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Case No: HP-2011-000001

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

Royal Courts of Justice
The Rolls Building
7 Rolls Buildings
Fetter Lane
London EC4A 1NL

Date: 04/11/2020

Before :

MR JUSTICE BIRSS

Between :

IPCOM GMBH & CO KG
- and -
(1) HTC EUROPE CO LTD
(2) INGRAM MICRO (UK) LTD
(3) HTC CORPORATION

Claimant

Defendants

Brian Nicholson QC and Andrew Scott (instructed by Bristows) for the Claimant
Thomas Hinchliffe QC and Colin West QC (instructed by Hogan Lovells) for the Defendants

Hearing dates: 21st October 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.

.....
MR JUSTICE BIRSS

Mr Justice Birss :

1. This judgment deals with an application to strike out part of the claimant's case in a damages inquiry in a patent action. It can also be characterised as an application for summary judgment on the point in the defendants' favour. Having heard the argument I formed a clear view that I would strike out part of the claimant's case. Since it had a major bearing on the directions to be dealt with at the rest of the CMC and on questions of proportionality, I informed the parties then and there, with reasons to follow. These are those reasons. In fact when I announced the decision at the CMC, IPCom then sought a stay of the damages inquiry in the form it would take following my decision. I ordered the stay and directed that the appointment to hear the inquiry be taken out of the list. This judgment gives my reasons for deciding to strike out.
2. The patent is EP (UK) 1 841 268. It expired on 14th February 2020. It relates to an invention used in 3G mobile telephones. The proprietor is the claimant, IPCom. The patent was declared essential to the relevant telecommunications standards promulgated by ETSI and was subject to a FRAND undertaking from IPCom. HTC is a well-known Taiwanese consumer electronics company and the first and third defendants are part of the HTC group. The second defendant took over the business of a former distributor of HTC's products. In this judgment I use the term phone to refer to any mobile device.
3. There are telecoms standards for different systems such as 2G, 3G and 4G. The patent is part of a portfolio of declared standards essential patents held by IPCom. IPCom has litigated members of that patent portfolio extensively around the world for a long time. For example IPCom was involved in protracted litigation with Nokia. In 2011 Floyd J held that this patent was valid and essential and, cutting a long story short, despite later amendments the patent has remained still valid and essential. HTC's phones were found to infringe. However the invention claimed in the patent is an unusual one because it is possible to make a phone which works with the relevant telecoms standard but does not use the invention. Such a phone does not infringe and the courts have made binding declarations to that effect. They can be called "workaround phones". At the present hearing before me, IPCom described these non-infringing phones as products which "violate" the standard. That is an unhelpful and misleading description.
4. Once the issues of liability were resolved the Court of Appeal remitted the case back to the Patents Court for a damages inquiry and a hearing to determine the terms of a FRAND licence which HTC would have to take in order to avoid an injunction. Also at that time HTC had represented that it would not infringe anymore in the UK because it would only sell workaround phones. It turned out that in fact a good number of HTC's products in the UK did infringe after that. IPCom had to go to a lot of trouble to find out, as they did. IPCom criticised HTC for that, as they were entitled to. HTC say it was inadvertent. Nothing turns on that now save to note that it led IPCom, understandably one might think, to apply for a final injunction. That came before the Chancellor of the High Court, Sir Geoffrey Vos, who made an order on 17th December 2019. By then the parties were agreed about what order to make in the circumstances as they were. The order dismissed the FRAND inquiry, directed an inquiry as to damages and granted an injunction against HTC to restrain infringement

- of the patent. The injunction would last until the patent expired, which was about two months later.
5. Directions for the inquiry as to damages were given, with the inquiry fixed to be heard for five sitting days in May 2021.
 6. The application this judgment relates to was made at the case management conference, which was heard on 21st October 2020.
 7. In the inquiry IPCom claims a very substantial sum in damages from HTC. The sum is confidential because it is calculated by applying a 0.5% royalty to the number of phones sold by HTC. It is the number of phones (and their selling price) which is confidential. However what is not confidential is that the sum claimed is hundreds of millions of US dollars.
 8. The reason the number of phones is large enough to produce a figure of that magnitude is because it represents every phone sold as a 2G, 3G or 4G phone all over the world, regardless of whether those phones infringe the patent or infringe any patent held by IPCom within its portfolio. In particular the number can be broken down into three categories:
 - i) A big number (more than a million) of phones which were sold in the UK and infringed the patent.
 - ii) An enormous number (over a hundred million) of phones which fall into one of three groups:
 - a) Workaround phones – i.e. phones sold as 3G phones but which did not infringe the patent;
 - b) 2G only phones, which necessarily never infringed the patent; and
 - c) Phones which were never imported into the UK and therefore never infringed the patent.
 9. It does not matter how big the various sub-groups (a) to (c) in category (ii) are. If the claim was limited to category (i), then HTC contends the sum at stake is worth less than a million in pounds sterling (or dollars) although IPCom contends that claim may be worth 1 or 2 million. What is plain on any view is that category (ii), and in particular category (ii)(c), is critical to the question of whether this is a damages inquiry worth hundreds of millions of dollars or about 100 times less than that.
 10. The test for striking out or giving summary judgment was not in dispute. Focussing on summary judgment I refer to CPR Part 24.2 and the summary in the judgment of Lewison J in *Easyair v Opal* [2009] EWHC 339 (Ch) at paragraph 15.
 11. Briefly put, HTC contends that the only damages which IPCom is entitled to claim are damages for infringements of the UK patent in suit. The only phones which that could possibly apply to are phones which actually infringed, both in the sense of using the invention and in the sense of there being a relevant act committed in the UK. HTC says that phones sold in the UK which were workaround phones did not infringe and so no damages are due for those, so too can the same be said of 2G only phones.

As for phones outside the UK, these simply could not infringe the UK patent. No claim to damages for infringement of the UK patent can be made for them. There might be a claim for infringement of a relevant foreign patent but that is not before the court. In any event therefore the claim for damages insofar as it relates to phones in category (ii) should be struck out. Or putting it another way, as a matter of law such a claim is not maintainable.

12. HTC's case has a compelling logic and simplicity. IPCom's answer to it is as follows. Briefly put, IPCom says that the defendant's application proceeds on a false premise because the only claim advanced by IPCom in its Points of Claim is indeed in respect of the loss caused by the established infringement of the patent.
13. HTC refers to the well-known authorities on the principles applicable to damages for patent infringement, starting with *General Tire & Rubber Co v Firestone Tyre & Rubber Co Ltd* [1975] 1 WLR 819 (HL), in which Lord Wilberforce at p824, observed that "... the measure of damages is to be, so far as possible, that sum of money which will put the injured party in the same position as he would have been in if he had not sustained the wrong".
14. Pausing at *General Tire*, the court there identified three categories of case. The first is lost profits on lost sales by the patentee (when the patentee sells its own goods). The second and third relate to damages in the form of royalties. Broadly put the second category relates to a case in which the patentee is already a licensor with a going rate for use of the invention, in which case the damages are the loss of the going rate royalty. The third category provides for damages in the form of a reasonable royalty which must be paid even if the infringement did not cause lost sales to the patentee or even if the patentee would not in fact have granted a licence. These are assessed on a willing licensor / willing licensee basis. The parties did not agree whether the present case was in the second or the third category. It is not productive to resolve that now. I will assume, without deciding, that IPCom is right.
15. IPCom also referred to the well-known passage in Fletcher Moulton LJ's judgment in *Meters Limited v Metropolitan Gas Meters* (1911) 28 RPC 164 (CA) at pp164-165. I will not set it out. The guidance in that passage was approved in *Watson Laidlaw and Co Ltd v Pott, Cassels and Williamson* (1914) 31 RPC 104 (HL), per Lord Shaw at p120; and in *General Tire*, per Lord Wilberforce at p826.
16. IPCom then emphasised that the application of these principles is heavily fact-dependant and cited *Gerber Garment Technology Inc v Lectra Systems Ltd* [1997] RPC 443 (CA), in which the Court of Appeal unanimously held that there was no rule of law restricting the scope of recovery by way of loss of profits to activities which themselves constitute infringements of the patent, observing that any such rule would be inconsistent with the basic compensatory rule (per Staughton LJ (with whose judgment Hobhouse and Hutchison LJ agreed)) at pp453-456. Rather assessment of damages for infringement of a patent is a question of fact.
17. *Gerber* is important for establishing that losses caused by infringement of a patent may arise from acts which were not themselves infringements. A good example is conveyed goods sold along with the patented product. A patentee may sell the patented article for (say) little profit but at the same time sell another highly profitable product or a service along with the patented article. Sale of an infringing article by

the defendant may cause the patentee lost sales of patented articles and thereby also cause loss of the large profits on the goods or services conveyed with them. Whether that is so in a given case is a question of fact. *Gerber* put to bed the argument which had been made before that, that damages for these non-infringing activities were “parasitic” and not available as a matter of law. Note that this principle is capable of applying to acts overseas too, in the sense that the fact the conveyed sale happened to take place outside the territory of the patent would be no answer as long as the act was in fact caused by an act of infringement of the UK patent.

18. IPCom’s case seeks to build on the point I have just made. To achieve this IPCom’s pleaded case characterises all the lost royalties relating to all the sales of phones outside the UK as being caused by the infringement of the UK patent. The way this works is as follows. IPCom’s case is that the damages should be assessed on the basis of a notional licence which would have been entered into by a willing licensor and a willing licensee at the relevant time. IPCom’s case as to the basis for the inquiry is set out in paragraph 40 of the Points of Claim as follows:

“40. ... by reason of the Defendants’ infringement of, and failure to take a FRAND Licence, the Claimant has suffered loss and damage in the form of loss of revenues under a notional licence which a willing licensor and a willing licensee in the position of the Claimant and the HTC Defendants would have agreed immediately prior to the commencement of the Defendants’ infringing activities to the Claimant’s Portfolio, of which the Patent forms part, that being worldwide in scope (“the Notional Global Licence”) and damage to its licensing business with other implementers as a consequence of the Defendants’ very public Hold Out Behaviour. The royalty rate for the Notional Global Licence is a per device Market Rate which takes account of all relevant aspects of the Claimant’s damages under section 61(1)(c) of the 1977 Act and Regulation 3 (“the Global Market Rate”).”

19. This bears a little explanation. The notional licence relied on is said to be a FRAND licence. However as the introductory words of that paragraph, which are not quoted above, make clear, IPCom’s case is advanced as being unconstrained by any FRAND obligation IPCom owes. The reason for that is because HTC had elected not to pursue its entitlement to a FRAND licence (which is why an injunction was granted by the Chancellor). The only relevance of FRAND in this case is to show – as a matter of fact – what the notional licence would have been like at the relevant time. IPCom is not submitting that its right to claim global damages arises because either party today owes a FRAND obligation.
20. A critical step in IPCom’s pleaded case is that the notional licence would be a global licence. That makes sense given the recent decision of the Supreme Court in *Unwired Planet v Huawei* [2020] UKSC 37. Nevertheless at the risk of repetition, actually IPCom’s case works in just the same way regardless of *Unwired Planet* because its case is that – in fact – the kind of licence which a willing licensor and willing licensee would have entered into would have been a global licence.

21. At this stage I will say a word about IPCom's submission on this application that this is all a question of fact and so the relevant aspect of the claim should not be struck out. It should go to trial where the facts can be found. IPCom points to the judgment of Marcus Smith J in *Philips v Asustek* [2020] EWHC 29 (Ch). The patentee (Philips) claimed damages for infringement of its UK patents by the implementer (ASUS) on the pleaded basis that such infringement caused loss of revenue under a global, portfolio-wide, licence, Philips' case being that that was the nature of the notional licence that would have been agreed (paragraphs 22-24). ASUS applied for summary dismissal or strike-out of the claim on the ground that it was only liable in law for a royalty on infringing devices (paragraphs 25-44). The judge dismissed the application, regarding the assessment of damages as heavily fact based and in no way susceptible of summary determination and a matter for trial (paragraphs 48 to 50).
22. The reason I have not taken the same approach as Marcus Smith J is because in my judgment, as I shall explain below, even assuming IPCom proves everything it says it wishes to prove, the claim still fails. It is not failing on the facts, it fails on a point or points of principle and law. There is also a small difference between the factual circumstances as between this case and *Philips v Asustek* in that that case was about the FRAND obligations whereas this case is not, but I do not believe that really makes a difference.
23. IPCom also referred to the judgment of Mann J on a disclosure application in *Philips v TCL* [2020] 2553 (Ch). The judge did there direct disclosure in support of a claim made on a similar worldwide basis but he also made clear he had only heard short argument on the point.
24. Counsel for IPCom put his best case on the facts to me, which involves the notional global licence containing a single lump sum paid up royalty. In fact, as counsel for HTC pointed out, that best case is not actually pleaded, because the pleading pleads a running royalty, but I will approach this by including consideration of the best case IPCom wishes to advance.
25. IPCom's point is that the notional global licence would have been entered into on an "effective date" of 3rd October 2007, being the date of publication of the application for the patent. That is the date when damages start to accrue for any infringing acts under s69 of the Patents Act 1977.
26. The important terms of that licence are simple to state. It would be global in scope. It would charge a royalty on every phone sold by the licensee which was sold as a 2G, 3G or 4G phone anywhere in the world. It would license the entirety of IPCom's patent portfolio (not just the family of which the patent in suit is a UK member). In terms of money, on IPCom's pleaded case it would have the single global royalty rate (of 0.5% of the selling price). To put IPCom's case at its highest, the licence could instead provide for a single paid-up lump sum to cover all future sales for all time (at least up to now) everywhere.
27. IPCom submits that it can rely on comparable licences which it did enter into in the period up to the effective date to support this scope. The details of that do not matter.
28. What matters, says IPCom, is that this shows that what it has lost is the revenue which it would have earned pursuant to such a licence. That revenue would have been paid

regardless of the country in which the phones would have been sold. It also would have been paid on workaround phones just as much as phones which infringe the patent in suit, because those workaround phones are still sold as 3G (or 2G/3G/4G) phones given that they work with the standards. It would be paid on 2G phones just the same. This is why the lump sum argument is the strongest one for IPCom, because paying a lump sum in this context would not differentiate between countries, standards (2G/3G/4G) and other details.

29. It is important to note that I believe there is nothing inherently incredible in the factual points IPCom are seeking to make. Licences in this industry are nearly always global (see *Unwired Planet*). They may well contain a single global rate defined in the manner IPCom contends for or may be more complicated with rates for different groups of states. Some do contain lump sums similar to the one IPCom contends for. This is a long way from saying that there will not be a very significant argument about the details, but as I say, there is an inherently arguable point on the facts.
30. The trouble with it is that, in my judgment, even proving that that is what a willing licensee and willing licensor at any relevant time would have entered into, on the footing they were going to enter into a licence at all, does not justify this damages claim, insofar as it is based on sales of phones outside the territory of this UK patent. The reasons why not are addressed below but before doing that I wish to make clear the basis on which I make this decision:
 - i) The only acts of infringement relied on are acts committed within the UK relating to products which fall within the relevant claims of the UK patent in suit. The simplest example is sales of phones which fall within the claims. It makes no difference whether the claims are product claims or process claims. No other acts of infringement are relied on.
 - ii) The notional licence relied on is one which is multinational in scope. The simplest example would be a global licence. The key thing is that the licensee will be paying so as to receive a licence in states other than the UK (e.g. all over the world) under the whole or some non-UK part of the patentee's declared standards essential portfolio for a given standard.
 - iii) It makes no difference whether the licence is for 3G alone or 2G and 3G (or includes 4G too). It also makes no difference whether the licence requires royalties to be paid on phones which infringe or is drafted in such a way to cover workaround phones. The particular effective date makes no difference. Nor does it matter whether this is a licence for a portfolio of patent families or just the family of which the UK patent is a member. It does matter that it is a licence of foreign patents. That is because in a case in which the only patent or application the patentee had, and had any prospect of getting, was a UK patent, the argument that a licence with a scope wider than the UK would be entered into is fanciful.
31. In the remainder of this judgment I will work on the basis of a global licence but it makes no difference whether it is truly global or includes fewer other countries. The key thing is that it includes more than the UK.

32. An initial point to make is that the extra-territorial sales of phones are not in any sense convoyed goods. It is no part of IPCom's case that the sales of phones abroad were caused by infringing acts committed in the jurisdiction. This point does not on its own have the consequence that the claim should be struck out, but it does highlight that this claim is a long way from the kind of case to which Gerber applies.
33. The first problem is that any argument that the failure by HTC to enter into a licence with IPCom, whether in 2007 or whenever, is somehow caused by the infringement of the UK patent, is hopeless. To be fair IPCom does not plead that that is so and as I have understood IPCom's case, such an allegation is no part of it. Nevertheless it bears pointing this out. If it could be said that HTC's failure to enter into that licence was itself an act caused by an infringement then a point of the kind IPCom seeks to make might begin to get off the ground, but it is not. There are some unusual patent cases such as those concerning data generated in a clinical trial which was itself an infringement in which arguments are advanced that the use of that data to get a marketing authorisation is part of a chain of causation kicked off by an infringement. However whatever the merits of those arguments might be, it is no part of IPCom's case.
34. An important question is whether it is right to say that this is an attempt to obtain damages for infringements of foreign patents. HTC say it is and say that since that is so, the approach is contrary to paragraph 58 of the Supreme Court's judgment in Unwired Planet which made clear that such a matter is for a foreign court. I refer also to paragraphs 79, 80 and 87 of the judgment which explained the difference between the scope of the patent infringement proceedings (which were firmly UK based) and the scope of and effect of the undertaking to ETSI, which was not. I agree with HTC that if this is an attempt to claim damages for the infringement of foreign patents then it should be struck out. There is no claim for infringement of foreign patents in this case and no basis for making such a claim by the back door.
35. IPCom says it is not a claim for infringement of foreign patents. After all no foreign patent is identified in that way nor is any case of infringement articulated – e.g. by reference to the claims of such a patent. This is all true, but in my judgment it fails either way. If this is a claim for the infringement of the foreign patents then it fails and should be struck out for the reasons given, while if this is not a claim for the infringement of the foreign patents then it fails and should be struck out because there is no other way of maintaining a claim like this, as I shall explain next.
36. IPCom's argument is that it can obtain these damages even though it cannot say HTC's failure to enter into a licence on the relevant terms was caused by its infringements, and cannot say the sums claimed are due for infringement of foreign patents. It says this on the basis that the licence would be worldwide in scope, even though the only reason anyone would enter into such a licence would be due to the existence of a portfolio which contained foreign patents or applications (or the prospect of them). The argument is clever but wrong. At the risk of repetition, it goes like this. The claimant is a licensor (or entitled to be one). The sum it is due for these infringements is what it would have got as licensor. That is the amount due under a licence which a willing licensor and willing licensee would have entered into. On the facts of this case, what the willing licensor and willing licensee would have done is enter into a global licence with the terms discussed above in it. The sum which is due

is the sum it would have got under that licence. And to get to that point no question of investigating infringement of foreign patents was involved.

37. One can test the argument assuming the relevant licence contains a running royalty. Such a royalty could be a percentage of the selling price or a flat rate per unit e.g. of \$1. The flat rate makes the maths easier but is no different in principle. To calculate the sum due IPCom's way involves multiplying the flat rate by the number of products sold worldwide. Plainly this amounts to paying a royalty on foreign sales. Therefore, contrary to IPCom's case, it is in truth a claim which, if it was brought properly, ought to be for infringement of foreign patents. But before going further there is a point of detail to address.
38. It is common in many global patent licences that royalties are paid for sales in countries even when there are no patents in that country. But that is because the products will have been made in a patented country. The concept to understand is the difference between the royalty bearing event and the licenced act. This has nothing to do with IPCom's claim. A meritorious claim, which can be made to sound like IPCom's claim but is completely different from it, would be one based on a defendant manufacturing in the UK and selling overseas. If that was this case then damages calculated by reference to the economic consequences of acts done abroad may well be recoverable – but that would be because those acts were caused by infringements of the UK patent.
39. The reason IPCom cannot make the claim for losses caused by the failure to pay the flat rate royalty on foreign sales is simple. Those sales were not caused by an act of infringement of a UK patent. That is the reason why this claim is wrong. It is also the answer to the part of IPCom's argument which is used to sweep up non-infringing workarounds in the damages claim, at least outside the UK (see below for the UK). This requires some explanation. IPCom's case on workarounds works by a sleight of hand. If the royalty clause in the notional licence says the royalty is paid on something like "all 3G phones" then a phone sold as a 3G phone, even if it is a workaround phone, would attract a royalty. On the other hand some licences define the products on which a royalty is due by reference to the scope of the licensed patents (in effect on "infringing" products (nb. they are not actually infringing because they are licensed but it is not an uncommon way of drafting an IP licence)). If the royalty-bearing event is defined in that latter manner then there would be no contractual obligation to pay for workarounds.
40. I will address the position in the UK below. However I am quite sure this argument does not work to justify claims for foreign sales, which were not even infringing foreign patents. The problem is the same – those foreign sales – which are what would cause the supposed loss to IPCom under the provision in the notional licence for the relevant royalty due, are not acts which were caused in any sense by the infringement of the UK patent.
41. That leaves the lump sum. Although running royalties are common, as I have said it is credible that the notional global licence could be based on a single lump sum payment. That allows IPCom to say that one cannot attribute any given dollar in the lump sum to a particular foreign sale. However in my judgment, as a matter of principle, the fact that a willing licensor and willing licensee might agree a lump sum in those circumstances does not suddenly entitle the UK patentee to say it can recover

that lump sum when it could not have recovered based on a running royalty. There might be difficulties in quantification (actually they are not so hard) but conceptually the lump sum is just a way of reaching a convenient single compromise figure by capitalising a future income stream, having regard to the parties' views on the likely future volume of sales of patented goods, profits, the risks in quantification and so on. As matter of judgment, assisted by the right evidence, the court can "unpack" such a sum to derive a royalty rate and can thereby assign a rate to the UK sales. If necessary sums can be apportioned. A lump sum is IPCom's best case because it can be presented as if a single sum of money has been lost, which rolled up UK sales within it. However it is no better in principle than a case based on running royalties.

42. To recap, the central problem with IPCom's case based on its notional licence is that such a claim is based on claiming for sums due under that licence (one way or another) in respect of phones sold abroad, and the only way in which those sales could justify a payment to IPCom in a claim for damages for infringement of a UK patent is if those acts (i.e. the sales) were in some sense caused by the acts of infringement in the UK. But they were not, and IPCom does not attempt to suggest that they were. Therefore the claim should be struck out.

Other points

43. HTC took a point on the risk of double recovery. Clearly IPCom ought not to be entitled to double recovery but I do not believe that point is an answer to this claim because that could be dealt with by taking it into account.
44. Another reason why these damages are not recoverable seems to me to be that they are just too remote. Remoteness may bar a claim even if it satisfies a narrow test of causation because it brings in issues of policy. In my judgment the recent *Unwired Planet* case makes the relevant policy quite clear, which is damages for patent infringement should not be equated to royalties due under a worldwide licence (see paragraph 87). Moreover the policy can be reinforced by the facts of this case. IPCom has singularly failed in its attempt to enforce the equivalents of this patent abroad (so far). The equivalents have been found invalid or not infringed in Italy, Japan and the USA, yet this approach to damages would involve awards for those countries. It is worth repeating that these problems are not of the same character as the puzzles posed by the global FRAND licence in the *Unwired Planet* case. That global FRAND licence derives not from national patent law but from the interaction between national patent law and the internationally effective ETSI FRAND undertaking.
45. A different issue altogether is that a FRAND licence settled by the court could well include a provision making a payment for royalties due for a period before the licence was entered into and such a sum in a global licence might well amount to payments for acts committed all over the world. If such a clause was found to be in a licence it would be because it was FRAND, and it would arise as a result of the ETSI FRAND undertaking. Such a payment may look like a globally based back damages claim but it is not. It has nothing to do with the question whether a claim for damages for UK patent infringement can lead to an award of such a sum.
46. Finally, I remind myself that this is not the trial. However none of the problems IPCom faces are matters which would be better addressed at a trial or could be

improved by evidence. The attempt to characterise this claim as one not based on foreign infringements (or foreign sales) is not something which the evidence is capable of improving. There are various detailed issues such as: how likely willing parties are to enter into the relevant licence, lump sum vs running royalty, the scope of the portfolio or possibly a limit to a single patent family, the effective date, and for that matter a term carving out states if no valid declared SEPs remain (not discussed previously). However none of these change the problem of principle this claim faces. They may adjust the quantum but that is all.

Why not strike out the claim in relation to non-infringing UK phones too?

47. The reason why I will not strike out the claim for the UK is because it seems that in *Unwired Planet* I did approach the damages for UK patent infringement on a portfolio basis (a UK portfolio) rather than on the basis only of the individual patents found valid and infringed. That may have been on the basis of a concession but it does not seem to emerge from the case that that is so. My view at present is that absent a concession or agreement the court could only award damages for infringement of the individual UK patents found valid and infringed, but in the circumstances, given what seems to have happened in *Unwired Planet* in this respect, the fair thing to do is allow that aspect of this case to go to trial. I can see that if a UK portfolio approach is legitimate, it might (but might very well not, and depending on the facts) justify a claim for damages based on the workaround phones.
48. In the light of HTC's application for permission to appeal this part of the ruling I have added the following to attempt to clarify the point being made in the previous paragraph. I understood that the submission being made was that the damages in *Unwired* were to be assessed based on infringement not only of the patent in suit in that case but for infringements of all the other patents in the claimants' UK portfolio. That is why a phone which worked around one patent might still be caught. HTC's application for permission is based on a point about the use of a portfolio rate or about the scope of a notional licence. Those are not the bases of my decision here. Free from authority I would hold that the portfolio approach to damages described would only be appropriate by agreement or concession.
49. I have already mentioned the sleight of hand IPCom seeks to use to claim damages for workaround phones even though they do not infringe. In dismissing the claim for the rest of the world, I assumed at that stage that IPCom might be able to succeed in proving a notional licence in the relevant terms. It is worth pointing out that in fact it is likely that that attempt will not be accepted anyway. It seems to me to run contrary to what Arnold J said in *Force India v 1 Malaysia Racing* [2012] RPC 29 at paragraph 436 and to Newey J in *32Red v William Hill* [2013] EWHC 815 (Ch) at 47-48. However I will not decide that now given that the UK portfolio approach might make a difference to it.
50. Furthermore, the difference it makes to the UK only case to confine it to UK infringing phones as opposed to including UK workaround phones is modest compared to the difference made by striking out the claim for damages for the rest of the world.

Conclusion

51. I will strike out IPCom's claim insofar as it is based on anything other than a claim for royalties attributable to sales of or other dealings in 2G, 3G or 4G phones in the UK.