



Neutral Citation Number: [2025] EWCA Civ 193

Case No: CA-2024-001749

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 (ChD),
PATENTS COURT

Mr Justice Fancourt
[2024] EWHC 1815 (Pat)

Royal Courts of Justice
Strand, London, WC2A 2LL

Date: 6 March 2025

Before :

LORD JUSTICE ARNOLD
LORD JUSTICE PHILLIPS
and
LADY JUSTICE WHIPPLE

Between :

- | | |
|--|---------------------------|
| (1) TESLA, INC. | <u>Claimants/</u> |
| (2) TESLA MOTORS LIMITED | <u>Appellants</u> |
| - and - | |
| (1) IDAC HOLDINGS, INC. | <u>Defendants/</u> |
| (2) INTERDIGITAL PATENT HOLDINGS, INC. | <u>Respondents</u> |
| (3) INTERDIGITAL HOLDINGS, INC. | |
| (4) AVANCI, LLC | |

James Segan KC and Ligia Osepciu (instructed by **Powell Gilbert LLP**) for the **Appellants**
Thomas Raphael KC and Maxwell Keay (instructed by **Gowling WLG (UK) LLP**) for the
First and Second Respondents
Brian Nicholson KC and Miruna Bercariu (instructed by **Osborne Clarke LLP** and **EIP Europe LLP**) for the **Third Respondent**

Hearing dates : 2-3 December 2024

Approved Judgment

This judgment was handed down remotely at 10.30am on 6 March 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 a jurisdictional dispute. The Claimants (“Tesla”) are respectively (i) a company incorporated in the State of Delaware, USA and headquartered in Texas which is the ultimate parent company of the multinational Tesla Group, and (ii) a wholly-owned indirect subsidiary incorporated in England and Wales which sells premium fully-electric vehicles, and provides services relating to such vehicles, in the UK. The First to Third Defendants (collectively “InterDigital”) are or were Delaware corporations whose principal place of business is in Delaware. The First Defendant has been dissolved and therefore can be ignored. The Second Defendant (“IDPH”) and the Third Defendant (“IDH”) are members of the InterDigital Group, which develops and licences wireless communications technology. The InterDigital Group owns a worldwide portfolio of patents which have been declared essential (“standard-essential patents” or “SEPs”) to the European Telecommunications Standards Institute (“ETSI”) 2G, 3G, 4G and 5G standards (“the ETSI Standards”). These include European Patents (UK) Nos. 3 455 985, 3 566 413 and 3 718 369 (“the Challenged Patents”), the registered proprietor of which is IDPH and which were declared essential to the 5G standard by IDH. The Fourth Defendant (“Avanci”) is a company incorporated in Delaware whose principal place of business is in Texas which carries on business as an administrator of patent pools or (to use Avanci’s preferred term) platforms, including a platform for SEPs declared essential to the ETSI Standards for use in 5G-enabled vehicles (“the Avanci 5G Platform”). The InterDigital Group is among the licensor members of the Avanci 5G Platform. At the time of the hearing in the court below there were about 66 such members who owned around 170,000 SEPs. (Since then, those numbers have increased, but in this judgment I will for the most part continue to refer to the figures that were before the judge.)
2. Tesla wish to launch 5G-enabled vehicles in the UK. The UK is the Tesla Group’s fourth largest market globally. The Avanci 5G Platform includes around 11,900 UK SEPs, all of which are the subject of undertakings given to ETSI which oblige their owners to offer licences of them on fair, reasonable and non-discriminatory (“FRAND”) terms to anyone who wishes to implement the ETSI Standards (or in some cases equivalent undertakings given to other standard-development organisations). Tesla accept that they will need a licence under these UK SEPs, and aver that a licence on FRAND terms will be a global licence in respect of all SEPs in the Avanci 5G Platform. Tesla complain that Avanci has only offered a flat rate of \$32 per vehicle for such a licence on a non-negotiable basis. Tesla contend that this rate far exceeds a FRAND rate. Accordingly, Tesla have brought these proceedings with the objective of obtaining a determination by the Patents Court of what rate is FRAND. Tesla have undertaken to take a licence on the terms determined by the Patents Court to be FRAND (subject to adjustment as a result of any appeal).
3. Tesla commenced the proceedings on 5 December 2023 seeking (i) declarations of invalidity (and consequential revocation) and/or inessentiality (and hence non-infringement) of the Challenged Patents (“the Patent Claims”), and (ii) declarations essentially as to FRAND terms for a licence of the UK SEPs in the Avanci 5G Platform, alternatively the Challenged Patents (“the Licensing Claims”). The Patent Claims are brought against IDPH. The Licensing Claims are brought against all the

Defendants, with InterDigital being sought to be joined as representing all relevant licensor members of the Avanci 5G Platform pursuant to CPR rule 19.8.

4. On 7 December 2023 Mellor J granted Tesla permission on a without notice application to serve the claim form on the Defendants outside the jurisdiction. Tesla served the claim form so far as it relates to the Patent Claims on IDPH in England, pursuant to CPR rule 63.14(2). Permission to serve out was needed and granted for the Licensing Claims pursuant to a combination of gateways (3) (in relation to IDH and Avanci), (4A) (in relation to IDH) and (11) (in relation to all the Defendants) in CPR Practice Direction 6B paragraph 3.1, although Tesla subsequently abandoned reliance on gateway (4A). Tesla served the claim form on Avanci and InterDigital on 8 December 2023.
5. On 2 January 2024 Avanci and InterDigital filed acknowledgements of service indicating that they intended to challenge the jurisdiction of the English courts. On 8 March 2024 InterDigital and Avanci separately applied pursuant to CPR Part 11 to challenge the English courts' jurisdiction to hear the claims, or for an order that they should decline to exercise their jurisdiction. On 8 May 2024 InterDigital also applied to strike out the claim, without prejudice to their jurisdictional challenge. On 16 May 2024 Tesla applied for permission to amend their Particulars of Claim.
6. The applications were heard by Fancourt J in late May and early June 2024. On 15 July 2024 the judge made an order, for the reasons given in his judgment of the same date [2024] EWHC 1815 (Pat), setting aside service of the claim form on the Defendants except for service on IDPH in relation to the Patent Claims. He also struck out the Licensing Claims against IDPH, if validly served pursuant to rule 63.14(2), but otherwise dismissed the application to strike out. Tesla's application to amend the Particulars of Claim was dismissed.
7. The judge granted Tesla permission to appeal against his jurisdictional orders on seven grounds and InterDigital permission to cross-appeal, if necessary, on two grounds. In addition, InterDigital have served a respondents' notice raising no less than 15 additional or alternative grounds for the judge's decision in so far as it was in their favour (although one of these relates to costs and therefore does not require consideration at this stage). The appeals raise important issues as to the jurisdiction of the courts of England and Wales to determine disputes as to what licence terms are FRAND at the behest of an implementer rather than a SEP owner in the context of a claim concerning a patent pool or platform.

The general background to FRAND disputes

8. I have set out the general background to FRAND disputes in a number of judgments, most recently in *Lenovo Group Ltd v Telefonaktiebolaget LM Ericsson (publ)* [2025] EWCA Civ 182 at [3]-[16]. I shall take that explanation as read and not repeat it.

The FRAND obligation

9. Clause 6.1 of the ETSI Intellectual Property Rights Policy ("the ETSI IPR Policy"), which is governed by French law, provides for persons who declare patents (or, more usually, patent applications) to be essential to an ETSI Standard to give an undertaking to grant irrevocable licences on FRAND terms in respect of such rights.

Clause 6.1 is a *stipulation pour autrui*. Expressing this in language more familiar to English lawyers, the result of a declaration to ETSI in accordance with clause 6.1 is a contract between the declarant (usually, but not necessarily, the SEP owner) and ETSI for the benefit of third parties, namely implementers who wish to practice the relevant standard and thus the SEP in question. The contract obliges the declarant and its Affiliates (as defined in the ETSI IPR Policy) to grant a licence of the SEP to any implementer who wants a licence on FRAND terms.

10. There is a mounting body of case law in this jurisdiction on the interpretation and application of this obligation: see in particular the recent decisions of this Court in *InterDigital Technology Corp v Lenovo Group Ltd* [2024] EWCA Civ 743, [2024] RPC 24 and *Lenovo v Ericsson*. It is a rapidly developing field of law.
11. It is not necessary for present purposes to repeat most of the statements of principle to be found in the judgments referred to in the previous paragraph. The key point is that it has been established that, in the event of dispute between an implementer and a SEP owner, the Patents Court can determine what terms are FRAND, and to date it has done so in three cases.
12. It is also important to be clear as to how the Patents Court can enforce such a determination. I explained the general position in *Optis Cellular Technology LLC v Apple Retail UK Ltd* [2022] EWCA Civ 1411, [2023] RPC 1 at [73]:

“... As discussed above, the twin purposes of the ETSI IPR Policy are to avoid hold up and hold out. To achieve this it is necessary, in the absence of agreement between the parties, for the national court to be able to enforce its determination against both parties. The national court can only enforce its determination against the SEP owner by withholding an injunction from the SEP owner if it is unwilling to abide by its ETSI Undertaking by granting a licence on the terms determined to be FRAND. The national court can only enforce its determination against the implementer by granting an injunction against the implementer if it is unwilling to take a licence on the terms determined to be FRAND.”

13. As I noted in *Panasonic Holdings Corp v Xiaomi Technology UK Ltd* [2024] EWCA Civ 1143 at [26], the position is different if the parties undertake to the Patents Court to enter into a licence on the terms determined by the Court to be FRAND.

Jurisdiction of the English courts over FRAND disputes raised by SEP owners

14. Although this claim is brought by an implementer, it is important to put it into context by briefly outlining the jurisdictional position concerning claims brought by SEP owners. In *Unwired Planet International Ltd v Huawei Technologies (UK) Co Ltd and Conversant Wireless Licensing SARL v Huawei Technologies (UK) Co Ltd* [2020] UKSC 37, [2020] Bus LR 2422 the UK Supreme Court held that, where the English courts would otherwise have jurisdiction in respect of claims concerning the infringement and validity of one or more UK SEPs, it made no difference that the claimant sought an injunction to restrain infringement of the SEPs unless the defendant entered into a global (as opposed to a UK) licence of an international

portfolio of SEPs (including SEPs in different families to the UK SEPs in suit) on FRAND terms. Furthermore, on the facts of *Unwired Planet*, the lower courts were entitled to conclude that only a global portfolio licence was FRAND. The effect of this decision was to confirm the jurisdiction of the English courts to determine FRAND disputes on a worldwide, portfolio-wide basis at the behest of a SEP owner even if the UK SEPs involved are a small fraction of those in the relevant portfolio.

15. In *Nokia Technologies Oy v OnePlus Technology (Shenzhen) Co., Ltd* [2022] EWCA Civ 947, [2023] FSR 11 (“*Nokia v OPPO*”) this Court held that the Supreme Court’s decision was unaffected by two subsequent developments. First, as a result of Brexit, European Parliament and Council Regulation 1215/2012/EU of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (“the Brussels I Regulation”) no longer applies in this jurisdiction. Secondly, on 19 August 2021 the Supreme People’s Court of the People’s Republic of China held in *Guangdong OPPO Mobile Telecommunications Corp Ltd v Sharp Corp* (2020) Zui Gao Fa Zhi Min Xia Zhong No 57 that courts in China have jurisdiction to settle the global terms of a FRAND licence of SEPs in the absence of agreement by the parties as to the forum in which such terms are to be determined. I shall return to the second development later in this judgment.

The Avanci 5G Platform

16. The Avanci 5G Platform is the successor to an earlier 4G platform (“the Avanci 4G Platform”). Tesla obtained a licence for 4G-enabled vehicles through the Avanci 4G Platform, for which Avanci charged a royalty of \$15 per vehicle. Tesla allege that they were pressured to conclude that licence by litigation brought by SEP owners who participated in the Avanci 4G Platform seeking injunctions which created a risk of Tesla’s 4G-enabled vehicles being barred from important markets. Tesla say that this is why they commenced the present proceedings more than a year before their intended launch of 5G-enabled vehicles.
17. The Avanci 5G Platform provides a global licence, covering the 2G, 3G, 4G and 5G SEPs of the patentees who choose to licence their technology through the Platform, which is available to implementers who make 5G-enabled vehicles. Avanci arrived at the pricing and other terms of the 5G Licence after extensive discussions with potential licensors and licensees, with a view to devising an optional joint licence (in the sense of an optional alternative to multiple bilateral licences) that would be commercially attractive to the majority of SEP holders and the majority of vehicle manufacturers on a one-size-fits-all convenience basis. There is no suggestion, however, that Avanci had access to the terms of any bilateral licences which had been granted or offered by any of the potential licensors to any of the potential licensees.
18. The Avanci 5G Platform has proven to be successful: since its launch on 16 August 2023, over 65 SEP owners together owning more than 90% of all 2G, 3G, 4G and 5G SEPs have opted to jointly license their SEPs through the Avanci 5G Platform (including Ericsson, Fujitsu, Huawei, Intel, LG Electronics, Nokia, Qualcomm, Samsung, Sony and ZTE, as well as InterDigital). Around 7% of these SEPs are UK SEPs. Furthermore, at least 31 vehicle manufacturers (including those in the Volkswagen Group, Hyundai, Kia, Mercedes-Benz, BMW, Volvo Cars, Polestar, Ford, General Motors and Yanmar) have opted to take licences through the Avanci 5G Platform.

19. Avanci prefers to describe its Platforms as “platforms” rather than “pools” because it is not owned or controlled by any of the patentees (or licensees). It does not hold any of the SEPs covered by the 5G Platform and it has never given any FRAND undertakings in respect of them. In offering and granting the Avanci 5G Platform licence to a licensee, Avanci acts as agent for all the licensors, and its authority is limited to offering a standard patent licence agreement (“the SPLA”) subject to a modest set of pre-approved possible modifications (“PAMs”). The terms of Avanci’s authority are set out in a Master License Management Agreement (“the MLMA”) with participating SEP owners which is governed by New York law. Avanci has no ability to bring infringement proceedings against implementers who do not take a licence of SEPs covered by the Avanci 5G Platform. Nor does Avanci agree to fulfil any member’s FRAND obligations. The MLMA expressly reserves each member’s right to offer and conclude bilateral licences with implementers.
20. Outside the PAMs, Avanci cannot vary the terms of the SPLA without the consent of the members of the Avanci 5G Platform. If Avanci considers that revised terms should be put to members for their approval, it can do so. If sufficient members to reach a total specified share, and each member with a share above a certain threshold, vote in favour, the terms will be revised.
21. In many ways, Avanci operates in a similar manner to that of collective management organisations in the field of copyright: it sets a tariff for licences granted on behalf of multiple licensors to multiple licensees in a particular sector, and it distributes licence income received from licensees to licensors using a points formula after taking a commission. Avanci deals with each licensor separately from the other licensors and with each licensee separately from the other licensees.
22. Given the role of competition (anti-trust) law in regulating the conduct of patent pools and platforms, Avanci requested that the United States Department of Justice (“the DoJ”) review the 5G Platform prior to launch. In response, the DoJ stated in a Business Review Letter dated 28 July 2020 that Avanci’s proposed 5G Platform was “unlikely to harm competition” and therefore the DoJ was “not presently inclined to initiate an antitrust enforcement action”.
23. Although Avanci disputes the appropriateness of the term, it is convenient to refer to SEP owners who choose to license their SEPs through the Avanci 5G Platform as “members” of the Platform. As discussed in more detail below, the members of the Avanci 5G Platform are based in a wide range of jurisdictions. While the majority of members own UK SEPs, not all do.
24. Avanci contends that the licence terms offered by the Avanci 5G Platform are not required to be FRAND because (i) Avanci itself is not a SEP owner and has given no undertaking to grant licences on FRAND terms and (ii) the joint licence offered by members of the Avanci 5G Platform is offered as an alternative to bilateral licences offered by those SEP owners pursuant to their respective FRAND obligations. Thus implementers can choose to negotiate bilateral licences with members rather than taking a licence under the Avanci 5G Platform.
25. Against this, Tesla point out that the DoJ stated in its Business Review Letter that:

“The ... SEPs licensed here are subject to FRAND commitments. Avanci represents its current rates for the 4G Platform are FRAND ..., and that Avanci intends its 5G rates also to be FRAND. ... Each standard-essential patent holder will have to decide whether the Avanci Platform comports with its own FRAND commitments.”

Similarly, in an email from Avanci to Tesla dated 3 February 2020, Avanci said that “our royalty rates [for the Avanci 4G Platform] are FRAND”; and Avanci’s website states in relation to the Avanci 5G Platform that “Avanci shares a commitment ... to make the latest technology available in a way that is ... FRAND ...”.

26. Furthermore, Tesla allege that a number of SEP owners who sued Tesla for infringement in various jurisdictions prior to Tesla’s entry into the Avanci 4G licence relied upon the availability of a licence through the Avanci 4G Platform as satisfying their obligations to licence their SEPs on FRAND terms.
27. In any event, Tesla contend that, just as the commercial reality in cases like *Unwired Planet* is that a FRAND licence must be a global portfolio licence because it is impracticable to negotiate country by country and patent family by patent family, so too the commercial reality in this case is that a FRAND licence must be a licence of all the SEPs in the Avanci 5G Platform for similar reasons.

InterDigital’s membership of the Avanci 5G Platform

28. IDH is a member of the Avanci 5G Platform. For the reasons explained in paragraphs 9 above and 167 below, the distinction between IDPH and IDH is immaterial with respect to InterDigital’s FRAND obligations, and hence Tesla’s Licensing Claims against InterDigital, and it is therefore convenient to proceed as if both were members. I shall therefore refer to InterDigital without distinguishing between IDPH and IDH except where it is necessary to do so.
29. It is common ground that InterDigital have no power to grant Tesla a licence under the Avanci 5G Platform, only Avanci can do so. Nor do InterDigital have any power to compel Avanci to grant Tesla a licence. Nor can InterDigital either procure or prevent the offer of revised terms by Avanci, because InterDigital do not have either a sufficient share of the votes or a share above the threshold referred to in paragraph 20 above.
30. Although InterDigital wrote to Tesla on 24 April 2020 inviting Tesla to participate in licensing discussions with regard to 3G, 4G and 5G SEPs owned by InterDigital, Tesla have not alleged that InterDigital have threatened proceedings against Tesla for infringement of any of InterDigital’s SEPs covered by the Avanci 5G Platform as a result of Tesla’s proposal to sell 5G-enabled vehicles. Furthermore, InterDigital have stated in these proceedings that they have no intention to bring such infringement proceedings against Tesla. Intentions may change, however, and InterDigital have not given any undertaking not to bring such proceedings against Tesla. Thus, as matters stand, Tesla are exposed to the possibility of future infringement claims by InterDigital unless Tesla can obtain a licence which covers InterDigital’s SEPs. The same applies to all the other members of the Avanci 5G Platform except one.

Tesla's bilateral licence with L1

31. It is common ground that, notwithstanding their claims in these proceedings, Tesla have entered into a bilateral licence with one SEP owner, whose identity is confidential and which has been referred to as "L1", for 5G-enabled vehicles. L1 is a member of the Avanci 5G Platform, and it appears that it has a threshold share.

Tesla's claims

32. Some caution is required when considering Tesla's Particulars of Claim, because Tesla no longer pursue a pleaded claim that Avanci owe Tesla a contractual obligation to grant Tesla a licence under the Avanci 5G Platform on FRAND terms, but the Particulars of Claim have not yet been amended to reflect this. Furthermore, Tesla do not pursue their application to amend the Particulars of Claim to plead a case that Avanci owe Tesla an obligation to effect the good faith performance of the FRAND obligations of members of the Avanci 5G Platform by offering a licence under the Avanci 5G Platform on FRAND terms. It is therefore important to be clear precisely what Tesla's pleaded claims are.
33. The Particulars of Claim begins with a summary (section A, paragraphs 1-6). In this section Tesla allege that the rate of \$32 charged by Avanci for a licence under the Avanci 5G Platform is exorbitant because, among other reasons, it is more than double the rate charged by Avanci for a licence under the Avanci 4G Platform even though Tesla propose to use 5G connectivity to implement precisely the same limited functionality as they do using 4G connectivity. Tesla say they are therefore "seeking to enforce their contractual obligation [sic – presumably 'entitlement'] to an Avanci 5G [Platform] Licence on FRAND terms".
34. The next section (section B, paragraphs 7-26) describes the parties. First, Tesla and their activities in the UK are described (paragraphs 7-11). Secondly, InterDigital and their portfolio of UK SEPs, including the Challenged Patents, and non-UK SEPs are described (paragraphs 12-15). It is also pleaded that IDH is a member of the Avanci 5G Platform (paragraph 16). Thirdly, Avanci and the Avanci 5G Platform are described (paragraphs 17-19). Fourthly, the FRAND obligation arising out of clause 6.1 of the ETSI IPR Policy is introduced (paragraph 20). Fifthly, there is a description of Avanci's licensing practices and its relationship with members of the Avanci 5G Platform (paragraphs 21-25). Tesla plead that, pursuant to the MLMA, Avanci acts as agent on behalf of members to grant a licence under their respective SEPs in accordance with the SPLA. Tesla acknowledge that Avanci does not itself acquire title to any SEPs or any right to bring claims for infringement and that each member of the Avanci 5G Platform remains free to enter into bilateral licences with members. Sixthly, Tesla state that the claims for declarations (3)-(10) of the prayer for relief are brought against IDH as a representative of all members of the Avanci 5G Platform, alternatively all members who have not granted Tesla a bilateral licence (paragraph 26).
35. The third section (section C, paragraphs 27-32) describes the commercial relationship between the parties. This section includes allegations about the background to Tesla's decision to take a licence under the Avanci 4G Platform, including details of infringement proceedings brought against Tesla by three members of that Platform,

Tesla's attempts to negotiate a 5G licence with Avanci and why it is said that the terms of the SPLA are not FRAND.

36. The fourth section (section D, paragraphs 33-45) addresses the Challenged Patents and "the form of the FRAND licence". The Challenged Patents are identified, and it is pleaded that each of them was declared by IDH to ETSI as being essential to the 5G standard. It is alleged that they are invalid for specified reasons and that they are not essential for specified reasons. It is then pleaded that the Challenged Patents are part of (a) InterDigital's UK SEP portfolio, (b) InterDigital's international SEP portfolio and (c) the Avanci 5G Platform. Next it is pleaded that Tesla are beneficiaries of (i) InterDigital's FRAND obligation and (ii) the FRAND obligations of all the members of the Avanci 5G Platform, and are therefore entitled to licences on FRAND terms covering (i) InterDigital's international SEP portfolio (including its UK SEP portfolio and the Challenged Patents) and (ii) all SEPs covered by the Avanci 5G Platform. Next Tesla allege that it would be impractical and onerous for them to negotiate and enter into bilateral licences with each Avanci 5G Platform member. Finally, Tesla undertake to the Court to enter into a licence covering the Avanci 5G Platform on whatever terms the Patents Court determines to be FRAND (subject to any adjustment on appeal) and give notice that they wish to proceed directly to a FRAND trial prior to any technical trial.
37. The fifth section (section E, paragraphs 46-59) sets out Tesla's case on the FRAND obligation in more detail. Tesla plead that all members of the Avanci 5G Platform will have made declarations in similar terms to those given by InterDigital in accordance with clause 6.1 of the ETSI IPR Policy, that the ETSI IPR Policy is governed by French law and that clause 6.1 is a *stipulation pour autrui*. Tesla allege that they are entitled to enforce the FRAND obligations of each member of the Avanci 5G Platform, including InterDigital, by seeking a licence from or through Avanci covering the entirety of the Platform on FRAND terms. Although Tesla originally pleaded that Avanci owed Tesla a contractual obligation to grant such a licence, this allegation is no longer pursued.
38. The last section (section F, paragraph 60) pleads Tesla will avoid loss and damage if they are granted the relief they seek.
39. The prayer for relief seeks the following declarations and order (declarations (7) and (8) are no longer pursued):
 - "(1) Declarations that the Challenged Patents are invalid.
 - (2) An order for revocation of the Challenged Patents.
 - (3) Declarations that the Challenged Patents are not essential to the 5G Standard.
 - (4) A declaration that Tesla is a beneficiary of the FRAND Commitment(s) of InterDigital and/or the Avanci 5G Pool Members in accordance with Clause 6.1 of the ETSI IPR Policy.

- (5) A declaration that the terms of the SPLA in so far as they relate to any patents in the Avanci 5G Pool which designate the United Kingdom are not FRAND and therefore do not comply with the relevant FRAND commitments given under Clause 6.1 of the ETSI IPR Policy; alternatively, a declaration as to the terms which are FRAND for those patents (alternatively, such patents within that pool as are owned by InterDigital).
- (6) A declaration that a FRAND licence covering the Challenged Patents, the InterDigital UK SEP Portfolio, the InterDigital International Portfolio or the portfolio(s) of any and each other Avanci 5G Pool Member (whether examining only United Kingdom patents or more broadly) is a licence (i) between Tesla and Avanci, (ii) that is worldwide in scope and (iii) covers the entirety of the Avanci 5G Pool.
- ...
- (9) A declaration that terms proposed by Avanci for a licence between Tesla and Avanci covering the Avanci 5G Pool (including the Challenged Patents) are not FRAND.
- (10) A determination of what the FRAND terms would be for a licence between Tesla and Avanci covering the Avanci 5G Pool (including the Challenged Patents)."

Permission to serve the claim form outside the jurisdiction: the applicable tests

40. On an application for permission to serve a foreign defendant out of the jurisdiction, the claimant has to satisfy three requirements: (1) that in relation to the foreign defendant there is a serious issue to be tried on the merits i.e. a real prospect of success (the summary judgment standard); (2) a good arguable case that the claim falls within one of the gateways for service out specified in paragraph 3.1 of Practice Direction 6B; and (3) that England and Wales is clearly or distinctly the appropriate forum for the trial of the dispute, and that in all the circumstances the court ought to exercise its discretion to permit service of the proceedings out of the jurisdiction: see *Altimo Holdings and Investment Ltd v Kyrgyz Mobil Tel Ltd* [2011] UKPC 7, [2012] 1 WLR 1804 at [71] (Lord Collins of Mapesbury). In order to have a good arguable case that the claim falls within a gateway, the claimant must have the better of the argument in the sense explained by Lord Sumption in *Brownlie v Four Seasons Holdings Inc* [2017] UKSC 80, [2018] 1 WLR 3683 at [7].

Stay on the ground of *forum non conveniens* where the claim form has validly been served in the jurisdiction: the test

41. The court has power to stay proceedings which have been validly served in the jurisdiction on the ground of *forum non conveniens* if the defendant shows that there is another court with competent jurisdiction which is clearly or distinctly more appropriate than England for the trial of the action, unless the claimant can show that it is unjust for it to be deprived of the right to trial in England: see Dicey, Morris and Collins, *The Conflict of Laws* (16th ed), rule 41(2), which is based on *Spiliada*

Maritime Corp v Cansulex Ltd [1987] AC 460 and subsequent authorities. In both the service out context and the service in context, the appropriate forum means the forum in which the case may be tried more suitably for the interests of all the parties and the ends of justice having regard to the connecting factors between the case and the jurisdictions in which it could be litigated: see *Spiliada v Cansulex* at 476C (Lord Goff of Chieveley) and *Lungowe v Vedanta Resources plc* [2019] UKSC 20 [2020] AC 1045 at [66] (Lord Briggs).

The judge's judgment in outline

42. The judge identified eight principal issues in his judgment at [60]:
- i) whether the Patent Claims are an abuse of process, such that they should be struck out or stayed;
 - ii) if not, whether IDH is a necessary or proper party to those claims;
 - iii) whether there is a good arguable case for declaratory relief being granted against Avanci;
 - iv) whether there would be a good arguable case for declaratory relief being granted against InterDigital in relation to the Licensing Claims, apart from the representative character of the proceedings;
 - v) if not, whether the representative proceedings mean that there is a good arguable case for such relief;
 - vi) if so (in either case), whether the Licensing Claims are within gateway (11);
 - vii) whether England and Wales is clearly the most convenient forum for the Licensing Claims to be heard; and
 - viii) should the Court decline jurisdiction in the exercise of its discretion?
43. The judge determined these issues as follows:
- i) He rejected the contention that the Patent Claims are an abuse of process. That being so, the claim form was validly served on IDPH pursuant to rule 63.14(2) so far as it related to the Patent Claims.
 - ii) He held that IDH was a proper party to the Patent Claims. Since there was no dispute that there were serious issues to be tried on these claims or that the only appropriate forum for them was England, he held that permission was properly given for the claim form to be served on IDH outside the jurisdiction so far as it related to the Patent Claims.
 - iii) There was no serious issue to be tried on the Licensing Claims against Avanci.
 - iv) There was no serious issue to be tried on the Licensing Claims against IDH ignoring the representative claim. He also held that Licensing Claim against IDPH alone would be struck out. In this context, he held that the Licensing Claims against IDPH fell within rule 63.14(2), but that did not assist Tesla.

- v) He declined to permit the Licensing Claims to be pursued against IDH on a representative basis.
- vi) Tesla had a good arguable case that the Licensing Claims against IDH fall within gateway (11). The Licensing Claims against Avanci would not have passed through gateway (11); but would have fallen within gateway (3) in the event that there was a good claim against IDH.
- vii) Tesla had failed to show that England and Wales was clearly the appropriate forum.
- viii) Tesla had failed to comply with its duty of full and frank disclosure on the without notice application to Mellor J, but the judge would not have set aside permission to serve out on that ground. Rather, he would have imposed a costs sanction on Tesla.

Tesla's grounds of appeal

44. Tesla's grounds of appeal are as follows:

- i) Ground 1: The judge was wrong to hold that there is no serious issue to be tried as between Tesla and Avanci absent a claim of a legally enforceable right against Avanci itself.
- ii) Ground 2: If Tesla are correct on ground 1, the judge was likewise wrong – insofar as it matters – to hold that the claim against Avanci could not pass through gateway (11).
- iii) Ground 3: The judge was wrong to hold that there is no serious issue to be tried against InterDigital alone.
- iv) Ground 4: Further or in the alternative to Ground 3, the judge was wrong to hold that the claim for declaratory relief could not proceed against InterDigital on a representative basis.
- v) Ground 5: The judge was wrong to characterise the claim as a whole as a licensing claim about FRAND terms for a worldwide licence of the 5G SEPs.
- vi) Ground 6: Even if the judge was correct in his characterisation of the claim, he was wrong to hold that the Delaware Court of Chancery is an available forum to determine it.
- vii) Ground 7: The judge was wrong to hold that the claim clearly has a closer connection with the US than with England and Wales, such that the Delaware Court of Chancery is a more appropriate forum than the English courts.

InterDigital's grounds of appeal

45. InterDigital's grounds of appeal are as follows:

- i) Ground 1: The judge should have held that the Licensing Claims did not fall within the scope of rule 63.14(2) and so the claim form had not been validly

served on IDPH at the registered address for service within the jurisdiction in so far as it raised those claims.

- ii) Ground 2: The judge should have held that, if the claim form was validly served on IDPH under rule 63.14(2) with respect to the Licensing Claims, those claims should be stayed on grounds of *forum non conveniens*.

Tesla's claims against Avanci

46. Tesla's claims against Avanci are confined to the Licensing Claims. Avanci consent to jurisdiction if the English courts exercise jurisdiction with respect to Tesla's Licensing Claims against InterDigital, but not otherwise. It is therefore convenient to address the grounds of appeal by first considering Tesla's claims against Avanci as if they stood alone before turning to Tesla's claims against InterDigital. I shall nevertheless address certain of InterDigital's grounds in this context.

Is there a serious issue to be tried? (Tesla's ground 1)

47. *The law as to declaratory relief.* The arguments on this issue revealed a fundamental dispute as to the scope of the High Court's jurisdiction to grant declaratory relief. It is therefore necessary to begin by considering this question. I should make clear before proceeding further that nothing in this judgment touches on the possible use of this jurisdiction to make declarations as to issues of fact. Not all of the authorities relevant to that question were cited in argument, because it is common ground that the issues in relation to which Tesla seek declarations are legal ones, or at least mixed issues of fact and law, rather than purely factual ones.
48. The jurisdiction of the High Court to make a declaration where no other relief is claimed appears to have originated with the Court of Chancery Act 1850, which introduced the forerunner to the contemporary CPR Part 8 claim. Section 14 provided, so far as relevant

“And be it enacted, That it shall be lawful for the said Court, upon the Hearing of any such Special Case as aforesaid, to determine the Questions raised therein or any of them, and by Decree to declare its Opinion thereon, and, so far as the Case shall admit of the same, upon the Right involved therein, without proceeding to administer any Relief consequent upon such Declaration; and that every such Declaration of the said Court contained in any such Decree shall have the same Force and Effect as such Declaration would have had, and shall be binding to the same Extent as such Declaration would have been, if contained in a Decree made in a Suit between the same Parties instituted by Bill”.

49. The Court of Chancery's jurisdiction to grant a declaration was enlarged by section 50 of the Chancery Procedure Act 1852, which provided:

“No Suit in the said Court shall be open to Objection on the Ground that a merely declaratory Decree or Order is sought

thereby, and it shall be lawful for the Court to make binding Declarations of Right without granting consequential Relief.”

50. Section 16 of the Judicature Act 1873 transferred the jurisdiction of the Court of Chancery to the High Court of Justice. By section 23 the jurisdiction transferred to the High Court was to be exercised (so far as regards procedure and practice) in the manner provided by the Act, or Rules and Orders of Court made pursuant to the Act; and where no special provision was contained in the Act or in any such Rules or Orders of Court as nearly as may be in the same manner as before. Order XXV rule 5 of the Rules of the Supreme Court 1883 provided:

“No action or proceeding shall be open to objection on the ground that a merely declaratory judgment or order is sought thereby, and the Court may make binding declarations of right whether any consequential relief is or could be claimed or not.”

51. It was held in *Guaranty Trust Co of New York v Hannay & Co* [1915] 2 KB 536 that these provisions empowered the High Court to make a declaration even though the plaintiff had no cause of action against the defendant.

52. The present statutory foundation for the jurisdiction is section 19 of the Senior Courts Act 1981, which sets out what the rubric describes as the “general jurisdiction” of the High Court. Subsection (2) provides:

“Subject to the provisions of this Act, there shall be exercisable by the High Court—

- (a) all such jurisdiction (whether civil or criminal) as is conferred on it by this or any other Act; and
- (b) all such other jurisdiction (whether civil or criminal) as was exercisable by it immediately before the commencement of this Act (including jurisdiction conferred on a judge of the High Court by any statutory provision).”

53. CPR rule 40.20 provides:

“The court may make binding declarations whether or not any other remedy is claimed.”

54. Patent lawyers (and sometimes judges) are in the habit of referring to this jurisdiction as the “inherent” jurisdiction of the High Court in order to distinguish it from the specific jurisdiction to make a declaration of non-infringement conferred by section 71 of the Patents Act 1977: see, for example, *Terrell on the Law of Patents* (20th ed) at 24-50 *et seq.* It is more accurately described, however, as the “general” jurisdiction.

55. The general jurisdiction includes the power to make a negative declaration, that is to say, a declaration that something is not the case. The leading authority as to the exercise of this jurisdiction is the judgment of Lord Woolf MR, with whom Hale LJ and Lord Mustill agreed, in *Messier-Dowty Ltd v Sabena Ltd* [2000] 1 WLR 2040 at [41]:

“Lord Wilberforce and Lord Denning M.R. differed in the circumstances of [*Camilla Cotton Oil Co. v. Granadex S.A.* [1975] 1 Lloyd’s Rep. 470; [1976] 2 Lloyd’s Rep. 10] as to whether the declaration would serve a *useful* purpose. However, if it would, that it would then be appropriate to grant a declaration was agreed. The approach is pragmatic. It is not a matter of jurisdiction. It is a matter of discretion. The deployment of negative declarations should be scrutinised and their use rejected where it would serve no useful purpose. However, where a negative declaration would help to ensure that the aims of justice are achieved the courts should not be reluctant to grant such declarations. They can and do assist in achieving justice. ... So in my judgment the development of the use of declaratory relief in relation to commercial disputes should not be constrained by artificial limits wrongly related to jurisdiction. It should instead be kept within proper bounds by the exercise of the court’s discretion.”

56. Another much-cited judgment is that of Neuberger J in *Financial Services Authority v Rourke* [2002] CP Rep 14, where he said:

“... so far as the CPR are concerned, the power to make declarations appears to be unfettered. As between the parties in the section [sic], it seems to me that the court can grant a declaration as to their rights, or as to the existence of facts, or as to a principle of law, where those rights, facts, or principles have been established to the court’s satisfaction. The court should not, however, grant any declarations merely because the rights, facts or principles have been established and one party asks for a declaration. The court has to consider whether, in all the circumstances, it is appropriate to make such an order.”

57. After citing *Messier-Dowty*, he went on:

“It seems to me that, when considering whether to grant a declaration or not, the court should take into account justice to the claimant, justice to the defendant, whether the declaration would serve a useful purpose and whether there are any other special reasons why or why not the court should grant the declaration.”

58. The potential utility of declaratory relief in the context of FRAND disputes was first recognised in *Nokia Corp v InterDigital Technology Corp* [2006] EWHC 802 (Pat), where Nokia sought a declaration that 30 or so of InterDigital’s SEPs were not essential to the 3G standard. InterDigital applied to set aside service of the claim form on it outside the jurisdiction, alternatively for summary judgment. Pumfrey J dismissed the application.

59. At [20] he said:

“... A line of authority running from *Guaranty ... v. Hannay ...* through *Messier-Dowty ... v. Sabena ...*, culminating in ... *Financial Services Authority v. Rourke ...*, establishes three relevant principles:

- i) The correct approach to the question of whether to grant negative declarations [i]s one of discretion rather than jurisdiction.
- ii) The use of negative declarations should be scrutinised and their use rejected where it would serve no useful purpose, but where such a declaration would help ensure that the aims of justice were achieved, the court should not be reluctant to grant a negative declaration.
- iii) Before a court can properly make a negative declaration, the underlying issue must be sufficiently clearly defined to render it properly justiciable.”

60. On the facts, he was satisfied that the issues were well enough defined in Nokia’s particulars of non-essentiality to enable a proper determination to be made, and he held that it would be quite inappropriate to decide at that stage of the action whether, as InterDigital contended, declaratory relief should be refused on discretionary grounds.
61. InterDigital’s appeal to this Court was dismissed: [2006] EWCA Civ 1618, [2007] FSR 23. Although neither Jacob LJ nor Carnwath LJ, with both of whom Waller LJ agreed, explicitly commented on Pumfrey J’s statement of the applicable principles, they implicitly endorsed it. Moreover, Jacob LJ expressly rejected InterDigital’s argument that no declaration could be granted because it had not made any “claim of right” against Nokia, commenting at [19] that Nokia had “a manifest and real commercial interest in a decision of the kind sought”.
62. Since then, it has been held that the Patents Court can make a declaration as to what licence terms are FRAND in the context of proceedings for infringement brought by a SEP owner against an implementer (as in cases such as *Unwired Planet*). It has also been held that (ignoring any jurisdictional issues) an implementer who accepts the need for a licence and commits to take one on the terms determined by the Patents Court to be FRAND can bring a claim for a declaration as to what terms are FRAND: see *InterDigital v Lenovo* at [204].
63. It is also relevant to note that the jurisdiction of the Patents Court to grant a so-called *Arrow* declaration (a declaration that a product, process or use would have been lacking in novelty or obvious in the light of the prior art as at the priority date of a particular patent application) was confirmed by this Court in *Fujifilm Kyowa Kirin Biologics Co Ltd v AbbVie Biotechnology Ltd* [2017] EWCA Civ 1, [2018] Bus LR 228. Having referred at [59]-[61] to *Messier-Dowty v Sabena*, *FSA v Rourke* and *Nokia v InterDigital*, Floyd LJ giving the judgment of the Court (himself, Longmore and Kitchin LJJ) concluded at [98]:

“ ... we do not consider that there is any issue of principle which prevents the granting of *Arrow* declarations in appropriate cases. ... Whether such a declaration is justified depends on whether a sufficient case can be made for the exercise of the court’s discretion in accordance with established principles.”

64. Counsel for Avanci submitted that it was not sufficient for the grant of a declaration that it would serve a useful purpose: the purpose must also be a legitimate one. I did not understand counsel for Tesla to take issue with this, but in any event I accept the submission, which is supported by this Court’s decision in *Teva UK Ltd v Novartis AG* [2022] EWCA Civ 1617, [2023] Bus LR 820 that it would be wrong in principle for an English court to make a declaration solely for the purpose of influencing a decision by a foreign court on an issue governed by the law of the foreign court.
65. The issue which arises in this case is whether there are any further limits on the jurisdiction beyond those identified in paragraphs 59 and 64 above. This requires consideration of four more decisions of this Court. I shall take them in chronological order.
66. In *Feetum v Levy* [2005] EWCA Civ 1601, [2006] Ch 585 CV had entered into a licence agreement with an LLP of which the claimants were members. A fund-raising exercise by the LLP had not been fully successful. The LLP obtained a loan from a first bank which was guaranteed by a second bank. CV indemnified the second bank and the LLP counter-indemnified CV secured by a debenture which created a floating charge. A dispute arose between CV and the LLP, and CV appointed administrative receivers over the LLP pursuant to the debenture. The claimants applied for a declaration that no event causing the insolvency of the LLP had occurred and that the appointment of the administrative receivers was invalid, being contrary to section 72A of the Insolvency Act 1986. Lewison J held that the claimants had standing to make the application and granted the declaration sought. This Court affirmed his decision on both issues.
67. On the first issue, the Court held that, because of the important statutory consequences of the terms of the debenture, the claimants, being concerned to know whether in their personal capacity as members of the LLP they were obliged to comply with requests made by the receivers, were not merely directly interested in the issue as to the validity of their appointment but were directly affected by it; and that, accordingly, they had standing to seek a declaration challenging the validity of that appointment. Having considered a number of authorities (but not *Messier-Dowty v Sabena* or *FSA v Rourke*, neither of which were cited), Jonathan Parker LJ held at [81] that declaratory relief should not be refused on the ground that “the claimants are seeking declaratory relief as to the effect of a contract to which they are not parties”. Ward LJ and Sir Peter Gibson agreed.
68. In *Rolls-Royce plc v Unite the Union* [2009] EWCA Civ 387, [2010] 1 WLR 318 Rolls-Royce and Unite entered into two collective bargaining agreements which included length of service in the matrix of selection criteria for redundancy. Following the coming into force of the Employment Equality (Age) Regulations 2006, Rolls-Royce took the view that it would be unlawful, under regulation 3 of those Regulations, to use the length of service criterion, in that it discriminated on the

grounds of age and was not a proportionate means of achieving a legitimate aim. Rolls-Royce brought a claim under CPR Part 8 to determine whether the inclusion of the criterion within a selection matrix for redundancy would be in breach of the Regulations. Unite initially objected to the adoption by Rolls-Royce of this procedure, but did not pursue this objection and opposed the claim on the merits. Sir Thomas Morison sitting as a judge of the High Court, while expressing the view that the question at issue was more appropriate for determination in employment tribunal proceedings rather than in proceedings under Part 8, held that the length of service criterion was not unlawful by virtue of regulation 3 and was in any event excepted by regulation 32. He granted Rolls-Royce permission to appeal, observing that he remained uneasy about the procedure which had been adopted. The Court of Appeal was doubtful as to whether it should hear the appeal, but was urged by both parties to do so and unanimously concluded that it should do so. The Court dismissed the appeal by a majority (Wall and Arden LJJ).

69. In his judgment Wall LJ set out Rolls-Royce's submissions as to why the Court of Appeal should hear the appeal at some length at [13]-[28]. Those submissions included submissions as to the jurisdiction of the High Court to grant declaratory relief, with reference to *FSA v Rourke* (but not directly to *Messier-Dowty v Sabena*). Although Wall LJ accepted Rolls-Royce's submissions at [53], he did not comment specifically on the question of declaratory relief. Arden LJ agreed with Wall LJ on this issue at [151]-[152], but again did not address the question of declaratory relief.
70. In contrast, Aikens LJ did consider the High Court's jurisdiction to grant declaratory relief in his minority judgment. He referred to a number of authorities at [118]-[119], including *Feetum v Levy*. He did not mention either *Messier-Dowty v Sabena* or *FSA v Rourke*. He considered that the cases to which he had referred established the following principles (at [120]):
- “(1) The power of the court to grant declaratory relief is discretionary.
 - (2) There must, in general, be a real and present dispute between the parties before the court as to the existence or extent of a legal right between them. However, the claimant does not need to have a present cause of action against the defendant.
 - (3) Each party must, in general, be affected by the court's determination of the issues concerning the legal right in question.
 - (4) The fact that the claimant is not a party to the relevant contract in respect of which a declaration is sought is not fatal to an application for a declaration, provided that it is directly affected by the issue
 - (5) The court will be prepared to give declaratory relief in respect of a 'friendly action' or where there is an 'academic question' if all parties so wish, even on 'private law' issues. This may particularly be so if it is a 'test case', or it may affect a

significant number of other cases, and it is in the public interest to decide the issue concerned.

- (6) However, the court must be satisfied that all sides of the argument will be fully and properly put. It must therefore ensure that all those affected are either before it or will have their arguments put before the court.
- (7) In all cases, assuming that the other tests are satisfied, the court must ask: is this the most effective way of resolving the issues raised? In answering that question it must consider the other options of resolving this issue.”

71. Aikens LJ went on to consider the application of these principles to the instant case at [121]-[128]. He expressed two concerns. The first was that collective agreements were not themselves legally enforceable, and therefore strictly speaking there was no dispute concerning legally enforceable rights between the parties before the court. On the other hand, he acknowledged that the terms of the collective agreements were incorporated into the employment contracts of Rolls-Royce’s employees, the lawfulness of the length of service criterion could arise between Rolls-Royce and any employee who was made redundant using that criterion and all, or nearly all, the employees were members of Unite. The second concern was that the individual employees were not before the court and it was accepted that they could challenge the lawfulness of the length of service criterion before an employment tribunal, and therefore it was doubtful that the current proceedings would serve a useful purpose when the issues might well be reconsidered all over again in the context where it really mattered, namely when disputes arose between Rolls-Royce and any employees who had been made redundant. This was particularly of concern because, although the majority of employees who had voted were content for Unite to adopt the stance it had, older employees were disadvantaged by the length of service criterion compared to younger employees. For these reasons, Aikens LJ would have held, if sitting at first instance, that the court should not exercise its jurisdiction to grant declaratory relief. Given that the High Court had not declined to exercise its jurisdiction, however, Aikens LJ’s conclusion was that the Court of Appeal should answer two very narrow questions of statutory construction concerning regulations 3 and 32, but otherwise decline to exercise the jurisdiction.

72. In *Milebush Properties Ltd v Tameside Metropolitan Borough Council* [2011] EWCA Civ 270, [2011] PTSR 1654 Hillingdon London Borough Council had in its capacity as the local planning authority entered into an agreement with the developers of a site pursuant to section 106 of the Town and Country Planning Act 1990 under which planning obligations, entered into by anyone interested in the land, were enforceable by the planning authority. A condition of the planning permission required the construction of a service road in order to provide access for the rear servicing of certain commercial properties on the site, including properties owned by Milebush, as part of pedestrianisation plans for the area. By clause 3.5 of the section 106 agreement (as varied) the developers covenanted to grant a right of way over the service road. Subsequently, Tameside acquired the development, including the section 106 agreement, as an investment. It was common ground that, as successor in title to the developers, Tameside was obliged to grant the right of way provided for by clause 3.5. A dispute arose as to the extent of the right of way required by clause 3.5, with

Milebush contending that it covered a pedestrian emergency exit from the rear of the properties, and Tameside contending that the right could not be used as a pedestrian emergency exit or for any purpose other than allowing access and egress to service the rear of the properties. Milebush brought a Part 8 claim against Tameside and Hillingdon seeking a declaration that Tameside was obliged by clause 3.5 to grant it the right of way it contended for.

73. At first instance I dismissed the claim on two grounds. The first was that Tameside's interpretation of clause 3.5 was largely correct. The second was that, in any event, it would not be a proper exercise of the court's discretion to grant a declaration as to the construction of clause 3.5. Milebush claimed no private law right enforceable against either Tameside or Hillingdon. It sought declaratory relief against Tameside on the footing that it was directly affected by the interpretation placed upon the agreement. But it would be a pointless exercise for the court to grant Milebush a declaration in circumstances where, even if Milebush was right on the construction of clause 3.5 as it then stood, Hillingdon would retain the power as the planning authority to decide not to enforce, or to vary, clause 3.5.
74. An appeal by Milebush to this Court was dismissed. The Court unanimously agreed that Tameside's interpretation of clause 3.5 was largely correct. By a majority it also held that I was entitled to conclude that it was not appropriate to exercise my discretion to grant declaratory relief.
75. On the second issue Mummery LJ, with whom Jackson LJ agreed, considered a number of authorities, including *FSA v Rourke*, *Feetum v Levy* and *Rolls-Royce v Unite*, but not *Messier-Dowty v Sabena* (which was not directly cited). He accepted at [44] that:

“ ... the discretion to grant a declaration now covers a wide range of cases. The authorities show how it may be granted in private law proceedings about the disputed construction of a document affecting the claimant, even though the claimant was not a party to it.”

While his primary reason for dismissing the appeal on this ground was that no appealable error had been made by the first instance court, he emphasised that, in reality, the dispute was not a private law dispute about the construction of a deed for the grant of a private right of way, but a dispute about the performance of planning obligations on which the decision rested with the planning authority, Hillingdon. Accordingly, Milebush's proper remedy was an application for judicial review against Hillingdon.

76. Moore-Bick LJ dissented on this issue. He also considered a number of earlier authorities, again including *FSA v Rourke*, *Feetum v Levy* and *Rolls-Royce v Unite* but not *Messier-Dowty v Sabena*. At [87] he expressed general agreement with Aikens LJ's summary in *Rolls-Royce v Unite*, save that he considered that point (2) was expressed somewhat too narrowly. He concluded at [88]:

“In my view the authorities show that the jurisprudence has now developed to the point at which it is recognised that the court may in an appropriate case grant declaratory relief even

though the rights or obligations which are the subject of the declaration are not vested in either party to the proceedings. ... I can see no reason in principle why the nature of the underlying obligation should be critical, although there may well be other reasons why in the particular case a declaration should not be granted. The most important consideration is likely to be whether the parties have a legitimate interest in obtaining the relief sought, whether to grant relief by way of declaration would serve any practical purpose and whether to do so would prejudice the interests of parties who are not before the court.”

77. In *Vestel Elektronik Sanayi Ve Ticaret AS v Access Advance LLC* [2021] EWCA Civ 440, [2021] 4 WLR 60 the claimants (“Vestel”) were a Turkish television manufacturer and its UK subsidiary. The International Telecommunication Union (“the ITU”), a UN agency based in Geneva, was responsible for the HEVC standard for high definition television technology, which was implemented by Vestel’s televisions. A large number of patents had been declared as essential to that standard. The Court of Appeal was not shown the relevant rules of the ITU, but was told that they required that patentees who declared SEPs had to commit to licensing them on FRAND terms. Philips, a Dutch company, had declared some SEPs. Access Advance, a company incorporated somewhere in the USA, administered a patent pool for the standard, the HEVC Advance pool. It operated as a representative for the holder of the relevant patents and offered a licence on that basis. Vestel accepted that they needed to obtain a licence from Access Advance in order to sell their televisions in the UK, and sought a declaration from the court that the terms of the licence offered by Access Advance were not FRAND. Philips was joined as representing all the patent holders in the HEVC Advance pool.
78. Vestel obtained permission to serve the claim on Access Advance outside the jurisdiction, relying primarily on gateways (9) and (11). They served Philips outside the jurisdiction without permission relying upon Article 7(2) of the Brussels I Regulation. Both Access Advance and Philips challenged the jurisdiction of the Patents Court. His Honour Judge Hacon sitting as a High Court Judge held that the Court had no jurisdiction to hear the claim. This Court dismissed an appeal by Vestel.
79. It is important to note that Vestel’s claim was originally framed as one for abuse of a dominant position contrary to Article 102 of the Treaty on the Functioning of the European Union and section 18 of the Competition Act 1998. By the time the case reached the Court of Appeal, however, Vestel had abandoned their claim for abuse of a dominant position. Instead, Vestel relied solely upon the general jurisdiction of the Patents Court to grant a declaration. Furthermore, as Birss LJ explained:
 - “34. ... Notable by its absence is a claim by Vestel that it has a legally enforceable right to a FRAND licence. When the claim began Vestel claimed such a legally enforceable right, on the basis that for either respondent to refuse to offer a licence on FRAND terms was a tort actionable by Vestel, ie an abuse of dominant position. That claim has been dropped and no attempt is made in the consequential amendments to introduce a new claim to a right to a FRAND licence. ... The argument

based on the inherent jurisdiction [to grant a declaration] is not founded on a claim to a legal right to a FRAND licence.

...

52. Counsel for Vestel also referred in a general way to the ITU rules which require Philips to undertake to offer FRAND licences on SEPs declared to the standard. However no case that there is any such right enforceable by Vestel is pleaded in the particulars of claim The omission from either the terms of the declaration or the particulars of claim is not an accident of drafting. Perhaps it was thought there would be jurisdictional difficulties if such a case was advanced but we do not know and it is not fruitful to speculate.”
80. Having explained the background and context, Birss LJ, with whom Nugee and Elisabeth Laing LJ agreed, first considered Vestel’s third ground of appeal concerning gateway (9) and Article 7(2), and concluded that Vestel’s claim for declarations did not fall within either. He then turned to gateway (11). He summarised the way in which Vestel put their case at [66]:

“The sole claim is for declaration or declarations of what the FRAND terms would be for a licence under the UK SEPs which are in the HEVC Advance pool. That claim can be brought under the court’s inherent jurisdiction because it would serve a useful purpose (*Rolls-Royce ... v Unite ...*). It serves a useful purpose because it establishes the licence which Vestel would need to avoid infringing those patents in the UK by carrying out its activity here, such as selling standard-compliant televisions. The subject matter of the claim is UK property—ie the UK patents. That is because it is a claim about what terms are available for a licence in respect of that property. Therefore the subject matter of the claim relates wholly or principally to property within the jurisdiction and so the case falls within gateway 11. The fact that the licences of the UK patents which would be FRAND would also license patents from other countries, cannot alter the fact that what Vestel is entitled to and is seeking is a licence under the UK patents.”

81. He concluded that, if Vestel’s claim had a real prospect of success, it would fall within gateway (11) for reasons I must discuss later in this judgment, but that it did not have a real prospect of success. In reaching that conclusion, he emphasised at [69] and [72] that Vestel’s only claim was for the court to exercise the general jurisdiction to make a declaration as to what terms would be FRAND despite the absence of any assertion that Vestel had a legal right to a licence on FRAND terms. Vestel relied upon his earlier decision at first instance in *Pfizer Ltd v F. Hoffmann-La Roche AG* [2019] EWHC 1520 (Pat), [2019] RPC 14, a case involving a claim to an Arrow declaration, in which he had analysed the law, including *Messier-Dowty v Sabena*, *FSA v Rourke*, *Rolls-Royce v Unite* and *Milebush v Tameside*. Birss LJ explained that this did not assist Vestel for the following reasons:

- “77. In *Pfizer* ... the point was specifically made ... that the authorities were all concerned with the existence or scope of legal rights, public or private. Then ... the point was made that the fact that a case is concerned with the existence or scope of a legal right is not the same thing as saying that the issue in dispute has to be an issue of law (and some examples were given). The legal right also may be one which might come into existence in future. Therefore *Pfizer*, which is the high point of Vestel’s argument on this topic, is not an example of the court holding that the declaratory jurisdiction can be engaged on the sole basis that it would serve a useful purpose and in the absence of any putative legal claim at all or any legal standard against which to judge the matter.
78. The need of a legal standard against which to judge the claimed declarations is important. ... the Supreme Court’s judgment in *Unwired Planet* shows why that is so. There is no such thing as a free standing FRAND claim. Although Vestel refers to the ITU rules it does not contend in these proceedings that they have legal force.
79. It is hard to know how to decide whether the declarations sought, untethered to any legal standard, actually could serve a useful purpose but that is not the basis on which I reject this part of the claim. I will take it that there is some arguable useful purpose. Even if that is so, the attempt to invoke the court’s declaratory jurisdiction has no reasonable prospect of success because it is not based on the existence or non-existence of a legal right.”
82. The conclusion that I draw from the authorities reviewed above is that Pumfrey J’s statement of the applicable principles quoted in paragraph 59 above remains an accurate statement of law, and equally applicable to positive declarations, so far as it goes.
83. I would add to his statement four points established by the subsequent case law:
- i) The purpose served by making the declarations must be not only useful, but also legitimate: *Teva v Novartis*.
 - ii) In order for a legal issue to be properly justiciable, it is necessary for there to be an applicable legal rule or standard: *Vestel v Access*. I shall consider this point further below.
 - iii) In exercising the discretion, the court must consider the effect of the declaration not only on the parties before the court, but also on persons who are not parties: *Rolls-Royce v Unite*. Again, I shall consider this point further below.
 - iv) The court should also consider the availability of alternative remedies: *Milebush v Tameside*.

84. In my judgment it is well arguable that Moore-Bick LJ was correct to hold in *Milebush v Tameside* that the court may in an appropriate case grant declaratory relief even though the rights or obligations which are the subject of the declaration are not vested in either party to the proceedings.

85. *The judge's reasoning.* The judge held that there was no serious issue to be tried on Tesla's claims against Avanci for the reason he gave at [79]:

“The claim would be a free standing FRAND claim, as in *Vestel*. If Tesla were right about its claim against Avanci, the claim against Access Advance would have been permitted to proceed in *Vestel*, on the basis that Philips and the other patentees in its pool had given FRAND undertakings to ITU.”

86. *Submissions.* Counsel for Tesla submitted that the judge was wrong because the present case was distinguishable from *Vestel v Access*. In *Vestel v Access* Vestel had not pleaded any case that they had any right to a licence of any of the SEPs in the HEVC Advance pool on FRAND terms: no terms of any relevant ITU document requiring SEP owners to give undertakings had been pleaded, still less any legal basis for an assertion that such undertakings gave rise to contracts between SEP owners and the ITU enforceable by implementers against SEP owners. (Vestel did not even plead the applicable law. We were told that there is no governing law clause in the ITU policy, and that the applicable law has been said to be Swiss law. This appears to be confirmed by *Alcatel Lucent SAS v Amazon Digital UK Ltd* [2025] EWCA Civ 43.) By contrast, Tesla have pleaded that they are beneficiaries of the FRAND obligations owed by all the members of the Avanci 5G Platform pursuant to clause 6.1 of the ETSI IPR Policy, which *Unwired Planet* establishes can be enforced at least to the extent explained in *Optis v Apple*. He argued that the judge had correctly drawn this distinction in the context of the second issue identified by the judge:

“83. The first aspect is whether there is a legal right in issue that justifies the claim for declaratory relief, to which the obvious answer is: yes, so far as IDH is concerned. Even though Tesla does not seek specifically to enforce IDH's contractual obligation in French law, the ETSI undertaking is the legal standard by which Tesla's claim about the terms of a FRAND licence is to be measured. ...

84. It cannot be said in this case, as was said in *Vestel*, that the declarations are being sought devoid of any appropriate standard against which to measure the claim, or that the licence claim is free standing. As explained in *Vestel*, it is not necessary for there to be a separate cause of action to justify the proceedings for declaratory relief, just a legal right by which the claim can be judged.”

87. Counsel for Avanci submitted that the judge was right. A declaration could only be made in respect of a legal right. Furthermore, the legal right must be one between the parties to the proceedings. Tesla had pleaded a legal right enforceable against InterDigital and other SEP owners, but Tesla had not pleaded any legal right against

Avanci. It was not sufficient that the declarations would serve a useful purpose even if that was the case.

88. *Analysis.* In my judgment the present case is to be distinguished from *Vestel v Access* for the reasons given by counsel for Tesla. It follows that the judge was in error in concluding that it was indistinguishable. That conclusion is not the end of the matter, however, because it does not dispose of counsel for Avanci's argument, which goes further than *Vestel v Access*. On this argument, it would have made no difference if Vestel had pleaded that they had a legal right to a licence on FRAND terms enforceable against the SEP owners such as Philips because that would still not have been a right against Access Advance.
89. In considering this argument, it is important to remember that all that Tesla need to establish at this stage is a serious issue to be tried, that is to say, that they have a real prospect of successfully claiming one or more of the declarations claimed, which for these purposes are declarations (5), (6), (9) and (10), at trial: compare *Altimo v Kyrgyz* at [126]. (As the judge observed, declaration (4) is unlikely to be disputed.) Furthermore, it is well established that, in a developing area of law such as this, the facts should be established before deciding whether a claim is legally viable: see, for example, *Lungowe v Vedanta* at [48].
90. Counsel for Avanci correctly distinguished in his submissions between the questions of (1) whether a legal right is required and (2) who must have, or be subject to, that legal right. As I think he acknowledged, it is the second question that matters in the present case. Even if a legal right is required, Tesla have pleaded that they have legal rights against all the SEP owners who are members of the Avanci 5G Platform, namely the FRAND obligations owed by those members. What Tesla have not done is plead any legal right against Avanci. Thus the crucial issue is whether, as Avanci contends, it is a requirement for the grant of declaratory relief concerning a legal right that the defendant is either the owner of, or subject to, the legal right relied upon. Tesla dispute this.
91. In support of the proposition that this is a requirement, counsel for Avanci relied upon the recent decision of the Supreme Court in *Tyne and Wear Passenger Transport Executive v National Union of Rail and Transport Workers* [2024] UKSC 37 ("*Nexus*"). In that case the claimant ("*Nexus*") brought a claim against two trade unions for rectification of a collective bargaining agreement between Nexus and the unions. As in *Rolls-Royce v Unite*, the collective agreements were not legally enforceable, but were incorporated into the employment contracts of Nexus' employees. No employee was joined as a defendant to the claim. The Supreme Court held that the collective agreement was capable of being rectified even though it was legally unenforceable, and that rectification of the collective agreement would automatically affect the legal rights of the parties to the employment contracts, but that Nexus had brought the claim against the wrong defendants. There was no dispute between Nexus and the unions as to the existence or extent of any legal right between Nexus and the unions. Nexus was asking the court to make an order which would alter the rights of the employees without giving any of them the right to be heard even by means of the representative procedure under CPR rule 19.8. The Court went on forcefully to disapprove the procedure adopted in *Rolls-Royce v Unite*, stating that the concerns expressed by the Court of Appeal, in particular by Aikens LJ, were amply justified. In this context Lord Leggatt and Lady Simler, with whom Lords Lloyd-

Jones, Sales and Burrows agreed, cited the following statement of Viscount Maugham in *London Passenger Transport Board v Moscrop* [1942] AC 332 at 345:

“[T]he courts have always recognised that persons interested are or may be indirectly prejudiced by a declaration made by the court in their absence, and that, except in very special circumstances, all persons interested should be made parties, whether by representation orders or otherwise, before a declaration by its terms affecting their rights is made.”

92. In my judgment *Nexus* does not establish the proposition for which counsel for Avanci contended. *Nexus* involved a claim for rectification, and not a claim for a declaration. Accordingly, there is no discussion in the judgment of the general jurisdiction to grant declaratory relief, still less of the relevant authorities, none of which appear to have been cited apart from *Rolls-Royce v Unite*. As I have explained, the Supreme Court disapproved of the procedure adopted in *Rolls-Royce v Unite*, but the procedural objection must be distinguished from the jurisdictional question. I do not understand the Supreme Court to have held that the High Court lacked jurisdiction to make the declarations sought by Rolls-Royce. Rather, it held that the procedure adopted made it inappropriate to exercise that jurisdiction.
93. Thus I consider that there are two questions to be considered. The first is whether, procedural considerations apart, Tesla have a real prospect of success in their claims for the declarations sought despite the absence of any claimed legal right against Avanci. The second is whether considerations of procedural fairness mean that it is clear that it would be inappropriate for the Patents Court to exercise its discretion in favour of Tesla even if it might otherwise be appropriate to do so.
94. So far as the first question is concerned, it is necessary to be clear as to the effect of the rival contentions. Avanci’s argument amounts to saying that the royalty rate of \$32 per vehicle which it charges for licences under the Avanci 5G Platform does not have to be FRAND, because (i) Avanci does not itself owe any FRAND obligation and (ii) the FRAND obligations owed by the members are irrelevant because those obligations can only be enforced bilaterally against each SEP owner. It is implicit in this argument that the royalty rate can only be challenged, if at all, through the mechanism of competition law. In saying this, I should make it clear that Avanci contends that it can justify \$32 as being FRAND if it has to.
95. Tesla’s argument amounts to saying that the royalty rate charged by Avanci does have to be FRAND. Tesla accept that Avanci does not itself owe any FRAND obligation, but contend that that is not determinative. Tesla allege that, as a matter of commercial reality, the only licence of UK SEPs covered by the Avanci 5G Platform which can be FRAND is a global platform licence of the kind offered by Avanci as agent for the SEP owners because negotiating bilateral licences with more than 65 SEP owners is impracticable. Tesla also allege that, in reality even if not formally, most members of the Avanci 5G Platform rely upon the availability of a licence under that platform as fulfilling their FRAND obligations. Although these allegations are disputed by Avanci (and InterDigital), I consider that Tesla have a real prospect of establishing them. Indeed, the former allegation receives some support from a striking submission made by counsel for Avanci himself, who has considerable experience in this field, that there was a stark difference between what Avanci had achieved with its Platforms

in the automotive sector and what he termed “the licensing debacle” in the mobile phone sector. “Debate” is, in my view, something of an overstatement; but nevertheless it is an inescapable fact that, in the absence of any pool or platform licence in that sector, there has been, and continues to be, worldwide litigation between multiple players.

96. In appraising the parties’ arguments, it is relevant to enquire what the effect would be of a declaration by the Patents Court that \$32 per vehicle was not FRAND, but that a specified lower amount was. When doing so, it is important to appreciate that declarations can serve a useful purpose even though they are neither enforceable in themselves nor have any enforceable consequences. This point is illustrated by *Panasonic v Xiaomi*. Xiaomi sought a declaration that a willing licensor in the position of Panasonic would agree to grant Xiaomi an interim licence on FRAND terms pending the determination by the Patents Court of what terms were FRAND for a final licence. One of Panasonic’s objections to this was that such a declaration would serve no useful purpose because it could, and would, simply ignore the declaration. This Court nevertheless concluded that the grant of the declaration would serve a useful purpose because there was a reasonable prospect that it would induce Panasonic to reconsider its position. Shortly after the Court gave its decision, Panasonic did agree to grant Xiaomi an interim licence. There can be little doubt that a key reason for this change of position was this Court’s determination as to the appropriate terms for an interim licence, which “split the difference” between the parties. Thus the declaration did serve a useful purpose despite not having any enforceable consequences.
97. Similarly, in the present case, it is well arguable that a determination by the Patents Court that a licence of UK SEPs covered by the Avanci 5G Platform on FRAND terms is a global licence under that Platform, but at a lower rate than \$32 per vehicle, would force Avanci to reconsider its position. This is for two reasons. First, it would make Avanci’s position that its rate is in fact FRAND, even though it is not required to be FRAND, unsustainable. Secondly, it would be clear that the members of the Avanci 5G Platform could not rely upon the availability of a \$32 licence under the Avanci 5G Platform as discharging their FRAND obligations. It follows that there is a real prospect that Avanci would conclude that it should revise the rate it charges under the SPLA. As InterDigital accept, members would then be faced with a choice of approving the revised rate proposed by Avanci or leaving the Avanci 5G Platform. In InterDigital’s words, “it would be untenable for the Platform to offer terms determined as non-FRAND against Avanci”. Accordingly, there is a real prospect that the declarations would serve a useful and legitimate purpose.
98. This takes me to the second question posed in paragraph 93 above. If the claim against Avanci proceeds, but the claim against InterDigital does not, and no SEP owners apply to be joined as defendants, it will be open to Avanci to argue that the Patents Court should not exercise its discretion to make declarations in favour of Tesla because of the effect on the interests of the members of the Avanci 5G Platform when they were not represented. In my judgment, it is not inevitable that the Patents Court would decline to exercise its discretion in favour of Tesla for the following reasons.
99. First, it is common ground between Avanci and InterDigital that the \$32 rate was devised by Avanci in the exercise of its own judgment based on its own

investigations. Although Avanci arrived at this rate after discussions with potential licensors and potential licensees as explained in paragraph 17 above, no SEP owner had any say in the choice of the rate. Indeed, InterDigital go so far as to say that they do not know how the \$32 figure was arrived at. The same must be true of the other members of the Avanci 5G Platform. Thus the proper defendant to Tesla's claim that \$32 is not FRAND is Avanci, and the SEP owners appear to have little to contribute to the debate even though, if Tesla are right, the SEP owners rely upon \$32 being FRAND.

100. Secondly, if any SEP owners consider that they do have something to contribute to the debate, or simply wish to ensure that they are heard before any decision affecting their interests is taken, it will be open to them to apply to be joined as defendants (or perhaps to intervene in some other way). At this stage it is not known what view they all take. InterDigital want no part in these proceedings, but other members might take a different view. For example, a group of members might decide that one of them should represent their collective interests.
101. Thirdly, a declaration in favour of Tesla would not necessarily adversely affect the interests of the SEP owners. Suppose, for example, that the Patents Court determined that the FRAND rate was \$31 rather than \$32. Avanci might decide to respect the decision and absorb the loss itself rather than try to pass it on to the members. As explained in paragraph 19 above, Avanci is independent of the members. This is its business, by which it aims to generate a profit. There is no evidence that Avanci could not, or would not, take the hit; and even if there was, intentions can change, as *Panasonic v Xiaomi* illustrates.
102. Overall, the conclusion I draw is that Tesla have a real prospect of success on their Licensing Claims against Avanci. In summary, my reasons are as follows:
 - i) this is a developing area of law;
 - ii) it is well arguable that the High Court has jurisdiction to grant declaratory relief even though the rights or obligations which are the subject of the declaration are not vested in either party to the proceedings;
 - iii) the present case is distinguishable from *Vestel v Access* because Tesla have pleaded an applicable legal standard, namely the FRAND obligations owed to Tesla by the members of the Avanci 5G Platform;
 - iv) Tesla have a real prospect of establishing the allegations outlined in paragraph 95 above;
 - v) Tesla have a real prospect of establishing that the declarations claimed would serve a useful and legitimate purpose for the reasons given in paragraph 97 above; and
 - vi) it is not inevitable that considerations of procedural fairness would lead to the conclusion that declaratory relief should be denied for the reasons given in paragraphs 99-101 above.

Gateway (11) (Tesla's ground 2 and InterDigital's ground 11)

103. Gateway (11) is that the “subject matter of the claim relates wholly or principally to property within the jurisdiction”. Tesla contend that the Licensing Claims fall within this gateway as against both Avanci and InterDigital. Avanci and InterDigital both dispute this.
104. In *Vestel v Access* Birss LJ held obiter that, if Vestel’s claims did have a real prospect of success, they would fall within gateway (11) for the following reasons:
 - “70. Although the point was not taken before us, I would interpret the reference to a ‘claim’ in gateway 11 ... as a reference to a legal claim. In other words it refers to a claim concerning a legal right of some kind and in some way. It may be a claim for which the only remedy sought is declaratory e.g. so as to vindicate a claim to possess some property right. That remedy may be framed in a positive way but could also be a negative declaration such as to the absence of a legal right or non-liability in some way. However there must be a legal claim of some kind.
 71. I am prepared to accept that if Vestel did claim to have a legally enforceable right against a patentee or a licensing agent of a patentee, whereby Vestel were entitled to be offered a FRAND licence under the UK SEPs in the HEVC Advance pool, then the subject matter of that particular claim would be the UK SEPs. The question that claim would be concerned with is the licence terms which are available to license those UK rights. The fact that the only licence of the UK patents which is FRAND would also involve licensing foreign patents does not alter the subject matter of the claim. The fact that UK patents in the FRAND licence were only 5% or less of the patents licensed by it would make no difference. I would hold that such a claim was one which related wholly or principally to property within the jurisdiction and therefore fell within gateway 11. ...”
105. The judge said at [127] that he would have had no hesitation in following this reasoning so far as IDH was concerned, had he found that the Licensing Claims had a real prospect of success: those claims were claims to a licence of InterDigital’s UK SEPs and it was immaterial that a FRAND licence would be more extensive. He nevertheless held at [129] that the claim against Avanci would not have passed through gateway (11):

“... as it was not based on a legal claim against it that relates to UK property. It is a claim that relates to its alleged duties as agent of the Patentees.”
106. Tesla submit that the judge was right with respect to IDH, but wrong with respect to Avanci, because the subject matter of the Licensing Claims concerns UK SEPs, which it is common ground are property within the jurisdiction, and Tesla assert a legally

enforceable right to a licence on FRAND terms under those patents. Tesla say that it is immaterial that a licence of FRAND terms would extend to other SEPs throughout the world. Avanci submits that the judge was right and contend that *Vestel v Access* is distinguishable on this point. InterDigital go further: although they also submit that *Vestel v Access* is distinguishable, if necessary they contend that *Vestel v Access* is wrong.

107. Although Tesla only need to establish that they have the better of the argument on the materials before the Court, this is a binary question which does not depend on the resolution of any factual issues. Either the Licensing Claims fall within gateway (11) or they do not.
108. I agree with Birss LJ's reasoning in *Vestel v Access*, and in my judgment it applies to Tesla's Licensing Claims against both Avanci and InterDigital. First, the Licensing Claims are legal claims to declarations because they are founded upon the FRAND obligations of the members of the Avanci 5G Platform. Contrary to Avanci's and InterDigital's submissions, I do not think Birss LJ meant that the obligation in question must be enforceable directly against the relevant defendant; but if he did, I respectfully disagree. In any event, this point would not assist InterDigital, since Tesla can certainly enforce InterDigital's FRAND obligations against InterDigital albeit that Tesla have no claim for specific performance.
109. Secondly, the Licensing Claims relate wholly to property within the jurisdiction because the claims concern UK SEPs. InterDigital argue that the jurisdiction question cannot be determined by what InterDigital characterise as the artificial framing of the declarations sought by Tesla, when in reality the claim on Tesla's own case is a contractual claim to a global licence of SEPs, the vast majority of which are non-UK SEPs. While I appreciate the superficial attraction of this argument, I do not accept it for reasons which should be familiar to students of the English courts' jurisprudence in this field. In short, it is necessary to distinguish between the property on the one hand and the FRAND obligation which affects it on the other hand. Patents are territorial rights, but (i) standards such as the ETSI Standards are global standards which are exploited globally, (ii) the FRAND obligation under clause 6.1 is a global one and (iii) a licence on FRAND terms may well be a global one (meaning that a UK-only licence is not FRAND). Thus a licence to a single UK SEP on FRAND terms can be, and often is, a global licence to all corresponding SEPs (and indeed other families of SEPs in the same portfolio). In *Nokia v OPPO* this Court upheld the jurisdiction of the English courts in respect of the claim even though the UK represented less than 0.5% of the relevant market (which does not necessarily mean that only 0.5% of the SEPs were UK ones, but nevertheless gives a sense of the order of magnitude). That case concerned an infringement claim, and so the jurisdictional analysis was somewhat different, but nevertheless it illustrates the point. Thus the Licensing Claims relate wholly to UK SEPs even though it is Tesla's case that the FRAND obligations attaching to those UK SEPs carry with them an obligation to grant a licence of global, and not merely UK, extent. Indeed, neither Avanci nor InterDigital dispute that a licence on FRAND terms of the relevant SEPs would be a global one.

Appropriate forum (Tesla's grounds 5-7)

110. As noted above, in order to obtain permission to serve the claim form outside the jurisdiction, the burden lies on Tesla to establish that England is clearly or distinctly the appropriate forum for the trial of the dispute. If and to the extent that the claim form has been validly served on IDPH within the jurisdiction, the burden lies upon InterDigital to establish that there is another available forum which is clearly or distinctly more appropriate than England. Avanci and InterDigital both dispute that England is the appropriate forum for the Licensing Claims because there is another available forum which is more appropriate, namely the Delaware Court of Chancery. The judge agreed with Avanci and InterDigital. Tesla challenge his decision on three grounds.
111. *Characterisation of the dispute (ground 5)*. The starting point is the proper characterisation of the dispute for which the appropriate forum is to be determined. For this purpose the court must have regard to the totality of the dispute between the parties: see *VTB Capital plc v Nutritek International Corp* [2013] UKSC 5, [2013] 2 AC 337 at [57] (Lord Mance), [90]-[91] (Lord Neuberger of Abbotsbury) and [192]-[193] (Lord Clarke of Stone-cum-Ebony).
112. In *Conversant v Huawei* the Supreme Court held at [96] that, had it been necessary to do so, the Court would have agreed with the characterisation of the dispute by the lower courts, namely as about the vindication of the rights inherent in UK patents, and therefore about their validity and infringement, with FRAND issues arising only as an aspect of an alleged contractual defence rather than, as Huawei contended, a dispute about the terms of a global FRAND licence. A similar conclusion was reached in *Nokia v OPPO* at [34]-[44].
113. In the present case the judge characterised the dispute as a whole at [131] as “a licensing claim about FRAND terms for a worldwide licence of the 5G SEPs”. There was no infringement claim, and the Patent Claims would only be tried after the Licensing Claims and might well not be needed.
114. Tesla submit that the judge was wrong about this for two reasons. First, Tesla argue that he was wrong to sideline the Patent Claims. It was common ground that they could only be tried in England. Furthermore, the judge had failed to recognise that a claim for a declaration of non-essentiality was tantamount to a claim for a declaration of non-infringement. Secondly, and in any event, the judge's characterisation of the claim was wrong for essentially the same reasons as Tesla rely upon in relation to gateway (11).
115. I do not accept Tesla's first argument. It does not run against Avanci if the claims against Avanci stand on their own. Furthermore, even against InterDigital, I consider that the Patent Claims and the Licensing Claims are distinct claims which should be separately characterised for forum purposes. Even though the Patent Claims include a claim for a declaration of non-essentiality, which is tantamount to a declaration of non-infringement, if those claims stood on their own, they would not raise any issue as to FRAND. It would be different if there was a claim in respect of a threat of infringement proceedings by InterDigital, or if there was a threat by InterDigital to counterclaim for infringement, because then Tesla could invoke InterDigital's FRAND obligations as a defence to the infringement claim. Conversely, it is common

ground that a determination of the Licensing Claims would obviate the need to determine the Patent Claims. Thus the Patent Claims and the Licensing Claims could be determined in different fora without any risk of conflicting judgments.

116. On the other hand, I accept Tesla's second argument. For the reasons given in paragraphs 108-109 above, I would characterise Tesla's Licensing Claims against Avanci as a dispute about what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND even though it is Tesla's case (and Avanci does not dispute) that only a global licence, rather than a UK-only licence, would be FRAND. More specifically, the dispute is as to what royalty rate is FRAND. There is no dispute that a dollar-per-vehicle rate is appropriate, but the question is how many dollars per vehicle.
117. *Another available forum (ground 6)*. Both Avanci and InterDigital have agreed to submit to the jurisdiction of the Delaware Court of Chancery. As counsel for Avanci was careful to make clear to this Court, however, this is a consent to personal jurisdiction only. Avanci does not waive any objection to subject matter jurisdiction. My understanding is that InterDigital's position is the same. Nor have either Avanci or InterDigital consented to the Delaware Court of Chancery determining what terms for a licence under the Avanci 5G Platform are FRAND on a global basis (or even, in InterDigital's case, what terms for a licence under InterDigital's SEPs would be FRAND on a global basis).
118. There is no dispute that the Delaware Court of Chancery is not an available forum for the determination of the Patent Claims. The issue is whether it is an available forum for the determination of the Licensing Claims. At this stage I am considering the Licensing Claims against Avanci, but for reasons that will appear the issue is the same with respect to the Licensing Claims against InterDigital. Tesla dispute that the Delaware Court of Chancery is an available forum for these claims. In addressing this dispute, it is first necessary to make two distinctions.
119. The first is the distinction between the question of whether the Delaware Court of Chancery is an available forum for the determination of the Licensing Claims and the question of whether, if it is an available forum, substantial justice would be done in that forum. The judge said at [136] that he did not accept that "the risk" that the Delaware Court of Chancery would not set a global rate "was sufficient to mean that Tesla cannot obtain justice there". It has never been Tesla's case, however, that, if the Delaware Court of Chancery is an available forum, Tesla would not obtain justice there.
120. The second distinction is between the question of whether there is an available forum for the determination of the dispute and the question of whether the claimant can obtain a specific remedy in that forum. In *In re Harrods (Buenos Aires) Ltd* [1992] Ch 72, the subject company was incorporated in England, but its business was carried on exclusively in Argentina and its central management and control was exercised in that country. Ladenimor, a company incorporated in Switzerland, owned a minority of the shares while the majority were owned by Intercomfinanz, another Swiss company. Ladenimor alleged that the affairs of the company were being conducted in a manner unfairly prejudicial to it, and brought a petition under section 459 and 461 of the Companies Act 1985 for an order that Intercomfinanz purchase its shares in the company, alternatively that the company be wound up. Intercomfinanz applied for the

petition to be stayed on the ground of *forum non conveniens*. There appears to have been no dispute that Argentina was an available alternative forum. Harman J dismissed the application, but the Court of Appeal granted the stay.

121. The Court of Appeal held that the dispute was properly characterised as one in which the minority shareholder alleged that the majority shareholder had abused its power and caused the company to pursue objects outside its corporate objects, to lend money to and invest monies in companies connected with the ultimate owner of the majority shareholder, to divert money which should have been advanced to the minority shareholder and to deny board representation to the minority shareholder, in each case to the prejudice of the company and the minority shareholder. Viewed in that manner, the factors connecting the dispute with Argentina were strong: the acts complained of took place there; the witnesses were there and mainly spoke Spanish, not English; the documents were there and in Spanish; the court there would be familiar with local conditions; the court there would not require expert evidence whereas the English court would; and the court there would be much better placed to assess the significance of related proceedings which had already taken place there. A majority of the Court (Stocker and Bingham LJJ) held that it did not matter that the Argentine court had no power to order a buy-out, although it could make an order for winding-up and award damages. The third member (Dillon LJ) was not persuaded that the Court of Appeal was justified in interfering with the judge's exercise of his discretion.
122. All the members of the Court were agreed that the availability of a buy-out remedy was not relevant to the characterisation of the dispute. Rather, it properly fell for consideration at the second stage of the *Spiliada v Cansulex* test, that is to say, when considering whether, although Argentina was the more appropriate forum, Ladenimor could not obtain substantial justice there. Stocker and Bingham LJJ considered that the non-availability of buy-out relief did not mean that Ladenimor could not obtain substantial justice in Argentina.
123. It is clear from *Harrods (Buenos Aires)* that the availability or otherwise of a particular remedy is not relevant to the determination of whether an alternative forum is available, any more than it is to the characterisation of the dispute. The issue is whether the alternative forum is available for the determination of the dispute as properly characterised.
124. The next question is what approach the court should apply in deciding whether a proposed alternative forum is available in the event of a dispute. On whom does the burden of proof lie and what is the standard of proof? These are questions on which we received surprisingly little assistance in submissions despite raising them during the course of argument. I infer that the judge received even less assistance.
125. In the *forum non conveniens* context, it is clear that the burden lies on the defendant to establish that there is another available forum which is clearly or distinctly more appropriate than the English forum: see *Spiliada v Cansulex* at 477E (Lord Goff of Chieveley). This entails proving as a first step that the forum in question is available. It appears that this burden also lies on the defendant in the service out context: see *Conversant v Huawei* at [96]. This is logical: if the defendant asserts that there is an alternative forum, but the claimant disputes this, then the burden of proof should lie on the party making the assertion.

126. It follows that I respectfully think that the judge fell into error when he concluded at [138] that “it has not been shown that the Delaware Court of Chancery ... is not an available ... forum for the licensing claim”, because that conclusion involves a reversal of the burden of proof. This is not merely because of the language the judge employed in that paragraph: that language reflected the substance of the judge’s reasoning in [136]-[138].
127. As for what standard of proof the court should apply, neither party identified any alternative to the normal civil standard of proof on the balance of probabilities. I think that *Conversant v Huawei* is consistent with this. In that case the Supreme Court held:
- “97. After hearing extensive expert evidence, the judge found that the Chinese courts do not, at present, have jurisdiction to determine the terms of a global FRAND licence, at least in the absence of agreement by all parties that they should do so. Even in the event of such an agreement, he described the prospect that the Chinese courts would embark on the exercise as no more than speculative. Notwithstanding the admission of fresh evidence on this issue, the Court of Appeal reached the same conclusion.
98. We therefore agree with the judge that the *forum conveniens* challenge falls at this first hurdle, notwithstanding the fresh evidence introduced in the Court of Appeal. ...”
128. Thus the evidence was that it was improbable that the Chinese courts would determine the terms of a global FRAND licence, particularly without the consent of both parties. Nevertheless, less than a year later, the Supreme People’s Court held that Chinese courts did have jurisdiction to determine global FRAND terms without the consent of both parties: see paragraph 15 above. (It seems likely that this was a reaction to the Supreme Court’s decision in *Conversant v Huawei*.)
129. Where, as here, the parties rely upon opposing expert evidence and there is no cross-examination, the court must assess the written evidence. In the present case, that task is eased by the fact that the USA is a common law jurisdiction, which makes it easier for the English courts to consider the sources of law directly, albeit guided by the expert evidence, than in the case of civil law jurisdictions: see *Perry v Lopag Trust Reg* [2023] UKPC 16 [2023] 1 WLR 3494 at [12] and [15] (Lord Hodge). Furthermore, this Court is in as good a position to assess the evidence as the judge: see *Perry v Lopag* at [17]-[20] and [24]-[25].
130. The issue is whether the Delaware Court of Chancery is an available forum for the determination of the dispute if the Licensing Claims are properly characterised as a dispute about what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND, as I have concluded. The judge did not ask himself this question, because he characterised the dispute in a different way. Furthermore, as discussed above, he reversed the burden of proof and wrongly understood Tesla’s case to be that it could not obtain justice in the Delaware Court of Chancery. Lastly, it is not clear what standard of proof he applied given his reference to “risk” in [136]. For all these reasons, it is necessary to reconsider the expert evidence.

131. Tesla relied upon the evidence of Professor Jorge Contreras of the University of Utah, a leading academic expert in this field. Avanci relied upon evidence given by Jeffrey Kessler, a partner in Winston & Strawn who is a very experienced US litigation lawyer and has represented Avanci in US litigation. InterDigital relied upon evidence given by Richard Kamprath, a principal in McKool Smith who is also an experienced litigator. We were not provided with a copy of Mr Kamprath's witness statement, and so I can only presume that his evidence went no further than that of Mr Kessler. It should be explained that the evidence was served sequentially as follows: Prof Contreras made a first report, then evidence in answer from Mr Kessler and Mr Kamprath was served and finally Prof Contreras prepared a second report primarily in reply to Mr Kessler's report.
132. In addressing the question of whether the US courts in general were, or more specifically the Delaware Court of Chancery was, an available forum for the Licensing Claims, both Prof Contreras and Mr Kessler concentrated upon Tesla's contractual claims against InterDigital, although Mr Kessler mentioned the possibility of a contractual claim by Tesla against Avanci if Tesla could establish the existence of a contractual obligation owed by Avanci to Tesla (but this is no longer alleged by Tesla). Neither expert explicitly considered the question of available forum on the premise that the Licensing Claims are properly characterised as a dispute about what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND. The experts did, however, address the more general question of whether a US court would determine the terms of a worldwide FRAND licence without the consent of both parties, and what they said in that context is sufficient to enable a conclusion to be drawn as to the availability of the Delaware Court of Chancery as a forum on what I regard as the correct premise.
133. It is common ground that, so far, no US court has ever determined what terms for a global licence under a portfolio of SEPs are FRAND without the consent of both parties. Furthermore, there have been two decisions of US District Courts declining to exercise subject matter jurisdiction over FRAND claims with respect to foreign patents. On the other hand, there is a single decision of the Delaware Court of Chancery declining to dismiss a claim for the determination of FRAND terms for a worldwide licence as unsustainable.
134. In considering in his first report whether the US courts are an available forum for the determination of the dispute, Prof Contreras first addressed the Patent Claims. He stated that a US court would not adjudicate upon the validity or infringement of non-US patents. In support of this proposition, he cited two authorities.
135. First, in *Stein Associates, Inc. v Heat and Control, Inc.* 748 F.2d 653 (Fed. Cir. 1984) the Court of Appeals for the Federal Circuit ("the CAFC") dismissed an appeal by Stein against the refusal of the district court to grant a preliminary injunction to restrain H&C from enforcing its UK patents in the UK, holding without a great deal of analysis that "[o]nly a British court, applying British law, can determine validity or infringement of British patents".
136. Secondly, in *Voda v Cordis Corp.* 476 F.3d 887 (Fed. Cir. 2007) the CAFC allowed an appeal by Cordis against an order of the district court which had permitted Mr Voda to amend his complaint, which already alleged infringement of US patents, to allege in addition infringement of foreign patents. Cordis contended that the district

court lacked subject matter jurisdiction over such claims. The CAFC explained that it was common ground that the Constitution could authorise district courts to hear infringement claims based on foreign patents, but “the critical disputed issue is whether there is any statutory basis for such subject matter jurisdiction”. Voda argued that the district court had supplemental jurisdiction under 28 USC §1367 in respect of his foreign patent infringement claims by virtue of its original jurisdiction over his US patent claims. This argument depended on (i) whether §1367(a) authorised such supplemental jurisdiction, and (ii) whether the district court’s exercise of such supplemental jurisdiction was within its §1367(c) discretion.

137. The CAFC refrained from deciding whether Voda’s foreign patent infringement claims fell within the scope of the “same case or controversy” requirement of §1367(a), and based its decision on §1367(c). It held that:

“Based on the international treaties that the United States has joined and ratified as the ‘supreme law of the land’, a district court’s exercise of supplemental jurisdiction could undermine the obligations of the United States under such treaties, which therefore constitute an exceptional circumstance to decline jurisdiction under §1367(c)(4). Accordingly, we must scrutinize such an exercise with caution.

...

... comity and the principle of avoiding unreasonable interference with the authority of other sovereigns dictate in this case that the district court decline the exercise supplemental jurisdiction under §1367(c).

...

The district court did not articulate any such judicial economy analysis [sc. that consolidated multinational patent adjudication would be more efficient], and accordingly, this absence of analysis supports our finding that the district court abused its discretion in this case.

...

Similarly, factors of convenience may provide additional reasons to decline exercising supplemental jurisdiction in this case. Again, the district court did not articulate any such analysis, further supporting our finding that it abused its discretion.

...

Lastly, the act of state doctrine may make the exercise of supplemental jurisdiction over foreign patent infringement claims fundamentally unfair ... assuming *arguendo* that the act

of state doctrine applies, the doctrine would prevent our courts from inquiring into the validity of a foreign patent grant

In summary, several reasons in this case would compel the district court to decline supplemental jurisdiction under §1367(c): limitations imposed by treaties that are the ‘supreme law of the land’ and considerations of comity, judicial economy, convenience, and fairness. The district court undertook none of this analysis. Accordingly, we hold that the district court abused its discretion in exercising supplemental jurisdiction.”

138. The CAFC went on to acknowledge that circumstances might change and cases might differ, but it emphasised that “[d]iscretion is not whim, and limiting discretion according to legal standards helps promote the basic principle of justice that like cases should be decided alike”.

139. Prof Contreras then turned to consider the Licensing Claims. Part of his analysis was based on the assumption of a jury trial, but that part can be disregarded for present purposes because the Delaware Court of Chancery is a non-jury court. (In saying this, I am not ignoring the fact that, depending on the precise claims made by Tesla, issues could arise as to the constitutional right to jury trial if that right was not waived by all the parties.) He went on to consider cases involving waivers of jury trial, noting that the only cases he was aware of in which a US court had determined a FRAND royalty rate for a portfolio including both US and non-US patents even where the right to jury trial had been waived were cases in which both parties had consented to this.

140. In this context, having referred to declarations (5) and (9) in the Particulars of Claim, Prof Contreras said:

“I understand that Tesla argues in the English proceedings that the appropriate licence for the UK patents would be a global SEP portfolio licence. Just as it is unlikely that a US court would adjudicate the validity of a non-US patent ..., it is also unlikely that any US court would adjudicate a FRAND rate for UK patents.”

141. In support of this proposition, he again cited two decisions. First, in *Optis Wireless Tech., LLC v Huawei Techs. Co.* (E.D. Tex. 11 July 2018) Magistrate Judge Payne of the US District Court for the Eastern District of Texas, Marshall Division (“EDTM”) recommended that Huawei’s motion to dismiss Count IX of Optis’ complaint, which sought a declaration that Optis had complied with its FRAND obligations with respect to Huawei during negotiations for a worldwide licence under Optis’ SEPs, should be granted with respect to non-US patents. (It is not clear whether Optis objected to this recommendation being adopted by the district judge; but even if it did, no further ruling by the district judge was made and the count was dismissed without prejudice.)

142. The magistrate judge held:

“If the motion did not involve a declaratory judgment claim, and instead was whether supplemental jurisdiction could be

exercised to resolve a claim by Huawei that [Optis] breached its FRAND obligations (a breach of contract claim, in other words), then the foreign part of Huawei's claim would be dismissed under §1367. Huawei's claim would require the court to decide whether [Optis] breached a foreign FRAND obligation with respect to a foreign patent. It would be similar to a foreign infringement claim in that a United States court would have to apply foreign law. Courts in other countries apply their own law governing FRAND compliance and royalty rate determinations, and this law, like foreign infringement law, can be very different from United States law.

Federal Circuit precedent led another court to say that 'it is almost always an abuse of discretion' to assume supplemental jurisdiction over a foreign patent infringement claim. *Fairchild Semiconductor Corp. v. Third Dimension (3D) Semiconductor, Inc.*, 589 F. Supp. 2d 84, 91 (D. Me. 2008). The Court of Appeals explained why in *Voda v. Cordis Corporation* It is hard to see how the reasoning in *Voda* would not apply to a hypothetical breach of contract claim.

...

The question raised by Huawei's motion is easier because it deals with declaratory relief. ... There is no need to decide whether supplemental jurisdiction under §1367 exists. At least under the Declaratory Judgment Act, the foreign part of [Optis]' claim should be dismissed for the reasons explained in *Voda*, even if jurisdiction *could* be exercised. ...

[Optis]' arguments are less about what the law is and more about fairness. One argument is that foreign courts are increasingly making global FRAND determinations and it would be unfair if United States courts did not follow that trend. Or, it would be unfair to [Optis] to litigate their FRAND disputes all over the world. But at least some of the foreign courts [Optis] calls attention to are not courts of limited jurisdiction like this one is."

143. Secondly, in *Optis Wireless Tech., LLC v Apple Inc* (E.D. Tex. 2 Mar. 2020) District Judge Gilstrap of EDTM, a district judge with considerable experience of patent disputes, granted Apple's motion to dismiss Count VIII of Optis' amended complaint, which sought a declaration that Optis had complied with its FRAND obligations during negotiations for a global licence of Optis' SEPs, with respect to foreign patents. Judge Gilstrap said:

"First, Apple argues that this Court does not have, or in the alternative should decline, subject matter jurisdiction over any portion of Count VIII that relate to Plaintiffs' FRAND obligations with respect to foreign patents. ... Apple relies

largely on the Federal Circuit’s decision in *Voda v. Cordis Corp.* ... as well as this Court’s prior decision in *Optis v. Huawei* This Court’s decision in *Huawei* analyzed circumstances nearly identical to the posture of this case.

... Relying on this Court’s reasoned opinion in *Huawei*, the Court likewise declines to exercise subject matter jurisdiction over any portion of Count VIII that relates to Plaintiffs’ FRAND obligations regarding foreign patents.”

144. Judge Gilstrap did not accept *Optis*’ arguments that *Voda v Cordis* and *Optis v Huawei* were distinguishable. He concluded:

“As the Court noted in *Huawei*, ‘It is hard to see how the reasoning in *Voda* would not apply to a hypothetical breach of contract claim’, such as a FRAND claim. ... Like claims for foreign patent infringement, claims asking the Court to pass upon foreign obligations under foreign laws related to foreign patents are best left to the courts of those foreign countries. ... Accordingly, any portion of Count VIII that seeks a declaration that Plaintiffs have complied with their obligations under foreign laws or as they relate to foreign patents, or that Apple may not raise a FRAND defense in a foreign jurisdiction, are dismissed—because the Court elects not to exercise its jurisdiction under these facts.”

145. Mr Kessler did not take issue in his report with what Prof Contreras had said about the US courts’ jurisdiction with respect to foreign patents. Furthermore, although Mr Kessler expressed the opinion that “a US court would not need consent of the parties to determine the terms of a worldwide FRAND license, if the court found it to be appropriate, pursuant to the Licensing Claim”, his reasoning was simply that US courts would enforce a party’s contractual rights on a worldwide basis if those rights extended worldwide. He did not engage with the reasoning underlying Prof Contreras’ statement which I have quoted in paragraph 140 above. Furthermore, although Mr Kessler sought to distinguish *Optis v Huawei* on the ground that it did not involve a contract claim asserted by the implementer (in that case Huawei, here Tesla) against the SEP owner (in that case *Optis*, here InterDigital), he did not address the magistrate judge’s reasoning concerning the declaratory claim. Nor did he comment on *Optis v Apple* at all.

146. In support of his opinion Mr Kessler relied upon two decisions. The first is *Microsoft Corp v Motorola, Inc.* 696 F.3d 888 (9th Cir. 2012). As Prof Contreras explained in his first report, however, that was a case in which both parties consented to the court determining FRAND terms on a worldwide basis. As Prof Contreras explained in his second report, Motorola subsequently changed its legal representation and argued that it had not consented, but this argument was rejected: *Microsoft Corp v Motorola, Inc.* 795 F.3d 1024, 1038-39 (9th Cir. 2015).

147. The second decision is *Continental Automotive Sys. Inc. v Nokia Corp* (Del. Ch. 31 January 2023). In that case Vice-Chancellor Cook of the Delaware Court of Chancery largely refused Nokia’s motion to dismiss Continental’s claims, including its claims

for the determination of the FRAND terms of a worldwide licence to Nokia's SEPs, on the grounds that, even assuming all the facts alleged by Continental were true, the claims would fail as a matter of law. It does not appear from the Vice-Chancellor's opinion that Nokia argued that the Delaware Court of Chancery did not have, or should not exercise, subject matter jurisdiction over claims concerning foreign patents. No doubt for that reason, there is no reference in the opinion to *Stein v Heat and Control*, *Voda v Cordis*, *Optis v Huawei* or *Optis v Apple*.

148. For completeness, I should note that in his second report Prof Contreras expressly confirmed that it was not his opinion that US courts could not make worldwide FRAND determinations without the parties' consent, rather it was his opinion that it was unlikely that they would do so. (In his academic writing, Prof Contreras has argued that they should do so.)
149. The conclusion I draw from this evidence is that, if Tesla were to bring the Licensing Claims against Avanci in the Delaware Court of Chancery, Avanci would be likely to move to dismiss those claims on the ground that US courts lack subject matter jurisdiction, alternatively should not exercise any such jurisdiction, in respect of claims concerning foreign patents, and that motion would be likely to succeed. Accordingly, on the balance of probabilities, the Delaware Court of Chancery is not an available forum for the determination of the dispute as properly characterised. The same conclusion applies to Tesla's Licensing Claims against InterDigital. I would add that, in my view, the same conclusion would apply to the dispute as characterised by the judge, because the US courts would probably not accept jurisdiction in respect of the non-US patents.
150. *Closer connection (ground 7)*. Given my conclusion that the Delaware Court of Chancery is not an available forum for the determination of the dispute, and given that no other alternative forum is propounded by either Avanci or InterDigital, it follows that England is the only possible forum. Strictly speaking, this makes it unnecessary to consider Tesla's ground 7, which is that the judge was wrong to hold that the Licensing Claims clearly had a closer connection with the US than with England. I shall nevertheless do so in case I am wrong on the availability of the Delaware Court of Chancery as a forum. As will appear, this is also relevant to Tesla's Licensing Claims against InterDigital.
151. Since the identification of the appropriate forum is an evaluative assessment involving a range of factors which may point in different directions, and as to which views may reasonably differ, this Court may only interfere where the lower court has made an error of principle, such as taking into account irrelevant matters or failing to take into account relevant matters, or has reached a conclusion which exceeds the generous ambit within which reasonable disagreement is possible and so is plainly wrong: see most recently *Limbu v Dyson Technology Ltd* [2024] EWCA Civ 1564 at [4] (Popplewell LJ). Tesla contend that the judge made a number of such errors.
152. The starting point here is that this Court held in *Nokia v OPPO* at [66] that "there is no 'natural forum' to determine [a dispute over the terms of a global FRAND licence, and in particular the applicable royalty rate]" for the reasons I gave at [55]:

"The key factor in the assessment will be the value of a global licence of [the owner's] SEP portfolio ... which will depend on

(i) the strength (in terms of validity and essentiality) of that portfolio and (ii) the contribution of that portfolio to the standards in question. As such, the determination of the dispute will depend very largely upon expert technical and valuation evidence taking into account any comparable licences. Thus the dispute over the terms of the licence could be determined by any competent national court or by a supranational arbitral tribunal. It has no real connection with any territory.”

153. Although this authority was cited to the judge, he did not mention it in his judgment. His reasoning at [141] was as follows:

“In my judgment, the claim clearly has a closer connection with the US than with England and Wales. The principal parties are all Delaware companies, their business centres are in Texas, the majority of the SEPs are US patents, the Avanci Licence is administered and regulated in the US, and the proper law of the MLMA is New York law. There is also a regulatory connection between the Avanci platform and the US Federal anti-trust authorities. Only 7% of the 5G SEPs are UK designations or UK patents. ... Despite the link to the UK provided by the patent claim, the fundamental focus of the litigation is not this country.”

154. Taking these points in turn:

- i) In a dispute of this kind, the domicile of corporate parties is of little weight as a connecting factor (apart from its relevance to the burden of proof depending on whether service has been validly effected within the jurisdiction or permission to serve outside the jurisdiction is required): see *Nokia v OPPO* at [54]. As one would expect, other members of the Avanci 5G Platform are incorporated in a wide range of jurisdictions. Two of them are incorporated in England (although the evidence referred to in paragraph 190 below shows that one of those does not own any UK SEPs).
- ii) I accept that the location of parties’ business centres is of more weight, but on the other hand all of these businesses operate globally. It is not suggested that key factual witnesses are located in the US. For the reasons given in *Nokia v OPPO* at [55], the principal witnesses are likely to be experts. Suitable experts are just as available in this jurisdiction as in the US, and either way the experts’ evidence will be international in its remit. Nor is it suggested that the language or location of documents is a material factor given that they will all be in English and will exist in digital form.
- iii) I do not see the relevance of the fact that the majority of patents are US patents. The Avanci 5G Platform is global in its reach and covers SEPs in a multitude of jurisdictions. It is not disputed by either Avanci or InterDigital that a FRAND licence of UK SEPs covered by the Platform would be a global one. It therefore does not matter that only 7% of the SEPs are UK patents, any more that it mattered in *Nokia v OPPO* that the UK was only 0.5% of the market.

- iv) Nor do I see the relevance of the fact that the law governing the MLMA is New York law. The dispute is not about the MLMA, it is about FRAND obligations under clause 6.1 of the ETSI IPR Policy, which is governed by French law. Thus the proper law is in principle a neutral factor as between England and the US: in both fora, any dispute as to the extent of the FRAND obligations will require expert evidence. If anything, this factor slightly favours England as a forum, since the Patents Court has already given detailed consideration to the relevant French law in several cases: see e.g. *Nokia Technologies OY v OnePlus Technology (Shenzhen) Co Ltd* [2023] EWHC 1912 (Pat), [2024] RPC 1 at [168]-[201] (Meade J), *Panasonic v Xiaomi* at [46]-[49] and *Lenovo v Ericsson* at [79]-[90]. I would add that there was discussion in this Court about the law governing the SPLA, which is susceptible of some modification within the PAMs, but this is equally irrelevant either way.
 - v) Nor do I see the relevance of the fact that Avanci is regulated by the US competition authorities. The dispute is not about competition law, still less about the regulation of Avanci, it is about the contractual obligations created by clause 6.1 of the ETSI IPR Policy.
 - vi) Although I consider that the dispute is properly characterised as one about UK SEPs, I am prepared to accept that it could be said the “fundamental focus” of the litigation is not the UK. But nor is it the US. It is about FRAND obligations which are global in extent and licence terms which are global.
155. The conclusion I would draw is that, if the Delaware Court of Chancery was an available forum for the determination of the dispute, both that court and the Patents Court would be equally appropriate fora. It would follow that, in so far as Tesla require permission to serve the claim form outside the jurisdiction, permission should be refused on the ground that Tesla have not shown that England is clearly or distinctly the appropriate forum.

Conclusion

156. For the reasons given above, I conclude that Tesla should be given permission to serve the claim form on Avanci outside the jurisdiction pursuant to gateway (11).

Tesla’s claims against InterDigital

157. As I have explained in paragraph 115 above, the Patent Claims and the Licensing Claims are distinct claims which can be tried in different fora. Accordingly, it is again jurisdiction with respect to the Licensing Claims that matters.

Is there a serious issue to be tried? (Tesla’s ground 3 and InterDigital’s grounds 3-6)

158. Tesla contend that the judge was wrong to hold that there is no serious issue to be tried on the Licensing Claims against InterDigital alone, while InterDigital contend that he should have reached the same conclusion for alternative or additional reasons.
159. The judge accepted that the declarations sought against InterDigital engaged a legally enforceable right against InterDigital. He also found that they would be likely to serve

a useful purpose, because if the Patents Court were to determine that (say) \$24 was a FRAND rate the members of the Avanci 5G Platform would be likely to agree to Avanci offering that. The judge nevertheless held there was no serious issue to be tried for reasons which I should set out in full:

- “98. Whether it is fair and just to grant the declarations as sought in the absence of the owners of the 5G SEPs and Avanci is quite another matter, however. The other Patentees will not have had the opportunity to put their cases on whether a FRAND licence of the patents in suit, or of InterDigital’s UK SEPs, would include a worldwide licence of all their 5G SEPs, or what rate is FRAND. It is not easy to see how InterDigital could properly advance those cases, and it is unlikely that the Court will make declarations of right capable of affecting adversely numerous parties who are not before the Court.
99. Another weighty objection raised by InterDigital concerns how it alone could properly defend the claim. The Court will not realistically be able to determine whether \$32 is a FRAND rate, and if not what rate is FRAND, without access to licence agreements made by the Patentees and information about value of their portfolios and revenue streams, which only the Patentees and Avanci have. As InterDigital submitted ... it is in no position to assess the value of other Patentees’ portfolios, or provide the relevant comparable licences (or even the Avanci Licences that have been granted to licensees), and confidentiality and anti-trust issues in the US might well prevent it from obtaining the necessary documents.
100. FRAND licensing claims are heavy, complex cases, in which the court values licences of (often) a large number of SEPs, either on the basis of market evidence of comparable licences or on a ‘top down’ basis, starting with an assessment of the value of the portfolio. The Court and any expert valuers would need access to relevant licences granted by all Patentees and documents relating to their portfolios in order to perform the valuation exercise. It would also need evidence relating to market practice in order to determine the proper extent of a FRAND licence. IDH alone could not supply this information.
101. The exercise might be possible if Avanci were also a defendant, as it acts as the agent of the Patentees in connection with the licensing of the 5G SEPs and will have many of the relevant documents; but Tesla has no claim of right against Avanci.”
160. Tesla point out that the last paragraph I have quoted suggests that the judge was prepared to accept the Licensing Claims against InterDigital would have a real prospect of success if jurisdiction were to be established with respect to the claims against Avanci (as I have concluded). Tesla nevertheless contend that he was wrong to conclude that they would not have a real prospect of success if the claims against

Avanci do not proceed. I will consider this contention in case I am wrong about Tesla's claims against Avanci.

161. Once again, the starting points here are that all that Tesla need to establish at this stage is a real prospect of success and that this is a developing area of law.
162. It is convenient to address InterDigital's respondents' notice grounds before turning to Tesla's appeal ground. First, InterDigital contend (ground 5) that the judge was wrong to hold that the declarations sought by Tesla against InterDigital involve any relevant legal right since (i) InterDigital cannot grant a licence under the Avanci 5G Platform, (ii) InterDigital cannot compel Avanci to grant a licence and (iii) InterDigital cannot licence other members' SEPs.
163. I disagree. As the judge recognised, Tesla rely upon legal rights, namely InterDigital's FRAND obligations in respect of their SEPs, and in particular their UK SEPs. Tesla are beneficiaries of those FRAND obligations. Tesla do not seek specific performance of those obligations, but nor do Tesla need to. As discussed above, an implementer who accepts the need for a licence and undertakes to take one on terms determined by the Patents Court to be FRAND can bring declaratory proceedings to determine what terms are FRAND. Thus the FRAND obligation provides an applicable legal standard and makes the issue properly justiciable. The points relied on by InterDigital go to whether a useful and legitimate purpose would be served by the declarations, not whether a legal right is engaged.
164. Secondly, InterDigital contend (ground 4) that the judge should have held that the declarations would not serve any useful and legitimate purpose. In my judgment the judge was correct to hold that Tesla have a real prospect of success on this question. None of the three points relied upon by InterDigital is determinative at this stage. Even though InterDigital cannot grant a licence under the Avanci 5G Platform, nor compel Avanci to do so, nor licence other members' SEPs, it is arguable that a declaration that a licence of InterDigital's UK SEPs on FRAND terms would be a licence under the Avanci 5G Platform but at a rate of (say) \$24 per vehicle would serve a useful and legitimate purpose because that would mean that InterDigital could not rely upon the availability of the current SPLA as discharging their FRAND obligations. In practice, this might well cause Avanci to reconsider its position, which might well lead to Avanci proposing and members accepting a revision to the SPLA. But even if Avanci stood firm, such a declaration would affect InterDigital's ability to enforce their UK SEPs against Tesla. In any event, as I shall explain, Tesla's claims against InterDigital embrace the possibility of a determination of FRAND terms for a bilateral licence.
165. Thirdly, InterDigital contend (ground 5bis) that the judge should have held that there was no proper claim against InterDigital even if the claims against Avanci proceed. It is said by InterDigital that there would be "no incremental benefit" to declarations against InterDigital in those circumstances, and therefore the declarations would serve no useful and legitimate purpose. In my judgment it is arguable that the declarations sought against InterDigital would serve a useful and legitimate purpose even (i) if declarations were made against Avanci and (ii) InterDigital had not been ordered to represent the other members of the Avanci 5G Platform.

166. Although it is undeniable that Avanci is the primary target of the Licensing Claims, and that in the absence of a representation order the other members of the Avanci 5G Platform would not be bound by declarations against InterDigital, a declaration that a FRAND licence of InterDigital's SEPs is a licence under the Avanci 5G Platform but at a lower royalty could still be useful to Tesla because it would bind InterDigital, who have a significant portfolio of SEPs, and thus affect InterDigital's ability to enforce those SEPs against Tesla in the (perhaps unlikely) event that Avanci decided to ignore the declaration against it.
167. Fourthly, InterDigital contend (ground 6) that, even if there is a good claim against IDH, there is no proper claim against IDPH. This argument depends on the fact that InterDigital have arranged their affairs so that IDPH owns the SEPs although IDH gave the undertakings to ETSI. InterDigital accept that the FRAND obligations arising from IDH's undertakings extend to IDPH as IDH's Affiliate (see paragraph 9 above), but rely upon the fact that IDPH is not a member of Avanci, only IDH. I do not accept this argument. It is entirely proper for Tesla to bring their claim against IDPH as well as IDH in order to ensure that IDPH, which would be the primary claimant in any infringement claim, is bound by any declaration that Tesla obtain.
168. Turning to Tesla's appeal, it can be seen that the judge's reasoning involved two distinct propositions.
169. The first is that it is inevitable that the Patents Court would decline to exercise its discretion to make declarations in favour of Tesla because of the evidential difficulties which InterDigital would experience in defending the claims. Tesla submit that this is far from inevitable. I agree with this for the following reasons.
170. Tesla's claim against InterDigital is a claim for the determination of FRAND terms for a licence in respect of InterDigital's UK SEPs, which Tesla accept that they need and have undertaken to take on the terms determined to be FRAND. Tesla contend that a FRAND licence under the UK SEPs would be (i) a licence which extended to all of the SEPs in InterDigital's global portfolio and (ii) a licence on the terms of the Avanci 5G Platform but with a lower royalty rate. InterDigital do not dispute that they owe Tesla FRAND obligations. Nor do they dispute that a FRAND licence of their UK SEPs would be a global one. InterDigital do dispute that a FRAND licence of their UK SEPs would be a licence on the terms of the Avanci 5G Platform. At present, InterDigital take no position on whether \$32 per vehicle is the appropriate rate for a licence under the Avanci 5G Platform.
171. The declarations sought by Tesla, in particular the parenthesis at the end of declaration (5), embrace the possibility that a FRAND licence of InterDigital's SEPs is a bilateral licence on terms to be determined by the Patents Court, i.e. a licence which extends to all of the SEPs in InterDigital's global portfolio, but not a licence on the terms of the Avanci 5G Platform (save for the royalty). Furthermore, paragraph 59 of the Particulars of Claim pleads (emphases added):

“Tesla has, as pleaded in Section D(ii) above, relied upon and invoked *InterDigital's* and *Avanci's obligation to grant a licence covering the Avanci 5G Pool (and/or the Challenged Patents)*, and has given an unconditional undertaking to take a

licence covering the Avanci 5G Pool on such terms as are determined by this Court ... ”

The italicised words advance, or at least embrace, a claim by Tesla to a bilateral licence in respect of InterDigital’s SEPs in the alternative to a licence under the Avanci 5G Platform, but the undertaking given by Tesla does not extend to that alternative.

172. No claim to a bilateral licence was argued by Tesla before the judge, as the judge noted at [9]. Nor was any such claim advanced in Tesla’s skeleton argument for the appeal. In oral argument, however, counsel for Tesla submitted, in the alternative to Tesla’s primary case, that the Patents Court had jurisdiction to determine FRAND terms for a bilateral licence to InterDigital’s SEPs. He made it clear that Tesla’s undertaking to take a licence on the terms determined to be FRAND by the Patents Court embraced a bilateral licence to InterDigital’s SEPs.
173. Counsel for InterDigital’s response to this was strenuously to argue that (i) Tesla had never asked InterDigital for a bilateral licence, (ii) Tesla did not really want a bilateral licence and (iii) the undertaking offered by Tesla was ambiguous. The fact that Tesla have not previously asked InterDigital for a bilateral licence is no bar to Tesla doing so now. Furthermore, it would be pointless to make Tesla start again with this claim if I am right that Tesla can establish jurisdiction against InterDigital for the reasons given in paragraphs 206-217 below (compare the judge’s reasoning with respect to full and frank disclosure discussed in paragraphs 218-219 below). Whether Tesla really want a bilateral licence is not the relevant question, but whether a declaration as to FRAND terms for a bilateral licence would serve a useful purpose. In my judgment such a declaration would at least arguably be useful to Tesla even though it would be contrary to their primary case that a FRAND licence of InterDigital’s SEPs is a licence under the Avanci 5G Platform. Finally, I see no ambiguity in the undertaking: it has simply been extended to cover both alternatives.
174. In so far as InterDigital maintain that a licence of their SEPs on FRAND terms would be a bilateral one, rather than one under the Avanci 5G Platform, then InterDigital will face no evidential difficulty in presenting their case as to what terms would be FRAND. They would be in a similar position to their position in *InterDigital v Lenovo*, and the exercise would again be likely to involve identification of their most comparable licence(s) with third parties and the making of appropriate adjustments, probably supported by a top-down cross check.
175. This is a convenient juncture at which to address a suggestion by counsel for InterDigital that InterDigital might not defend Tesla’s claims because the costs of doing so would be disproportionate to any potential benefit to InterDigital. While that would, of course, be InterDigital’s prerogative, it would be surprising if InterDigital were not interested in establishing the FRAND rate for a bilateral licence to Tesla. As well as leading to licensing revenue from Tesla, that would be likely to assist InterDigital to obtain bilateral licences from other implementers of the 5G standard in the automotive sector (which might be more profitable for InterDigital than simply getting a share of the 5G Platform revenues from Avanci).
176. The supposed evidential difficulty for InterDigital only arises if Tesla are right that a FRAND licence to InterDigital’s SEP portfolio is a licence on the terms of the Avanci

5G Platform subject to the identification of the appropriate royalty rate. As discussed in paragraph 99 above, it is common ground between Avanci and InterDigital that Avanci devised the figure of \$32 per vehicle and InterDigital do not know how the figure was arrived at. If InterDigital decide not to defend \$32, they will not have any evidential difficulty at all.

177. If InterDigital do decide to defend \$32, I do not accept that, even without the assistance of Avanci, InterDigital would be wholly unable to adduce evidence to support \$32 as being objectively justified. For example, this might be done by means of a top-down analysis. But even if it is supposed that InterDigital would find it impossible themselves to justify \$32, the entity whose assistance they would require would be Avanci. As I have explained, Avanci's position is that it consents to jurisdiction if the claims against InterDigital proceed. Thus InterDigital will have the assistance they say they need.
178. I would add, for what it is worth, that, even if Avanci were not a party to these proceedings, it is not inevitable that Avanci would refuse to provide evidence to assist InterDigital; and even if Avanci did refuse, it is probable that Tesla could obtain such evidence from Avanci using the machinery of 28 USC §1782 (discovery in aid of foreign proceedings). At this stage it is far from certain that, in those circumstances, either side would wish to rely upon evidence of comparable licences entered into by other members of the Avanci 5G Platform. Even if they did, there is no reason to suppose that it would be necessary or proportionate to adduce evidence of licences entered into by all members of the Platform who have entered into relevant licences. At most a representative selection should suffice. I acknowledge that there might well be a significant dispute about which licences were representative. Even so, the problems of identifying and obtaining representative comparable licences entered into by other members of the Avanci 5G Platform would confront both sides equally. InterDigital would not be disadvantaged in comparison with Tesla. Moreover, the confidentiality difficulties raised by such issues would be no different in principle to those raised in other FRAND disputes.
179. The second proposition in the judge's reasoning is that it is inevitable that the Patents Court would decline to exercise its discretion to make declarations in favour of Tesla because such declarations would unfairly prejudice the interests of the other members of the Avanci 5G Platform if InterDigital are not appointed to represent them pursuant to rule 19.8 even though the declarations would not be binding upon such parties in those circumstances. Tesla submit that this is far from inevitable. I agree with this for the reasons given in paragraphs 99-101 above.
180. Accordingly, I consider that Tesla have a real prospect of success in their Licensing Claims against InterDigital.

The representative claim (Tesla's ground 4 and InterDigital's grounds 7-10)

181. As explained above, Tesla bring their claims against InterDigital as a representative of all the members of the Avanci 5G Platform, alternatively all members who have not granted Tesla a bilateral licence (i.e. as matters stand, all members except L1). Tesla rely upon the representative character of the proceedings, if necessary, as answering some of the judge's concerns about the Licensing Claims against InterDigital; but

Tesla contend that they have proper claims against InterDigital even if a representation order is refused.

182. *The law.* CPR rule 19.8 provides:

- “(1) Where more than one person has the same interest in a claim –
- (a) the claim may be begun; or
 - (b) the court may order that the claim be continued,
- by or against one or more of the persons who have the same interest as representatives of any other persons who have that interest.
- (2) The court may direct that a person may not act as a representative.
- (3) Any party may apply to the court for an order under paragraph (2).
- (4) Unless the court otherwise directs any judgment or order given in a claim in which a party is acting as a representative under this rule –
- (a) is binding on all persons represented in the claim; but
 - (b) may only be enforced by or against a person who is not a party to the claim with the permission of the court.
- (5) This rule does not apply to a claim to which rule 19.9 applies.”

183. Rule 19.8 (then rule 19.6) was recently the subject of detailed consideration by the Supreme Court in *Lloyd v Google LLC* [2021] UKSC 50, [2022] AC 1217. For present purposes, the Supreme Court’s conclusions can be taken from the headnote to the report:

- “(i) The phrase ‘the same interest’ in CPR r 19.6 needs to be interpreted purposively in light of the overriding objective and the rationale for the representative procedure. The purpose of requiring a representative claimant to have the same interest in the claim as the persons represented is to ensure that the representative can be relied on to conduct the litigation in a way which will effectively promote and protect the interests of all the members of the represented class. That plainly is not possible where there is a conflict of interest between class members (in that an argument which would advance the cause of some would prejudice the position of others) but is possible where there is a divergence of interests (in that an issue arises, or may well arise, in relation to the claims of, or against, some class members but not others) (post, paras 71–74).

- (ii) The ability to act as a representative under CPR r 19.6 does not depend on the consent of the persons represented in the claim. It is, however, always open to the judge managing the case to impose a requirement to notify represented persons and establish a simple procedure for opting out of representation. Equally, if there are circumstances which make it appropriate to limit the represented class to persons who have positively opted into the litigation, it is open to the judge to make this a condition of representation (post, para 77).
 - (iii) While it is plainly desirable that the class of persons represented should be clearly defined, the adequacy of the definition is a matter which goes to the court's discretion in deciding whether it is just and convenient to allow the claim to be continued on a representative basis rather than being a precondition for the application of CPR r 19.6 (post, para 78).
 - (iv) If it is in the interests of justice to do so, the court may make an order requiring a represented person to pay or contribute to the costs incurred by the representative and giving permission for the order to be enforced against the represented person pursuant to CPR r 19.6(4)(b). It is difficult, however, to envisage circumstances in which it could be just to order a represented person to contribute to costs incurred by a claimant in bringing a representative claim which the represented person did not authorise (post, para 79).”
184. *Lloyd v Google* concerned a claim made by a claimant in a representative capacity. It is one thing for a court to permit a claimant who wishes to act in a representative capacity to do so when the defendant opposes such a representation order. It is a different thing to permit a claimant to bring a claim against a defendant in a representative capacity when the defendant is unwilling to act in that capacity, as in this case.
185. *The judge’s decision.* The judge was not convinced that there was an actual conflict of interest in relation to the defence of Tesla’s claim, but considered that there could easily be a conflict of interest between InterDigital and one or more of the other members of the Avanci 5G Platform (apart from L1) ([113]). He therefore said that, if the representative claim was allowed to continue, it would have to be on the basis that each member was notified of the proceedings, provided with the statements of case and given the right to opt out of being represented by InterDigital on sufficient cause being shown (with the result that they became a self-represented defendant) ([114]).
186. The judge nevertheless declined to make an order permitting Tesla to sue InterDigital in a representative capacity. He gave a number of reasons for this. In summary, these were as follows:
- i) Most of the members of the Avanci 5G Platform were outside the jurisdiction of the Court and it had not been proven that each of them owned UK SEPs. This gave rise to a novel question of principle as to whether a person outside the jurisdiction can be made the subject of a representative action without it

being established that permission to serve the claim form on that person would have been granted. (As the judge explained, the issue did not arise in *Irish Shipping Ltd v Commercial Union Assurance Co plc (The Irish Rowan)* [1991] 2 QB 206, because in that case it was conceded that the represented persons were amenable to service outside the jurisdiction.) The judge's answer to this question was no, at least in most cases, because it would put the represented person in a position of having to choose between having their interests represented by someone else and submitting to the jurisdiction in order to defend their interests themselves ([115]-[119]).

- ii) He was not persuaded that using InterDigital as a representative defendant to the Licensing Claims would work satisfactorily in the absence of Avanci as a defendant because of the difficulty that InterDigital would have in defending the global rate-setting claim ([120]).
- iii) It would be unfair to cast upon InterDigital the responsibility and cost of defending the claim as representative of more than 65 members of the Avanci 5G Platform, at least in the absence of Avanci. He noted that no reason had been given by Tesla for selecting InterDigital that would justify it being given that burden. Indeed, the first that InterDigital had known about the claim was when it was served with the claim form ([121]).
- iv) Tesla had not explained how L1 was to be bound by the proceedings, but it had an interest in them ([122]).

187. *The test on appeal.* There is no dispute that the judge's decision involved an exercise of discretion. Accordingly, this Court can only intervene if the judge failed to take into account some relevant factor, or took into account an irrelevant factor, or otherwise exceeded the generous ambit within which a reasonable disagreement is possible: see *G v G (Minors: Custody Appeal)* [1985] 1 WLR 647 at 651 (Lord Fraser of Tullybelton) and many subsequent authorities. Furthermore, it was a case management decision, and therefore this Court should be particularly cautious about interfering with his decision.

188. *Assessment.* Tesla challenge each of the judge's reasons. So far as the first reason is concerned, Tesla advance four arguments.

189. The first is that there can be no hard-edged rule that a representative order can only be made in respect of defendants outside the jurisdiction if the requirements for service out of the jurisdiction are met in respect of all such defendants, because that would be contrary to the principle affirmed by Lord Leggatt (with whom the other members of the Supreme Court agreed) in *Lloyd v Google* at [68] that the representative procedure is "to be treated as 'a flexible tool of convenience in the administration of justice' and 'applied to the exigencies of modern life as occasion requires'". Even if Tesla are right that there is no hard-edged rule, however, in my judgment the judge cannot be faulted for having taken this factor into account in exercising his discretion for the reasons I will explain below.

190. Tesla's second argument is that the jurisdictional analysis that they rely upon to justify permission to serve InterDigital outside the jurisdiction is equally applicable to

all other members of the Avanci 5G Platform based outside the jurisdiction who own UK SEPs.

191. There was no evidence before the judge as to how many of the then members owned UK SEPs. Accordingly, Tesla have applied for permission to adduce fresh evidence on the appeal directed to this question, consisting of the fifth witness statement of Dr Bethan Hopewell of Powell Gilbert, Tesla's solicitors. This reports the results of an analysis of a database of declarations to ETSI maintained by a company called IPlytics. The analysis indicates that, as at the date of the witness statement (6 August 2024), 57 of the then 67 members of the Avanci 5G Platform owned UK SEPs. Tesla acknowledge that this information was readily available at the time of the hearing before the judge, but nevertheless contend that the *Ladd v Marshall* [1954] 1 WLR 1489 criteria are satisfied. In the case of the first criterion, Tesla say that they had no cause to adduce this evidence because neither InterDigital nor Avanci took a relevant point against Tesla, and the question was first raised by the judge in an email to the parties while writing his judgment.
192. InterDigital opposed the application, contending that the *Ladd v Marshall* criteria were not satisfied. In the alternative InterDigital contended that, if Dr Hopewell's statement was admitted, InterDigital should have permission to adduce responsive evidence contained in a sixth witness statement of Alexandra Brodie of Gowling WLG, InterDigital's solicitors. This evidence suggests that there are certain errors in the analysis reported by Dr Hopewell, and indicates that, as at the date of Ms Brodie's statement (20 September 2024), 53 of the then 67 members of the Avanci 5G Platform owned UK SEPs. Tesla did not oppose this responsive evidence being admitted if Dr Hopewell's evidence was admitted.
193. At the hearing counsel for InterDigital did not press InterDigital's objection to the admission of Dr Hopewell's evidence provided that Ms Brodie's evidence was also admitted. Avanci was, as one would expect, neutral. Given that the objection is not pressed, I consider that it is appropriate to grant Tesla permission to adduce Dr Hopewell's evidence on terms that Ms Brodie's evidence is also admitted in order that this Court may proceed upon a proper understanding of the factual position.
194. Tesla have not served any evidence in reply to Ms Brodie's witness statement, nor did counsel for Tesla criticise the analysis of the data reported in that statement. Accordingly, I accept Ms Brodie's evidence as to the figures.
195. I accept that the jurisdictional analysis that Tesla rely upon to justify permission to serve InterDigital outside the jurisdiction is equally applicable to the 53 out of the then 67 members of the Avanci 5G Platform who are outside the jurisdiction and do own UK SEPs, but that leaves the position of the other 14 to be considered. Even if there is no hard-edged rule preventing a representation order being made in respect of such persons, it is certainly relevant to the exercise of the court's discretion that the effect of the order sought by Tesla would be to expose these 14 members to proceedings before the English courts whose outcome will bind them when jurisdiction could not be established against them if sued in their own capacities. This can clearly be seen from the judge's proposal for an opt-out in the event of a conflict of interest, which would lead to such members becoming self-represented.

196. Tesla's third argument is that the other 14 members could have been served outside the jurisdiction in reliance on gateway (3) (necessary or proper parties) even though they could not be served via gateway (11). This argument was not developed by counsel for Tesla. In the absence of further explanation, I do not accept this argument. It is difficult to see why any one individual member of the Avanci 5G Platform is a necessary or proper party to a claim against another individual member.
197. Finally, Tesla argue that the point can be addressed by making an order that InterDigital represent all members of the Avanci 5G Platform that own UK SEPs (alternatively all members other than L1) subject to the opt-out provision suggested by the judge. As InterDigital point out, however, this means that a declaration against InterDigital would not bind those members of the Platform that do not own UK SEPs. Although Tesla argue that such a declaration would still serve a useful purpose, this must detract from the appropriateness of a representation order because it involves an acceptance that not of all the affected class can be represented by InterDigital.
198. Turning to the judge's second and third reasons, Tesla advance two arguments. The first is that the judge was wrong to approach the representation issue on the basis that Avanci would not be a defendant, and that if Avanci was a defendant that would alleviate the judge's concerns.
199. Tesla are right to point out that both the judge's second and third reasons are predicated upon the absence of Avanci, and that the judge did not take into account the fact that Avanci consents to jurisdiction if the Licensing Claims proceed against InterDigital. Nor did he consider the position upon the assumption that jurisdiction was established with respect to Avanci. However, this does not necessarily undermine the judge's conclusion as to the appropriateness of making a representation order against InterDigital.
200. As discussed in paragraphs 170-178 above, there are two scenarios to consider. The first is if Avanci and InterDigital are correct that a licence of the relevant SEPs on FRAND terms would be a bilateral one between Tesla and each SEP owner. The second is if Tesla are right that a licence of the relevant SEPs on FRAND terms would be a licence under the Avanci 5G Platform subject to determination of the appropriate royalty rate.
201. If a licence of the relevant SEPs on FRAND terms would be a bilateral one, InterDigital would be in no difficulty in advancing their case as to the appropriate rate for their own portfolio. InterDigital would not be in a position to present any case as to what the FRAND terms for a bilateral licence of any other member's portfolio would be. Although in one sense that would not matter, because on that hypothesis Tesla would not be entitled to a declaration concerning the Avanci 5G Platform anyway, this would mean that InterDigital could not represent the interests of the other members.
202. If, on the other hand, a licence of the relevant SEPs on FRAND terms would be a licence under the Avanci 5G Platform, and Avanci is a defendant, then Avanci will be best placed to defend Tesla's claim that the FRAND rate for a licence under the Avanci 5G Platform is less than \$32 per vehicle for the reasons discussed in paragraph 99 above. As I commented there, the members of the Platform appear to have little to contribute to that debate. As I discussed in paragraph 100 above, some

members might nevertheless take the view that they wished to be heard, and might choose to be represented by one of their number. But it is difficult to see why Tesla should be able to dictate the choice of InterDigital as their representative regardless of the wishes of either InterDigital or the other members.

203. As for the third reason, Tesla have little to say apart from the point I have just addressed. Even if InterDigital would be a defendant anyway, they would be likely to incur additional costs as a result of being ordered to represent the other members. It is difficult to see why InterDigital should be involuntarily burdened with this. All that Tesla could point to by way of justification was that InterDigital are among the top 10 SEP owners in the Avanci 5G Platform and have experience of litigating FRAND issues in this jurisdiction. There are other members of whom this is also true, however. But in any event, the problem is caused by forcing any one member to represent the interests of the other members in the absence of a consensual arrangement.
204. With respect to the fourth reason, Tesla accept that InterDigital cannot represent L1. Tesla argue that this does not matter given that (i) L1 stands in a different position to the other members anyway and (ii) L1 can represent itself. InterDigital argue that it does matter because (i) L1 cannot be forced to represent itself and (ii) the fact that L1 has a threshold share means that it could block a variation under the MLMA. It is not necessary to reach a conclusion on this point given the conclusions I have reached in relation to the judge's other reasons.
205. Overall, I consider that the judge was entitled to exercise his discretion to refuse to make a representation order in the circumstances of this case. Indeed, I agree with his conclusion. It follows that it is unnecessary to consider the additional or alternative grounds for upholding his decision advanced by InterDigital (grounds 7-10) to the extent that they extend beyond matters I have already covered, in particular InterDigital's argument (ground 9) that the judge was wrong to accept that the members of the Avanci 5G Platform all have the same interest.

Rule 63.14(2) (InterDigital's ground 1)

206. CPR rule 63.14 provides, so far as relevant:

- “(1) Subject to paragraph (2), Part 6 applies to service of a claim form and any document in any proceedings under this Part.
- (2) A claim form relating to a registered right may be served –
- (a) on a party who has registered the right at the address for service given for that right in the appropriate register at—
- (i) the United Kingdom Patent Office;
- ...
- (b) in accordance with rule 6.33(1) or 6.33(2) on a party who has registered the right at the address for service given for that right in the appropriate register at—

- (i) the United Kingdom Patent Office
- ...

207. It is also necessary to refer to rule 63.1, which provides, so far as relevant:

- “(1) This Part applies to all intellectual property claims including –
 - (a) registered intellectual property rights such as –
 - (i) patents;
 - ...
- (2) In this Part –
 - (a) ‘the 1977 Act’ means the Patents Act 1977;
 - ...
 - (e) ‘patent’ means a patent under the 1977 Act
 - ...”

208. As explained above, Tesla served the claim form on IDPH within the jurisdiction in reliance upon rule 63.14(2). It is common ground that that was valid service in relation to the Patent Claims. Tesla contend that this was also valid service in relation to the Licensing Claims, and the judge accepted this. InterDigital contend that he was wrong on this point. There is no dispute that rule 63.14(2) is to be interpreted as meaning “a claim form *in so far as* relating to a registered right may be served”. The issue is whether the Licensing Claims “relate to” the Challenged Patents. This is not an issue about corporate identity: as noted in paragraph 167 above, InterDigital accept that the FRAND obligations arising from IDH’s declarations to ETSI extend to IDPH as IDH’s Affiliate. Furthermore, although InterDigital point out that Tesla only purported to serve the claim form on IDPH with respect to the Challenged Patents, the issue would be the same with respect to all of InterDigital’s other UK SEPs.

209. InterDigital argue that the Licensing Claims do not “relate to” their UK SEPs for two reasons. First, because they are contractual claims. Secondly, because they relate to all SEPs owned by members of the Avanci 5G Platform worldwide.

210. So far as the first point is concerned, it is true that the FRAND obligation is a contractual one, but it entitles an implementer who is a beneficiary of the obligation to a licence under the relevant SEP(s). Once the implementer has such a licence, they cannot infringe the SEP(s). This is why the FRAND obligation is commonly raised by way of defence to infringement proceedings brought by SEP owners against implementers. Tesla have undertaken to take a licence to (*inter alia*) InterDigital’s UK SEPs on the terms determined by the Patents Court to be FRAND, and they seek a determination as to what terms are FRAND. This is in order to ensure that they cannot be sued for infringement of those SEPs (among others). In my view it is impossible to say that that claim does not “relate to” InterDigital’s UK SEPs.

211. The second point is a more substantial one. In *Actavis Group HF v Eli Lilly & Co* [2013] EWCA Civ 517, [2013] RPC 37 this Court held that a claim form seeking declarations of non-infringement had not been validly served pursuant to rule 63.14(2) in so far it related to French, German, Italian and Spanish designations of a European Patent as opposed to the UK designation. This is because, once granted, European Patents are distinct national patents even though they are the result of a single application to the European Patent Office. Thus they are commonly referred to as “bundle patents”. A European Patent (UK) is, by virtue of provisions of the Patents Act 1977 which it is unnecessary to set out, a patent under the 1977 Act, but European Patents (DE), (FR), (IT) and (SP) are not.
212. InterDigital argue that this reasoning applies to the Licensing Claims. I disagree. Once again, the point depends upon the proper characterisation of the Licensing Claims. The Licensing Claims seek to enforce the FRAND obligations attaching to InterDigital’s UK SEPs, and thus “relate to” patents under the 1977 Act as explained above. It makes no difference that Tesla contend that a FRAND licence of InterDigital’s UK SEPs is a licence which extends to InterDigital’s non UK-SEPs, and indeed non-UK SEPs of other members of the Avanci 5G Platform.

Gateway (3)

213. I do not understand it to be in dispute that if, as I have concluded in paragraph 167 above, Tesla have a proper claim against IDPH with regard to the Licensing Claims and if, as I have concluded in paragraphs 206-212 above, the Licensing Claims were validly served on IDPH pursuant to rule 63.14(2), then IDH is a necessary or proper party to those claims.

Gateway (11)

214. For the reasons discussed in the context of Tesla’s claims against Avanci, Tesla’s Licensing Claims against InterDigital would if necessary fall within gateway (11).

Appropriate forum (Tesla’s grounds 5-7 and InterDigital’s grounds 2, 12 and 14)

215. *Characterisation (Tesla’s ground 5 and InterDigital’s ground 12)*. For the reasons discussed both in the context of Tesla’s claims against Avanci and in the context of rule 63.14(2), Tesla’s Licensing Claims against InterDigital are properly characterised as raising a dispute as to what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND.
216. *Another available forum (Tesla’s ground 6)*. The Delaware Court of Chancery is not an available forum for the reasons discussed in the context of Tesla’s claims against Avanci.
217. *Closer connection (Tesla’s ground 7 and InterDigital’s grounds 2 and 13)*. For the reasons discussed in the context of Tesla’s claims against Avanci, the US is no more of an appropriate forum than England. It follows that, contrary to InterDigital’s contention, the judge was correct to hold at [143] that, if the claim was validly served on IDPH within the jurisdiction pursuant to rule 63.14(2), the Licensing Claims should not be stayed on the grounds of *forum non conveniens* because InterDigital have not established that the Delaware Court of Chancery is clearly or distinctly a

more appropriate forum than the Patents Court. Although that conclusion would not apply to IDH, because IDH was not served within the jurisdiction, the close relationship between the claims against IDPH and those against IDH would lead to the conclusion that Tesla had shown that the Patents Court was clearly or distinctly the appropriate forum for the determination of the claims against IDH applying the reasoning in *Lungowe v Vedanta* at [68].

Full and frank disclosure (InterDigital's ground 15)

218. The judge found that, when making their without notice application to Mellor J, Tesla failed to comply with their duty of full and frank disclosure because, in six respects, they had failed to make a fair presentation of obvious facts and arguments that InterDigital would be likely to want to raise against jurisdiction. The judge did not consider that this failure was due to a deliberate attempt to mislead the court, but nor did he consider that it was wholly innocent. The problem was that, in several respects, Tesla had not really engaged with the requirement of fair presentation. He nevertheless declined to exercise his discretion to set aside service out on this ground for the reasons he gave at [158]:

“... As there is no time limit for Tesla’s claim, if service out were otherwise justified, Tesla would simply have re-applied for permission to serve out, which could not then have been refused if correctly applied for. I would instead have imposed a costs sanction against Tesla. ...”

219. InterDigital accept that the judge directed himself correctly as to the applicable principles, but nevertheless contend that he should have set aside service. InterDigital have not identified any appealable error in the manner in which the judge exercised his discretion, however. Accordingly, I would uphold his decision on this issue.

Conclusion

220. For the reasons given above, I conclude that Tesla validly served the claim form on IDPH in the jurisdiction with respect to the Licensing Claims. Tesla should be given permission to serve the claim form on IDH outside the jurisdiction with respect to the Licensing Claims pursuant to gateway (3). If necessary, Tesla should be given permission to serve the claim form on InterDigital outside the jurisdiction pursuant to gateway (11) with respect to the Licensing Claims. I would endorse the judge’s refusal to make an order requiring InterDigital to represent the other members of the Avanci 5G Platform.

Disposal

221. For the reasons given above, I would allow Tesla’s appeal against Avanci and re-instate the order of Mellor J granting Tesla permission to serve the claim form on Avanci outside the jurisdiction. I would also allow Tesla’s appeal against InterDigital and re-instate the order of Mellor J granting Tesla permission to serve the claim form on InterDigital outside the jurisdiction to the extent necessary, and dismiss InterDigital’s application for a stay on *forum non conveniens* grounds, save that I would dismiss Tesla’s appeal against Fancourt J’s decision to refuse to permit the

Licensing Claims to be brought against InterDigital as a representative of the other members of the Avanci 5G Platform.

Lord Justice Phillips:

222. The jurisdiction of the courts of England and Wales to determine a FRAND licence of a portfolio of SEPs which includes foreign patents is based entirely upon the contractual undertaking of the owner of those patents to grant such licences. The undertaking is given to ETSI pursuant to and in compliance with clause 6.1 of its Intellectual Property Rights Policy (“the IPR Policy”), but as a matter of French law (the applicable law of the contract) the undertaking is enforceable by third party implementers. As the Supreme Court stated in *Unwired Planet* at [58]:

“...in the absence of the IPR Policy an English court could not determine a FRAND licence of a portfolio of patents which included foreign patents. It is the contractual arrangements which ETSI has created in its IPR policy which gives the court jurisdiction to determine a FRAND licence...”

223. The scope of the undertaking, in terms of the SEPs to which it applies, is set out at clause 6.2 of the IPR Policy:

“An undertaking pursuant to Clause 6.1 with regard to a specified member of a PATENT FAMILY shall apply to all existing and future ESSENTIAL IPRs of that PATENT FAMILY unless there is an explicit written exclusion of specified IPRs at the time the undertaking is made....”

224. As the Supreme Court in *Unwired Planet* explained at [11]:

“A “patent family” is defined as “all documents having at least one priority in common, including the priority document(s) themselves” and “documents” in this context means “patents, utility models, and applications therefor” (clause 15(13)). The patent family thus extends to patents relating to the same invention applied for and obtained in several jurisdictions. It shows an intention for the arrangement to apply internationally. This is important because the undertaking to grant a licence under clause 6...extends to all present and future Essential IPRs in that patent family.”

225. Pursuant to the IPR Policy, the owner (or its organisation) disclosing a SEP must accordingly give an undertaking to ETSI using the form at Appendix A to that Policy, declaring that it and its affiliates are prepared to grant irrevocable licences under their IPRs in respect of the identified standard, technical specification or ETSI project, to the extent that the IPRs are or become essential to practice that standard or technical specification, or those that may result from work on the ETSI project. The form expressly provides that the construction, validity and performance of the licensing declaration shall be governed by the laws of France.

226. As again observed by the Supreme Court in *Unwired Planet* at [14]:

“the IPR Policy envisages that the SEP owner and the implementer will negotiate a licence on FRAND terms. It gives those parties the responsibility to resolve any disputes as to the validity of particular patents by agreement or by recourse to national courts for determination.”

227. In the present case the owners (or their organisations) who have placed their SEPs on the Avanci 5G Platform have each given an undertaking in the form and to the effect set out above, and so are each separately contractually obliged to negotiate with Tesla the terms of a licence for their own portfolio of SEPs on FRAND terms, and to grant such a licence. Indeed, one of the owners (identified in these proceedings as L1) has agreed such a licence with Tesla. There is no suggestion, however, that any of the other owners have refused to negotiate bilaterally with Tesla, let alone that they have refused to grant a licence of their own portfolio of SEPs on FRAND terms.

228. What the owners have not agreed to do, on any sensible interpretation of the contractual arrangements with ETSI, is to license their SEPs on a collective basis with other SEP owners, whether on “FRAND terms” or on any terms. The undertaking clearly and distinctly creates an obligation on individual owners to license the Patent Family of their declared SEPs, but it cannot be interpreted as extending to include licensing a portfolio which includes many SEPs owned by other organisations altogether. Tesla has not advanced a case to the contrary, as pointed out by Avanci in oral submissions on this appeal:

“There is, for example, no contention, pleaded or unpleaded, that as a matter of French law the correct interpretation of the ETSI undertaking is so as to entitle Tesla to compel InterDigital to form some collective with all the other SEP holders and grant a collective FRAND licence to Tesla. Still less is there any allegation that French law requires InterDigital and the other SEP holders for the time being who have placed their patent on the platform to only offer a collective licence under that platform, nor to only do so on FRAND terms.”

229. Does the fact that the owners have voluntarily placed their SEPs on the Avanci 5G Platform change the contractual analysis? I cannot see how it does. The fact that the owners have given undertakings to ETSI, derogating from their rights under the general law to that extent, in no way limits their freedom to exploit their rights in any legitimate way, whether on their own or jointly with others. Placing their SEPs on the Avanci 5G Platform is a convenient and highly beneficial way for a vast number of SEPs to be offered collectively to the car industry, avoiding the “licensing debacle” which has arisen in other sectors when multiple implementers have sought licences from multiple owners. Such an arrangement is in addition to (and may well, for an implementer, be preferable to relying on) the ETSI undertaking given by each owner. In my judgment the owners who have joined the Platform have not somehow extended the scope of their undertaking to ETSI or entered any other binding agreement to license their SEPs on a collective basis.

230. A further question is what is meant by a licence on FRAND terms of the SEPs on the Avanci 5G platform. If, in financial terms, the licence would “simply” be the sum of the rates which would be FRAND for each owner’s portfolio of SEPs, the concept

would add nothing: each owner would be entitled (and obliged) to be involved in the negotiation and determination of that rate pursuant to its undertaking to ETSI. But Tesla would certainly be disappointed by that exercise and its result, and that is plainly not what it intends: Tesla is plainly contending that the FRAND rate for a licence of all the SEPs on the Platform would be a single collective rate, heavily discounted for bulk and convenience. But the owners of the SEPs have simply not agreed to license their SEPs on discounted collective terms. They may offer to do so voluntarily (as they are in fact doing through the Platform), but they have not undertaken to do so and they cannot, in my judgment, be subjected to an English court's examination and determination of the rate Avanci is offering.

231. It follows from the above that there is no contractual obligation that would give the English court jurisdiction to determine the "FRAND terms" of a licence of the SEPs on the Avanci 5G platform, even if all of the SEP owners were joined or represented in the proceedings. The position is even clearer in the case of Avanci itself, which has given no undertakings and has no authority to negotiate let alone agree "FRAND terms" on behalf of the owners for the collective licensing of their SEPs.
232. In the absence of a contractual foundation for English jurisdiction, what is the basis for assuming such a jurisdiction? At [95] above, Arnold LJ relies upon the arguable contention that, as a matter of "commercial reality" the only licence of UK SEPs covered by the Avanci 5G Platform is a global platform licence. That may be so, but it does not justify the English court engaging in the extensive exercise of determining FRAND terms in relation to foreign SEPs as against parties who have not given any relevant contractual undertaking.
233. In the same paragraph Arnold LJ also refers to the allegation that most owners with SEPs on the Avanci 5G Platform "in reality if not formally" rely on the availability of a licence under that platform as fulfilling their FRAND obligations. Whether or not that is the case, such informal conduct does not come close to being contractual in nature. Neither is it suggested that any owner has declined to engage in bilateral negotiations for a FRAND licence in reliance on the fact that its portfolio of SEPs is available on the Avanci 5G Platform.
234. At [96] to [97] Arnold LJ prays in aid the possibility, or perhaps likelihood, that a declaration as to the FRAND terms of a licence of the Avanci 5G platform would "force Avanci to reconsider its position" as to the rate charged. That again may be so, but the fact that a party may be forced to comply with an order of the court is not in itself justification for making the order.
235. Ultimately, Arnold LJ accepts at [102] that the rights and obligations which are the subject of the declarations sought are not vested in either party to the proceedings, but he considers that Tesla has a real prospect of success in obtaining such relief nonetheless. I do not agree. Contrary to Arnold LJ's analysis, there is no "applicable legal standard" invoked in relation to the claimed declaration: there is simply no obligation owed to Tesla by the owners of the SEPs to grant a collective licence as claimed. As the Supreme Court expressly stated as set out above, absent applicable contractual arrangements, the courts of this jurisdiction do not have jurisdiction to determine the terms of a FRAND licence which includes foreign patents. That is clear, authoritative and decisive of the present appeal.

236. It further follows that, as in *Vestel*, Tesla has not pleaded a recognised legal standard against which FRAND could be determined and declared: as Birss LJ explained at [78], and the Judge followed, there is no such thing as a free-standing FRAND claim, which in my judgment this would be.
237. I would add that I also do not agree with Arnold LJ that considerations of procedural fairness would not be a bar to the grant of declaratory relief. The declaration of the terms of a FRAND licence of the Avanci 5G Platform would have the potential to affect, significantly and directly, the rights and interests of the owners of the SEPs on the Platform, both in relation to implementers and as between themselves, rights and obligations which the court would have to examine and take into account. It is not arguable that such an exercise could be properly and fairly undertaken without the owners being joined or at the very least represented: see the statement of Viscount Maugham in *London Passenger Transport Board v Moscrop*, set out by Arnold LJ in [91] above.
238. It follows from the above that, in my judgment, there is no serious case to be tried in relation to Tesla's Licensing Claims relating to the Avanci 5G Platform, whether against Avanci or against InterDigital.
239. I agree with Arnold LJ that the Judge was right to refuse to make an order requiring InterDigital to represent the other members of the Avanci 5G Platform.
240. The court would, of course, have jurisdiction in a suitable case to determine and declare the FRAND terms of a bilateral licence between InterDigital and Tesla in relation to InterDigital's global portfolio of SEPs, as firmly established in the line of authorities set out by Arnold LJ at [8]-[14]. However, what Tesla needs for the launch of its 5G-enabled vehicles is a licence of the SEPs on the Avanci 5G Platform and it is plain that Tesla is seeking more beneficial terms than are presently being offered for such licence, not a bilateral licence from InterDigital. Tesla's position in these proceedings may be traced through as follows:
- i) In its Particulars of Claim, after pleading the FRAND obligations of the SEP owners who have placed their SEPs on the Avanci 5G Platform, and pleading that they have appointed Avanci as their "licensing agent", at paragraph 58 Tesla's conclusion is that:

"Accordingly, Tesla is entitled to enforce the FRAND Commitment of each Avanci 5G Pool member, including InterDigital, by seeking a licence from and/or through Avanci covering the entirety of the Avanci Pool."
 - ii) At paragraph 59 of the Particulars of Claim Tesla summarised its claim and the corresponding undertaking it offered to the court at paragraph 44, in the following terms:

"Tesla has...relied upon and invoked InterDigital's and Avanci's obligation to grant a licence covering the Avanci 5G pool (and/or the Challenged Patents) on FRAND terms, and has given an unconditional undertaking to take a licence covering the Avanci 5G Pool on such terms as are determined by this Court.."

- iii) In paragraph (5) of the prayer for relief in the Particulars of Claim, Tesla seeks declarations that the terms offered for a licence of the Avanci 5G Platform are not FRAND, alternatively as to the terms which are FRAND for those patents. That prayer then adds “(alternatively, such patents within the pool as are owned by InterDigital)”.
 - iv) It might seem that the words in parenthesis indicate that Tesla is seeking, in the alternative, a bilateral licence from InterDigital of its portfolio of SEPs, despite not being foreshadowed in the body of the pleading or supported by its undertaking. However, paragraph (6) of the prayer for relief reveals that Tesla is not in fact seeking such a straightforward bilateral licence, even in the alternative, claiming a declaration that:

“...a FRAND licence covering the Challenged patents, the InterDigital UK SEP Portfolio, the InterDigital International Portfolio or the portfolio(s) of any and each other Avanci 5G Pool Member... is a licence (i) between Tesla and Avanci, (ii) that is worldwide in scope and (iii) covers the entirety of the Avanci 5G pool.”
 - v) In the course of argument before the Judge, Tesla stated that it would dispute that the only FRAND licence for InterDigital’s SEPs is a bilateral licence, but added that Tesla’s case is that such a FRAND licence is a pool licence.
 - vi) The Judge recorded at [9] of his judgment, correctly in my view, that Tesla “has made no claim to a bilateral licence from InterDigital”.
 - vii) In its Skeleton Argument for this appeal, Tesla stated at [24] that:

“Declarations (5), (6), (9) and (10), as to the terms of the FRAND licence to which Tesla is entitled. Tesla maintains that this is a worldwide licence from Avanci to the entirety of the Avanci 5G Pool”
 - viii) It is thus entirely clear that, even on this appeal as formulated and presented in writing, Tesla was not seeking a bilateral licence against InterDigital in relation to its portfolio of SEPs. There is no appeal from the Judge’s statement in [9], and no reference to a bilateral licence anywhere in the Grounds of Appeal or supporting skeleton. Tesla’s sole claim remains for a licence from Avanci of the Avanci 5G Platform.
 - ix) Arnold LJ records at [172] that, during the course of oral argument, Tesla stated that its undertaking to take a licence on terms determined to be FRAND by the Patents Court “embraces a bilateral licence to InterDigital’s SEPs”. But there was no application to amend the pleaded case to include such a claim, no application to amend the Grounds of Appeal, and the undertaking had not been offered to InterDigital or shown to the Court in advance of the hearing.
241. It follows that, to the extent that Tesla raised orally the possibility of the determination of the FRAND terms of a bilateral licence of InterDigital’s SEP portfolio, it was too late and not properly before the Court. I also consider that it is not

an issue that Tesla genuinely seeks to be determined, or would be of real commercial use to it. InterDigital made plain that it has no intention of taking infringement proceedings against Tesla in this jurisdiction. The belated raising of a bilateral licence cannot, in my judgment, save a claim (and an appeal) entirely directed at obtaining a declaration in relation to all the SEPs on the Avanci 5G Platform, and to do so without joining all but one of the owners and notwithstanding that none of the owners had undertaken to grant a licence on that basis.

242. I would dismiss the appeal.

Lady Justice Whipple:

243. I have read in draft the judgments of Lords Justices Arnold and Phillips. I agree with Lord Justice Phillips that this appeal should be dismissed for the reasons he gives. I align myself in particular with his analysis of the ETSI arrangements, see paragraphs 222-229 above; and his conclusion that issues of entitlement to a bilateral licence from InterDigital are not properly within the scope of this appeal, see paragraphs 240-241 above.

244. In addressing Tesla's case as it relates to the Avanci 5G Platform licence, which is the issue raised on this appeal, I start with Tesla's pleaded case. Although Tesla had asserted an entitlement to enforce an obligation on Avanci to grant a FRAND Platform licence in its Particulars of Claim, Tesla abandoned that case before Fancourt J (noted at paragraph 19 of his judgment) and instead relied on a draft amended pleading in which it was asserted that under French law, Avanci, acting as agent for InterDigital, was jointly liable for any failure to effect good faith performance of InterDigital's FRAND commitment (see paragraphs 57-59 of the draft amended Particulars of Claim, set out at paragraph 56 of Fancourt J's judgment below); permission for those amendments was refused on 15 July 2024 and there is no appeal against that refusal.

245. Before this Court, Tesla does not suggest that it has any legally enforceable right against Avanci (a point conceded at paragraph 25 of Tesla's skeleton) but still it submits that there is a serious issue to be tried between Tesla and Avanci. In oral submissions, Mr Segan returned to his unamended Particulars of Claim and focussed on paragraph 40 where Tesla asserts a right to a licence on FRAND terms covering InterDigital's SEPs (that is not, I think, of itself a controversial assertion), that it is a beneficiary of the FRAND commitments of all the Avanci 5G Platform members (again, that is probably not a controversial assertion) and then this: that Tesla is "*accordingly*, entitled to a licence on FRAND terms covering the Avanci 5G Pool" (my emphasis). The "*accordingly*" is not explained and I cannot see that it follows from the first two statements. Tesla goes on, at paragraph 42 of its Particulars, to assert that "it would be impractical and onerous" for Tesla to have to negotiate bilateral licences with the individual SEP owners, and at paragraph 58 repeats the assertion that Tesla is entitled to enforce the FRAND commitment of each Avanci 5G Pool member, "by seeking a licence from and/or through Avanci covering the entirety of the Avanci 5G Pool" but again without explaining the basis for that asserted entitlement. In short, I cannot identify any basis in Tesla's pleaded case for suggesting that the SEP owners' FRAND obligations are to be transposed to, or read into, a licence granted by Avanci over its 5G Platform.

246. In oral submissions, Mr Segan said that declarations (5), (6), (9) and (10) are centrally in issue in this appeal. By them, Tesla seeks the Court's endorsement of its claim that FRAND terms apply to the Avanci 5G Platform licence (which claim is unexplained, see preceding paragraph). Tesla's next step, once the entitlement is declared, is to invite the Court to determine whether the price charged by Avanci for its 5G Platform licence complies with FRAND and if not, what the FRAND figure would be (that being, in substance, the outcome Tesla seeks from this litigation). This, then, is what Tesla wants: the Court's consideration of the terms of the Avanci 5G Platform licence.
247. Lord Justice Arnold accepts Tesla's case and agrees that the Court should engage in a debate about the terms of the Avanci 5G licence. He refers to arguments of commercial reality and (im)practicability and concludes that Tesla have a real prospect of establishing their case at trial (see paragraph 95 above). He considers it "well arguable" that a declaration by the Patents Court that \$32 per vehicle was not FRAND would force Avanci to reconsider its position which would, in turn, serve a "useful and legitimate purpose" (see paragraph 97 above); and that the Patents Court would not inevitably decline to exercise its discretion to make those declarations (see paragraph 98 above). His conclusions are summarised at paragraph 102 above.
248. I regret that I am unable to agree with Lord Justice Arnold on these points. In my judgment, Tesla's claim for a licence of the Avanci 5G Platform on FRAND terms would inevitably be dismissed if it proceeded and there is no real prospect of the declarations sought by Tesla being granted. That is for the reasons already given by Lord Justice Phillips. My own view is shaped by the following points in particular.
249. First, Avanci's authority in relation to the SEP owners and their licences is circumscribed by the Master Licence Management Agreement (MLMA). In the MLMA, Avanci does not agree to fulfil any SEP owner's FRAND obligations. Indeed, the MLMA preserves each SEP owner's right to offer and conclude bilateral licences with implementers. There is no assumption by Avanci of the burden of the ETSI obligations; quite the contrary, the MLMA reflects a deliberate separation of the SEP owners' ETSI obligations owed to implementers (via the French law "*stipulation pour autrui*") from the deal struck by the SEP owners with Avanci permitting Avanci to offer their SEPs as part of a package on its platform.
250. Secondly, it follows that Tesla has a choice: it can take the Avanci 5G Platform licence at the offered rate; or, if it does not want to do that, it can negotiate a licence on FRAND terms with each of the SEP owners bilaterally. But Tesla cannot legitimately claim to be entitled to the benefit of FRAND terms *as part of* the 5G Platform licence granted by Avanci. This is to claim the "best of both" – which to Tesla is doubtless commercially attractive, but which is quite simply not on offer. These are two commercial alternatives; they cannot be combined.
251. That separation is illustrated, if any illustration were needed, by the fact that Tesla has reached a bilateral agreement with L1, whose SEP licences are amongst those offered by Avanci as part of its 5G Platform licence, at the same time as engaging with Avanci about the price of its Platform licence. This shows that the bilateral route remains open to Tesla. It is also illustrated by the "debacle" of the telecoms licences which led to multiple bilateral agreements having to be negotiated between SEP owners and implementers. This again shows that the bilateral route remains open to

Tesla. It was to avoid the complexity of multiple bilateral negotiations that Avanci devised the “one-stop” 5G Platform licence. Avanci’s product is not an implementation or variation of the ETSI arrangements to which the SEP owners are party. It is a completely different commercial offering by way of alternative. It follows that if Tesla wants the benefit of a SEP owner’s FRAND undertaking, it must pursue that entitlement against the SEP owner individually (as it has, in effect, done with L1).

252. Third, commercial convenience (or avoiding an impractical outcome or onerous process) is not in my judgment, even arguably, a basis on which FRAND terms can be required of Avanci, because Avanci is not party to the ETSI arrangements. If authority for that seemingly obvious proposition were needed, it is found in the Supreme Court’s judgment in *Unwired Planet* at [14] which emphasises the bilateral nature of the SEP owner’s obligations to an implementer:

“...the IPR Policy envisages that the SEP owner and the implementer will negotiate a licence on FRAND terms. It gives those parties the responsibility to resolve any disputes as to the validity of particular patents by agreement or by recourse to national courts for determination.”

253. Fourth, *Vestel* does not support Tesla’s case. In that case, like this appeal, the appellant could not point to any legal right to a pool licence (in that case from Access Advance, in this case from Avanci); but still declarations were sought that such licences should be granted on FRAND terms. Birss LJ dismissed Vestel’s appeal for reasons which are directly applicable here: there was no legal right in existence and Vestel’s claim was untethered to any legal standard (see para 79 of *Vestel*).
254. Fifth, I am not persuaded that the declarations sought would in any event meet the agreed baseline criteria of being useful and legitimate. Any declaration which the Court might make in its discretion following a trial would, in my view, be to the effect that Tesla had no entitlement to FRAND terms from Avanci. A declaration in those terms would not be useful because that conclusion can be delivered by a judgment of the Court at this stage without need of a trial. Further, I doubt that any declaration would serve a legitimate purpose given the poverty of Tesla’s case, set against the potential time, cost and complexity of the proposed litigation.
255. In my view, Tesla falls at the first hurdle because there is no serious issue to be tried. I would dismiss this appeal.