

EIP



High court holds on to jurisdiction in SEP cases

Introduction

The recent decision of the UK Supreme Court in the *Unwired Planet v Huawei*, and *Conversant v Huawei & ZTE* appeals which affirmed the UK court's jurisdiction to determine global FRAND licences in Standard Essential Patent ("SEP") disputes and to potentially injunct companies who do not accept those terms has made the High Court of England and Wales a growing destination for SEP litigation. The Supreme Court made it clear in its decisions that it did not believe that the jurisdiction to determine the terms of a global FRAND licence was an exclusively English one. Some defendants in SEP disputes before the High Court have recently, after being sued in the UK, begun proceedings in other jurisdictions and applied to have the UK case stayed on the basis that England is not the appropriate forum to hear the case or, in the alternative, requested a case management stay pending the determination of the FRAND issues in the alternative forum.

In two recent judgments *Koninklijke Philips N.V. v Xiaomi Inc & Ors* [2021] EWHC 2170 (Pat) and *Nokia Technologies OY & Anor v OnePlus Technology (Shenzhen) Co., Ltd & Ors* [2021] EWHC 2952 (Pat), the High Court has denied such applications and made it clear that absent rare or compelling circumstances the SEP proceedings will continue in the UK.

Background

In *Philips v Xiaomi* Philips had brought infringement proceedings in respect of UK patents and associated FRAND relief, Philips had also brought infringement proceedings in a

number of other countries. Xiaomi responded by bringing proceedings in France seeking, amongst other things, that the French court determine the terms of the FRAND licence between Philips and Xiaomi. Xiaomi then brought an application that the High Court should not exercise its jurisdiction as it is not the appropriate forum and defer to the French proceedings or alternatively the High Court should grant a case management stay pending determination of the FRAND issues in France. Xiaomi also brought an application that there was no serious issue to be tried on Philips' case but this was rejected by the judge as no basis for such an application.

In *Nokia v Oppo* Nokia had brought infringement proceedings in respect of UK patents and associated FRAND relief, Nokia had also brought infringement proceedings in a large number of other countries. Oppo had then brought proceedings in China seeking, amongst other things, that the Chinese court determine the terms of the FRAND licence between Nokia and Oppo, as well as a declaration that Nokia had breached such licence. Oppo then brought an application that the High Court should not exercise its jurisdiction as it is not the appropriate forum and defer to the Chinese proceedings or alternatively the High Court should grant a case management stay pending determination of the FRAND issues in China.

Forum Conveniens

The Court of Appeal in *Conversant v Huawei*, in a section which was approved by the Supreme Court, has determined that when a party brings proceedings for infringement of a UK SEP with attendant FRAND issues the dispute is correctly characterised as a claim for infringement of a UK patent and not some more general dispute. The Court of Appeal therefore held that given the claim is for infringement of a UK patent the question of forum answers itself.

In both *Philips v Xiaomi* and *Nokia v Oppo* the judges, Mr Justice Mellor and His Honour Judge Hacon respectively, followed the Court of Appeal's decision in *Conversant v Huawei* and therefore the application challenging the court's jurisdiction on forum conveniens ground was bound to fail. Neither the argument that the majority of the defendants' sales and manufacturing is in China nor that the French court is best placed to apply the French law ETSI FRAND undertaking were successful in overturning this. Both applications were therefore dismissed.

Case Management Stays

The Supreme Court in *Conversant v Huawei* indicated that it remains open for a party to

apply for a case management stay for either the FRAND part or the whole of the proceedings when there is parallel litigation in other jurisdictions.

The test, applied in both judgments, is that such a case management stay will only be granted if there are “rare or compelling circumstances”. This is an assessment by the judge on the particular facts of the case.

In *Philips v Xiaomi*, the court found that Philips patents were approaching their expiry date and the French proceedings were highly uncertain and would take over a decade. Therefore, there was no rare or compelling circumstance to grant a stay and therefore no stay would be granted. The judge’s reasoning was in part because it was important for the High Court to hear the trials before the patents expired.

In *Nokia v Oppo* the court found that the Chinese proceedings would take roughly the same amount of time as the UK proceedings, that there would be substantial justice in China with the Chinese court applying Chinese law to the FRAND undertaking and Nokia’s UK patents in suit had a large period of life left. Despite this the court found that the mere existence of another forum that would resolve the same issues did not point in favour of the granting of a stay and that the problem of parallel litigation is one caused by the contractual framework set up by the relevant standard setting organisation. The court therefore found that none of the arguments raised were of a rare and compelling nature and refused to order a stay of the proceedings.

Conclusions

These recent judgments make it clear that an application for a stay on a forum *conveniens* basis seems bound to fail, absent a successful appeal to the Court of Appeal, given that the High Court has said it considers itself bound by the Court of Appeal and Supreme Court’s characterisation of an SEP dispute. It remains to be seen if the Court of Appeal will look again at the characterisation of SEP infringement proceedings.

These judgments also make it clear that the test to be applied in respect of any case management stay is one of rare and compelling circumstances. The High Court does not regard the existence of an alternative forum as on its own constituting a rare and compelling circumstance. The judgments view the problem of parallel litigation being one that is caused by the frameworks set up by the various standard setting organisations, which it is for those organisations to resolve. It remains to be seen what the High Court will consider rare and compelling in any future application. Given the difficulty in English procedure in appealing case management decisions any application for a case management stay may well be determinative of the progress of proceedings for

infringement of a UK SEP.