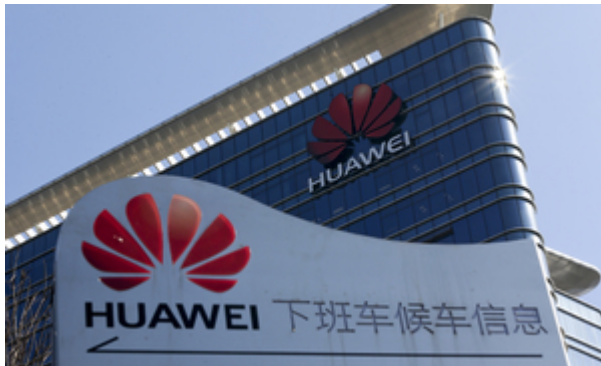


English Courts Can Set Global SEPs Rates, Top Court Rules

By **Bonnie Eslinger**

Law360, London (August 26, 2020, 10:05 AM BST) -- The U.K. Supreme Court ruled on Wednesday that the English courts have the power to set global licensing rates for multinational patent portfolios under European telecom standards, a landmark ruling that could make the country a litigation destination.



The much-anticipated patent battle began when a U.S. patent-licensing company brought proceedings in England against Huawei. (AP Photo/Andy Wong)

The justices affirmed decisions made by the lower courts, which found that a judge in England can grant an injunction against a company that infringes on a standard essential patent, or SEP, in Britain if the offender does not agree to global license rates for the patent portfolio on "fair, reasonable and non-discriminatory" terms set by the court.

The Supreme Court's deputy president, Justice Patrick Hodge, delivered the judgment on Wednesday morning. He said that the court dismissed the appeal by Huawei Technologies Co. Ltd. in Unwired Planet International Ltd.'s suit, which accuses the Chinese technology giant of infringing several patents connected to 3G and 4G wireless communication standards.

The High Court found in 2017 that two Unwired patents were **valid and essential** to the standards. The judges concluded that Huawei had to agree to worldwide licensing terms set by the court — or be **blocked from selling** the infringing products in the U.K. The ruling was upheld on appeal.

The Supreme Court acknowledged that national courts still have the responsibility to decide whether an individual patent was valid or had been infringed. But the justices concluded that the European Telecommunications Standards Institute's intellectual property policy allowed for the English courts to set global rates. Experts said that could lead the U.K. to **become the go-to jurisdiction** to resolve SEP disputes

"The court holds that, as a result of the contractual arrangements in the ETSI intellectual property policy, the courts of England and Wales has jurisdiction and may properly exercise the power without the parties' agreement to grant an injunction to restrain infringement of a U.K. patent, an SEP, unless the implementer enters into a global license of a multinational patent portfolio and to determine the royalty rates and other terms of that license," Justice Hodge said.

The justices concluded that the institute's policy "empowers a national court to decide what terms are FRAND [fair, reasonable and non-discriminatory] based on commercial practice in the real world," he added.

Huawei had argued that the English courts do not have the jurisdiction to determine the terms of a license for a potentially disputed foreign patent. The court agreed but said the lower courts had not done that in this case.

A company concerned about the validity of a patent in a SEP portfolio could still challenge that patent and seek to have the royalties reduced, the court said.

"Huawei suggests that it would serve no purpose for a U.K. court to fix the terms of a global license but to provide for the alteration of royalties in the event of successful challenges to declared SEPs overseas. This would, it suggests, reduce a license to an interim license... we disagree," the written judgment says.

The court also rejected Huawei's contention that the English courts are out of step with other jurisdictions.

"We recognize that [the lower court judge] has gone further than other courts have done thus far in his willingness to determine the terms of a FRAND license which the parties could not agree, but that does not involve any difference in principle from the approach of courts in other jurisdictions," the Supreme Court ruled.

Counsel for Huawei argued at a **four-day hearing** before the U.K. Supreme Court in October that a single national court should not be able to set the terms for a **global patent license**. The Chinese company argued that doing so essentially forced companies to give up their foreign rights.

But Unwired argued that it is not practical to allow a company that wants to use an owner's essential patent to bring proceedings in "each and every" country, possibly on more than one patent.

Unwired Planet's case before the Supreme Court is joined with proceedings that raise similar questions about global licensing rates. They are brought by Conversant Wireless Licensing SARL against Huawei and Chinese telecom giant ZTE Corp.

The Supreme Court on Wednesday also dismissed the appeal filed by Huawei and ZTE in this matter.

Unwired Planet told Law360 that it was pleased with the decision.

"Unwired Planet and its other PanOptis-related companies believe that global licensing is the most efficient and effective solution for both licensors and licensees," it said.

Unwired Planet's attorney Andrew Sharples, a partner with EIP Europe LLP, said the ruling provides a route for SEP owners to get a fair return on their patents.

"For too long, implementers have been able to hold out and avoid paying royalty fees for the technology they're using, either through protracted negotiations, protracted litigation or both," Sharples said. "The court's recognized that and sought to balance the interest of access to technology with the rights of patent owners to get a fair return."

Huawei's attorney Peter Damerell, a partner with Powell Gilbert LLP, called the ruling good news for patentees.

"Implementers will have to consider the decision very carefully and think about the impact that it has on their strategies for trying to resolve FRAND licensing disputes," Damerell said.

ZTE attorney Myles Jelf, co-head of patent litigation at Bristows LLP, said that if other international courts start making similar determinations to those made by the Supreme Court, "we will very likely see a rise in jurisdiction challenges debating which of the competing courts is best placed to rule."

Allen & Overy, which represented Huawei on the Unwired and Conversant appeals, declined to comment. Counsel for Osborne Clarke LLP, which represented Unwired, did not immediately respond to a request for comment.

Justices Robert Reed, Patrick Hodge, Jill Black, Michael Briggs, Philip Sales sat on the panel that issued Wednesday's decision.

Unwired Planet is represented by Adrian Speck QC, Isabel Jamal and Thomas Jones of 8 New Square and Sarah Ford QC of Brick Court Chambers, instructed by EIP Legal and Osborne Clarke LLP.

Conversant is represented by Adrian Speck QC, Isabel Jamal and Thomas Jones of 8 New Square, and Sarah Ford QC and Colin West of Brick Court Chambers, instructed by EIP Legal.

Huawei and Conversant are represented by Mark Howard QC of Brick Court Chambers, Daniel Alexander QC and Andrew Lykiardopoulos QC of 8 New Square, Henry Forbes Smith of One Essex Court, and James Segal QC of Blackstone Chambers, instructed by Allen & Overy LLP (London) and Powell Gilbert LLP.

ZTE is represented by Michael Bloch QC of Blackstone Chambers, instructed by Bristows LLP.

The cases are Unwired Planet International Ltd. v. Huawei Technologies (UK) Co Ltd. and Huawei Technologies Co. Ltd. v. Conversant Wireless Licensing SARL, case numbers UKSC 2018/0214 and UKSC 2019/0041, in the Supreme Court of the United Kingdom.

--Additional reporting by Ryan Davis. Editing by Ed Harris.

Update: This story has been updated with additional detail from the judgment and comment.

Correction: A previous version of this story misstated which party Osborne Clarke represented in one instance. The error has been corrected.