



Case No: HP-2019-001

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

Neutral Citation Number: [2020] EWHC 2641 (Pat).

Royal Courts of Justice
The Rolls Building
Fetter Lane
London EC4A

Date: 09/10/2020

Before :

Sir Alastair Norris

Between :

- | | |
|--|--------------------------|
| (1) Mitsubishi Electric Corporation | <u>Claimants</u> |
| (2) Sisvel International SA | |
| - and - | |
| (1) Archos SA | <u>Defendants</u> |
| (2) Sun Cupid Technology HK Ltd | |
| (3) NUU Mobile UK Ltd | |
| (4) OnePlus Technology (Shenzen) Co Ltd | |
| (5) OPlus Mobiletech UK Ltd | |
| (6) Reflection Investment BV | |
| (7) Guandong Oppo Mobile Telecommunications Corp Ltd | |
| (8) Oppo Mobile UK Ltd | |
| (9) Xiaomi Communications Ltd | |
| (10) Xiaomi Inc | |
| (11) Xiaomi Technology France SAS | |
| (12) Xiaomi Technology UK Limited | |

Sarah Abram and Michael Conway (instructed by **Bird & Bird LLP**) for the Claimant

Daniel Piccinin (instructed by **Taylor Wessing LLP**) for the Fifth, Sixth and Eighth Defendants

Colin West QC (instructed by **Kirkland & Ellis International LLP**) for the Ninth to Twelfth Defendants

Nicholas Saunders QC (instructed by **Eversheds Sutherlands LLP**) for two counterparty companies (“X” and “Y”) (intervening)

Hearing date: 22 September 2020

APPROVED JUDGMENT

I direct that pursuant to CPR PD 39A para 6.1 no official shorthand note shall be taken of this judgment and that copies of this version as handed down may be treated as authentic.

Covid-19 Protocol: this judgment is to be handed down by the judge remotely by circulation to the parties’ representatives by e-mail and by release to Bailii. The date for hand-down via e-mail is 10.30am on 9 October 2020.

Sir Alastair Norris:

1. This litigation concerns standard essential patents (“SEPs”) in the mobile telecommunications field. Because a true valid SEP is essential to compliance with the agreed standards in the field, the producer of a product complying with the standard (“an implementer”) must either infringe the patent or become a licensed user of it. Proprietors of declared SEPs must undertake with the organisation that sets the standard to grant licences to implementers on terms that are fair, reasonable and non-discriminatory (“FRAND”). The object of this undertaking is to secure a proper reward for the innovation embodied in the patent whilst avoiding the possibility of the SEP owner holding implementers to ransom, and at the same time preventing unscrupulous implementers from exerting economic pressure on the owners of SEPs by dragging out negotiations.
2. In simple terms the First Claimant (“Mitsubishi”) is the proprietor of two of the three SEPs with which the case is concerned; the Second Claimant (“Sisvel”) is the proprietor of the third and it administers all three. The SEPs relate to the 3G and 4G standards in mobile telecommunications. They are not the only SEPs that an implementer would need to make a 3G or 4G compliant mobile device. The three particular SEPs with which this litigation is concerned (“the Relevant SEPs”) form of part of a portfolio containing other such SEPs in different ultimate ownerships (“the MCP Pool”). The MCP Pool contains about 1000 patents, grouped in about 150 patent families and in 10 different ownerships.

3. The Defendants are implementers who do not have licences to use the Relevant SEPs. The Fifth, Sixth and Eighth Defendants are one such related group of implementers (“the Oppo Defendants”). The Ninth to Twelfth Defendants are another such group (“the Xiaomi Defendants”). As well as being implementers they are themselves the owners of SEPs (some of which they have purchased by assignment) and potential licensors of those SEPs.
4. The Claimants say that the Defendants are infringers against whom they are entitled to injunctive relief to prevent infringement of the Relevant SEPs but to whom they are willing to grant FRAND licences to the MCP Pool. They ask for royalty rates on a “per unit” basis, with differing rates for 3G, 4G and multimode devices. The Claimants have already granted 23 such licences; and they say that from those 23 licences it can be demonstrated that the MCP Pool licence which is available to the Defendants is offered to them on FRAND terms. They further say that it would be relevant to that issue to know upon what terms the Oppo Defendants and the Xiaomi Defendants have themselves taken licences of other SEPs.
5. The Defendants
 - i) Challenge the jurisdiction of the Court (save for the Fourth and Seventh Defendants);
 - ii) Deny that they are infringing implementers;
 - iii) Dispute that the terms offered to them are FRAND;
 - iv) Assert that the nature of the counterparties to the existing 23 SEP licence agreements (who are said to be below “mid-size” operators)

means that their terms do not demonstrate what would be FRAND terms for counterparties such as the Defendants (Xiaomi claiming to be the fourth-largest smart phone manufacturer in the world);

- v) Intend to argue that the Claimants are implementing a strategy of securing agreements with “minor players” in order to establish an unrealistic “headline royalty” to be used as a baseline for negotiations with major players;
- vi) Argue that licences to portfolios *other* than the MCP Pool may be relevant in principle and might shed more light on the value of the MCP Pool than the 23 licences relied on by the Claimants;
- vii) Argue that it is not fair, reasonable and non-discriminatory to require the Defendants to take a licence of the entire MCP Pool rather than of the Relevant SEPs (or the relevant individual portfolios of the Claimants) alone.

Issue (i) will be disposed of either by agreement in the light of the judgment of the Supreme Court in Unwired Planet [2020] UKSC 37 or at a separate hearing: and until it is disposed of the statements of case are treated as served in draft. Issue (ii) will be determined at two technical trials in December 2020 and March 2021. Issues (iii) to (vii) will be disposed of at a “FRAND” trial provisionally listed for October 2021. The “FRAND” trial has generated separate statements of case. The statements of truth on the pleadings concerning the “FRAND” issues of both the Oppo Defendants and the Xiaomi Defendants have been signed by their respective solicitors, with their authority.

6. In the draft statements of case issues (iii) to (vii) are pleaded in fairly non-specific terms. The Claimants requested that they be pleaded more fully, in particular whether the Oppo Defendants and the Xiaomi Defendants intended to advance positive cases as to what *would* be FRAND terms (especially as to payment for a licence by way of royalty).

7. Royalty payments under FRAND agreements are assessed using various methodologies. They are summarised in the judgment of the Supreme Court in Unwired at paras [42] and [43]. That advanced by the Claimants (and challenged by the Oppo Defendants and the Xiaomi Defendants) utilises comparable licences. SEP licences will take many forms. They may involve a premium payment, or a fixed periodic fee, or a fixed or weighted royalty payment per product sold; they may have been granted at below their true market rate in order to secure some collateral advantage (e.g. the “first mover” advantage in a new market); they may involve the grant of a cross-licence; they may be global or have excepted territories or be restricted to particular territories, or reflect the competition policies of licenced territories; or they may relate to a whole portfolio or to elements within a portfolio (including elements which are not real SEPs). So they have to be deconstructed (or “unpacked”) by experts, generally not with the object of valuing individual patents (or the importance of individual inventions) but with a view to valuing the licensor’s portfolio relative to the industry as a whole and to other licensors by utilising “portfolio strength metrics”. The process is not the same as that employed (for example) in assessing the rent payable under a renewed commercial lease by reference to comparables. Individual licences are the raw material for sophisticated expert analysis and although many may be disclosed

as part of the litigation process ultimately few will require detailed consideration at or before trial.

8. The response of the Oppo Defendants and the Xiaomi Defendants to the Claimants' request for specificity in pleading any positive case was to say that this was not possible until disclosure had been given of all relevant licences and assignments (in addition to those provided under initial disclosure).
9. At a case management hearing before Mann J on 22 July 2020 the following regime was established (in part by agreement and in part by determination):-
 - i) The Defendants were ordered to file (by 16 October 2020) amended FRAND statements of case particularising any positive case they intended to advance;
 - ii) If the Defendants intended to advance a positive case based on comparable agreements they must (i) identify and disclose any licences upon which they relied on their side and (ii) give full and detailed particulars of any reliance placed on any documents disclosed to them by the Claimants;
 - iii) The Claimants were ordered to provide disclosure and inspection (by no later than 10 August 2020) of "copies of licences where the rights licenced *include any of the patents in the MCP Pool* (other than on the terms of the MCP Pool Licence)..." and "copies of agreements...entered into by the Claimants or either of them or any of their affiliates...under or pursuant to which *patents or patent*

applications comprised in the MCP Pool or rights or interests therein were assigned...” (emphasis supplied);

iv) The Claimants could apply to such disclosure a confidentiality designation and the Defendants could challenge that at a hearing.

10. The available confidentiality designations were established by a Confidentiality Order also made by Mann J on 22 July 2020. They were:-

i) “Attorney’s Eyes Only (or “AEO”) which could be seen by only the lawyers and experts in the AEO club for the purpose of the proceedings or any settlement of any aspect;

ii) “Highly Confidential Material” (or “HCM”) which could only be disclosed to, discussed by or otherwise communicated to those in the HCM club and only for the purpose of the proceedings or any settlement of any aspect;

iii) “Ordinary Disclosure Materials” governed simply by the CPR disclosure rules;

The Confidentiality Order recognised that this would mean that “not all parties to the Proceedings will be permitted to have access to all of the Materials”; and it also recognised that it would impact upon the attendance of the public and of a party’s employees at any hearing.

11. The AEO club was to consist of individual English qualified lawyers from the receiving party’s solicitors and counsel having the conduct of the proceedings (including trainees, paralegals and support staff) (“the English legal team”),

expert witnesses and consultants who had a legitimate need to receive AEO material for the purpose of providing expert evidence, and litigation support vendors; but it specifically excluded foreign lawyers instructed in a legal capacity (other than giving expert evidence on foreign law) and also employees of the receiving party or any entity that was a licensee or licensor of cellular SEPs.

12. The HCM club was to consist of the AEO club, plus two representatives of the receiving party (who might be its employees) approved by the disclosing party, such approval not to be unreasonably withheld. Either the receiving party or the disclosing party could apply to the Court to resolve any dispute. The English legal team and the experts (but not the party representatives) from party A could discuss with (but not disclose to) the English legal team and experts of party B any HCM disclosed to both party A and part B: subject to that HCM disclosure remained within silos.

13. A detailed and specific statement of case referring to disclosed material could incorporate in the body of the pleading the identity and material terms of documents in the Ordinary Disclosure Material upon which reliance was placed, giving full and detailed particulars of that reliance. The party would either sign or authorise the signature of the statement of truth in full knowledge of its contents. The statement of case could have annexed to it a First Confidential Schedule pleading the identity and material terms of the relevant HCM disclosure and the nature of the reliance upon it with like particularity: and the party would sign or authorise the signature of the statement of truth in the knowledge that its appointed internal representatives

had knowledge of its contents. The statement of case could then have annexed to it a Second Confidential Schedule pleading the identity and material terms of the relevant AEO disclosure and the nature of the reliance upon it with like particularity: and the party would have to sign or authorise the signature of the statement of truth in ignorance of its contents and in reliance upon the selection, analysis and arguments of its external advisers, knowing that it would not be able to see or to discuss with its lawyers this part of its case or be present at the hearing when it was argued.

14. Under this regime the Claimants disclosed 150 documents of which (after adjustment) 35 are AEO and the remaining 115 HCM. (There is also a document which although disclosed earlier has been redesignated “AEO”: so there are 36 AEO documents in all). They contain information confidential to the Claimants and to their counterparties and of the utmost commercial sensitivity, information that would not be available in a commercial arm’s length negotiation between the Defendants on the one hand and the Claimants or their counterparties on the other. The Confidential Witness Statement of the solicitor for the X and Y companies demonstrates that such is the value of such confidential information that even the most stringent arrangements are not proof against leaks; that inadvertent revelation is a reality; and that once revealed, such information cannot be recovered or controlled and can result in an informational asymmetry between negotiating parties (one of whom knows the other’s confidential information, but without reciprocity) which has both immediate and permanent consequences, both for the parties themselves and across the market at large.

15. Under machinery established in the July case-management orders the Oppo Defendants seek the redesignation of 6 AEO documents (with 4 different counterparties) as HCM and the inclusion within the HCM confidentiality clubs of three individuals to whom the Claimants object; and the Xiaomi Defendants seek the wholesale redesignation of all AEO documents as HCM. A fourth application (by the Claimants for disclosure of the Defendants' licences) has been disposed of by agreement. I will deal with the "live" applications in turn.

The Oppo application for redesignation

16. By letters dated 7 and 14 September 2020 the solicitors for the Oppo Defendants gave notice of a desire to discuss with their clients six specified AEO documents (identified by reference to their disclosure numbers). They are bi-lateral licences of a sub-set of the MCP Pool, granted to four well-resourced counterparties, and not containing any cross-licences. The Claimants do not agree.
17. The disclosure of documents on an AEO basis is not grounded in the CPR: it is generally the product of the agreement of the parties in the particular case, and rests upon their adoption of arrangements that have evolved as pragmatic answers in other cases to meet the need described by Aldous J in Roussel Uclaf [1990] RPC 45 at p.49 in these terms:-
- "The object to be achieved is that the applicant should have as full a degree of disclosure as will be consistent with the adequate protection of the secret."
18. The role of the Court in implementing the essentially consensual arrangements of the parties is to decide how that objective is best achieved. The authorities

relevant to such arrangements (including in particular the decision of Henry Carr J in TQ Delta LLC [2018] FSR 34) were the subject of detailed consideration by Roth J in The Infederation Case [2020] EWHC 657 (Ch) and I am entirely content to adopt his summary at [42]:-

“In my view, the important points to emerge from the authorities are that: (i) such arrangements are exceptional; (ii) they must be limited to the narrowest extent possible; and (iii) they require careful scrutiny by the court to ensure that there is no resulting unfairness. Any dispute over admission of an individual to the ring must be determined on the particular circumstances of the case.”

19. These principles were articulated in the context of the fundamental need for a party to know and be able to respond to and to test *the case being made against it*. The present context is somewhat different: the issue is the extent to which Party A should be provided by Party B with highly confidential material belonging to it to enable Party A to *make* a case against Party B. But I consider that broadly the same principles apply, although the different context may mean different weight is attached to the relevant considerations. AEO and HCM designations are serious departures from the ordinary procedures of the Court. They must be recognised as such, limited (where possible) and scrutinized for fairness (to the parties and to third parties swept into the litigation).
20. In my judgment the application of these principles points to the requested redesignation being made (subject to a condition).
21. First, although the litigation is at a relatively early stage one cannot regard the issue raised as an “interim” one capable of being addressed on a temporary basis: in effect the Oppo Defendants are being required to plead their case

with the degree of particularity that will be relied upon at trial (though subject always to the possibility of amendment). The price that the Claimants may have to pay for obtaining that particularity is affording access to sensitive material earlier and more extensively than might otherwise be the case.

22. Second, the actual request for redesignation is considered and targeted and focuses upon licences which (as the evidence in Marshall 5 paragraph 8 states) it is “likely to be necessary to consider in order to plead a case”. The constraints of legal professional privilege mean that this assertion cannot be probed: but the existing pleaded case, the nature of the document and the general approach of the Oppo Defendants (e.g. the filtering of the AEO category and the careful avoidance of saying that the redesignated documents *will* be relied on) give me sufficient confidence to accept it.
23. Third, I think it is fair that, in the event that the external team of lawyers and experts decides that one or more of this small sub-set *should* be relied upon as a pleaded comparable, then the Oppo Defendants should (through their approved representatives) provide such assistance as they might to what is, after all, their case.
24. Fourth, I think it is fair that if the external team of lawyers and experts decides that a licence of apparently comparable IP to a well-resourced counterparty is *not* to be relied upon, then the Oppo Defendants should (through their approved representatives) know why that is and should be able to question and argue it. (The same is not true of the generality of AEO disclosure, much of which may not be regarded by an expert as apparently comparable).

25. Fifth, although some of the licences contain provisions requiring them to be disclosed only on an AEO basis that must ultimately yield to the order of the Court: but because of the real risk of uncompensatable prejudice to the third party the Court will be astute to reduce the risk where possible by controlling the constitution and obligations of the HCM confidentiality club.
26. In my judgment in the instant case redesignation should only occur if each member of the Oppo Defendants' confidentiality clubs (other than the legal team and experts) undertakes directly with the counterparty to the disclosed licence ("CP") not at any time to participate in or advise upon any licencing negotiations or licencing litigation involving CP or its subsidiaries or affiliates on the one hand and the Oppo Defendant or its subsidiaries or affiliates on the other.
27. Sixth, I have considered whether it is possible (as some counterparties have suggested) to redesignate only redacted versions; but the requested redactions relate to the identity of the counterparty and the financial structure of the agreement, and they are the very features material to the Oppo Defendants' case. So, such redaction is not possible (though immaterial detail, such as banking matters, should be capable of redaction).
28. Subject to compliance with the condition set out in paragraph [26], I consider that the Oppo Defendants are entitled to have the redesignation sought. The redesignation will have effect 7 days after this judgment is handed down: and the time for service of the revised FRAND statement of case by the Oppo Defendants will be extended by 7 days to accommodate that. The object of the 7-day hiatus is to enable consideration to be given to any appeal, and for each

relevant counterparty to consider its position. If the members of the Xiaomi Defendants' confidentiality club have given or will give undertakings which satisfy the condition in paragraph [26] then the redesignation shall have effect for the purposes of the proceedings.

The Xiaomi application for redesignation

29. By a notice served on 7 September 2020 the solicitors for the Xiaomi Defendants challenged "each and every AEO confidentiality designation applied by the Claimants".
30. On 14 September 2020 the Claimants served evidence in support of their refusal to change the designations. Their solicitor explained that documents had been designated "AEO":-
 - i) Where there were contractual obligations owed to the counterparty to disclose on an "AEO" basis;
 - ii) Where the counterparty had requested designation as "AEO";
 - iii) Where it was not known whether the counterparty required disclosure only on an "AEO" basis;
 - iv) Having in mind that documents containing cross-licences and those that are outright assignments of patents will be of lesser direct relevance to the assessment of a FRAND royalty than other disclosure categories;

- v) Bearing in mind the risk of inadvertent disclosure or leaking of highly sensitive material to those negotiating with the Claimants or negotiating with counterparties to agreements with the Claimants, creating an informational asymmetry;
 - vi) Recognising that the data are interpreted by experts with limited input from clients.
31. The solicitor for the Xiaomi Defendants critically examined this evidence. Whilst bearing in mind that it is ultimately for the Claimants to justify their use of the AEO designation it is convenient to proceed by looking at the criticisms made.
32. First, the Xiaomi Defendants argue that AEO designation is exceptional and that there is a likelihood of excessive confidentiality claims being made, which is not the way litigation should be conducted (not least because an AEO designation modifies by Court order the normal professional obligations owed by a solicitor or barrister to the client). I agree. But I consider that the risks of excessive claims are controlled and the adverse consequences are mitigated by adhering to the principles summarised by Roth J (referred to in paragraph [18] above) in pursuit of the objective identified by Aldous J (referred to in paragraph [17] above). Experience of IP and competition law cases shows that disclosure on an AEO basis has a real role to play in moving forward litigation with expedition and at proportionate cost.
33. Second, the Xiaomi Defendants submit that there is no apparent difference in kind between the AEO documents and the HCM documents, so all AEO documents should become HCM documents. I do not accept this submission.

34. In this case I think the validation of the categorisation has to be approached on a document-by-document basis. The disclosure “net” created by the order of Mann J was wide: I have emphasised some of the language in paragraph [9(iii)] above. It is likely to include material that is of no (or only remote, peripheral or background) relevance, where the potential prejudice to third parties outweighs the degree of advantage to the Xiaomi Defendants’ case. Mann J recognised in his reasons leading to his order of 22 July 2020 that irrelevant or peripheral material would emerge and contemplated that it would simply be “parked” for the remainder of the litigation. The Claimants are entitled to make an initial judgment about that, and to decide what (in their view) should be kept as AEO material and subjected to legal and expert analysis and what can be disclosed to Xiaomi employees.
35. Of course, the Xiaomi Defendants can challenge that judgment on the ground that upon consideration by their legal team and the retained experts a particular document exhibited some characteristic relating to royalty payments not apparent from the 114 HCM documents or the Ordinary Disclosure Material; or is supportive of some category not otherwise sufficiently significantly represented amongst that broader disclosure. That is what the Oppo Defendants have done. The Xiaomi Defendants have not done that, instead arguing around generalities and treating the entire AEO disclosure of equal relevance and value. I was, for example, unimpressed by general arguments that in order to assess a royalty for the Relevant SEPs or portfolios (or for the MCP Pool) it would be of significance to know the terms of a patent assignment (relating perhaps to a different patent) undertaken a decade ago. To pursue a property analogy advanced in argument, the rent I must now

pay for premises will not be affected by how much my landlord paid to acquire the premises 10 years ago. Mann J was doubtful of the relevance of assignments generally (though persuaded to order their disclosure) and I share his doubts about this class of documents: but it may be that the retained experts could justifiably seek a redesignation of particular documents in this category.

36. Likewise, relevant or potentially relevant material may emerge, but out of agreements where the counterparties have stipulated for confidentiality or have subsequently requested it. It seems that 13 out of the 36 AEO documents are of that type. The Xiaomi Defendants recognise the validity of this ground for *they* have disclosed Product and Process Descriptions of chipsets on an AEO basis precisely because their creators have requested them to do so. Of course, the Xiaomi Defendants can argue that in relation to particular documents of that type their litigation interests should outweigh the confidential information interests of the counterparty. But I would not regard a scheme of designated disclosure which respected those obligations or requests as of itself excessive and to be set aside wholesale.
37. Likewise, given that the terms and financial structure of the AEO licence agreements are of immense commercial value and (if known) might influence any commercial negotiations between the Xiaomi Defendants and the counterparty, I do not think it is “excessive” to categorise them as “AEO” pending the view of the counterparty being communicated to the Claimants (and, as has happened here, redesignating the document as “HCM” when the counterparty raises no objection to disclosure). Of course, in relation to a

particular document the Xiaomi Defendants can mount a challenge and the Court can decide how best in the particular circumstances to afford as full a degree of disclosure as is consistent with protection of the third party's confidential information, having regard to the apparent significance of the document to Xiaomi's case.

38. Third, the Xiaomi Defendants argue that some (perhaps most) of the documents designated by the Claimants as "AEO" have been disclosed in Dutch proceedings so that there is no legitimate basis for maintaining the AEO designation in the UK. The terms of the relevant order of the Court in the Netherlands make it impossible to know the true extent of the overlap in disclosure, though in argument the Claimants submitted that it was limited. The short answer to this point is that I have to decide this case on English law and control disclosure accordingly. The application of Dutch law may well produce a different result. Further, it was not demonstrated that under Dutch law documents so disclosed could be revealed to Xiaomi employees generally or used for purposes other than the Dutch proceedings themselves, so the Dutch disclosure may not be available to the Xiaomi Defendants for use in the English proceedings.
39. Fourth, the Xiaomi Defendants argue that since their nominated representatives in relation to HCM disclosure (Ms V Wang and Ms X Wang) are two in-house counsel who are not involved in licensing, each of whom will sign the HCM confidentiality undertaking, neither of whom has any current involvement with mobile telecommunications SEP licensing, and who will each leave the confidentiality club and give further undertakings in the event

that they do become involved in licensing, there is no point in retaining a distinction between AEO and HCM. There is, they submit, a very limited (if at all existent) risk.

40. This is, I think, the Xiaomi Defendants' best point. But I am not convinced that it warrants wholesale redesignation of AEO documents. The content of the SEP licences is of immense commercial sensitivity, particularly as regards those counterparties who (i) might well themselves be negotiating with the Xiaomi Defendants over licences of those or related patents (ii) are competitors of the Xiaomi Defendants implementing the same patents (and whose IP costings are exposed to scrutiny by a competitor). There are risks in disclosing such material on an AEO basis: but the move from disclosing to external professionals to disclosing to Xiaomi employees (and so transferring the information to the Xiaomi organisation itself) introduces risks of a different order. I express this view without casting doubt upon the integrity of Ms V Wang or Ms X Wang, and simply recognising that once information is inside an organisation there is a substantial risk of a leak whatever internal measures are put in place, with really serious consequences. With third party confidential information (the leakage of which may affect a global market) there is a strong case for holding that information externally and subject to filtering by independent professional lawyers and experts to assess its true materiality to the case in hand, before disclosing it to employees of the party opponent.
41. I do accept that this imposes a restraint upon the way in which the Xiaomi Defendants' case is prepared and presented. But the right of a party to shape

and present its case is not entirely unfettered. As part of its case management powers the Court can exclude an issue from consideration, give directions as to the issues upon which it requires evidence or exclude evidence if the attainment of the overriding objective so requires. Restraints upon disclosure (although grounded in practice rather than directly upon the CPR) are another such tool.

42. I decline to direct a wholesale redesignation of all AEO material as HCM.

The Oppo Defendants' Confidentiality Club application

43. The Oppo Defendants (OnePlus and Oppo) have between them nominated four representatives. OnePlus has nominated Ms Zhang and Mr Xiao. Oppo has nominated Ms Zhu and Mr Huang. The Claimants have consented to the admission of Ms Zhang to the HCM confidentiality club. But they have withheld their consent to the other nominations. Under the case management order of 22 July 2020 the question for decision is whether they have unreasonably withheld such consent.

44. As Roth J observed in Infederation at [42] that question must be answered on the particular facts of this case. But the decision of Floyd J (as he then was) in IPCom GmbH v HTC Europe [2013] EWHC 52 (Pat) at [31]-[33] illuminates some of the factors that may be material to that answer. His decision on confidentiality club membership in that case was informed by the following considerations:-

- i) Confidential information once known cannot be unlearned;

- ii) An individual possessed of confidential knowledge will not in practical reality be able to avoid its use;
- iii) Disclosure to key people who may be involved in commercial negotiations risks causing unnecessary harm;
- iv) In striking the balance between affording disclosure and inspection on the one hand and preserving confidentiality on the other it is material to know the size and structure of the party to whom disclosure is to be made.

All of those are material considerations in the instant case.

- 45. Also material is the fact that the disclosure in the instant case is exceptionally wide: 114 sets of confidential contractual arrangements of the greatest commercial sensitivity with significant players in the global communications market, with some of whom the Oppo Defendants are already in negotiation on SEP licensing matters, with others of whom they may become involved in relation to other SEPs and with yet others of whom they are in competition. To that body of HCM disclosure may be added redesignated AEO documents.
- 46. Mr Xiao of OnePlus is their IP Counsel, involved in patent licencing and litigation, and currently engaged in negotiating telecommunications SEP licencing (including with the Second Claimant and at least one counterparty to an AEO document). He is part of a sizeable team.
- 47. Ms Zhu is the IP Director of Oppo. She is involved in the negotiations with the Second Claimant and has given day-to-day instructions in the litigation.

48. Mr Huang heads an IP litigation sub-team at Oppo, involved in patent licensing and litigation, and currently engaged in negotiating telecommunications SEP licencing (including with the Second Claimant and at least one counterparty to an AEO document). He also is part of a sizeable team.
49. It appears from the evidence that these nominees have been put forward precisely because they are intimately involved with licencing negotiations in particular with the Claimants. Having failed to agree a licence in arm's length negotiations with the Claimants or certain other counterparties they are now to be provided with a wide range of highly sensitive confidential information about the Claimants' and those other parties' pricing structures. Such a dynamic creates a perverse disincentive to reach an arm's length settlement and a perverse encouragement of FRAND litigation.
50. In my judgment on the material made available to the Claimants it is not unreasonable for them to object to the admission of Mr Xiao, Ms Zhu and Mr Huang. I am not persuaded that it is necessary (because of the absence of other suitable personnel) to convey a broad range and significant volume of confidential information to key commercial personnel directly involved in negotiating SEP licences, when the information cannot be unlearned and when such personnel will not in reality be able to avoid it influencing the course of other negotiations (particularly with counterparties to disclosed agreements). To do so would create an unnecessary risk to (particularly) the counterparties to such agreements. The Oppo Defendants must put forward someone who is not involved (and not likely to become involved) in licencing negotiations or

FRAND litigation (other than this case) with the Claimants, the counterparties to any of the disclosed agreements or other members of the MCP Pool or any affiliates of theirs (“the Excluded Class”), though perhaps otherwise involved in patent or licensing litigation or in the preparation of licences with the Excluded Class or licencing negotiations or FRAND litigation with parties other than the Excluded Class. In the event that the nominee does become so involved there must be an undertaking to leave the HCM confidentiality club and to destroy documents (in conventional terms).

51. It is submitted on behalf of the Oppo Defendants that this outcome is tantamount to the Oppo legal team being unable to discuss HCM documents with their clients in any meaningful sense. Whilst I have accepted the views of Mr Marshall elsewhere I do not on this occasion agree that this must be the case. I readily acknowledge that such an outcome imposes a restraint upon what would otherwise be convenient; but sometimes dealing with a case justly does involve the imposition of such restraints. Just as it is possible for the legal and expert team members of Party A to discuss with (but not to disclose to) Party B confidential material, so it must be possible for accepted nominees to discuss with (but not disclose to) the likes of Mr Xiao, Ms Zhu and Mr Huang points upon which it is necessary to give instructions. Certainly, the Xiaomi Defendants have made such arrangements to their satisfaction.
52. To afford time for such nominations to be made, the time for the service of the Oppo Defendants revised FRAND statement of case will be postponed to a date 7 days after this judgment is handed down: see also paragraph [28] above. For convenience the time for service of the Xiaomi revised FRAND statement

of case is likewise adjusted. I will not give directions adjusting the time for service of the Claimants' responsive reply but will rely upon the good sense of highly experienced litigators in the field to agree appropriate modest adjustments.

53. I express my thanks for excellent skeleton arguments.