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Case No: HP-2020-000037

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
PATENTS COURT

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 30th July 2021

Before :

THE HONOURABLE MR JUSTICE MELLOR

Between :

KONINKLIJKE PHILIPS N.V.

Claimant

- and -

- (1) XIAOMI INC**
(2) XIAOMI TECHNOLOGY (UNITED KINGDOM) LIMITED
(3) XIAOMI COMMUNICATIONS CO., LTD
(4) XIAOMI CORPORATION
(5) XIAOMI HK LIMITED

Defendants

Meredith Pickford QC and Andrew Scott (instructed by Bristows LLP) for the Claimant
Michael Bloch QC and Timothy Lau (instructed by Simmons & Simmons LLP) for the Defendants

Hearing dates: 25th & 26th May 2021

Approved Judgment

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

COVID-19: This judgment was handed down remotely by circulation to the parties' representatives by email. It will also be released for publication on BAILII and other websites. The date and time for hand-down is deemed to be 10.30am on Friday 30th July 2021.

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THE HON MR JUSTICE MELLOR

Mr Justice Mellor:

1. The Defendants bring two applications challenging jurisdiction and/or seeking a case management stay of this action in favour of an action brought in France by the Defendants and other Xiaomi companies. At the conclusion of the two-day hearing I dismissed both applications for reasons to be given later and I also gave directions for the listing of three trials in an application brought by the Claimant (‘Philips’) for expedition. This judgment contains my reasons for so ordering. I have structured this judgment as follows:

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The Xiaomi Applications

2. As will appear, subject to one major point, I can resolve these applications on the basis of well-established principles. The most significant area of dispute concerned the correct characterisation of this action. In one sense, this action takes a conventional and now familiar form, but Xiaomi contended there was one aspect of the relief sought by Philips which was new and radical: this was Philips’ contention that Xiaomi was not a willing licensee. Xiaomi further contended that, in so far as the Court of Appeal expressed its view about the correct characterisation of the action in *Conversant v Huawei* [2019] EWCA Civ 38 and in so far as the Supreme Court expressed a view on the combined appeal in *Unwired Planet International Ltd v Huawei* [2020] UKSC 37, those views were obiter, distinguishable and/or wrong. Before I can deal with the points in dispute, it is necessary to set out a fair amount of background.

Background

3. Philips owns a portfolio of patents concerned with 3G and 4G mobile phone telephony said to be essential to ETSI standards i.e. Standard Essential Patents or ‘SEPs’. In this action it sues for infringement of four EP(UK) patents drawn from its portfolio: EPs(UK) 525, 258, 511 and 647. Two of these patents (EP525 and EP511) have been litigated before in this country and found by Arnold J (as he then was) to be valid, infringed and essential to the UMTS or 3G standard – see [2018] EWHC 1224 (Pat) and [2018] EWHC 1826 (Pat), both judgments upheld by the Court of Appeal [2019] EWCA Civ 2230. I have directed that EP525 and EP511 will be considered at Technical Trial A, EP258 and EP647 at Technical Trial B, followed by Trial C to deal with FRAND and other issues as to appropriate relief.
4. The Defendants are members of the Xiaomi group which is now reputed to be the third largest manufacturer of mobile phone handsets in the world. I will refer to the Second Defendant as Xiaomi UK, to the other Defendants as the Non-UK Defendants and I use ‘Xiaomi’ generally to refer to all the Defendants.
5. The first application in time was brought by Xiaomi UK which challenged jurisdiction under CPR 11(1)(b) and in the alternative sought a case management stay pursuant to CPR 3.1(2)(f) and/or the inherent jurisdiction of the Court, staying the proceedings or the hearing of the FRAND issues (as set out in Paragraphs 2-4 of the prayer for relief in the Amended Particulars of Claim) either permanently or pending the determination of the jurisdiction issues.
6. Somewhat later, the second application was brought by the Non-UK Defendants challenging jurisdiction under CPR 11(1)(a) and, in the alternative, seeking a case management stay on the same grounds as Xiaomi UK. At this point, the stay was requested ‘until further order’.
7. The dispute dates back to 2016, when Philips sought to engage with the Third Defendant with a view to Xiaomi taking a FRAND licence to the Philips portfolio of mobile phone handset patents. Xiaomi’s position is that negotiations ensued with a company called Beijing Xiaomi Software Co Ltd (‘BXMS’) under a Non-Disclosure Agreement which was extended several times until it expired in June 2020 without agreement having been reached. It is Philips’ understanding that, to the extent that negotiations were with BXMS, BXMS was negotiating on behalf of the whole Xiaomi group.
8. On 21 October 2020, Philips commenced this action and also actions for infringement of the equivalent EPs in Germany, the Netherlands and Spain.
9. Philips obtained the Court’s permission to serve the Non-UK Defendants outside the jurisdiction by Order of Mann J dated 26 October 2020. That Order was made following a hearing at which Mann J also considered and granted Philips’ application for an interim anti-anti-suit injunction restraining the Defendants from commencing proceedings in China to frustrate the Court’s jurisdiction.
10. After a dispute, Mann J made a further Order declaring that Xiaomi UK was deemed served on 2 November 2020. Xiaomi UK filed an acknowledgment of service on 16

November 2020 stating its intention to challenge the Court's jurisdiction; and on 30 November 2020 issued its Application Notice I have already described.

11. Also on 30 November 2020, a number of companies in the Xiaomi group, including the Defendants in this action, by summons commenced an action in France against Philips and ETSI. In the French proceedings the Xiaomi claimants seek declaratory, injunctive, and monetary relief based on the alleged effect of, and the alleged breach of, Philips' commitment to ETSI. In particular, and at the end of a lengthy and complex list of claims, made up of numerous alternative and in some respects contradictory requests, they ask the French Court: (i) primarily, to declare that Xiaomi already has a licence to Philips' SEPs; (ii) to order Philips to negotiate the terms of this licence, including the FRAND royalty rate, with Xiaomi in accordance with the declarations Philips has given to ETSI; (iii) alternatively, and if agreement cannot be reached between the parties within 2 months as to the FRAND licence rate, to set the terms of such rate; and (iv) in the further alternative, and if the rate is not fixed within 6 months, to order ETSI to vary the standards such that Philips SEPs are no longer essential.
12. I will have to discuss some of the issues which arise in the French proceedings in more detail later, but I revert to the chronology of events in the UK action. By purporting to apply under CPR Part 11, Xiaomi UK obtained the protection of CPR 11(9)(a) whereby "If a defendant makes an application under this rule... he need not before the hearing of the application file - ... (a) a defence".
13. In correspondence, the solicitors for Philips challenged Xiaomi UK's failure to provide any adequate justification of the basis for its CPR 11 application. This and other procedural issues were settled by agreement embodied in a Consent Order dated 8 February 2021 made by Bacon J. Amongst other things, in the Bacon J Order:
 - i) Philips obtained the benefit of the Non-UK Defendants accepting service in the jurisdiction (which otherwise could have taken some considerable time).
 - ii) The parties agreed a timetable for evidence for the Xiaomi UK Application and for the intended application by the Non-UK Defendants challenging jurisdiction, with both to be heard together, as they were before me.
 - iii) The parties compromised Philips' application to continue the anti-anti-suit injunction that Mann J had made. The terms of that compromise are confidential. So far as Philips is aware, Xiaomi has not since brought proceedings in China seeking to frustrate this Court's jurisdiction.
 - iv) The parties agreed that the position on delay was neutral and I quote from one of the recitals: "... *no party will accuse another of the parties of delay in these Proceedings, or in any other proceedings, in relation to the service of these Proceedings or by reason of the bringing or resisting of the Jurisdiction Application(s).*"
 - v) The final recital recorded this agreement: "*AND UPON the parties agreeing that, in accordance with CPR r.11(9), the Defendants need not file a defence before the May Hearing.*"

14. On 2 March 2021, Xiaomi served its evidence in support of the two applications, from which it appeared that Xiaomi UK had abandoned that part of its application pursuant to CPR 11, a point confirmed by letter dated 26 March 2021 from Xiaomi's solicitors. That led to cross-applications concerning the service of a defence by Xiaomi UK which came before me on 26 April 2021. For the reasons I gave in a short judgment [2021] EWHC 1124, I declined to order the unless order sought by Philips and extended time for Xiaomi UK's defence to this, the May hearing.
15. Despite all that, it was clear that Xiaomi UK never had any basis for a challenge to jurisdiction under CPR 11, was never entitled to the protection of CPR 11(9) and, had it not been for the agreement in the Bacon J Order, ought to have served its defence some months ago. In the result, however, the absence of a defence from Xiaomi UK created no disadvantage to the resolution of these applications. It was, of course, open to Xiaomi to undertake for example that it would not mount any challenge to the validity or essentiality of the patents in suit, but it was clear that Xiaomi reserved all its rights to mount whatever points it chose by way of defence.

The characterisation of the claim in *Conversant v Huawei*

16. Much of the argument centred on the way the Court characterised the claim in *Conversant v Huawei*, so it helps to have that clearly in mind from the outset.
17. The appeal to the Court of Appeal was by Huawei against the judgment of Henry Carr J in which he rejected Huawei's challenge to the jurisdiction of the UK Court over an action by Conversant for infringement of four SEPs, in which Conversant sought by way of relief a determination of FRAND terms for its global SEP portfolio. The Judge also rejected a stay based on *forum non conveniens* grounds in favour of China as the allegedly natural and appropriate forum, since the allegedly infringing goods were made in China and UK sales were alleged to account for only 1% of the worldwide sales. The Judge concluded that China was not an alternative available forum in which infringement of the UK Patents could be determined, nor one in which the terms of a global FRAND licence could be set.
18. Many of the arguments made by Huawei are reprised before me, albeit the facts were different so, later in this Judgment, I consider the points on the basis of the facts before me. However for present purposes I must relate the way in which Floyd LJ dealt with the characterisation of the claim in that case when giving the judgment of the Court of Appeal (Patten and Flaux LJJ agreeing), reported as *Conversant Wireless Licensing Sarl v Huawei Technologies Co Ltd* [2019] EWCA Civ 38, [2019] RPC 6.
19. In [32] and [33] Floyd LJ accepted propositions that:
 - i) When identifying the forum in which the *case* can suitably be tried for the interests of all parties and for the ends of justice, it is important to recognise that the 'case' is not restricted to an analysis of the claim and the relief sought by the claimant. One must have regard to the totality of the dispute, including where necessary the defendant's answer to the claim: see *VTB Capital Plc v Nutritek International Corp* [2013] UKSC 5, in particular Lord Mance at [57], Lord Neuberger at [90]-[91] and Lord Clarke at [192].

- ii) The case must be characterised in a way which does not risk pre-judging the analysis of where the appropriate forum lies: see *Re Harrods (Buenos Aires) Ltd* [1992] Ch 72 by way of illustration esp. Dillon LJ at p111A-C and Bingham LJ at p111E-G and p123F-G.

20. Floyd LJ turned to the question of characterisation of the dispute in [95] et seq:

95 Before one can decide whether the English court is the proper forum for the determination of a dispute, a critical initial question is how the dispute is properly to be characterised. The proper characterisation of the dispute has an impact in the subsequent analysis: it may affect whether the foreign court is available to try the dispute and whether it is the appropriate forum. It is of particular importance in the present case.

21. In [96] Floyd LJ emphasised one must look at the overall dispute between the parties, based on the passages in *VTB* he had quoted in [32]. He continued:

97. It is clear that one may get different answers to *the forum conveniens* questions depending on the level of generality at which one characterises the dispute. It is possible to define the dispute both in a way which is too specific and in a way which is too general. Thus, to define a dispute in a way which focuses on the relief which would be granted in the English court was to define it too specifically: see *re Harrods (Buenos Aires)*. On the other hand, to define the dispute in so general a way that the claimant is left to pursue a claim based on a different property right and different underlying facts in the foreign forum is, in my judgment, likely to define it too broadly.

98 The way in which claims of the type which Conversant wishes to bring are to be analysed was considered in some depth in *Unwired CA*. The points which emerge from that judgment which are relevant to this appeal are the following:

(i) At [52] the court pointed out that it was accepted that there was no such thing as a global portfolio right, and that the court in this country will only determine disputes concerning infringement and validity of UK patents or European patents designating the UK. Moreover, if a UK patent is found valid and infringed the relief by way of injunction and damages will relate only to acts of infringement of those patents within that territory.

(ii) At [53] the court contrasted the territorial nature of patent rights with the position in relation to the FRAND undertaking given to ETSI. The undertaking, like the standard to which it relates, was of international effect, applying to all patents which belong to the same family irrespective of the territory in which they subsist. This was necessary in order to protect implementers whose equipment may be sold in a number of different

jurisdictions and then used by members of the public who may travel with that equipment from one jurisdiction to another.

(iii) However, just as it was necessary to protect implementers by giving them global protection in this way, it was necessary to protect SEP owners from the need to negotiate patent licences on a country by country basis, and the need to litigate on such a basis. As the court pointed out at [55], Huawei's witness had accepted that the costs of such litigation to the SEP owner would be impossibly high.

(iv) Thus, the court pointed out at [56], in such circumstances it was possible, depending on the facts, that a global licence could be FRAND.

(v) Where a SEP owner brings proceedings for infringement against an implementer in one jurisdiction in respect of the SEPs which it owns there and makes good its case, two outcomes might follow. First, if the evidence establishes that a willing licensor and a willing licensee in the position of the parties would agree a FRAND licence in respect of that jurisdiction but the SEP owner refuses to offer it such a licence then no injunction should be granted. If on the other hand, the implementer refuses to enter into the FRAND licence for that jurisdiction then the SEP owner can properly seek an injunction to restrain further infringement there. Secondly, however, if the evidence establishes that a willing licensor and a willing licensee in the position of the parties would agree a global FRAND licence, that such a licence would conform to industry practice and that it would not be discriminatory but the SEP owner refuses to grant such a licence to the implementer then once again it should be denied an injunction. If on the other hand, the implementer were to refuse to enter into such a licence then the SEP owner should be entitled to an injunction in that jurisdiction to restrain infringement of the particular SEPs in issue in those proceedings: see [57] and [58].

(vi) Were the position otherwise then the SEP owner seeking to recover the FRAND licence monies for all of the SEPs in the same family from an uncooperative implementer who is acting unreasonably would be required to bring proceedings in every jurisdiction in which those rights subsist, which might be prohibitively expensive for it to do. This result would not involve any alteration of the territorially limited characteristics of any SEP; nor would it involve any jurisdictional expansionism. To the contrary, it would amount to a recognition by the court (i) that the SEP owner has complied with its undertaking to ETSI to offer a licence on FRAND terms; (ii) that the implementer has refused or declined to accept that offer without any reasonable ground for so doing; and (iii) that in these circumstances the SEP owner is entitled to the usual relief available for patent

infringement including an injunction to restrain further infringement of the particular SEPs in issue in the proceedings.

99 Conversant's claim in the present case is closely analogous to the claim advanced in the *Unwired Planet* case. It is (i) that the UK patents are essential to the standard, (ii) that it has complied with its ETSI undertaking, in that the offers which it has made are FRAND, (iii) that Huawei and ZTE have not so complied without any reasonable ground for so doing, and (iv) that it is therefore entitled to enforce its UK SEPs and obtain the usual relief for infringement, including a FRAND injunction and damages. Conversant also seeks a determination as to the terms which are FRAND for the licensing of its portfolio. Huawei's and ZTE's answer is likely to be (i) that Conversant's patents are neither essential nor valid, and (ii) that Conversant has not complied with its FRAND undertaking and so is not entitled to an injunction even if it establishes that its UK patents are valid and essential. The content of Conversant's FRAND undertaking is thus an inseparable part of the dispute about whether Conversant is entitled to relief for infringement of valid UK patents.

...

104 If one characterises the case in the way in which the judge characterised it, with which I agree, then it seems to me that the *forum conveniens* question answers itself. The fact that the dispute concerns UK patents is a matter of substance and not of form. Resolution of the dispute will involve determining infringement, essentiality and validity of UK patents. A UK forum is clearly the most appropriate forum, indeed the only possible forum, for this dispute to be tried.

22. Huawei appealed to the Supreme Court and the Court heard the appeal together with the appeal in *Unwired Planet v Huawei*. There is important context set out in the following sections of the judgment of the Supreme Court (reported as *Unwired Planet International Ltd v Huawei Technologies (UK) Ltd* [2020] UKSC 37) which I have kept in mind but do not repeat: 'Patents: the legal background' [2]-[4]; 'Standards Setting Organisations' [5]-[7]; 'The ETSI IPR Policy' [8]-[14]; 'Industry Practice in negotiating licensing agreements' [15]. However, before me particular emphasis was placed on the following passages from the Supreme Court Judgment:

3 In English law, once a patent owner has established that a patent is valid and has been infringed, it is *prima facie* entitled to prevent further infringement of its property rights by injunction. In Scots law an interdict provides a similar remedy. We discuss this matter (the fifth issue) in more detail in paras 159–169 below. This *prima facie* entitlement and the patent owner's entitlement in other jurisdictions to obtain similar prohibitory remedies form part of the backdrop to the contractual arrangements which lie at the centre of these appeals.

4 To promote the development of global markets for telecommunications products, including mobile phones, the infrastructure equipment and devices produced by competing manufacturers need to communicate and interoperate with one another and the phones need to be available for use internationally by consumers who travel with their phones from one jurisdiction to another. Two attributes of patent law have militated against this development. First, the prima facie entitlement of the owner of a patent to prohibit by injunction the use of its invention within a national jurisdiction has the potential to disrupt a global market for equipment using that invention. Secondly, the national nature of patent monopolies, which forces the patent owner seeking to protect its monopoly to raise proceedings in individual national courts, makes it very difficult, if not wholly impracticable, for a patent owner to protect an invention which is used in equipment manufactured in another country, sold in many countries and used by consumers globally.

...

6.But ETSI is not under an obligation to check whether patents declared to be essential are in fact essential. Nor does ETSI make any binding judgment on the validity or status of any such patents: ETSI Guide on IPRs (19 September 2013) (“the Guidance”), para 3.2.1. Those are matters for the relevant national courts. ETSI leaves it to the relevant parties, if they so wish, to resolve those questions by court proceedings or alternative dispute resolution: the Guidance, para 4.3.

25. [*When relating the outcome of the trial before Birss J. in Unwired Planet v Huawei*].....He held that a willing licensor, with Unwired’s portfolio of patents, and a willing licensee, with almost global sales, acting reasonably and on a willing basis would agree a worldwide licence. He concluded that such parties would regard the negotiation of licences country by country as “madness”. Having been presented with detailed expert evidence, Birss J determined the rates of royalty and other terms of the licence, so far as they were in dispute, that he considered to be FRAND. He held that in the circumstances a UK portfolio licence, for which Huawei had argued, would not be FRAND but that a FRAND licence between Unwired and Huawei had to be a worldwide licence.

23. The Court addressed *forum non conveniens* as Issue 2, noting the issue only arose in the *Conversant* appeals, and that it had two limbs: first, whether the High Court should have set aside service out of the jurisdiction on the two Chinese defendants and permanently stayed the proceedings against the two English defendants on the basis that China was the appropriate forum, not England; second, a case management limb for a stay pending relevant matters in dispute to be litigated to a final conclusion in China. In that context, the Supreme Court expressed its view on the characterisation of the *Conversant v Huawei* action in the following section:

94 Leaving aside questions as to the burden of proof, at common law the forum conveniens doctrine requires the English court to decide whether its jurisdiction or that of the suggested foreign court is the more suitable as a forum for the determination of the dispute between the parties. The traditional way in which this question has been framed speaks of the “forum in which the case can be suitably tried for the interests of all the parties and for the ends of justice” (per Lord Collins JSC in *Altimo Holdings and Investment Ltd v Kyrgyz Mobil Tel Ltd* [2012] 1 WLR 1804, para 88, adopting the language of Lord Goff of Chieveley in *Spiliada Maritime Corp v Cansulex Ltd* [1987] AC 460). The requirement in complex litigation to define, at the outset, what is “the case” to be tried runs the risk that the court will by choosing a particular definition prejudge the outcome of the forum conveniens analysis, as the Court of Appeal decided had occurred at first instance in *In re Harrods (Buenos Aires) Ltd* [1992] Ch 72. Harman J had characterised “the case” as a petition under the English Companies Act for relief for unfair prejudice in the conduct of the affairs of an English registered company, which made it “blindingly obvious” to him that England was the appropriate forum. But the company carried on business entirely in Argentina. The matters complained of all occurred there, where there was a parallel jurisdiction to provide relief under Argentinian legislation. So the Court of Appeal preferred Argentina as the appropriate forum. Like the Court of Appeal in the present case, we therefore prefer for present purposes to identify the dispute between the parties as the matter to be tried, lest reference to “the case” should introduce undue formalism into the analysis of a question of substance.

95 The question how the dispute should be defined has been the main bone of contention between the parties, both in this court and in the courts below. Is it, as the appellants say, in substance a dispute about the terms of a global FRAND licence, or is it, as the respondent maintains, both in form and in substance about the vindication of the rights inherent in English patents, and therefore about their validity and infringement, with FRAND issues arising only as an aspect of an alleged contractual defence? Thus far the respondent has had the better of that argument, both before the judge and the Court of Appeal. At the heart of the analysis which has thus far prevailed is the recognition that the owner of a portfolio of patents granted by different countries is in principle entitled to decide which patents (and therefore in which country or countries) to seek to enforce, and cannot be compelled to enforce patents in the portfolio granted by other countries merely because a common FRAND defence to the enforcement of any of them raises issues which might more conveniently be determined in another jurisdiction than that which exclusively regulated the enforcement of the chosen patents.

96 Were it necessary to choose between the rival characterisations of the substance of the dispute, we would have agreed with the choice made by the courts below. But we think, like the judge, that there is a compelling reason why the appellants must fail on this issue which would apply even if the appellants' characterisation had been correct, so that the dispute was in substance about the terms of a global FRAND licence. A challenge to jurisdiction on forum conveniens grounds requires the challenger to identify some other forum which does have jurisdiction to determine the dispute. Even in a case where permission is required to serve out of the jurisdiction, so that the burden then shifts to the claimant to show that England is the more appropriate forum, that still requires there to be another candidate with the requisite jurisdiction. In the present case, China is the only candidate which the appellants have put forward. There may be others, but the court is not required to carry out its own independent search, and such other jurisdictions as might exist in theory may not be remotely convenient.

97 After hearing extensive expert evidence, the judge found that the Chinese courts do not, at present, have jurisdiction to determine the terms of a global FRAND licence, at least in the absence of agreement by all parties.

98 We therefore agree with the judge that the forum conveniens challenge falls at this first hurdle, notwithstanding the fresh evidence introduced in the Court of Appeal. Had it not done, a number of further issues would have arisen, in particular arising from the application of the *Owusu* principle (*Owusu v Jackson* (Case C-281/02) [2005] QB 801) to the English defendants, set against the possibility that there might be a reflective application of article 24 of the Brussels I Regulation (Regulation (EU) 1215/2012 of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ 2012 L351, p 1)), and the recent decision of this court in *Lungowe v Vedanta Resources plc* [2020] AC 1045. But we consider that those issues, which may well arise in future if and when other countries decide to exercise jurisdiction to settle global licences, would best be determined in a context when they might be decisive.'

This action

24. Although I have been suitably forewarned (both from Xiaomi's submissions but also by the judgment of the Supreme Court just quoted) about falling into the trap illustrated by *Re Harrods (Buenos Aires) Ltd*, it remains necessary, in view of the arguments, to summarise the claim brought by Philips in the Amended Particulars of Claim in order to start on the process of identifying the case or matter to be tried.

25. The first section of the Amended Particulars of Claim identifies the four patents and the previous judgments concerning EP525 and EP511.
26. The second section (Essentiality and FRAND) identifies the licensing declarations made by Philips to ETSI, the relevant provisions of the ETSI IPR Policy, and the plea that the construction, validity and performance of the licensing declarations and the ETSI Policy are governed by French law. Philips plead the effects of the declarations, namely that it:
- entered into a contract with ETSI, governed by French law, whereby the Claimant is bound to enter into good faith negotiations with a view to concluding, alternatively, to grant, licences of its ESSENTIAL IPR on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy (the “FRAND Commitment”).
27. Also in this second section, Philips pleads its case as to what a prospective licensee must do in order to take the benefit of the FRAND Commitment:
- ‘a. pursuant to Article 1121 of the old French Civil Code (Article 1205 of the new French Civil Code), a prospective licensee must express a willingness to take a licence to the Claimant’s relevant IPR in accordance with Clause 6.1 of the ETSI
- b. pursuant to Article 1134 of the old French Civil Code (1104 of the new French Civil Code) a prospective licensee must in good faith negotiate, agree and perform a licence on FRAND terms; further or alternatively
- c. the prospective licensee must act in accordance with the recognised commercial practices in the field. These include:
- i. not engaging in delaying tactics,
- ii. responding diligently and in good faith to any licensing offer made to them, and/or
- iii. undertaking to enter into a licence on FRAND terms set by a Court hearing an action for patent infringement.
- A person who acts consistently with the requirements of this paragraph 15 is hereafter referred to as a “willing licensee”.’
28. Philips pleads that its ‘Philips Standard Terms’, pursuant to which it offers a worldwide portfolio licence, are FRAND or in the FRAND range, and then sets out further details of its case on essentiality, detailing which of the 4 SEPs are essential to particular provisions of various standards, with further details of the findings made in the previous judgments involving EP525 and EP511.
29. The third section of the Amended Particulars of Claim identifies each of the Defendants and then, by reference to the Amended Particulars of Infringement, pleads the acts of

infringement of the Patents. Then, in paragraphs 30-36, Philips pleads what it alleges occurred in the negotiations and the alleged consequences.

30. Paragraph 32 of the Amended Particulars of Claim addresses the negotiations. Philips says it will plead further to the detail of the negotiations, as necessary. For its part, Philips alleges it has made FRAND offers, acted in good faith and complied with its obligations under the FRAND Commitment and/or the ETSI IPR Policy. In respect of Xiaomi, Philips pleads they have:

‘i. failed to offer to take a licence to the Philips Portfolio on terms that are FRAND and/or fall within the FRAND range and/or can reasonably and in good faith be regarded as FRAND; and/or

ii. failed to act as a willing licensee; and/or

iii. conducted themselves in such a way that Philips is entitled to injunctive relief notwithstanding the FRAND Commitment and/or Philips is not required to grant a licence on FRAND terms.’

31. In paragraph 33, Philips says it intends to continue to attempt to negotiate with the Defendants. Then three paragraphs follow which I set out because they relate to particular parts of the relief sought, namely, the consequences if Xiaomi are held to be an unwilling licensee and the claim for global damages or an account of profits due to Xiaomi’s failure to take the global portfolio licence on offer:

‘34. Further, and in any event, the FRAND Commitment is not applicable for any period in respect of which the Defendants are not a willing licensee and the Claimant is entitled to damages unconstrained by its normal FRAND royalty rate, alternatively, an account of profits derived by the infringement.

35. By failing to take the global portfolio licence offered to them when they were able to do so, the Defendants have caused the Claimant to suffer loss and damage in forgone licensing revenues. Damages should be calculated so as to ensure that (i) the Claimant is left no worse off than had the Defendants taken a global portfolio licence on FRAND terms when they were able to do so and should have done so, so as to avoid any infringing acts and (ii) the Defendants are not treated as if they were entitled to any discounts or advantageous terms that would have been available only to a willing licensee.

36. By failing to take the global portfolio licence offered to them when they were able to do so, the Defendants have been unjustly enriched by the amount of the licensing payments they have avoided paying. An account of profits, if elected, should be calculated so as to ensure (i) the Defendants do not profit from committing acts of infringement and then refusing to take a global portfolio licence on FRAND terms instead of taking a licence at the time they were able to do so and should have done

so, so as to avoid any infringing acts and (ii) the Defendants do not benefit from any discounts or advantageous terms that would or should have been available only to a willing licensee.’

32. I pause to note that Xiaomi fastened on the reference in paragraph 36 to unjust enrichment. However it is clear (and Philips confirmed) that there is no claim in unjust enrichment: those words are simply used to describe the consequence of Xiaomi’s failure to take the licence on offer.

33. The relevant portion of the prayer for relief is as follows. Philips claims:

‘1. A declaration that the Patents and each of them has been or will be infringed by the Defendants and each of them.

2. A declaration that the terms on which the Claimant is willing to license the Philips Portfolio, including the patents in suit, as set out at paragraph 18 above are FRAND and/or are in the FRAND range;

3. In the alternative to 2 above, where the Court determines that adjustments are required in order for the terms on which the Claimant proposes to licence the Philips Portfolio in order to bring these terms into the FRAND range, a declaration of those (adjusted) terms of a FRAND licence to the Philips Portfolio.

4. A declaration that the Defendants: are not a willing licensee; alternatively, have failed to act in good faith in the negotiation of FRAND licence terms with the Claimant.

5. Save insofar as the Defendants and each of them are entitled to and take a licence to the Patents on terms held or determined by this court to be FRAND and/or in the FRAND range (in accordance with the Claimant's undertakings and the ETSI IPR Policy) and insofar as the Claimant is and remains required to grant such a licence:

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

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

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

6. An inquiry as to damages (including damages in accordance with Regulation 3 of the Intellectual Property (Enforcement, etc.) Regulations 2006, SI 2006/1028) suffered by the Claimant or (at the Claimant's option) an account of profits accrued to the Defendants and each of them by reason of their acts of infringement and an order for the payment of all sums found due upon the taking of such inquiry or account.

7. Interest thereon as damages, alternatively, pursuant to section 35A of the Senior Courts Act 1981 or the equitable jurisdiction of the Court.'

34. As I have mentioned, no defences have been served by Xiaomi nor have Xiaomi given any undertakings to constrain what they can plead by way of defence. Accordingly, I must proceed on the basis that Xiaomi will dispute infringement, essentiality and/or validity of the Patents as they may be advised, notwithstanding the existing judgments relating to EP525 and EP511. In this regard, I note that Xiaomi have challenged the validity of one or more of the equivalent patents in one or more of the proceedings in Germany, Spain and the Netherlands.
35. Accordingly, as I understand matters, if Philips establishes that Xiaomi infringes one or more of the Patents (i.e. they are held essential to an ETSI standard), at Trial A and/or B, then the Court will proceed at Trial C to consider the issues raised in what may be termed the FRAND part of the case, which will include all issues as to the appropriate relief, aside from the costs of the technical trials.
36. In view of some of the arguments, it bears mention that Philips sues on a single cause of action: the tort of patent infringement. This is reinforced by the established UK jurisprudence that there is no self-standing right to a FRAND declaration or FRAND relief (cf *Vestel v Access Advance* [2021] EWCA Civ 440).

Philips' claims elsewhere

37. As I understand matters, the claims brought by Philips in Germany, Spain and the Netherlands are also for infringement of the equivalent SEPs in force in those countries. I asked whether any of those other claims involved any sort of FRAND relief and I was told that no FRAND relief has been claimed because no court in those jurisdictions has stated that FRAND relief is available. Philips has also brought a claim for patent infringement in India.

The position of ETSI

38. The provisions of the ETSI IPR Policy are not disputed. However there are some provisions in the ETSI Guide on IPRs to which I should draw attention:
- a. ETSI does not have a role in determining FRAND and FRAND terms are left to the commercial discussions between SEP holders and implementers. For example, section 4.1 of the ETSI Guide on IPRs states: "*Specific licensing terms and negotiations are commercial issues between the companies and shall not be addressed within ETSI*".

b. Enforcement of IP rights is a matter for national courts. For example, section 4.3 of the ETSI Guide on IPRs states: “... *once an IPR (patent) has been granted, in the absence of an agreement between the parties involved, the national courts of law have the sole authority to resolve IPR disputes*”.

The French proceedings

39. As I have mentioned, Xiaomi brought the French action about a month after this action commenced. There are 12 Xiaomi claimants, including BXMS, all the defendants to this action, plus the local Xiaomi subsidiaries sued by Philips in the other proceedings in Germany, Spain, the Netherlands and India. The claim is brought against the Claimant in this action, another Dutch Philips entity and ETSI, which is a French association.
40. It is apparent that ETSI is the anchor defendant for the action in France. Although it is no part of my role to address any issue which it is for the French Court to address, I note that:
 - i) ETSI has already indicated it challenges the admissibility of the claims made against it by Xiaomi.
 - ii) The Philips defendants have filed their jurisdictional challenge, based on the contentions that Art 4 of Brussels I Recast requires them to be sued in their domicile i.e. the Netherlands, and the artificiality of the position of ETSI as the anchor defendant.
41. In the French Proceedings, Xiaomi claims that Philips has failed to comply with its obligations and undertakings as a member of ETSI to license all of its SEPs which have been declared essential to the ETSI standards on FRAND terms. Xiaomi’s main claim is that, as a matter of French law, Xiaomi already benefits from the existence of a global licence from Philips to its global portfolio of SEPs for the LTE and UMTS standards and requests that the French court makes a declaration recognising the existence of that licence – this is what the parties called the “**French Law Contract Issue**”.
42. Xiaomi also requests the French court to intervene to require ETSI to enforce its rules and to require Philips to comply with its obligations to negotiate the royalty rate and conclude a FRAND licence in accordance with the undertakings given to ETSI. Further, Xiaomi requests that the French court directs ETSI to activate certain procedures in the ETSI Rules of Procedure, should Philips not comply with its obligations. In the absence of any negotiation of an appropriate royalty rate, Xiaomi requests that the French court determines a global royalty rate so that the FRAND licence can be put into full effect.
43. It is not necessary for me to set out the extensive debates in the written reports on French law. It seems to be agreed that the French Court has never granted any of the relief sought by Xiaomi before in a SEP case. Suffice to say that there remains a great deal of uncertainty as to whether the French Court will actually determine the terms of a FRAND licence. It seems more likely that the French Court would direct the parties to negotiate the terms between themselves and/or appoint an expert to determine the terms. On any view, the French proceedings will take a long time to reach any conclusion –

Philips' reasoned estimate was that the French proceedings may not be resolved until 2032, with the jurisdictional disputes (and appeals) capable of taking up the first few years.

44. Thus, Philips characterises the French proceedings as a tactical attempt by Xiaomi to stymie Philips' patent enforcement actions, pushing any resolution (if it occurs) out well beyond the expiry of any of the patents in suit.

Outline of the issues

45. On these applications, Xiaomi's principal contention is that this action is properly characterised as a dispute over global FRAND licensing terms. This argument will be recognised as essentially the same argument propounded by Huawei in the *Conversant* case and which failed. Xiaomi say this action is different in two respects. First, Xiaomi correctly point out that in *Conversant v Huawei*, the alternative forum, China, had no jurisdiction to determine the terms of a global FRAND licence in the absence of the parties' agreement. Here, Xiaomi contends that the alternative jurisdiction, France, has such a jurisdiction, although that is disputed. Indeed Xiaomi argue that, under French law, they already have a FRAND licence. Second, Xiaomi place heavy emphasis on paragraph 4 of the prayer for relief, which stems from the contention that Xiaomi was and remains an unwilling licensee, with the consequence that Xiaomi are not entitled to a FRAND licence at all. The tenor of Xiaomi's submissions was that the claim to this particular relief made all the difference, but I do not see why it does. It is just one of a number of alternative outcomes depending on the factual findings the Court makes. Furthermore, to claim this alternative relief in a FRAND case is not unusual, in my experience.
46. At first sight (but leaving aside the unwilling licensee issue), there may appear to be little between the parties. By this action, Philips seek to persuade Xiaomi to take a FRAND licence under its portfolio. Xiaomi's principal contention is that they already have a FRAND licence under French law. To an English or common law lawyer, the idea of a licence being in place *before* any of its terms have been agreed (e.g. rates, lump sum or running royalty etc.) seems strange, but it remains to be seen whether that is the effect of French law. However this highlights an oddity in Xiaomi's position. One might expect a party which contends it already has a licence (albeit certain terms have yet to be determined) to be willing to adopt a procedure which determines those terms. This action presents the best and the speediest procedure. Indeed, it is open to Xiaomi to say there is no need for any technical trials and the parties can proceed directly to a FRAND trial in the UK. Yet, if this action proceeds, Xiaomi reserve the right to take every point, including disputing each one of the technical trials. At the same time, Xiaomi seem much to prefer the much more uncertain and lengthy procedure in the French proceedings. This rather indicates that Xiaomi's primary interest lies not in having a licence with its attendant terms (which will include payment of money), but putting off the determination of the terms of that licence (and any payment of money) for as long as possible.

These Applications

47. Mr Bloch QC for Xiaomi chose to address the position of the Non-UK Defendants first. The reason for that choice was clear: Mr Bloch wanted to build his *forum non conveniens* case based on the position of the Non-UK Defendants whilst ignoring the

inconvenience of the position of Xiaomi UK. However, it is convenient to start with the position of Xiaomi UK.

48. As is now common ground, this Court has jurisdiction for this claim against Xiaomi UK on the basis that it is domiciled in the UK: see Article 4(1) of the Brussels I Recast Regulation and Art 67(1)(a) of the Withdrawal Agreement.
49. Furthermore, in accordance with *Owusu v Jackson* Case (C-281/02) [2005] QB 801, the Court has no power to decline jurisdiction over Xiaomi UK on *forum conveniens* grounds. It was served in the jurisdiction as of right.
50. Having established that foundation, the case management stay sought by Xiaomi centres on the position of the Non-UK Defendants and the French proceedings. Before turning to those issues, I must deal with the challenge to jurisdiction of the Non-UK Defendants.

Service Out on the Non-UK Defendants

51. I was reminded of the following applicable principles.
52. Where proceedings need to be served outside the jurisdiction, the claimant must generally seek permission of the court in accordance with CPR 6.36. The principles for granting permission are well-settled: *VTB Capital plc v Nutritek International Corp* [2013] 2 AC 337 (“*VTB*”) at [164]. The court will grant permission where the claimant can show that:
 - i) there is a serious issue to be tried in relation to each cause of action which is being advanced;
 - ii) there is a “good arguable case” that each of the claims brought falls within one of the jurisdictional gateways set out in PD 6B, paragraph 3.1; and
 - iii) England is clearly or distinctly the most appropriate forum in which to hear the claim.

If the application for permission is made without notice:

- iv) the applicant must also draw to the court’s attention any relevant facts in the evidence before the court, which are material to the application.
53. A defendant may challenge the court’s jurisdiction under CPR 11 by arguing that permission should not have been granted as one or more of the above requirements were not met. Xiaomi accepted that one or more of the jurisdictional gateways was satisfied, so its submissions focussed on requirements i), iii) and iv) above.

i) Serious Issue to be Tried

54. For a serious issue to be tried to exist, there has to be a substantial question of fact or law or both and a real, as opposed to a fanciful, prospect of success on the claim: *VTB* at [164]. Further, the claimant must show that there is a serious issue to be tried “*in respect of each cause of action for which permission is sought*” (Xiaomi’s emphasis): *Unaoil Ltd v Ranhill Consortium Sdn Bhd* [2012] EWHC 1595 (Comm) at [8]. It is not

sufficient that the claimant can show it has a serious issue to be tried on some aspect of its claim but not others.

iii) Appropriate Forum

55. Where permission to serve out is required, the claimant bears the burden of demonstrating that England is the most suitable forum for the case to be tried: *Traxys Europe SA v Sodexmines Nigeria Ltd* [2020] EWHC 2195 (Comm) at [11] (per Teare J). This means that Philips must satisfy the court that in all the circumstances England is “clearly or distinctly the appropriate forum for the trial of the dispute, and that in all the circumstances the court ought to exercise its discretion to permit service of the proceedings out of the jurisdiction”: *Altimo Holdings and Investments Ltd v Kyrgyz Mobil Tel Ltd* [2012] 1 WLR 1804 at [71] (per Lord Collins).
56. The court must consider whether England is the most suitable forum “by standing back and asking the practical question where the fundamental focus of the litigation was to be found”: *Erste Group Bank AG (London) v JSC (VMZ Red October)* [2015] EWCA Civ 379 at [149] (per Gloster LJ). The factors involved in identifying the proper forum were conveniently summarised by Lord Briggs in *Lungowe v Vedanta Resources Plc* [2019] 2 WLR 1051 at [66]:
- “The best known fleshed-out description of the concept is to be found in Lord Goff of Chieveley’s famous speech in the *Spiliada* case [1987] AC 460 , 475–484, summarised much more recently by Lord Collins JSC in the *Altimo* case [2012] 1 WLR 1804, para 88 as follows: ‘the task of the court is to identify the forum in which the case can be suitably tried for the interests of all the parties and for the ends of justice ...’ That concept generally requires a summary examination of connecting factors between the case and one or more jurisdictions in which it could be litigated. Those include matters of practical convenience such as accessibility to courts for parties and witnesses and the availability of a common language so as to minimise the expense and potential for distortion involved in translation of evidence. Although they are important, they are not necessarily conclusive. Connecting factors also include matters such as the system of law which will be applied to decide the issues, the place where the wrongful act or omission occurred and the place where the harm occurred.”
57. The duration of proceedings in the natural forum will generally be ignored unless the delay would be excessive: *Innovia Films Limited v Frito-Lay North America Inc* [2012] EWHC 790 (Pat) at [45].
58. In determining the appropriate forum for the trial of the dispute, “the ‘dispute’ for this purpose is not restricted to an analysis of the claim and the relief sought by the claimant: one must have regard to the totality of the dispute, including where necessary the defendant’s answer to the claim”: *Shenzhen Senior Technology Material Co Ltd v Celgard LLC* [2020] EWCA Civ 1293 at [71] (per Arnold LJ, citing with approval *Huawei Technologies Co Ltd v Conversant Wireless Licensing SARL* [2019] EWCA Civ 38 at [32]-[35] (per Floyd LJ) and *Unwired Planet* at [94]). In this respect, it is important that the court does not pre-empt the identification of the appropriate forum by characterising the dispute in a way that only admits of one answer to that question: *Re Harrods (Buenos Aires) Ltd* [1992] Ch 72. The court should not focus on the form

of the causes of action but rather on identifying where the substance of the dispute would be most suitably tried for the interests of all parties and the ends of justice.

iv) Material Non-Disclosure

59. The claimant is obliged to make full and frank disclosure of all material facts, including anything detrimental to his case. If the claimant fails to do so, the order granting permission to serve out may be discharged. The relevant principles were set out in *Masri v Consolidated Contractors International Company Sal* [2011] EWHC 1780 (Comm) at [58]:

“The law as to non-disclosure is of course well established: the ‘golden rule’ is that, on an ex parte application — it seems to me particularly where this is made on paper wherethe judge is left to consider on his own in his or her room what may often be a pile of undigested exhibits — the party making the application must identify any material facts, and in particular any which may constitute a defence or some ground for not granting the order sought. The most significant consequence is where an ex parte injunction, such as a drastic freezing order with immediate effect and possibly long-lasting consequences, is made which might not have been made if material facts had been disclosed. But the duty arises on any ex parte application, and certainly so on one for service out of the jurisdiction, where what is being sought is the exercise of an exorbitant jurisdiction, bringing a foreign defendant within the jurisdiction even if only to incur the cost and inconvenience of fighting a jurisdiction application successfully.”

60. Material facts are those which it is material for the Judge to know in dealing with the application as made and the court will be astute to ensure that a claimant who obtains relief without full disclosure is deprived of any advantage he may thereby have derived: *PJSC Commercial Bank Privatbank v Kolomoisky* [2018] EWHC 3308 (Ch) at [72] (per Fancourt J). While material non-disclosure will normally sound in the order for permission being discharged, if the outcome of the permission application was not affected by the non-disclosure, or the defendant has not suffered any material prejudice, then the court may instead impose costs sanctions on the claimant: *Rawlinson & Hunter Trustees SA v ITG Limited* [2014] EWHC 3764 (Ch) at [40] (per Nugee J).

Xiaomi’s arguments

61. On serious issue to be tried, Xiaomi submitted that Philips was not able to demonstrate that there is a serious issue to be tried on ‘several material respects’. Xiaomi then identified those respects as:
- i) The declaration that Xiaomi is not a willing licensee (paragraph 4 of the prayer for relief);
 - ii) The claim that Xiaomi has been unjustly enriched – I have already dealt with this point. Philips has not pleaded any cause of action in unjust enrichment;
 - iii) The claim of direct and indirect patent infringement against D1;
 - iv) The claim for direct infringement against D5;

- v) The claim for injunctive relief for patent infringement against the Non-UK Defendants.
62. At least the first, second and fifth points are based on a misreading of *Unaoil*. For example, there is not a separate or distinct cause of action giving rise to the declaration sought in paragraph 4 of the prayer for relief. Philips' cause of action is for patent infringement, in respect of which there is plainly a serious issue to be tried. *All* of the relief sought by Philips depends upon that single cause of action (albeit based on four different patents).
63. The remaining allegations under this head are all concerned with Philips' claims concerning the Non-UK Defendants. These divide into two categories:
- i) First, there are the claims of direct infringement against D1 and D5;
- ii) Second, there are the claims of joint and several liability against each of the Non-UK Defendants for the acts of direct patent infringement alleged to have been committed in the UK by Xiaomi UK, D1 and D5.
64. On these aspects of the case, the evidence relied upon by Xiaomi is carefully worded. It is given by Mr Burdon, a partner in Simmons & Simmons LLP, Xiaomi's solicitors. This evidence suffers somewhat from the fact that it proceeds on the same misreading of *Unaoil*.
65. Mr Burdon starts with this summary: 'In short, only Xiaomi UK is undertaking any *ongoing* activity in relation [sc. to] the sale of mobile phones in the UK.' (my emphasis). He acknowledges that D3 supported the UK launch in late 2018, that D5 'continued until recently to supply some third party distributors' and it had 'some limited involvement in staff training and store design for Xiaomi's only physical retail store in the UK (in Westfield, London)'. He goes on to say the store was officially closed on 5 March 2020, but to say, as he does, that these activities of D3 and D5 are 'largely historical' does not take them outside patent infringement.
66. It is true that the allegation of direct infringement against D1 through its ownership of the website and domain name mi.com is thin, but that is not the end of the matter. I turn to consider the allegations of joint tortfeasance.
67. I will not set out the reasonably extensive pleading of joint tortfeasance in the Amended Particulars of Infringement because the allegations and supporting particulars extend over more than 6 pages under the following heads:
- i) D1 for the acts of D2 and third party retailers;
- ii) D5 for the acts of D2 and third party retailers;
- iii) D3 for the acts of D2 and third party retailers;
- iv) D4 for the acts of D2 and third party retailers;
- v) D3 for the acts of D1;
- vi) Joint tortfeasance generally by the Ds.

68. Although, understandably, there is some cross reference between the various heads, each head has its own set of supporting particulars.
69. Although Mr Burdon's evidence attempted to chip away at some of the points, his evidence omits to deal with certain allegations, as Mr Boon pointed out in his evidence in response. Mr Boon also drew attention to a curiosity regarding the reported number of sales of Xiaomi handsets in the UK. The actual figures may be confidential, so I will summarise the point: there is a significant mismatch between the turnover from the sale of goods reported in D2's accounts and the number of handsets which Mr Burdon reports as sold in the UK in 2019. Furthermore, third party data puts Xiaomi unit sales at more than three times Mr Burdon's figure. Although this information was not before the Court when it gave permission to serve out, it nonetheless indicates the danger of placing reliance on the equivocal picture given in Mr Burdon's evidence, when a much fuller picture is likely to emerge if these issues remain live at trial.
70. Overall, having reviewed all these materials (including the voluminous evidence directed to this issue), I am entirely satisfied that there is a serious issue to be tried involving each of the Defendants. There is no 'killer point' for any of the Defendants. On this aspect of the case, Xiaomi are effectively asking me to conduct a mini-trial and grant summary judgment against Philips on the basis of some highly equivocal evidence. Not only am I not permitted to do that, but there is no proper evidential basis for it. I reject Xiaomi's challenge on serious issue to be tried.

Appropriate forum

71. Xiaomi submit that France is the appropriate forum for the dispute, not England, a submission which brings to the fore the correct characterisation of the dispute or matter to be tried.
72. Xiaomi submit that the substance of this dispute is not about the infringement of a national patent right, nor, they submit, is this case comparable to the claim in *Conversant*. Xiaomi like to focus on the position just before any of the patent actions were commenced. They say that there were negotiations between a Dutch company holding a global portfolio of telecoms patents and a Chinese manufacturing group of telecoms devices which were sold globally as to the terms on which the former would offer and the latter would accept a global licence of that portfolio in accordance with the rules of a French association governing such arrangements. They say the issues are whether, as Xiaomi contend, they are already licensed under French law, whether Xiaomi is entitled to such a licence under French law and what the terms of that licence should be under French law.
73. In terms of the alleged points of distinction between this case and *Conversant*, Xiaomi point to:
- i) Paragraph 4 of the prayer for relief – the unwilling licensee issue;
 - ii) Their primary defence – that they already have the benefit of a global licence by reason of the French Law Contract Issue.
74. As is so often the case, as a matter of principle the answer lies in identifying the correct level of generality at which to address the question and the correct point in time. Once

that has been identified, it is then necessary to ensure that one is comparing like with like.

75. The passages in *VTB* identified by Floyd LJ in *Conversant v Huawei* indicate that the correct level of generality must take into account not only the claim or claims brought by the claimant but also the points which the defendant may raise in its defence.
76. These considerations demonstrate the sleight of hand in the very foundation of Xiaomi's argument. They focus on the position just before the issue of the claim form, which enables them to focus purely on the negotiations for a FRAND licence, and ignore the underlying patent rights owned by Philips. This is not a realistic way to characterise the dispute or matter to be tried. Without those patent rights, there would have been no negotiation at all. So, in my view, Xiaomi's argument starts on the wrong basis and at the wrong level of generality.
77. Furthermore, Xiaomi's argument might have greater force if they had committed either during negotiations or at the outset of this action to move directly to a FRAND determination here in the UK (even though I am conscious there would then be no need for the French action). However, Xiaomi reserve the right to dispute infringement under each one of the patents in suit, whether through non-infringement/non-essentiality arguments or through validity attacks. This means that Xiaomi cannot simply brush aside the fact that they are requiring Philips to prove infringement and say, 'Oh this is just about the terms of the FRAND licence which we already have'.
78. I have described the claim brought by Philips above, and I remind myself that one of the heads of relief sought is for this Court to determine global FRAND terms (including the appropriate royalty rate). In light of the current jurisprudence in this jurisdiction, it is highly likely (but not inevitable) that the Court will determine that relief, provided Philips establishes its right to a FRAND trial by succeeding on at least one of the technical trials.
79. In terms of the points which Xiaomi may raise in its defence, I must take into account:
 - i) Allegations that one or more of the patents in suit is invalid, not infringed/not essential;
 - ii) The allegation that Xiaomi already has a global licence under all Philips' SEPs declared to ETSI, on the same basis as put forward by Xiaomi in the French proceedings.
80. It is conceivable that the scope and the terms of the global licence asserted by Xiaomi may differ as between the two jurisdictions, although I doubt that the end result will be materially different. Let me assume that in this action, Xiaomi establish that one or more of the patents in suit is either invalid or not essential and therefore not infringed. Such findings might have some impact on this Court's FRAND determination, or, at the very least, Xiaomi would probably so argue. In France, whilst Xiaomi would, I assume, be able to make submissions about the essentiality rate of the Philips SEP portfolio as a general matter, they would not be entitled to establish the invalidity of any of the EP(UK)s in suit. I note that, in the French action, Xiaomi have not asserted invalidity of any of the French equivalents of the EP(UK)s in suit.

81. In all the circumstances, I have no doubt that the correct characterisation of this action is that it is an action for infringement of EP(UK) patents. If Philips establish that at least one of the patents in suit is valid and infringed/essential, then the Court will proceed to determine the appropriate relief at the FRAND trial and, as I have indicated, this may well involve a ruling on the appropriate terms for a global FRAND licence. As part of this determination, this Court may well have to rule on the French Law Contract Issue. I say ‘may well’ because I can envisage circumstances in which, at the FRAND trial, the French Contract Law Issue may turn out to make little or no difference to the end result, even though I acknowledge it may be necessary to decide the French Law Contract Issue to reach or confirm that conclusion.
82. As I indicated above, the mere fact that, as one of several alternative heads of relief, Philips claims that Xiaomi is an unwilling licensee does not alter the characterisation of the action. The reason is as just stated. The unwilling licensee issue is just one of a number of alternative heads of possible relief which the Court will have to consider at the FRAND trial once Philips has established a legal basis for such a FRAND determination to take place.
83. I would like to think that I would have reached exactly that conclusion even in the absence of the authoritative statements I have cited, whether they are binding upon me or not. I should add that nothing in Xiaomi’s submissions persuaded me there was any error in the reasoning of the Court of Appeal or the Supreme Court in *Conversant*: indeed, I completely agree.
84. There are some additional points which indicate that Xiaomi’s characterisation is wrong and opportunistic.
- i) First, as Philips pointed out, at no point in any of the FRAND negotiations was there any suggestion that Xiaomi already had the benefit of a FRAND licence i.e. the position now adopted;
 - ii) Second, it may be said that if Xiaomi’s position really is that it already has the benefit of a FRAND licence under French law, why does Xiaomi not proceed directly to a determination of the terms – there being apparently no need for any technical trials.
 - iii) Third, in terms of proceeding directly to a determination of FRAND terms, why does Xiaomi insist on the French route which appears on the evidence to suffer from a number of uncertainties and to be likely to take many years, as opposed to the route available in this action.
85. There is a further and short answer to Xiaomi’s argument that France is an alternative forum: Xiaomi have not identified what claim Philips would be able to bring in that alternative forum. It seems to me there are two possibilities.
86. First, I suppose that Philips could have tried to bring a claim in France for infringement of the French, UK, Dutch, German and Spanish patents (akin to the claim brought in England in the pemetrexed litigation) but I have no evidence as to whether the French courts would entertain such a claim but let me assume they would, based on Xiaomi France as the anchor defendant. Xiaomi would be able to require the French court to

decline jurisdiction by bringing invalidity attacks against the designations of the patents which were foreign to France.

87. Second, I suppose that Xiaomi might say that Philips could have brought in France the mirror image of the action that Xiaomi have brought. Using Xiaomi France as an anchor defendant would not work, because it would be very unlikely that Xiaomi France would have played any part in the infringements committed in the UK, Germany and Spain. So Xiaomi might say that Philips could have used ETSI as the anchor defendant. However, without deciding the issue, I see considerable force in the argument that the use of ETSI as an anchor defendant is artificial, particularly in view of the clear terms of the ETSI IPR Policy and Guidance.
88. Even if I assume that either ETSI or Xiaomi France could have been validly sued and retained as the anchor defendant for Philips' French claim, in view of the expert evidence as to French law which is before me, such a claim would have very uncertain prospects of achieving a determination of FRAND terms.
89. Overall, it is my view that it would have been extremely risky for Philips to have brought a claim in France in view of (a) the very uncertain prospects but also (b) because proceedings there would have resulted in it getting embroiled in jurisdictional disputes. The evidence before me suggested that those disputes and all possible appeals from them might well have delayed any ruling on the substantive issues for many years, likely to be after the expiry of all four patents in issue.
90. Accordingly, for all these reasons, I do not consider it is realistic to find that France was an alternative forum for Philips. As Philips submitted, England is in reality the only forum for this claim.

Alleged material non-disclosure

91. I can deal with these points relatively briefly. Only two heads were maintained by the Defendants in their Skeleton Argument. The first alleged material non-disclosure is said to be a failure properly to characterise the dispute. There is nothing in this point, largely because it assumes in its favour the errors in Xiaomi's whole approach that I have dealt with above. The second was the alleged failure to disclose that BXMS was not a party to the UK proceedings. This is obvious just from the heading. This is said to be material because BXMS was the party with whom Philips had been negotiating. It is said that the unwilling licensee issue can only be addressed by BXMS, a proposition which seems highly unlikely to me. I am entirely satisfied that these two points were not material. The same goes for the other points raised in Xiaomi's evidence, responded to in Mr Boon's fourth witness statement, and not pursued in argument. On this basis there is no basis for discharge of the Order made by Mann J. Such a course would be unjust and entirely disproportionate.

Case management stay

92. Xiaomi submitted correctly that the English courts have wide case management powers, and they include the power to impose a temporary stay on the whole or any part of the proceedings where to do so would serve the overriding objective: see CPR 1.2(a) and 3.1(2)(f).

93. Xiaomi also submitted, by reference to *Reichhold Norway ASA v Goldman Sachs International* [2000] 1 WLR 173 at 185-186 (per Lord Bingham), that a temporary stay may be ordered where there are parallel proceedings in another jurisdiction, raising similar or related issues between the same or related parties, where the resolution of those issues in the foreign proceedings would better serve the interests of justice than by allowing the English proceedings to continue without a temporary stay and that such relief would be justified if there were “rare *or* compelling” reasons (emphasis added). This quote from *Reichhold* is inaccurate. What Lord Bingham said was: ‘*It will very soon become clear that stays are only granted in cases of this type in rare and compelling circumstances.*’
94. However, largely for the reasons put forward by Philips, I have reached the clear view that no case management stay is appropriate, for the following reasons.
95. First, because I am not permitted to exercise case management powers inconsistently with the Brussels I Recast Regulation: *MAD Atelier International BV v Manés* [2020] QB 971 at [82(3)].¹ Philips submitted and I agree that the stay sought would be inconsistent with: (i) Article 4(1) of the Regulation, under which the Court has jurisdiction over Xiaomi UK, which cannot be declined on *forum conveniens* grounds – which are the very grounds upon which the Case Management Stay Applications are advanced (as confirmed in Mr Burdon’s first witness statement at [52]); and/or (ii) Articles 29 and 30 of the Regulation, pursuant to which this Court has priority to the French Court, it being for the French Court, having been subsequently seised, to determine whether to decline jurisdiction or stay its proceedings on account of the prior proceedings in this Court; the English Court has no such power under the Regulation.
96. Second, and in any event, I should only grant a case management stay in “rare and compelling circumstances”. *MAD Atelier* at [82], referring, of course to *Reichhold Norway ASA v Goldman Sachs International* [2000] 1 WLR 173 (CA) 186. Philips submitted and I agree that none of the factors raised by Xiaomi amounts to such a circumstance: (i) insofar as the Defendants rely on *forum conveniens* considerations these are irrelevant in the context of an application for a case management stay – at least where, as here, the Regulation is engaged; (ii) in any event, it is England, not France, that is the proper forum for the reasons summarised above; and (iii) as explained further below, there is no case management benefit (let alone a “compelling” one) in staying these proceedings (for potentially over a decade) pending the uncertain progress and outcome of the French Proceedings.
97. Third, the circumstances of this case strongly militate against a case management stay of these proceedings. In particular: (i) the outcome of the French proceedings is highly uncertain, may not resolve matters, and may therefore simply cause considerable delay to these proceedings; (ii) by contrast, it is clear that this Court can determine FRAND licence terms, will do so if at least one patent is upheld as valid and infringed, and will do it more quickly than in France; (iii) the UK patents in issue are time-limited rights that will almost certainly expire before the French proceedings are resolved (a factor which was relied upon by the Court of Appeal in *Conversant* at [111], as well as the

¹ Referring to: *Mazur Media Ltd v Mazur Media GmbH* [2004] 1 WLR 2966, [69]; *Jefferies International Ltd v Landsbanki Islands HF* [2009] EWHC 894 (Comm), [26]; and *Skype Technologies SA v Joltid* [2011] ILPr 8, [22].

Supreme Court); (iv) a stay would cause Philips further prejudice; and (v) no such prejudice would be suffered by Xiaomi in the absence of a stay.

Philips' Application for Expedition

98. I can deal with this relatively briefly.
99. In its Application for Expedition, Philips sought what it called a 'modest' degree of expedition of the three trials I mentioned above, seeking orders that Trial A (estimate 4 days) be listed in December 2021, Trial B (estimate 8 days) in February 2022 and Trial C (estimate 15 days) in May 2022. The primary reasons for this level of expedition was so that these trials took place before the expiry of the patents in suit (525 – 15.10.22; 258 – 27.1.23; 511 – 20.4.24 and 647 – 04.11.25) and to put Philips back into the position it would have been in but for the 'unmeritorious Jurisdiction Applications'.
100. I am well aware of the applicable principles (*Gore v Geox* [2008] EWCA Civ 622) but it is not necessary to go into all the arguments which were put forward on this application for essentially three reasons.
101. First, by reason of the agreement set out in the Bacon J Order (see paragraph 13.iv) above, Philips are not entitled to rely on any period of delay caused by the Xiaomi applications.
102. Second, when I indicated that *if* I was persuaded to list Trial A in December 2021, it would have to float indefinitely, it became clear that was an unappealing prospect for both sides.
103. Third, I indicated the listings for the three trials which I mentioned above, and these appeared to be more or less acceptable in that the trials would take place in a reasonable amount of time before three of the four patents in suit expired.

Remaining matters

104. At the conclusion of the hearing I gave (i) the outcome of the Xiaomi applications and (ii) the trial listings mentioned above. I directed that the parties should endeavour to agree directions leading to those three trials and those directions will include a direction for service of defences by the Defendants. As I was completing this judgment, Philips made an application for a date to be set for the service of the Defence by all the Defendants. I decided that application on paper, having received submissions from both sides. The Defences of the First, Third, Fourth and Fifth Defendants will be served without prejudice to their ability to continue their challenge to jurisdiction on appeal from this judgment. If or to the extent that further directions cannot be agreed, the parties will have to come back at the CMC for directions to be given. I also extended time for any applications for permission to appeal against the Orders I made at the conclusion of argument until the hand down of this judgment, at which I will also consider submissions as to the costs of these applications. Finally, I must thank all Counsel and their teams for the excellent preparation of the bundles, skeleton arguments and oral submissions.