



Neutral Citation Number: [2022] EWHC 2094 (TCC)

Claim No: HT-2021-000363

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
TECHNOLOGY AND CONSTRUCTION COURT (QBD)

Date: 5 August 2022

Before:
MR JUSTICE WAKSMAN

BETWEEN:

IBM UNITED KINGDOM LIMITED

Claimant

- and -

1) LZLABS GmbH
(2) WINSOPIA LIMITED
(3) LZLABS LIMITED
(4) MARK JONATHAN CRESSWELL
(5) THILO ROCKMANN

Defendants

Nicholas Saunders QC, Matthew Lavy and Gideon Shirazi (instructed by Quinn Emanuel Urquhart & Sullivan UK LLP, Solicitors) for the Claimant

Alex Charlton QC, Jaani Riordan and Daniel Khoo (instructed by Clifford Chance LLP, Solicitors) for the First to Third Defendants

JUDGMENT

Hearing dates: 13 and 14 July 2022

Table of Contents

INTRODUCTION.....	4
THE APPLICATIONS.....	5
THE ICA AND THE SOFTWARE.....	5
THE TERMS OF THE ICA.....	5
THE SOFTWARE.....	8
THE ENGLISH PROCEEDINGS.....	8
THE POC.....	8
THE DAC.....	10
RFIS.....	10
PROPOSED AMENDMENTS TO THE DAC.....	10
THE US CLAIM.....	11
INTRODUCTION.....	11
THE INTRODUCTORY SECTION OF THE COMPLAINT.....	11
JURISDICTION.....	12
CORP’S TRADE SECRETS CASE.....	12
THE PART 11 APPLICATION: PRELIMINARY.....	16
INTRODUCTION.....	16
PROCEDURAL REQUIREMENTS.....	17
THE EJC.....	17
INTRODUCTION.....	17
BACKGROUND MATTERS.....	18
AGENCY.....	18
<i>Introduction</i>	18
<i>The Law</i>	18
<i>Analysis: the ICA</i>	20
<i>Analysis: other circumstances</i>	21
<i>Analysis: Conclusion</i>	23
COLLATERAL AGREEMENT.....	23
ESTOPPEL.....	23
CONCLUSIONS ON THE EJC IN RELATION TO CORP.....	25
SCOPE OF THE EJC.....	25
JURISDICTION FOUNDED ON CPR 6.33(2B).....	27
THE GATEWAYS.....	29
INTRODUCTION.....	29
WINSOPIA’S CLAIM FOR DECLARATORY RELIEF AGAINST CORP.....	29
<i>Introduction</i>	29
<i>The Law</i>	30
<i>Analysis: serious issue to be tried</i>	31
<i>Analysis: GAC on the Gateways</i>	34
<i>Analysis: Appropriate Forum</i>	35
<i>Conclusion</i>	35
LZ SWITZERLAND’S CLAIM FOR DECLARATORY RELIEF AGAINST CORP.....	35
WINSOPIA’S CLAIM FOR ASI AGAINST CORP.....	36
LZ SWITZERLAND’S CLAIM FOR ASI AGAINST CORP.....	36
CONCLUSIONS ON JURISDICTION.....	36
INTERIM ASI RELIEF AGAINST CORP.....	37

JURISDICTION.....	37
THE LAW.....	37
ASI ON A CONTRACTUAL BASIS.....	39
ASI ON A QUASI-CONTRACTUAL BASIS.....	40
ASI ON THE “VEXATIOUS/OPPRESSION” BASIS.....	40
CONCLUSIONS.....	41
INTERIM ASI AGAINST UK.....	41
CONCLUSION.....	42

INTRODUCTION

1. I have before me applications made under CPR Part 11 to set aside service out against a foreign defendant, applications for interim anti-suit injunctions (“ASIs”) and an application to make various amendments to the Defence and Counterclaim. They arise in the circumstances set out below.
2. On 21 September 2021, the Claimant in this action, IBM United Kingdom Limited (“UK”), issued proceedings against 5 Defendants (“the English Proceedings”). The Second Defendant, Winsopia Limited (“Winsopia”), and the Third Defendant, LZLABS Ltd (“LZ Ltd”), are English companies. LZ Ltd is a wholly-owned subsidiary of the First Defendant, LZLABS GmbH, a Swiss company (“LZ Switzerland”). The Fourth Defendant, Mr Cresswell, is Executive Chairman and a director of LZ Switzerland and also a director of LZ Ltd and Winsopia. The Fifth Defendant, Mr Rockmann, is CEO and a director of LZ Switzerland and a director of LZ Ltd and Winsopia.
3. The Particulars of Claim were amended on 29 October 2021 and 22 April 2022. I shall refer to them simply as “the POC”. LZ Switzerland, Winsopia and LZ Ltd (“the Corporate Defendants”) served their Defence and Counterclaim (“the DAC”) on 31 January 2022. UK served its Reply and Defence to Counterclaim (“the RDC”) on 4 April 2022. On 27 May 2022 the Corporate Defendants served a Rejoinder.
4. Meanwhile, on 21 March 2022, International Business Machines Corporation, a New York company (“Corp”), brought proceedings in the US District (i.e. Federal) Court in the Western District of Texas, Waco Division, against LZ Switzerland and Texas Wormhole LLC (“TW”), a Delaware company (“the US Proceedings”). On 9 June 2022, LZ Switzerland and TW filed motions to dismiss the US proceedings. Those motions have not yet been determined. UK is indirectly, a wholly-owned subsidiary of Corp.
5. It is not in dispute that both the English and the US Proceedings have at their respective hearts an allegation that the relevant defendants have been involved, one way or another, in what is alleged to be the unlawful use of software whose intellectual property rights ultimately vest in Corp. The software in question (“the Software”) is typically licensed to owners of IBM Mainframe computers (“Mainframes”) in order to allow them to run various applications on that hardware. Once one moves beyond these matters, however, the extent to which the two sets of proceedings truly overlap is a matter of serious dispute between the parties.
6. The essential claim made by UK in the English Proceedings is that Winsopia was in breach of an IBM Customer Agreement (“the ICA”) made between them on 5 August 2013. At around the same time, Winsopia purchased an IBM Mainframe computer. On 24 February 2021, UK terminated the ICA for alleged breaches thereof by Winsopia. The principal breaches of the ICA alleged relate to the misuse of the Software by Winsopia in developing or causing to be developed a product known as “SDM” (Software Defined Mainframe) which is marketed by LZ Switzerland and LZ Ltd. UK also alleges that all of the Defendants other than Winsopia procured its breach of the ICA. There is a further breach alleged which is the failure on the part of Winsopia to permit UK to audit its use of the Software. The ICA contains an exclusive jurisdiction clause in favour of the English court and English law (“the EJC”).

7. In the US Proceedings, Corp alleges that LZ Switzerland and TW have misappropriated its trade secrets, contrary to the (Federal) Defend Trade Secrets Act of 2016 (“DTSA”) and the (Texas State law) Texas Uniform Trade Secrets Act of 2013 (“TUTSA”). Those trade secrets all relate to the Software. It also alleges wilful infringement of a number of its US patents and false advertising, contrary to the (Federal) Lanham Act of 1946.

THE APPLICATIONS

8. By application notices dated 20 April and 3 May 2022, LZ Switzerland and Winsopia applied (a) for interim ASIs against both UK and Corp in relation to the US proceedings and (b) for permission (if required) to serve out as against Corp in relation to Part 20 claims to be made against it. On 4 May 2022, on paper and in the usual way, Mrs Justice O’Farrell gave permission to LZ Switzerland and Winsopia to serve their Part 20 claims against Corp out of the jurisdiction (“the 4 May Order”). On 10 June, Corp applied to set aside the 4 May Order pursuant to CPR Part 11 on the basis that the Court has no jurisdiction over Corp in relation to the English Proceedings.
9. Those applications conveniently break down into two groups: first, the applications concerned with the joinder of Corp to these proceedings and related questions of amendments in respect of the Part 20 Claims and second, the applications for interim ASIs in relation to the US proceedings. I shall refer to the first group as “the Part 11 Applications” and to the second as “the ASI Applications” just as the parties have done. The Part 11 applications will be considered first as they logically precede the ASI Applications.
10. For the purpose of the Applications, I have received three witness statements (“WSs”) from Kate Scott, the solicitor for the Corporate Defendants, dated 20 April, 3 May and 24 June, and two WSs from Kate Vernon, solicitor for UK and Corp, dated 10 June and 5 July. I have also had expert evidence on various aspects of the US proceedings. For the Corporate Defendants, there are two reports from Mr William Jacks, dated 13 May and 24 June. Mr Jacks is an attorney from Texas, dealing in a wide variety of civil cases including those concerned with trade secrets and patent infringements. For UK and Corp there are reports from Mr Jim Pooley, dated 9 June and 4 July. He is an attorney from California practising in, and teaching, trade secrets law.
11. I also have a draft Amended DAC which includes the proposed Part 20 Claims which LZ Switzerland and Winsopia seek to make against UK and Corp (“the Amended DAC”).
12. There are a number of underlying key issues or matters which inform both sets of Applications, one way or another, namely:
- (1) The nature and content of the ICA and the ownership of the Software licensed thereby;
 - (2) The proper characterisation of the English Proceedings and the proposed amendments thereto;
 - (3) The proper characterisation of the nature and scope of the US proceedings; and
 - (4) Whether Corp, which is not a party to the EJC on its face, is nonetheless in truth a party to it or is otherwise bound by it. The EJC itself is set out at paragraph 21. below.

THE ICA AND THE SOFTWARE

The Terms of the ICA

13. It is common ground that in very broad terms, a customer which owns an IBM Mainframe computer requires software to enable it to run its applications on that Mainframe. The ICA sets out (among other things) the terms on which such software (“the Software”) is provided to the customer in exchange for the payment of licence fees.
14. The Recital states as follows:

“This IBM Customer Agreement (called the “Agreement”) governs transactions by which the Customer purchases Machines, licenses ICA Programs, obtains Program licences and acquires Services (including, without limitation, customised development and support, business consulting, and maintenance Services) from IBM United Kingdom Limited (“IBM”).”
15. There are then the following definitions:

ICA Program - an IBM Program licensed under Part 4 of this Agreement.
Machine - a hardware device, its features, conversions, upgrades, elements, or accessories, or any combination of them. The term "Machine" includes an IBM Machine and any non-IBM Machine (including other equipment) that IBM may provide to the Customer.
Designated Machine - either i) the machine on which the Customer will use an ICA Program for processing and which IBM requires the Customer to identify to IBM by type/model and serial number, or ii) any machine on which the Customer uses the ICA Program if IBM does not require the Customer to provide this identification.
Enterprise - any legal entity (such as a corporation) and the subsidiaries it owns by more than 50 percent. The term “Enterprise” applies only to the portion of the Enterprise located in the United Kingdom.”
16. In this particular case the Enterprise is Winsopia, and the Designated Machine is the Mainframe which it purchased.
17. Clause 2 contains various warranties provided by UK to Winsopia in relation to the Mainframe, the ICA Programs, the services provided by UK and system compatibility.
18. Clause 3 deals with the title to and installation of the Mainframe and related matters.
19. Clause 4 deals with the licensing of the ICA Programs to Winsopia. Its relevant provisions are as follows:

“4.1 Licence
When IBM accepts the Customer’s order, IBM grants the Customer a non-exclusive licence to use the ICA Program only within the Customer’s Enterprise in the United Kingdom. ICA Programs are owned by International Business Machines Corporation, one of its subsidiaries, or a third party and are copyrighted and licensed (not sold).

4.1.1 Authorised Use
Under each licence, IBM authorises the Customer to:
a. use the ICA Program's machine-readable portion on only the Designated Machine. If the Designated Machine is inoperable, the Customer may use another machine temporarily. If the Designated Machine cannot assemble or compile the ICA Program, the Customer may assemble or compile the ICA Program on another machine. If the Customer changes a Designated Machine previously identified to IBM, the Customer agrees to notify IBM of the change and its effective date;
b. use the ICA Program to the extent of authorisations the Customer has obtained;...

4.1.3 Actions The Customer May Not Take
The Customer agrees not to:

- a. reverse assemble, reverse compile, otherwise translate, or reverse engineer the ICA Program unless expressly permitted by applicable law without the possibility of contractual waiver; or
- b. sublicense, assign, rent, or lease the ICA Program or transfer it outside the Customer's Enterprise.

4.4 Compliance Verification

4.4.1 IBM's right to verify the Customer's usage data and other information affecting the calculation of charges also includes the right to verify the Customer's compliance with other terms of this agreement (including applicable Attachments and Transaction Documents) relating to the Customer's use of ICA Programs at all sites and for all environments in which the Customer installs or uses ICA Programs for any purpose. IBM may use an independent auditor to assist with such verification, provided IBM has a written confidentiality agreement in place with such auditor.

4.4.2 The Customer agrees to create, retain, and provide to IBM and its auditors written records system tools outputs, and other system information sufficient to provide auditable verification that the Customer's installation and use of ICA Programs complies with the Agreement terms, including IBM's applicable licensing and pricing terms. IBM will notify the Customer in writing if any such verification indicates that the Customer is not in compliance with Agreement terms. The rights and obligations in this section remain in effect during the period any ICA Programs are licensed to the Customer and for two years thereafter."

20. In summary, therefore, Winsopia can only use the ICA Programs for the purposes of the operation of the Mainframe. It must ensure that anyone using the ICA Programs does so only for its authorised use. It cannot reverse engineer the ICA programs. UK can audit Winsopia's use of the ICA Programs to ensure, among other things, that such use is compliant with the terms of the ICA. The licence to use the ICA Programs can be terminated if Winsopia fails to observe its terms.

21. Clause 1 contains the following general terms among others:

"1.11.5

e. Data Privacy

1 Definitions - For the purposes of this sub-Clause 1.11.5.e, the following additional definitions shall apply...

IBM Group – International Business Machines Corporation of Armonk, New York, USA, its subsidiaries, and their respective 'Business Partners' and subcontractors. IBM Group entities are principally providers of information technology, including hardware and software products, services, consultancy, financing services and other related activities.

2. The Customer authorises IBM to process and use Business Contact Information for the purpose of furthering the business relationship between the Customer and IBM Group, including the marketing of products and services (the "Specified Purpose").

3. The Customer agrees that Business Contract Information may be disclosed to, and processed and used by, IBM Group in pursuit of the Specified Purpose.

4. IBM agrees that all Business Contract Information will be processed in accordance with the Data Protection & Electronic Communications Legislation and will be used only in accordance with the Specified Purpose.

1.13 Geographical Scope and Governing Law

1.13.1 Except as may be agreed between the parties, or as legally required, all the Customer's rights, all IBM's obligations and all licences (except for Licensed Internal Code and as specifically granted) are valid only in the United Kingdom.

1.13.2 The laws of England govern this Agreement and both parties agree to submit all disputes relating to this Agreement to the exclusive jurisdiction of the English Courts. Except where

required by law, IBM has no obligation to provide any Services for Machines located outside the United Kingdom. [the "EJC" – emphasis added]

1.13.3 If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement remain in full force and effect.

1.13.4 Nothing in this Agreement affects any statutory rights of consumers that cannot be waived or limited by contract."

The Software

22. As for the Software, the intellectual property rights ("IPR") therein are owned by Corp and/or any of its subsidiaries and/or third parties. These will include, copyrights, patents and more generic rights like trade secrets and confidential information. Precisely what rights will be in play will depend on the jurisdiction where they are in issue. That is because (certainly for present purposes) there are no universally recognised relevant IPR and because typically, IPR which are valid in one particular jurisdiction are valid only in that jurisdiction and govern only the activities carried out there by the relevant person.
23. So far as England and Wales is concerned, it appears that none of the relevant IPR in the Software are owned by UK. Instead it is the (non-exclusive) licensee of such rights from Corp. That is evident from a written license agreement made between Corp and IBM UK Holdings Limited ("Holdings") dated 1 April, 1987, as amended from time to time thereafter ("the Principal Licence"). UK is a wholly-owned subsidiary of Holdings. It is the Principal Licence which enables UK to grant what are effectively sub-licences to Mainframe operators by means of agreements like the ICA which are in standard form. Because UK is not an exclusive licensee, it does not have the right, under English law to bring an action for infringement of copyright committed by an operator such as Winsopia. Absent Corp as a Claimant to the UK proceedings, it is therefore unsurprising that no claim for infringement of copyright is made therein even if it has been committed. However, since UK is a party to the ICA, it can of course bring a claim for breach of that agreement, which is what it has done.

THE ENGLISH PROCEEDINGS

The POC

24. The core factual allegations made in the POC are as follows: LZ Switzerland has developed and currently markets the suite of software known as SDM, as referred to above. Its essential purpose is to enable applications designed for use on Mainframes to be used instead on non-Mainframe computers which typically run on different computer architecture and processors (in particular what is known as x86 computer architecture running the LINUX operating system). This enables the user effectively to migrate from the Mainframe hardware to other platforms. The SDM simulates a Mainframe environment to enable the applications still to operate within the different, non-Mainframe hardware. The result is that the user will no longer have any need for the Mainframes. That, of course, has commercial implications for Corp and its various subsidiaries in terms of the maintenance or sale of Mainframes and the licensing of the Software.
25. Paragraph 23 of the POC alleges, in summary, that the Software has been used by Winsopia for the purpose of developing the SDM and related software which can run without the presence of a Mainframe and that it has provided information by reverse engineering the Software to, for example, LZ Switzerland.

26. The breaches of the ICA which all of this entailed, according to UK, are, in summary as follows (by reference to paragraph numbers of the POC):
- (1) Under paragraph 24
 - (a) Parts of the Software (which is described in detail) have been used outside Winsopia's operations in the UK, because they have been used by LZ Switzerland and/or by individuals resident outside the UK, contrary to clause 4.1;
 - (b) Those parts of the Software have been used on SDMs which are not Designated Machines (i.e. because they are not the Mainframe), contrary to clause 4.1.1(a);
 - (c) The above use exceeds the authorised use permitted by UK, contrary to clause 4.1.1(b);
 - (2) Under paragraph 25

Winsopia has reverse engineered those parts of the Software, contrary to clause 4.1.3(a);
 - (3) Under paragraph 26

Winsopia has transferred such parts of the Software outside of its operations to LZ Switzerland and LZ Ltd and/or their customers and/or to other third parties, contrary to clause 4.1.3.
27. All of these allegations of breach are made inferentially, but UK pleads a number of extremely detailed matters in support of the overall contention that Winsopia could not possibly have developed the SDM without using the Software in breach of the ICA as alleged in paragraph 24-26. Those matters are set out in paragraph 27 which itself has 24 sub-paragraphs and runs to 13 pages of the POC.
28. It is then said that UK terminated the ICA due to Winsopia's breaches of the ICA in relation to its use of the Software but also because of its failure to comply with UK's audit requests. Relevant declarations, injunctions and damages are then sought as against Winsopia, with allegations of procurement of its breaches by the other Defendants.
29. I should add that paragraph 16 of the POC appears to be incorrect in suggesting that without the ICA, any use of the Software by Winsopia would amount to infringements of UK's rights. Rather it would be an infringement of Corp's rights. Equally, the claim for injunctive relief in paragraph 49 is incorrect insofar as it purports to be made by the relevant rights-owner, since UK is not such an owner. However, these inaccuracies do not alter the fact that the only claim made against Winsopia in the English Proceedings is one for breach of the ICA. Had there really been a separate claim for infringement of copyright for example (even if actionable by UK), there would need to be a much more detailed recitation of the subsistence of the relevant copyright, the nature of the copyright material and particulars of infringement. None of that is pleaded here. (I deal with a related pleading point at paragraph 163. below). I agree that the existence of the licence would be a complete defence to any claim brought by Corp here in relation to breach of its IPR here. But there is no such claim and it is not the essence of the US claim.

30. By way of contrast, and as will be seen below, the essential claims made in the US Proceedings are for infringement of the relevant rights held by Corp in the US, namely trade secrets and patents. Whatever may be said about the references to the ICA, there is no claim for the breach of the ICA as such. That is not surprising since at first blush, Corp is not a party to the ICA.

The DAC

31. The DAC accepts that Winsopia purchased the Mainframe and has used the Software. However it says that all of Winsopia's use of the Software was authorised and complied with the terms of the ICA. Moreover, while it certainly did develop the SDM, it says that this process, which occurred over many years, did not involve any unlawful use of the Software and in particular made no use of prohibited reverse engineering. A detailed response to paragraph 27 of the POC is given in Annex 2 to the DAC which runs to some 14 pages. Winsopia counterclaims for declaratory relief and damages for unlawful repudiation of the ICA and other matters and/or specific performance thereof. LZ Switzerland seeks a declaration that it did not procure any breach by Winsopia.
32. I should add that s50B of the Copyright, Designs and Patents Act 1988 permits the study and testing of computer programs for certain defined purposes and any contractual term to the contrary is prohibited by s296A thereof. These provisions are invoked by way of defence at paragraph 50 of the DAC.

RFIs

33. In addition, there have been many Requests for Further Information ("RFI"). In particular, the Corporate Defendants served a detailed RFI upon UK on 12 November 2021. UK responded to it on 10 December 2021. Then, on 12 May 2022, UK made a detailed RFI of the Corporate Defendants. Their response was provided on 21 June, 2022. Requests 7-18 of UK's RFI concern the declaratory relief as originally sought against UK.

Proposed Amendments to the DAC

34. In the original DAC, Winsopia counterclaimed for relief as against UK as set out in paragraph 117 thereof.
35. The relief sought is altered by the proposed amendments as follows:
- (1) The declaratory relief previously sought by Winsopia against UK is now also sought as against Corp;
 - (2) That declaratory relief is expanded by additional wording to paragraphs 117.3 and 117.5(a);
 - (3) A further declaration is added by paragraph 118A and a permanent ASI is now claimed against UK and Corp in paragraph 118B;
36. The original and amended paragraph 117 and new paragraphs 118A and 118B are set out below at paragraphs 140. and 185..

37. As for LZ Switzerland, its existing claim for declaratory relief in paragraph 118 (that it did not procure any breach of the ICA) is now made against Corp as well and it seeks the same permanent ASI against UK and Corp as Winsopia does.
38. All of the above divides into four sets of claims against Corp in respect of each of which, jurisdiction as against Corp must be established:
- (1) Winsopia's claims for declarations as against Corp;
 - (2) LZ Switzerland's claims for declarations as against Corp;
 - (3) Winsopia's ASI declaration and injunction claims against Corp; and
 - (4) LZ Switzerland's ASI declaration and injunction claims against Corp.
39. There are also the declaration and injunction claims against UK by way of amendment though that has no jurisdictional implication. I will consider those amendments at paragraphs 221.-224. below.

THE US CLAIM

Introduction

40. There is a substantial dispute between the parties, and to some extent between the experts, as to what the US Proceedings are and are not about. It is therefore necessary to set out the position by analysing objectively and in a realistic fashion the Complaint made by Corp in the US Proceedings. I do so principally by reference to the claim for infringement of trade secrets.
41. As a starting point, however, it is necessary to repeat what is common ground, which is that the acts alleged to constitute the infringement of the trade secrets must be shown to have taken place in the US, whatever may be said about the genesis of the scheme or project which caused them to occur. Equally, the trade secrets invoked are ones which can only operate in the US.

The Introductory Section of the Complaint

42. Paragraphs 2-4 read as follows:

“2. Moores and Rockmann's first order of business for LzLabs was to figure out how it could gain access to IBM mainframe software. To acquire that access, LzLabs set up a shell entity to license the IBM mainframe software from a subsidiary of IBM (IBM UK). This shell entity is called Winsopia. Winsopia has no business, except to act at the direction of LzLabs. And that direction is to engage in improper reverse engineering of the IBM software to gain IBM's trade secret and proprietary information. LzLabs then uses this information to develop a product offering that LzLabs claims is a plug-and-play replacement for the very IBM offerings LzLabs deceitfully obtained – IBM's industry-leading mainframe system software.

3. LzLabs' alleged plug-and-play replacement for IBM's mainframe system software is called the Software Defined Mainframe (“SDM”). LzLabs claims its SDM can run customer owned software applications written for IBM mainframes and process the related data without making modifications to the code or data for those applications, thereby, (according to LzLabs), duplicating the functionality of IBM mainframe systems. While IBM has committed decades of engineering effort and billions of dollars of investment to develop its industry-leading mainframe systems, LzLabs claims to have achieved this feat in a fraction of the time and with a fraction of the engineers IBM used.

4. After IBM UK learned of the connection between the shell entity Winsopia and LzLabs (and to ensure compliance with the agreements by which the shell entity licensed the mainframe software), IBM UK exercised its audit rights under its agreements with Winsopia. Winsopia, however, refused to comply with the audit request, even though IBM UK's audit rights under the agreements are not discretionary and do not require assent. In fact, before it would even entertain the audit request, Winsopia demanded that IBM UK sign a non-disclosure agreement that effectively required IBM to waive its legal rights before Winsopia provided any of the requested information.”

Jurisdiction

43. To some extent, those geographical issues overlap with why the Complaint states that the Texas Court has jurisdiction over LZ Switzerland as a foreign defendant and also over TW in the Western Texas District. It is useful to cite Corp's case on jurisdiction set out at paragraphs 11-14 of the Complaint as follows:

“11. The Court has jurisdiction over this action under 28 U.S.C. §§ 1331, 1338, and 1367.

12. Personal jurisdiction is proper against LzLabs because it has engaged in substantial activities in the United States in connection with the development, marketing, and offers for sale of its SDM. LzLabs engages in widespread marketing efforts of its SDM in the United States.³ LzLabs also advertises several major partnerships providing access to its SDM through the cloud.⁴ Moreover, LzLabs has made direct offers for sale and engaged in numerous discussions concerning the operation of the SDM with at least one IBM mainframe customer in the United States.

13. LzLabs has engaged in development work for its SDM in the United States, including within Texas. Defendant Texas Wormhole is LzLabs' Austin, Texas-based development arm, engaging in development of the SDM in this District. Texas Wormhole acts under the direction (and for the exclusive benefit) of LzLabs. By way of example, Texas Wormhole employees Steve Towns, Gary Trinklein, Tom Harper, and Tommy Sprinkle reside, according to their respective LinkedIn profiles, in Texas, and all have roles relating to software development, such as software engineer, developer, or architect. Tom Harper is expressly named in the Neon injunction. These individuals' work for LzLabs includes development of the LzLabs SDM including the reverse assembling, reverse compiling, translating, or reverse engineering of IBM software to develop the SDM.

14. Venue is proper in this District under 28 U.S.C. § 1391 and 1400. For example, Texas Wormhole has a regular and established place of business in this District and engages in development and use of the SDM in this District, actions that infringe the patents asserted in this action. LzLabs has directed Texas Wormhole's misappropriation in this District. Furthermore, because LzLabs is a foreign corporation subject to personal jurisdiction in the United States, venue is proper in any United States District Court for the causes of action asserted here.”

44. Whether the facts alleged are proved (and as already mentioned, both LZ Switzerland and TW have filed motions to dismiss), the assertion of jurisdiction is firmly focused on events occurring in the US/Texas.

Corp's Trade Secrets case

45. Paragraphs 21-36 of the Complaint set out Corp's case as to why the Software constitutes trade secrets. Paragraphs 39-57 then set out the general case that the SDM product could not have been created without prohibited or improper reverse engineering of the Software.

46. Paragraphs 58-68 then deal with patent infringement which (for the most part but not entirely – see paragraphs 58. and 205. below) is beyond the purview of the present applications here. Paragraphs 69-72 then allege as follows:

“69. LzLabs offers its SDM for sale to customers within the United States. It does this through general offers and offers for demonstrations on its website. It also offers its SDM for cloud implementation through the Microsoft Azure platform.

70. In a recent press release, LzLabs formally announced expansion into North America to take advantage of the well-established mainframe customer base in North America. The majority of the mainframe customer base in North America is within the United States.

71. In or around February 2021, IBM became aware that LzLabs was communicating with an IBM customer headquartered in Tennessee. Specifically, IBM became aware that LzLabs had scheduled meetings to occur with that customer in Tennessee the week of February 22, 2021, to explore migrating certain of that customer’s applications from an IBM mainframe to LzLabs’ SDM. The IBM customer invited IBM to this meeting. When the meeting was to begin and it became apparent to LzLabs that IBM was attending, LzLabs canceled the meeting.

72. In connection with those efforts, LzLabs offered to sell its SDM to the IBM customer within the United States and has made a test installation of the SDM in the United States for that IBM customer.”

47. Paragraphs 73-76 alleged false advertising which again is beyond the scope of the applications made here.

48. After this, the first cause of action (trade secret misappropriation under DTSA) is set out. The previous paragraphs are repeated. The key paragraphs are then as follows:

“78. LzLabs’ and Texas Wormhole’s conduct constitutes a willful and malicious misappropriation of IBM’s trade secrets in the United States. Such trade secrets include the structure, function, and operation of IBM’s COBOL & PL/I Runtime Service Routines, Middleware Service Routines, and Operating System Services (“Misappropriated Trade Secrets”).

79. The Misappropriated Trade Secrets have independent economic value because they are not generally known to, and not readily ascertainable through proper means by, other persons who can obtain economic value from their disclosure or use. For example, the Misappropriated Trade Secrets are not readily ascertainable absent the reverse assembling, reverse compiling, translating, or reverse engineering of the Licensed IBM Software, which IBM distributes with contractual restrictions on such activities.

80. IBM has maintained the secret, confidential information of the Misappropriated Trade Secrets and has taken reasonable measures to keep the information secret, including through employment agreements that require IBM employees to retain such information confidentially and forbid disclosure of such information to anyone outside of IBM. In addition, IBM places contractual restrictions on activities such as reverse assembling, reverse compiling, translating, and reverse engineering of the Licensed IBM Software. Further, IBM source code embodying the Misappropriated Trade Secrets is stored in source code management repositories. Such source code management repositories are accessible only from within the IBM intranet by an authenticated user. They are monitored for unusual network traffic to maintain their security. User access to these source code management repositories is authorized and revalidated on a quarterly basis. IBM employees are also required to take annual cybersecurity education courses.

81. In creating, using, marketing, and selling its SDM, LzLabs and Texas Wormhole misappropriated the Misappropriated Trade Secrets. The SDM incorporates the Misappropriated Trade Secrets, which were derived using improper means. LzLabs and Texas Wormhole had no rights in the Licensed IBM Software, and therefore the reverse engineering, reverse assembling, reverse compiling and/or translating they (or those on their behalf) performed was unauthorized and improper. Although LzLabs set up a shell entity to license the IBM software from IBM UK, LzLabs and Texas Wormhole further knew that any reverse engineering, reverse assembling, reverse compiling and/or translating performed by the shell entity was barred by its agreements with IBM UK.

82. LzLabs has been marketing and offering to sell the fruit of its misappropriation, the SDM, which incorporates or whose development relies on the Misappropriated Trade Secrets. These efforts have taken place within the United States.

83. Texas Wormhole has been using the fruit of its misappropriation, the SDM, which incorporates or whose development relies on, the Misappropriated Trade Secrets. This use has occurred in the United States.

84. LzLabs' and Texas Wormhole's misappropriation of IBM's Misappropriated Trade Secrets was willful.

85. IBM has been damaged as a result of LzLabs' and Texas Wormhole's conduct, and seeks damages in accordance with proof at trial, but in any event sufficient to: (1) compensate it for its actual losses, including lost profits resulting from LzLabs' and Texas Wormhole's misappropriation, and (2) recover the amounts that LzLabs and Texas Wormhole unjustly received as a result of its misappropriation of the Misappropriated Trade Secrets. In lieu of the above, IBM is entitled to a reasonable royalty for LzLabs' and Texas Wormhole's misappropriation.

86. In addition, because LzLabs' and Texas Wormhole's misappropriation was willful and malicious, IBM is entitled to recover exemplary damages in an amount equal to twice the damages otherwise recoverable, and to recover its attorneys' fees and costs of suit.

87. If Defendants are not enjoined Defendants will continue to misappropriate and use IBM's trade secrets for their own benefit and to IBM's detriment."

49. The second cause of action, misappropriation of trade secrets under TUTSA is then set out. Essentially it repeats the matters alleged under the first cause of action, save that paragraphs 82 and 83 are replaced by the following 93:

"93. LzLabs' and Texas Wormhole's misappropriation occurred at least in part in the state of Texas. All of Texas Wormhole's operations occur in Texas. In addition, LzLabs' employees within Texas, including Steve Towns, Gary Trinklein, Tom Harper, and Tommy Sprinkle engaged in misappropriation within the state of Texas through, at least, their use of the SDM within the state."

50. It is common ground between the experts that misappropriation of trade secrets as a cause of action must show some improper means. However, there was much debate between them as to whether the actual breach of the ICA by Winsopia was itself the (or the only) improper means relied upon by Corp and if so, whether that was necessary to establish the required improper means. This was an important debate because a key element of Winsopia's submissions was that in truth the (and the only) improper means relied upon was the breach by Winsopia of the ICA because of the reverse engineering which it prohibited. Accordingly this emphasised the effective dependency of the US Proceedings on breach of the ICA.
51. The starting point is that under both TUTSA and DTSA, reverse engineering in the sense understood there, is said not itself to be improper means unless contractually prohibited. On that footing, and it is a point made by Mr Jacks, the question of breach of the ICA (or not) is significant. However, Mr Pooley who has written a major book on US trade secrets law called "Trade Secrets", explains that the position is not quite so simple. At paragraphs 4.5 and 4.6 of his first report ("Pooley 1") he refers to the substantial difference in policy between the EU Software Directive, as implemented in this respect by s50B and s296A of the 1988 Act and the policy of the US Federal and Texas legislation on trade secrets. The former seeks to embargo any contractual attempt to prohibit reverse engineering (as defined) while the latter seeks to respect any contractual prohibitions. Thus, it will be argued here (as already noted in paragraph 32. above) that there was no breach of clause 4.1.3(a) of the ICA even if there had been reverse engineering. This creates a tension between the policies adopted by the respective jurisdictions. According to Mr Pooley, that would lead to Corp being able to make a strong argument that the ICA, or at least clause 4.1.3(a) should be construed according to the law of Texas in order to avoid that tension. Or alternatively, any finding of the English Court for example that there was no breach of the ICA because of the

effect of s50B and s296A of the 1988 Act (and whether embodied in a declaration or not) should not be enforced in or applied by the Texas Court.

52. Winsopia argues that the Texas Court would surely apply English law when construing the ICA not least because it is expressed to be governed by English law. However, I am not persuaded that this is correct where there is such a clear difference in the underlying policies between the relevant jurisdictions. Indeed, I think it would be odd for the Texas Court to start exploring the effect or otherwise of the Software Directive when on any view, any reliance on breach of the ICA is at best but one element in the “story” leading to the necessary infringements in the US/Texas.
53. The fact that reverse engineering is, at the end of the day, either prohibited or permitted under the ICA (because of the application of s296A of the 1988 Act) is said by Mr Pooley to be a factor considered by the jury but no more than that. I agree with this analysis. At the end of the day, the question will have to be whether reverse engineering is permitted under US/Texas law, not English law.
54. The next point is that I accept Mr Pooley’s evidence that under US/Texas law, improper means can go beyond unlawful acts notwithstanding the general permission of reverse engineering unless contractually prohibited (bearing in mind that he states in footnote 5 of Pooley 1 that the reverse engineering permitted is in a “generic” sense). He stated in paragraphs 3.3-3.7 that improper means can include unethical or bad faith conduct. That is so even if the conduct itself is not unlawful. He referred to the *DuPont* case in this regard at paragraph 3.4.
55. Mr Jacks responded to say that this and other cases preceded the relevant trade secrets legislation and pointed out the references therein to reverse engineering which was not prohibited being not improper. However, in Mr Pooley’s second report (“Pooley 2”) at paragraphs 3.3 and 3.4, he says that this case-law is still followed with its emphasis on a broad concept of improper means. Put another way, the question of breach of the ICA (or not) is not dispositive of the question of improper means. I accept that evidence.
56. That then raises the issue as to whether in the Complaint, Corp has effectively tied itself to the references to breach of the ICA as constituting the only improper means relied on. I consider that to be a much too narrow and unrealistic view of the Complaint, looked at fairly as a whole. The emphasis is surely on an overall deceptive and/or unethical scheme to access the necessary underlying Software and then to reverse engineer it here and in Texas and make use of that and the SDM in the US and Texas. Of course, the narrative has to and does explain how the Software was obtained. I agree that on the face of it, this was through Winsopia and the ICA here. But in my view, Corp is clearly alleging improper conduct on the part of LZ Switzerland and TW as well which is hardly surprising since they are the defendants. See paragraphs 3.8 and 3.9 of Pooley 1 and also paragraphs 4.1 and 4.2 of Pooley 2 with which I agree. Part of the claim is that neither LZ Switzerland nor TW had any authority to access the Software for the purposes of their reverse engineering of it. The fact is that in any event the US Proceedings (as with the English Proceedings) are very much concerned with whether there has been reverse engineering at all, a matter of serious dispute. But that is simply a function of its being the basis for the relevant claims in each jurisdiction. Corp claims that some of the actual reverse engineering occurred in the US/Texas and that in any event the “fruits” of that process have been used in the US/Texas i.e. the marketing and sale of the product thereby created, namely SDM.

57. A separate point made by Mr Jacks was that Mr Pooley had in his book referred to the use of “clean rooms” as a way to legitimately discover information, as if Mr Pooley had not fully disclosed this matter. But as Mr Pooley replied at paragraph 3.5 of Pooley 2, Mr Jacks had failed to confront the critical distinction he made in paragraphs 3.10-3.11 of Pooley 1 that a cleanroom must begin not with a study of the secret code but the establishment of a high level specification that identifies only its functions, free from any influence from an examination of how the original programme implements those functions. A further point made in this context is that trade secrets infringement does not require proof of copying, it is the use of the trade secret indirectly in creating a new product, according to Mr Pooley. Mr Jacks does not suggest to the contrary. So that even if a clean room process was followed by LZ Switzerland (itself in dispute) and was, as it were, validated in the English Proceedings, it would not answer a misappropriation claim in the US.
58. Mr Pooley also considers that “the development story” of the SDM is likely to be relevant to the question of whether the patent infringement was wilful or not. He considers that the discovery process for both this and the trade secrets claims will overlap. That is not accepted by Mr Jacks but I am prepared to accept that these are at least real possibilities in the light of what Mr Pooley has said.
59. The truth is that in my view, the US Proceedings are considerably more nuanced and complex and differentiated from the English Proceedings than Mr Jacks suggests. The former are very far from a carbon copy of the English proceedings.
60. On a proper analysis of the US Proceedings (and irrespective of their prospects of success) one can say the following:
- (1) Corp is plainly not alleging breach of the ICA directly; it could not do so not least because Winsopia is not a defendant in the US proceedings;
 - (2) The process of the alleged reverse engineering, said to have been effected by LZ Switzerland will have to be considered by the Texas Court, just as it will in the English court. To that extent there is obviously an overlap;
 - (3) Breach of the ICA has been pleaded in the US proceedings and that cannot be ignored. But the context of the plea and the expert evidence of Mr Pooley show that it would be wrong to say that for the US trade secrets claim to succeed, Corp must prove breach of the ICA; in truth, the improper means alleged are considerably broader;
 - (4) Furthermore, and critically, without the alleged acts committed in the US/Texas, not only would the Texas Court have no jurisdiction, there could be no substantive claim against LZ Switzerland or TW for infringement of Corp’s US and Texas-based trade secrets at all;
 - (5) On the face of it, therefore, UK is invoking its rights in relation to what it says is unlawful reverse engineering here, and Corp is invoking its rights in relation to improper reverse engineering, as constituting infringements of its trade secrets in relation to the activities of LZ Switzerland and TW in the US/Texas.
61. Those conclusions have a bearing on some of the matters invoked both on the question of whether the EJC binds Corp and also the ASIs being sought.

THE PART 11 APPLICATION: PRELIMINARY

Introduction

62. Now that there has been an “inter partes” challenge to the 4 May Order in respect of the part 20 Claim against Corp, I have to consider the matter afresh even though it is Corp which makes the application to set aside. The burden is on Winsopia and LZ Switzerland to establish jurisdiction.
63. There are two limbs to the ability (or otherwise) of those parties to serve out against Corp. First, as now provided by CPR 6.33 (2B) (set out at paragraph 127. below) service out may be effected without permission of the Court if the proposed claim falls within it. It is in this context that the EJC is first invoked.
64. Second, even if service out cannot be effected by that route, Winsopia and LZ Switzerland contend that a number of the usual “gateways” are available under paragraph 3.1 of PD 6B, namely:
- (1) Corp is a “necessary and proper party” to the English proceedings within paragraph 3.1 (3) and/or (4); and/or
 - (2) the Part 20 claim is in respect of a contract governed by English law, under paragraph 3.1 (6); and/or
 - (3) the Part 20 claim for an ASI made by Winsopia is an interim remedy under paragraph 3.1 (5).

Procedural Requirements

65. The tests for compliance with 6.33 (2B) and the gateways are not in dispute save in one respect.
66. First, whether in relation to satisfying either part of 6.33 (2B) or the relevant gateway, the claimant must show a good arguable case (“GAC”) that the relevant claim falls within them. Second, it must show that each claim itself raises a serious issue to be tried. Third, but only in respect of the PD 6B gateways it must also be shown that England is clearly and distinctly the appropriate forum.
67. There is something of an issue about the scope of paragraph 6.33 (2B) (b) which I will discuss in context below.

THE EJC

Introduction

68. It is plain that Corp is not an express party to the EJC just as it is not such a party to the ICA itself although it is referred to in parts of it. However, Winsopia and LZ Switzerland contend that Corp is nonetheless a party to it or otherwise bound by it by some other route, namely:
- (1) Agency: it is said that Corp became a party to the ICA through UK acting as agent for it as undisclosed principal; see paragraph 116E.3 of the Amended DAC; or

- (2) Collateral Agreement: here it is said that Corp agreed to be bound by the EJC itself by means of a collateral agreement, enforceable by Winsopia and UK; see paragraph 116E.4; or
- (3) Estoppel: it is said that Corp is estopped from submitting disputes relating to the ICA to courts other than the English Court.

69. I consider each of these in turn but in order to do so, I need first to deal with a number of background matters.

Background Matters

70. First, and as already noted, any operator of a Mainframe, wherever they are, will require use of the Software in order to run its applications on it. It is also clear from the evidence that at least to a significant extent in relation to Mainframe customers, the relevant IBM subsidiaries in different countries will be licensing the Software to operators in similar terms to the ICA - see, by way of example, the agreement made by IBM Ireland Limited. Of course, each subsidiary is a separate company with its own directors etc. However it is likely that, as part of the group of IBM companies and especially with regard to licensing of the Software there is some sort of common policy in place, so that the licences are in a form consistent with each other. And ultimately, of course, Corp controls its subsidiaries. But none of that stops the subsidiaries and Corp from being separate legal entities. Further, none of that imports, without more, that whatever the subsidiary does, it does as agent for Corp, either as the only principal in play or as another principal alongside the subsidiary.
71. Likewise, much was made of the fact that when an audit was requested of Winsopia's operations in relation to the Software it was Corp which initially sought it. Winsopia then in fact refused it on the basis (correctly as I see it) that Corp was not a party to the ICA and so had no right to invoke the audit clause. Subsequently, the request came from UK. I have no doubt that Corp was involved in the decision to request an audit. I also have no doubt that this litigation is of commercial interest to Corp as well as to UK. But again, this sort of interest is commonplace in large corporate groups. What it does not mean, is that the subsidiary and parent should be treated as one, or that the former can only be agent for the latter as opposed to a principal acting in its own right.

Agency

Introduction

72. Winsopia alleges at paragraph 116E.3 of the Amended DAC that UK entered into the ICA as agent for an undisclosed principal, namely Corp. Thus Corp is bound by the EJC because it is bound by the ICA as a whole. That said, at paragraph 93 of Winsopia's Skeleton Argument on the ASI, it is said that the allegation is of a specific agency in relation to the EJC alone. Later paragraphs again suggest an agency in relation to the entire ICA. In oral argument, however, Mr Charlton QC said that in relation to the ICA as a whole the only party was indeed UK, whereas in relation to the EJC, Corp was a party thereto as well as UK. This seems a somewhat confused position to arrive at on the agency point. It also appears to be shading into the Collateral Agreement argument which is (at least as pleaded) a separate point.
73. I propose to deal with the agency point in its various incarnations.

74. In my judgment, in order to understand the principles which are relevant here, the starting point is the oft-cited decision of Leggatt J (as he then was) in *The Magellan Spirit* [2016] EWHC 454 (Comm). In that case, he said this:

“18. The question whether an undisclosed agency relationship was created must depend in principle, as I see it, not on the state of mind of the supposed agent at the time of contracting, but on whether the supposed agent had communicated to the supposed principal an intention to contract on its behalf. The principle is confirmed by further binding House of Lords authority. In *Garnac Grain Co Inc v H M F Fauré & Fairclough Ltd* [1967] 1 Lloyd’s Rep 495 at page 508 col 2, Lord Pearson (with whose speech the other law lords agreed) stated the principle as follows:

“The relationship of principal and agent can only be established by the consent of the principal and the agent. They will be held to have consented if they have agreed to what amounts in law to such a relationship, even if they do not recognise it themselves and even if they have professed to disclaim it . . . But the consent must have been given by each of them, either expressly or by implication from their words and conduct.” See also *Yukong Lines Ltd of Korea v Rendsburg Investments Corporation (The Rialto)* [1998] 1 WLR 294, page 303. This statement of the law makes it clear that if on an objective analysis of their words and conduct Mansel and VSA consented to the creation of a relationship of agent and principal between them, it matters not that Mr Fransen (or anyone else involved in the transaction) did not subjectively intend or perceive this to be the case....

28. A further, and in my view surer, basis for the decision in *The Rialto* was that the ordinary intention of someone who conducts trading activities through the vehicle of a one-man company is precisely to avoid incurring personal liability under contracts made by the company; and it would be inconsistent with that intention for the company to contract as agent for its beneficial owner. That point can, I think, be generalised in this way. Where a contract is made by or on behalf of a named legal person and there is nothing in the terms of the contract or surrounding circumstances to indicate to the other contracting party that the named person is making the contract as an agent, then the presumption must be that the named person is contracting as a principal. That presumption is capable of being displaced; but in order to displace it, convincing proof is needed that the named party was – contrary to appearances – contracting on behalf of an undisclosed principal.

Implication from conduct

29. The most obvious method of proof would be to point to an express agreement establishing an agency relationship. There was in the present case, however, no relevant written agreement between Mansel and VSA and there is no evidence of any relevant oral agreement. In these circumstances the argument that an agency relationship was created has to be based on conduct. In principle what must be shown is conduct from which: (i) a reasonable person in the position of Mansel would have understood that it was authorised to enter into the charter as agent of VSA; and (ii) a reasonable person in the position of VSA would have understood that Mansel was agreeing to do so. As in any case where an agreement is sought to be implied from conduct, it is not enough to point to conduct which was consistent with an agreement or mutual intention that Mansel would contract as agent of VSA. It is necessary to identify conduct which was only consistent with such an agreement or mutual intention and inconsistent with any other intended relationship between the two Vitol Group companies. Put another way, it must be fatal to the implication of an agency relationship if the parties would have or might have acted as they did in the absence of such a relationship....”

75. As to that, Winsopia contends that *Magellan Spirit* does not represent the law and must be treated with caution. It makes three points. First, it takes issue with the notion that the subjective state of mind is not relevant to the creation of the agency relationship. As to that, it is certainly now regarded as the law that when considering whether the agency relationship has arisen, not by way of express agreement but to be implied by conduct, what is needed is an objective analysis of the dealings and communications between the purported agent and undisclosed principal. Indeed, in *Targe Towing Ltd v Marine Blast Ltd* [2004] 1 Lloyd’s Rep 721, one of the errors made by the Judge below was that he had been influenced by considerations of subjective knowledge and intention instead of “an objective analysis of their conduct and communications”. (As it happened in that case the error made no

difference to the outcome.) See also paragraph 54 of the decision of Fraser J in *Haberdashers' Aske's Federation Trust Ltd v Lakehouse Contracts* [2018] EWHC 558 (TCC), paragraph 70 of the judgment of Eyre J in *RFU v Clark Smith Partnership* [2022] EWHC 956 (TCC) and my judgment in *Actegy v Société Logitique Nivelloise* [2018] EWHC 2400 (Comm).

76. It is correct that at paragraph 8-072 of *Bowstead on Agency* (22nd Edition), the editors question whether subjective intent is always irrelevant. However, that was in the context of considering, for example, if, in a case where the agent had a general actual authority from the principal, he had on this particular occasion chosen to exercise it. I quite see that, but this is not how the case is put here, nor would it be relevant in the usual case where the question is whether the agency itself can be spelled-out of or implied by conduct.
77. Next, Winsopia says that it is wrong to say that there is a presumption that the named party in a written agreement is the principal and that “convincing proof” is required to show the contrary. It is said that *Bowstead* does not state this as a necessary prerequisite of the agency. However, context is everything. Leggatt J was dealing (as we are here, subject to one point) with a situation where the alleged agency is said to arise by implication with regard to the conduct of the alleged agent and principal. Leggatt J was careful to confine the reference to convincing proof to circumstances where, in addition to the named party being the alleged agent, there was nothing in the terms of the contract or surrounding circumstances to indicate to the other party that the named person was acting only as agent. In other words, as far as appearances went, the alleged agent seemed to be the principal. I see Leggatt J’s observations here as little more than common sense, especially in the context of commercial agreements made between substantial corporate entities. Indeed, as I shall explain below, there are parts of the ICA that are positively inconsistent with the notion of UK acting as agent for Corp. Again, paragraph 28 of *Magellan Spirit* has been cited with approval in later cases including *Actegy*. Moreover, on the facts of this case, the outcome is clear, whether the approach is to seek “convincing proof” or evidence according to some lesser criterion.
78. Finally, Winsopia says that paragraph 29 was wrong where Leggatt J says that in a case of implied conduct, it is not enough to point to evidence of intention that is at least consistent with principal and agent. It must be an intention which is consistent only with that analysis. Winsopia suggests that this approach is expressly contradicted by the observations of the Court of Appeal in *Targe*. In this regard, the Judge below was also said to have fallen into error because he stated that the agency to be derived from the conduct had to be a necessary feature of the parties' relationship i.e. treating the implication of agency like the implication of a contractual term. The Court of Appeal agreed that this was an error although, again, it went on to say that it made no difference. I see all of this, but I think it is a different point. All Leggatt J was saying was that if one has to analyse the conduct of the parties objectively, it needs to point clearly to agency. If it points equally to something else (for example to the alleged agent being the principal, even where one is the subsidiary of another) then this is equivocal and not sufficient. This is not the same as what the Judge at first instance was doing in *Targe*. The last line of Leggatt J’s paragraph 29 sums it up - see paragraph 74. above.
79. Yet again, on the facts here, the emphasis on seeking out what can only be explained by agency is unnecessary.

80. But to the extent that it matters, it seems to me that I should follow *Magellan Spirit* unless I am persuaded that it is clearly wrong. That is a hopeless suggestion in my view. Indeed, no later authority has been cited to me suggesting that it is.
81. Otherwise, it is also clear law that what needs to be established is both that the agent had actual authority to enter into the contract concerned on behalf of the (undisclosed) principal and that he intended so to contract with the other party. See, paragraph 54 of *National Bank of Kazakhstan v Bank of New York Mellon* [2020] EWHC 916 and, again, paragraph 70 of *RFU*.

Analysis: the ICA

82. The logical place to start is the ICA itself. On its face, it (including the EJC) is made between UK as licensor and Winsopia as licensee, both acting as principals. It is beyond doubt that UK had the capacity to contract for itself and grant licences because of the rights conferred under the Principal Licence.
83. The parties to the ICA are clearly expressed to be UK and Winsopia and there are references to “neither party” and “both parties” meaning those entities and no one else. There is also an entire agreement clause at clause 1.4.5. That is itself a pointer against agency; see the decision of the Court of Appeal in *The Atlantic Tiburon* [2019] EWCA Civ 10 at paragraph 112.
84. In addition, as Corp has pointed out, some provisions in the ICA do not work if it was the actual principal. Winsopia is described as having purchased Mainframes, ICA programs and licences from UK. It would be odd if in truth it was not UK which was selling and warranting those products. It would be equally odd (if this be Winsopia’s case) that it was indeed UK which was selling and warranting the products but Corp was doing so as well, effectively as a guarantor.
85. Further, Corp is specifically mentioned in a number of places in the ICA as distinct from UK. So, clause 1.11.5 (e) (2) – (4) cited at paragraph 21. above permits UK to disclose certain information to “IBM Group” which is defined as Corp, its subsidiaries, business partners and contractors, for certain defined purposes. It is unclear why that specific reference would be necessary if Corp was already party to the ICA.
86. Paragraph 4.1 then makes clear that UK is granting a licence to use the ICA Programs within the UK. It adds that the ICA Program is owned by Corp or its subsidiaries or third parties. I do not see that second sentence as any support for the notion that in truth, Corp was the licensor here, as opposed to UK. This sentence merely explains who the ultimate owner of the relevant rights is - it could in fact be a subsidiary in a particular jurisdiction and the wording of the ICA here is clearly standard form. As it so happens, in the case of the UK at the time, UK was only a licensee and not the ultimate owner of the relevant rights. In which case, it would be odd that the licence is expressly referred to as having been granted by UK and not Corp if the latter was itself a party to the ICA.
87. In its written submissions, Winsopia placed emphasis on the use of an IBM logo on the front of the ICA as if that somehow supported the notion that Corp was a party thereto. I reject that point. The fact that the corporate logo is used in the context of a worldwide group like IBM itself says nothing about which particular IBM company is contracting. More pertinent

is the reference beneath the logo to the name, address and company registration number of UK.

88. Accordingly, there is no support for the notion that UK entered the ICA as agent for Corp, whether or not UK was also a principal. Indeed there are features of the ICA which point against it.
89. The same is true if Winsopia's contention now is that Corp was party only to the EJC and to no other part of the ICA. Indeed that is an even more difficult contention since this distinction appears nowhere in the ICA nor can it be implied.

Analysis: other circumstances

90. Corp operates generally around the world through various subsidiaries which are corporate entities in their own right. There is no suggestion that UK is anything other than such a subsidiary. Much has been made by Winsopia of the fact that agreements like the ICA tend to be in similar terms and that this must be a matter of policy driven by Corp. But even if that were so, it hardly entails the conclusion that UK must have been acting as agent for Corp simply because it is its parent's company. That is so especially where there is a clear line of title from Corp through to UK under the Principal Licence.
91. Equally, if Corp wished to contract directly, it no doubt could have done so. Further, if Corp was an undisclosed principal and the real counterparty to the ICA, it is very hard to see why it, based in New York, should agree the EJC requiring English law and English jurisdiction.
92. Winsopia takes issue with the evidence of Ms Vernon that UK is responsible for and controls the terms of its own contracts; it points out that this says nothing as to whether UK was free to contract on terms other than the ICA. Winsopia then says that "Given that IBM UK is controlled and owned by IBM it would be more accurate to say that IBM is responsible for, and controls, the terms of IBM UK's contracts." But that appears to be close to suggesting that because a parent company owns and controls its wholly-owned subsidiaries, there must be an agent-principal relationship. That is a surprising suggestion and is clearly incorrect.
93. Winsopia also posits that there might have been documents passing between different IBM entities about the terms of the ICA. Perhaps, but I fail to see where this goes, unless the suggestion is that there is some document stating that UK (or another subsidiary) always acts as agent for Corp. The evidence of Ms Vernon is to the contrary and this sort of submission is no more than speculation. I consider the same to be true of the points made at paragraphs 94-100 of Winsopia's Skeleton Argument. It is, in truth, requiring UK and Corp to give full disclosure in the context of proving a negative i.e. that there was no agency. That goes much too far, in my view. By way of example, there may indeed be, or have been, other inter-company licence agreements and it is true that the Principal Licence exhibited to Ms Vernon's Third WS is made with Holdings as opposed to UK. This is a point which appears to have been made for the first time in Winsopia's Skeleton Argument. However, it is not suggested (nor could it be, given the terms of the Principal Agreement) that Holdings could not "licence down" to UK for the purposes of its entering into agreements like the ICA. The fact that documents dealing with this have not been disclosed does not mean that there cannot have been such licensing down or more importantly, that this somehow displaces the structure of Corp's licensing arrangements in favour of an agency between UK and Corp.

94. Much is also made of the extent to which licence fees paid to UK are then passed up the chain. But again, I fail to see how that shows some sort of presumably general agency between the UK and Corp in relation to licensing (but not for other of UK's activities).
95. Yet further, Winsopia points to the fact that the Software licensed under the ICA is in fact accessed through a website called *Shopz* which is operated by Corp, not UK. However, as explained in Ms Vernon's Fourth WS at paragraph 18, this is simply a centralised tool for customers to obtain various products and services and was set up because it was more efficient than having each subsidiary hosting its own application enabling access to the Software.
96. In my judgment, there is nothing in the evidence external to the ICA itself which begins to establish a case for agency in relation to the ICA as a whole. The same is true insofar as Winsopia's case is now limited to an agency in respect of nothing more than the EJC. I make some further comments about that contention in the context of the Collateral Agreement argument which seems to be saying much the same thing.

Analysis: Conclusion

97. Accordingly, there is nothing in the agency point.

Collateral Agreement

98. This is pleaded at paragraph 116E.4 of the Amended DAC. It is not in fact the subject of a separate heading in Winsopia's Skeleton Argument as opposed to agency and estoppel. See also paragraph 78 thereof. Indeed, at the end of his submissions, Mr Charlton QC for Winsopia seemed to accept that the collateral agreement point is not a free-standing point going to how Corp is bound by the EJC - see Day 2/41-42.
99. In any event, as pleaded, the allegation of collateral agreement makes no sense. First, it is based on Corp authorising or requiring UK to contract on terms which include the EJC. The evidence of UK and Corp is that there was no such agency if this is what the word "authorising" means here. If the point is that UK was entitled to make the ICA because of the rights given by the Principal Licence, quite so, but I do not see how that then leads to an agreement on Corp's part not to refer disputes other than to the English court. The Principal Licence does not say that. And even if Corp "required" UK to contract on the basis of an EJC in relation to the rights granted by the ICA which would be exercisable only in the UK, that might be regarded as a matter of commercial common-sense. Again, it does not without more give rise to the alleged collateral agreement.
100. Next, it is not actually clear who the parties to the collateral agreement are. It is pleaded that Winsopia can enforce this agreement but it is not stated how it became a party thereto. It could only be because UK acted as agent for Corp, in relation to it. But there is no more basis for this isolated agency than there is for an agency for the ICA as a whole, or a direct agency for the EJC alone - see above.
101. If the collateral agreement is between UK and Corp only, then it is very hard to see how Winsopia could enforce it. UK could (and see the alternative order sought at paragraph 118B of the Amended DAC). But all of this presupposes the existence of a collateral agreement between the two of them for which I can see no evidential or logical foundation.

102. Accordingly, there is nothing in the collateral agreement argument either.

Estoppel

103. This argument is set out at paragraph 116E.5 of the Amended DAC. Both sides agree that for there to be an effective estoppel, there need to be (1) a pre-existing legal relationship between the parties and, I would add, one that gives the representor some rights as against the representee, (2) a representation by the representor that it will not enforce those rights at least to some extent, and (3) reliance thereon by the representee, such that it would be inequitable for the representor to rely upon his strict rights as against the representee. I leave to one side for the moment whether the estoppel here is invoked by Winsopia as a “sword” rather than a “shield”.

104. The representor here is alleged to be Corp. The representation appears to be that Corp would not seek to bring claims in jurisdictions outside the English courts and that Winsopia somehow relied upon this representation. All of this needs to be unpacked.

105. In the first place, it needs to be established what the prior relationship is between Corp and Winsopia. It cannot be the ICA itself since Corp is (on this scenario) not a party thereto. Logically it would have to be the relationship between Corp as the ultimate rights owner and Winsopia as the rights user. One would then have to say that, absent an estoppel, Corp could, if it wished, make a claim against Winsopia for the infringement of its rights anywhere, subject only to local jurisdictional rules and the substantive law of the particular rights concerned. The representation then would be that Corp in fact would not so exercise its right to bring proceedings anywhere except in England.

106. The question then arises as to how this representation was made. It is said first to have been made by Corp expressly by reason of clause 4 of the ICA. But the authority given in clause 4 is by UK not Corp. Again, on this scenario, Corp is not a party to the ICA or the EJC. The fact that in clause 4.1, Corp is indicated as the ultimate owner makes no difference in my view. To be clear, the second sentence at the beginning of clause 4.1 is not saying that Corp is necessarily the owner - it could be the owner or one of its subsidiaries. I agree that it might follow from what was said there that if there was no licence, or Winsopia operated outside of its terms, Winsopia might there be infringing the rights of the ultimate owner. But I fail to see how that means that Corp was making any representation about any infringement claim that it might bring, especially one that was founded on an infringement of its rights not in England but, for example, in the US to the extent that such a claim could be brought. This, at the end of the day, is what the US Proceedings are about.

107. Moreover, what is said to be a representation is simply a contractual term as between Winsopia and UK. Further, even if it could amount also to a representation here, it would be one made by UK in relation to its position, not that of Corp.

108. The other way the representation is put is to say, again, that by authorising or requiring UK to make the ICA, Corp was thereby making the representation to Winsopia. But I cannot see how this can be spelled-out.

109. It is important to note the scope of the representation alleged. It is that Corp was forbearing from bringing a claim anywhere other than England in respect of any claim it might have (and whether for infringement here or abroad) that in any way features or mentions the ICA.

Moreover it was forbearing from making such a claim against anyone, anywhere, not merely Winsopia. That has to be Winsopia's case because (a) on my analysis, the US Proceedings are about infringement in the US of US rights albeit that the ICA is referred to and (b) Winsopia is not a party to those proceedings while LZ Switzerland and TW are. This is an extremely difficult representation to make out and even more difficult on the basis that it must of course be "clear and unequivocal".

110. Effectively, Winsopia says that such a representation is made because that is the true scope of the EJC. However, I do not accept that. I can see that it could be argued that the EJC extends not merely to the claim actually made in the English Proceedings i.e. for breach of contract. (For reasons already given, I do not agree that the English Proceedings go further). Had UK been an exclusive licensee so that it could have sued for infringement in the UK of a UK copyright further, or as an alternative to the breach of contract claim, that may have been caught by the EJC, too. This extension would make sense because it is all in the context of a licence granted here in connection with Winsopia's operations here.
111. However, that is academic. UK has not brought a "domestic" copyright infringement claim and in fact it cannot do so. Neither, for that matter, has Corp. But it is impossible to see, especially in the context of "territorial" IPR, how or why the EJC should purport to govern claims made abroad pursuant to IPR valid only abroad and which at their core concern infringement of those foreign rights on foreign soil. All of that is quite apart from the question as to whether it would cover claims made against parties other than Winsopia. See further paragraphs 118. to 125. below.
112. I should add that Winsopia also relied on the rule that issue estoppel binds not only the parties to the judgment giving rise to the estoppel but also their "privies" which could include associated companies. But that rule has no application to the estoppel relied upon here as if to say that without more, a representation founded on the EJC which is made by UK automatically extends to bind Corp as well.
113. Nor is there any real evidence of reliance by Winsopia on the alleged representation especially in its wide form which has to be the basis of the estoppel claim. The second WS of Ms Scott at paragraph 65 says that she is instructed that "consideration was given as to the choice of law and the Exclusive Jurisdiction Clause, given that LZ Switzerland's business was focussed on European (including UK and Swiss) customers. The Exclusive Jurisdiction clause was considered to be significant, and had the jurisdiction of the English court not been proposed by IBM UK, Winsopia would have requested that the provision be amended." But that is no evidence of reliance in relation to the representation alleged.
114. Accordingly, there is nothing inequitable in Corp being free to bring proceedings for infringement of its US IPR in relation to infringing acts carried out in the US/Texas.
115. It follows from the above that there is nothing in the estoppel argument, even without considering the sword/shield point which it is now unnecessary to decide.

Conclusions on the EJC in relation to Corp

116. Accordingly, Corp is neither party to the EJC nor is it otherwise bound by it. Two particular consequences flow from this finding. First, any application for an ASI against Corp which is based on Corp being bound by the EJC is bound to fail. That disposes of any cause of action

for a permanent ASI because such a claim has to be based on a breach of the EJC giving rise to injunctive relief. In addition, it must dispose of the interim ASI sought insofar as this is put on a “Contractual” basis. See further paragraphs 204.-209. below.

117. Second, it is now not necessary to determine the exact scope of the EJC if it had bound Corp, in other words whether the US Proceedings were prohibited by the EJC anyway. To some extent I have already addressed that question in paragraphs 109.-110. above. For the sake of completeness, however, I will say something more about it in paragraphs 118.-125. below.

SCOPE OF THE EJC

118. Had Corp been bound by the EJC, further questions would arise as to whether, on a proper construction, it applied to enjoin it from bringing the US Proceedings. If it would not, it would be irrelevant whether the EJC bound Corp or not, at least for the purposes of any claim for an ASI on the “contractual” basis.
119. There are two relevant elements to the US Proceedings in this regard. First, they are not brought against the other party to the EJC (i.e. Winsopia) and second, they are dealing with the infringement of IPRs in the US/Texas, not England.
120. As to the first point, I have here considered the trilogy of cases made up of *Dell Emerging Markets v IB Maroc* [2017] EWHC 2397, *Team v Ghossoub* [2017] EWHC 2401 and *Clearlake v Xiang Da Marine* [2019] EWHC 2284. These cases were all concerned with the scope of the relevant clause in the context of a claim elsewhere which was made against a third party. On the proper construction of the clause, the Court in *Dell* found that it did cover an action by the party sought to be enjoined, not only against the first party but an affiliate of it. In that case part of the underlying agreement expressly contemplated claims against affiliates. In *Team* the Judge did not hold that the clause covered a claim against a third-party stating that if this is what the parties to the clause intended, it needed to be shown by clear words. Finally, in *Clearlake* the Judge did not ultimately decide whether the clause covered the claim insofar as it was made against a third-party as well as the first party to the clause. This is because he held that the third-party was there entitled to an ASI on the “vexatious/oppressive” basis. Although there may be different emphases placed by the Judges in those cases as to when a clause should be interpreted more widely, I proceed on the basis that such clauses are capable in law of covering claims made by the party bound by the clause against third parties. It is then a question of interpreting the contractual and other background to see whether in any given case, they do. (I add in parentheses that these cases say nothing about a situation where the party sought to be enjoined from making the foreign claim is not itself a party to the relevant clause.) I should add that I have also considered paragraphs 60 and 61 of the decision of the House of Lords in *Donohoe v Armco* [2001] UKHL 425 also dealing with the scope of a clause in the context of foreign proceedings brought by the party to it against defendants including third parties. Some of those claims were held to be within the clause and others outside it. In the event, having received some undertakings from Armco, their Lordships did not grant any ASI. I do not consider that this case is of any material assistance to me.
121. In this case, I do not see how or why the EJC should be construed so as to include any claim made by Corp otherwise within the clause but against a third-party. Nothing in the language or other parts of the ICA suggests this. Even if I were wrong about this in isolation, I consider that it would not be construed thus so as to capture the US Proceedings.

122. Here, I fail to see (on my characterisation of the US Proceedings) how there is any basis for enjoining Corp in respect of those proceedings as opposed to, proceedings here in relation to the use of the Software here, whether in contract or on the basis of underlying IPR. The fact that the US Proceedings refer to the ICA makes no difference, in my view.
123. It is impossible to see why UK, Winsopia and (on this hypothesis) Corp should be thought objectively to have intended that a clause dealing with actions solely in the UK should create any restriction on Corp (or any other holder of rights that operate outside the UK) from claiming against anyone in another jurisdiction and whether a party to the agreement (Winsopia) or not (LZ Switzerland and TW), in relation to those parties infringing acts elsewhere. This is not a case of a joint tort committed by, for example, the party invoking the clause and some third-party, justiciable here. In fact, this is a case where the rights invoked here and elsewhere are subject to the “territorial” nature of the underlying IPR relied upon. That is a very different situation.
124. Winsopia relied on the case of *Skype v Joltid* [2009] EWHC 2783. But that was the case of a worldwide licence with an exclusive jurisdiction clause in it in favour of the English Court. The licensor who had allegedly terminated the licence had brought proceedings against the licensee and others in the US. Lewison J held that at the heart of both sets of proceedings was a question of the termination of the licence agreement. He held that the relevant clause did cover the US proceedings. I fail to see how that assists here where the claim in relation to the termination of the licence is only in the English Proceedings, where Corp is not a party to the EJC in any event and where the question of the licence was not at the heart of the US Proceedings.
125. On that separate footing of scope, therefore, the EJC cannot ground a permanent ASI nor a temporary ASI on the “contractual” basis”.
126. A further point has been taken by UK (and disputed by Winsopia) that because of the “*Moçambique*” rule, the English Court could not deal with any question of the validity of foreign IPR as opposed to their infringement. Accordingly, the EJC in any event could not restrain proceedings abroad dealing with the validity of, for example, Corp’s trade secrets. In the event, it is not necessary to enter that debate because for the reasons already given, the scope of the EJC is in my view not so extensive.

JURISDICTION FOUNDED ON CPR 6.33(2B)

127. This provides as follows:

“Where in respect of each claim:

“(2B) The claimant may serve the claim form on the defendant outside of the United Kingdom where, for each claim made against the defendant to be served and included in the claim form—
(a) the court has power to determine that claim under the 2005 Hague Convention and the defendant is a party to an exclusive choice of court agreement conferring jurisdiction on that court within the meaning of Article 3 of the 2005 Hague Convention; or
(b) a contract contains a term to the effect that the court shall have jurisdiction to determine that claim.”

128. As for 6.33 (2B)(a), it follows from all of the above that there is no GAC that Corp is bound by the EJC. Indeed, in my view, there is no such case at all. It must therefore follow that jurisdiction could not be established under sub-paragraph (a).

129. I now turn to sub-paragraph (b). Winsopia has invoked this in its Part 11 Skeleton Argument as some sort of alternative route to jurisdiction which involves the EJC even if this cannot be achieved under sub-paragraph (a), I consider that this is misconceived for the reasons set out below.
130. First, it is important to recall how sub-paragraph (b) came about. It originally formed paragraph 3.1 (6) (d) of PD 6B i.e. it was one of the usual gateways through which the court could permit service out. In recent years this was not much used because of the Brussels Regulation (both in its original and recast forms) which provided a specific route for service out based on an EJC without the need for permission, provided that the particular requirements of the Regulation were met. That route, of course, disappeared after 31 December, 2020 because of Brexit. It was replaced by the similar provision of the Hague Convention 2005 to which the UK acceded as a signatory in its own right as from 1 January, 2021.
131. On 6 April 2021, subparagraph (b) was added to 6.33 (2B) which previously consisted only of sub-paragraph (a). Accordingly 6.33 (2B) now covered the Hague Convention route and the “old” PD 6B route which is why paragraph 3.1 (6) (d) of PD 6B was in turn removed. It is now shown as “[omitted]” in the relevant part of PD 6B. The key change, of course, was that there was now no need for permission in relation to sub-paragraph (b) provided that its requirements were met.
132. As the notes in the White Book at 6.33.34 make clear, the essential role for sub-paragraph (b) will be where, for one reason or another, the exclusive jurisdiction clause relied upon does not meet the requirements of Article 3 of the Hague Convention. This could be because the clause is not “exclusive” in the required sense or because it is asymmetric i.e. it favours one party only. The note goes on to refer to the removal of the permission requirement here “where the defendant has previously agreed that the English Court should have jurisdiction to hear the claim.”
133. In other words, if sub-paragraph (b) is to apply, the foreign defendant against whom it is invoked still needs to be bound by the clause just as much as in sub-paragraph (a). If it were otherwise, it would mean that any exclusive jurisdiction clause which purported to cover the activities of those who were not bound by it would be sufficient to found jurisdiction, provided only that its scope was wide enough to encompass them. That would be very odd indeed. It would mean that if the claimant here wished to sue a foreign defendant in this jurisdiction in relation, somehow, to a contract (including an exclusive jurisdiction clause) to which he was not party, the existence of that clause would be *prima facie* sufficient. Of course, the claimant might have another route to jurisdiction, through one of the PD 6B gateways (just as Winsopia says here, in the alternative) but that is another matter.
134. I think that some confusion has been caused by the final part of the same note which deals with where an exclusive jurisdiction clause might be held, as a matter of construction, to cover claims made by the counterparty to that clause not (or not only) against the first party but against some third-party. This is a question of the scope of the exclusive jurisdiction clause, and whether it covers a claim made abroad which is otherwise covered by the clause but is made against a third-party. I have discussed this at paragraphs 118.-125. above. The usual person sued elsewhere by the counterparty is of course the first party to the clause. But all of this is a question of scope which would affect an exclusive jurisdiction clause the subject of an application under sub-paragraph (a) just as much as sub-paragraph (b).

Unfortunately, the commentary in this part of the note makes it look as if it is concerned only with sub-paragraph (b). In truth it should have its own heading.

135. Indeed, in the trilogy of cases discussed above, the issue was precisely whether the defendant, an acknowledged party to the clause, was caught by it even in relation to claims made by him against third parties (with or without the claimant as well). In other words, from a jurisdiction point of view they were, or would have been sub-paragraph (a) cases.
136. It follows that in the instant case, sub-paragraph (b) does not take the matter any further and cannot assist Winsopia where it has failed under sub-paragraph (a).
137. Accordingly, Winsopia cannot rely on CPR 6.33 (2B). This is without any consideration of the underlying claims made by Winsopia and which are said to be covered by the EJC. However, it is necessary to deal with the merits or otherwise of the substantive claims to be made against Corp in the context of a consideration of whether jurisdiction can be established through one of the PD 6B gateways.

THE GATEWAYS

Introduction

138. These have to be considered in relation to each putative claim against Corp. Accordingly, in respect of each claim it is necessary to consider whether (a) there is a serious issue to be tried thereon, (b) there is a GAC as to the application of the relevant gateway and (c) England is the appropriate forum.

Winsopia's claim for declaratory relief against Corp

Introduction

139. It is true that the declarations now sought by way of amendment against Corp are the same as those already sought against UK (with a few additions). It is also true that there has not been any application by UK to strike them out although Corp's Part 11 Skeleton Argument is certainly critical of them. However, that does not mean that I should not consider the declarations carefully and in detail in relation to their proposed invocation against Corp to see if there is a serious issue to be tried.
140. The declarations sought (with proposed amendments shown underlined) are as follows:

“117.1 The ICA and other Agreements have not been terminated by IBM UK and remain in force.

17.2 Winsopia did not breach clauses 4.1.1, 4.1.2 or 4.1.3 of the ICA or any other obligation it owed to IBM UK and/or IBM under the ICA, whether by (i) providing services to LzLabs under the Services Agreement as set out in the Defence, in any of its communications and dealings with LzLabs, or (ii) otherwise howsoever.

117.3 Winsopia had a lawful and legitimate reason (a) to acquire its IBM mainframe, and (b) to enter into the ICA. Winsopia was not a “shell entity” set up for the purpose of committing breaches of the ICA.

117.4 Winsopia's use of the ICA Programs and its creation, compiling and/or running of Customer Applications and test programs was authorised under clause 4.1.1 of the ICA.

117.5 Each and every Winsopia Response provided to LzLabs pursuant to the DR and scrubbing processes set out at paragraphs 23 to 27 of the Defence, above, and the information each contained:

(a) was not obtained through any prohibited or unlawful act committed by Winsopia and involved no improper means; and

(b) comprised information which Winsopia was lawfully entitled to provide under the terms of the ICA on its true construction and effect.

117.6 Winsopia did not, in the course of any other communication or interaction between it and LzLabs, of whatever nature and in whatever form howsoever, communicate any part of the IBM Run-Time Environment for COBOL, PL/1, CICS or IMS, or any ICA Program, to LzLabs.”

141. It is worth here recounting the reasons given in the Amended DAC for seeking the declarations, set out at paragraph 119 thereof. This states that those declarations would serve a useful purpose and are in the interests of justice, in particular having regard to the following facts and matters:

“119.1 The SDM is the primary product which is marketed and sold by LzLabs and it requires declaratory relief in order to dispel (i) commercial uncertainty concerning its lawful status vis-à-vis the ICA, and (ii) the fear, uncertainty and doubt regarding the lawfulness and legitimacy of the SDM, resulting from IBM and IBM UK’s implied assertion(s) of intellectual property infringement.

119.2 IBM and IBM UK (and/or other IBM group companies) have made implied threats of proceedings, including for copyright infringement, against LzLabs, Winsopia and third parties including customers and prospective customers of LzLabs. Pending disclosure, LzLabs highlights the following:

(i) On 6 July 2018, IBM contacted Company B (details of which are set out in Confidential Annex 3), making allegations that the SDM may give rise to possible intellectual property infringement issues.

(ii) On dates presently unknown to LzLabs, IBM Switzerland contacted Swisscom to indicate its refusal to allow Swisscom to continue to use IBM’s DB2 connect driver after Swisscom rehosted its legacy IBM mainframe applications on the SDM (see paragraphs 61.9 to 61.12 of the Defence).

(iii) Mr Anzani (who was, at the material time, Vice President of IBM Z) has personally ensured, and/or has directed others to ensure, that prospective LzLabs customers were made aware (including via telephone calls and other communications with IBM sales teams) of IBM’s position that the SDM was an unlawful product and/or infringed IBM’s intellectual property rights, in circumstances where that was untrue (for the reasons set out above) and IBM knew or should have appreciated that.

119.3 It is to be inferred that IBM and/or IBM UK have made similar such statements and threats in relation to the SDM to other third parties. Pending disclosure, such third parties are believed to include present customers of LzLabs in the UK and Europe, and third parties which did not become customers of LzLabs.

119.4 As a result of such statements and threats, IBM and/or IBM UK have created substantial commercial uncertainty as to the lawfulness of the SDM and its ability to be deployed by users of IBM mainframes for Customer Applications without risk of liability to IBM and/or IBM UK.

119.5 Pursuant to the exclusive jurisdiction clause of the ICA, IBM’s allegations in the US Complaint that Winsopia’s “improper reverse engineering of the IBM software” are “barred by its agreements with IBM UK” are agreed to be the subject of English law and fall within this Court’s exclusive jurisdiction.”

The Law

142. As to the law relating to declarations, I refer first to some of the principles set out by Aikens LJ in *Rolls-Royce v Unite the Union* [2010] 1 WLR 318 at paragraph 120:

“(1) The power of the court to grant declaratory relief is discretionary.

(2) There must, in general, be a real and present dispute between the parties before the court as to the existence or extent of a legal right between them. However, the claimant does not need to have a present cause of action against the defendant.

(3) Each party must, in general, be affected by the court's determination of the issues concerning the legal right in question.

(4) The fact that the claimant is not a party to the relevant contract in respect of which a declaration is sought is not fatal to an application for a declaration, provided that it is directly affected by the issue; (in this respect the cases have undoubtedly "moved on" from *Meadows*).

...

(7) In all cases, assuming that the other tests are satisfied, the court must ask: is this the most effective way of resolving the issues raised? In answering that question it must consider the other options of resolving this issue."

143. Next, the Court is unlikely to grant declaratory relief which goes beyond the matters actually in issue between the parties; see paragraphs 37-42 of the judgment of Teare J in *Merrill Lynch v Commune di Verona* [2012] EWHC 1407.
144. Further care is needed where on the face of it, part or all of the declaratory relief sought appears to be directed more at foreign proceedings than the instant case; this is especially so here, where the foreign court has not asked the English court for its assistance in this regard.
145. The above points and cases were cited in Corp's Skeleton Argument, but I did not understand them to be controversial.

Analysis: serious issue to be tried

146. It is important to bear in mind generally that the English Proceedings concern, and concern only a claim for breach of contract i.e. the ICA - see paragraphs 29. above and 163. below. If Winsopia was in breach because it did indeed reverse engineer the Software and cannot take advantage of s296A of the 1988 Act, it is hard not to see that as a proper ground for termination (quite apart from the alleged audit breach). On that footing, Winsopia would continue to use the SDM (at least here) at its peril because its license to do so will have disappeared. It would no doubt then be at risk of further proceedings alleging infringement of the relevant IPR. However, no such claim has yet been made.
147. If, of course, there was no impermissible reverse engineering, then there will have been no breach of the ICA in that regard. Unless the audit request breach justifies the termination, and if Winsopia were to succeed in its application for specific performance of the ICA, it would not be at risk of any later infringement action because the existence of the licence conferred by the ICA would be a complete defence. Of course, if the termination was not justified but Winsopia is confined to its remedy in damages, it will be at risk in the future.
148. On that basis, much of the declaratory relief sought seems to me to be unnecessary (subject to the points made in paragraph 119 of the DAC) even as against UK, because in truth the only real question is whether Winsopia was in breach of the ICA.
149. Indeed, in my judgment, the declarations presently sought have already spawned a quite unnecessary amount of debate between the parties as evidenced by the lengthy Requests 7 and 8 of UK's RFI and the equally lengthy response by Winsopia. One reason given in Winsopia's response is that it had to seek broad declaratory relief because it was necessary to obtain findings that it was not in breach of the ICA in any way at all, even in relation to possible breaches not (or not yet) pleaded against it by UK. This was said to be because UK had (unsurprisingly) reserved its right to alleged further breaches following disclosure etc.

See, for example, paragraph 28 of the POC. But that means nothing more than that UK reserves its right to seek to amend to add further breaches. It does not mean that it is alleging (or could allege) breaches generally, now. So Winsopia's response by seeking broad declaratory relief is misconceived.

150. Second, because of the way in which the declarations have been pleaded, UK has taken the opportunity to seek as many particulars of them as possible. Winsopia has then responded to say that the relevant details were already pleaded in the DAC or that the provision of further information was disproportionate. So, for example, in relation to the request for details of each execution of "scrubbing" (see the declaration sought at paragraph 117.5) Winsopia has responded that it would be disproportionate and serve no real purpose to enumerate every instance of the scrubbing process. Indeed, the scrubbing process was dealt with in paragraph 23-27 of the DAC and in Annex 2 thereto.
151. In my judgment, all of this has got out of hand. The parties should be concentrating on the details of the substantive claim and defence, not on what may or may not be implicit within the declarations sought. Part of this is due to how the declarations have been framed and part due to UK probably taking advantage of such pleading to try and extract as much further information as possible which, if provided, would almost certainly be duplicative of the matters pleaded in the substantive DAC. Put another way, if Winsopia seeks to say (by way of declarations) that everything it has done has been lawful and there has been no breach of the ICA, pleaded or otherwise, it is then bound to be asked why, by UK.
152. All of the above is not a happy position from which to start, when considering the case for declaratory relief, not merely as against UK but as against Corp as well. These general observations should be borne in mind when I turn to consider the individual declarations sought.
153. As for the declaration at paragraph 117.1, this is or may not be objectionable as against UK. But it is not necessary as against Corp since Corp is not a party to the ICA. It is true that Corp has alleged a breach of the ICA in the US Proceedings and Winsopia is not a defendant there. Nonetheless, I cannot see the utility of such a declaration as against Corp here. That is particularly so since on my analysis, the US Proceedings which are based on infringement of trade secrets do not essentially depend on whether or not the ICA was broken, even though that is something which is alleged. So as against Corp, I cannot see the point of this first declaration.
154. The same applies to the more detailed declaration in paragraph 117.2. However, it is more objectionable still, because it is cast in such very wide terms, seeking a declaration that there has been no breach of the ICA in any way, however arising even when no such breach may have been alleged. It would require an extremely wide enquiry which at least at present would have no discernible focus. In any event, again, I cannot see the utility of this as against Corp.
155. As for the declaration at 117.3, I cannot see how this is relevant to the English Proceedings at all. Either Winsopia was in breach of the ICA as alleged, or it was not. UK's case at the moment does not appear to allege a bad faith motive on the part of Winsopia in acquiring the Mainframe in the first place. The particular breaches alleged would not require such a finding. If such matters arise hereafter and are rejected by the Court then no doubt the ultimate judgment would say so. The amendments of course use wording taken directly from

the US Proceedings. Winsopia says that the English Court is concerned with such matters. I have already doubted that above and in any event that does not explain why the precise wording in the amendments has been chosen.

156. As it happens, the declaration here, especially in its amended form, seems more relevant to the allegations made in the US Proceedings; that being so, I cannot see why this Court should embark on considering those matters. The Texas Court will no doubt make up its own mind. Again, this declaration is neither necessary nor appropriate in relation to Corp.
157. As to paragraph 117.4, again, this is far too broad. The general observations made above are again apposite here, in particular in relation to Corp.
158. The same is true of paragraph 117.5. There is the added point that the amended part thereof is, again, a direct reflection of the US Proceedings. The English Court is not the appropriate forum to decide such questions in isolation which do not arise in the English Proceedings at all, and which would no doubt involve the application of US federal and/or state (Texas) law.
159. The same objection in terms of width applies to paragraph 117.6.
160. On the question of the breadth of the declarations sought, Winsopia argues that if any of them are too broadly drafted, they could be amended at or after trial. That is true but at this stage, I have to take the declarations as pleaded rather than speculate as to what other declarations might have been acceptable, especially in relation to Corp.
161. On any view, and subject to paragraph 119 of the Amended DAC, none of the declarations sought are appropriate at all as a relief to be claimed against Corp.
162. I now deal with paragraph 119. The essential point made here is that UK and/or IBM Switzerland and/or perhaps, or potentially, Corp or other IBM entities have suggested or may suggest to others that the SDM has been created in breach of the ICA and/or Corp's general IPR in respect thereof. This is not accepted by UK (see paragraph 66.3-66.5 of the RDC).
163. In any event, so far as threats of copyright or other infringements are concerned, the fact is that the English Proceedings deal only with a claim for breach of contract. It will not be determining any wider question of infringement of IPR. I say that notwithstanding the further points made in paragraphs 50-52 of Ms Scott's second witness statement. These all appear to proceed from what UK contended in the RDC at paragraph 27.3.2. Here, it said, in relation to the Software, that the licence provided by the ICA covered all IPR in the Software and not merely copyright. But this was all in the context of responding to paragraph 37 of the DAC which was to the effect that none of the "ideas and principles" underlying the ICA are protected by copyright. Paragraph 27.3.2 of the RDC was not raising some new IPR claim in addition to the breach of contract claim; indeed, it could not do so because any such claim would need to be added by way of amendment to the POC. The broader point is surely that if there had been no breach of the ICA then there could not be any IPR claim brought against Winsopia because of the existence of the licence. So the notion that there is now some unspecified IPR dispute in the English Proceedings is misconceived. Accordingly, so is any reason for declaratory relief, in particular against

Corp, on this ground. The fact that Corp is suing for infringement of its trade secrets in the US Proceedings is beside the point.

164. I can understand the broad point that it may be undesirable for both the Texas Court and the English Court to have to consider whether there has been reverse engineering - an issue which arises in the breach of contract claim here and in the trade secret infringement claim there. But this simply reflects the fact that IPR claims are territorial in scope such that in this field of activity the prospect of different and broadly overlapping proceedings in different jurisdictions is a fact of legal life.
165. For the same reason, the question of “commercial uncertainty” alluded to in paragraph 119 (although Ms Scott does not refer to it) cannot be resolved by declaratory relief here which on any view cannot affect the position otherwise than in the UK. If the purpose of the declarations sought is somehow to influence the US Proceedings that is not a proper use of declaratory relief. In any event this would not necessarily bind the Texas Court. See paragraph 51. above.
166. An alternative to all of this might have been a simple application to join Corp as a defendant so that it would at least be bound by any decision of the English Court here. No such application has been made and the problem is that any issue estoppel or res judicata would not necessarily bind the Texas Court. It would also be difficult in my view to work out what the relevant findings by the English Court were or were not, for the purposes of the US Proceedings. So it would be a pointless exercise even if sought. For this reason, while Corp did not agree (or respond) to the invitation made in Clifford Chance’s letter of 13 April 2022 to be bound by the determination of all issues by the English Court and other findings of fact and to stay the trade secrets infringement claim in the US proceedings, it was not in my judgment obliged to.
167. I do not consider that there is a real and present dispute between Winsopia on the one hand and Corp on the other in these proceedings and the existing dispute between UK and Winsopia does not require joinder of Corp. There is a real and present dispute in the US Proceedings but Winsopia is not a party thereto and this is essentially a different dispute.
168. In reality therefore, if there is no basis for a permanent ASI, the declarations sought as against Corp are not a viable alternative. I have already held that there is no case for a permanent ASI. I deal with the different question as to an interim ASI below.
169. I should add that in passing, Winsopia has suggested that the breach of contract claim against it is weak. However, that is not relevant here (or in any other context of this judgment) and I have not been addressed in detail on the merits. There is no reason why I should have been. If the claim was that weak, Winsopia had plenty of time and opportunity to seek to strike it out, but it has not done so to date.
170. Accordingly, there is no serious issue to be tried on the declaratory relief sought as against Corp.

Analysis: GAC on the Gateways

171. It is therefore strictly unnecessary to consider the gateways but because they have been argued, I do so briefly.

172. Paragraph 3.1 (4) of PD 6B provides for jurisdiction where “a claim is an additional claim under Part 20 and the person to be served is a necessary or proper party to the claim or additional claim.” Here, the Part 20 claim is that made by Winsopia in the DAC against UK. In my judgment, the availability of this gateway stands or falls with my view of the merits of the declaratory relief sought against Corp. Had there been any merit in that relief, it might be possible to say that Corp was a “proper” party to the Part 20 claim in the English proceedings. Even then, it would not follow that there was a GAC to that effect. However, even if the declaratory relief sought had enough merit to constitute a serious issue to be tried it is very hard to say that it was “necessary” so that it was in turn necessary that Corp be joined as a party. In the event, the gateway is academic.
173. Paragraph 3.1 (6) (c) of PD 6B provides jurisdiction where “a claim is made in respect of a contract where the contract... is governed by English law.” The ICA is of course governed by English law but Corp is not a party thereto. It is correct that the relevant words are “a claim made in respect of” the contract, as opposed to a claim made under or pursuant to such a contract. So the gateway could possibly be invoked against a defendant not itself a party to the contract. Tomlinson LJ accepted that proposition in *Alliance v Aquanta* [2012] EWCA 1588. However, he said at paragraph 51 of his judgment that at the very least:
- “It is sufficient to dispose of the point in this case to indicate that the required connection between claim and contract must inevitably be the more difficult to establish in a case where the intended defendant is not party to the contract upon which reliance is placed than in a case where he is party to it.”
174. I do not consider it to be sufficient here to say that in the English Proceedings there is a claim for breach of the ICA, albeit not made against Corp. This is especially so in the light of why I consider that there is no serious issue to be tried as to the declarations sought against Corp. Accordingly, there is no GAC that this gateway applies.
175. So there is no GAC on any of the relevant gateways.

Analysis: Appropriate Forum

176. Corp accepts that had it been bound by the EJC, then insofar as there are claims made by Winsopia which fell within 6.33 (2B) then, provided there was a serious issue in relation to such claims (i.e. the declaratory relief), England would be the clearly appropriate forum. That concession does not apply, however, since I have found that 6.33 (2B) does not apply. Moreover the claims for declaratory relief raise no serious issue to be tried.
177. Even if there had been a serious issue to be tried in relation to some of the declarations sought as against Corp and even if there was a GAC in relation to one of the gateways (logically it could only be “necessary or proper party”) England would not be the clearly appropriate forum. That is because the declarations sought as against Corp in truth relate to the merits of the US Proceedings. The Texas Court is obviously the appropriate forum there.
178. Beyond this, it is not possible to go without speculating as to what declaratory relief as against Corp might (contrary to my findings) have been appropriate. The point is that the question of appropriate forum is now academic.

Conclusion

179. Accordingly, jurisdiction cannot be established in respect of these claims made by Winsopia.

LZ Switzerland's claim for declaratory relief against Corp

180. The single declaration now sought by LZ Switzerland against Corp is that already pleaded as against UK namely that LZ Switzerland did not procure any breach of the ICA by Winsopia.
181. There is no basis for that declaration as against Corp. First, it is very wide. Second, even it is taken to be limited to the breaches and procurement alleged by UK, it is quite unclear why a declaration is needed since, if correct, it will be reflected in a judgment of the English Court. Third, to the extent that procurement of breach (or something like it) is an issue in the US Proceedings then LZ Switzerland is a party to them (at the moment) and it will argue the case out there and there will equally be an outcome there directly against Corp. If it is in truth not an issue in the US Proceedings there is no need anyway for declaratory relief here as against Corp.
182. Insofar as is necessary, I would repeat the general observations made about the declarations sought by Winsopia.
183. Accordingly, there is no serious issue to be tried over the declarations sought as against Corp. Moreover, there could be no GAC that Corp would be a necessary and proper party here. Nor would there be in relation to the "contract governed by English law" gateway. See paragraphs 172.-174. above.
184. It follows that jurisdiction is not established in relation to this claim either.

Winsopia's claim for ASI against Corp

185. I now turn to paragraphs 118A and 118B of the Amended DAC, which read as follows:

“118A Further, Winsopia is entitled to declarations that (i) IBM is bound by the terms of clause 1.13.2 of the ICA and is required to submit any dispute in relation to the ICA to the exclusive jurisdiction of the English Courts; (ii) by commencing the US Proceedings, IBM is in breach thereof; (iii) IBM UK is in breach of clause 1.13.2 of the ICA in permitting or allowing IBM to include the Allegations in the US Proceedings or failing to stop IBM from so doing.

118B IBM should be restrained from continuing the US Proceedings in relation to the Allegations or initiating proceedings in relation to the Allegation other than before the English Courts. Winsopia seeks a permanent injunction to that effect. Further or alternatively, IBM UK should be ordered to take all such steps as may be within its power to compel IBM to discontinue or to stay the US Proceedings insofar as they advance the Allegations.”

186. The short point is that all of this is founded on the contention that Corp is a party to the ICA because the cause of action here has to be its breach of the EJC by commencing the US Proceedings. Since I have found that Corp is neither a party to nor otherwise bound by the EJC there is no foundation for the claims made in these paragraphs. The questions of gateway and forum are thus academic.
187. There is no utility in considering here what the position might have been on gateways and forum if I had found that Corp was bound by the ICA. Very different considerations might then apply had I so found depending on why I so found. As I have not, it is not appropriate to speculate on the matter.
188. Thus the question of establishing jurisdiction here falls away.

LZ Switzerland's claim for ASI against Corp

189. The same position applies here except more forcefully, since unlike Winsopia, LZ Switzerland is not even a party to the EJC.

CONCLUSIONS ON JURISDICTION

190. For all of the reasons given above, the Part 11 challenge made by Corp succeeds in its entirety. Service out of the Part 20 claims against it is thus to be set aside. By the same token, all of the amendments to the Part 20 claims which relate to the joinder of Corp must also be disallowed. I would also disallow the amendments to the declarations in paragraphs 117.3 and 117.5 (even insofar as they are invoked against UK alone) because they are inappropriate and irrelevant to the English Proceedings.

191. I should add that a separate ground for setting aside the 4 May Order is said to be material non-disclosure on the part of Winsopia. It is not necessary to determine this issue since the 4 May Order must be set aside in any event.

INTERIM ASI RELIEF AGAINST CORP

Jurisdiction

192. I now turn to the applications made by Winsopia and LZ Switzerland for interim ASIs as against Corp. These are made pursuant to the court's wide powers under section 37 of the Senior Courts Act 1981.

193. The ASIs here are claimed on 3 different bases in the alternative:

- (1) A "contractual" ASI: this relies on Corp being bound by the EJC; I have already found that it is not, and so this ASI basis must fail;
- (2) A "quasi-contractual" ASI; this is a new basis asserted for the first time in Winsopia's ASI Skeleton Argument;
- (3) An ASI on the basis that the foreign proceedings would be vexatious and oppressive.

194. It must be remembered that even here, jurisdiction over Corp needs to be established either through 6.33 (2B) or the gateways. See *Stitching Shell v Krys* [2015] AC 616 at paragraph 27 and *Deutsche Bank v Highland Crusader* [2009] EWCA Civ at paragraph 50.

195. Of course, where there is an underlying substantive cause of action against the putative party to the interim ASI (as there often is) jurisdiction will have already been established in respect of that cause of action. However, that is not so here because of my findings above on jurisdiction in relation to the claims made against Corp.

196. The only additional gateway that could be relevant here is that in paragraph 3.1 (5) of PD 6B which confers jurisdiction where the claim is for an interim remedy under section 25 of the Civil Jurisdiction and Judgments Act 1982. The 1982 Act has been amended so that the main proceedings in respect of which the interim remedy is sought here can be anywhere and of whatever kind. So they could, in theory, include the US Proceedings. However, on any view, this gateway is inapplicable here because it applies where the court's jurisdiction here is invoked only in order to grant an interim remedy in support of main proceedings which are elsewhere. The opposite is true here.

197. On that basis, all the claims for ASIs against Corp fail *in limine* because there is no underlying jurisdiction in respect of them.
198. However, on the basis that they have been argued, I will deal briefly with the other points made about the Interim ASIs.

The Law

199. There was no real dispute about this, in my view.
200. So far as contractual ASI claims are concerned, I gratefully adopt the recent statements of principle set out by Joanna Smith J in *BRG v Kowski* [2022] EWHC 867 at paragraph 11:

“i) An application for an anti-suit injunction “always requires caution because by definition it involves interference with the process or potential process of a foreign court”... Particular caution is required in single forum cases, where the foreign proceedings which it is sought to prevent could not be brought in England...

ii) The claimant in a case involving an exclusive jurisdiction clause... must ordinarily demonstrate “a high degree of probability” that there is a clause governing the dispute in question...

iii) ... it is only where “the English court can point with confidence to a contractual promise not to litigate elsewhere that it can be justified in interfering with a party’s right to bring its claim in such other place as might accept jurisdiction” ... it is one thing to enforce a clear agreement not to sue or one which on an interlocutory basis can be seen to be highly likely to be established, it is another to restrain a party from litigating in a foreign country where the position is less clear than that.

iv) If the “high probability” test can be satisfied, then the court will ordinarily exercise its discretion to restrain the pursuit of proceedings brought in breach of the exclusive jurisdiction clause unless the defendant can show “strong reasons” to refuse the relief... the principle in the *Angelic Grace* does not appear to come into play absent a high probability that there is a contractual promise...

v) Where a matter is justiciable in an English and a foreign court “the party seeking an anti-suit injunction must generally show that proceeding before the foreign court is or would be vexatious or oppressive”...

vi) ... An application for injunctive relief is brought... to enforce the contractual entitlement and, absent confidence in its validity, it is difficult to see how the court can be justified in interfering with the right to bring a claim in another jurisdiction. As Clarke LJ observed... it would be inappropriate to grant an interlocutory injunction to restrain foreign proceedings at a time when it is “no more than arguable” that they were brought in breach of contract, because it could be said that such proceedings were vexatious or oppressive.

vii) This appears to me to be particularly so where there are many factors connecting this case to [the foreign jurisdiction] and where there is no provision in the contract requiring proceedings to be brought in any particular jurisdiction... As Toulson LJ pointed out... “the principle of comity requires the court to recognise that, in deciding questions of weight to be attached to different factors, different judges operating under different legal systems with different legal policies may legitimately arrive at different answers, without occasioning a breach of customary international law or manifest injustice, and that in such circumstances it is not for an English court to arrogate to itself the decision how a foreign court should determine the matter. The stronger the connection of the foreign court with the parties and the subject matter of the dispute, the stronger the argument against intervention.”

201. As far as non-contractual bases are concerned, in *The Yusuf Cepnioglu* [2016] EWCA Civ 386, Longmore LJ said at paragraph 21 of his judgment that this was an unusual remedy, arising only where the party sought to be enjoined (here Corp) was exercising, in the other jurisdiction, “an essentially contractual right”.
202. Finally, in relation to the “vexatious and oppressive” head, in *Deutsche Bank v Highland Crusader Offshore Partners LP* [2009] EWCA Civ 725, Toulson LJ set out the following principles at paragraph 50 of his judgment:

“1. Under English law the court may restrain a defendant over whom it has personal jurisdiction from instituting or continuing proceedings in a foreign court when it is necessary in the interests of justice to do.

2. It is too narrow to say that such an injunction may be granted only on grounds of vexation or oppression, but, where a matter is justiciable in an English and a foreign court, the party seeking an anti-suit injunction must generally show that proceeding before the foreign court is or would be vexatious or oppressive.

3. The courts have refrained from attempting a comprehensive definition of vexation or oppression, but in order to establish that proceeding in a foreign court is or would be vexatious or oppressive on grounds of forum non conveniens, it is generally necessary to show that (a) England is clearly the more appropriate forum ("the natural forum"), and (b) justice requires that the claimant in the foreign court should be restrained from proceeding there.

4. If the English court considers England to be the natural forum and can see no legitimate personal or juridical advantage in the claimant in the foreign proceedings being allowed to pursue them, it does not automatically follow that an anti-suit injunction should be granted. For that would be to overlook the important restraining influence of considerations of comity.

5. An anti-suit injunction always requires caution because by definition it involves interference with the process or potential process of a foreign court. An injunction to enforce an exclusive jurisdiction clause governed by English law is not regarded as a breach of comity, because it merely requires a party to honour his contract. In other cases, the principle of comity requires the court to recognise that, in deciding questions of weight to be attached to different factors, different judges operating under different legal systems with different legal polices may legitimately arrive at different answers, without occasioning a breach of customary international law or manifest injustice, and that in such circumstances it is not for an English court to arrogate to itself the decision how a foreign court should determine the matter. The stronger the connection of the foreign court with the parties and the subject matter of the dispute, the stronger the argument against intervention.

6. The prosecution of parallel proceedings in different jurisdictions is undesirable but not necessarily vexatious or oppressive.

...8. The decision whether or not to grant an anti-suit injunction involves an exercise of discretion and the principles governing it contain an element of flexibility.”

203. Whatever the basis for the ASI, there are the following general points, in my view:

- (1) The English Court must have a “sufficient interest” in the other proceedings to justify what is an indirect interference with them;
- (2) Ordinary *American Cyanamid* injunctive principles do not apply here; the Courts have tailored specific principles to the grant of this form of injunction - see above;
- (3) The Court should be assured that there is a high probability that a final ASI would be obtained where the basis is contractual; if that can be shown then, there will usually be strong grounds for granting the ASI without more; but where the basis is not contractual, there will need to be strong grounds shown which will include the likelihood of final relief;
- (4) The more intrusive and/or irreversible the injunction will be, the more cautious the Court should be before granting it. I dispose here of one point which is that made by Corp. It says that on the face of the ASIs sought they would be irreversible. That is because they would not even permit Corp to contest the Motions to Dismiss. I regard that as something of a “strawman”; if the ASIs were otherwise appropriate and would be granted, there would have to be a carve-out to enable Corp to resist the motions to dismiss. Alternatively, if the ASI was granted, then LZ Switzerland and TW would not be able to progress their motions, or they would have to agree to suspend them.

ASI on a Contractual Basis

204. There is no foundation for this since, irrespective of jurisdiction, Corp is not bound by the EJC, and LZ Switzerland is not even a party to the EJC. Further, its scope would not extend to the US Proceedings. Even if the elements thereof referable to the ICA were somehow covered, that would not justify an ASI in respect of the rest of the trade secrets infringement claim, let alone the patent or false advertisement claims.
205. Even if some sort of very limited ASI were justified, it would lead to real problems of forum fragmentation and some overlapping issues might be difficult or impossible to disentangle. Indeed, Corp says that the question of the ICA is relevant not only to the trade secrets infringement claim but also to the question of “wilfulness” of the patent infringement. Winsopia disagrees but Mr Charlton QC accepted that if there was an ICA-related issue in the patent infringement claim (which I cannot rule out), then that part of it would also be subject to the ASI. That gives rise to a very real problem of fragmentation.
206. The approaches as to the protection of IPR as between the English Court and the US Courts appear to differ - see Pooley 1 at paragraphs 4.5-4.6. It would be very surprising if the US Court would gain much assistance from the English Court's conclusions on those parts of the US Proceedings stripped out, as it were, and made the subject of an ASI.
207. In the case of TW in particular, it has submitted to the jurisdiction of the Texas Court anyway, being its home jurisdiction. It is very hard to see why Corp’s claim against it should be prevented.
208. *A fortiori*, all of the above militate against the grant of what is effectively a *quia timet* injunction in respect of any future claim against Winsopia in the US Proceedings. There is no basis for supposing that it is about to be joined there, not least because it would be very hard to see a jurisdictional basis established it as it does not trade in the US. Moreover, Corp has stated that it has no intention to join UK to those proceedings.
209. All of the above factors point strongly to the refusal of any grant of a contractual ASI.

ASI on a quasi-contractual basis

210. This new ground can be shortly rejected. Just as Corp is not to be regarded as making a claim under the ICA in the US Proceedings, nor is it seeking to do so as some form of entitled third-party.
211. The trilogy of cases relied upon here by Winsopia (and discussed at paragraph 120. above) do not help. They are all concerned with the scope of the counterparty’s activities sought to be restrained i.e. the foreign claims and against whom they have been made. By contrast, the issue here, for present purposes is not that; it is that Corp is not a party (or a quasi-party) to the EJC at all. Nor is Corp seeking to sue LZ Switzerland and TW on the basis of rights derived from the ICA.
212. Accordingly, there is, equally, no basis for a quasi-contractual ASI.

ASI on the “vexatious/oppression” basis

213. A first point here is that in respect of the claims made in the US Proceedings, the manifestly appropriate forum is the Texas Court. The claims there are essentially about the infringement of US/Texas trade secrets. Equally, it is extremely difficult to see how the English Court could be an appropriate forum at all in these respects. And for the reasons set out at paragraphs 40.-60. above, it would be wrong to see the US Proceedings as anything approaching a copy of the English proceedings; thus, to say that Corp is simply having a “second bite of the cherry” already bitten by UK, as it were, is wrong.
214. Moreover, it is hard to see how Winsopia can claim that the US Proceedings are vexatious or oppressive as against it, since it is not a defendant there. Or how LZ Switzerland can claim the same in respect of the present claim there against TW or some future claim there against Winsopia. As for the US Proceedings being vexatious or oppressive as against LZ Switzerland, certainly it will be fighting on two fronts unless its motion to dismiss succeeds. But that is inevitable if it has acted unlawfully in relation to the Software in both jurisdictions. Nor do I see the claim made in the US Proceedings against TW as somehow irrelevant. It is said to be winding down its operations and yet at the same time is making a positive application to dismiss the claim against it. Nor do I accept that the reason why Winsopia has not been sued in the US Proceedings is because if it had been it would have exposed the fact that they were covered by the EJC. The more prosaic explanation is that there would be no jurisdiction against it there. Moreover, I have found both that Corp is not bound by the EJC and it would not cover the US Proceedings anyway.
215. Points raised by Winsopia and LZ Switzerland about overlap or the fact of the EJC go nowhere in the light of the findings I have already made. I also fail to see how “acting in concert” between UK and Corp is a reason for an ASI. As related corporate entities, they may collaborate if they wish. The same goes for the suggestion that the US Proceedings’ Complaint was drafted from the POC here; in any event, the evidence is that it was not and yet further, the POC is a publicly-available document. Winsopia has also produced a table, comparing sections of text from the English and US Proceedings. The text in this 4 page document is the same in each case. It is all concerned with the technical aspects of the Software and the SDM. I see that, but equally, this does not assist in the characterisation of the US claim or otherwise. UK and Corp are entitled to use the same description if they wish.
216. The fact of different timetables in the two different Courts is of no real significance in the light of the point that two sets of proceedings are inevitable anyway.
217. LZ Switzerland has said that dealing with two sets of proceedings in two different jurisdictions might drain it of its resources. However, and again, it seems inevitable that there will be two sets of proceedings. Second the evidence is that the individual behind all the Corporate Defendants is a tech multi-millionaire. There is no actual evidence filed to say that these companies cannot cope with fighting claims both here and abroad.
218. I accept that the English Court is seized of the matters currently before it. But I do not consider that that is of much assistance here.
219. For all those reasons, there is also no basis for an ASI on the “vexatious and oppressive” basis.

Conclusions

220. There is therefore no basis for any interim ASI against Corp. As with the Part 11 Application, Corp also relies here upon material non-disclosure by Winsopia as a reason not to grant such relief. Again, it is not necessary to decide this matter since there is no basis for the relief anyway. The same applies to the question of interim relief against UK, dealt with below.

INTERIM ASI AGAINST UK

221. The injunction sought against UK is as follows:

“1. Forthwith, require IBM to comply with the exclusive jurisdiction clause at clause 1.13.2 of the IBM Customer Agreement (referred to in paragraph 4(a), above) by discontinuing or staying the US Proceedings insofar as they advance the Allegations; and

2. Thereafter, take all steps as may be within its power to compel IBM to discontinue or stay the US Proceedings insofar as they advance the Allegations.”

222. In circumstances where no injunctive relief is appropriate as against Corp it is very hard to see a basis for that relief against UK although, of course, there is no question of jurisdiction having to be established here.

223. There is in particular no reason to suppose that UK can compel Corp to stop the US Proceedings. The Court should not order a party to do something it cannot do. In any event, this is an irrelevance if the foreign proceedings are not in truth oppressive or vexatious. Nor is there any contractual nexus between UK and Corp in this regard. Further, I have already rejected the collateral agreement argument. See paragraphs 98. to 102. above.

224. Accordingly, there is no basis for an ASI as against UK.

CONCLUSION

225. So far as I can discern, all of the applications to amend relate to questions of jurisdiction, the EJC and the permanent declarations or injunctive relief sought, all of which I have rejected in relation to Corp. On that basis, there is no justification for the amendments sought.

226. Otherwise, the Part 11 Application made by Corp succeeds and the ASI Applications made by Winsopia and/or LZ Switzerland must be dismissed.

227. I am most grateful to Counsel for their very helpful written and oral submissions.