the potential to have a much greater impact on Ericsson's business than disclosure on an EEO basis, or to a very limited number of representatives of a litigation party. If, at the time when the question arose as to the potential production of documents containing Ericsson information by one party to these proceedings to outside counsel of the other (on the "Restricted Confidential" basis), Ericsson had recognised that public dissemination of its confidential information beyond the levels of the *Unwired Planet* judgment might take place in due course, it would likely have strongly objected to the production at that stage.

...

34. Amounts paid under a licence are the most sensitive part of the agreement and need to be understood in the context of the licence overall. Publication of this material would also lead to "information asymmetry" in future licence negotiations that Ericsson may conduct. The prospective licensee would know how much Ericsson had received from Apple as consideration for Apple's licence. On the other hand, Ericsson would not know what the prospective licensee had paid other SEP holders.
35. In short, publication of that information could only assist the prospective licensee, and weaken Ericsson's negotiating position, in future negotiations.

...

36. There are a number of ways of structuring consideration, and combinations of such structures; how this is done is often an important aspect of the transaction, Making public the terms on which Ericsson has transferred its patents in a prior transaction potentially alters the balance of negotiations in respect of future transfers to Ericsson's detriment. For instance, a prospective transferee that is aware of the way in which consideration for the patent rights was structured in an earlier transaction to which it was not a party will have increased negotiating power to press for a similar structure."

**(c) *Classification of types of redaction in the Redacted Judgment and other changes proposed to the Judgment***

21. For purposes of analysis, I propose initially to classify passages in the Redacted Judgment under the following general headings. I will then use those headings to analyse the issues of confidentiality (or, sometimes, just correction) that arise out of the Redacted Judgment. I propose to do so in general terms. The table at Annex 1 to this Judgment on Consequential Matters then describes in detail how I have dealt with the issues of confidentiality. Annex 1 itself refers to redactions that are marked on the Judgment. Redactions for confidentiality that have been accepted are marked [REDACTED]. That which has been redacted cannot be seen by those not within the confidentiality ring for obvious reasons. Redactions for confidentiality that have not been accepted (including those areas where clarification was sought) are marked in transparent grey so that it is

clear where confidentiality has been raised as an issue, but the text is still legible. I should make clear that the Optis/Apple Counterparties have yet to consider their position in regard to the redactions that I am determining should be lifted. It will, therefore, not be possible to circulate a further version of the Judgment at the same time as this Judgment on Consequential Matters. This Judgment on Consequential Matters has been drafted so that it raises no issues of confidentiality, and I am enormously grateful to the parties for enabling this. But there may be an appeal against my decision in regard to the redacting of the Judgment and – until that has been sorted out – it would be wrong to cause to be published a version of the Judgment that would render such appeal pointless.

22. My scheme of classification in regard to the types of redaction is as follows:

- i) *Class 1: Immaterial objective errors in the Judgment to be corrected under the “slip” rule.* This is not a question of redaction at all. Rather, a number of Optis/Apple Counterparties identified what they said were objective errors in the Judgment, not picked up during the parties’ review of the judgment circulated in draft by me (probably because the Optis/Apple Counterparties were not shown the entire judgment in draft and were unable to comment on it).
- ii) *Class 2: Subjective changes to the wording of the Judgment, because a Third Party dislikes the manner in which a point has been expressed and/or redactions that do not relate to Third Party confidential documents.* It is best to describe this class by reference to an example. I have referred already to the revenue sharing arrangements in Master Sale Agreements between Optis and other parties. Optis (conservatively) caused large parts of the Judgment dealing with these revenue sharing arrangements to be redacted (in accordance with my direction to err on the side of caution). Panasonic, a Third Party, sought to maintain these redactions. Thus, Panasonic sought to maintain the following redaction in Redacted Judgment/[28]:<sup>24</sup>

“28. I have not seen very much material concerning these Master Sale Agreements, in particular how they were negotiated and how the patents transferred to Optis were selected. In short, I know very little about the “construction” of the OCT Portfolio or the OWT Portfolio. For the present, it is worth noting the following:

- i) There was a selection process for identifying patents that were to be transferred, but (for reasons which I shall come to) that is in substance all I can say on the basis of the evidence before me.
- ii) Some of the terms in the agreements are obviously material to this Judgment. ~~Thus, the Master Sale Agreements contained revenue sharing arrangements whereby royalty payments to Optis were shared with the transferors.”~~

A number of other passages are similarly sought to be redacted. They go further than this paragraph to the extent that Panasonic is (correctly) identified as a party

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<sup>24</sup> I have represented the redaction in strikeout, rather than proper redaction because (for reasons I give below) I am in no doubt that the redaction is too extensive, and cannot be maintained. It is important – and appropriate – that the sense of what Panasonic sought to exclude should be capable of being read.

to the Master Sale Agreements. The somewhat extensive redactions sought by Ericsson (or by Apple on Ericsson's behalf, it is difficult to tell) fall similarly into this class.

- iii) *Class 3: References to lump sum royalties payable in the Apple Comparables and in the Google 2020 (Optis) licence.* These licences can be referred to as the “lump sum licences”. As I have described, references to the lump sums payable under these licences was the area of main concern on the part of the Optis/Apple Counterparties and of Apple. I am confining this class, quite deliberately, to the references to the figures in the licences themselves, as opposed to the other terms in these licences (to which I will come).
- iv) *Class 4: Other provisions in the “lump sum” licences.* The other terms contained in the licences – for instance, as to the date of the agreement, the commencement date of the licence and its duration. Such terms are, for example, set out in Annex 3 to the Judgment.
- v) *Class 5: Workings using lump sum rates.* The Judgment relies upon the lump sum rates in the “lump sum” licences to calculate various other matters. Thus, for instance, Table 9 in the Unredacted Judgment refers to a number of *ad valorem* rates that have been calculated by reference to the unpacked lump sum rates contained in the “lump sum” licences.<sup>25</sup> The concern of the Optis/Apple Counterparties (and Apple) was that it might be possible to “reverse-engineer” the calculations by which *ad valorem* rates had been deduced and so derive the lump sum rates that the Optis/Apple Counterparties (and Apple) were concerned to protect. Similarly, Table 13 uses the lump sum rates to calculate adjusted rates to the Stack by reference to Stack share, and lists those rates in descending order of size.
- vi) *Class 6: Redactions relating to “ad valorem” licences.* The counterpoint to the “lump sum” licences are what I shall refer to as the “*ad valorem*” licences. These licences (mainly the Optis Comparables) contain royalty rates calculated on an *ad valorem* basis. The same is true for “per unit” rates, which were used rather less extensively in the comparables, and usually as an adjunct or supplement to other prices. For reasons that I will give, these licences/terms need to be considered separately from the “lump sum” licences/terms that I have described. Comprised within Class 6 are other terms in these licences, which do not need to be considered separately.

23. I will consider these various classes below.

**(2) Directions regarding adjustments to the Redacted and Unredacted Judgments**

**(a) *Class 1: Immaterial objective errors in the Judgment to be corrected under the “slip” rule***

24. Normally, Third Parties have no right to seek to engage in the drafting of a Judgment that has been handed down and is final. The only reason I am prepared to entertain these

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<sup>25</sup> In Table 9, that is the case so far as all licences listed as Apple Comparables in column (3) are concerned. The same is true of the Google 2020 (Optis) licence.

points at all is because they are somewhat incidental to the question of cutting back redactions from the Redacted Judgment. Ordinarily, the need to control costs and the need for some kind of finality must mean that such points (unless, for example, they involve imputations of dishonesty to a named third party or are similarly serious) cannot be entertained.<sup>26</sup>

25. Accordingly, the general answer to such corrections ought to be a firm “No”. In this case, given the exceptional circumstances that I have described in the previous paragraph, I am prepared to make corrections under the “slip” rule provided:

- i) The correction is of an objective error where all parties concerned (i.e. Apple, Optis and the Third Parties) are agreed that it is an error.
- ii) The correction is entirely immaterial to the Judgment, in terms of sense and outcome.
- iii) The correction can be achieved without any form of re-writing (i.e. by way of deletion or, at most, the insertion of a couple of words).

**(b) *Class 2: Subjective changes to the wording of the Judgment, because a Third Party dislikes the manner in which a point has been expressed and/or redactions that do not relate to Third Party confidential documents***

26. I am in no doubt that changes of this sort should not be made; nor any redactions falling within this class maintained. The reasons are obvious, and I state them briefly:

- i) The passages which are sought to be redacted do not or do not principally contain confidential information provided by a Third Party or by a party to the proceedings producing a document subject to confidentiality protection. In this case, the passages sought to be redacted did not derive from the Master Sale Agreements (which I cannot actually recall having seen) but from the general evidence of the witnesses who were called to give evidence before me.
- ii) The references to revenue sharing are entirely general, and no confidential information is disclosed. The information that an agreement involving revenue sharing existed is so general in nature such that protection on grounds of confidentiality is unwarranted. It is simply impossible to understand the nature of the interest that Panasonic are seeking to protect, still less what harm could possibly manifest itself through the unredaction of these passages.
- iii) On the other hand, these passages – albeit entirely general in terms of their description (and so both unconfidential and harmless) – are important in terms of the narrative in the Judgment, and the conclusions reached as to the true nature of the Portfolio. I do not consider that a person reading the Judgment without these passages would obtain a true understanding of the Judgment.

27. The changes that Ericsson seek to make to the Judgment fall squarely within this category. As the Judgment makes clear, the licensing of the Ericsson Patent Families

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<sup>26</sup> Where a judgment involves such imputations of dishonesty, one would expect the point to be addressed well before a final judgment is handed down. In this case, the “errors” referred to are several orders of magnitude less significant; in terms of classification, they sit just above the “trivial”, and can properly be called “minor”.

occupied the Court for some time.<sup>27</sup> The Court's approach to this question makes a very significant difference to the sums Apple must pay to Optis.

28. Apple have kept their options open as to the Ericsson Patent Families. Apple accepts that, as an Implementer, they must have a licence, but that such a licence could be obtained either from Optis or from Ericsson. In terms of emphasis, Apple's preferred route varied. The route was confirmed at a very late stage, and required some late re-consideration of the Court's approach to the FRAND Question, which is only now finally resolved later on in this Judgment on Consequential Matters. I have not revisited the transcripts, but I would be quite surprised if – despite the care of counsel – the details of Apple's ability to license the Ericsson Patent Families had not been adverted to in open court. But in any event:

- i) I fail to see what is sensitive about the details of Apple's ability to obtain a licence to the Ericsson Patent Families. It has been asserted that this is confidential information, but I fail to see how this bare fact can in and of itself be confidential. Matters might be different if I were referring to the negotiations between the relevant parties – and that might actually have furnished quite valuable data for purposes of the FRAND Question. But, to be clear, I have not referenced such information, not least because it has not been provided to me.
- ii) The information is necessary to understand the Judgment. The fact is that the licence to the Ericsson Patent Families came late: the structure of the Judgment cannot really be followed without that fact being known.

29. I am grateful to the parties for their careful over-redaction, which (as I have said) occurred at my direction. But no party should have sought to maintain confidentiality in these passages, whether generally or in specific regard to Ericsson. These redactions should be removed from the Redacted Judgment.

**(c) *Class 3: References to lump sum royalties payable in the Apple Comparables and in the Google 2020 (Optis) licence***

**(i) *The "old" test for protection of confidential information***

30. The parties were agreed that what I shall (for reasons I will come to) refer to as the "old" test for the protection of confidential information was set out by Birss J in *Unwired Planet International Ltd v. Huawei Technologies Ltd*:<sup>28</sup>

"22. I derive the following principles applicable to a case like this:

23. Unless the public can see and understand a judge's reasons they cannot hold the courts to account. There is therefore a strong principle that all parts of a judgment should normally be publicly available. Nevertheless there are occasions on which judgments may be redacted. Redactions will require powerful reasons, supported by cogent evidence which addresses the details. Generalities will not do. Although redactions will be rare indeed when looking across the legal system in general, certain kinds of proceedings may regularly involve redactions due to the nature of the proceedings and

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<sup>27</sup> See Judgment/[31] and [491] to [494], as well as the substantial consideration in this Judgment on Consequential Matters.

<sup>28</sup> [2017] EWHC 3083 (Pat).

the material involved. In any event however redactions must be kept to the bare minimum.

24. Factors which will be relevant include: (i) the nature of the information itself: for example cases in which some redaction could include technical trade secrets and private information about family life. (ii) The effect of the publication of the information. This will be a critical factor. If publication would be truly against the public interest then no doubt the information should be redacted. If publication would destroy the subject matter of the proceedings – such as a technical trade secret – then redaction may be justified. The effect on competition and competitiveness could be a factor but will need to be examined critically. (iii) The nature of the proceedings: for example privacy injunctions and competition law claims may require some redaction while an intellectual property damages claim may not. The point is not that different kinds of case demand a different approach, it is that the balance of factors will change in different cases (e.g. the need to encourage leniency applications in competition law). (iv) The relationship between the information in issue and the judgment (as well as the proceedings as a whole). Obviously, judges do not deliberately insert irrelevant information into judgments but not every word of a judgment is as important as every other word. It may be that some sensitive information can be redacted without seriously undermining the public's understanding of the reasons. (v) The relationship between the person seeking to restrain publication of the information and the proceedings themselves (including the judgment). For example, a patentee seeking damages for patent infringement on a lost profit basis knows that they will have to disclose their profit margin in the proceedings and that those proceedings are public. A third party whose only relationship with the case is that they are a party to a contract disclosed by one of the parties to the litigation is in a different position.”

(ii) *Application of the “old” test in this case*

31. Turning, then, to the facts of this case:

- i) Class 3 material is contained in contracts with confidentiality provisions protecting that material, which the Third Parties to these proceedings are concerned to continue to protect. The Third Parties have relied upon these contractual provisions in these proceedings, and these proceedings have been conducted in the manner that they have been (as described in paragraphs 14 to 16 above) precisely because of the importance of Third Party confidentiality. I appreciate that Apple, in particular, and Optis, to an extent, are aligned with the Third Party position; and that Apple, in particular, has put forward the Third Party interest in confidentiality because Apple, too, wishes the information to be protected.
- ii) Apple's interest, as a defendant, to the proceedings, is less strong than that of true third parties. I appreciate that Apple had no choice but to be a party to the proceedings (Apple are a defendant, not a claimant), but Apple's interest is materially less strong than that of the Third Parties, on whom my primary focus will be. To put the same point differently, Apple chose to rely on the Apple Comparables in the course of these proceedings: the Third Parties did not.
- iii) The Class 3 material is, I accept, confidential. The information is not known outside the counterparties to the various licences. I also accept that the confidentiality is – to an extent – justified. The price at which a party is prepared to do a deal (be that party a SEP Owner or an Implementer) is likely to be helpful



to others in the market and its disclosure correspondingly disadvantageous to the SEP Owner or Implementer seeking to keep that information confidential. Take, for example, SEP Owner X,<sup>29</sup> which has an SEP Portfolio that they seek to license to Implementers generally, and have licensed to Implementer Y for £1,000,000. That fact will obviously be of commercial interest to the other Implementers seeking a licence to exactly the same portfolio of SEPs. They will have a “benchmark” by which to calibrate their negotiations. This, in essence, is the nature of the Third Parties’ determination to redact the Class 3 material so as to keep it confidential.

- iv) I accept that this is a factor pointing towards redaction of the Class 3 material, but it is not a strong factor, for the following reasons:
- a) The Class 3 material, in this case, is not, in my judgement, especially commercially significant. It is, as Annex 3 shows, very dated in a market that is both dynamic and developing.<sup>30</sup> Column (1) in Annex 3 to the Unredacted Judgment shows the date of agreement of the various Apple Comparables. The earliest such licence – Huawei 2014 – is dated 12 December 2014 and the latest – Panasonic 2020 – is dated 22 December 2020. Most of the licences in question are not current: their term has already expired. This is significant because renegotiations to the licence will likely have already occurred.<sup>31</sup> It seems to me difficult to suggest that the rates in a licence, agreed but expired, are commercially sensitive at all. I accept that as regards current licences, the case for protection is materially stronger.
  - b) None of the Third Parties have explained in any granular detail the adverse consequences of the disclosure of the Class 3 material. Birss J in *Unwired Planet* stressed that “[r]edactions will require powerful reasons, supported by cogent evidence which addresses the details”.<sup>32</sup> Such evidence has not been forthcoming in the present case. I have been left with general propositions of the harm that will, apparently, be sustained if the Class 3 material is not protected, but with little concrete detail. I have been obliged to infer the harmful consequences, rather than having had them spelled out for me. That, to my mind, is a significant omission.
  - c) This is not a case where disclosure of the Class 3 material will involve the disclosure of a trade secret, where publication would destroy the very subject matter of the secret. That would be a powerful factor in favour of redaction. Here, the most that can be said is that the Third Party whose agreed rates are disclosed would be put at a commercial disadvantage. I consider that commercial disadvantage to be minor. The Third Parties

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<sup>29</sup> Since Apple was an Implementer, the counterparties to the Apple Comparables would generally have been acting as SEP Owners, although (in this case) many were Implementers, as well. That explains the number of cross-licences offered by Apple to its counterparties in the Apple Comparables.

<sup>30</sup> Thus, the number of SEPs comprising the Stack increases over time: Judgment/[460]. Equally, the technology involved in Handsets is constantly evolving, including in relation to connectivity (as evidenced by the developing standards in this area: Judgment/[94]).

<sup>31</sup> I received no evidence in relation to this point.

<sup>32</sup> At [23], quoted in paragraph 27 above.

who are counterparties to the Apple Comparables are, none of them, commercial “minnows”. They are – in negotiating terms – well able to look after themselves.

d) Moreover, it must not be forgotten that all of the Apple Comparables (as well as the Optis Comparables) are coloured by the FRAND background described in Part I of the Judgment. All of the SEP Owners<sup>33</sup> will have been subject to the FRAND obligation, and will have been obliged to offer a licence on FRAND terms to any Implementer. That is significant in a number of respects:

i) The entire purpose of the regime laid down in *Unwired Planet* (SC) is to eliminate Hold Up and Hold Out. The regime that Birss J and the Supreme Court have fashioned is remarkable in the extent to which both problems are resolved. The extent to which an SEP Owner will be disadvantaged by Hold Out by an Implementer that will be deploying – in unreasonable circumstances – a rate negotiated by that SEP Owner with a different Implementer will be resolvable by litigation or (more likely) by a settlement once litigation has been threatened. (The same, of course, is true of the Implementer, if the SEP Owner is behaving unreasonably.) I therefore seriously question the commercial importance of these rates, even when the licence is current. The fact is that the market in which rates are being negotiated has, in a quite fundamental way, changed, since the decision in *Unwired Planet* (SC) and that change affects the extent to which rates can be said to be confidential (even if – or perhaps especially if – they were agreed prior to the Supreme Court’s decision).

ii) Given that FRAND rates are supposed to be fair, reasonable and non-discriminatory, there is a self-evident interest in the publication of these rates, so that the market can test their “non-discriminatory” nature. Given the FRAND obligation, parties negotiating licences on FRAND terms ought to be able to question – by reference to other rates agreed with other parties – whether the rates they are being offered are, indeed, “non-discriminatory”, as well as “fair” and “reasonable”. In a market where there is an obligation to license on FRAND terms, it does seem to me that questions of confidentiality are somewhat attenuated by the SEP Owner’s other obligations.

32. It therefore seems to me that there would have to be significantly more cogent evidence from the Third Parties (and Apple) addressing the manner in which SEP Owners and Implementers approach negotiations in a context where there is an obligation on the SEP Owner to grant a licence that is FRAND. It seems to me that a certain degree of frankness about rates is, in this context, called for, given the legal environment

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<sup>33</sup> There may be one or two atypical exceptions, but this was the general position.

described in Part I of the Unredacted Judgment. No party has adduced evidence in relation to this point.

33. Finally:

- i) In the concluding paragraphs of the Judgment,<sup>34</sup> I identified a risk that a common approach between SEP Owners and Implementers ran a risk of infringing competition law. That is a point that I do not consider that I can take any further in this Judgment on Consequential Matters. I received no submissions on the point at all. All of the parties before me contended for redaction. I sought an advocate to the court, to assist on questions of confidentiality and redaction, but none could be provided by the Attorney-General's Department. This question – and other aspects of the importance of open justice – were therefore never addressed before me; and there will not be any appeal from this judgment on the grounds that any final redactions that I make are too great. On the other hand, any excessive redactions ordered by me will not, realistically, be reviewed by a higher court.
- ii) The competition law concern is this. Whilst I accept that disclosure of lump sum rates may be “anti-competitive” in a non-technical sense (namely, that a party is disadvantaged in negotiations), where a group of Implementers and/or SEP Owners collectively arrange – using court processes as necessary – to keep market rates (which is what FRAND rates are or ought to be) secret, in order to leverage their own negotiating position, an infringement of the Chapter I prohibition may arise. A great deal will turn on whether the parties are acting truly independently or whether there is some sort of arrangement or understanding regarding confidentiality (of which the ubiquitous confidentiality provisions in the Apple Comparables might or might not be evidence). Not having heard any submissions on the point, my concern remains, but it is not one that I can carry any further in this Judgment on Consequential Matters, and I say no more.
- iii) The importance of open judgments in FRAND cases is not to be understated. The Judgment contains many references to the judgment of Birss J in *Unwired Planet* (First Instance), and one of Optis's arguments (albeit one that I did not ultimately accept) sought to “read across” from the decision of Birss J.<sup>35</sup> Although, as I have stated in the Judgment, the rule in *Hollington v. Hewthorn* prevents a “read across” of findings of fact from one judgment into another absent some form of *res judicata* or estoppel, the fact remains that the iterative resolution of FRAND questions, across multiple judgments, assists in legal certainty, and that legal certainty is enhanced where as much of these judgments is published openly as it is proper to do.

34. My conclusion, therefore, is that under the “old” law regarding redactions, I would not be minded to make the Class 3 redactions permanent. It was urged upon me that this was inconsistent with the approach of Birss J in *Unwired Planet*<sup>36</sup> and Mellor J in

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<sup>34</sup> Judgment/[507(iii)(c)].

<sup>35</sup> Judgment/[395]ff.

<sup>36</sup> [2017] EWHC 3083 (Pat). I have described the test articulated by Birss J in this case at paragraph 27 above.

*Interdigital Technology Corporation v. Lenovo Group Ltd*,<sup>37</sup> the two previous FRAND rate disputes in this jurisdiction. I do not accept this. I am applying the law as articulated and applied by Birss J in *Unwired Planet*, and as applied by Mellor J, following Birss J, in *Interdigital*. Both Judges concluded that some – but not all – rates should be redacted. Taking the same approach, I have concluded that, in this case and on the law that I have so far considered, the redactions sought cannot be maintained.

35. However, due to a recent development in the law arising out of a decision of the Court of Appeal handed down since the decisions of Birss J and Mellor J in *Unwired Planet* and *Interdigital*, I am obliged to reach a conclusion that results in rather greater redaction than either Birss J or Mellor J ordered, and which goes beyond what I have decided on the basis of the “old” law. It is to that decision, and its effect, that I now turn.

(iii) *The “new” test and its application*

36. The Trade Secrets (Enforcement, etc) Regulations 2018<sup>38</sup> are regulations made pursuant to section 2(2) of the European Communities Act 1972 (the **Regulations**). They implement, as the explanatory note at the end of the Regulations states, Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (the **Directive**).

37. The Regulations define a “trade secret” in the following terms:

““trade secret” means information which –

- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among, or readily accessible to, persons within the circles that normally deal with the kind of information in question,
- (b) has commercial value because it is secret, and
- (c) has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret”

The definition thus has three, cumulative, “limbs”.

38. Many of the provisions in the Directive and the Regulation do not, on their face, concern questions regarding the redaction of court judgments, but rather seek to prevent the unlawful access to trade secrets (as defined) and so protect them. However, Article 9 of the Directive<sup>39</sup> concerns the protection of trade secrets in the course of legal proceedings, and there is an obvious link between the Directive, the Regulation and the redaction of judgments so as to protect “trade secrets” as defined in the Directive and in the Regulation. It was this link which informed the decision of the Court of Appeal in *JC Bamford Excavators Ltd v. Manitou UK Ltd*.<sup>40</sup> As Arnold LJ observed (giving a judgment with which the President of the Family Division and Elisabeth Laing LJ concurred), “the issues raised by this case involve Manitou’s private interest in

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<sup>37</sup> [2023] EWHC 1577 (Pat)

<sup>38</sup> SI 2018 No 597.

<sup>39</sup> Implemented by regulation 10 of the Regulations.

<sup>40</sup> [2023] EWCA Civ 840.

protecting its allegedly confidential information and the public interest in open justice”.<sup>41</sup> That is precisely the question which arises here.

39. It is unnecessary for me to consider further “this curious provision”, as Arnold LJ termed Article 9, for the Court of Appeal did so in its judgment in *Bamford* in a manner that is binding on me. At [57], Arnold LJ stated:

“It is not necessary for the purposes of these appeals to consider in detail the effect of this curious provision, but it appears to be primarily intended to ensure that, if and in so far as English law prior to the implementation of the Trade Secrets Directive was more favourable to the trade secret holder (as defined in regulation 2 and Article 2) than the minimum level of protection required by the Directive, then that greater level of protection shall continue to be available, but only in so far as it is consistent with the safeguards (i.e. for the defendant and third parties) required by the Directive. Regulation 3 does not appear to address the position if the Directive confers a greater protection than English law did previously; but presumably English law must, in accordance with well-established principles of EU law, be interpreted and applied, so far as possible, consistently with the Directive despite the failure of the UK to transpose Articles 3, 4 or 5. This is unaffected by Brexit, because the principle of supremacy of EU law continues to apply “so far as relevant to the interpretation, disapplication, or quashing of any enactment or rule of law passed or made before” 31 December 2020: see section 5(2) of the European Union (Withdrawal) Act 2018 and *R (Open Rights Group) v. Secretary of State for the Home Department*, [2021] EWCA Civ 800...”

40. Arnold LJ then considered the trade secrets exception to open justice:

“76. In *Scott v. Scott*, the House of Lords recognised three limited exceptions to the open justice principle. As Viscount Haldane LC explained at 437-438:<sup>42</sup>

“While the broad principle is that the Courts of this country must, as between parties, administer justice in public, this principle is subject to apparent exceptions, such as those to which I have referred. But the exceptions are themselves the outcome of a yet more fundamental principle that the chief object of Courts of justice must be to secure that justice is done. In the two cases of wards of Court and of lunatics the Court is really sitting primarily to guard the interests of the ward or the lunatic. Its jurisdiction is in this respect parental and administrative, and the disposal of controverted questions is an incident only in the jurisdiction. It may often be necessary, in order to attain its primary object, that the Court should exclude the public. The broad principle which ordinarily governs it therefore yields to the paramount duty, which is the care of the ward or the lunatic. **The other case referred to, that of litigation as to a secret process, where the effect of publicity would be to destroy the subject-matter, illustrates a class which stands on a different footing. There it may well be that justice could not be done at all if it had to be done in public. As the paramount object must always be to do justice, the general rule as to publicity, after all only the means to an end, must accordingly yield.** But the burden lies on those seeking to displace its application in the particular case to make out that the ordinary rule must as of necessity be superseded by this paramount consideration. The question is by no means one which, consistently with the spirit of our jurisprudence, can be dealt with by the judge as resting in his mere discretion as to what is expedient.

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<sup>41</sup> At [34].

<sup>42</sup> Emphasis added.

The latter must treat it as one of principle, and as turning, not on convenience, but on necessity.”

77. While Viscount Haldane referred to a “secret process” in this passage, as did Lord Atkinson (at 450), the Earl of Halsbury (at 443), Earl Loreburn (at 448) and Lord Shaw (at 482) all referred more generally to “trade secrets”. None of their lordships elaborated upon what would constitute a trade secret for this purpose, but it is evident that they contemplated information that was not merely confidential, but also of significant value. As indicated above, subsequent jurisprudence distinguishes between trade secrets and lower grade confidential information in the employment context. In my judgment the same distinction applies in this context.
78. In claims for misuse of trade secrets, it is common for a series of steps to be taken to protect the confidentiality of the claimant’s information. First, the trade secrets are typically set out and particularised in a confidential annex to the particulars of claim which is only disclosed to members of a confidentiality club, some of whom may be required to give confidentiality undertakings. Secondly, disclosure documents, witness statements and experts’ reports are typically disclosed in full to members of the confidentiality club and in redacted form to others. Thirdly, at trial steps will be taken to enable as much of the hearing as possible to take place in open court, by making an interim order under rule 31.22(2) and referring to rather than reading out the confidential information, but where necessary the court will sit in private. Fourthly, the judgment of the court will typically be given first in a confidential version and subsequently in a public version from which the confidential information has been redacted. Newey J’s judgment in *Kerry v. Bakkavor* is an example of this: the public version from which I have cited is redacted so as not to reveal the details of the claimant’s production method. Fifthly, a permanent order under rule 31.22(2) will typically be made after judgment. I shall discuss some of these steps in more detail below. The result is that English civil procedure has long complied with what is now required by Article 9 of the Trade Secrets Directive and Regulation 10 of the Regulations.
79. Although the third exception contemplated by the House of Lords in *Scott v. Scott* concerned claims by *claimants* to protect their trade secrets from misuse, it has long been recognised that the same principle can apply to proceedings in which the party seeking to protect its trade secret is the *defendant*.
80. This can arise in the context of claims for misuse of trade secrets. In such claims, it is not infrequently the case that the defendant contends that its own information is equally confidential. In such circumstances the confidentiality arrangements adopted are typically bilateral. *Vestergaard v. Bestnet* is an example of this, as I explained in my trial judgment [2009] EWHC 657 (Ch) at [5]-[6].
81. It can also arise in the context of claims for patent infringement in which the defendant contends that the allegedly infringing product or process embodies or implements some trade secret. In such a case the claimant may well need disclosure of documents that reveal the trade secret in order to prove its case. But the defendant, which is a volunteer to the proceedings, should not have its trade secret published, and thus destroyed, as a result of exercising its right to defend itself. That would be just as much of an injustice as requiring a claimant in a claim for misuse of trade secrets to submit to having its trade secrets published, and thus destroyed, when seeking to enforce its rights.
82. Thus in *Smith & Nephew plc v. Convatec Technologies Inc*, [2014] EWHC 146 (Pat) Birss J (as he then was) made a final order under rule 31.22(2), after the trial of a claim to determine whether Smith & Nephew’s product infringed Convatec’s patent, in order

to protect the confidentiality of documents disclosed by Smith & Nephew setting out details of their manufacturing process which Birss J accepted could properly be characterised as a trade secret of Smith & Nephew. In that case Smith & Nephew had brought a claim for a declaration of non-infringement, but there was a counterclaim by Convatec for infringement, and there can be no doubt that the result would have been the same if Smith & Nephew had not brought their claim.”

41. What Arnold LJ said about this regime applying equivalently as between claimants and defendants<sup>43</sup> must also be true as regards third parties (like the Third Parties here) whose information is deployed in litigation that otherwise has nothing to do with them, and into which they are involuntarily drawn.
42. The process described by Arnold LJ at [77] of his judgment would be very familiar to anyone who participated in the trial that resulted in the Redacted Judgment. I am concerned, as I have stated, with the question of how far these redactions should permanently be maintained. In this regard, Arnold LJ said this:<sup>44</sup>
  - “103. It is common ground that the judge’s decision involved an evaluation which this Court should not interfere with unless the judge erred in law or in principle. Although Manitou appeal on five grounds, the essence of all five is that the judge erred in principle because he wrongly treated the need for the public to understand his reasoning on the issue of infringement as trumping Manitou’s right to protect their confidential information.
  104. Having regard to the way in which this issue was argued before the judge, I think that his decision is entirely understandable. I have come to the conclusion, however, that the approach which both parties adopted in argument before him was erroneous. My reasons are as follows.
  105. The starting point, as the judge correctly identified, is the open justice principle. As discussed above, and as the judge was plainly acutely conscious, this applies with particular force to the judgment of the court explaining the reasons for its decision.
  106. ...
  107. Nor do I consider that it is significant that Manitou are the defendants in this litigation. As discussed above, the applicability of the trade secrets exception to the open justice principle does not depend on whether the party wanting to protect its trade secrets is the claimant or the defendant. I do accept that parties should not be deterred from litigating in this jurisdiction by the prospect of having their trade secrets revealed by the court, but that is true whether they happen to be claimants or defendants.
  108. The crucial point in my judgment is the correct characterisation of Manitou’s claim. As indicated above, I consider that the information which Manitou seek to protect is properly characterised as technical trade secrets. It is technical information devised by a skilled engineer which on the evidence (i) is not public knowledge, (ii) complies with relevant standards and (iii) has been devised to avoid infringement of EP 382, and for those reasons (iv) is reasonably considered by Manitou to give them a competitive advantage against third parties. Counsel for Manitou acknowledged that he had not presented Manitou’s application to the judge as involving a claim for the protection of trade secrets, but it can be seen from Mr Bevan’s evidence that in substance that was

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<sup>43</sup> *Bamford* at [79], quoted in paragraph 37 above.

<sup>44</sup> Some of the reasoning is specific to the case before Arnold LJ, which I have omitted. But a great deal was said that is, and was clearly intended to be, of general effect. Emphasis is added.

precisely the nature of Manitou's claim even though Mr Bevan did not use the expression "trade secrets" either.

109. Furthermore, although it is not necessary to rest my decision upon this point, I consider that it is an error to dissect the package of information which Manitou seek to protect into its component parts for this purpose. Although, as I have observed, the relative confidentiality of documents revealing criterion X is not high, criterion X does not stand alone. Manitou are in my view entitled to be concerned at the prospect of competitors to whom criterion X has been revealed by the court being encouraged to try to work out the remaining details of configuration C.
110. As Viscount Haldane explained in *Scott v. Scott*, **open justice must only give way to the protection of trade secrets when, and to the extent that, this is necessary. Where it is necessary to protect trade secrets, however, open justice must give way to a still greater principle, which is justice itself. The court is not engaged in an exercise of trying to balance incommensurables. The effect of this can be seen in the trade secrets cases like *Vestergaard v Bestnet* and *Kerry v Bakkavor*: not only must the court sit in private to some extent, but also part of the court's judgment must be redacted (or kept confidential in some other way). This may make it impossible for the public to understand the details of the court's reasoning, but that is the price that must be paid for proper protection of trade secrets. This approach is well established in English law, but it receives support from recitals (24) and (25) and Article 9 of the Trade Secrets Directive, and in particular the requirement in Article 9(2)(c) for the court to have the power to publish non-confidential versions of judicial decisions from which the passages containing trade secrets have been removed or redacted (implemented by regulation 10 (5)(c)).**"
43. The case before the Court of Appeal clearly concerned "trade secrets" in the sense of processes or information where (as Birss J noted in *Unwired Planet*) "publication would destroy the subject matter of the proceedings", which is clearly not the case here.<sup>45</sup> But the Court of Appeal's judgment in *Bamford* ties into the evaluative process that I must undertake the definition of "trade secret" contained in the Directive and in the Regulations, which is far wider than the definition used by Birss J in *Unwired Planet* or (for that matter) that used by Lord Atkin in *Scott v. Scott*. The distinction, drawn by Arnold LJ at [77] of *Bamford* between "trade secrets" and "lower grade information" does not feature in the definition of "trade secret" in the Regulations (or in the Directive), and it is that definition that *Bamford* follows and adopts.<sup>46</sup> As the Third Parties (supported by Apple) submitted, the Class 3 material identified by me clearly falls within the definition of "trade secret" as defined in the Directive and the Regulations. More specifically, and referring to limbs (a), (b) and (c) of the definition of "trade secret" set out at paragraph 34 above:
- i) The material is, in its precise configuration (namely, the lump sum rates) secret in the sense defined in limb (a) of the "trade secret" definition.
  - ii) The Class 3 material has, as the parties explained to me, and as the evidence before me demonstrates, commercial value because it is secret, as defined in

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<sup>45</sup> Or a "secret process" – as described in *Bamford* at [77]. The distinction was articulated by Arnold LJ in the difference noted (again at [77]) between "trade secrets" and "lower grade confidential information".

<sup>46</sup> That is obvious from the references to the Directive in [110] of *Bamford* and the higher standard of protection referred to in [57] of *Bamford*.



limb (b) of the “trade secret” definition. I have accepted that the Class 3 material would (if disclosed) give a negotiating advantage to any counterparty with whom a Third Party (or Apple) was seeking to negotiate a FRAND licence.

iii) The Class 3 material has – quite obviously – been the subject of considerable steps to maintain its secrecy, as required by limb (c) of the “trade secret” definition.

44. Applying the test articulated by Birss J in *Unwired Planet*, a balancing approach is appropriate between “trade secrets” (as defined in the Regulations: but what is there defined as “trade secrets” is really confidential information) and open justice. It is quite clear from what Arnold LJ said in *Bamford* as regards the Regulations that such a balancing exercise is not permissible now. Where a “trade secret” (as defined in the Regulations) is in play, open justice takes second place. I do not consider that such a balancing approach is open to me given the manner in which [110] of the Court of Appeal’s judgment is framed (by specific reference to the Directive and so the Regulation). Furthermore, to define “trade secret” by reference to a definition other than that contained in the Regulations (in other words, to narrow that definition to bring it more into line with what Birss J and the House of Lords in *Scott v. Scott* regarded as a “trade secret”) would be impermissibly to re-write judicially that which the legislature has enacted and the Court of Appeal has stated as the law.

**(d) Class 4: Other redactions in the “lump sum” licences**

45. The “lump sum” licences contain other provisions that have – conservatively – been redacted in the Redacted Judgment and which it is necessary now to consider, having determined the confidentiality of the lump sum rates themselves.

46. The matters which have been redacted and are here under consideration are best identified by reference to Annex 3 in the Unredacted Judgment, although there are similar references throughout the Unredacted Judgment.<sup>47</sup> The material so redacted concerns:

i) The name of the counterparty to the Apple Comparable or (as the case may be) the Google 2020 (Optis) licence.<sup>48</sup>

ii) The date of execution of the licence in question, which will not necessarily be the same as the inception date of any licence. Generally speaking, however, there is a close correlation between date of execution and inception date.<sup>49</sup>

iii) The commencement date of the licence and its duration.<sup>50</sup>

iv) The Share of the Stack held by the SEP Owner that is the counterparty.<sup>51</sup>

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<sup>47</sup> It is, of course, necessary to refer to the Redacted Judgment: in the Unredacted Judgment, Annex 3 is so redacted as to be unreadable.

<sup>48</sup> See the material in column (2) of Annex 3 to the Unredacted Judgment.

<sup>49</sup> See the material in column (1) of Annex 3 to the Unredacted Judgment.

<sup>50</sup> Contained in the description of the licence in column (4) of Annex 3 to the Unredacted Judgment.

<sup>51</sup> This information does not appear in Annex 3 at all, but can be seen in the workings of Table 11, which identifies this material in column (4) item (d) of that Table.

- v) Other terms (notably, jurisdiction, geographic scope of the licence and manner in which royalties were calculated and “key points” of the licence).<sup>52</sup>
47. I do not consider that this material can be regarded as confidential under the “old” law considered and applied in paragraphs 27ff above. The parties and the Third Parties were concerned by the extent to which the lump sum rates (i.e. Class 3 material) could be inferred from this material. It follows that – given my conclusion that the Class 3 material is not protected under the “old” law, the same outcome must pertain in relation to this (Class 4) material. I should say that I have considered this material separately from and independently of the Class 3 material, and reached this conclusion independently (but for the reasons given above).
48. However, I have also concluded that the Class 3 material is to be protected under the “new” law.<sup>53</sup> I must therefore consider:
- i) Whether the Class 4 material now under consideration is to be protected in its own right by virtue of the Court of Appeal’s decision in *Bamford*.
  - ii) Whether the disclosure of the Class 4 material would enable the substance of the Class 3 material to be inferred, thereby circumventing the protection of this material.
49. Considering these points in turn, I turn first to the question of whether the Class 4 material is entitled to protection in its own right. I conclude that it is not. I do not consider that the Class 4 material can of itself fall within the definition of “trade secret” contained in the Regulations. Referring to the same, three, limbs of the definition (limb (a), limb (b) and limb (c)):
- i) I do not consider that this material can sensibly or reasonably be regarded as “secret” within limb (a). I have no evidence as to the extent to which such information was protected or indeed known or nor known in the market. But it is quite clear from the evidence in the case, that there was a great deal of information (some of it, admittedly, speculation) in the market about who had signed what licences with whom. I would require evidence to justify a conclusion that this Class 4 material was secret in the sense used in limb (a).
  - ii) Equally, it is difficult to see what commercial value would attach to the Class 4 material within the meaning of limb (b). Again, I have no evidence going directly to this point, but it is intrinsically difficult to see how commercial value could attach to this information alone.
  - iii) Finally, turning to limb (c), I do not consider that the protection conferred on this material during the trial process was anything other than incidental to the material that I have protected. One of the reasons for extensive protection during the court process and extensive redaction in the Redacted Judgment was to preserve the court’s room for manoeuvre: for instance, it might have been possible to publish the lump sum rates and maintain their confidentiality by omitting the name of the Implementer. In the event, I was persuaded that this

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<sup>52</sup> See the material in column (2) (under the name of the counterparty) and column (4) of Annex 3 to the Unredacted Judgment.

<sup>53</sup> See paragraphs 33ff above.

was impossible, because Stack Share (which, for reasons I will give, I consider can safely be published, and which is not by any stretch confidential information belonging to the Third Parties) could be used to identify the SEP Owner and so (indirectly) the lump sum rate agreed in the licence.

50. Turning, then, to the importance of not undermining the protection that it is appropriate to confer on the Class 3 material, I conclude as follows:

- i) My starting point, for the reasons I have given, is that it is the lump sum rates that are confidential and the mere fact that an Implementer has entered into a licence with an SEP Owner is not confidential provided the lump sum rate is not incidentally exposed.
- ii) On this basis, and referring to the information set out in paragraph 43 above, I therefore conclude that the name of the counterparty (paragraph 43(i)) and the share of the Stack held by that counterparty (paragraph 43(iv)) are not to be redacted because it is not possible to infer rate from this material.
- iii) The same is true of the date-related information (paragraphs 43(ii) and 43(iii)). I can see that publication of the date as to when a licence is up for renewal might provide information to other parties not generally available which could enable such parties to infer when a current licence is up for renewal. However, such information would provide no information as to the rates, and it is difficult to see how this information (in its own right, and viewed on its own) could be commercially valuable. Again, no evidence was specifically directed to this point, and I consider that I would require specific evidence of commercial harm before protecting this information.
- iv) Subject to the redaction of the Class 3 material, there is no reason why the Class 4 material described in paragraph 43(v) cannot openly be disclosed, and I do not consider (for the reasons given) that this material constitutes a “trade secret”.

51. I should add that I have not considered the importance of the Class 4 material to the comprehensibility of the Judgment. A balancing exercise as between the protection of “trade secrets” and open justice does not arise on the *Bamford* test, and so I have not considered the matter. I should, however, say that this material is – as is self-evident from a comparison between the Redacted and the Unredacted Judgments – important in terms of the Judgment’s overall comprehensibility.

**(e) Class 5: Workings using lump sum rates**

52. Various Optis/Apple Counterparties and Apple voiced the concern that workings in the Judgment using lump sum rates might, if published openly, enable the taking “back-bearings” or the conduct of a process of reverse engineering from those published materials so as to enable the agreed lump-sum rates in the “lump sum” licences to be indirectly derived. To the extent that this is the case, I accept that the redactions to Class 3 materials (which I am directing) would be undermined, and that this cannot be permitted. To do so would be to undermine the effectiveness of an order I am minded to make, and that (clearly) is undesirable.

53. In some cases, the need for redactions to continue is obvious. In others, the position is that the redactions can, safely, be lifted. In all cases, however, the test is whether there is a serious concern that the benefit of the redactions I am ordering would be undermined if further redactions are not made. As to this:
- i) An undermining effect clearly arises as regards the content of Table 12 (where the redactions to the figures in the second column will have to continue) and the content of Table 13 (where the redactions to the individual figures contained in columns (2) to (6) will have to continue). To be clear, however:
    - a) The totals and overall averages at the end of Table 13 can safely be disclosed.
    - b) The order in which the licences are set out – which is in order of rate – can also safely be disclosed. I consider that fears that specific rates could be inferred from this descending running order to be entirely fanciful.
  - ii) More controversial was the risk that “unpacked” lump sum rates might be reverse engineered so as to identify an accurate lump sum rate (which, of course, will continue to be redacted as Class 3 material). Instances of these “unpacked” rates can be seen in Table 9 in the Judgment, where Mr Bezant’s unpacking of the lump sum rates can be seen in column (4) in the rows relating to the Apple Comparables and the Google 2020 (Optis) licence. I do not consider that there is any real risk of these “unpacked” rates being used to derive the lump sum figures contained in the Apple Comparables or the Google 2020 (Optis) licence. As to this:
    - a) As the Judgment describes, “unpacking” is a subjective and unreliable process.<sup>54</sup> Thus:
      - i) There is no means of differentiating between a forward-looking licence and a backward-looking release. The licences generally contain both a licence and a release, but only a single lump sum figure that does not enable differentiation between the value the parties attribute to the licence and the value the parties attribute to the release. Indeed, it is likely to be the case that the parties to the licence will attach different values to these rights and have only concurred in relation to the overall lump sum (and not its breakdown).
      - ii) Many of the Apple Comparables contain cross-licences (to Apple’s own SEPs). The value of these rights and their effect on the single lump sum rate in the licences cannot actually be ascertained (even by me, after a trial of some weeks). Again, the value of a cross-licence to Apple’s SEP is material factor in deriving an actual lump sum rate that can be valued in many different and unpredictable ways. It is sufficient for me to say that the value attributed in the Judgment to these cross-licences (i) bears no particular relation to the work done by the experts

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<sup>54</sup> Judgment/[301]ff.

and (ii) says absolutely nothing (because there was no evidence on this at all) as to how the parties to the comparable in question valued these rights.

- b) In the course of argument during July 2023, the court and the parties proceeded on the assumption that the sales volumes (both forward and backward looking) and ASPs used to unpack deployed by Mr Bezant were (and would remain) confidential. Of course, data of this sort would be available in the market: but there would be no assurance that that data would be accurate; and no-one would know what data Mr Bezant actually used or exactly how he used it.
- c) Unfortunately, although the Judgment does not disclose any of these workings, I was informed by Apple during the December 2023 hearing (when this point was re-visited) that Mr Bezant's data had, in fact, been published, and was openly available. Thus, it was submitted, helpful data for a reverse engineering process would be available.
- d) It seemed to me – given the other points made above – that even so any attempt to take “back-bearings” would result in an outcome so unreliable as to be entirely useless. I asked, in response, for a demonstration that this was indeed a real risk. On 5 February 2024, the parties helpfully provided me with a worked example demonstrating how a lump sum redacted in the Judgment might be “re-packed” and calculated from the Judgment with the aid of non-confidential information (which I shall not specify further). I am very grateful to the parties for their effort, which has assisted me considerably in reaching my conclusion on this point. I am not going to continue the redactions in the Redacted Judgment in this regard for these reasons:
  - i) As the parties' workings show, the process of re-packing is a complex one, which requires careful selection of data drawn from sources which – whilst available – are not necessarily in the public domain (because they have to be paid for).
  - ii) There is, therefore, an immediate *ex ante* problem in identifying and pulling together the “relevant” data, and a high level of risk that even in the case of a non-complex licence the correct relevant data will not be identified. The position is even harder where the comparable in question is complex (e.g. because of a cross-licence).
  - iii) What is more, the process of re-packing is not straightforward. The calculations involve at least four steps carried out by someone (i) mathematically capable, who (ii) has a deep knowledge of the Judgment and (iii) knows the location of and can obtain the material that is not mentioned in the Judgment, but which is necessary to “re-pack” it.

The risk of being wrong – and not checkably so – is very high. I regard the risk of a reliable extrapolation or deduction of accurate lump sums

as fanciful, even with the publication of Mr Bezant's data in the manner that I have described. What I mean by this is that whilst no doubt technically achievable, the process is simply a theoretical one, and not (in my judgement) a true practical confidentiality concern. I do not regard this information as "confidential" in the legal sense of the word.

- iii) On occasion, the Optis/Apple Counterparties suggested that there was harm in unpacked rates being used to derive inaccurate lump sums in order to deploy these in negotiations. I am afraid that this submission is an impossible one to accept. I do not accept that an inaccurate re-engineering of unpacked rates can be regarded as confidential information.

**(f) Class 6: Redactions relating to "ad valorem" licences**

54. To the extent that Annex 3 contains references to "lump sums" in the Optis Comparables,<sup>55</sup> I consider (consistent with Class 3 material) that this material should be redacted.

55. As regards other aspects of the licences:

- i) I do not consider that there should be any redactions to the "*ad valorem*" rates contained in these various Optis Comparables. That is because this information was not confidential. As is described in the Judgment,<sup>56</sup> Optis had various rates (e.g. the Birss One-Third Rate) which it tended to publish as "headline" rates when seeking to negotiate its licences. I do not consider that these rates were intended to be confidential, nor do I consider that there was or is any confidentiality in them since: (i) they were generic, and not specific to any individual Implementer; and (ii) the rates, being generic, did not differentiate between Implementers, so the disclosure of the rates in the licences could provide no commercial advantage to third parties.
- ii) Nor do I consider that there should be any redactions to "per unit" rates. These rates are only significant when volumes of products sold are considered; and these volumes are not published in the Judgment.
- iii) There were various other corrections made to Annex 3, which fell within Class 2. Annex 3, to be clear, is a schedule that I compiled from the comparables themselves: it was not based on any draft provided by the parties. I exercised my own judgment in the descriptions of the comparables, and I do not consider that it is appropriate – now that the Judgment has been handed down – to reconsider Annex 3. Matters might be different if there was some material resonance the "errors" apparently identified in Annex 3 and the conclusions in the body of the Judgment. But there are not, and I prefer to leave Annex 3 untouched by what are no doubt intended to be improvements emanating from the parties and from the Optis/Apple Counterparties.

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<sup>55</sup> There were very few, and they were, essentially immaterial to the Judgment. They were not used in the calculations of a FRAND rate (save in the case of the Google 2020 (Optis) licence).

<sup>56</sup> Judgment/[142]ff.

**(3) Liberty to apply**

56. I consider it appropriate to give persons not presently before the Court liberty to apply to have the redactions in the Judgment lifted. Normally, redactions would be final, but in this case, I have only heard submissions from those advocating for confidentiality, including those (Apple) contractually obliged to make such contentions. As the Judgment makes clear, I have concerns that concerted endeavours by significant market participants in regard to keeping rates secret (which is certainly one characterisation of what has been going on before me, although not necessarily the right one) constitutes a potential infringement of the Chapter I prohibition, given the fact that rates in the market are generally supposed to be FRAND. Non-discriminatory, as it seems to me, implies a degree of transparency.
57. I heard no argument on this point: no-one before me was willing to argue it, and that is understandable given the parties. I express no view upon it, save to repeat the concern I expressed at the end of the Judgment. But it does seem to me that, in these circumstances, a general liberty to apply should be afforded. I am very grateful to Mr Nicholson, KC, whose suggestion this in part was, and I adopt it.

**C. A LICENCE FROM OPTIS TO APPLE IN RELATION TO THE ERICSSON PATENT FAMILIES**

58. The Judgment proceeds on the basis that if Apple has rights to the Ericsson Patent Families directly from Ericsson, then they do not need a licence from Optis; but that if Apple does not have rights to the Ericsson Patent Families directly from Ericsson, they must obtain a licence from Optis as regards those patents.<sup>57</sup> The Judgment thus saw this as a binary question: if Apple needed a licence from Optis as regards the Ericsson Patent Families, then Optis' Stack share was 0.61%; if Apple did not need a licence from Optis as regards the Ericsson Patent Families, then Optis' Stack share fell (so far as Apple were concerned) to 0.38%.<sup>58</sup> The FRAND royalty rates would be computed accordingly. In the event, a Stack share of 0.38% was used.<sup>59</sup>
59. It now appears – post-hand-down of the Judgment – that the position is not binary at all. The position is explained in paragraphs 64 and 65 of Apple's position paper for the consequential hearing, not reproduced here for reasons of alleged confidentiality.
60. At the consequential hearing it was clear that the term of Apple's Draft Licence referred to at paragraph 65 of Apple's position paper for the consequential hearing was indeed controversial, with Optis expressing the view that it was not right for Apple to extract without payment a licence on terms which the court had not determined to be FRAND. Optis also expressed a concern that the gaps between the limits to the arrangement with Ericsson and the licence including the Ericsson Patent Families that Optis could grant to Apple had not fully been articulated by Apple – and could not be explored further either by Optis or by the court, because these arrangements were confidential.

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<sup>57</sup> Judgment/[491]; and see paragraph 8(ii) above.

<sup>58</sup> Judgment/[494].

<sup>59</sup> Judgment/[494].

61. My initial view was that it ought to be possible for Apple and Optis to reach an agreement whereby an enhanced rate could be agreed between Apple and Optis in return for a licence to cover these issues. That would involve a rate calculated by reference to a Stack share going beyond the 0.38% Stack share used in the Judgment, but not as far as the 0.61% Stack share that disregards the Apple/Ericsson arrangements altogether. Whilst I am in no doubt that such an agreement could lawfully be reached as between Optis and Apple, as the outcome of a voluntary negotiation, I am equally in no doubt that it would be wrong in principle for this court to impose such a rate. It seems to me that unless Optis and Apple can reach a voluntary settlement on the point, the position is that Apple must choose between (i) a FRAND licence from Optis that includes the Ericsson Patent Families or (ii) a FRAND licence from Optis that excludes the Ericsson Patent Families.
62. In short, the choice (absent voluntary agreement) is precisely the binary one set out in the Judgment, and for good reason:
- i) The rates that Apple must pay – whether an annual rate of US\$8.235 million/year or an annual rate of US\$5.13 million/year – have been calculated on the basis that what Apple is buying is access to the Standard (by way of a licence to SEPs) not a licence to a number of discrete SEPs.<sup>60</sup>
  - ii) The Judgment values the Standard by attributing a value to all of the SEPs that form a part of the patent Stack – whether these SEPs are valid or invalid, essential or inessential, infringed or not infringed. The overall (100%) value is then pro-rated downwards by reference to any given SEP Owner’s share of the Stack, which is where the figure of 0.61% comes from.
  - iii) It follows that it is not possible to compute an “adjusted” rate on the basis that an Implementer wants a limited licence to some SEPs, and a full licence to others. That is to mistake, quite fundamentally, the manner in which the Judgment has calculated the FRAND rate in this case. It follows that Apple’s attempt to include the Ericsson Patent Families without payment for access to 0.61% of the Stack amounts to impermissible special pleading. Put another way, there is no way in which the Judgment can on a reasoned (as opposed to arbitrary) basis apportion a proper (FRAND) value to the limited rights in regard to the Ericsson Patent Families that Apple now want.
63. Accordingly, Apple must elect – and elect now – as between the binary options described above. Once that election has been made, the consequences that flow from it are (essentially) arithmetical.

**D. INTEREST PAYABLE BY APPLE ON THE RELEASE FOR PAST INFRINGEMENT**

64. One of the recurrent themes of Optis’ submissions during the course of Trial E was that the Supreme Court had, in *Unwired Planet* (SC), solved the problem of Hold Up,<sup>61</sup> but

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<sup>60</sup> See, in particular, Judgment/[224]ff, but the theme is a common one throughout the Judgment.

<sup>61</sup> The nature of the problem is described in Judgment/[9(i)].



failed to solve (indeed, had exacerbated) the problem of Hold Out.<sup>62</sup> The Judgment is a substantial rejection of that argument:

- i) The Judgment recognises that the removal of the threat of an injunction against (in this case) the sale of an Implementer's (SEP infringing) Handsets removes a potent threat as against the Implementer and introduces a degree of asymmetry into the relationship between the SEP Owner and the Implementer. The SEP Owner will be keen to conclude a FRAND licence (and receive royalty payments), whereas the Implementer will (absent some other inducement) have every incentive to Hold Out.
- ii) The evidence before me was that "lump sum" licences tended to be both "forward" and "backward" looking (i.e. they contained a licence going forward and a release against past infringements), but that a discount was applied in relation to the past release. This is, of course, a very difficult fact to establish where a licence contains only a single, lump sum, settlement, but the limited evidence that I received bore this out.<sup>63</sup> However, there is considerable danger in undervaluing past releases (it clearly encourages Hold Out), as the Judgment finds:<sup>64</sup>

"Clearly, some form of adjustment needs to be made to reflect the fact that these licences involved a backward element also. It is not possible – for reasons I have given – to undertake any kind of reliable comparable-by-comparable unpacking of this issue. The comparables do not themselves differentiate between past release and forward licensing. As a matter of principle, and ignoring the time value of money, one would expect that a past release ought to be priced at the same rate as a future licence, and that a 50% - 50% split would be appropriate. The evidence set out in Figure/Table 10 above suggests a 78% - 22% split, using the averages for the Apple Comparables. This split is very far from the 50% - 50% split that suggests itself. Having considered all the evidence, and in particular the point that past releases should not be undervalued, I am not prepared to move from a 50% - 50% split between past release and forward licensing – which is clearly defensible – to an unprincipled and evidentially very dubious 78% - 22% split. A 50% - 50% split is called for and (as I will come to) this best disincentivised Hold Out. Most licences here in issue involved releases, and these releases are best regarded as co-extensive with, and as valuable as, the forward-looking licence."

- iii) The Judgment thus contains three related pressures on the Implementer not to Hold Out:
  - a) Past releases and forward licences are valued equivalently (but, in the case of past releases, from the point in time that the SEP Owner makes themselves known to the Implementer).
  - b) Payment of the royalty for the forward licence is "front-loaded", such that the entire forward period becomes payable in advance, with no discount for accelerated receipt.

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<sup>62</sup> The nature of the problem is described in Judgment/[9(ii)].

<sup>63</sup> See Table 9, and the unpacked rates for the Apple Comparables in column (4); also, Table 10 and the unpacked rates (again in column (4)).

<sup>64</sup> Judgment/[485].

c) Payment of the royalty for the past release carries interest.

It is with this last point that we are concerned, but it is important to appreciate the place that interest has in what is a very fact-specific Judgment. (It must be acknowledged that the schema set out in the Judgment was determined by the contentions of the parties and the factual material that they each adduced: that is a point that I will be returning to when I come to the question of permission to appeal.)

- iv) Turning, then, to the question of interest, Apple made two points. First, Apple contended that Optis' conduct in the course of the negotiations between Optis and Apple was such that (whatever the general rule as regards interest) Optis ought to be deprived of interest in this case. Secondly, both Optis and Apple contended that I had got the rate wrong (in that 5% was too high, *pace* Apple; or too low, *pace* Optis). I consider these two points in turn below.
- v) Whilst I cannot exclude the possibility that an SEP Owner may behave so badly during the course of negotiations so as to disentitle them from any award of interest in relation to payments for releases, I consider that such an outcome ought to be rare, and that it does not arise in this case. It ought to be rare because of the asymmetry between the SEP Owner and the Implementer.<sup>65</sup> As I have noted, the SEP Owner has every interest in concluding a FRAND licence: the Implementer, without more, does not. Accordingly, given the approach taken in the Judgment, and the manner in which the Judgment seeks to disincentivise Hold Out, refusing any interest would require conduct from Optis verging on the outrageous. In this case, the Judgment finds that there was fault on both sides in the negotiating process, and there is nothing in the Judgment to justify depriving Optis of the interest that (*pace* the Judgment) ought to accrue to Optis' benefit on payments in respect of past releases. I therefore reject Apple's first point.
- vi) In terms of the rate itself, what was intended in the Judgment was a rate that can often be found in standard form contracts where the payer is obliged to pay a rate that is higher than commercial borrowing rates in order to incentivise payment. I appreciate that such rates are uncommon in licences to SEPs, and (as is clear) am explicitly including such rates in order to achieve a FRAND outcome.
- vii) I do not consider that Mr Trenton's use of the US Prime Rate to be at all appropriate.<sup>66</sup> Equally, I do not consider the cost of an SEP Owner's borrowing to be a relevant measure for the setting of this rate of interest. This cost will vary according as to SEP Owner and again is not calibrated to incentivising faster negotiation of a FRAND licence. Conscious that this is very much a question of pitching a rate that is sufficiently differentiated from the market rate (here: the

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<sup>65</sup> See paragraph 59(i) above.

<sup>66</sup> Mr Trenton was one of Apple's solicitors. In his 38<sup>th</sup> witness statement (**Trenton 38**) he suggested that "the rate used should be tied to a commercial rate that is generally available in the market at the time": Trenton 38/[13]. I do not accept this. The point is not to set a commercial rate, but to incentivise faster negotiations.

US Prime Rate), I consider that my provisional view of 5% was a little over-conservative, and that 6% is the better rate.<sup>67</sup>

## E. THE COSTS OF TRIAL E

65. The costs of Trial E will, on any view, be substantial. Apple took a conventional view on the questions of costs, which was to ask “Who was the winner?”. That is in ordinary civil litigation the first question that any court asks, and it is what underlies the rule that costs follow the event.<sup>68</sup>

66. The problem with this approach is that both sides lost, it is simply that (taking the most extreme articulations of each party’s case) Optis arguably lost by more.<sup>69</sup> As Apple put it in their position paper:<sup>70</sup>

“Thus, while it is true that Apple will be writing a cheque for a sum that is c. 60% higher than it offered in the parties’ negotiations, Optis will (or rather would, if it were willing to sign the court-determined licence) be accepting a cheque for less than 1% of the amount that it demanded from Apple on the eve of issuing proceedings.”

67. Moreover, according to the procedure that I initiated on being docketed to the case,<sup>71</sup> the case was not about level of recovery (albeit that that would be the ultimate answer to the FRAND Question) but about the methodology or methodologies that should be used in order properly to derive an answer to the FRAND Question.<sup>72</sup> On this basis, both parties were largely unsuccessful, and the fact that the court’s methodology resulted in an outcome more to Apple’s liking than Optis’ does not render this a case where the costs follow the event rule should blindly be followed.

68. The matter can be tested in another way. I was very conscious, when applying the methodology set out in Part V of the Judgment, that the outcome was above the highest Apple had been prepared to offer for a licence and below the lowest Optis had been prepared to accept.

69. Optis contended that this was a case much more in the mould of *AEI Rediffusion Music Ltd v. Phonographic Performance Ltd*.<sup>73</sup> This case concerned an application to the Copyright Tribunal to settle the terms of a licence to broadcast sound recordings. The Copyright Tribunal did so, and then had to determine the question of costs. After some

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<sup>67</sup> Trenton 38/[13] sets out the various rates over time. I am influenced by the 2019 rates (both above 5%) in moving up to 6%. I have considered a rate floating above the US Prime Rate, but that is both overly complex and ties my rate unduly to the commercial borrowing rates.

<sup>68</sup> See CPR Part 44.2(2)(a), which states that where the court decides to make an order about costs, “the general rule is that the unsuccessful party will be ordered to pay the costs of the successful party”.

<sup>69</sup> In itself, that is a difficult question, because it turns on the parties’ private expectations as to the success that their articulated points might have. On this, the court will have and can have no view at all.

<sup>70</sup> At [132].

<sup>71</sup> See Judgment/[43]ff.

<sup>72</sup> This is clear from the process described in Judgment/[43]ff, and the consideration of the parties various different approaches, which are considered independently of outcome, taking place at Judgment/[394]ff (in the case of Optis’ contentions) and Judgment/[402]ff (in the case of Apple’s contentions). The position adopted by the Judgment is that no parties’ methodology was accepted, the court was compelled to take its own course (on the evidence adduced by the parties) and answered the FRAND Question by reference to the methodology adopted by the court, which bore scant resemblance to anything which the parties had adduced.

<sup>73</sup> [1999] 1 WLR 1507.

hesitation,<sup>74</sup> the Copyright Tribunal decided the matter in a binary “Who was the winner?” way. On a second appeal, Mummery LJ said this:<sup>75</sup>

“4. The chairman of the Tribunal took the wrong approach. He proceeded on the basis of a self-imposed fetter on the discretion. He was influenced by the perceived need to find a winner and a loser in a case where the final determination of the tribunal was somewhere between the respective positions adopted by the parties. It is true that there will be some applications to the tribunal where it is possible to say that the licensing body is the winner. The tribunal may hold that the terms of payment and other conditions initially proposed by it were reasonable and that the terms of payment and conditions proposed by the user were unreasonable. Equally, there will be some applications where it is possible to say that the user is the winner of the application, because the terms initially proposed by the licensing body were unreasonable and the terms proposed by the user were reasonable. **But where, as in this case, the tribunal determines that both the licensing body and the user proposed terms ultimately held to be unreasonable, it is not correct to proceed on the basis that the outcome must produce a winner and a loser.** That is what the chairman did in this case. In the mistaken belief that “as a matter of policy”, he had to find an event for the costs to follow and identify a winner and a loser, he wrongly characterised PPL as the loser because its terms had been held to be unreasonable. He did not regard AEI as the loser, even though its terms were also held to be unreasonable. He did not think that that altered “the overall position that [AEI’s] actions in refusing the licence offered and asking the tribunal to substitute a different licence were justified”: [1998] EMLR 459, 461.

...

6. The true position on the section 135D application is this. On the one hand, there was material before the tribunal on which an order for costs could be made against PPL because it had proposed unreasonably high terms of payment. On the other hand, there was also material, which the tribunal wrongly excluded from consideration as it regarded AEI as the winner, on which an order for costs could be made against AEI, because it had adopted an unreasonable position in its proposals for payment to PPL. It is incorrect to regard PPL as the loser simply because the terms proposed by it were unreasonable. Looking at *all* the relevant matters in the round there was a dispute between PPL and AEI on the amount to be paid under the statutory licence. AEI was entitled to broadcast the sound recordings under the statutory licence, provided that it followed the statutory procedure. It had to apply to the tribunal to settle the terms of payment. But on the matter of payment both parties took up positions which the tribunal ultimately determined to be unreasonable: PPL was asking for too much, AEI was prepared to pay too little. The outcome of the section 135D application, as determined on the basis of what was “reasonable in the circumstances”, was somewhere between those competing proposals. No order as to costs is the appropriate order in the case of the section 135D application...”

70. In my judgment, this approach articulates extremely well the position I find myself in, and I consider that the appropriate order as to costs in relation to the costs of Trial is no order as to costs. My reasoning is that of Mummery LJ, but it is appropriate that I say a little more:

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<sup>74</sup> At [4].

<sup>75</sup> Emphasis added.

- i) In one sense, the position here is *a fortiori* that considered by Mummery LJ. Whereas in *AEI Rediffusion*, both parties were suggesting terms for a licence (and both parties suggested unreasonable terms), in Trial E both parties were putting forward methodologies for answering the FRAND Question. It is only now – having answered the FRAND Question – that it is possible to consider the terms of the FRAND licence at all.
- ii) As I have described,<sup>76</sup> this is a case where both Optis and Apple put forward various methodologies intended to enable the court to resolve the FRAND Question. It cannot be said that any of these methodologies were on their face so unreasonable as to enable the court to reject them out of hand. They were rejected in due course, but only after a lengthy fact-finding exercise (the Judgment up to and including paragraph 392) which itself was rendered after a long trial. Thereafter, it was possible to consider and reject each of the methodologies put forward by both Optis<sup>77</sup> and Apple.<sup>78</sup>
- iii) I am loathe to describe any methodology put forward as “unreasonable”, and I do not consider that I need to do so in order to resolve the question of costs. The fact is that the rejection of the various methodologies came after a careful consideration of the facts. The point is – as in the case of *AEI Rediffusion* – that there was in this regard no winner and no loser. The court – just as the Copyright Tribunal – took a different course, hewing its own methodology out of the evidence presented by the parties, and finding an answer to the FRAND Question that both in terms of methodology and in terms of outcome lay between the positions of both parties.

71. In my judgment, this is clearly a case where the appropriate order is to make no order as to costs. There is one further consideration that weighs upon me: I have described the concern that exists in relation to Hold Out on the part of Implementers. If the costs regime consequent upon the resolution of a FRAND Question is that a SEP Owner might, too easily, be liable in costs, then an incentive to fight on the part of the Implementer may be built into the process. That would be undesirable.

**F. THE SCOPE OF THE FRAND LICENCE: WHETHER CERTAIN PATENTS IN THE OPTIS PORTFOLIO CAN BE EXCLUDED FROM SCOPE**

**(1) The EDTX Proceedings**

72. Although I was aware of the existence of parallel – or, to be more accurate, partially duplicative – proceedings in the United States, namely the EDTX Proceedings, neither party addressed me as to the implications of this partial duplication during the course of Trial E. As will become apparent, this is a matter that ought to have been drawn to the court’s attention, and the relationship clarified, well before Trial E; and not after it. Be that as it may, the problem which has now arisen is that Optis wishes to take inconsistent positions in the two sets of proceedings. That question must now be resolved.

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<sup>76</sup> See fn 75.

<sup>77</sup> Judgment/[394]ff.

<sup>78</sup> Judgment/[402]ff.

73. The position in the EDTX Proceedings, as those proceedings relate to these, is as follows:

i) These proceedings and the EDTX Proceedings were commenced by Optis at about the same time, in February 2019. There was thus no relevant judicial holding or finding in either jurisdiction as at this date. Both proceedings, however, involved assertions by Optis of infringement of patents within the Optis Portfolio. The specific patents asserted in these proceedings are described in the technical trials, Trials A, B, C and D. The patents asserted in the EDTX proceedings were seven US patents.<sup>79</sup>

ii) There was from the outset overlap between these proceedings and the EDTX Proceedings, which was both explicit and recognised on the part of Optis:

a) Optis' Particulars of Claim in these proceedings offered to Apple and sought to have declared as FRAND a worldwide licence to the entirety of the Optis Portfolio (i.e. including the US patents asserted in the EDTX Proceedings). That was Optis' consistent position throughout these proceedings. The Optis Position Statement in Trial E pleads:<sup>80</sup>

“Optis contends that the scope of a FRAND licence in this case is (i) for the [Optis Portfolio] as a whole and not just the Asserted Patents, (ii) worldwide, and (iii) enables Apple to inter alia manufacture and sell devices which operate using 2G, 3G and/or 4G (whether or not those devices are also capable of operating on 5G)...”

That, I find, was Optis' consistent, formal, stated position in these proceedings, which did not change until the conclusion of Trial E.

b) In the EDTX Proceedings, Optis stated in its Complaint:<sup>81</sup>

“...the Plaintiffs are seeking relief in the United Kingdom (“UK”) (more precisely, in the High Court of England and Wales, which has already determined FRAND terms including royalty rates for part of the Plaintiff's patents with respect to another company) in respect of Apple's infringement of certain UK patents. As part of those proceedings, the Plaintiffs have requested the UK Court to make a determination as to the FRAND license terms in respect of the Plaintiffs' worldwide portfolio (the “UK FRAND Proceedings”). Accordingly, the UK FRAND Proceedings will determine FRAND terms for Plaintiffs' worldwide portfolios.”

The next paragraph in the Complaint states:<sup>82</sup>

“To the extent necessary beyond the UK FRAND Proceedings, the Plaintiffs request a declaratory judgment in this Court that negotiations toward a FRAND license with Apple were conducted in good faith, comply with the ETSI IPR Policy, and were consistent with competition law requirements. This request by the Plaintiffs is not duplicative or inconsistent with the UK FRAND

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<sup>79</sup> US 8,005,154; US 8,019,332; US 8,385,284; US 8,411,557; US 9,001,774; US 8,102,833 and US 8,989,290.

<sup>80</sup> At [5]. This plea came relatively late in the process, but was entirely consistent with Optis' position throughout the litigation that took place in this jurisdiction.

<sup>81</sup> At [140].

<sup>82</sup> At [141].

Proceedings, and, to the extent necessary to avoid any duplication or inconsistency, should be subordinate to the UK FRAND Proceedings.”

- iii) It goes too far to say that Optis informed the United States District Court that the EDTX Proceedings were subordinate to these proceedings, and that any remedy granted by the courts of the United States would be subject to or subordinate to these proceedings. Had Optis been so explicit, it is unlikely that Optis would have obtained the remedies that it did in the EDTX Proceedings.
- iv) As to the development of the EDTX Proceedings:
  - a) It is unnecessary to set out in every detail all the steps taken by the parties – both by Optis and Apple – in the EDTX Proceedings, and I do not do so. I focus – for reasons that are obvious – on the remedies that Optis obtained in the EDTX Proceedings. I say very little about Apple’s conduct because there is little of relevance to say. All that I should say is that whilst Apple defended the EDTX Proceedings, Apple took only limited steps to have the EDTX Proceedings stayed in favour of these proceedings;<sup>83</sup> nor did Apple contend that – because of these proceedings – the court in the EDTX Proceedings somehow lacked, or should not exercise, its jurisdiction.
  - b) A helpful summary of the history and present state of play of the EDTX Proceedings appears in Optis’ Position Statement for this hearing. Although I have little doubt that there are aspects of this history that Apple would contest, I take it as a useful statement of the position and of Optis’ arguments as regards the relationship between the EDTX Proceedings and these proceedings:<sup>84</sup>
    - “(1) Proceedings by Optis were brought for damages for wilful infringement of 7 US patents and also a declaration that Optis negotiated with Apple towards a global licence to their essential patents in good faith and otherwise complied with FRAND. The jury trial on infringement was limited to 5 US patents...Apple challenged jurisdiction over the declaration but not anything else. The US court declined jurisdiction over the declaration so far as it relates to worldwide licensing but refused the challenge over the declaration so far as it relates to US licensing. Apple never sought a stay of the rest of the claim which continued. Apple therefore submitted to the jurisdiction of the US court to determine patent infringement and damages. It actively participated in the proceedings.
    - (2) Apple also in substance accepted that the US court would rule on this first. The Jury trial started on 3 August 2020. Apple never suggested to the US court that its damages judgment would somehow be futile or irrelevant.

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<sup>83</sup> Thus, Apple challenged jurisdiction over the granting of a declaration in the EDTX Proceedings. In saying Apple only took “limited steps”, I make no finding as to whether there were further steps that Apple could have taken.

<sup>84</sup> At [116]. I omit references to the evidence.

- (3) The US Court by a judgment of 25 February 2021 awarded US\$506m for wilful patent infringement for the period 25 February 2019 to 3 August 2020, not covering future sales. The damages award was then set aside and a partial re-trial ordered, after Apple argued that the jury was insufficiently directed that their award must be FRAND. In the judgment following the re-trial dated 8 September 2021, the US court ordered US\$300m for wilful patent infringement for the period from 25 February 2019 onwards including future infringement.
- (4) The US court also declined jurisdiction over the remaining declaration claim as to Optis' FRAND conduct. It is worth noting that in its filings Optis had said that the declaratory relief it sought in the US was "subordinate" to the UK proceedings, but for the avoidance of doubt, that subordination was expressly stated only to be in relation to the declaratory relief, and was not stated in respect of the claim for damages for infringement.
- (5) Apple appealed on 13 June 2022 and Optis cross-appealed two days later. Apple has not sought any stay of the appeals from the US Court of Appeals.
- (6) Apple says the damages awarded by the US court are excessive. It also says that the verdict forms used in both the original trial and the re-trial invalidate the judgment, the court got it wrong on infringement for all five<sup>85</sup> US patents, and the district court shouldn't have admitted certain documents into the trial. It seeks to reverse or set aside the judgment on infringement and the US\$300m damages award and seeks a further re-trial.
- (7) Optis' cross-appeal is on the infringement damages only and if successful would reinstate the first judgment for US\$506m.
- (8) Pending appeal the US judgment of 8 September 2021 is *res judicata*. In addition, its effect is that the causes of action upon which it adjudicates have merged in judgment.
- (9) In addition, to avoid the US judgment being immediately enforced against it, Apple took the following important steps by which it agreed and undertook to be bound by the US judgment:
  - (i) Apple provided a Declaration of Michael Boyd, its Assistant Treasurer, stating as to the US Courts' judgment of 8 September 2021, that "[Apple] will pay...any payments then due under the Judgment within 30 days after the Judgment becomes final, unappealable, and no longer subject to review by the Supreme Court of the United States. This is an undertaking to the US court.
  - (ii) On 21 September 2021, on the basis of that undertaking, Apple and Optis agreed a Joint Motion to the US court, which agreed

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<sup>85</sup> Sic. I understand that more patents were asserted in the United States than five, but I do not consider this to be material.



that Apple would not be required to provide security pending appeal, that:

“D. Apple agrees that, as provided in Exhibit A [the Boyd declaration], it will pay any payment then due under the Judgment within 30 days after the Judgment becomes final, unappealable, and no longer subject to review by the Supreme Court of the United States”,

and that:

“E. In reliance on the certification of Exhibit A and Apple’s obligations in paragraphs C and D above, PanOptis agree that they will not execute before 30 days after the completion of proceedings provided as in paragraph D. Further §F provided that the parties can move for modification of the same to the US Court.

On the basis of the aforesaid, on 29 September 2021, then US District Court gave an order in the terms of the motion.”

- (10) Had it not been for these steps, Optis could have enforced the US judgment long ago. As Mr Sheasby explains, by giving these commitments and agreements, Apple obtained significant benefits, including not to incur the cost of having to post bond or other security.
- (11) The US appeal has proceeded and has been mostly briefed. The only outstanding brief is Optis’ rejoinder brief which is due on 1 August 2023. The oral hearing is likely to take place in early 2024.
- (12) In its US appeal, Apple by a response brief of 20 June 2023 argues that its position that the damages awarded by the US first instance court were excessive is supported by the UK court’s FRAND ruling. It does not say that the UK court’s FRAND judgment should somehow defeat the US court’s judgment or damages, but instead is arguing for the US courts to carry on deciding such matters, on appeal and then at a further retrial. There is a one sentence mention at [1] that once the UK first-instance court has finalised a licence, Apple will seek “appropriate relief” from the US Court of Appeals.
- (13) Apple says it *intends* to seek a stay of the US appeal, and asks this court to force Optis to agree to that stay, but it has not done so. It could have done so at any point but has chosen to delay.
- (14) Plainly, Apple was hedging its bets pending the result of this Court’s judgment and it is only after this Court has given judgment that Apple now wishes a stay. Indeed, it is still hedging its bets in the US pending the terms of this Court’s licence. Optis says that Apple has committed itself to the US processes and it is now too late for it to seek, in effect, to reverse (via a foreign court) the US judgment to which it has submitted.
- (15) While they seek by their appeals here to be able to walk away from the Court-Determined Licence (Trial F) or to exclude foreign (including

US) patents from the scope of the Court-Determined Licence (Trial E), Apple ask this court to prevent Optis from seeking to protect a US\$300m damages award from a US court in respect of Apple's wilful infringement of US patents.

(16) The fact that there is a US judgment as well as a UK judgment is a direct consequence of the position which Apple have chosen to adopt in relation to this litigation. They have insisted for the past four years in riding both horses and having litigation in at least three jurisdictions, the United Kingdom and the United States, as well as China. Had Apple committed to accept the worldwide Court-Determined Licence from the outset of the English litigation then Optis would not have needed to pursue the US litigation. But Apple chose not to commit right up to Trial F and then only committed, under pressure, when Meade J held its feet to the fire and required the undertaking of 25 October 2021. This was after both the first judgment in the US (11 August 2020) and the second judgment in the US (18 September 2021). Even then Apple made its undertaking subject to an appeal in that Trial, which it appealed to the Court of Appeal leading to the Court of Appeal's judgment (27 October 2022, after Apple had started its US appeal on 13 June 2022 and Optis' cross-appeal of 15 June 2022), and which it continues to pursue in the Supreme Court. And it reserves its position to argue in the Supreme Court on appeal from this trial that the Court-Determined Licence should not be global and thus not encompass the United States element of the portfolio. As a result Optis was compelled, and still is compelled, to pursue its US proceedings to judgment and then cross-appeal and to continue with the appeals. Otherwise it could find itself without a determination covering the US.

(17) The costs of the US proceedings have been very large: US\$36m."

## (2) Analysis

### (a) *The nature of this jurisdiction*

74. The nature of the FRAND jurisdiction was set out – doing no more than summarising the outcome of the decision of the Supreme Court in *Unwired Planet* (SC) – in Part I of the Judgment. The following points need to be emphasised for they are of fundamental importance to the question here under consideration:<sup>86</sup>

- i) The outcome of FRAND proceedings such as Trial E is a court-imposed licence. Optis, in their Position Statement, describe this outcome as a "Court-Determined Licence".<sup>87</sup> That is a correct description, so far as it goes: but – as I shall come to describe – the court does more than simply determine the terms of the licence, and declare that they are FRAND.
- ii) The basis for this court's ability to impose a licence is a finding by this court that, as regards patents susceptible of the jurisdiction of this court (here: the patents asserted by Optis in the technical trials, Trials A, B, C and D), an

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<sup>86</sup> See, in particular, Judgment/[23]ff.

<sup>87</sup> See the quotation from the Position Statement at paragraph 68(iii)(b) above.

Implementer (Apple) has infringed one or more of those patents, in circumstances where those patents are both valid and standard-essential.

- iii) The court's ability to impose a licence is thus a remedy consequent upon a finding of an infringement in this jurisdiction of a valid SEP. That remedy, however, can be extraterritorial in effect. That extraterritorial effect arises not out of any competing national jurisdictions, but out of the Court-Determined Licence.

**(b) This is not a case of competing jurisdictions**

75. Optis contended that it would be wrong for this court to interfere with the EDTX proceedings. Optis stressed that the judgments obtained by them in the United States were *res judicata*, and that questions of comity between courts precluded this court from interfering with a court (such as the US District Court for the Eastern District of Texas) with territorial jurisdiction over patents infringed or alleged to have been infringed in that jurisdiction.<sup>88</sup>
76. In general terms, I accept the point made by Optis as regards *res judicata* and the importance of comity between jurisdictions. But I regard these points as irrelevant to the question at hand. There is no doubt that Optis and Apple, acting in concert, can dispose of the EDTX Proceedings in any way they wish. Indeed, even if those proceedings had concluded, with Apple actually paying US\$300 million to Optis in damages,<sup>89</sup> there would be nothing to prevent Optis (solvency allowing) from repaying that amount to Apple, if it chose to do so. The point is that the EDTX proceedings – as is the case with civil proceedings generally – can be disposed of by the parties according to their will, and courts across this jurisdiction and in the United States will give effect to the will of the parties. Questions of comity, *res judicata*, competing judgments and rival jurisdictions treading on each other's toes in violation of international comity between courts and jurisdictions simply do not arise.

**(c) There can be more than one set of true FRAND terms**

77. As I have described, the outcome of Trial E is – at the minimum – a declaration by the court that certain terms as between a SEP Owner and an Implementer are “FRAND”. This, essentially, is the FRAND Question, and the Judgment goes a long way to answering it. But certain aspects of the FRAND Question remain unresolved: it was the purpose of the consequential hearing, and of this Judgment on Consequential Matters, to resolve those questions.
78. It is clear law that there can be more than one set of FRAND terms for any given set of circumstances. That was not the conclusion of Birss J in *Unwired Planet* (First Instance), but that was the conclusion of the Court of Appeal, and that conclusion was

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<sup>88</sup> See Optis' Position Statement at [117], where this point is made at some length.

<sup>89</sup> This being one of the possible outcomes of the EDTX Proceedings, as described by Optis in its Position Paper quoted at paragraph 68(iii)(b) above. It is worth repeating that the EDTX Proceedings are in a fluid state, and this is by no means the final outcome. But I proceed on the basis that there is a present obligation on Apple to pay damages in this amount, which has been stayed by agreement between Optis and Apple, as Optis have described.

not challenged in nor criticised by the Supreme Court in *Unwired Planet* (SC). The Court of Appeal stated:<sup>90</sup>

“We have come to a different conclusion from that of the judge on the question whether there can be only one set of FRAND terms for any given set of circumstances. Patent licences are complex and, having regard to the commercial priorities of the participating undertakings and the experience and preferences of the individuals involved, may be structured in different ways in terms of, for example, the particular contracting parties, the rights to be included in the licence, the geographical scope of the licence, the products to be licensed, royalty rates and how they are to be assessed, and payment terms. Further, concepts such as fairness and reasonableness do not sit easily with such a rigid approach. In our judgment it is unreal to suggest that two parties, acting fairly and reasonably, will necessarily arrive at precisely the same set of licence terms as two other parties, also acting fairly and reasonably and faced with the same set of circumstances. To the contrary, the reality is that a number of sets of terms may all be fair and reasonable in a given set of circumstances.”

79. Of course, a Court-Determined Licence cannot avoid stating the terms of a FRAND licence in unequivocal terms where the parties to a FRAND dispute are in disagreement. But that does not undermine the essential correctness of what the Court of Appeal stated in *Unwired Planet*, but rather affirms it. As to this:
- i) The extent of the dispute between the parties will, in the first instance, be framed by the pleadings. The function of pleadings is – as is well-known – to set out those issues between the parties that are in dispute; and those issues not in dispute. Where, in a FRAND dispute, both the SEP Owner and the Implementer are contending that a FRAND licence can only be a worldwide one, it would be a curious outcome (I do not say an impossible one) if the court were to hold that the FRAND licence should be geographically more limited.
  - ii) A point like this arose in Trial E, where for some considerable period of time, Optis contended that the rates Apple should pay should vary according to territory. In the end, this case was removed by amendment, and the Judgment determines rates on a global basis, because that is what was common ground between the parties. Had the issue remained live, I would have determined it: as it did not, the point receives no substantive consideration in the Judgment.
  - iii) Where there is an issue on the pleadings, it will be the duty of the court to determine it, having regard to the evidence adduced by both parties. There may be a variety of outcomes in such a case:
    - a) It may be that one party’s contentions are FRAND, and the other party’s are not. If so, the outcome will likely be a declaration to this effect.
    - b) It may be that both parties’ contentions are not FRAND, in which case the court will likely have to resolve the issue and state what terms are FRAND.
    - c) It may be that both parties’ contentions are FRAND, in which case the court must tread carefully, and (no doubt at a consequential hearing)

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<sup>90</sup> [2018] EWCA Civ 2344 at [121].

work out which party gets to choose the terms that will comprise the FRAND licence. That, to be clear, is not the present case.

- iv) The Judgment substantially determines the rate payable by Apple for a worldwide licence to the Optis Portfolio. There was no dispute between the parties that a FRAND licence was a worldwide one, and I did not, in the Judgment, need to consider geographic “carve-outs”. To be clear, I did not do so, because it was not in issue.<sup>91</sup> But it seems to me overwhelmingly unlikely that a licence other than a worldwide one would be pointful, given Apple’s business: a contention that a non-worldwide licence was, in this case, FRAND, would have received very close attention from me, and would have required close justification.
- v) As I have noted, the Judgment does not completely resolve every issue as regards what terms are FRAND – which is why it has been necessary to have hearings on consequential matters. However, as regards the issues that arise at such hearings, the process will be similar:
  - a) Where the parties are agreed that a certain term is FRAND – even if there are alternative FRAND terms – the court should be slow to impose other terms not agreed by the parties, even if these are also FRAND.<sup>92</sup>
  - b) Where the parties are in disagreement, the court will again have to consider whether both parties are putting forward FRAND terms or only one. The process will likely be as I have described already.<sup>93</sup>

**(d) Trial E has determined the rate for a worldwide licence to the Optis Portfolio**

80. The problem that Optis face is that they wish, post-Judgment, to resile from their pleaded case, and to contend that a FRAND licence is one that is worldwide except for the patents which are subject to the EDTX Proceedings.

81. In my judgment, that is a course that is not open to Optis:

- i) The nature of the licence contended for by Optis has been unequivocal since the commencement of these proceedings. The licence sought has been worldwide, and there has been no “carve-out” on the basis of geography at all. There has been no suggestion that the patents the subject matter of the EDTX Proceedings should, in some way, be treated differently. The unequivocal manner in which

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<sup>91</sup> The Trial F point – in relation to which Optis made great play – is a red herring. Before me, hearing Trial E, there was no dispute between Optis and Apple that a FRAND licence was a worldwide licence. Apple was contending – in Trial F – that a licence (including a worldwide licence) could not without more be imposed upon it, which is a completely different question. So far that question has been resolved against Apple, but even if the Supreme Court were to overturn the Court of Appeal on this point, that outcome would not affect the issues before me on Trial E. The Supreme Court’s (hypothetical) overturn of the Court of Appeal might very well affect the extent to which Apple could be compelled to accept the Court-Determined Licence in Trial E, but that is not what Trial E determines. Trial E simply goes a considerable way to working out what the terms of a Court-Determined Licence are, which process is being completed by this consequential hearing.

<sup>92</sup> The only circumstance that I can envisage in which a court would do so would be where the FRAND term agreed by the parties was inconsistent with the court’s prior judgment, in which case the court would have to impose a FRAND term consistent with that prior judgment. There may be other cases, but they will be rare.

<sup>93</sup> See paragraph 74(iii) above.

Optis has pleaded its case is illustrated by the quotation in paragraph 68(ii)(a) above, but it is important to bear in mind (i) that this is but one of many such statements and (ii) that those statements were never qualified during the course of these proceedings, until now.

- ii) It cannot be said that this is a matter of which Optis was unaware. Optis initiated both these proceedings and the EDTX Proceedings as claimant. Optis had control of how they chose to assert their rights in both sets of proceedings. That is something that Apple had no control over. There was nothing to stop Optis from pleading in these proceedings that a licence that was worldwide but for the patents asserted in the EDTX Proceedings was FRAND. The fact is, no such plea has ever been made. Indeed, at the time of writing, the pleadings remain as I have described.
  - iii) Because Apple have not disputed in Trial E that a FRAND licence is a worldwide licence, the court has not considered whether a geographically more narrowly framed licence might or might not be FRAND. The point simply did not arise for determination. Even if Optis were now to seek to amend its case, I doubt very much whether such an amendment could properly be permitted:
    - a) Trial E has been both heard and substantially determined. As the Judgment describes, and as I have summarised in this Judgment on Consequential Matters, I have substantially answered the FRAND Question by ascertaining the worldwide value of the Stack, and then prorating that value downwards, to reach a value for the share of that Stack that the Optis Portfolio comprises. Necessarily, the Optis Portfolio is valued on a worldwide basis.
    - b) It is impossible, without re-visiting the entire Judgment, to re-engineer my thinking. It seems to me that that course is not open to me: I have heard the evidence over several weeks, and have determined the issues in dispute before me on the basis of that evidence. I cannot now re-open the entire Trial E proceedings.
    - c) This is not a case where it is possible to make a minor adjustment to reflect the fact that only a few US patents are being excluded from the scope of the Court-Determined Licence. As I have described in paragraph 57 above, I have valued the Stack on the basis that the Implementer (Apple) is buying access to the Standard on a worldwide basis by way of a licence to SEPs. The licence envisaged is not a licence to a number of discrete SEPs. It is not possible, without undermining the substantial basis of the Judgment, now to carve-out the patents in issue in the EDTX Proceedings.
82. I therefore conclude that the terms of the FRAND licence that I will declare as the outcome of these proceedings will be a worldwide licence including in particular the patents being asserted in the EDTX Proceedings.
83. I should briefly deal with the contention advanced by Optis that Apple should have done more to resist Optis' claims in the EDTX Proceedings by – for instance – seeking

a stay in favour of these proceedings.<sup>94</sup> That is a fundamentally bad point, because it assumes that which is not the case, namely that this is a question of competing proceedings. For the reasons I have given, it is not. This is a case where the outcome is not a judgment that competes with or is inconsistent with the EDTX Proceedings, but rather a Court-Determined Licence that will oblige Optis, as a matter of contract, to behave in a certain manner in relation to the EDTX Proceedings and any fruits of those proceedings (should any be paid by Apple to Optis). I have little doubt that if – prior to this point in time – Apple had applied to the US courts for a stay on forum grounds, the response would have been a negative one (and rightly so). The effects on the EDTX Proceedings arise as a matter of contract, not competing jurisdictions, and the contract in question is the Court-Determined Licence.

**(3) An alternative case**

84. From this, it would appear to follow that the consequences outlined in Judgment/[489(iv)] and [503] to [505] hold good: they simply reflect the consequences of the claim that has consistently been asserted by Optis throughout these proceedings.
85. However, Optis contended that even if the conclusion expressed in paragraph 82 above was right – and that the outcome of these proceedings was the declaration of a worldwide licence, with no “carve out” for the patents being asserted in the EDTX Proceedings – the suggestion that this Court should go any further than simply making the declaration was wrong. Rather, this Court should declare a licence in FRAND terms, and leave it to the courts of the United States to work out the implications. This court should be very slow to tell the courts of another jurisdiction how to conduct their business whether directly or indirectly (i.e. by exercising a personal jurisdiction over the parties as to how they conducted themselves abroad).
86. The essence of Optis’ point was that this court should exercise a self-denying ordinance in terms of how it intruded itself in the affairs of other (foreign) jurisdictions. Let me say at once that I accept the general force of Optis’ point, but that I do not consider that point to have any force in the present case. That is substantially for the reasons given above, but (without repetition) the following additional points can be made:
- i) It is a mistake to regard the Court-Determined Licence as anything other than a remedy arising out of an established or admitted infringement of the United Kingdom intellectual property right, justiciable before the courts of England and Wales.
  - ii) True it is that the parties and court will strive to render the Court-Determined Licence as self-standing as possible, so that the parties do not have to trouble the court again with regard to the terms of the licence. That objective is usually achieved, but it is not the paramount objective. At the end of the day, the Court-Determined Licence is just that: a set of obligations imposed on the parties pursuant to the jurisdiction I have described. There is nothing inimical to that jurisdiction in the court reserving an ability to police the Court-Determined Licence, and sometimes it will be the court’s positive duty to assume that role.

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<sup>94</sup> That is a point made repeatedly in Optis’ Position Paper.

- iii) This is such a case. It is quite clear to me that there a level of commercial mistrust between Optis and Apple so as to render a self-standing agreement that will not be referred back to some court or other an impossibility. The Court-Determined Licence in this case effectively involves a price for a portfolio of rights, where both the price and portfolio are known. A short agreement ought to be possible. Yet the draft agreements that the parties have presented have grown in length and complexity, and the number of drafting disagreements has increased accordingly. The risks of one party or other alleging breach of the agreement, possibly even repudiation, are high. It has therefore seemed to me appropriate to revert to an agreement that sets out the essentials, but leaves scope for disagreements in regard to the carrying of the agreement into effect to return to this court.
- iv) That is the Court-Determined Licence that I have drafted. That approach not only seems to me the most workable – the greater the opportunities the parties have to bring matters back to court, the less I anticipate those opportunities will be used – but also it serves to underline the essentially remedial purpose of the Court-Determined Licence and the fact that this licence is, in a quite fundamental way, a matter for the courts of this jurisdiction.

**(4) Going beyond a Court-Determined Licence?**

- 87. Until the consequential hearing, it had been assumed (both by Apple and by me) that Optis would enter into any licence that the court determined to be FRAND. Indeed, Optis had said as much on many occasions during the course of these proceedings. During the course of the oral hearing, it appeared that Optis’ position was that they would decline to execute the Court-Determined Licence unless the patents that are the subject of the EDTX Proceedings were “carved-out”.
- 88. Because Optis has now given an undertaking to enter into a Court-Determined Licence – whatever its terms may be – after the exhaustion of the appeals process in relation to Trial E, the question of whether the court could have compelled execution does not arise. The undertaking, contained in my order dated 3 August 2023, is in the following terms:

“**AND UPON** Optis undertaking to enter into a licence in the form that is determined to be FRAND pursuant to the Trial E Judgment (“**the Court Determined Licence**”) or, to the extent that there are any appeals of the Trial E Judgment and / or the Court Determined Licence, a licence that is finally determined to be FRAND on appeal”
- 89. I should be clear that this order has been made and I regard this undertaking recorded above as one that (i) has formally been given by Optis to the court which (ii) Optis cannot resile from without the court’s express consent.
- 90. Because the debating of the question of whether Optis could be ordered to enter into the Court-Determined Licence took up a great deal of time during the consequential hearing (with Optis contending that the court had no jurisdiction to make such an order) it is appropriate that I say something about my thinking, even if I do not express any final view:



- i) When, on 27 July 2023, Optis indicated that they were prepared to give the undertaking in broadly the terms set out above, it was on the basis that the undertaking was no more than confirmatory of “undertakings” previously given by Optis. I do not accept this. Of course, Optis consistently stated throughout the proceedings that they would take the Court-Determined Licence. That was said by Optis or its lawyers on many occasions. However:
- a) It was not clear to me that these were formal undertakings to the court, susceptible of enforcement. That certainly was not the position of Optis before me on 25 and 26 July 2023, when it was being contended that Optis could not be compelled to enter into the Court-Determined Licence. That would not have been a tenable proposition had a formal undertaking already been given.
  - b) If these statements constituted an undertaking, then (properly construed) the undertaking was to enter into a Court-Determined Licence after the outcome of Trial E, not after the exhaustion of the appeals process. It seems to me that unless an undertaking is clear that it only bites after the exhaustion of all appeals (as the undertaking now given by Optis makes absolutely clear), the natural reading is that the undertaking must be performed at the time when the question at issue (the terms of the Court-Determined Licence) have been determined. That would occur when the order consequential on the (first instance) Judgment was made. Anything else would, in effect, be a stay pending appeal, and it is trite that the mere fact of an appeal does not, without more, stay the effect of a first instance order.
  - c) Optis were very clear that they were not prepared to give an undertaking in these terms, and had not done so.
- ii) I consider that had Optis’ offering of the undertaking I have set out above, and my acceptance of it, not occurred, it would have been open to me to order Optis to execute the Court-Determined Licence and, if Optis did not do so, to direct that someone sign on Optis’ behalf pursuant to section 39 of the Senior Courts Act 1981. My thinking was as follows:
- a) Optis have promised to license any party on FRAND terms. Granted, that promise is governed by French law, and whether it is specifically enforceable is a matter for the law of France. However, the FRAND promise is one element that founds the jurisdiction articulated by the Supreme Court in *Unwired Planet* (SC). The other element is (as I have described) an infringement of a valid and essential SEP justiciable in this jurisdiction.
  - b) Through four technical trials (Trials A, B, C and D) and one FRAND trial (Trial E), Optis have sought to impose upon Apple a Court-Determined Licence. Apple, as was its right, has resisted, including by raising arguments that have resulted in Trial F. I am not, here, concerned with Apple’s conduct. For Optis – having initiated proceedings costing enormous amounts of time and money – to decide that the outcome was not to their liking and decamp to a different, now more congenial,

jurisdiction, having stated (non-bindingly) that they would abide by the outcome, would (I consider) be enough, in conjunction with the FRAND promise, to enable the court to order Optis to execute whatever Court-Determined Licence emerges from this process.

91. I say no more; and am certainly not determining the question. However, given the amount of time that was spent on the point, and given its possible importance in other cases, the approach I would have been minded to take (but for the undertaking now given by Optis) ought at least to be stated. For the future, it will be imperative to ensure that a claimant’s attitude to the terms of any licence that the court may order is locked down well in advance of trial. The problem with the undertaking offered by Optis and accepted by the Court is that it leaves a gap between (i) this Judgment on Consequential Matters and (ii) the point in time at which Optis accepts the FRAND licence *unpoliced*, in the sense that (without protection from this Court) both parties are at liberty to act in a manner that is inconsistent with the terms of the licence that I have declared to be FRAND. Optis are not entitled, absent strong grounds (which have not been articulated) to an automatic stay, and Apple most certainly are entitled to some protection from the otherwise uninhibited ability in Optis to pursue the EDTX Proceedings (to take the most potent example). The solution that I have adopted – instead of obliging Optis to sign up to the FRAND licence now (which is a point that has not been argued) – is to incorporate sufficient protection for Apple in the order consequential on the Judgment and the Judgment on Consequential Matters. I return to this below.

#### **G. WHETHER THE FRAND LICENCE SHOULD EMBRACE 5G STANDARDS**

92. As was noted above, the FRAND Question concerned the appropriate rate for a licence in the following terms, to quote again from Optis’ Position Statement in Trial E:<sup>95</sup>

“Optis contends that the scope of a FRAND licence in this case is (i) for the [Optis Portfolio] as a whole and not just the Asserted Patents, (ii) worldwide, and (iii) enables Apple to inter alia manufacture and sell devices which operate using 2G, 3G and/or 4G (whether or not those devices are also capable of operating on 5G)...”

93. As a matter of pleading, it is clear that 5G standards were not in issue before me. However, in my judgment the Court-Determined Licence ought to extend to these standards, for the following reasons:

- i) It was the clear evidence before me that it was Optis’ practice to “throw in” 5G standards into licences that they were otherwise prepared to grant for no additional consideration. Optis had no separate rate for 5G.<sup>96</sup>
- ii) That may have been Optis’ approach as at the time this licence should have been entered into (which would have been some time in 2017).<sup>97</sup> Since then, technology has moved on, and 5G is becoming (or has become) an increasingly important standard. However, I consider that I am settling the terms of a FRAND licence which is (at least to an extent) supposed to be FRAND as at around 2017; and is certainly intended to be FRAND over a period of many years. It would be wrong (given that Apple is paying interest from the beginning

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<sup>95</sup> At [5].

<sup>96</sup> See Judgment/[98].

<sup>97</sup> See Judgment/[501].

of 2017) to leave out of account what would surely have been included in a FRAND licence concluded at the beginning of 2017.

- iii) Furthermore, as Apple made clear in their submissions, the majority of the Apple Comparables extend to licences going beyond 4G. Some are expressly a licence in relation to 5G, others embrace (more vaguely) any future standards. Either way, the lump sum rates that I have been using to calculate the FRAND rate for the Optis Portfolio have generally embraced, and not excluded, a licence to the use of the 5G standard.

94. For these reasons, therefore, the Court-Determined Licence should extend to 5G.

## **H. PERMISSION TO APPEAL**

### **(1) Introduction**

95. Apple did not seek permission to appeal the Judgment – or, more accurately, the order consequential on the Judgment. Apple reserved its position as regards the order consequential on this Judgment on Consequential Matters. Since the same order is likely to be consequent on both the Judgment and the Judgment on Consequential Matters, and given the interrelationship between the two judgments, I am not going to shut out either party from articulating grounds of appeal that are based upon an interaction between the two judgments, and will extend time accordingly.

96. This Section deals with Optis’ application for permission to appeal on grounds that arise out of the Judgment alone.

97. Permission to appeal should be given only where the court considers that the appeal would have a real prospect of success or where there is some other compelling reason for the appeal to be heard.<sup>98</sup> Optis seek a general permission to appeal (i.e. without reference to any particular grounds of appeal) and permission to appeal by reference to draft grounds of appeal containing 12 grounds, although when they are considered, it is clear that these 12 grounds are substantially inter-related.

### **(2) Permission to appeal on general grounds**

98. I refuse a general permission to appeal. The Judgment is the outcome of a long, essentially evidence-based, trial. As Part I of the Judgment makes clear, the relevant principles have been authoritatively stated by the Supreme Court in *Unwired Planet* (SC). The Judgment seeks to answer the FRAND Question that arises by reference to those principles (which were not controversial) using the factual evidence adduced by both Optis and Apple. As the Judgment describes,<sup>99</sup> the parties exchanged methodologies setting out each side’s case regarding the FRAND Question and then replied to those methodologies. A full “cards on table” approach was adopted, whereby the methodologies were set out in “position statements” supported by (i) disclosure, (ii) factual evidence and (iii) expert evidence.<sup>100</sup>

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<sup>98</sup> CPR Part 52.6.

<sup>99</sup> Judgment/[43]ff.

<sup>100</sup> Judgment/[44].

99. Considering the parties' respective methodologies was evidence-heavy, as the content of Part IV of the Judgment (which runs to over 300 paragraphs) demonstrates. Moreover, the factual assessment was by no means straightforward, and involved the careful consideration of contentious factual and expert evidence,<sup>101</sup> which was heard by me over a period of weeks.
100. It was only after a detailed consideration of the factual evidence (Part IV of the Judgment), and a determination of various subsidiary areas of controversy, that the court found itself in a position to consider the parties' methodologies at all. These contentions were specifically considered in Part V:
- i) Optis' methodologies are considered in Part V Section B and Apple's in Part V Section C. For the reasons there given, none of the methodologies was found by me to be appropriate to resolve the FRAND Question.
  - ii) Optis' twelfth ground of appeal contends that the court adopted a procedurally unfair approach. Although this is a specific ground of appeal, it is convenient to deal with it now, as it is closely related to the point here under consideration:
    - a) Ground 12 asserts that<sup>102</sup> "[t]he Judge was wrong to take the approach of developing his own methodology which was not based on either of the parties' positions **or the evidence before him**. Adopting such an approach was procedurally unfair and did not allow the parties the opportunity to address the Judge on the errors in and problems with his approach."
    - b) Ground 12 overlooks the fact that the parties' methodologies were not disregarded on anything other than articulated and reasoned grounds. Had any of the methodologies disclosed a workable method of resolving the FRAND Question then the court would doubtless have adopted it – or given it the most serious consideration. As it was, all of the parties' proposed methodologies were given careful scrutiny but, for the reasons given in the Judgment, the court was unable to accept any of them.
    - c) It is simply wrong for Optis to assert that the court's methodology was not based on the evidence. The court rejected the parties' methodologies, but used the evidence adduced by the parties to resolve the FRAND Question. The suggestion that the court went outside the evidential record is not a tenable one.
    - d) Furthermore, the court invited the parties' assistance in evolving the data both parties had presented, so as to enable the court to better answer the FRAND Question. Optis, to be blunt, refused to assist in this process, and objected to Apple's (on the face of it helpful) assistance. As a result, Apple's additional material had to be disregarded, and Optis spurned the opportunity to assist the court further.<sup>103</sup>

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<sup>101</sup> The evidence and the evidential difficulties are described in Part III of the Judgment.

<sup>102</sup> Emphasis added.

<sup>103</sup> Judgment/[56]ff and, in particular, [57], [61(ii)] and [62(iii)].

- e) The court specifically considered whether – in light of Optis’ objections to Apple’s new material (which, to be clear, Apple advanced to assist the court, not because Apple was pressing it in support of its own case) – the evidential record should be re-opened. The court concluded that this was not necessary.<sup>104</sup> The case was decided on the evidence, and it is too late now for Optis to complain that they would have wanted to adduce other evidence.

Ground 12 does not reflect accurately the process before the court. It is not properly arguable for that reason alone. For that reason, and for the other reasons I have given, I refuse permission to appeal on this ground.

- iii) The court was driven to the approach it took in Part V of the Judgment which, as I have said, was an approach articulated by neither party, but based upon the evidence adduced by both.
- iv) A general permission to appeal the Judgment would be incapable of justification. The court’s processes were not arguably unfair, and the Judgment is so fact-based that it would be inappropriate for a court of first instance simply to permit so undirected and unfocussed an appeal, particularly when the Court of Appeal can itself give permission to appeal. Furthermore, as I have said, the Judgment is substantially factually based, and the Court of Appeal would have to satisfy itself – before allowing the appeal – that the court of first instance had so misvaluated the factual evidence as to require the Court of Appeal to intervene. In these circumstances, it is far better for the grounds of appeal to be specifically considered and a targeted permission given, if that is appropriate.
- v) I do not consider that there are compelling reasons for the appeal otherwise to be heard. The points of general principle underpinning the jurisdiction have been considered at the highest level. Three courts (*Unwired Planet*: Birss J; *Interdigital*: Mellor J and this court) have now considered the FRAND Question. It is true – as Optis asserted – that each court has taken a different approach. That is because different arguments were run in each trial and – entirely unsurprisingly – each Judge took account of those arguments, the evidence adduced in support, and decided the case on the evidence. It is scarcely surprising that different approaches prevailed in each case. Doubtless the approaches taken by different courts will inform future cases: SEP Owners and Implementers alike will see what has worked, and what has not worked, and frame their arguments and adduce their evidence accordingly. This is not an area where future SEP Owners and/or Implementers will be assisted by a single, rigid, approach being imposed by an appellate court, if that were even possible or appropriate. At the end of the day, these cases and the FRAND Question will be resolved on the evidence and on a case-by-case basis. In due course, a general approach will doubtless emerge.
- vi) In short, it is difficult to see any point of general importance in the Judgment, although doubtless the Judgment will, together with the two other cases, inform the approach of future litigants. That does not amount to a compelling reason for the appeal to be heard. Indeed, it is strongly suggestive of allowing a fact-

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<sup>104</sup> Judgment/[62].

based approach to develop so that a market practice to assessing rates can evolve, with the courts being less rather than more troubled by FRAND Questions.

### (3) Permission to appeal on specific grounds

101. The very factual nature of the Judgment means that as regards each, individual, ground of appeal, Optis must show a real prospect of success that the court misdirected itself on a question of fact, where it is the judge at first instance that is the primary evaluator of fact. None of the grounds of appeal pass this threshold. Although Optis addressed me at length, I shall endeavour to give my reasons for refusing permission to appeal briefly. Thus:

- i) Ground 1. Ground 1 seeks to collapse the distinction drawn in the Judgment between “legitimate” and “illegitimate” Hold Out into a single form of “illegitimate” Hold Out, thereby converting what is a question of fact into a spurious question of law. Unless Optis is seriously suggesting that an Implementer cannot negotiate on its own behalf and that any form of negotiation is Hold Out, a distinction between “legitimate” negotiation and “illegitimate” Hold Out must exist. Optis failed to articulate any distinction between these forms of negotiation, and the implied suggestion that an Implementer must agree to the SEP Owner’s terms or be guilty of “illegitimate” Hold Out is not arguable. The question of whether the Apple Comparables were affected by Hold Out was specifically considered, and rejected, by the Court in the Judgment. This is, *par excellence*, a question of factual evaluation.
- ii) Grounds 2 to 5. These grounds – which are best considered together, as they are in the grounds of appeal – suggest a failure to take account of sales volumes when assessing the value of the Stack and Optis’ share in it. These grounds fundamentally misunderstand the court’s methodology, which was to calculate a lump sum rate that was FRAND in relation to Apple. Inevitably, all of the Apple Comparables (which, apart from the Google 2020 (Optis) licence were the comparables used by the court) would have taken into account Apple’s sales volumes and ASP. These values would have been “baked in” and did not require separate consideration. The court’s assessment of the Qualcomm licence was based upon the court’s assessment of the extent to which Qualcomm used market power to extract a high (and non-market) price from Apple. Again, the assessment is a factual one. The use of a 50% - 50% split in terms of future licence fees and waiver of past infringement is explained above, and lies well within a first instance court’s evaluation of the facts.
- iii) Grounds 6 and 7. The quest for a reliable denominator occupies a great deal of the Judgment. The various alternatives are considered, and the reason for selecting Innography’s figures is fully set out in the Judgment. It is not reasonably arguable that on this pure question of fact the Court of Appeal would substitute its own judgment. The PA Consulting data was not reliable or usable for the reasons given in the Judgment.
- iv) Grounds 8 and 9. The reliability of the Optis Comparables was extensively considered by the court. The reasons for their unreliability are fully set out, and

are based on the facts stated in the Judgment. They were rejected for those reasons.

- v) Grounds 10 and 11. The reality that the SEP Owner seeks out the Implementer underlay Optis' approach to negotiating licences, and it was Optis' position that this was how the market worked. The Court did no more than accept Optis' position in this regard. The point is not one of principles, but a factual question as to what – in all the circumstances – is or is not FRAND.

102. I have considered Ground 12 separately, and have refused permission to appeal on this ground. Bearing in mind that permission to appeal should be given “only” where the court considers that the appeal would have a real prospect of success or where there is some other compelling reason for the appeal to be heard, I do not consider that permission to appeal should be granted in respect of any of the other grounds of appeal, and Optis' application will have to be renewed before the Court of Appeal.

**I. THE ORDER CONSEQUENTIAL ON JUDGMENT AND THE TERMS OF THE FRAND LICENCE**

103. The order and the terms of the FRAND licence that I should determine as “FRAND” have each been before the court on a number of occasions. It would not be right to say that the differences between the parties have narrowed with each iteration. Rather, as I have sought to work my way through the areas of disagreement, further points of dispute, Hydra-like, emerge.
104. The order I anticipated making was published to the parties at the same time as the final draft of this Judgment on Consequential Matters, and that order appends the FRAND licence I propose to declare FRAND. I invited comment, and those comments have been taken into account in the order made. It is unnecessary for me to re-state in this Judgment on Consequential Matters what is clear from the terms of my order, and I do not do so.
105. I should deal, briefly, with a number of matters that have been superseded by Optis' undertaking, given and accepted in the circumstances that I have described. First, in light of this undertaking, an executed licence is not, in my judgement, necessary at this stage. Apple's position is protected, on an interim basis, by my order, and I do not consider that Apple requires an executed licence to give it further protection. Should that position change, then Apple has a liberty to apply to seek an executed licence in advance of any appeal (if any). Any such application should be made to me. Secondly, and relatedly, it is unnecessary for the terms of the draft licence to anticipate any overturn of my Judgment or this Judgment on Consequential Matters: the licence will not be executed, and any necessary changes can be reflected in the unexecuted draft.

ANNEX 1

SCHEDULE OF “SLIP” CORRECTIONS AND REDACTIONS

“Class 3” includes references to Classes 4 and 5.

Paragraph in the Judgment	Reasons for the correction of a slip	Reasons for redaction	Reasons for non-redaction
Contents at [259] and [285], paragraphs 232, 233(ii), 259, 260, 282, 285, 286, 287, 477, Table 9, Table 10, footnotes 417, 418, 544, Annex 2, Annex 3			One Optis counterparty seeks these redactions. There is no arguable basis for a proper assertion of confidentiality in this case. No other party has continued to assert confidentiality in this context.
Paragraph 31 and paragraph 144(ii) and (ii)(b), paragraph 465(v), paragraph 487, paragraph 491			The parties seek these redactions. Apple’s licensing of the Ericsson Patent Families is a necessary part of the Judgment’s narrative. No significant details of the arrangement are given in the Judgment. It is difficult to see what legitimate interest there can be in seeking the redaction, and any interest is outweighed by the need for the Judgment to be comprehensible.
Paragraph 149	<u>Class 1</u> Correction of an immaterial evidential mistake that went unnoticed when the Judgment was circulated in draft.	<u>Sui generis</u> Incorrect reference is made to a person who would rather not be named.	
Paragraphs 191 and 192(iii)			The parties seek these redactions. They seek to redact the evidence of Mr Blasius, who is explaining his thinking as to how Optis came to a particular FRAND rate. Although this rate was not accepted by the Court, the manner in which Optis assessed what it considered to be FRAND was highly material to the Judgment, and for that reason should not be redacted unless good reason can be shown. No such reason can be discerned in the present case.



Footnote 352			The parties seek these redactions. The figures are marginally confidential at best, even if they were current – which they are not. The relevant agreement is dated 2015, nine years ago. On the other hand, the figures are necessary to understand the evidence of Ms Mewes, and the cross-examination of Mr Speck, KC.
Footnote 356			The parties seek this redaction. The figure relates to a demand on Apple made long ago, which was rejected by Apple. Redaction is not justified.
Paragraph 245(iii)	<u>Class 1</u> Correction of an immaterial evidential mistake that went unnoticed when the Judgment was circulated in draft.	<u>Class 3</u> redaction.	
Paragraph 263			The parties seek this redaction. The ability of Qualcomm to use market power to extract a higher price even from Apple appears throughout the Judgment, and is the reason Qualcomm 2019 is discounted in the answering the FRAND Question. The nature of the pressure on Apple matters, to understand the Judgment, and this information would not be confidential to anyone with any knowledge of the history and litigation between Qualcomm and Apple, which is in the public domain.
Paragraphs 269 and 270		<u>Class 3</u> redactions.	
Paragraph 280		<u>Class 3</u> redaction.	
Paragraph 283(i)		<u>Class 3</u> redaction.	
Paragraphs 395 and 396, footnotes 529 and 530			The parties seek these redactions. It would be inappropriate to make them. The data from PA Consulting is available to anyone prepared to pay for it, and in disclosing this material I am not in any way prejudicing PA

			Consulting's business model or revenues. Nor am I criticising PA Consulting's work. On the other hand, as the Judgment makes clear, stack share is an important factual element, and open justice requires that the Judgment be understood in as much or with as much granularity as possible.
Table 9 and Table 10.			It was suggested that these percentage figures could – whether in conjunction with material published by Mr Bezant openly or otherwise – be used to extrapolate lump sum rates (which I am redacting as <u>Class 3</u> ). I asked, in December 2023, for some evidence showing how this might be done – none has been forthcoming. I do not consider that the process can <u>reliably</u> be undertaken (if it can be undertaken at all), such that there is any prejudice in publishing these figures. On the other hand, Table 9 is one of the more significant tables in the Judgment. I refuse to make these redactions.
Paragraph 470(iii)		<u>Class 3</u> redaction.	
Table 11, Table 12, Table 13 and paragraph 483, footnote 616	<u>Class 1</u> Correction of an immaterial evidential mistake that went unnoticed when the Judgment was circulated in draft. The duration of Orange 2017 has been qualified.	<u>Class 3</u> redactions.	In Table 11, there is no justification for treating the length of term for Orange 2017 any differently from those of the other comparables.  In Table 13, it was suggested that the totals and the averages be redacted also, because it might be possible from the identity of the parties, their ranking, the totals and averages reliably to discern the actual figures. This is fanciful. The (redacted) figures come from differently dated licences, and reliably reconstructing individual metrics from these figures such that there is a risk of calculated in a reliable

			way figures that I have redacted as <u>Class 3</u> redactions is insufficient to justify the redaction of what centrally important figures in the Judgment.
Annex 3		<u>Class 3</u> redactions.	<p>Certain third parties sought redact large parts of Annex 3. I can see no justification for this. Given the extensive nature of the deletions sought, I have not marked them in Annex 3, but I do reject the application for redaction.</p> <p>In some cases, it was suggested that I had made errors in summarising the terms of the licences. These errors were not identified to me when the Judgment was circulated in draft, and are not material to the outcome of the Judgment. I have therefore not investigated whether the parties are right, and have left the text as it stands.</p>