



Neutral Citation Number: [2024] EWHC 1036 (Pat)

Case No: HP-2023-000031

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

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

Date: Thursday, 25th April 2024

Before:

MR. JUSTICE RICHARDS

Between:

- (1) **LENOVO GROUP LIMITED**
(a company incorporated under the laws of Hong Kong,
China)
- (2) **LENOVO (UNITED STATES) INC.**
(a company incorporated under the laws of Delaware,
USA)
- (3) **LENOVO TECHNOLOGY (UNITED KINGDOM)
LIMITED**
- (4) **MOTOROLA MOBILITY LLC**
(a company incorporated under the laws of Delaware,
USA)
- (5) **MOTOROLA MOBILITY UK LIMITED**

Claimants

- and -

- (1) **INTERDIGITAL TECHNOLOGY CORPORATION**
a company incorporated under the laws of Delaware,
USA)
- (2) **INTERDIGITAL PATENT HOLDINGS, INC.**
(a company incorporated under the laws of Delaware,
USA)
- (3) **INTERDIGITAL, INC.**
(a company incorporated under the laws of Pennsylvania,
USA)
- (4) **INTERDIGITAL HOLDINGS, INC.**
(a company incorporated under the laws of Delaware,
USA)

Defendants

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

MR. DOUGLAS CAMPBELL KC and MS. JOANNE BOX (instructed by **Bird & Bird LLP**) for the **Defendants**

APPROVED JUDGMENT ON APPLICATIONS

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MR. JUSTICE RICHARDS:

1. This is my judgment on two applications:
 - i) an application by the Defendants (together “InterDigital”) under Part 11 of CPR contesting jurisdiction in relation to various aspects of these proceedings (the “Jurisdiction Application”);
 - ii) an application by the Claimants (together “Lenovo”) to amend their confidential Particulars of Claim (the “Amendment Application”).
2. At the start of the hearing I made an order by consent under CPR 31.22 restricting the parties’ use of confidential documents, including those referred to in open court or in the parties’ skeleton arguments.
3. I also made an order during the hearing, which neither InterDigital nor Lenovo resisted, requiring both InterDigital and Lenovo to provide copies of their skeleton arguments and supporting evidence, both redacted to the extent necessary to preserve confidentiality, to EIP, a firm of intellectual property lawyers. EIP have an interest in the hearing and wish to send staff to view and understand the hearing as ordinary members of the public.

The background to the applications

4. InterDigital holds a significant portfolio of patents and for the purposes of this judgment, it is convenient to divide those patents into the following categories:
 - i) Standards-essential patents (“SEPs”), that have been declared to the European Telecommunications Standards Institute (“ETSI”), as being essential to 2G-5G cellular standards (“Cellular SEPs”);
 - ii) SEPs declared essential to cellular standards other than 2G-5G, for example the forthcoming 6G standard, and SEPs declared essential to standard-setting organisations (“SSOs”) other than ETSI (“Other SEPs”); and
 - iii) Patents not declared essential to any SSO (“non-essential patents” or “NEPs”).
5. As the definition in paragraph 4.i) makes clear, Cellular SEPs have been declared essential to ETSI. In consequence of that declaration, it is common ground that at least a good number of those Cellular SEPs, if not necessarily all of them, are encumbered by the “ETSI FRAND Commitment”, namely an obligation to offer licences on fair reasonable and non-discriminatory (“FRAND”) terms to implementers or potential implementers. The ETSI FRAND Commitment arises under Clause 6.1 of the ETSI policy on intellectual property rights (the “ETSI IPR Policy”). As is now familiar, that takes effect as a contractual obligation owed by InterDigital to ETSI in the nature of a *stipulation pour autrui* or *stipulation de contrat pour autrui* governed by French law.
6. There has been significant litigation between the parties on Cellular SEPs. In particular, there was litigation in England (the “Earlier English Proceedings”) in which InterDigital asserted infringements of various anchor UK Cellular SEPs and Lenovo raised, as an aspect of its defence, an assertion that InterDigital’s ETSI FRAND Commitment entitled Lenovo to a worldwide licence on FRAND terms of

InterDigital's Cellular SEPs. In March and June 2023, after a lengthy trial, Mellor J handed down two judgments that determined a FRAND rate for a global licence of InterDigital's Cellular SEPs and determined the terms of a global licence (the "Cellular PLA"). Both sides have permission to appeal various aspects of Mellor J's determination to the Court of Appeal, with that appeal due to be heard in June 2024.

7. The Cellular PLA expired on 31 December 2023. InterDigital and Lenovo have held negotiations on the terms of a new FRAND licence of Cellular SEPs for the period commencing on 1 January 2024. However, to date those negotiations have not concluded successfully.
8. On 24 September 2023, Lenovo brought new proceedings in England and Wales. By those proceedings it seeks declarations of invalidity, non-essentiality and non-infringement in relation to two specific United Kingdom SEPs (the "Challenged Patents"). Lenovo invokes the procedure considered in *Kigen (UK) Limited v Thales Dis France SA* [2022] EWHC 2846 (Pat) and asks the English court to settle FRAND terms for a global licence by InterDigital to commence on 1 January 2024. Significantly, Lenovo argues, for reasons that will be considered later, that InterDigital's ETSI FRAND Commitment requires InterDigital to offer a contract whose terms extend beyond Cellular SEPs. I refer to that in this judgment as a "Portfolio Licence", recognising that this is a shorthand as Lenovo's claim extends to a contract that might not formally be a licence of Other SEPs or NEPs, such as a covenant not to sue in relation to infringements or alleged infringements.
9. Lenovo's claim is not just for a Portfolio Licence. It also makes fall-back arguments that it is entitled to a licence of Cellular SEPs only. However, the claim for the Portfolio Licence is at the heart of the parties' competing arguments on the Jurisdiction Application and the Amendment Application, hence my focus on it.
10. Mellor J gave permission to serve proceedings out of the jurisdiction on the Defendants on 13 October 2023. He gave that permission following a without notice application, making his decision on the papers rather than at a hearing.
11. InterDigital then contested jurisdiction. It is now common ground that the English courts have jurisdiction to settle the terms of a FRAND compliant global licence of Cellular SEPs with effect from 1 January 2024. However, it is not common ground in relation to a Portfolio Licence extending to Other SEPs and NEPs. The contest between the parties on jurisdiction revealed various aspects of the Particulars of Claim that Lenovo accepted needed amendment, hence the Amendment Application.

The Jurisdiction and Amendment Applications

Applicable Law

12. Lenovo accepts that it needs permission to serve a claim form out of the jurisdiction under CPR 6.37. In its skeleton argument, Lenovo suggested that it might not need such permission by virtue of CPR 63.14(2)(b). However, that argument has not been developed before me and is not pursued for the purposes of the present applications.

13. Given the need for service out, Lenovo bear the burden of satisfying the court on the following matters summarised at [71] of the judgment of Lord Collins in *AK Investments v Kyrgyz Mobile Tel* CJSC [2011] UKPC 7:
 - i) That there is a serious issue to be tried on the merits, consisting of a substantial question of fact or law or both. That question must be approached in the same way as the test for summary judgment, by asking whether there is a real, as opposed to a fanciful, prospect of the claim succeeding.
 - ii) That there is a good arguable case that the claim falls within one of the gateways in Practice Direction 6B.
 - iii) That England and Wales is the proper place in which to bring the claim in the sense of being “clearly or distinctly the appropriate forum for the trial of the dispute” and in all the circumstances, the court ought to exercise its discretion to permit service out of the jurisdiction.
14. The requirements that I have just articulated must be satisfied by reference to each claim that the claimants seek to bring against the defendants out of the jurisdiction and as Lord Bingham put it at [21] of *Donohue v Armoco Inc* [2001] UKHL 64, the existence of one permissible claim cannot be used as a Trojan horse to permit other claims to be made for which the court would lack jurisdiction in their own right.
15. In order to obtain permission to amend under CPR 17.3, Lenovo must show that the claim, as amended, has a real prospect of success. It is common ground that the merits test that I must apply pursuant to CPR 17.3 when considering the Amendment Application is the same as the merits test summarised in paragraph 13.i) that is applied on an application to serve out. I therefore refer to the two tests compendiously as the “merits test”.
16. The dispute before me in the Jurisdiction Application and the Amendment Application is concerned solely with this merits test. InterDigital takes no point on gateways or on convenient forum. It is common ground that the crux of the dispute between the parties is whether the claim for a Portfolio Licence satisfies the merits test and that both the Amendment Application and the Jurisdiction Application will be determined by the answer to that question.
17. To determine that question, the parties agree that I should adopt the approach set out in the judgment of Popplewell J at 18 of *Kawasaki Kisen Kaisha Ltd. v James Kemball Ltd.* at [2023] EWCA Civ 33 (“*Kawasaki Kisen*”) which can be summarised as follows:
 - i) It is not enough that the claim in question is merely arguable; it must carry some degree of conviction.
 - ii) To satisfy the merits test, the claim in question must be pleaded coherently and properly particularised.
 - iii) The pleading in question must be supported by evidence which establishes a factual basis which meets the merits test. It is not sufficient simply to plead allegations which, if true, would establish a claim; there must be evidential

material which establishes a sufficiently arguable case that the allegations are correct.

18. Those broad propositions are supplemented by the judgment of Asplin J as she then was in *Tesco Stores Ltd v Mastercard Incorporated* [2015] EWHC 1145 (Ch) which itself draws on the judgment of Lewison J (as he then was) in *Easyair v Opal* [2009] EWHC 339 (Ch). I pick out a few relevant propositions that should guide my approach to the application of the merits test that are relevant in the context of the applications before me:
- i) I should not engage in a mini-trial without the benefit of disclosure.
 - ii) I should not be drawn into any attempt to resolve conflicts of fact that are normally resolved in a trial process.
 - iii) I should look not just at evidence actually before me but evidence that can reasonably be expected to be available at trial.
 - iv) I should consider carefully before making a decision on a single issue where there will need to be a full trial on liability involving evidence and cross-examination.

The claim for the Portfolio Licence as pleaded

19. Paragraph (6) of the prayer for relief in Lenovo's draft Amended Particulars of Claim prepared in February 2024 (the "February Draft APOC") sets out the issue in a nutshell. That paragraph requests a remedy (as alternative to that set out in paragraph (5) of the prayer) consisting of:

...a declaration that, by operation of the FRAND Commitment under French law and by virtue of the undertaking given by Lenovo to the Court at paragraph 67 above, InterDigital is required to enter into an agreement with Lenovo covering the InterDigital Portfolio and/or InterDigital's Cellular SEPs and/or InterDigital's UK Cellular SEPs and/or the Challenged Patents on such terms as are determined by the Court to be FRAND

20. The underlining added is my own, with a view to bringing out the central point that the primary claim is for an "agreement ... covering the InterDigital Portfolio" (rather than Cellular SEPs alone).
21. During the hearing before me, Lenovo handed up a further draft Amended Particulars of Claim (the "April Draft APOC") to address various points on the February Draft APOC that had been made during the hearing. One such point was InterDigital's observation that the pleading was bad because it was under no obligation to "enter into an agreement with Lenovo". Rather, following *Nokia v Oppo* [2023] EWHC 1912 (Pat) ("*Nokia v Oppo*"), InterDigital argues that its sole obligation is to offer a FRAND licence. The April Draft APOC addresses this point by seeking a declaration that InterDigital is obliged to "offer" an agreement but that, on Lenovo accepting that offer (as it undertakes to do), InterDigital then becomes obliged to "enter into" an agreement.

22. InterDigital's first point is that the pleadings do not explain why the result (the obligation to offer the Portfolio Licence), is said to arise. I think that overstates matters. The result is said to arise by operation of the "FRAND Commitment under French law" when combined with the undertaking. However, that simply gives rise to a different question, namely why does the "FRAND Commitment under French law" combined with the undertaking produce that result?
23. Lenovo's skeleton argument for this hearing explains the point. I will not provide that full explanation which relies on confidential material, but rather will convey the gist of Lenovo's argument that can be explained by reference to publicly available material:
 - i) InterDigital has entered into other licences, for example a licence with Xiaomi, that covers SEPs relating to 3G, 4G, 5G, Wi-Fi and HEVC video technology and in which both sides agreed to dismiss all pending patent litigation between them. There are other instances of InterDigital doing something similar and entering arrangements that are not limited to Cellular SEPs but include something like a Portfolio Licence.
 - ii) The fact that InterDigital has entered into such licences, and Lenovo's own experience of InterDigital's practice, is suggestive of some wider pattern of behaviour under which licences are not limited to Cellular SEPs, but also deal with aspects of InterDigital's wider patent portfolio.
 - iii) Given that pattern of behaviour is present, it would be discriminatory for InterDigital not to offer a similar deal to Lenovo.
 - iv) Therefore, a Portfolio Licence would be FRAND.
24. This chain of reasoning has been alluded to in all versions of the Particulars of Claim. Paragraph 21 of the Particulars of Claim, the draft Amended Particulars of Claim prepared in December 2023 (the "December Draft APOC"), the February Draft APOC and the April Draft APOC all plead matters relating to InterDigital's licensing practice. All versions of the pleading assert that a Portfolio Licence would be FRAND and InterDigital can be expected to understand that a "discriminatory" licence would not be FRAND.
25. InterDigital is correct to say that the pleadings do not quite join the dots since they do not say in terms that, if InterDigital does not offer a Portfolio Licence, it would be offering Lenovo a different deal from others which, being "discriminatory", could not be FRAND. However, in my judgment, there is enough on the face of the pleadings to put InterDigital on notice that this is an aspect of Lenovo's case. The point was also made expressly in the Fourth Witness Statement of Peter Pereira, a member of Lenovo's legal team. Paragraphs 16 and 17 of that witness statement, which was made on 16 February 2024, set out what Lenovo sees as the significance of InterDigital's licensing practices.
26. The waters have somewhat been muddied by Lenovo's statement of case on French law served on 22 January 2024 (the "French Law SOC"). That was served in response to an order dated 12 December 2023 of HHJ Hacon, sitting as a judge of the Patents Court, that required Lenovo to plead propositions of French law on which they rely in connection with the Jurisdiction Application.

27. The French Law SOC appeared to suggest that French contract law explained why InterDigital was obliged to offer a Portfolio Licence. For example, paragraph 10 of the French Law SOC suggested that Article 1194 of the French Civil Code (“Article 1194”) might:
- “supplement the terms of any licence granted by a SEP-holder, in accordance with equity usage and legislation, in so far as is required to ensure that the legal effects of the licence are in effect in accordance with Clause 6.1 of the ETSI IPR Policy”.
28. However, it is difficult to see how French contract law could have this result since any licence that InterDigital offers would be a separate contract from the *stipulation de contrat pour autrui* under Clause 6.1 of the ETSI IPR. It is difficult to see how this separate contract, whose salient terms would be determined by the English courts, would be governed by French law and so difficult to see how Article 1194 could have any bearing on its terms.
29. In a similar vein, paragraph 11 of the French Law SOC refers to industry usage and practice. However, rather than making the point that I have summarised in paragraph 23. above, paragraph 11 of the French Law SOC suggests that industry usage and practice might be relevant to an analysis of whether Article 1194 can be applied to impose a French law obligation on InterDigital to offer a Portfolio Licence as to do otherwise would be “discriminatory” in some French law sense. However, that is not the case that Lenovo advanced in the hearing before me.
30. Mr. Bloch KC clarified in his oral submissions that Lenovo does not rely on French law as a sword to establish an entitlement to a Portfolio Licence. Instead, Lenovo deployed propositions of French law as a shield to guard against an argument, that InterDigital has never raised, to the effect that French law precludes the *stipulation de contrat pour autrui* from obliging an offer that extends to a Portfolio Licence.
31. It follows that the “discrimination” that Lenovo says would be present if InterDigital offered it a SEP-only licence is not “discrimination” in any French law sense, but rather in the ordinary English sense of offering one thing to some people and a different thing to others. As I have explained, that is alluded to in the pleadings but, while Mr Pereira’s Fourth Witness Statement has made the argument expressly, it is not made as clear in the pleadings as it could be. Moreover, as I have said, the waters have been muddied by the French Law SOC and, to some extent, by the deployment of French law expert evidence at today’s hearing.
32. Mr. Campbell KC is correct to say that the approach derived from *Kawasaki Kisen* which I have summarised in paragraph 17. above requires a focus on the pleaded case. However, that does not mean I should read Lenovo’s pleadings like lines of computer code so that any defects, even in a pleading that is tolerably clear as a whole, causes the whole system to crash. Since Lenovo’s case is, in my judgment, sufficiently set out in the pleadings, even if not as clearly as it could be, it would be wrong to decline jurisdiction on the basis that the pleadings disclose no claim to a Portfolio Licence that passes the merits test.
33. Rather, Lenovo should join the dots of an outline that is already adequate by explaining the nature of the discrimination it alleges would be present if InterDigital

offered a Cellular SEP-only licence as part of its pleading as to why a Portfolio Licence would be FRAND. That is not to offer Lenovo a chance to improve or repair its pleading, just to ensure that its claim to a Portfolio Licence as pleaded properly reflects the way the argument has been put before me and addresses the degree of confusion caused by the French Law SOC.

34. InterDigital's next objection is that there is no reasonable prospect of it becoming obliged to grant a Portfolio Licence. Given Meade J's conclusion set out at [269] of *Nokia v Oppo* it says its only obligation is to offer a FRAND licence and if there are a number of possible FRAND licences, it can offer whichever version it chooses. Therefore, InterDigital argues that there is no utility in the English court making determinations to the effect that a Portfolio Licence would be FRAND, or what the terms of a Portfolio Licence would be, since InterDigital could always elect to offer a different SEP-only licence which is still FRAND.
35. More specifically, InterDigital argues that Mellor J's judgments in the Earlier English Proceedings determine the terms of a SEP-only licence that is held to be FRAND. Therefore, says InterDigital, it will always be entitled to offer a SEP-only licence on the basis that Mellor J has determined that such a licence would be FRAND.
36. I do not accept that that logic follows. Mellor J could only make a determination on the evidence put before him and the submissions made on that evidence. It is not suggested that any party submitted to Mellor J that a Portfolio Licence might be FRAND. If they had, Mellor J might well have concluded that a SEP-only licence would not be. In any event, Mellor J was making his determination based on facts in existence at the time. The fact that a SEP-only licence was FRAND at the time of Mellor J's judgment does not necessarily compel the conclusion that it is FRAND now.
37. InterDigital submits that nothing can have changed since Mellor J's judgment since the licences on which this court will ultimately base its determination in these proceedings will be the same as those that were before Mellor J. I do not agree. It is too early to tell what comparable licences will be put before this court since disclosure has not yet taken place. Even if the same licences are put in evidence, Lenovo may invite the court to look at those licences with different eyes and make different findings as to what is FRAND. Moreover, given Lenovo's emphasis on InterDigital's pattern of behaviour, it is possible that evidence on that matter will be found not just in actual concluded licences but also in Lenovo's experience of negotiations with InterDigital that have not led to licences being granted.
38. The logical consequence of InterDigital's argument is that even if the English court determines a Portfolio Licence to be FRAND, InterDigital could decline to offer it on the basis that, in exercise of the "right to choose" that Meade J established in *Nokia v Oppo*, it could offer some other licence, perhaps unspecified, instead. That may be correct, but the jurisprudence in this area is recent and evolving. There is a realistic prospect that a court might balk at that particular consequence of the right to choose.
39. Even if the court did not balk at such a consequence, it is only after the court has determined the terms of a FRAND licence (whether a Portfolio Licence or a SEP-only licence) that InterDigital could decide whether to offer that licence. Therefore, InterDigital's objection, that it might exercise its "right to choose" and offer something different, could conceptually be made whatever licence the court determines to be

FRAND. In my judgment, the possibility that InterDigital might seek to offer something different does not deprive a declaration of as to the terms of a Portfolio Licence (if such a licence is FRAND) and findings as to InterDigital's practice in offering Portfolio Licences of any utility. InterDigital might, having seen the terms of any Portfolio Licence that is determined to be FRAND, decide to offer it. Even if InterDigital's ETSI FRAND Commitment permitted it to decline to offer a Portfolio Licence that the English court determined to be FRAND, findings of an English court on the terms of a FRAND Portfolio Licence and InterDigital's licensing practice might be relevant to a claim for damages or a competition law claim. That, of course, is not the current focus of Lenovo's claim. However, given the evolving nature of the jurisprudence on the "right to choose" and its consequences, it is in my judgment too early to say that the "right to choose" necessarily deprives findings on the terms of a Portfolio Licence (if FRAND) of any utility.

40. I do not, therefore, accept InterDigital's argument that unless Lenovo can show a good arguable case that only a Portfolio Licence is FRAND, its claim for a Portfolio Licence fails the merits test. Nor do I consider that it is fatal to Lenovo's claim that it continues to assert even in the April Draft POC that the "best comparable" is the Cellular PLA which is a licence of Cellular SEPS only. Certainly, it will have to explain a possible inconsistency, but it is perfectly possible that the Cellular PLA is a good comparable in terms of rate, but other licences are good comparables in terms of coverage and whether or not a Portfolio Licence would be FRAND.
41. The next strand of InterDigital's argument is that it would be extremely surprising that by declaring essential a single SEP to ETSI either (i), a patentee suddenly becomes obliged to grant a licence over its whole patent portfolio or (ii) a particular implementer becomes immediately licensed to the patentee's whole patent portfolio, including patents unconnected with ETSI.
42. InterDigital amplifies this point by saying it would be surprising indeed for a SEP-owner to become under an obligation to license all patents when it may well have specifically told ETSI that it was not prepared to license particular patents pursuant to the ETSI IPR Policy. However, these objections, in my judgment mischaracterise Lenovo's case. Lenovo does not argue that an owner of a single SEP necessarily immediately has to license its whole portfolio. Nor is it said that it is inevitable that a SEP-owner must license patents that it would otherwise be unwilling to license. Lenovo's point is based squarely on InterDigital's specific factual position and assertions as to InterDigital's licensing practices generally.
43. InterDigital says that Lenovo seeks a licence of Other SEPs and NEPs at no cost and that such a bold claim self-evidently fails the merits test. I do not agree as this argument involves a misreading of the pleaded case. Paragraph 66 of the April Draft POC indicates to me that Lenovo seeks to pay the going rate for a licence that deals with the whole of InterDigital's portfolio.
44. InterDigital complains that the evidence advanced to underpin the pattern of behaviour that is asserted is thin. It says that Lenovo has not substantiated a point made in submissions to the effect that InterDigital has a "universal" or "pervasive" practice of offering Portfolio Licences. InterDigital also accuses Lenovo of cherry-picking by referring to what is publicly known about InterDigital's licence with Xiaomi, without saying anything about other licences that came into Lenovo's possession following

disclosure in the Earlier English Proceedings. Lenovo suggests that this is not just explicable because of concerns about CPR 31.22 or confidentiality, given Lenovo's previous breach of those requirements.

45. The particulars given are certainly not as full as they might be following disclosure, but that is because, to a large extent, they have been compiled from publicly available information. It is appropriate for me to have an eye on the evidence that will ultimately be available at trial. It is highly likely that InterDigital will be required to give disclosure of comparable licences with other counterparties. If a good proportion of those contain Portfolio Licences, then Lenovo may have a runnable case. If relatively few do, and Lenovo has been cherry-picking, InterDigital may well apply to strike out Lenovo's claim for a Portfolio Licence. Given the likely availability of evidence such as this, it is not, in my judgment, appropriate to say at this stage that the claim for a Portfolio Licence fails the merits test. It is too early to deny Lenovo the opportunity to prove at trial, by reference to the full suite of evidence, that a Portfolio Licence would be FRAND.

Alleged lack of clarity in the pleadings

46. Mr. Campbell took me in detail through the evolution of Lenovo's particulars of claim and sought to establish that they suffered from muddled thought at the beginning and that this has continued, leading to a continuing lack of clarity even in the April Draft POC.
47. I agree that the original Particulars of Claim suffered from some lack of clarity in the drafting. I also agree that in response to requests for clarification Lenovo's case has changed. Whereas previously it relied on FRAND commitments owed in connection with patents declared to SSOs other than ETSI as underpinning its claim for a Portfolio Licence, it now just relies on the ETSI FRAND Commitment. Moreover, its case now is that it is InterDigital's pattern of behaviour and the ordinary meaning of the word "discriminatory" that is central to the claim for the Portfolio Licence. It no longer positively pursues a case that French contract law imposes any obligation to grant a portfolio licence.
48. However, just because pleadings have been imperfect in the past does not mean they are now so unclear that the merits test is failed.
49. Mr. Campbell showed me a number of what he said were significant remaining deficiencies. First, he suggested there were deficiencies in the drafting of the definitions of "Cellular SEPs" and "Other SEPs". I agree there may be some residual lack of clarity. It is not entirely clear to me what the significance of reference to other SSOs in the definition of "Cellular SEPs" since overall that definition is intended to cover only patents declared to ETSI. However, Lenovo's task at this stage is to plead a claim with a realistic prospect of success. To do that, it is not required to produce a masterpiece of drafting perfection.
50. I consider that Lenovo have articulated a claim with a realistic prospect of success in their pleading. The simple point that they make is that a FRAND licence is the sort of licence they think others are getting. Once they know more about comparable licences, they are likely to know precisely what they want. If necessary, Lenovo can finesse the drafting following disclosure, with actual comparable licences in mind.

51. I do not quite understand, even by reference to the April Draft POC, why SEPs and NEPs have to be defined separately. I do not fully understand why 6G patents fall into the category of “Other SEPs” rather than “Cellular SEPs”. However, these are simply questions on the drafting. They do not suggest that Lenovo has failed to articulate a claim with a reasonable prospect of success.
52. I do not understand why some paragraphs of the April Draft POC refer to “Cellular SEPs” only, rather than SEPs and NEPs. For example, I do not understand why paragraph (5) of the prayer for relief includes an assertion that Lenovo is already licensed in relation to Cellular SEPs only and not in relation to Other SEPs and NEPs. However, it is for Lenovo to make the claims that it wishes to make or the claims it considers it will find easiest to prove. These and similar points do not suggest to me that the merits test is failed.
53. Two changes have been proposed in the April Draft POC to improve clarity. One is to remove the references in the definition of “Other SEPs” to patents that are “said to be essential” as opposed to “declared to be essential”. It is also made clear in paragraph 7 of the prayer in the April Draft POC that Lenovo is seeking a determination of the terms of any Portfolio Licence. I am content for those changes to be made and treated as part of the Amended Particulars of Claim for which permission to amend is sought. More generally, I am content for the Amendment Application as a whole to be made by reference to the April Draft POC and while InterDigital has maintained that the April Draft POC is still inadequate, it has not suggested that Lenovo should be held to the pleadings set out in the February Draft POC.

Conclusion on the merits test

54. It is right that the merits test should focus on the claims as pleaded. However, the focus should be on the fair meaning of the pleading as a whole and considered realistically.
55. InterDigital has made a number of detailed criticisms of drafting of the pleadings, but many of those are just drafting criticisms that overlook the fact that the pleading as a whole discloses a claim for a Portfolio Licence which has a reasonable prospect of success. Lenovo should join the dots on the discrimination point that I have mentioned in its Amended Particulars of Claim, but I reject the proposition that the claim for a Portfolio Licence fails the merits test.

Full and frank disclosure on Lenovo’s application to serve out

56. InterDigital argues that I should set aside Mellor J’s without notice order for service out on the basis that Lenovo has not given full and frank disclosure. It is not suggested that Lenovo should be shut out forever from making its claim against InterDigital, but that Lenovo should have to re-apply for permission to serve out and suffer costs consequences, at least in relation to the claim for a Portfolio Licence. InterDigital puts this argument in two ways:
 - i) First, it argues that there was a failure to disclose to Mellor J various breaches of confidentiality undertakings and CPR 31.22 that had occurred at the time of his *ex parte* order of 13 October 2023.

- ii) Second, it argues that there was a failure to disclose to Mellor J the sheer novel and debatable nature of the claim for the Portfolio Licence.

Full and frank disclosure – applicable law

57. In *Siporex Trade v Comdel Commodities* [1986] 2 Lloyds Rep 428, Bingham J explained the concept of full and frank disclosure in the following passage:

The scope of the duty of disclosure of a party applying ex parte for injunctive relief is, in broad terms, agreed between the parties. Such an applicant must show the utmost good faith and disclose his case fully and fairly. He must, for the protection and information of the defendant, summarise his case and the evidence in support of it by an affidavit or affidavits sworn before or immediately after the application. He must identify the crucial points for and against the application, and not rely on general statements and the mere exhibiting of numerous documents. He must investigate the nature of the cause of action asserted and the facts relied upon before applying and identify any likely defences. He must disclose all facts which reasonably could or would be taken into account by the Judge in deciding whether to grant the application. It is no excuse for an applicant to say that he was not aware of the importance of matters he has omitted to state. If the duty of full and fair disclosure is not observed the Court may discharge the injunction even if after full enquiry the view is taken that the order made was just and convenient and would probably have been made even if there had been full disclosure.

58. That judgment was given in the context of injunctive relief, but the same principles apply in service out cases: see *Sloutsker v Romanova* [2015] EWHC 545 (QB). The case of *Sloutsker v Romanova* also explains what should happen if full and frank disclosure is not given:

- i) Non-disclosure of material facts can lead to an order for service out being set aside without examination of the merits. The rationale for that approach is that full and frank disclosure is important.
- ii) Where there has been a failure of full and frank disclosure, the court has a discretion not to set the order aside. Whether the fact not disclosed is of sufficient materiality to justify immediate discharge without examination of the merits depends on the importance of that fact to the issues to be decided. Whether the non-disclosure is innocent or inadvertent is relevant to the exercise of the court's discretion, but is not determinative.
- iii) If the court exercises discretion not to set aside the order for service out, it may choose to make a costs order against the party who failed to give full and frank disclosure.

The allegations based on the confidentiality undertakings and CPR 31.22

59. InterDigital refers to breaches of CPR 31.22 and the confidentiality protocol that applied to information disclosed in the earlier proceedings. Those breaches involved Lenovo impermissibly using material that it had obtained in the Earlier English Proceedings for the purposes of the present proceedings. Most of the breaches took place between 23 and 25 September 2023. Ms. Dagg made her witness statement in support of the application to serve out on 25 September 2023. Mellor J's order granting permission to serve out was made on 13 October 2023.
60. All of the breaches that InterDigital identifies were considered by Zacaroli J in his judgment reported at [2024] EWHC 742 (Pat). That judgment was not concerned with the question of whether service out should be set aside. Following his judgment, Zacaroli J made an order giving Lenovo limited retrospective permission to use the information in question for the purposes of the application that is before me.
61. Zacaroli J found that the various breaches that InterDigital alleges did take place. However, he concluded that the breaches were inadvertent, in the sense that while Lenovo deliberately intended to use the material for the purposes of the present proceedings and that use was in breach of the confidentiality protocol and CPR 31.22, Lenovo did not appreciate that its use of the material was not permitted.
62. Zacaroli J said that the breaches were serious and I respectfully agree. However, his finding that the breaches were inadvertent satisfies me that there could only be non-disclosure in Ms. Dagg's first witness statement if, at the time of that witness statement or at the time of Mellor J's order, Ms. Dagg knew that breaches of CPR 31.22 or the confidentiality protocol had occurred. I am not satisfied that was the case. InterDigital submits that the earliest date on which Lenovo was aware that its actions involved a breach of the confidentiality protocol or CPR 31.22 was 3 December 2023. That was after the date of both Ms. Dagg's witness statement and Mellor J's order. Ms. Dagg could not, therefore, have disclosed the breaches either in her witness statement, or in a separate notification to the court before Mellor J made his order, because she was not aware that there were breaches at the time.
63. It is common ground that the duty of full and frank disclosure is a continuing one. If on leaving a without notice hearing someone realises that a particular point was not fully disclosed, it is no answer to say that the hearing has finished. However, it is instructive to consider what would have happened if Lenovo had approached the court on 3 December 2023, as soon as it became aware of the breaches. By then the proceedings had been served. InterDigital had already served a Part 11 application contesting jurisdiction on 22 November 2022 and filed evidence in support of that application. The inter partes process of contesting jurisdiction, therefore, was already well under way before Lenovo realised that the breaches had taken place.
64. While the parties were agreed that there was a continuing obligation of full and frank disclosure, I had no submissions during the hearing as to when, as a matter of law, that obligation ceased. Following the oral hearing, I came across the judgment of Sir Andrew Smith (sitting as a Deputy Judge of the High Court) in *JSCBTA Bank v Ablyazov and another* [2018] EWHC 259 (Comm). In that case, it was held that a duty of full and frank disclosure in relation to an ex parte application for a freezing injunction continued only for as long as the application was on an "ex parte basis". It

was also held that the proceedings ceased to be on an “ex parte basis” at the latest when the ex parte freezing order was served on the respondent, triggering an entitlement to apply to the court to set it aside (see [9] to [14] of the judgment).

65. I invited submissions from both parties on *JSCBTA Bank*. Neither party sought to argue either that it was wrong or that the principles Sir Andrew Smith set out are inapplicable to without notice applications to serve out. I will follow Sir Andrew Smith’s approach and therefore conclude that, by the time Ms. Dagg discovered the breaches of the confidentiality protocol and of CPR 31.22, the application to serve out was no longer being dealt with on an “ex parte basis” so that the obligation of full and frank disclosure had ceased and did not operate to require Ms. Dagg to disclose those breaches.
66. The process of challenging jurisdiction in this court has now come to an end. For reasons I have given above, having considered detailed submissions from both sides, the Jurisdiction Application should fail. While I quite agree with Zacaroli J that Lenovo can be criticised for not notifying the court of the breaches earlier than it did, I do not agree that the appropriate sanction is to set aside the order for service out.

Alleged failure to disclose the novel nature of the claim for a Portfolio Licence

67. Mr. Campbell submits that Lenovo should have disclosed that the claim for a Portfolio Licence was an “ambitious try-on”. I consider that puts the matter too high.
68. There is nothing innately surprising about the fact that Lenovo seeks some kind of licence on exercise of the pleaded ETSI FRAND Commitment. Lenovo cannot specify all the terms of that licence with precision as ultimately it seeks a complicated multi-factorial evaluation of what FRAND terms are at a trial likely to take several weeks.
69. From the publicly available details of the licence with Xiaomi, it is clear that Lenovo thought it knew of instances in which a licence of SEPs was combined with a wider arrangement to secure a measure of patent peace (see, for example, the public information on the terms of InterDigital’s licence with Xiaomi). Lenovo also had its own experience of negotiations to draw on. Accordingly, I do not consider that Ms. Dagg needed to disclose in her witness statement that the kind of Portfolio Licence that Lenovo sought was commercially outlandish.
70. Therefore, the question is whether Lenovo had to disclose any novelty or debate about a claim that InterDigital’s FRAND Commitment (which relates only to SEPs) could be invoked to obtain a Portfolio Licence that extended to Other SEPs and to NEPs.
71. Paragraph 14(f) of Ms. Dagg's first witness statement made it clear that this was indeed the result sought. Paragraph 14(f) noted that a claim for a Portfolio Licence was framed as an alternative to the relief summarised in paragraph 14(e) to the effect that the FRAND Commitment meant that Lenovo was already licensed to the entire InterDigital portfolio of patents.
72. Paragraph 85 of Ms. Dagg's first witness statement also made it clear that it was Lenovo's case that the application of InterDigital’s FRAND Commitment required it to offer a Portfolio Licence. There was an imperfection in the drafting in that paragraph. Having articulated the point that Lenovo considered it was entitled to a licence of the

entire portfolio, Ms. Dagg then referred to Lenovo's unconditional undertaking to the court to take a licence of "such SEPs" which sits oddly with its claim to a Portfolio Licence beyond SEPs. However, in my judgment, the meaning of paragraph 85 was clear despite the drafting imprecision.

73. Paragraph 87 disclosed the noteworthy aspect of the claim in sufficient detail. In that paragraph, Ms. Dagg expressed the view that it might be considered:

"That the construction of the FRAND Commitment proposed in paragraph 14(e) above is novel and has no precedent in the English Courts."

74. That is a slightly odd formulation of the point. First, it refers to a "construction" of the FRAND Commitment. That is something of a misnomer since, as I have noted, Lenovo's case is not based on construction of Clause 6.1 of the ETSI IPR Policy but rather on the proposition that the FRAND licence to be offered pursuant to Clause 6.1 is a Portfolio Licence.

75. Second, Ms. Dagg cross refers to paragraph 14(e) of her witness statement. That was the claim that Lenovo was "already licensed" rather than the claim (summarised in paragraph 14(f)) that it was entitled to a Portfolio Licence.

76. The drafting could have been better, but in my judgment it would be wrong to be unduly critical. We now know that InterDigital has conceded jurisdiction in relation to many aspects of the claim. Therefore, looking at matters today and having heard detailed argument on the Portfolio Licence aspect, it is all too easy to conclude that the claim for a Portfolio Licence was striking. However, that risks applying a skewed perception of the claim that is informed by matters that occurred after Ms. Dagg's witness statement.

77. Looking at matters at the time of the application to Mellor J, Ms. Dagg was right to acknowledge that the Portfolio Licence aspect of the claim was one on which views might differ and which could be considered novel. She did that by alerting the court in paragraph 87 of her first witness statement to the fact that there was room for doubt as to whether the ETSI FRAND Commitment truly could underpin a claim for a Portfolio Licence. The drafting is not perfect but overall, in my judgment, it was fair. Applying *Siporex*, it identified the point against the application and not simply by way of a general statement that InterDigital might disagree.

78. I will not set aside the order for service out for lack of full and frank disclosure.

Disposition

79. The claim for a Portfolio Licence satisfies the merits test. Mellor J's order for service out will not be set aside.

80. I hope that in the light of this decision, the parties will be able to agree a form of amended Particulars of Claim for which I should give Lenovo permission to amend and serve out of the jurisdiction.
