



Neutral Citation Number: [2021] EWHC 131 (Pat)

Case No: HP-2019-000006

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

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

Date: Tuesday, 26th January 2021

Before:

MR. JUSTICE BIRSS
Remotely via Microsoft Teams

Between:

(1) OPTIS CELLULAR TECHNOLOGY LLC
(A company incorporated under the laws of the State of Delaware)
(2) OPTIS WIRELESS TECHNOLOGY LLC
(A company incorporated under the laws of the State of Delaware)
(3) UNWIRED PLANET INTERNATIONAL LIMITED
(A company incorporated under the laws of the Republic of Ireland)
- and -

Claimants

(1) APPLE RETAIL UK LIMITED
(2) APPLE DISTRIBUTION INTERNATIONAL
(A company incorporated under the laws of the Republic of Ireland)
(3) APPLE INC
(A company incorporated under the laws of the State of California)

Defendants

MS. ISABEL JAMAL and MS. JENNIFER DIXON (instructed by **EIP Europe LLP and Osborne Clarke LLP**) for the **Claimants**
MR. MICHAEL BLOCH QC and MS. SARAH LOVE (instructed by **Wilmer Cutler Pickering Hale and Dorr LLP**) for the **Defendants**

Approved Judgment

Transcript of the Stenograph Notes of Marten Walsh Cherer Ltd
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MR. JUSTICE BIRSS:

1. This is a dispute about telecommunications standard essential patents and FRAND. It is an application by the defendant, Apple, to vary a case management order I made on 27th July, 2020. The order was to schedule a new trial, called Trial F, to be heard in July 2021. At that stage, in July 2020, the proceedings had been managed as a series of technical trials, A-D, starting with Trial A to take place in October 2020, and a FRAND trial, Trial E, to settle the terms of a FRAND licence scheduled in June 2022. The new trial was to be called Trial F. Essentially, Trial F was put in to resolve the issue of whether Apple is or is not a willing licensee.
2. Trial F arose as follows. In July 2020, Optis contended that Apple was not a willing licensee because it had not committed to enter into whatever licence the court settled was FRAND, in the absence of agreement and assuming Optis had valid and essential patents. The immediate significance of that in July 2020 was the imminence of Trial A in October. Trial A was about a patent which had already been litigated and found valid and essential in *Unwired Planet v. Huawei*. Apple were entitled to challenge validity and infringement again. The patent was also due to expire in October 2020, shortly after the trial. Optis pointed out that if the court found the patent was valid and infringed as it had before, then no doubt Apple would say that there should be no injunction pending Trial E. However, Optis pointed out that by the time of Trial E the patent would have expired so, in effect, Apple would have avoided an injunction in October 2020, despite not taking a licence, because it had not committed to do so. That lack of commitment illustrated Optis' submission that Apple was an unwilling licensee. Although the logic applies to Trial A, it also applied generally. If Apple is not a willing licensee within the FRAND system, then the argument goes that Apple cannot at the same time require Optis to be bound by its FRAND undertaking to ETSI. The point is of profound significance to the parties.
3. There is no need to get into the merits at this stage. Apple hotly disputes the merits of Optis' case that Apple is an unwilling licensee. I held in July that Optis' case was properly arguable.
4. An important dimension to this is that the status of Apple as an unwilling licensee is logically prior to questions like resolving the terms of a FRAND licence. That is because, as I have already explained, if Apple is an unwilling licensee, then Optis is not bound by its FRAND obligations vis-à-vis Apple. Another reason for scheduling Trial F as I did was to promote settlement. Although the imminence of the injunction following trial was an important part of that, it was not the whole of it. Despite Apple's protestations, it clearly would be a major blow to Apple and its stance for the court to find that it was an unwilling licensee. There was, I thought, a tangible likelihood that the case would settle at that stage and bring this whole dispute to an end.
5. I also recognised then, and recognise now, the significance and the sums of money at stake in these proceedings. The possibility of a global licence between Apple and Optis is economically very significant and that bears on all questions of proportionality.
6. Apple insist on calling these unwilling licensee points Optis's "new claims". It is true that the explicit pleading that Apple was an unwilling licensee was newly inserted by an amendment in the summer of 2020. However, it is not a very useful description, not least because the general topic of which it is part was already in the case arising from a

plea by Apple itself about an interim licence. That was a point that Apple had taken in its FRAND Statement of Case, before Optis had raised these so-called new claims. That interim licence point made little sense to be decided at Trial E, and that was one of the reasons why it was put into Trial F.

7. After the July order, and a September case management order, the next thing that happened was the October trial, Trial A. At that trial, the patent was found valid and infringed. Also at that stage, Apple and Optis agreed undertakings to deal with the injunction problem which I have already described. Therefore, there was no injunction. The undertaking by Apple is one to take a FRAND licence settled by the court. However, it is subject to two conditions. One condition is that if the court later decides that Apple was entitled to enforce the ETSI undertakings against Optis without giving this undertaking, then it does not apply. That was A(1). The other, so-called A(2), is that it also does not apply if the court decides that Apple is not entitled to enforce the ETSI undertaking.
8. The next step took place on 8th December. At that hearing, Apple applied to reschedule Trial F to have it heard at the same time as Trial E. The argument was that there was a material change of circumstances -- that is the conditional undertaking -- and that meant that there was no good reason now for Trial F to take place in advance, and it was better that it was done at Trial E. Optis resisted that. I heard the application on that day.
9. Also tangled up with it was another attempt by Apple to refer questions to the Court of Justice of the European Union. Apple had rushed into the application to reschedule Trial F, and the arguments about the significance of the conditional undertaking and its effect on Trial F were confused. It dawned on me during the hearing that there was no pleading by either party about the alleged impact of the conditional undertakings on the issues at Trial F, and there ought to have been. So I adjourned the hearing for the matter to be properly pleaded out.
10. The matter was properly pleaded out by the parties in pleadings first exchanged on 17th December from one party and on 8th January in reply. The pleadings are reasonably clear. This hearing that I am giving judgment in relation to is the resumed hearing of this application.
11. I remind myself of the test to be applied. The leading case on the topic is *Tibbles v. SIG Plc*, [2012] EWCA Civ 519. Summarising enormously, what is required, at any rate in a case like this, is for there to be a material change in the circumstances in order to engage the court's jurisdiction to vary a previously made order of this kind.
12. At times during the arguments the case appeared to be being approached as if the test operated in two stages. The first stage was to look for a new factor which could be called material in the sense that it would have played a part in the balance on the first occasion. Then, second, if such a thing was to be found, the approach was then to carry out a *de novo* assessment of the decision that had been made in July. At times, I have to say it felt like I was hearing an appeal from my decision in July, and that is despite the fact that the Court of Appeal had already refused permission to appeal from that order.
13. It is not clear to me whether either party really did contend that that approach that I have described was the right one but, in any case, in my judgment that approach is not

the right approach following *Tibbles*. The materiality of the change is not judged in that way. It would be a relatively low hurdle. It would in effect be a preliminary gateway whereby if it then opened one then goes on and re-decides the entire case *de novo*.

14. The correct approach is that when assessing materiality there must be a relationship between the change in circumstances relied on and the conclusion reached, in this case, to list Trial F separately. In saying that, I am following the judgment of Jefford J in *Processing Centre v. Pitney Bowes*, [2012] EWHC, 3903 (QB), In particular I agree with the following sentence, which is part of paragraph 25:

"Rather, the question I should ask myself is whether the change in circumstance is such that it seems to me either that Slade J would have reached a different conclusion or that it is such that in my judgment the injunction must be varied."

15. I will approach this application by asking if the change relied on makes a sufficient difference to justify changing the order made. In other words would it, taking all the circumstances into account, justify rescheduling Trial F to be heard with Trial E.
16. Part of that analysis inevitably involves asking the question today, and not trying to reconsider what would have been done in July. That is because the circumstances today are that Trial F is in the diary and the parties have been working towards it. I should say, however, that this aspect is not a particularly significant difference between the position today and the position in July. However, as a matter of principle that must be right.
17. I address the merits. Both sides have submitted elaborate arguments about this issue and the impact of the conditional undertaking. The conclusion is clear enough. It is quite apparent that the conditional undertaking does indeed affect the arguments about whether Apple is a willing licensee. However, in my judgment it is not necessary to delve into this in any depth because the important conclusions which matter are also clear.
18. The first is that the undertaking does not change the character of the unwilling licensee issue from one which is logically prior to the FRAND issues at Trial F. Moreover the issue remains one which falls to be decided in this case, come what may.
19. Second, Optis' case that Apple is an unwilling licensee is, in my judgment, properly arguable, and that includes its case based on Apple's activity before the conditional undertaking was given. Apple's case, that it is not an unwilling licensee, is also properly arguable, and it has a perfectly properly arguable case that it is entitled to enforce the ETSI obligations against Optis. Both sides' cases still are arguable, just as they were before the conditional undertaking was given. Neither side has a knock-out.
20. Putting it another way, neither party can say that the conclusions of Trial F either way are a foregone conclusion. This is not a strike-out application, and I am not going to approach this by weighing the relative strengths of various arguments one against the other or assessing those sorts of likelihoods.

21. Moving on from that, I also observe that this overall dispute is one which has already been split into multiple trials.
22. The issues at Trial F remain separable from the issues at Trial E. Nevertheless that is, as Mr. Bloch pointed out, a necessary but not sufficient condition for hearing the issues at Trial F on a different occasion.
23. Next, in my judgment, Trial F itself can be prepared for and heard fairly, standing today and looking at it, at the end of January 2021. The conditional undertaking makes no difference to that.
24. It seems to me that a decision that Apple is an unwilling licensee, by a trial taking place in July 2021, has a tangible value in case management terms. Despite Apple's protestations, in my judgment there is a tangible chance that a conclusion that it is an unwilling licensee will promote the settlement of this dispute as a whole. I am not persuaded, for example, that the existence of the free-standing competition law claims makes much difference to that assessment. Of course, I recognise that Apple contends it is not an unwilling licensee. However, it is plain that Apple wishes to avoid being characterised as an unwilling licensee, and if the court did decide those points in Optis' favour, it would be a major blow to Apple and to its stance in this litigation. The converse is also true. If Apple's conduct referred to means that it is not an unwilling licensee, then that will be a significant blow to Optis and will have an effect on its stance in this litigation as well.
25. Another way of looking at it is this. Trial F may produce a result that means that it is clear, in a way that it is not now, that the only possible outcomes of these proceedings are either injunctions to restrain patent infringement or that Apple takes a court-determined FRAND licence. That would have enormous significance for the parties and increase the chances of settlement.
26. I should say that I do not agree with the significance Apple attributes to a point it makes, which is no doubt true, that the parties are currently far apart on the specifics of what FRAND terms. It is said to mean that there is no prospect of a settlement following Trial F. That submission understates the importance of the willing/unwilling licensee question for both sides.
27. The significance of all this is that if there were a settlement, then there would be no need for further trials, and that would be of enormous benefit to the parties in terms of costs and expense, and to the administration of justice.
28. I do not, and did not before, look at this from the point of view of how the later trials and appeals would be managed after Trial F if there is no settlement going forward. Apple made the point that if the patent does not settle, then Trial E may need to continue as it would have done anyway, even if Apple has lost on Trial F. That may be so. Working out the consequences of the way forward at any given stage is not necessarily all that straightforward, but it is not a justification for rescheduling the case now, given the conditional undertakings.
29. Standing back, in my judgment, this change in circumstances is not one which means that the re-listing order should be varied. It is not a material change in that sense.

30. Also, if I look at it by just applying the overriding objective generally to deal with cases justly and at proportionate cost, what remains is the following. These issues need to be decided. They are logically prior and distinct from the issues in Trial F. The conditional undertaking did not change that. There is no serious prejudice to Apple in approaching the case this way as I arranged it in July 2020. It can be done by Apple's legal team, and I will dismiss this application.

(For proceedings, see separate transcript)

31. It now falls for me to decide what to do about the summary assessment of costs, if I am to do that. I have awarded costs to the successful party on this application, i.e. Optis. Optis have produced two statements of costs, one relating to the position up to the first time this matter came before the court, which was 8th December, when it was then adjourned, and then a second one dealing with the costs of the matters since then, leading up to the hearing today when it was finally decided.
32. The total sum claimed by Optis is about £180,000 for what is a case management hearing. Ms. Love, who appears for Apple, makes the submission that that is a very high sum of money and I should take that into account in accepting her first point, that this is not fit for summary assessment.
33. It is notable that Apple themselves have not produced any statements of costs in this matter. I gather that is because of the way the billing is organised within Apple's legal team. Of course, one does not simply weigh each party's costs against each other, but it is a striking thing that a party, by not producing any statement of costs, does not have to worry about a judge looking to see how much they spent on the application, in order to get a sense of how much the other party thought was worth spending on the applications.
34. I am bound to say I would be very surprised if the amount of money incurred by Apple in costs relating to this application was significantly different from the amounts incurred by Optis. That, of course, does not mean that the court should simply sanction that kind of spending in matters of this kind, but it reflects the fact that this is a piece of litigation of enormous significance commercially for both parties. A potential prize for Optis is to bind Apple into a global licence under Optis's telecommunication patent portfolio which is worth a very large sum of money. This is reflected in the hard-fought way in which every single application in this case ever comes before the court, the enormous evidence that is produced on these matters and the great detail with which every point is argued.
35. In saying all these things, I am not necessarily sanctioning the spending £180,000 on an argument about re-listing a trial, but what it does put into context is the overall amount of money being spent on this litigation.
36. However the fact that the costs claimed amount to £180,000 is not in itself a sufficient justification for not conducting a summary assessment. Nor, since I am dealing with this point now, am I satisfied that any of the extra information provided by answers to questions given by Ms. Jamal in the course of her submissions by instructions amount to justifications for not summarily assessing the costs.

37. The hourly rates are not out of line for a specialist commercial patent case of this kind. Nor is the amount of time spent on this application unlikely. I am not surprised that the sums claimed represent what was spent in this litigation. If the court cannot summarily assess a bill when it is based on what was actually spent, then something is wrong with the system of summary assessment, and I do not believe there is something wrong with it.
38. I will perform a summary assessment.
39. The first detailed point I have to address is the parallel application which was made by Optis and was dropped before the hearing on 8th December. Ms. Love submits that I should take it into account in various ways as a kind of offset. However that is not possible in the absence of any statement of costs from Apple. However what I will do is make an order that Apple's costs of that application will be paid by Optis and they will be assessed if not agreed. That is the way in which I propose to deal with that.
40. The next matter is to deal with the costs in the statement for the 8th December hearing. The total claimed is £99,000. Based on what is said in that document coupled with the explanation provided on instructions by Ms. Jamal, it is apparent that in the statement general costs, that is to say costs which were attributable to both of the two applications, have been apportioned 80:20. That involves assigning 80% for the costs of Optis' resistance to Apple's application, and 20% relating to Optis' costs of its own parallel application. Ms. Love submits that there is no good justification for that and points to Trenton 13, which is one of the documents referred to in the costs statement. That is a witness statement of Mr. Trenton who is one of the solicitors on the Apple side. Ms Love submits that the statement clearly deals with both applications and contends that there does not appear to be a good reason for splitting the matter 80:20. I agree. I will approach this as best I can on the footing that the only fair way of doing it is to operate on a 50:50 split for the costs up until the hearing of 8th December, at least in relation to the general costs.
41. I conclude that the total that I should be starting from, doing my best, should be £85,000. I am treating that as the total, taking into account that I am applying a 50:50 split on the general costs instead of the 80:20. I should make it clear, in case anyone thinks otherwise, that it is not entirely obvious to me which are general costs in this bill and which are not. This figure is based on me making an assessment as best I can.
42. The rates I have mentioned already. A point which applies generally is the presence of Ms. Arty Rajendra and Mr. Gary Moss as grade A fee-earners in both bills. The point made by Ms. Love is that Ms. Rajendra is in a different firm and it is not obvious why there has not been duplication as between the two individuals. Ms. Jamal answered that, explaining that Ms. Rajendra was acting in this litigation and has done for a number of years, wearing, as it were, a competition law hat, whereas Mr. Moss wears, as it were, a patent law hat. That is a plausible justification and I am not satisfied that I should make any deduction for the fact that there are two grade A fee-earners. It is not obvious to me that there has been significant duplication. Again, I bear in mind the significance and magnitude of the issues in this case.
43. I turn to the second costs schedule, dated 26th January. That is the one for this hearing. It claims a further £82,000. There is a point on the pleadings. The 8th December order required the parties to produce pleadings, and the costs of those pleadings are claimed

in the second costs schedule. Ms. Jamal justifies that on the basis that some of the material in the pleadings themselves relates specifically to the re-listing application, which this was about, and not only to the merits of the points (which would be a matter for trial). I do not doubt that that is so but, in my judgment, those costs ought to be attributable to the action as a whole, that is to say, the Trial F action, and not to the application. I will make a deduction for the costs of these pleadings. That is never going to be perfect because not all of those costs can readily be seen. However, for example at page 6 of the 26th January statement of costs, there are costs which are attributable to the pleadings which come to, by my eye, about £3,000 odd. I rather think that is not the total attributable to the pleading, but I will take it into account.

44. A point was made that there appeared to be three hearings. Ms. Jamal explained that. There are, in fact, three counsel at this one hearing. I am not satisfied that three counsel should be accepted on a summary assessment. I can see that this is a hearing which required two counsel. Apple appeared with Mr. Bloch and Ms. Love. I will allow two but not three. I will make a deduction to take that into account as well. By my estimate, that is about £8,000 worth of counsel's costs. It is the most junior of the three that I will deduct.
45. There was also a point that Ms. Jamal made where she pointed out that the estimate of the length of this hearing was based on the assumption that it would be a day, and it has been less than a day. I need to make a deduction for that. I agree with that, and I will deduct a sum accordingly. I will deduct £3,000.
46. By my calculations, if I start from the £85,000 which replaces £99,000 and then add £82,000, that comes to £167,000. I then deduct 3 and 3 and 8, which sums to 14, that produces £153,000. Standing back, it still seems high to me, even regarding the significance of the issues in this case. Taking matters overall, and doing the best I can, I will allow a total sum of £130,000. That is my decision.

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