



Neutral Citation Number: [2025] EWCA Civ 43

Case No: CA-2024-002342

IN THE COURT OF APPEAL (CIVIL DIVISION)
ON APPEAL FROM THE HIGH COURT OF JUSTICE, BUSINESS AND PROPERTY
COURTS OF ENGLAND AND WALES, INTELLECTUAL PROPERTY LIST (Ch),
PATENTS COURT

Mr Justice Zacaroli
[2024] EWHC 1921 (Pat)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 28 January 2025

Before :

LORD JUSTICE NEWHEY
LORD JUSTICE ARNOLD
and
LORD JUSTICE SNOWDEN

Between :

ALCATEL LUCENT SAS

**Claimant/
Respondent**

- and -

(1) AMAZON DIGITAL UK LIMITED
(2) AMAZON EUROPE CORE SARL
(3) AMAZON EU SARL
(4) AMAZON.COM, INC
(5) AMAZON MEDIA EU SARL

**Defendants/
Part 20
Claimants/
Appellants**

- and -

(1) NOKIA CORPORATION
(2) NOKIA TECHNOLOGIES OY

**Part 20
Defendants/
Respondents**

James Segan KC, Ravi Mehta and Femi Adekoya
(instructed by **Hogan Lovells International LLP**) for the **Appellants**
Tom Moody-Stuart KC and Edmund Eustace (instructed by **EIP Europe LLP** and **Bird & Bird LLP**) for the **Respondents**

Hearing date : 16 January 2025

Approved Public Judgment

This judgment was handed down remotely at 10.30am on 28 January 2025 by circulation to the parties or their representatives by e-mail and by release to the National Archives.

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Lord Justice Arnold:

Introduction

1. This is an appeal by the Defendants/Part 20 Claimants (“Amazon”) against paragraph 5 of an order made by Zacaroli J (as he then was) on 10 September 2024 for the reasons given in the relevant part of his judgment dated 24 July 2024 [2024] EWHC 1921 (Pat). By that paragraph of his order the judge refused in part applications by Amazon for permission to amend their Defence and Counterclaim and their Part 20 Particulars of Counterclaim. The amendments which the judge refused plead claims for (i) a declaration that a willing licensor in the position of the Claimant (“Alcatel”) and the Part 20 Defendants (“Nokia Corp” and “Nokia Tech”) (collectively, “Nokia”) would agree to enter into, and would enter into, an interim licence of the Nokia Video Portfolio (as defined below), or at least part of it, pending the determination by the Patents Court of what terms for a final licence of the Nokia Video Portfolio are reasonable and non-discriminatory (“RAND”) and (ii) an order for specific performance requiring Nokia to enter into such a licence. I granted permission to appeal and expedited the appeal because the matter is of some urgency for reasons which will appear. At the conclusion of the argument the Court announced that the appeal would be allowed at least to the extent that Amazon would be granted permission to make the relevant amendments to their Particulars of Counterclaim subject to one adjustment explained below. This judgment sets out my reasons for reaching that conclusion and for concluding that the appeal should also be allowed in relation to the Defence and Counterclaim.
2. Amazon’s core contention on the appeal is that the judge’s decision can now be seen to be wrong in the light of this Court’s subsequent decision in *Panasonic Holdings Corp v Xiaomi Technology UK Ltd* [2024] EWCA Civ 1143, in which the Court declared that a willing licensor in the position of Panasonic would agree to enter into, and would enter into, an interim licence of Panasonic’s global standard-essential patent (“SEP”) portfolio pending the determination of fair, reasonable and non-discriminatory (“FRAND”) terms for a final licence to Xiaomi by the Patents Court. In order to minimise repetition, I shall assume that the reader is already familiar with that decision. It is pertinent to add that, after this Court gave its judgment in that case, the parties did agree to enter into an interim licence on the terms indicated by the Court. Thus the Court’s declaration did serve a useful purpose.
3. This case concerns RAND obligations affecting patents declared essential to the International Telecommunication Union Telecommunication Standardization Sector (“ITU-T”) H.264/AVC and H.265/HEVC Recommendations (i.e. standards) rather than FRAND obligations affecting SEPs declared essential to European Telecommunications Standards Institute (“ETSI”) standards. It is not suggested that there is any material difference between RAND and FRAND as concepts, but as explained below RAND obligations are subject to Swiss law whereas FRAND obligations are subject to French law, and therefore the content of the obligations may not be identical. Nevertheless it is not disputed that there is a substantial degree of similarity between the content of a RAND obligation and that of a FRAND obligation.
4. The case also concerns patents which have not been declared to be essential to any standard (“non-essential patents” or “NEPs”).

Factual background

The parties

5. Alcatel and Nokia Tech are members of the Nokia Group, which is active in telecommunications, information technology and consumer electronics. Nokia Corp is the parent company of the Nokia Group. The Nokia Group participates (with other undertakings) in technological standard development and licenses its patents covering, inter alia, video standards.
6. Amazon are members of the Amazon Group, which is a leading provider of digital content, including its Prime Video, Freevee and Twitch streaming services, as well as a supplier of video decoding devices such as Kindle Fire Tablets, Fire TV Sticks and Fire TVs. Digital content provision involves, inter alia, the encoding of video data to allow for storage and transmission of video content, which content can be viewed by a consumer with equipment capable of decoding the relevant data.

The Nokia Video Portfolio

7. Nokia have publicly identified themselves as holding a “leading portfolio of [SEPs] and a broad scope of [N]EPs that cover every main area of the H.264/AVC and H.265/HEVC standards”, including “a number of fundamental implementation patents that enable key technologies in streaming/over the top (OTT) video platforms, Pay TV including cable, satellite and IPTV services, gaming, social media, AR/VR, and a number of cloud-based service offerings” (“the Nokia Video Portfolio”). The Nokia Video Portfolio includes: (i) video encoding and decoding patents declared essential to the ITU-T H.264/AVC and H.265/HEVC video coding Recommendations (“Codec SEPs”); and (ii) NEPs. The Nokia Video Portfolio is a global portfolio.
8. The declarations made by Nokia in relation to the Codec SEPs contain the following terms:

“The Patent Holder believes that it holds granted and/or pending applications for Patents the use of which would be required to implement [an ITU-T Recommendation] and hereby declares, in accordance with the Common Patent Policy for the ITU-T/ITUR/ISO/IEC, that ...

The Patent Holder is prepared to grant a license to an unrestricted number of applicants on a worldwide, non-discriminatory basis and on reasonable terms and conditions to make, use and sell implementations of the [ITU-T Recommendation].”

9. The declarations are governed by Swiss law. Amazon contend that their effect is to impose on Nokia a contractual obligation to offer the beneficiaries of the declarations (i.e. implementers such as Amazon) a worldwide licence on RAND terms, and upon acceptance of that offer to enter into such a licence.

Amazon’s position with respect to the Nokia Video Portfolio

10. Amazon wish to obtain a comprehensive licence in respect of the Nokia Video Portfolio so that their business can continue to operate without the threat of interruption by patent

injunctions. Amazon accept that they require a licence covering at least the SEPs in the Nokia Video Portfolio, and have undertaken to the Patents Court to enter into a licence on the terms determined by the Patents Court to be RAND (subject to adjustment on any appeal). Amazon's case is that such a licence would include the option for Amazon to obtain rights under Nokia's relevant NEPs, and Amazon have undertaken to elect to take that option. Amazon allege that Nokia have (i) licensed competitors to Amazon in that way, (ii) previously licensed Amazon in that way and (iii) offered to license Amazon in that way in negotiations.

Negotiations

11. Negotiations between the parties have been ongoing for many years, but have not led to a conclusion in light of the parties' differences over the financial terms of any licence. Nokia say that they have made a number of offers which are consistent with their RAND obligations, of which four are said to remain open for acceptance. Of particular relevance is an offer of 30 May 2024 ("the 30 May Offer") which covers both encoding and decoding claims of Nokia's Codec SEPs in respect of end user devices (but not streaming) in return for a lump sum payment. Nokia's position is that they are neither obliged, nor willing, to include their NEPs within a licence to Amazon. Amazon contend that, in adopting that position, Nokia are discriminating against Amazon compared to competitors of Amazon.

Worldwide litigation

12. On or around 31 October 2023 Nokia commenced what the judge described as a "worldwide campaign of litigation", alleging infringement of both SEPs and NEPs within the Nokia Video Portfolio. This included the present proceedings issued by Alcatel against Amazon in the UK. As Nokia Tech's Head of Licensing stated in a blog post published on the Nokia Group website on the same day:

"...we have commenced legal action against Amazon for the unauthorized use of Nokia's video-related technologies in its streaming services and devices. Cases have been filed in the US, Germany, India, the UK, and the European Unified Patent Court. Amazon Prime Video and Amazon's streaming devices infringe a mix of Nokia's multimedia patents covering multiple technologies including video compression, content delivery, content recommendation and aspects related to hardware."

13. Amazon allege that this campaign was commenced only six days after Nokia had made their first offer of a licence covering Amazon's video services.
14. *Brazil.* Nokia Tech sought and obtained a preliminary injunction in respect of the alleged infringement of a SEP by Amazon's products and possibly services. A Rio de Janeiro court granted Nokia Tech's request for an *ex parte* preliminary injunction against Amazon on 1 December 2023. Following an unsuccessful appeal by Amazon, this injunction has been in force since January 2024. The SEP asserted in Brazil is still in force despite the fact that it was applied for on 14 March 2003, and its European and US equivalents have now expired.

15. *Germany*. Nokia have brought five cases seeking injunctive relief in Germany in three German courts:
 - i) Two cases concerning SEPs have been brought by Nokia Tech in the Mannheim Landgericht (Regional Court) and the Munich I Landgericht in relation to Amazon's end-user devices such as Amazon Fire TV Sticks. The oral hearing before the 7th Civil Chamber of the Munich I Regional Court in Case 7 O 14174/23 took place on 19 September 2024. The Court held that Amazon had infringed European Patent (DE) No. 2 375 749 and granted Nokia Tech an injunction, which was enforced by Nokia on 7 October 2024. The Court gave its reasons for this decision in a written judgment dated 5 November 2024. The oral hearing of the case in the Mannheim Regional Court is due to take place on 25 February 2025.
 - ii) Three cases concerning NEPs have been brought by Alcatel and Nokia Tech in the Munich I Regional Court and the Düsseldorf Regional Court in relation to Amazon's Prime Video services and software application and devices. Oral hearings took place in November – December 2024 and judgments are imminent.
16. *United States International Trade Commission ("ITC")*. Nokia Corp and Nokia Tech have commenced two infringement proceedings alleging infringement of seven SEPs in respect of Amazon's video devices seeking exclusion orders (i.e. orders excluding Amazon devices from the US market). The target dates for a decision in the ITC hearings are 21 April 2025 and 12 May 2025, and if exclusion orders are issued around that time, due to a 60-day presidential review period during which the exclusion orders will not be enforced, the exclusion orders could become enforceable from 11 July 2025 in the first investigation and 20 June 2025 in the second investigation. On 20 December 2024 an Administrative Law Judge ("ALJ") issued an opinion in the first case concluding that Amazon had infringed four of the five Nokia SEPs in issue.
17. *Unified Patent Court ("UPC")*. Nokia Tech have brought proceedings for infringement of one SEP and accused HEVC-capable end-user devices sold by Amazon of infringement. Nokia Tech seeks injunctive relief. No date has yet been set for an oral hearing, but UPC decisions are expected within 12 to 14 months from proceedings being initiated. Any UPC injunction would restrain Amazon's business in Finland, France, Germany, Italy, the Netherlands and Sweden.
18. *India*. Nokia Tech has accused Amazon's video devices and services in India of infringing two NEPs. Nokia Tech has also sought permanent injunctive relief in the Indian proceedings. A hearing took place on 18 October 2024 and 6 December 2024, and is scheduled to continue in early 2025. A decision is expected around April 2025.
19. *District Court of Delaware, USA*. Nokia Corp and Nokia Tech have filed two actions in the District Court of Delaware alleging infringement of 20 SEPs and six NEPs in respect of Amazon's video devices and services.
20. *Overall*. Amazon say that the Nokia Group's aggressive and public worldwide campaign against Amazon is highly damaging to Amazon's business. Amazon's position is that they face a very real risk of disruption to their business in Germany, the US, India, Brazil and the wider European territory of the UPC in the absence of a licence

to the Nokia Video Portfolio. The judge accepted, in the context of Amazon's application for expedition of the RAND trial mentioned below, that "the continuing and increasing risk of harm by reason of Nokia's campaign of enforcement action in other jurisdictions does demonstrate a sufficient need for urgency to justify a measure of expedition" (judgment at [141]). Amazon say that, in Germany, the harm to Amazon is now no longer merely a "risk" but rather a reality of ongoing actual harm, and that Amazon's business is suffering ongoing disruption and financial losses from Nokia's injunction.

These proceedings

21. On 31 October 2023 Alcatel commenced these proceedings, in which it seeks relief including injunctions to restrain Amazon from infringing three NEPs by the provision of software, web interfaces and devices: European Patents (UK) Nos. 2 771 048, 2 399 207 and 2 827 556 ("the Patents in Suit").
22. On 7 February 2024 Amazon served their Defence and Counterclaim contesting the validity of the Patents in Suit and disputing infringement by Amazon's devices and services. Amazon also rely by way of defence on Nokia's RAND obligations in respect of their Codec SEPs and counterclaim to enforce those obligations seeking inter alia appropriate declaratory relief and an order for specific performance. In this regard, the Defence and Counterclaim cross-refers to Amazon's Particulars of Counterclaim in their Part 20 Claim. At the same time, Amazon issued a Part 20 Claim against Nokia Corp and Nokia Tech which: (i) challenges the validity of two Codec SEPs, namely European Patents (UK) Nos. 1 747 673 and 2 375 749 ("the Challenged Patents"); (ii) seeks a declaration of non-essentiality in respect of the Challenged Patents; (iii) seeks to enforce Nokia's RAND obligations in respect of the Challenged Patents; and (iv) contends that a licence in respect of the Challenged Patents on RAND terms would be a licence that extends to (a) all of Nokia's other Codec SEPs and (b) all of Nokia's NEPs in the Nokia Video Portfolio. Amazon seek appropriate declaratory relief, including the determination of what terms are RAND, and an order for specific performance of Nokia's RAND obligations.
23. On 15 March 2024 Alcatel served its Reply and Defence to Counterclaim. It denied the existence of a "unitary video portfolio" and the relevance of Nokia's RAND obligations. On 5 April 2024 Amazon served their Reply to Defence to Counterclaim.
24. The judge's judgment resolved a number of applications filed by the parties:
 - i) On 29 April 2024 Alcatel filed an application to strike out substantial parts of Amazon's Defence and Counterclaim which refer to the Nokia Video Portfolio and Nokia's RAND obligations ("the Strike Out Application").
 - ii) On 29 April 2024 Nokia Corp and Nokia Tech applied to set aside the grant of permission for service of the Part 20 claims on them outside the jurisdiction ("the Jurisdiction Application").
 - iii) On 15 May 2024 Amazon applied to expedite the trial of the RAND issues between the parties ("the RAND Expedition Application").

- iv) On 24 May 2024 Amazon applied for permission to make amendments to their statement of case including those with which this appeal is concerned (together with an application to expedite a 2-3 day trial of their application for an interim licence which was not in the event pursued) (“the 24 May Amendment Application”).
 - v) On 28 June 2024 Nokia and 1 July 2024 Amazon applied for permission to adduce expert evidence as to US law (“the Expert Evidence Applications”). Neither side opposed the other’s application.
 - vi) On 12 July 2024 Amazon applied for permission to make revised amendments to their statements of case (“the 12 July Amendment Application”).
25. So far as the claim to an interim licence is concerned, the 12 July Amendment Application was based upon, and explicitly referred in paragraph 52G.1 of the draft Amended Particulars of Counterclaim to, an offer made by Amazon to Nokia to enter into an interim licence on the terms of a draft licence provided on 17 May 2024 “as amended from time to time”. Those terms included the payment by Amazon to Nokia of a lump sum the amount of which is confidential, that sum to be adjustable up or down as part of the Patents Court’s determination of RAND terms for the final licence.

The judge’s judgment

26. The hearing of the applications other than the Expert Evidence Applications took place on 2-5 and 19 July 2024. During the course of the hearing Amazon offered the undertakings referred to in paragraph 10 above, and these undertakings were subsequently incorporated into the judge’s order of 10 September 2024.
27. In an impressively prompt and succinct judgment handed down on 24 July 2024, the judge decided as follows:
- i) *The Strike Out Application*: Amazon’s case that Nokia were obliged to grant a global licence in respect of the Nokia Video Portfolio, and that this would be a defence to any application for an injunction brought by Alcatel, had a real prospect of success and so would not be struck out ([45]-[49] and [59]-[69]), but Amazon’s claim that Alcatel *itself* was contractually bound to grant a licence in respect of the SEPs would be struck out ([35]-[44]).
 - ii) *The Jurisdiction Application*: The English court had jurisdiction over Amazon’s Part 20 RAND case against Nokia, because: (i) there was a serious issue to be tried ([97]); (ii) the case fell within Gateway 4 because Nokia Corp and Nokia Tech were necessary and proper parties to Alcatel’s claim against Amazon, specifically Amazon’s defence thereto ([104]); (iii) the case would also have passed through Gateways 4A, 16A and 11 ([110]-[111], [114] and [120]); and (iv) England and Wales was the appropriate forum for the trial of dispute ([128]-[131]).
 - iii) *The RAND Expedition Application*: The judge agreed with Amazon that “[f]aced with an implementer prepared to undertake to enter into a licence on terms which this court (assuming it has jurisdiction to do so) declares to be RAND, it hardly lies in the mouth of a patentee, whose actions in taking enforcement

action against the implementer in multiple jurisdictions is at least prima facie in conflict with its RAND obligations, to object to this court taking the view that such enforcement action provides a reason for seeking to resolve the RAND dispute as soon as practicable” ([139]). There was “sufficient need for urgency to justify a measure of expedition” ([141]), but given the pressures on the court list the trial would be expedited to October 2025 rather than July 2025 ([153]-[154]).

- iv) *The 24 May and 12 July Amendment Applications*: Some of Nokia’s objections to Amazon’s amendments were rejected, but the judge refused to grant Amazon permission to make the amendments raising their claim to an interim licence.

28. The judge summarised Amazon’s pleaded case in support of its claim to an interim licence at [78] as follows:

- “(1) Nokia’s RAND Commitment includes the following obligations, as a matter of Swiss law, to (a) enter into good faith negotiations in respect of, and to offer, a worldwide licence to the Nokia Codec SEPs on RAND terms; (b) refrain from seeking to enjoin, prevent or otherwise restrict a beneficiary of the RAND Commitment from using the Nokia Codec SEPs and/or the patents in the Nokia Video Portfolio (including the Alcatel NEPs);
- (2) Nokia has sought to enjoin Amazon in various other jurisdictions from using the Nokia Codec SEPs and/or other patents in the Nokia Video Portfolio;
- (3) Where Amazon is prepared to give an unconditional undertaking to enter into a licence determined to be RAND in these proceedings, and to make an early (adjustable) royalty payment on an interim basis, Nokia’s conduct in continuing to seek injunctive relief is ‘inconsistent with its obligation to perform the RAND Commitment in good faith’;
- (4) The foreign court would, in considering whether to grant an injunction, take into account such things as the parties’ respective efforts to reach a licensing agreement, including the adequacy of the dispute resolution mechanisms in which the parties are currently engaged to settle a RAND licence;
- (5) In the circumstances, the RAND Commitment requires Nokia to agree to enter into, and to enter into, an Interim Licence as determined by the court (on the basis that all of its terms could be adjusted once the court has determined the final RAND licence at trial);
- (6) Further or alternatively, a willing licensee such as Amazon should in any event have the right or ability to apply to the court for a determination of an appropriate licensing framework at an interim stage, including payments into court, to enable that

licensee further to demonstrate and manifest its willingness to enter into a licence on FRAND terms settled by the court.”

29. The core of the judge’s reasoning for refusing the application is contained in the following paragraphs:

“79. In my judgment, there is no sufficiently arguable case that the premise (i.e. the Swiss law principles identified) leads to the conclusion that Nokia is obliged to enter into an Interim Licence.

80. The two principles of Swiss law identified in this part of the pleading are that the RAND Commitment obliges Nokia (1) to enter into negotiations in good faith for a RAND licence and (2) to refrain from seeking to enjoin Amazon in the meantime. A third principle of Swiss law also said to be relevant is that the intended third party beneficiary, C, of a contract between A and B can enforce that contract.

81. Assuming that the RAND Commitment gives rise to an enforceable obligation to enter into negotiations for a RAND licence in good faith, I do not see how that leads to the conclusion that Nokia – in addition to entering into good faith negotiations to enter into a licence on RAND terms, which is to have retrospective as well as prospective effect – must agree to enter into a licence at an early stage (whether that is, or is not, characterised as a second licence), covering at least part of the same period that will be covered by the final licence, pending resolution of the terms of the final licence.”

30. The judge also said at [90]:

“Irrespective of the lack of merit in the claim, I would have been inclined to refuse – on case management grounds – to give directions for the resolution of the terms of an Interim Licence. On Amazon's argument, the Interim Licence would have to be on RAND terms: the RAND Commitment could not conceivably oblige Nokia to enter into even an interim licence on terms which were not RAND, even if Amazon wanted that on an interim basis. I do not see how the complexities (including on the crucial issue of scope) which arise in determining a final RAND licence can be avoided in determining the Interim Licence. The notion that the latter exercise could be undertaken in a few days is wholly unrealistic. It would be a waste of the parties' and the court's resources to hold two RAND trials.”

31. When refusing Amazon permission to appeal at a hearing on 10 September 2024, the judge clarified at [25] that “the case management difficulties identified ... were not part of my reasoning on this point of law”.

Developments since the judgment

32. On 4 November 2024 Amazon filed a Confidential RAND Statement of Case (“the RAND Statement of Case”). The RAND Statement of Case provides further particulars of Amazon’s case as to the terms of a RAND licence to the Nokia Group’s Codec SEPs. Annex 2 of the RAND Statement of Case contains a Statement of Case on Swiss law which sets out Amazon’s case on Swiss law, pending expert evidence.
33. On 12 December 2024 Amazon sent Nokia a letter revising their offer of an interim licence so as to “mirror [the licence] which Nokia offered to Amazon” in the 30 May Offer. Although there are a number of differences between this offer and that made by Amazon on 17 May 2024, the significant differences are two-fold:
- i) The scope of the interim licence mirrors that of the final licence offered by Nokia in the 30 May Offer, i.e. it is limited to the Codec SEPs whereas previously it had extended to NEPs.
 - ii) Amazon offer to pay whatever interim consideration the Court deems appropriate for the interim licence.
34. This offer was made without prejudice to Amazon’s case that the final licence should be on the terms set out in Annex 9 to the RAND Statement of Case.

The test on an application to amend a statement of case

35. It is not suggested that Amazon’s 24 May Amendment Application was a late application. In such circumstances, it is common ground that the general rule is that an amendment to a statement of case should be permitted unless it raises a claim or defence which has no real prospect of success, which is the same test as on an application for summary judgment: see *CNM Estates (Tolworth Tower) Ltd v Carvill-Biggs* [2023] EWCA Civ 480, [2023] 1 WLR 4335 at [48]-[49] (Males LJ) and [69]-[77] (Sir Geoffrey Vos MR and Newey LJ). In applying this test, the Court must take into account the fact that this is a rapidly developing area of law. In such circumstances, the facts should be found first before attempting to decide how far the law goes: see *Lungowe v Vedanta Resources plc* [2019] UKSC 20, [2020] AC 1045 at [48] (Lord Briggs).

The appeal

36. Amazon appeal on two main grounds: first, that the judge was wrong to hold that Amazon’s claim to an interim licence had no real prospect of success; and secondly, that, if and insofar as he refused Amazon permission to amend on case management grounds, he was wrong to do so. Nokia have served a respondent’s notice seeking to uphold the judge’s decision on five additional or alternative grounds. In addition, Nokia contend that Amazon’s revision to their offer of an interim licence on 12 December 2024 means that the appeal is procedurally inapposite.

Is the appeal procedurally inapposite?

37. Counsel for Nokia spent more time in his oral submissions arguing that the appeal was procedurally inapposite than he did engaging with the merits of the appeal, which may betoken a recognition that he was on weak ground so far as latter issue was concerned.

38. Nokia contend that, by substituting an offer to take an interim licence largely on the terms of Nokia's 30 May Offer rather than on the terms of Amazon's 17 May 2024 offer, Amazon have, to put it colloquially, moved the goalposts. In those circumstances Nokia contend that Amazon's proper course is to make a fresh application to the Patents Court for permission to amend and not to pursue an appeal against the judge's decision, which was predicated upon amendments tied to the 17 May 2024 offer. Nokia contend that this is so even though (i) the only change in Amazon's case concerns the terms of the interim licence, and (ii) the change represents a substantial move by Amazon towards Nokia's position in respect of appropriate terms for an interim licence.
39. Amazon are candid that their case as to the appropriate terms for an interim licence has changed, but say that this is with a view to narrowing the dispute. Amazon contended that no further revision to their amended statements of case was required because of the statement "as amended from time to time" in paragraph 52G.1 of the draft amended Particulars of Counterclaim. Amazon said that this was intended to allow for the proposed terms of the interim licence to be revised during the course of the application if appropriate. I accept this, although the wording chosen to convey this is less than pellucid in its clarity. Nevertheless, it seems to me that, as a matter of good order, the amended statements of case should now reflect Amazon's current case as to the terms.
40. I do not consider that this means that Amazon's case has changed in any way that is material to their appeal. The judge held that, as matter of principle, Amazon had no real prospect of success in their claim for an interim licence at all. His decision was not based upon the terms of the interim licence then proposed by Amazon, and his core reasoning is wholly unaffected by the subsequent change in those terms. If Amazon had made a fresh application to amend, as suggested by counsel for Nokia, without appealing the judge's decision, it would have been barred by that decision.
41. Counsel for Nokia also argued that, even if Amazon were not debarred from appealing, then they required this Court's permission to raise a new argument on appeal and that such permission should be refused. Amazon are not raising a new argument. Their arguments in support of their application for permission to amend are unchanged. Furthermore, counsel for Nokia's argument on this point was completely inconsistent with Nokia's attempt to rely upon the decisions of Munich I Regional Court and the ALJ after the judge's judgment as demonstrating that the 30 May Offer was RAND (as to which, see further below) without even applying to adduce further evidence on appeal, let alone seek the Court's permission to raise new arguments.
42. Finally, counsel for Nokia argued that Amazon's proposal that the terms of the interim licence should be based upon the 30 May Offer was inconsistent with other aspects of Amazon's case as pleaded in the draft amended statements of case, and thus rendered Amazon's case incoherent. This argument was pitched at both a macro and a micro level.
43. The macro level was that it was inconsistent for Amazon to be arguing for an interim licence on the terms of the 30 May Offer, when it was Amazon's case on the terms for the final licence that the 30 May Offer was not RAND. I disagree with this. The interim licence is different from the final licence as I shall discuss in connection with case management below. Thus there is no inconsistency in Amazon's position, any more than there is in the position of any party that is willing to accept an interim arrangement to hold the ring pending trial without prejudice to its case at trial.

44. The micro level concerned the detail of the scope of the licence contended for by Amazon. As to that, it suffices to say that I see no incoherence in Amazon's position. At most, there may be an issue between the parties which has to be resolved at some point.

Does the claim for an interim licence have a real prospect of success?

Swiss law

45. There is no evidence of Swiss law before the Court, but Amazon pleaded the principles of Swiss law upon which they relied in the draft amended statements of case which were before the judge, and have subsequently provided further particulars in Annex 2 to the RAND Statement of Case. Since foreign law is a question of fact, it must be assumed for present purposes that Amazon's allegations as to Swiss law are correct.
46. Amazon contend that, to a large extent, Swiss law is materially the same as the French law that has been established in English FRAND decisions. In particular: (i) contracts can be made for the benefit of third parties; (ii) there is a pre-contractual obligation to negotiate in good faith, based on the principle of *culpa in contrahendo* (fault in conclusion of a contract); and (iii) Article 2 of the Swiss Civil Code provides that "[e]very person must act in good faith in the exercise of his or her rights and in the performance of his or her obligations" (translation).
47. Amazon also contend that Swiss law goes further than French law has so far been established to go in any English FRAND case in that it enables RAND obligations to be specifically enforced. Amazon rely, in particular, on Article 112 of the Swiss Civil Code, which provides:
- "1. A person who, acting in his own name, has entered into a contract whereby performance is due to a third party is entitled to compel performance for the benefit of said third party.
 2. The third party or his legal successors have the right to compel performance where that was the intention of the contracting parties or is the customary practice.
 3. In this case the obligee may no longer release the obligor from his obligations once the third party has notified the obligor of his intention to exercise that right."

English law

48. The relevant principles of English law are set out in *Panasonic v Xiaomi* and the authorities referred to therein. For present purposes, the main points may be summarised as follows.
49. *Declaratory relief*. The High Court has a general jurisdiction to grant a declaration whether or not any other relief is claimed. The key criterion for the grant of such relief is whether the declaration would serve a useful purpose (*Messier-Dowty Ltd v Sabena Ltd* [2000] 1 WLR 2040 at [41] (Lord Woolf MR)), although that purpose must also be a legitimate one (*Teva UK Ltd v Novartis AG* [2022] EWCA Civ 1617, [2023] Bus LR 820 at [51]).

50. *The FRAND obligation.* FRAND is both a process and a result: *Panasonic v Xiaomi* at [21] and [23]. A SEP holder is required to behave consistently with its obligation to grant a licence on FRAND terms, and an implementer is required to behave consistently with its need to take a licence on FRAND terms. Thus the SEP holder should not behave in a manner which promotes hold up, and the implementer should not behave in a manner which promotes hold out. On the contrary, both parties should attempt in good faith to negotiate terms which are FRAND. FRAND terms are the terms that would be agreed between a willing licensor not intent upon hold up and a willing licensee not intent upon hold out.
51. Because FRAND terms are those that would be agreed by a hypothetical willing licensor and a hypothetical willing licensee, the willingness of the actual SEP holder to grant a licence, or the actual implementer to take a licence, on those terms are irrelevant to the determination of what terms are FRAND: *Panasonic v Xiaomi* at [22]. To put the same point another way, any SEP holder is a willing licensor at a high royalty rate and any implementer is a willing licensee at a low royalty rate, but the real question is whether the parties are willing to license at a royalty rate which is in fact FRAND. Thus to decide willingness one first has to determine what rate is FRAND, and then find out who is willing or unwilling to license at the FRAND rate.
52. An implementer is entitled to a licence on FRAND terms as of right, and hence the only role for an injunction to restrain infringement of the SEP is to enforce the SEP holder's entitlement to the financial remedy obtainable through a licence on such terms: *Panasonic v Xiaomi* at [79]. An implementer requires a licence from the first day it implements the relevant standard, and is entitled to a licence from the first day provided that it is willing to take a licence on FRAND terms: *Panasonic v Xiaomi* at [23] and [80]. Furthermore, the implementer is entitled to a licence which is continuous and not subject to interruption by injunctions obtained by the SEP holder: *Panasonic v Xiaomi* at [80].
53. A range of terms may be FRAND, and if so the SEP holder complies with its FRAND obligation by offering the FRAND terms most favourable to itself. When determining what terms are FRAND, the Patents Court must take this into account: *InterDigital Technology Corp v Lenovo Group Ltd* [2024] EWCA Civ 743 at [33] and [275], *Panasonic v Xiaomi* at [82].

Analysis

54. Amazon's case in support of its claim for an interim licence can be summarised as follows.
55. On Amazon's case, the Patents Court is seised of the question of what terms for a licence of the Nokia Video Portfolio are RAND. Although Alcatel's claim was only to enforce the Patents in Suit, which are NEPs, Amazon's defence to that claim and their Part 20 claim advance a case that Amazon are entitled to a licence of the Challenged Patents on RAND terms which embraces both (a) Nokia's other Codec SEPs and (b) Nokia's NEPs (including the Patents in Suit). Although Nokia dispute that Amazon are entitled to a licence which extends to any NEPs, the judge dismissed both the Strike Out Application and the Jurisdiction Application, and Nokia have not appealed against the dismissal of those applications.

56. The questions as to the scope of the licence to which Amazon are entitled and what terms for that licence are RAND will therefore be determined at the RAND trial, which is now listed to commence in early October 2025.
57. As explained above, Amazon have undertaken to the Patents Court to take a licence in respect of the Nokia Video Portfolio on the terms determined by the Patents Court to be RAND (subject to adjustment on any appeal). Because of the severe sanctions that may be imposed for breach of such an undertaking, one can be confident that Amazon will comply with it. When entered into, such a licence will be both global and retrospective to the first day of implementation by Amazon (see *InterDigital v Lenovo* at [170]-[206]). Thus Nokia are assured of being paid royalties by Amazon for a licence in respect of the Nokia Video Portfolio (or such part of it as the Patents Court determines the licence should cover) at the rate determined by the Patents Court to be RAND (subject to adjustment on any appeal). Nokia are also assured of being paid interest on royalties on past sales at a realistic rate (see *InterDigital v Lenovo* at [207]-[227]).
58. Amazon contend that, in those circumstances, a willing licensor in the position of Nokia would agree to enter into, and would enter into, an interim licence to cover the period until the terms of the final licence are determined. Amazon offer to enter into such a licence and to pay Nokia royalties under it until determination of the terms of the final licence, with any over- or underpayment being resolved as part of that determination. As discussed above, Amazon are content to enter into an interim licence that reflects the terms offered by Nokia for a final licence in the 30 May Offer, and thus is restricted to Codec SEPs, subject to determination by the Court of the appropriate lump sum to be paid.
59. In those circumstances Amazon pose the question: why are Nokia pursuing all the litigation discussed above with all the attendant effort and expense, and in particular why are Nokia seeking injunctions and exclusion orders against Amazon, rather than granting Amazon an interim licence and accepting the payment of royalties by Amazon pending the determination by the Patents Court of what terms for the final licence are RAND? Amazon submit that there can only one answer to that question: because Nokia wish to use the exclusionary power of injunctions and exclusion orders to force Amazon to accept terms more favourable to Nokia than the English courts will determine to be RAND.
60. Amazon contend that such conduct is contrary to Nokia's obligation to negotiate RAND terms in good faith. Amazon submit that the Patents Court should make a declaration that a willing licensor in the position of Nokia would agree to enter, and would enter into, an interim licence because that would serve a useful purpose and would not be contrary to comity. Amazon rely in support of these submissions on *Panasonic v Xiaomi* and submit that the present case is indistinguishable. Amazon also contend that the availability of the remedy of specific performance in Swiss law means that, if necessary, the Court can and should go further than it did in *Panasonic v Xiaomi*, and order Nokia to enter into the interim licence.
61. Amazon also argue that, although in technical terms the relief granted in *Panasonic v Xiaomi* and which they seek here is final relief, in substance it is interim relief, because its purpose is to "hold the ring" between the parties pending a final determination of RAND terms by the Patents Court.

62. Nokia contend that *Panasonic v Xiaomi* is distinguishable from the present case. It is common ground that there are certain factual differences between the two cases, and in particular the following:
- i) Unlike Panasonic, Nokia did not commence proceedings in the Patents Court seeking the determination of (F)RAND terms. Indeed, Nokia did not commence proceedings in this jurisdiction to enforce any SEPs at all.
 - ii) Unlike Panasonic, Nokia have not undertaken to the Patents Court to enter into a licence of their SEPs on the terms determined by the Patents Court to be (F)RAND.
 - iii) Unlike Panasonic, Nokia seek to enforce NEPs against Amazon.
63. In addition to these three differences, Nokia rely upon an issue concerning the scope of the licence under the Codec SEPs to which Amazon are entitled by virtue of the RAND obligation. Nokia's position is that Amazon are only entitled to a licence in respect of decoding claims and not encoding claims. Amazon dispute this. Furthermore, Amazon point out that (as Nokia's skeleton argument confirms) the 30 May Offer embraced both encoding and decoding claims.
64. In my judgment Amazon have a real prospect of successfully arguing that none of these factual differences is material, and thus that *Panasonic v Xiaomi* is legally indistinguishable.
65. Nokia contend by their respondent's notice that (i) Nokia have acted entirely consistently with their RAND obligations and have not acted contrary to good faith, (ii) a declaration would serve no useful purpose and (iii) a declaration would be contrary to comity. The short answer to each of these contentions is that, unless *Panasonic v Xiaomi* is distinguishable, then Amazon have at least an arguable case to the contrary. Furthermore, points (ii) and (iii) would not necessarily be an answer to Amazon's claim for specific enforcement.
66. I shall nevertheless comment briefly on the first of these contentions. Counsel for Nokia particularly relied in support of this contention upon the opinion of the ALJ referred to in paragraph 16 above and upon the judgment of the Munich I Regional Court referred to in paragraph 15(i) above. So far as the former is concerned, as counsel for Nokia himself observed, the copy in evidence is so heavily redacted that it is difficult to follow. By contrast, we have been provided with a confidential unredacted copy of the latter.
67. Counsel for Amazon submitted that we could not receive the judgment absent an application by Nokia to adduce it in evidence. No authorities were cited to us on this question, but absent binding authority in support of the proposition advanced by counsel for Amazon I would not accept it. It is common, for example, for the Patents Court, and this Court on appeal, to have regard to decisions of courts of other Contracting States of the European Patent Convention in parallel litigation not merely as persuasive authority as to the legal principles to be applied, but also as persuasive with respect to the application of those principles to the facts of the case. Such judgments are routinely treated as self-proving.

68. Counsel for Amazon also submitted that the Court should be cautious about relying upon such a judgment absent expert evidence as to the relevant foreign law (here German law) to contextualise it. This submission has more force, but in the present case the reasoning of the Munich I Regional Court appears to be consistent with the findings of Leech J as to German law in *Panasonic v Xiaomi* in his judgment at [46]-[60] some of which I summarised in my judgment at [50]-[51].
69. For present purposes, the reasoning of the Munich I Regional Court may be summarised as follows:
- i) The question it asked itself was whether Amazon had a defence to Nokia's infringement claim by virtue of Article 102 TFEU, not whether Amazon had a defence by virtue of the ITU-T declarations and Swiss law concerning contracts for the benefit of third parties.
 - ii) It applied, as would one expect, the principles established by the case law of the Bundesgerichtshof (Federal Court of Justice) applicable to that question, including the following. The burden of proof is on the defendant. Once the SEP holder has notified an implementer of an alleged infringement, the implementer must not only clearly and unambiguously declare its willingness to conclude a licence on FRAND terms, but also participate purposefully in licensing negotiations rather than engaging in delaying tactics. The implementer is only released from its duty to negotiate if the SEP holder's offer is non-FRAND to such an extent that, objectively assessed, it appears not to be meant seriously and thus as a refusal to conclude a licence on FRAND terms (i.e. obviously unFRAND).
 - iii) It also approached the matter on the basis that, because the FRAND licence rate is the result of a negotiation process, it is not a fact that can be established by expert evidence. (Although the Munich I District Court did not say that this approach was mandated by the case law of the Federal Court of Justice, my understanding is that this is a common view amongst German courts. By contrast, expert evidence on this question is admissible, and routinely admitted, under English law.)
 - iv) It held that Nokia's first offer of 25 August 2020 for the period [REDACTED] already met the requirements of a FRAND offer, even though the lump sum royalty which Nokia then demanded was significantly higher than what they later demanded, because it was within the permissible range for commencing negotiations with Amazon. Furthermore, Nokia's subsequent offers demonstrated that they were willing to negotiate.
 - v) By contrast, it held that Amazon lacked the necessary willingness to obtain a licence. This was despite the fact that Amazon had made an offer [REDACTED] which included a substantial lump sum royalty for which Amazon had provided a bank guarantee by way of security.
 - vi) The key reason why it considered that Amazon were unwilling to enter into a licence on FRAND terms was that Amazon wanted a licence that embraced their streaming services (in particular Amazon Prime), and not merely end user devices. This was because there was no established practice for licensing

streaming platforms, and no or only a few license agreements have been concluded.

- vii) It held that, in accordance with its established practice, it was permissible for Nokia to rely upon a large number of licences with third parties which Nokia had chosen to disclose to the Court as being comparable to the licence required by Amazon (rather than being obliged to disclose objectively comparable licences, as under English procedure). Unsurprisingly, these licences appeared to support Nokia's case.

70. Despite relying upon this judgment, counsel for Nokia did not even contend that it gave rise to any issue estoppel. In the absence of any plea of issue estoppel, its only relevance is if it provides persuasive support for Nokia's case that they are acting in good faith by pursuing claims for injunctions even though Amazon have undertaken to take a licence on the terms determined by the Patents Court to be RAND. In my judgment Amazon have an arguable case that it does not for similar reasons to those given in *Panasonic v Xiaomi*.

71. To illustrate the point, it is sufficient for present purposes to quote what counsel for Nokia said when asked by Newey LJ how, on Nokia's case, Amazon would obtain a determination of what terms were RAND:

"... courts are not the best way to determine RAND terms and [it is not] contemplated by the standard-setting organisations that litigation should be the way in which people determine RAND terms. Negotiation is the key. ... we have been negotiating with Amazon since 2009 and we have not been able to obtain agreement. So, we consider that our actions are entirely appropriate in the context of those negotiations."

72. Thus Nokia say with one breath that (a) RAND terms should not be determined by the English courts because they should be negotiated between the parties, and (b) Nokia's actions in seeking and obtaining injunctions in other courts which do not determine RAND terms are justified because negotiations have failed.

Case management

73. On its face, the judge's judgment does not state at [90] that, even if the judge had concluded that Amazon's claim to an interim licence had a real prospect of success, he would nevertheless have refused to grant Amazon permission to amend their statements of case to raise that claim on case management grounds. It does not even state that, if he had granted Amazon permission to amend, he would definitely have refused to give directions for a hearing of Amazon's application, only that he "would have been inclined to refuse" to do so.

74. Amazon challenge the reasons given by the judge for expressing that view, while Nokia contend by their respondent's notice that the judge ought for those reasons to have refused Amazon permission to amend their statements of case even if Amazon's claim has a real prospect of success.

75. As Amazon submit, *Panasonic v Xiaomi* demonstrates that the judge's reasoning was based on an incorrect premise: Amazon's claim to an interim licence would not lead to two RAND trials of the same scope. The RAND trial which the judge directed to be tried in October 2025 will involve a full investigation of all issues relating to RAND. It will undoubtedly be a substantial trial, and it is presently estimated that it will require 20 days of court time. By contrast, Amazon's application for an interim licence will not require the court to determine most of the issues which will arise at the RAND trial. It will simply require the Court to determine (1) whether Amazon are entitled to an interim licence and (2) if so, what terms are appropriate. As can be seen from *Panasonic v Xiaomi*, the question of what terms are (F)RAND for an interim licence is quite different to the question of what terms are (F)RAND for a final licence, and determining such terms is a much more limited task. As Amazon submit, this is because the interim licence is only designed to hold the ring pending determination of the terms of the final licence, and the payments made pursuant to it will be adjusted to the extent necessary in consequence of the determination of the terms of the final licence.
76. The first instance hearing in *Panasonic v Xiaomi* took three days. A more recent application for an interim licence in *Lenovo Group Ltd v Telefonaktiebolaget LM Ericsson* [2024] EWHC 2941 (Pat) also occupied the Patents Court for three days. I see no reason why Amazon's application should take longer to determine, and I would expect it to take less for two reasons.
77. The first is that the judge hearing Amazon's application will have the benefit of this Court's decisions in *Panasonic v Xiaomi* and on this appeal. Furthermore, it is unlikely that Amazon's application can be determined before this Court's judgment on an appeal from *Lenovo v Ericsson*, which is due to be heard on 18 February 2025, becomes available. Two of the distinguishing features relied upon by Nokia also arise for consideration in that case.
78. The second reason is that there should now be little need for extended argument over the terms of the interim licence (if one is appropriate). As explained above, Amazon now contend that the scope of the interim licence should match the scope of the final licence offered by Nokia in the 30 May Offer. Prima facie, therefore, the only thing left to argue about is how much should be paid. Given that the amount will be adjustable in the light of the final determination, and hence the scope for the court to take a pragmatic approach as in *Panasonic v Xiaomi*, this should not take much time. Counsel for Nokia raised a point about how payments under an interim licence are accounted for by the recipient, but that point also arises in *Lenovo v Ericsson*.
79. Although case management of Amazon's application will be a matter for the Patents Court, I would observe that, unless the hearing of the application is expedited sufficiently to enable the application to be determined in advance of the RAND trial, the application will be rendered nugatory.

Conclusion

80. It was for the reasons given above that I concluded that Amazon should be given permission to amend their Particulars of Counterclaim to advance their claim to an interim licence. In my judgment Amazon should also be given permission to amend their Defence and Counterclaim. As I have explained above, Amazon have already been held to have an arguable case that Nokia's RAND obligation in respect of their SEPs

extends to an obligation to license their NEPs as well. Amazon's claim for an interim licence originally embraced both SEPs and NEPs. As a result of the change in the terms for the interim licence proposed by Amazon on 12 December 2024, Amazon no longer seek an interim licence in respect of NEPs. In that sense, it may well turn out that the amendments to the Defence and Counterclaim are redundant. Given that Amazon have already been granted permission to make the amendments to the Particulars of Counterclaim, however, I cannot see any prejudice to Nokia in Amazon being permitted to make parallel amendments to the Defence and Counterclaim. By contrast, it is conceivable that Amazon might be prejudiced by being confined to the amendments to the Particulars of Counterclaim, for example if there are subsequent developments in the parties' cases as to the appropriate terms of an interim licence (if any).

Lord Justice Snowden:

81. I agree.

Lord Justice Newey:

82. I also agree.