

IN THE SUPREME COURT OF THE UNITED KINGDOM
ON APPEAL FROM THE COURT OF APPEAL CIVIL DIVISION
Neutral citation: [2025] EWCA Civ 193

BETWEEN:

(1) TESLA, INC.

(a company incorporated under the laws of Delaware, USA)

(2) TESLA MOTORS LIMITED

Appellants/Claimants

- and -

~~**(1) IDAC HOLDINGS, INC.**~~

(2) INTERDIGITAL PATENT HOLDINGS, INC.

(a company incorporated under the laws of Delaware, USA)

(3) INTERDIGITAL HOLDINGS, INC.

(a company incorporated under the laws of Delaware, USA)

(4) AVANCI, LLC

(a company incorporated under the laws of Delaware, USA)

Respondents/Defendants

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Introduction

1. The core issue raised by this appeal is whether the courts have jurisdiction to determine FRAND terms for a collective licence, namely the Avanci 5G Licence. The answer is 'no' for the reasons succinctly put by the majority of the Court of Appeal (Phillips and Whipple LJJ) (the “**Majority**”).
2. As this court determined in *Unwired Planet v Huawei* [2020] UKSC 37; [2021] 1 All ER 1141 (“**UPSC**”) at [57]: “*It is the contractual arrangement which ETSI has created in its IPR Policy which gives the court jurisdiction to determine a FRAND licence...*”. Whilst the contractual arrangement set out in ETSI’s IPR Policy gives the court jurisdiction to determine the terms of a bilateral licence, it does not give the court jurisdiction to determine the terms of a collective licence, such as the Avanci 5G Licence. [173/3014/58] [52/727]
3. The Majority were correct to uphold the decision of Fancourt J at first instance that Tesla’s case raises no serious issue to be tried:
 - a. Avanci is not a SEP owner and is under no obligation, to ETSI or to implementers of the standards, to offer licences on FRAND terms.
 - b. The ETSI Obligation to be prepared to grant licences on FRAND terms acts as a fundamental guarantee that implementers will be able to access the standardised technology. It is a legal obligation that requires a patentee, who has chosen to contribute its patented inventions to a standard and subsequently made a declaration that its patents are essential, to offer a bilateral licence to such patents on FRAND terms. Said obligation only requires the patentee to offer a bilateral licence.
 - c. Critically, the ETSI Obligation does not require SEP owners to band together with other SEP owners to offer collective licences to their patents on FRAND terms. To the contrary, in 1993/1994, the framers of the ETSI IPR Policy expressly considered and rejected a proposal that entities under the joint control of SEP owners, which arguably would have included collective licensing entities, sign up so as to be governed by the ETSI Obligation.
 - d. Nor does the ETSI Obligation confer jurisdiction on the court to assess the terms of any licence simply because it covers SEPs. The mere fact that SEPs are the subject-matter of the Avanci 5G Licence is not sufficient to engage the ETSI

Obligation nor does it give the court *carte blanche* to assess whether its terms are FRAND and, if not, declare what FRAND terms would be. The ETSI Obligation is an exception to the general principle of freedom of contract and must be properly limited in accordance with the terms of the ETSI IPR Policy itself. The ETSI IPR Policy does not establish a general jurisdiction for the court to involve itself in all commercial transactions which concern SEPs. It only establishes jurisdiction insofar as there is a disputed issue between the parties which is co-extensive with a right or obligation in the ETSI IPR Policy which the court can enforce. There is no such right or obligation in respect of the Avanci 5G Licence. [52/727]

- e. The fact that some (but not all) SEP owners have voluntarily decided, in addition to offering bilateral licences, to licence their SEPs via the Avanci 5G Platform does not change the legal analysis. The principle of freedom of contract means that entities are always free to enter voluntary arrangements that go beyond their strict legal obligations. But that voluntary conduct does not create a legal basis for the court to interfere.
 - f. Tesla's reliance on "*commercial reality*" does not assist it and is based on a misunderstanding of this court's decision in *UPSC*. The fact that SEP owners have joined the Avanci 5G Platform cannot and does not retrospectively alter the ETSI Obligation, which is to offer bilateral licences – a point expressly recognised in the agreement that governs the Avanci 5G Platform.
4. The fact that Tesla has struggled to articulate its legal case in its pleading (or draft amended pleading) is telling. It has attempted various formulations of its case, not one of which has successfully identified a serious issue to be tried. Tesla's complaint that it would be "*unfair*" if the Avanci 5G Licence did not have to be FRAND (i.e. was not subject to the ETSI Obligation) is no more than a complaint that the ETSI IPR Policy is "*unfair*" insofar as it promulgates a bilateral licensing scheme. Tesla complains that such scheme is "*impractical and onerous*"¹ notwithstanding that it has itself entered into at least one bilateral licence with a SEP owner who also makes its SEPs available to license via the Avanci 5G Platform. But, in any event, whatever the pros or cons of the bilateral licensing scheme, this court has no jurisdiction to re-write the ETSI IPR Policy.

¹ Particulars of Claim/¶42.

5. Avanci has sought to offer a commercially attractive alternative to the scheme of bilateral licensing promulgated by the ETSI IPR Policy – an off-the-shelf licence that is available to all automotive vehicle manufacturers – that they can choose to take or leave as they wish. If a vehicle manufacturer, such as Tesla, chooses not to take that alternative, it can avail itself of bilateral licensing instead. What Tesla cannot do is ask the court to interfere with the commercial alternative, simply because it does not like the terms (in this case primarily price) that are offered.
6. For the avoidance of doubt, Avanci's position is that SEP owners cannot avoid their ETSI Obligations to offer bilateral licences by joining a collective licensing scheme, such as the Avanci 5G Platform. They remain bound by their ETSI Obligation, compliance with which ought to be assessed if they seek injunctive relief against an implementer. Accordingly, there is no asymmetry between the position of patentees and implementers: there is an obligation on the part of the SEP owner to offer a bilateral FRAND licence, and a corresponding entitlement on the part of a willing implementer to such a licence.
7. In the premises, there is no serious issue to be tried as to whether the Avanci 5G Licence is required to be FRAND. It therefore follows that **Ground 1**, and with that the entirety of Tesla's appeal, should be dismissed. As for the remaining Grounds, Avanci's position is:
 - a. **Ground 2:** It is inappropriate for the court to set the rate of the Avanci 5G Licence in the absence of all of the Licensors.
 - b. **Ground 3:** This is a matter between Tesla and InterDigital, Avanci takes no position.
 - c. **Ground 5:** Fancourt J was correct to find for Avanci on its *forum conveniens* challenge – the Delaware Court of Chancery is an available and the more appropriate forum.

The Avanci 5G Platform

8. The Avanci 5G Platform provides a convenient mechanism by which automotive manufacturers who wish to incorporate 5G telecommunications technology into their vehicles can acquire a global licence to the 5G SEPs of those patentees who choose to utilise the platform. The Avanci 5G Licence is a carefully crafted, market driven,

- transparent and useful commercial deal in the form of a standard form licence at a fixed price that is available to all vehicle manufacturers (SOFI/¶16). [1/13/16]
9. Avanci itself is not an SEP owner. It has formulated the Avanci 5G Platform based on its own investigations, market-based feedback and knowledge of the industry formed through discussions with both potential licensors and licensees (SOFI/¶9). The Avanci 5G Platform is a voluntary arrangement. The success of the Avanci 5G Platform depends on whether it represents a sufficiently 'good' deal for both SEP owners and implementers so that a large number from both sides voluntarily 'sign-up'. If Avanci had got the terms wrong, whether too pro-patentee or too pro-implementer, then the Platform would have failed. [1/12/9]
 10. The evidence to date is that Avanci has struck the right balance with the Avanci 5G Platform. It was launched in August 2023 and, by the time of the first instance hearing in July 2024, some 65 patent owners ("**Licensors**") and over 31 automotive brands ("**Licensees**") had chosen to utilise the Platform. Since then, further Licensors and Licensees have joined. Licensors include almost all of the major 5G SEP owners worldwide, (e.g. Ericsson, Huawei, Intel, LG Electronics, Nokia, OPPO, Panasonic, Qualcomm, Samsung, Sony, and ZTE) and Licensees include the most well-known automakers selling 5G connected vehicles (e.g. BMW, Ford, Honda, Jaguar Land Rover, Nissan, Volkswagen, and Volvo). Toyota participates in its capacity as both Licensor and Licensee (SOFI/¶¶11-12). This take-up indicates that a critical mass of 5G SEP holders and automakers consider the Avanci 5G Platform licence to be a good commercial deal and it is one that is available, on the same royalty terms, to all vehicle manufacturers who want it. [1/12/11]
 11. The Avanci 5G Platform is governed by the MLMA, an agreement governed by New York Law. An important aspect of the MLMA is that it expressly provides that each SEP holder retains its right to offer and conclude bilateral licences with implementers. Avanci does not agree under the MLMA to fulfil any Licensor's ETSI Undertaking (SOFI/¶¶19, 22). The Avanci 5G Licence is entered into between Avanci and the implementer (SOFI/¶17). [1/14/19,22] [1/13/17]
 12. The Avanci 5G Platform offers an alternative route to licensing of 5G SEPs in the automotive field. Implementers can choose either to go down the traditional route of bilateral licensing or, if they consider it is more convenient for them to do so, can choose

the Avanci 5G Platform and thereby acquire a licence to the vast majority (but not all) 5G SEPs. The Avanci 5G Platform is therefore a commercial voluntary arrangement that SEP holders and implementers alike can choose to take or leave as they wish: SEP holders that do sign up must still offer licences on an individual basis to implementers that want one; similarly automotive manufacturers are under no compulsion to sign up and, if they choose not to do so, remain able to acquire bilateral licences directly from individual SEP holders in the usual way. Indeed, Tesla has itself concluded a bilateral licence with L1 (who also participates in the Avanci 5G Platform) for the right to use that SEP holder's 5G SEPs in its cars (SOFI/¶14 & CA Judgment [25]).

[1/13/14] &
[12/241/25]

13. Given the role of competition law in regulating the conduct of patent pools and platforms, prior to the launch of the Avanci 5G Platform, Avanci sought confirmation from the US Department of Justice (“DoJ”) that the Avanci 5G Platform is not anti-competitive. The DoJ provided a 'comfort letter' which concluded that the Avanci 5G Platform is unlikely to harm competition and that they therefore have no intention to challenge it at present (SOFI/¶10).

[1/12/10]

14. Avanci uses the term “platform” rather than “pool” because the latter term connotes something that has been set up and is controlled by a group of SEP owners. In contrast, Avanci is independent of SEP owners – it is not owned or controlled by SEP owners, owns no SEPs itself and has made no declaration to ETSI (SOFI/¶8; Rajendra 1/¶8).

[1/11/8];
[32/504/8]

Legal Background

15. In this section, we set out some basic principles that are necessary to understand the issues that arise on this appeal. As much of this ground was covered in *UPSC* we cross-refer to that judgment as appropriate. [173/2994]

Patents

16. As explained in *UPSC* at [2], the patent bargain is the bargain between the state and an inventor, pursuant to which the state grants a time-limited monopoly of the industrial use of an invention in exchange for an enabling disclosure of the invention, such that it can be freely used by the public after the monopoly has expired. [173/3000/2]

17. For the most part, patents are national rights conferred by the national government and enforced by the national courts. In this jurisdiction, the provisions of substantive patent law are found in the Patents Act 1977 (the “PA 1977”).

[70/1011]

18. Whilst patents are national rights, the key principles of patent law are the basis of international consensus, reflected in instruments such as the Agreement on Trade Related Aspects of Intellectual Property Rights (“TRIPS”), which identifies minimal requirements for *inter alia* patents with which members of the World Trade Organisation must comply. By s.30 PA 1977, a patent is personal property and may be assigned, [70/1018] mortgaged or licensed. As with other personal property, the patentee has freedom whether to transact and, if so, on what terms.
19. The patent monopoly gives the patentee a right to prevent third parties from using its invention without its permission. Enforcement of the monopoly is by way of infringement proceedings. An alleged infringer will often counterclaim that the patent is invalid such that it should be revoked *ab initio* (e.g. for lack of novelty or inventive step).
20. As noted at *UPSC* at [3], if the patentee successfully establishes that its patent is valid [173/3000/3] and infringed, then it is *prima facie* entitled to prevent further infringement of its property rights by injunction (interdict in Scotland). Financial relief, in the form of damages or an account of profits for past infringement, is also available.
21. Whilst injunctions are discretionary,² the general rule is that the Patents Court will award an injunction upon a finding of infringement. There are very occasional exceptions to this general rule (e.g. a carve-out from an injunction may be ordered, but only in rare circumstances).³ In particular, the Patents Court is astute to avoid a court-devised form of compulsory licensing. The PA 1977 contains specific provisions concerning compulsory licences (ss.48-59 PA 1977), some of which are rooted in international law [70/1020] (e.g. s.48A which has its roots in Art. 31 TRIPS). The court is rightly reluctant to engage in judicial law-making that may override the intentions of Parliament in primary legislation.

² Being ordered where the Court considers it just and convenient to do so (s.37(1), Senior Courts Act 1981).

³ E.g. *Evalve v Edwards* [2020] EWHC 513 (Pat); [2020] RPC 13 at [35]-[37] & [90]. [114/1638/35] & [114/1641/90]

The principle of freedom of contract

22. Freedom of contract is a basic legal principle.⁴ Parties are free to decide whether to contract at all and, if so, on what terms. The role of the court is limited to determining whether there is a contract and, if so: identifying its terms (both express and implied); determining whether there has been a breach and, in the event of a breach, deciding how that breach be remedied. It has been long settled that, as a general rule, courts will not inquire into the “*adequacy of consideration*”.⁵
23. Exceptions to the general principle of freedom of contract exist and are well known (e.g. statutes provide for consumer protection; competition law renders cartels unlawful; in limited circumstances equity will step in to protect parties from undue influence). In the context of patent law, the compulsory licensing provisions (which apply in very limited circumstances and are, as a consequence, rarely used) set down by statute are an exception to the general freedom of a patentee to decide whether, and if so on what terms, to licence its patent. However, given the competing policy issues in play, especially in the context of statutory monopolies such as patents, the court should be wary of interfering with the general principles of freedom of contract save where a specific exception applies.
24. A party normally has a complete freedom to decide whether to contract or not. It may choose to limit its freedom by voluntarily accepting an obligation to contract. Where a party does this, the scope of the obligation needs to be properly considered to understand the extent and way in which the party has in fact limited its freedom to contract.

The ETSI Obligation

25. The ETSI Obligation was considered by this court in the seminal decision in this field in *UPSC*. The background to the ETSI Obligation, including a description of the role and purpose of ETSI, a Standard Setting Organisation (“**SSO**”), and the ETSI IPR Policy and accompanying Guidance, is set out at [4]-[14] of that decision. In this section we draw [173/3000/4] out some key points that are relevant to this appeal before turning to the question of construction of the ETSI Obligation that arises in this case. 5G standards were not in

⁴ *R v Revenue and Customs Commissioners* [2024] UKSC 40; [2024] 1 WLR 5213 at [144]; [160/2705/144] Chitty on Contracts, 36th Ed. at ¶2-001. [181/3287/2-001]

⁵ Chitty on Contracts, 36th Ed. at ¶6-015. [181/3288/6-015]

issue in *UPSC* but what is said in respect of 2G-4G in those paragraphs, applies equally to 5G.

26. The purpose of the ETSI IPR Policy is to balance fair reward for patentees with ensuring that those who want to work the standardised technology are not inhibited from doing so because of the patented monopoly (*UPSC* [7]).⁶ It is therefore an important part of the [173/3002/7] ETSI contractual arrangement that enforcement of a patent does not prevent implementation of the standardised technology. To that end, the ETSI IPR Policy requires its members to disclose patents that may be essential to a technical proposal during development of the standard.⁷ Members must inform ETSI if they are prepared to grant licences on FRAND terms to such patents. If they are so prepared, they must provide a written irrevocable declaration in the terms appended to the ETSI IPR Policy. If they are not, ETSI can amend the standard before finalisation to remove the patentee's patented technology (*UPSC* [12]). [173/3003/12]

27. As noted at *UPSC* [12], clause 6 is the “*key to the IPR Policy...which provides the legal basis on which an owner of an Essential IPR gives an irrevocable undertaking to grant a licence and thereby protects both ETSI and implementers against ‘holding up’*”. Clause 6.1 states: [173/3003/12]

“When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair, reasonable and non-discriminatory (“FRAND”) terms and conditions under such IPR...The above undertaking may be subject to the condition that those who seek licences agree to reciprocate”. [52/727/6.1]

28. The wording of the declaration is set out at A.1 to the IPR Policy: [52/735]

“the Declarant hereby irrevocably declares that (1) it and its AFFILIATES⁸ are prepared to grant irrevocable licences under its/their IPR(s) on terms and conditions which are in

⁶ Clauses 3.1 & 3.2 of the IPR Policy. [52/727/3.1]

⁷ Clause 4 of the IPR Policy. [52/727/4]

⁸ Defined at clause 15 of the IPR Policy as entities directly or indirectly owning or controlling; under the same ownership or control; or owned or controlled by the first legal [52/732/15]

accordance with Clause 6.1 of the ETSI IPR Policy, in respect of the STANDARD(S), TECHNICAL SPECIFICATION(S), or the ETSI Project(s), as identified above, to the extent that the IPR(s) are or become, and remain ESSENTIAL...for the field of use of practice of such STANDARD or TECHNICAL SPECIFICATION; and (2) it will comply with Clause 6.1 bis of the ETSI IPR Policy with respect to such ESSENTIAL IPR(s)... This irrevocable undertaking is made subject to the condition that those who seek licences agree to reciprocate (check box if applicable) ”.

29. By clause 6.1bis the undertaking shall be interpreted as binding on successors-in-title. [52/728/6.1bis]
Clause 6.2 confirms that a declaration given in respect of a specified member of a patent family, applies to all existing and future patents in that patent family.⁹ Definitions of capitalised terms are set out in clause 15. [52/728/6.2]
30. The ETSI IPR Policy is expressly governed by French law with the consequence that the ETSI Obligation is directly enforceable by the implementer against the patentee as a *stipulation pour autrui*.¹⁰

Correct approach to construction of the ETSI Obligation

31. In *UPSC* this court was tasked *inter alia* with construing the ETSI Obligation for the purposes of determining whether the courts had jurisdiction to determine the terms of a global FRAND licence by way of contractual defence to an infringement claim concerning UK patents.
32. At [8]-[10] this court set out the relevant principles to apply to construction: [173/3002/8]
- a. Interpretation was “*by reference to the language used in the relevant contractual clauses of the contract and also by having regard to the context...that context is both the external context and the internal context of the IPR Policy document itself, such as the policy objectives declared in the document*” (UPSC [8]);
 - b. External context was identified at *UPSC* [9] as including: (i) the ETSI Guidance [173/3002/9] on the operation of the ETSI IPR Policy (identified at *UPSC* [6]); (ii) the ETSI [173/3001/6]

entity for so long as such ownership or control lasts. Clause 15 also defines the conditions of such ownership or control.

⁹ *UPSC* [12].

[173/3003/12]

¹⁰ *UPSC* [8].

[173/3002/8]

- Statutes (referred to at *UPSC* [5]); (iii) the globalised market for [173/3001/5] telecommunications products which ETSI and other SSOs sought to promote; and (iv) the fact that ETSI was a body comprising experts and practitioners in the telecommunications industry who would be expected to have a good knowledge of *inter alia* the territorial nature of national patents, the need to modify by contract the application of patent law to promote the development of the globalised market and the practice of the industry in negotiating patent licensing agreements voluntarily;
- c. Internal context was dealt with at *UPSC* [10] as including the objectives set out in [173/3002/10] the ETSI IPR Policy. Particular attention was drawn to the objective of balancing [52/727] fair reward for patentees whilst ensuring access to implementers, by eliminating the twin evils of 'hold-up' and 'hold-out';
- d. The language of the relevant operative clauses of the ETSI IPR Policy was identified at *UPSC* [11]. Given the issue before it, the definition of a 'patent family' [173/3003/11] was critical and, as noted at [11], the definition in clause 15 "*extends to patents relating to the same invention applied for and obtained in several jurisdictions. It shows an intention for the arrangement to apply internationally*" (emphasis added).
33. Applying those principles, this court held that properly construed the ETSI Obligation gave an implementer the right to obtain a licence covering several jurisdictions (*UPSC* [173/3004/14] [14]). Moreover, this construction accorded with the commercial practice of parties agreeing global licences (*UPSC* [14]-[15] & [62]-[63]). However, commercial practice [173/3004/14]; [173/3015/62] was not used to determine the legal obligation to grant a licence in respect of the SEP holder's SEPs – its role was merely to determine, once it was established that there was a legal obligation to grant a FRAND licence, what the terms of that licence would be in the particular case (including whether it should be national or global).
34. On the basis of that construction, there was jurisdiction to determine that a global licence would be FRAND between the patentee and implementer, notwithstanding that the question as to what terms were FRAND arose in the context of an infringement action concerning UK patents.
35. Importantly, the court's jurisdiction to determine the dispute between the parties as to what terms were FRAND was co-extensive with the extent of the ETSI Obligation. This

was a point reiterated by the Supreme Court at [58]. This is an important point to note [173/3014/58] as we detect in Tesla's written arguments a tendency to conflate the question of commercial reality with that of the question of the legal obligation: they are distinct questions, with different roles to play. Importantly, commercial reality cannot be used (as Tesla seeks to do) to define the legal obligation. The legal obligation is found in the ETSI IPR Policy. [52/727]

Role of historical development of ETSI IPR Policy

36. In addition to construing the ETSI Obligation for the purpose of determining the question of global licensing, in *UPSC* this court was also asked to consider the meaning of the 'non-discriminatory' limb of FRAND. In particular, it was asked whether this imported a 'hard-edged' non-discrimination requirement (i.e. an obligation to grant licence terms equivalent to the most favourable licence terms to all similarly situated licensees) or a more general requirement (i.e. an obligation to offer a royalty rate set by reference to the true value of SEPs - a standard fair market royalty rate available to market participants for use of the SEPs) (*UPSC* at [105]-[107]). In determining this question, the court had [173/3029/105] regard once again to the language of clause 6.1 and the purposes of the ETSI regime and IPR Policy (*UPSC* at [113]-[115]). [173/3031/113]
37. It also took into account the historical background to the ETSI IPR Policy and found that a "powerful indication that the non-discrimination obligation is 'general' rather than 'hard-edged' is that ETSI had previously considered and rejected the imposition of a 'most-favourable licence' clause in the undertaking" (*UPSC* [116]). The fact that ETSI [173/3031/116] had considered such a clause but deliberately chosen not to subject a SEP owner to such an obligation was an important factor in the court's rejection of a construction that would have imported a 'hard-edged' non-discrimination requirement (see further *UPSC* [117]-[119] & [127]). This is an important point on this appeal, for reasons we return to later. [173/3031/117]

Different approaches to FRAND – contract vs competition

38. The approach in this jurisdiction to FRAND is one rooted in contract. As this court confirmed in *UPSC*, the ETSI Obligation undertaken by a SEP owner gives an implementer a contractual entitlement, under French law, to be offered a licence to that SEP owners' SEPs on FRAND terms.
39. To date, enforcement of that contractual entitlement has arisen in three situations:

- a. **Patentee-led actions:** By way of defence to an injunction in patent infringement proceedings (which was the situation in *UPSC*) – where a SEP owner establishes that one or more of its UK SEPs is valid and infringed, the implementer of the standardised technology may rely upon its contractual entitlement to a licence pursuant to the SEP owner's undertaking as a defence to an injunction.
 - b. **Implementer-led actions:** By way of positive claim to a FRAND licence – in these cases an implementer has initiated proceedings against the SEP owner, seeking to enforce the contractual entitlement to a licence from a SEP owner (by reason of the undertaking that SEP owner has given to the relevant SSO). An example is *Kigen* [132/1981] *v Thales* [2022] EWHC 2846 (Pat) in which an implementer (Kigen), relied upon the SEP owner's (Thales') obligation under the GSM IPR Regulations, which were governed by English law,¹¹ to grant licences on FRAND terms, as the basis of a contractual claim to a declaration (i) of entitlement to a FRAND licence and (ii) determination of the terms of said licence.
 - c. **Cross-licence actions:** Where the parties to FRAND litigation are both SEP owners and implementers, the court may determine a dispute as to what terms are FRAND for a cross-licence between them (see e.g. *Lenovo v Ericsson* [2025] RPC 11). As [134/1997] noted above, clause 6.1 of the ETSI IPR Policy specifically provides that the ETSI [52/727/6.1] Undertaking “*may be made subject to the condition that those who seek licences agree to reciprocate*”. Accordingly, in determining a dispute over the terms of a cross-licence, the court is simply enforcing an aspect of the parties' ETSI Obligations to grant licences on a reciprocal basis to each other.
40. In all of these types of actions (i.e. patentee-led actions, implementer-led actions and cross-licence actions), the dispute is typically as to what terms are FRAND for a licence / cross-licence between the parties and the court is called upon to determine that contractual dispute. Most commonly, the key dispute is about the amount of royalty payment due (whether calculated as a per unit rate or a lump sum), with the SEP owner contending for a higher amount and the implementer contending for a lower amount. The court's role is to determine that contractual dispute between the parties, based on the evidence before it. The label 'rate-setting' is often applied to this exercise. It is important

¹¹ The GSM Association is a different SSO to ETSI; the GSM IPR Regulations being the equivalent to the ETSI IPR Policy.

to understand that when conducting a 'rate-setting' exercise, the court is not engaging in a wide-ranging investigative process of what terms are or are not FRAND in the abstract: instead, it is determining the contractual dispute between the parties as to what terms, in particular rate, are FRAND as between them.

41. In other jurisdictions, notably Germany, the approach to FRAND is rooted in competition law as opposed to contract. By way of defence to injunctive relief in patent infringement proceedings in Germany, an implementer may argue that a SEP owner's insistence upon an injunction constitutes an abuse of its dominant position contrary to Article 102 of the TFEU. In determining whether or not there has been an abuse, the German courts follow the approach set down by the CJEU in C-170/13 *Huawei v ZTE* (which was discussed in *UPSC* at [132]-[143]). Said approach was recently summarised by Leech J in *Panasonic v Xiaomi* [2024] EWHC 1733 (Pat) at [48]-[52] and also by the Court of Appeal in *Alcatel v Amazon* [2025] EWCA Civ 43; [2025] RPC 6 at [69]. The conduct of the parties is considered in a sequential manner and, if necessary, one step in this sequential analysis will be to assess whether any licence offered by the SEP owner is "*not obviously un-FRAND*". [173/3035/132] [156/2648/48] [100/1338/69]
42. This is a different exercise to the 'rate-setting' exercise undertaken by the courts of this (and other) jurisdiction(s) when determining the contractual dispute between two parties as to what terms are FRAND.

Does the ETSI Obligation require collective licences to be FRAND?

43. Before responding to the specific points raised in Tesla's Grounds of Appeal, we set out first Avanci's position on the correct interpretation of the ETSI Obligation.
44. Avanci's position is that, properly interpreted, the ETSI Obligation is an obligation to be prepared to grant bilateral licences, i.e. it imposes an obligation on the patentee who has contributed its technology to the standard and subsequently made a declaration of essentiality to ETSI to offer a licence in respect of its own IPR, on FRAND terms, to a willing implementer. Such interpretation faithfully reflects the language of clause 6.1 and the ETSI Declaration, and thereby the intentions of the framers of the ETSI IPR Policy. It also has regard to the internal context of the ETSI IPR Policy, namely the policy of ensuring access to the standardised technology and fair reward to patentees, which is met by the requirement of bilateral licensing which provides a fundamental guarantee of access at a fair and reasonable rate. It also has regard to the fact that the [52/727/6.1]

framers of the ETSI IPR Policy deliberately chose not to impose the ETSI Obligation on pool administrators (which we deal with below).

45. Tesla's case depends upon it being 'arguable' that collective licences, such as the Avanci 5G Licence, are required to be FRAND. This raises two questions:
- a. Does the ETSI Obligation require collective licensing?; and
 - b. Even if the ETSI Obligation does not require collective licensing, does the fact that SEP owners may voluntarily engage in collective licensing, mean that such licences should nonetheless be subject to the requirement to be FRAND?
46. In his judgment, Phillips LJ dealt with both questions and answered them both in the negative (emphasis in the original):
- a. He dealt with the first at CA Judgment [227]-[228] holding that the SEP owners [12/293/227] who had placed their SEPs on the Avanci 5G Platform had each given the ETSI Obligation and "*so are each separately contractually obliged to negotiate with Tesla the terms of a licence for their own portfolio of SEPs on FRAND terms, and to grant such a licence*". He added: "*What the owners have not agreed to do, on any sensible interpretation of the contractual arrangements with ETSI, is to license their SEPs on a collective basis with other SEP owners, whether on "FRAND terms" or any other terms. The undertaking clearly and distinctly creates an obligation on individual owners to license the Patent Family of their declared SEPs, but it cannot be interpreted as extending to include licensing a portfolio which includes many SEPs owned by other organisations altogether. Tesla has not advanced a case to the contrary...*";
 - b. At [229], he dealt with the second point: "*Does the fact that the owners have [12/293/229] voluntarily placed their SEPs on the Avanci 5G Platform change the contractual analysis? I cannot see how it does. The fact that the owners have given undertakings to ETSI, derogating from their rights under the general law to that extent, in no way limits their freedom to exploit their rights in any legitimate way, whether on their own or jointly with others. Placing their SEPs on the Avanci 5G Platform is a convenient and highly beneficial way for a vast number of SEPs to be offered collectively to the car industry...Such an arrangement is in addition to (and may well, for an implementer, be preferable to relying on) the ETSI undertaking given by each owner. In my judgment the owners who have joined the*

Platform have not somehow extended the scope of their undertaking to ETSI or entered any other binding agreement to license their SEPs on a collective basis”.

47. Whipple LJ agreed with Phillips LJ's analysis in these paragraphs (CA Judgment [243]). [12/297/243]
48. Avanci's position is that the Majority was correct in its analysis.
49. First, there is nothing in the wording of clause 6.1 or the ETSI Licensing Declaration that [52/727/6.1] points towards an intention on the framers of the ETSI IPR Policy to require collective licensing or, alternatively, to a requirement that if a collective licensing arrangement is voluntarily entered into by SEP owners, the terms of said collective licence must be FRAND (such that a national court could intervene if they were not FRAND). To the contrary, the wording of clause 6.1 and the ETSI Declaration clearly points the other way: a SEP owner is required to offer licences to its own SEPs (and those of its affiliates) on FRAND terms. A requirement to offer licences to one's own SEPs is not a requirement to enter arrangements with other SEP holders to offer collective licences. Nor is it a requirement to ensure that other arrangements concerning SEPs are FRAND.
50. Second, the internal context of the ETSI IPR Policy is satisfied by an obligation to be [52/727] prepared to grant bilateral licences only. It does not require either mandatory collective licensing or a requirement that any voluntary collective licensing arrangement be FRAND. The purpose of the ETSI IPR Policy is to ensure that any implementer wanting to use a SEP's technology can obtain a licence from the SEP owner on FRAND terms – this prevents patented technology being used to frustrate or entirely inhibit the performance of the standard whilst, at the same time, ensuring a fair remuneration for patentees. The effective operation of the ETSI IPR Policy accordingly provides a guarantee to prevent hold-up.
51. The ETSI IPR Policy does not provide for collective licensing because it is not required to avoid hold-up. But nor does the ETSI IPR Policy prohibit SEP owners and implementers from entering alternative licensing arrangements which have commercial utility, but which are more fully fledged than provided by the fundamental guarantee. Indeed, where such alternative licensing arrangements are attractive to both SEP owners and implementers, then contrary to Tesla's contention there is no need for FRAND to apply: the market will have determined what is a fair market rate available to all, and there is accordingly no need for ETSI or the courts to intervene. Moreover, individual implementers (such as Tesla) who do not like the collective licensing arrangement are [52/727]

not prejudiced by it, because they can call upon their right to seek bilateral licences, which is the right guaranteed by the ETSI IPR Policy.

52. Third, whilst collective licensing undoubtedly now exists, it is still only an alternative to bilateral licensing – it is not the only way that an implementer can obtain access to the standardised technology. Indeed, the MLMA (which governs Avanci's relationship with the Licensors) expressly preserves the SEP holders' right to grant bilateral licences (SOFI ¶22). This is important because the court must be careful not to take what may [1/14/22] now be an aspect of commercial practice and use that to retrospectively alter the ETSI Obligation.
53. That is particularly so given our fourth point, which we explain in the next section, namely that the historical development of the ETSI IPR Policy shows that its framers expressly rejected a proposal that would have extended the ETSI Obligation to patent pools at the time the policy was developed. As in *UPSC*, that is a very strong indication [173/2994] of the correct interpretation of the ETSI Obligation.

History of the ETSI IPR Policy

54. In light of the way that Tesla puts its case on appeal, it is relevant to consider the history of the FRAND obligation. As noted by this court in *UPSC* at [117], in 1993 ETSI [173/3031/117] published its original proposed licensing regime, Appendix A of which set out the draft ETSI IPR Undertaking (the “**1993 ETSI IPR Undertaking**”).¹² [50/688]
55. Clause 15.1 of the 1993 ETSI IPR Undertaking approved at the 15th General Assembly [50/704/15.1] included the following additional commitment:

“15. JOINT VENTURES, ACQUISITIONS AND DIVESTITURE OF AFFILIATES

15.1 Where a legal entity is not an AFFILIATE of any one member of ETSI, but control of that legal entity can be exercised by two or more members of ETSI or their AFFILIATES, including the SIGNATORY, acting in concert, the SIGNATORY undertakes to use all reasonable endeavours to ensure that the said legal entity signs an undertaking equivalent to the UNDERTAKING.”

56. This provision would have required SEP owners who, acting in concert, could exercise control over a third party, to ensure that said third party gave an undertaking to offer

¹² IPR Policy [GA15-TD24] and Appendix A, Undertaking [GA15-TD25]

[50/688]

licences on FRAND terms. This would have applied to joint ventures under the control of two or more SEP owners, such as third parties who administered patent pools under the control of the respective patentees.

57. Large industry players voiced heavy criticism of the 1993 ETSI IPR Policy as restricting SEP owners' freedom and discouraging participation in standardisation.¹³ As a result, ETSI voted unanimously to reject the 1993 IPR Policy and Undertaking,¹⁴ and subsequently adopted the 1994 ETSI IPR Policy,¹⁵ which, for present purposes, is essentially the same policy which is in place today. Clause 15.1 was removed from the 1994 version of the ETSI IPR Policy. [50/688] [50/688] [51/716]
58. The fact that ETSI had previously considered, and rejected, even the possibility of making joint ventures under the control of SEP owners, such as patent pool administrators, subject to its ETSI Obligation is a powerful indication that ETSI positively intended not to impose such an obligation more widely, e.g. on collective licences and/or their administrators.

The non-discriminatory "ND" limb of FRAND

59. As already noted, the non-discriminatory / "ND" limb of FRAND was considered by this court in *UPSC*. At ¶22 of its written case ("TWC"), Tesla relies upon two jurisdictional cases at first instance (*Lenovo v Interdigital* [2024] EWHC 1036 (Pat); [2024] RPC 23 (concerning the ETSI standard) and *Alcatel v Amazon* [2024] EWHC 1921 (Pat); [2024] RPC 26 (concerning the ITU-T standard)) in support of what it refers to as the "substantive context"¹⁶ to its appeal, noting that they are both instances of lower courts in this jurisdiction holding that FRAND terms for a licence to a UK SEP may, at least arguably, extend to a global licence covering both SEPs and non-essential patents ("NEPs"). [3/35/22] [136/2040]; [99/1305]

¹³ See, for example, the letters submitted to ETSI and considered at the Specially Convened 17th General Assembly Meeting dated 12 July 1993 [GA17-PD03 & GA17-PD10]. [53/739 & 747]

¹⁴ See minute of the 20th General Assembly on 22 July 1994 [GA20-PD22r1]. [54/756]

¹⁵ See minute of the 21st General Assembly on 22-23 November 1994 [GA21-PD39r2] and 1994 ETSI IPR Policy [GA21-PD3]. [55/793]; [51/716]

¹⁶ TWC/¶18. [3/34/18]

60. It is important to note that in both these cases, the courts were careful to explain that the claims were allowed to proceed on the basis that they were put under the 'ND' limb. In other words, the courts went no further than to say that it was arguable that the SEP owner would be discriminating between implementers if it chose to offer some a licence that was strictly limited to SEPs if (as alleged) it had an established (bilateral) licensing practice of offering other implementers licences to SEPs that also covered other patents, including NEPs, and thereby gave other implementers patent peace in respect of the licensed products: see the reasoning of Richards J in *Lenovo v Interdigital* [19]-[45] and [135/2046/19] and Zacaroli J in *Alcatel v Amazon* at [51]-[69]. Critically, there was no suggestion in either [99/1317/51] of these cases that the underlying legal right of the implementer / legal obligation of the SEP owner was anything other than to grant a licence to the SEP owner's SEPs: indeed, Zacaroli J was express on this point, stating at [51] that "*It is common ground that no RAND obligation exists in relation to the Alcatel NEPs*". [99/1317/51]
61. Avanci makes four points on these cases:
- a. First, they are not relevant to Tesla's appeal. They were allowed to proceed on the basis that it would arguably be a breach of the ND limb of the relevant SEP owner's ETSI Obligation to refuse to offer a portfolio licence (i.e. a licence to its SEPs that also covered its NEPs). Tesla does not (and cannot) rely upon the ND limb here. It would be nonsensical to contend that the Avanci 5G Licence is discriminatory as between implementers given that it is an off-the-shelf licence available to all automotive manufacturers at the same royalty terms without discrimination by reference to their individual characteristics.
 - b. Second, these cases do not stand for the proposition that commercial practice can be used to re-write the obligation on a SEP owner imposed by the relevant IPR policy. The obligation remains (as Zacaroli J was careful to point out) an obligation in respect of the patentee's SEPs: it is not an obligation in respect of the patentee's NEPs.
 - c. Third, given the "ND" limb is expressly written into the ETSI (and ITU-T) policies, it is understandable why both Richards J and Zacaroli J permitted these cases to proceed to trial on the basis that they were arguable. The question of whether, properly construed, the ND limb would in fact require the SEP owner to offer a SEP licence that covered NEPs, whether by way of standstill, covenant not to sue

or some other mechanism designed to give patent peace, was an argument to be heard once the court was apprised of the facts regarding the SEP owner's licensing practice.

- d. Fourth, whilst it is not necessary to express a view on the correctness of those decisions, Avanci does advise caution as to whether they were correctly decided. Certainly there is a persuasive argument that given the wording and purpose of the ETSI Obligation, namely to be prepared to grant a bilateral licence in respect of SEPs to enable implementers to access the standardised technology, the "ND" limb only applies to ensure that a SEP owner offers licences on terms and conditions (e.g. as to term etc.) that are generally available to market participants for use of those SEPs. It does not oblige a SEP owner to grant a licence in respect of NEPs, notwithstanding what the SEP owner's licensing practice may be. To read the ETSI Obligation as extending to a duty on a SEP owner to grant a licence in respect of NEPs would risk impinging on the carefully worked out compulsory licensing provisions of the PA 1977 (in the case of a UK licence) and the relevant national patent legislation of other jurisdictions (in the case of a global licence) and, thereby, to frustrate the intentions of the patent legislators as well as the framers of the ETSI IPR Policy.
62. Accordingly, Avanci does say that if and to the extent that Tesla relies upon these cases on its appeal as indicating that "commercial practice" may re-write the scope of the ETSI Obligation, so as to introduce an obligation with respect to collective licensing, then Tesla's position is wrong. For the reasons already given, such retrospective re-writing of the ETSI Obligation is wrong as a matter of construction of the ETSI IPR Policy.

Cases concerning collective licences - Vestel and Mitsubishi

63. There are two cases concerning pool licences that had been considered by the courts of this jurisdiction before Tesla commenced its claim. It is convenient to deal with them here, before responding in detail to Tesla's grounds of appeal.

Vestel

64. The first was *Vestel v Access Advance* [2021] EWCA Civ 440; [2021] 4 WLR 60 [174/3046] ("*Vestel*") which has been the subject of considerable discussion in these proceedings in the courts below, in particular at HC Judgment [36]-[41]. In summary, the action was [15/315/36]

commenced by an implementer (Vestel) who sought a declaration as to RAND terms of a licence under the video codec standards promulgated by the ITU-T (a different SSO to ETSI). The defendants (Access Advance and Phillips) were respectively the administrator of a patent pool covering video codec SEPs and an owner of SEPs within the pool. Vestel sought a determination as to FRAND terms for a pool licence. The proceedings started life as a competition complaint, alleging abuse of dominant position, however, by the time of the appeal, the competition complaint had been dropped altogether and all that remained was a claim as to what licence terms were RAND ([8], [28] & [49]). As Birss LJ (with whom Elisabeth Laing LJ and Nugee LJ agreed) noted at [34]: “Notable by its absence is a claim by Vestel that it has a legally enforceable right to a FRAND licence”. That absence proved fatal for the reasons explained by Birss LJ at [51]-[53] and [70]-[79]. He emphasised at [79]:

“The need of a legal standard against which to judge the claimed declarations is important...There is no such thing as a free standing FRAND claim...the attempt to invoke the courts’ declaratory jurisdiction has no reasonable prospect of success because it is not based on the existence or non-existence of a legal right”.

65. We will return to *Vestel* when dealing with Tesla’s grounds of appeal. At this juncture it is sufficient to note that both Fancourt J and the Majority were correct in their analysis that Tesla’s claim in these proceedings is, like the implementer’s claim in *Vestel*, untethered to a legal standard - the mere reference to the ETSI IPR Policy without more is not sufficient, just as Vestel’s reference to the ITU rules was not sufficient in *Vestel*. A legal right / entitlement to the licence in question must be claimed. Tesla has wholly failed to identify any right or entitlement to the Avanci 5G Licence stemming from the ETSI IPR Policy, or at all: Avanci owes no obligations under the ETSI IPR Policy and, to the extent that InterDigital owes an obligation under the ETSI IPR Policy, that is an obligation to grant bilateral licences only – it has no obligation (let alone any power) to grant a collective licence covering all the SEPs currently licensed via the Avanci 5G Platform.

Mitsubishi

66. The second was *Mitsubishi v Oneplus* [2021] EWHC 1541 (Pat) (“*Mitsubishi*”). Tesla relies upon *Mitsubishi* as supporting its case that collective licences are arguably FRAND. However, *Mitsubishi* was decided on the basis of a concession and is therefore

strictly *obiter dicta* for the points on which Tesla relies. In any event, and with the greatest of respect to the learned Judge who, because of the concession, did not have the benefit of full argument on the point, Avanci contends that those *obiter dicta* are wrong.

67. In summary, Mitsubishi and Sisvel brought patent infringement proceedings against numerous different implementers, including Xiaomi, in respect of three of their SEPs (two were owned by Mitsubishi and one by Sisvel). Mitsubishi and Sisvel licensed their SEPs collectively, via a pool called the MCP Pool. In addition to being a SEP owner, Sisvel was also the administrator of the MCP Pool (*Mitsubishi* [4] & [36]). Mitsubishi and Sisvel sought to establish that the terms of the MCP Pool were FRAND (*Mitsubishi* [3]). However, the court determined at a technical trial that the Sisvel SEP was not infringed or essential, and Xiaomi applied to dismiss Sisvel's claim for a FRAND determination (*Mitsubishi* [6] & [10]). [147/2388/4]; [147/2398/36] [147/2388/3] [147/2388/6]; [147/2389/10]
68. Whilst in its written application, Xiaomi argued that Mitsubishi had "no entitlement to seek relief in the form of a licence to the MCP Pool and is only entitled to seek a bilateral licence to its own patent portfolio" (*Mitsubishi* [11]-[13]), an important concession was made during argument which is recorded at *Mitsubishi* [14]: [147/2390/11] [147/2391/14]
- "...Mr Alexander QC for Xiaomi confirmed he was not seeking to preclude [Mitsubishi] from claiming that the licence on offer which relates to the MCP Pool is FRAND"*.
69. Accordingly, the decision that Sisvel could remain a party to the litigation, notwithstanding its own SEP was found not to be essential, was heavily based on Xiaomi's concession that it was not seeking to preclude Mitsubishi from contending that an offer to the MCP Pool was FRAND. In the premises it was not surprising that Mellor J decided that it would be pointless to exclude Sisvel, as the MCP Pool administrator, from the FRAND trial, if only for disclosure purposes: see *Mitsubishi* [40]-[44]. [147/2399/40]
70. What Mellor J's decision does not establish is any general principle that collective licences (whether pools or platforms) are arguably required to be FRAND.
71. Having considered this court's decision in *UPSC* (*Mitsubishi* [26]) and a number of reports of German proceedings (*Mitsubishi* [28]-[31]), Mellor J did state *obiter* at [31(ii)] and [32] that: [147/2394/26] [147/2395/28]; [147/2397/32]
- a. *"...for an implementer to refuse a pool licence but to insist only on a bilateral licence would require justification in a case where the pool comprised patents*

claimed to a particular standard which had been implemented by the products in question.” and

- b. *“Just as in UPSC where the justification for the Court determining a global FRAND licence was founded on real life transactions so here it must at the very least be distinctly arguable that the Court at the FRAND trial in this case may find that the MCP Pool license, administered and offered by the Second Claimant is also FRAND.”*

72. Avanci's position is that Mellor J interpreted this court's judgment in *UPSC* wrongly. In particular, he misstated the position at [26(ii)] where he stated that *“the scope of the [147/2394/26] allegedly FRAND licence terms for consideration by the Court is not constrained by the scope of the legal right established”*. To the contrary, and as explained above, in *UPSC* this court first determined the basis of the legal right which conferred jurisdiction on the court to determine FRAND terms (i.e. the ETSI Obligation) and, having done so, went on to determine the dispute between the parties as to what terms were FRAND in a manner that was co-extensive with the ETSI Obligation. Moreover, this court did not suggest that commercial practice could retrospectively alter or expand the ETSI Obligation. Mellor J was wrong to state that justification would be required for an implementer to refuse a pool licence but to insist only on a bilateral licence. To the contrary, properly construed the ETSI Obligation confers on an implementer a right to, and only to, a bilateral licence. Accordingly, an implementer would be well within its rights to refuse a pool licence and require the SEP owner to honour its ETSI Obligation by offering a bilateral licence.
73. Furthermore, Mellor J's reliance upon determinations made in German proceedings (*Mitsubishi* [28]-[31]) was inappropriate given the different approach of the German [147/2395/28] courts to FRAND proceedings which, as explained above, are rooted in competition law rather than contract law.

Ground 1: Is there a serious issue to be tried as to whether the Avanci 5G Licence is required to be FRAND?

Overview

74. Avanci contends that the Majority was right to conclude that there is no serious issue to be tried: it is unarguable that the Avanci 5G Licence is required to be FRAND (CA Judgment [222]-[236], [243]-[255]). [12/292/222]; [12/297/243]
75. To succeed on Ground 1, Tesla must identify some legal basis for the court interfering with the Avanci 5G Licence. It must show that it is at least arguable that the ETSI Obligations of SEP owners in respect of their own SEPs can be **construed** as requiring the Avanci 5G Licence to be FRAND. Tesla has wholly failed to do so:
- a. First, it has identified no right or obligation created by the ETSI IPR Policy against Avanci, indeed it is now common ground that no such right or obligation exists (SOFI/¶27). Avanci does not own any SEPs and has given no ETSI Declaration (SOFI/¶8); [1/15/27] [1/11/8]
 - b. Second, the only obligation (or right) which Tesla identifies is the ETSI Declaration made by each SEP owner about its own SEPs. But it does not follow from this that the Avanci 5G Licence is required to be FRAND (Whipple LJ in CA Judgment [245], with which Phillips LJ agreed). As explained above, said obligation operates on an individual SEP owner to offer a bilateral FRAND licence in respect of its own SEPs. There is no obligation set down in the ETSI IPR Policy that requires a SEP owner to enter any form of collective licensing arrangement nor can the ETSI IPR Policy be construed as requiring any voluntary collective licensing arrangement to be FRAND. [12/297/245]
76. In this section we identify Tesla's failed attempts at first instance to rely upon French law, which are no longer relied upon but are of note because they evince an acceptance on Tesla's part of the need to identify a relevant legal right or obligation upon which the court can found jurisdiction to assess the Avanci 5G Licence. We then turn to its new case, raised before this court and the Court of Appeal, and explain why that too must fail.

Tesla's failed attempts to rely upon French law to impose a contractual obligation on Avanci

77. At first instance, Tesla attempted, but failed, to make out a case based on French law that there was a FRAND obligation on Avanci:

- a. Initially it contended that Avanci was acting as an agent for the patentees and, as a matter of French law, owed a contractual obligation to discharge each patentee's individual ETSI Obligation (SOFI/¶42). Tesla relied upon this case to obtain permission to serve out, but then abandoned it before Fancourt J, accepting that its contentions as to French law were wrong (HC Judgment [19], [75]). [1/18/42] [15/311/19]; [15/323/75]
- b. Tesla then sought, following exchange of expert evidence on French law, by draft amended pleading, to introduce a case that Avanci was obliged to offer a FRAND licence based on the French tortious principle of good faith performance. That too collapsed and Tesla were denied permission to amend their pleading by Fancourt J against which Tesla have not appealed (HC Judgment [76], CA Judgment [32]). [15/323/76]; [12/243/32]

Tesla's new case on construction

78. In the Court of Appeal, and again before this court, Tesla gives up on contending there is any relevant obligation upon Avanci and proceeds instead on a mere contention that "*the Avanci 5G Pool Licence [is] arguably required to be FRAND*" (Tesla Ground 1) (TWC/¶25). Whether or not this is the case depends on the proper construction of the ETSI IPR Policy, and more particularly, the ETSI Obligation. We have set out above what Avanci contends is the proper construction of the ETSI IPR Policy, namely the construction adopted by the Majority. On that construction, Tesla's case fails. [3/35/25] [52/727]
79. Tesla's argument is that, properly construed, "there is nothing in the FRAND Commitment to warrant construing it as ceasing to apply or being abrogated when a SEP owner chooses to license jointly with other SEP owners through a pool" (TWC/¶27.1). This reliance on a double negation is telling: Tesla cannot positively state what it says the correct construction of the ETSI Obligation is, nor can it point to anything in the wording or purpose of the ETSI IPR Policy to support its construction. [3/36/27.1]
80. We have set out above the correct approach to construction of the ETSI IPR Policy, set out by this court in *UPSC*. The court is to consider the language and context of the ETSI IPR Policy. However, Tesla has pointed to nothing in the wording of the ETSI IPR Policy that supports its construction – nor can it as there is no wording that supports the contention that the ETSI IPR Obligation applies to collective licences. Nor is there any need for the ETSI IPR Policy to apply to such licences. As we have explained above, the ETSI Obligation is an obligation on SEP owners to be prepared to offer a bilateral licence of their SEPs to implementers who want them. A SEP owner who chooses to licence its [173/2994] [52/727]

SEPs via the Avanci 5G Platform does not escape its ETSI Obligation; to the contrary, it remains bound to offer bilateral FRAND licences to those implementers who want one – all the SEP owner does is offer the additional option of the Avanci 5G Licence in the alternative.

81. The unusual approach adopted by Tesla to construction at TWC/¶27.1 is the wrong approach. To seek to expand the scope of an express contractual term, that has been set down in writing, from one that requires bilateral licensing to one that requires collective licensing, is directly contrary to the basic principles of contractual interpretation: it is not an approach that gives any credence to what the framers of the ETSI IPR Policy intended nor does it enable commercial certainty. If an obligation can be extended to embrace another, wholly different, obligation simply because such extension is not expressly prohibited, then what certainty can commercial parties ever derive from written contracts? [3/36/27.1]
82. In any event, Tesla's construction is wrong. It expressly refers to there being "*no support in the language, context or policy of the FRAND Commitment*" (TWC/¶31). As we explained above, by reference to the relevant history of the ETSI IPR Policy, there is a strong positive indication that ETSI did **not** intend for its IPR Policy to impose an obligation that collective licences are FRAND. Avanci contends that it would be directly contrary to ETSI's intention if this court adopted Tesla's construction, which requires the Avanci 5G Licence to be FRAND where ETSI made a public decision to the contrary. There is no basis for this court to adopt an approach to construction which is in direct contradiction to the approach adopted in *UPSC*.¹⁷ [3/36/31]

Tesla's 9 reasons

83. At TWC/¶¶32-40, Tesla purports to give no less than nine reasons in support of its construction of the ETSI IPR Policy, none of which withstand scrutiny: [3/37/32]
84. **First**, it is said that an offer via the Avanci 5G Platform remains an offer to licence SEPs and that SEP owners cannot avoid their ETSI Obligation by entering into a collective

¹⁷ Indeed, that would be contrary to the principle that this Court shall treat former decisions as normally binding and only depart from them where it appears right to do so (*Austin v Mayor* [2010] UKSC 28; [2011] 1 AC 355 [24]-[25]). Further, Tesla has given no notice that it is going to invite this Court to depart from its own previous decision. [104/1451/24]

licensing arrangement. However, this misunderstands the point that the Avanci 5G Platform licence is an *alternative* licensing offer: it is not an avoidance mechanism. To the contrary, the ETSI Obligation which requires the patentee to offer a bilateral licence on FRAND terms, continues to apply to each and every SEP owner. Tesla also relies here on the fact that Avanci has described the Avanci 5G Licence as “FRAND” *in fact*. That is true but does not change the legal analysis. This representation does not and cannot create a new legal obligation on Avanci (and Tesla rightly accepts that no such obligation exists against Avanci). Neither is such representation capable of altering the construction of the ETSI IPR Policy. Moreover, Tesla do not contend that Avanci's representations give rise to any actionable cause of action, be that misrepresentation, anti-competitive behaviour or otherwise (SOFI/¶27). One also has to be careful in this field to distinguish [1/15/27] between assertions that a licence is FRAND (plainly there are reasons to believe that the Avanci 5G Licence is considered by the market to be fair and reasonable, given its significant success to date, and it is plainly non-discriminatory, being available to all automakers) and the question of whether the ETSI Obligation applies such that the court has jurisdiction to interfere with such licence.

85. **Second**, it is suggested that the utility of the ETSI Obligation is compromised by the Avanci 5G Licence. That is not the case. The Avanci 5G Licence is an alternative to the bilateral licensing required by the ETSI Obligation. Accordingly, the fundamental guarantee offered by the ETSI Obligation remains in place and is not undermined. The existence of an alternative, more practical licensing arrangement, does not disturb the symmetry achieved under the ETSI bilateral licensing regime.

86. **Third**, Tesla contends that if the Avanci 5G Licence is not required to be FRAND then this risks jeopardising the safe harbour protection otherwise enjoyed by it under competition and antitrust law. This is a wholly unpleaded and unsupported allegation and another example of Tesla's shifting case. Importantly, however, it does not assist Tesla. First, the only evidence related to competition law does not support Tesla's case. As noted above, prior to its launch, the DoJ concluded that the Avanci 5G Platform was unlikely to harm competition (SOFI/¶10). Second, if there were concerns about the Avanci 5G Licence, the appropriate way to address them would be via competition / antitrust law. The court does not need to strain the contractual arrangements of the ETSI IPR Policy to deal with such concerns (if, indeed, they exist). This court reached a similar conclusion, in the context of the ND limb, in *UPSC* at [124]. [1/12/10] [173/3033/124]

87. **Fourth**, Tesla relies upon *Mitsubishi* but we have explained above why this does not assist them. Avanci itself has no power to sue implementers for infringement or to seek injunctions against them. InterDigital has not threatened SEP infringement proceedings against Tesla and has no intention of doing so (SOFI/¶36). Avanci accepts that, on its legal analysis of the ETSI Obligation, it is not open to the Licensors to seek an injunction to compel an implementer to take the Avanci 5G Licence - to comply with the ETSI Obligation, SEP owners must offer a bilateral FRAND licence and cannot themselves offer an Avanci 5G Licence. In the circumstances, the proposition that implementers would be left exposed to an injunction for declining to take the Avanci 5G Licence is fanciful. [1/16/36]
88. **Fifth**, Tesla contends that a number of Licensors identified the offer of an Avanci platform licence in court as discharging their FRAND obligations (see SOFI/¶26). However, this needs to be put in proper context. All of the representations relied on in Tesla's evidence related to the Avanci 4G Licence and, in some cases, the litigation was settled on the basis of bilateral licences.¹⁸ Further, representations made in German proceedings need to be addressed with caution given that those are conducted through the lens of competition law (as we have explained above). In any event, the Licensors' representations do not give rise to legally binding obligations (CA Judgment [233]), nor are they capable of retrospectively altering the construction of the ETSI Undertaking. [1/14/26] [12/294/233]
89. **Sixth**, Tesla contends that the patentee's ETSI Obligation requires them to ensure that the Avanci 5G Licence terms are FRAND. However, it has not provided any support for its contention that SEP owners are obliged by the ETSI Obligation to ensure that all offers made under their SEPs are FRAND. As long as SEP owners remain prepared to offer a FRAND bilateral licence (SOFI/¶22), the fundamental guarantee is satisfied and they have no obligation to ensure that the Avanci 5G Licence terms are FRAND. Nor, as Phillips LJ pointed out at CA Judgment [230], is it clear what is meant by the suggestion that the Avanci 5G Licence must be FRAND: "*If, in financial terms, the licence would "simply" be the sum of the rates which would be FRAND for each owner's portfolio of SEPs, the concept would add nothing: each owner would be entitled (and obliged) to be involved in the negotiation of that rate pursuant to its undertaking to ETSI. But Tesla would certainly be disappointed by that exercise and its rate and that is plainly not what*" [1/14/22] [12/293/230]

¹⁸ Hopewell 3/¶¶17-18 and 34; SOFI/¶26(c) and (e).

[35/536/17];
[35/543/34];
[1/15/26(c)]

it intends: Tesla is plainly contending that the FRAND rate for a licence of all the SEPs on the Platform would be a single collective rate, heavily discounted for bulk and convenience”.

90. **Seventh**, Tesla relies upon the fact that declarations may be granted against a non-party to a contract. It is not in dispute that this may occur in exceptional circumstances. But Tesla's argument misunderstands Avanci's position: Avanci's case is not only that there is no legally enforceable right against Avanci itself but that there is no legally enforceable obligation against any patentee which requires the Avanci 5G Licence to be FRAND.
91. **Eighth**, Tesla contends there is utility in opining on whether the terms of the Avanci 5G Licence are FRAND. Avanci maintains there is not for the reasons set out in relation to Ground 2 below.
92. **Ninth**, Tesla argues that its case is consistent with prior authority, namely *Vestel*. However, there is, in fact, no distinction between Tesla's case and the claimant's case in *Vestel* and Tesla's case suffers from exactly the same fatal flaw: it is seeking a FRAND determination in the absence of any relevant legal basis. Tesla's interpretation of *Vestel* is wrong – it is not sufficient to point to any legal right to raise a “*serious issue to be tried*”. One must identify a legal right which sets a standard by which the court can assess the FRAND-ness of the licence (i.e. Tesla's claim must be tethered to a legal standard) (*Vestel* [78]-[79]). This can only be a legal right to a platform licence, which [174/3056/78] Tesla has not identified. It is of no use to the court if Tesla points to a legal obligation which binds another party (i.e. to be prepared to grant a bilateral), in relation to only a subset of the SEPs covered by the Avanci 5G Licence; nor is it any better to have a set of bilateral obligations. Moreover, the ETSI IPR Policy itself provides no legal basis for assessing whether the terms of a collective licence as a whole (such as the Avanci 5G Licence) are FRAND.
93. In summary, Tesla has offered no justification for why it would be arguable that the ETSI Undertaking requires a pool licence to be FRAND. This construction was publicly rejected by ETSI, and the industry has since been operating on the basis that the formation of alternative collective SEP licensing arrangements is an unencumbered commercial practice (subject only to the oversight of competition authorities). It would be an exercise of jurisdictional imperialism for the court to disturb this system without a proper legal basis, let alone to do so on a global basis.

Commercial reality cannot create or modify a legal obligation

94. Tesla's second argument in favour of its construction of the ETSI IPR Policy is to say that, as a matter of "*commercial reality*", once the Licensors have chosen to licence their SEPs as part of the Avanci 5G Licence, the only FRAND licence of their SEPs is the Avanci 5G Licence at a FRAND rate (TWC/¶¶27.2, 42-48). [3/36/27.2]; [3/40/42]
95. Tesla's argument is that the "*central determinant of the scope of a FRAND licence under a given UK SEP or SEPs is commercial practice*" and it relies upon this court's decision in *UPSC* in support (at [42]). Tesla's reliance on *UPSC* is mistaken. As discussed above, [173/3011/42] in *UPSC*, this court was not relying upon "commercial reality" as a tool to determine the scope of the ETSI Obligation: the scope of the obligation was clear, the SEP owner was under an obligation to offer a bilateral licence on FRAND terms. Instead, on the basis that there was such an obligation, the Supreme Court endorsed the practice of looking to commercial reality, i.e. to licensing practice in the field, to determine what terms would be FRAND (i.e. to require the implementer whose business was international to take a licence of international scope). As such, "commercial reality" does not assist Tesla here. Unless and until they can identify an obligation to offer a collective SEP licence, commercial reality does not come into play. *UPSC* provides no support for the contention advanced by Tesla that "commercial reality" allows the court to re-write the obligation that it is called upon to enforce.
96. Avanci accepts that commercial common sense may, in appropriate circumstances, be taken into account by the courts in the exercise of contractual interpretation. However, it must be considered from the perspective of the parties' intentions at the time of entry into the contract. Commercial common sense cannot be used to adopt an interpretation which is contrary to the parties' intentions; it cannot be invoked retrospectively; and, as a general rule, courts should be very slow to reject the natural meaning of a provision even where they think the parties should have agreed something different. Tesla's attempt to press commercial reality / common sense into action here is plainly beyond the bounds of what is permissible for the reasons we have already explored above.
97. As correctly noted by the Majority, "*commercial reality*" alone cannot give rise to a relevant legal right or obligation where none exists (CA Judgment [252]) or support an [12/299/252] interpretation of the ETSI Undertaking which is contrary to ETSI's intentions.

98. At TWC/¶¶42-45, Tesla criticises the Majority for asking the wrong question (namely whether the individual FRAND Undertakings of the Licensors require them to establish a platform), and for failing to consider whether it is arguable that, once a choice is made to take part in a platform, that platform licence is required to be FRAND. But this is precisely what the Majority considered in [229], where Phillips LJ answered the question “Does the fact that the owners have voluntarily placed their SEPs on the Avanci 5G Platform change the contractual analysis?” in the negative. [3/40/42] [12/293/229]
99. Further, Tesla’s attempt to turn the argument into a dispute on the facts of whether commercial industry practice involves platform licensing is misplaced (TWC/¶46). Avanci does not dispute the fact that many 5G SEP holders and implementers choose to participate in platform licensing in the automotive industry via the Avanci 5G Platform. Indeed, the Avanci 5G Licence has been very widely adopted by both sides of the industry (SEP holders and implementers). However, the issue raised by this appeal is a question of law, which does not require a factual assessment and which can therefore be dealt with at an interim stage. What is disputed is the legal proposition that commercial reality is sufficient to give rise to a previously inexistent legal obligation, or to a construction of the ETSI IPR Policy which is inconsistent with the intention of ETSI. [3/41/46]
100. Tesla then point to this court’s reliance on “*commercial practice in the real world*” in *UPSC* in its assessment of FRAND terms (TWC/¶46). As already noted, Avanci does not dispute that commercial practice can be a relevant factor in assessing the FRAND-ness of licence terms, but the first question in any given case is whether the court should embark on this assessment at all. That first question cannot be answered in the affirmative by reliance on commercial practice – a relevant legal basis must first be identified, something that Tesla has been wholly unable to do. [3/41/46]

Useful purpose

101. Lastly, Tesla relies (albeit not at the forefront of its argument) on Arnold LJ’s finding (in his dissent) that there is a serious issue to be tried because it would serve a “*useful purpose*” for the court to grant the declaratory relief relating to a licence sought by Tesla. Arnold LJ opined that these declarations would “*force Avanci to reconsider its position*”, following which Avanci would change the rate of the Avanci 5G Licence and the individual Licensors would be faced with a choice of approving the revised rate or leaving the Avanci 5G Platform (CA Judgment [97]). [12/262/97]

102. Even on the assumption that Arnold LJ is correct, which is denied, this argument fails to grapple with the breadth of the consequences that would arise if the court set a different rate for the Avanci 5G Licence.
103. First, the current Avanci 5G Licence is a fixed-rate licence, which has already been granted to at least 31 Licensees in respect of the SEPs of some 75+ Licensors (SOFI/¶¶11-12). Assuming that the court set a different rate to the pricing that Avanci is authorised to offer, the consequence of Tesla's contention is that Avanci would effectively have to start from scratch, creating a new licence which includes the terms and the rate set by the court, and attempt to secure the support of the SEP owners and automotive manufacturers afresh. However, since joining the Avanci 5G Platform (in whatever form) is voluntary, there is no guarantee that the same SEP owners would sign up for that alternative platform licence at that modified rate. On the reasonable assumption that at least some of the current SEP owners would decide not to join the newly created licence, the number of SEPs in the portfolio would decrease. The rate set by the court may no longer be FRAND for the remaining reduced portfolio, nor would it necessarily educate Avanci about what a FRAND rate would be for the new parameters. Moreover, one can imagine that the uncertainty that this would cause implementers to think twice about signing up to the modified licence, even assuming the new rate remained attractive to them. [1/12/11]
104. Second, if the court holds that a FRAND licence of SEPs is a platform licence, implementers will likely reject bilateral FRAND offers going forwards, and will insist that SEP owners get together and offer a platform licence, which is often more convenient for them. The consequence would be the imposition of compulsory collective licensing. This would be a significant trespass onto SEP owners' rights for which there is no support in the ETSI IPR Policy. Moreover, enforced collective licensing comes with its own problems: would all SEP owners be required to join collective licensing arrangements; would collective licensing be required for all standardised products (e.g. mobile phones, infrastructure equipment, vehicles, internet of things devices etc.) or just some; and, if so, would the same terms be required for each; how would compliance with competition law be ensured etc. The court would be left to construct an entirely new FRAND licensing regime for which there is no legal basis.
105. Further, even if the declaratory relief sought by Tesla served a useful purpose, which is denied, it is not appropriate to make such declarations in the absence of all of the parties affected, for the reasons we set out in relation to Ground 2 below.

106. For all these reasons, Tesla's claim discloses no serious issue to be tried.

Ground 2: Whether procedural fairness unarguably requires the joinder of all members of the Avanci 5G Platform

107. A judicial inquiry into the terms of the Avanci 5G Licence would affect the rights of third-party Licensors who voluntarily signed up to the current version of the Avanci 5G Licence. The Majority decided that the grant of declaratory relief in this case is barred by considerations of procedural fairness, because third-party Licensors are not given an opportunity to make representations (CA Judgment [237]).

[12/295/237]

108. The principle that it is unfair and inappropriate for declarations to be made which affect the rights of third parties in the absence of those parties has been upheld numerous times, including recently by this court.

109. In *National Union of Rail, Maritime and Transport v Tyne t/a Nexus* [2024] UKSC 37; [2025] AC 1222, this court identified two fundamental flaws in Nexus' claim ([55]-[56]):

[148/2427/55]

a. First, that Nexus, the company, had no cause of action against the union, as to the existence of a legal right between them. This is consistent with the Majority's finding that Tesla has no cause of action against Avanci.

b. Second, Nexus argued that, even if there was no legal effect, there was a sufficient useful purpose for the court to make the declarations sought because, as a matter of practicality, the parties would follow the court's decision. This court found that it was "*contrary to the most basic principle of procedural justice*" for the court to make an order which would alter the rights of many individuals without giving them an opportunity to adduce evidence or make submissions.

110. More recently, in *Darwall v Dartmoor* [2025] UKSC 20; [2025] AC 1292, this court held that it was striking that the public was not represented (by the Attorney General) in proceedings concerning the public's right to camp on the Commons ([54]-[59]). This court cited with approval Viscount Maugham's famous statement of principle in *London Passenger Transport Board v Moscrop* [1942] AC 332, 354 that all interested persons should be made parties except in very special circumstances.

[112/1594/54]

[138/2078]

111. Although these cases did not concern FRAND licensing, the same fundamental principles apply. Phillips LJ was correct to rely on *Moscrop* and conclude that, for reasons of

procedural fairness, the Licensing Claims sought by Tesla¹⁹ cannot be made in the absence of the Licensors (CA Judgment [237]).

[12/295/237]

112. Tesla takes three points on Ground 2 which we address in turn:

a. First, Tesla argues that the Licensors have little or nothing to contribute to the debate about the royalty for the Avanci 5G Licence because the rate was devised by Avanci based on its own investigations (TWC/¶52.1). Whilst it is correct that the rate of the Avanci 5G Licence was devised by Avanci, this was done following extensive discussions with potential licensors and licensees with the objective of determining terms, including rate, that would be commercially attractive to the majority of both SEP owners and implementers (SOFI/¶9). It can be inferred from the success that the Avanci 5G Platform has enjoyed with both SEP owners and implementers that the rate was widely considered to be advantageous to both sides.

[3/42/52.1]

[1/12/9]

b. Second, Tesla contends that Licensors wishing to participate have the option to apply to join the proceedings (TWC/¶52.2). However, this is no answer to the question of unfairness. The same could be said about the Attorney-General in *Darwall v Dartmoor* or about the workers in *Nexus*, but nevertheless the court has consistently found that it would be unfair to proceed in the absence of third parties whose rights would be affected. More importantly, many of the Licensors are domiciled outside the jurisdiction and should not be forced to make a Hobson's choice between submitting to the jurisdiction of England and Wales or standing back and allowing the English court to make decisions which significantly affect their interests. The suggestion that Licensors should voluntarily choose to be bound by English court's jurisdiction is even more untenable for those Licensors who are beyond the seas and who do not own any UK SEPs (SOFI/¶13).

[3/43/52.2]

[1/13/13]

c. Third, Tesla argues that the Licensing Claims would not necessarily adversely affect a Licensor's right in any event (TWC/¶52.3). This is based on Arnold LJ's suggestion that the interests of SEP owners would not necessarily be affected because Avanci could simply "*absorb the loss*" generated by the difference between the current rate and a lower rate set by the court. This suggestion not only prejudices

[3/43/52.3]

¹⁹ SOFI/¶40(b).

[1/18/40(b)]

the question,²⁰ but is not supported by evidence. There is no provision in the MLMA which enables Avanci to absorb such losses, if in fact they were to arise.

113. Tesla makes no attempt to address the wider points of principle set out by the Supreme Court in *Nexus*.
114. This court went on to say in *Nexus* that, if it were necessary to obtain judgment which is binding on every employee, the representative procedure under CPR Part 19 is designed for just this purpose ([59]). Tesla's claim that InterDigital should appear in a representative capacity on behalf of all Licensors failed both in the High Court and (unanimously) in the Court of Appeal, and is no longer pursued (SOFI/¶41). There is nothing left in Tesla's case to justify the making of the licensing declarations sought in the absence of the Licensors. [148/2428/59] [1/18/41]

Gateways against Avanci

115. It is necessary to correct a point made at TWC/¶84 that Gateway 11 was held to be available to enable service on Avanci. Fancourt J held at [129] that "*The claim against Avanci would not have passed through gateway (11), as it was not based on a legal claim against it that relates to UK property*". That finding was (correctly) undisturbed on appeal. No attempt is made to appeal Fancourt J's refusal of Gateway 11. The consequence is that there is no finding of any gateway for the claim against Avanci alone. This point was noted by Avanci at ¶11 of its Notice of Objection, filed on 29 April 2025, but Tesla has not sought to address it. [3/51/84] [15/334/129] [26/483/11]

Ground 5: Forum conveniens

116. If, contrary to Avanci's submissions above, this court determines that Tesla's claim does raise a serious issue to be tried, then Tesla's appeal against Fancourt J's findings on *forum* arises. Avanci contends that Fancourt J was correct in (i) his characterisation of Tesla's claim, (ii) finding that the Delaware Court of Chancery (the "**Delaware Court**") was an available forum for Tesla's claim and (iii) that Tesla had failed to show that England & Wales was clearly the most appropriate forum. Accordingly, notwithstanding the conclusion reached on Tesla's Grounds 1 and 2, the Order of Fancourt J should

²⁰ Notably, Phillips LJ considered that the result might well go the other way (CA Judgment [230]). [12/293/230]

nevertheless be upheld on the ground of *forum non conveniens* (¶2 of Avanci's Notice of Intention to Participate). [24/468/2]

117. Tesla seeks to challenge Fancourt J's finding on *forum* and relies heavily in its written case on the dissenting judgment of Arnold LJ, in which he disagreed with Fancourt J's analysis. The Majority did not address *forum*, given it was unnecessary in the light of their finding that there was no serious issue to be tried.

118. Arnold LJ looked at the question of *forum* afresh, justifying his approach on an alleged error of characterisation and an alleged, and in any event immaterial, error concerning the question of who bore the burden on available forum. Fancourt J did not err on characterisation, as we explain below. The approach taken on burden was the wrong approach to take on appeal, for the reasons recently noted by this court in *Iconix v Dream Pairs Europe* [2025] UKSC 25; [2025] 4 All ER 711 at [94], [110]-[111] & [114]-[116] (see also *AK Investments v Kyrgyz Mobil Tel Limited* [2011] UKPC 7; [2012] 1 WLR 1804 [139]). As we explain below, there was no dispute between the parties' experts as to whether the Delaware Court was an available forum – they all agreed that it was. The question of whether England & Wales was clearly the most appropriate forum, was a multi-factorial assessment of the type that ought not to have been interfered with in the absence of a finding of irrationality – no such finding was made here. If, and to the extent that, Fancourt J expressed himself incorrectly on the issue of who bore the burden of proving the Delaware Court was an available forum, said purported error did not justify one Lord Justice alone rejecting his entire analysis and starting afresh. [124/1865/94]; [124/1868/110]; [124/1869/114] [101/1351/139]

119. Accordingly, Avanci's contention is that there is no basis for interfering with Fancourt J's decision on *forum* and that gives an alternative basis for upholding his Order, if this court otherwise finds for Tesla on Grounds 1 and 2.

120. In this section of our written case, we deal with the specific issues that arise on Tesla's *forum* appeal:

- a. What is the correct characterisation of Tesla's Licensing Claims?
- b. Is Delaware an available forum? Who bears the burden of proof?
- c. Is Delaware clearly or distinctly the appropriate forum? Who bears the burden of proof?

Characterisation of the claim

121. It is common ground that the first step in an assessment of forum is properly to characterise the claim (*UPSC* [94]).

[173/3026/94]

Preliminary point on characterisation

122. As a preliminary point, characterisation of the claim for the purposes of *forum conveniens* may, in appropriate circumstances, be different to the characterisation of the claim for the purposes of determining whether an appropriate gateway applies. That is because, as explained by this court in *FS Cairo (Nile Plaza) LLC v Brownlie* (“**Brownlie II**”) [2021] UKSC 45; [2022] AC 995, the jurisdictional gateways serve a different purpose to that of the *forum non conveniens* test.

[118/1693]

123. At *Brownlie II* [77], Lord Lloyd-Jones (with whom the majority agreed) described the discretionary test of *forum non conveniens* as a “safety valve” – an additional test that a claimant had to meet, over and above showing that a jurisdictional gateway applied, before permission to serve out would be given. The purpose of the discretionary test is, as is well known, to “*identify the forum in which the case can be suitably tried for the interests of all the parties and the ends of justice*” (per Lord Goff, *Spiliada Maritime Corpn v Cansulex Ltd* [1987] AC 460 at 480G). Lord Lloyd-Jones went on to explain at [79] that:

[118/1722/77]

[166/2834/480G]

[118/1723/79]

“The discretionary test of forum non conveniens, well established in our law, is an appropriate and effective mechanism which can be trusted to prevent the acceptance of jurisdiction in situations where there is merely a casual or adventitious link between the claim and England. Where a claim passes through a qualifying gateway, there remains a burden on the claimant to persuade the court that England and Wales is the proper place in which to bring the claim...”

124. If the *forum non conveniens* test is to properly work as an additional test, then the exercise of characterisation needs to be done afresh at the *forum* stage. That is particularly so given, as is well established in the authorities, that, for the purposes of determining “*What is this action?*” for the purposes of *forum*, the court cannot answer the question by reference to the relief pleaded: indeed, to do so is to fall into the pitfall of choosing a particular definition that prejudices the outcome of the forum analysis. In the well-known and oft-repeated words of Bingham LJ in *In re Harrods (Buenos Aries) Ltd* [1992] Ch 72 (at 123F-G):

[122/1840/123F-G]

“One cannot decide where a matter should be most appropriately and justly tried without being clear what is to be tried. But I do not think the question should be answered simply by reference to the relief claimed, since in an English action the relief claimed will almost inevitably be framed in English terms... Thus when the judge answered the question by quoting part of the language of section 459 of the Companies Act 1985 he was unconsciously building in a bias towards the choice of an English forum”.

125. Accordingly, if this court were to determine that for the purposes of analysing whether the jurisdictional gateway had been met, Tesla's claim against InterDigital was correctly characterised as a claim to a licence for InterDigital's 5G UK SEPs, that *does not* preclude the court from adopting a broader characterisation of the claim for the purposes of *forum*. To the contrary, if that same characterisation were carried through to the *forum* stage, the outcome of the *forum* analysis would be pre-judged, depriving the test of its ability to act as a safety valve.

Correct characterisation of Tesla's claim

126. Avanci contends that the correct characterisation of Tesla's claim is as a claim for a global licence of 5G SEPs i.e. the characterisation adopted by Fancourt J at HC Judgment [131]: [15/335/131] *“a licensing claim about FRAND terms for a worldwide licence of the 5G SEPs”*. This is plainly the substance of Tesla's Licensing Claims.
127. In his dissenting judgment, Arnold LJ characterised the Licensing Claims as a dispute about *“what terms for a licence of the UK SEPs in Avanci's 5G Platform are FRAND”* (CA Judgment [116]). With respect, Arnold LJ's characterisation falls into the pitfall identified by Bingham LJ warned about in *In re Harrods (Buenos Aires) Ltd* [1992] Ch [122/1840/123F-G] 72 at 123/F-G. To introduce the concept of UK SEPs into the characterisation of the claim for the purposes of the *forum* analysis effectively means to pre-judge that England is the appropriate forum.
128. Whilst Tesla may have framed some of its claims in the Prayer in terms of a licence to UK SEPs, it is clear from all the relevant facts and matters that Tesla is not interested in a licence that is limited to UK SEPs – it wants, and pleads entitlement to, a global licence. Hence, it frames its claim by reference to the Avanci 5G Licence (a global licence in which only a small percentage of SEPs are UK SEPs)²¹ and pleads that it is *“entitled to*

²¹ HC Judgment [16] & [141]; SOFI/¶13.

[15/311/16] &
[15/336/141];
[1/13/13]

a licence on FRAND terms covering the Avanci 5G Pool".²² Moreover, Tesla expressly contends that the FRAND licence to which it alleges it is entitled "*is worldwide in territorial scope*" and "*covers the entirety of the Avanci 5G Pool, and not just the Challenged Patents or InterDigital's UK SEP Portfolio or InterDigital's International SEP Portfolio*".²³ [16/353/41] [16/354/42]

129. As identified by Tesla, the real dispute between the parties relates to the rate for the Avanci 5G Licence i.e. the rate for a global licence: see Particulars of Claim at ¶¶2-5 and 42(c). [16/341/2] & [16/354/42(c)]
130. Accordingly, Tesla's claim is an implementer-led action in which Tesla claims that by reason of the contractual arrangements set out in the ETSI IP Policy, it is entitled to a global licence to the SEPs in the Avanci 5G Licence, but at a lower rate than that currently offered by Avanci.
131. The claim in this case is therefore different to that in *UPSC*. In *UPSC*, the claim was a patentee-led action in which the patentee sought to vindicate the rights inherent in its UK patents – the FRAND issues arose only as an aspect of the contractual defence to that claim: see *UPSC* at [95]. But here, the FRAND issues are front and centre of Tesla's claim. They are entirely severable from the invalidity and non-infringement claims brought in respect of the UK Patents²⁴ which, if they succeed, will lead to the conclusion that Tesla does not need a licence in respect of those patents. Indeed, that is no doubt why Tesla is content to proceed directly to determination of the FRAND issues.²⁵ The claims in respect of the UK Patents are currently stayed by consent. [173/3026/95]
132. The Licensing Claims are therefore entirely independent from the Patent Claims and should therefore be characterised as such (as Arnold LJ himself recognised at CA Judgment [115]). [12/266/115]

²² Particulars of Claim/¶41. [16/353/41]

²³ Particulars of Claim/¶42. [16/354/42]

²⁴ Particulars of Claim/¶¶34-38. [16/352/34]

²⁵ Particulars of Claim/¶6. [16/342/6]

Availability of the Delaware Court of Chancery

No dispute that the Delaware Court was an available forum

133. The expert evidence of US law before Fancourt J was that the Delaware Court could make a global FRAND determination of licence terms between parties without consent - indeed, Prof. Contreras, Tesla's expert, made this absolutely clear in his reply to the evidence of Avanci's expert, Mr Kessler²⁶:

*"12. I explained in my First Report that "absent agreement of both parties, it is **unlikely that a US court would** determine the terms of a worldwide FRAND license (and some US courts may refuse to do so even without the agreement of both parties)" (emphasis added – paragraph 8(e) of the summary). I remain of that view. I did not state – and do not consider – that the "US courts **cannot** make worldwide FRAND determinations without the parties' consent" (emphasis added) as Mr Kessler incorrectly states in paragraph 51 of Kessler 1. [47/645/12]*

...

17. In paragraph 51, Mr Kessler states that my opinion as set out in my First Report is that US courts "cannot make worldwide FRAND determinations without the parties' consent". As I explain above, that is not my view and is not what I stated in my First Report. [...]" [47/648/17]

134. The consensus of the US law experts on this point was unsurprising given that, just a year before their reports were served, the Delaware Court of Chancery had refused a motion to dismiss an implementer's claim to a global FRAND licence in circumstances where the SEP owner had not consented to such claim (*Continental Automotive Systems v Nokia* 2023 WL 1370523 (De. Ch. Jan. 31, 2023) (No. 2021-0066), 2021 WL 253862.²⁷ [177/3139]

135. In the premises it was unsurprising that Fancourt J proceeded to analyse the *forum* point on the basis that the Delaware Court was an available forum for the parties' dispute. Fancourt J's analysis of this point starts at [132] and continues to [138]. He refers to the US law evidence at [134] and notes there that: [15/335/132]

²⁶ Kessler/¶¶12, 27-58; see also Rajendra 1/¶¶40-43 & Rajendra 2/¶8. [49/671/12]; [49/675/27]; [32/512/40] & [39/579/8]

²⁷ Kessler/¶49; Contreras 2/¶15 & Exhibit JC-4. [49/681/49]; [47/646/15] & [177/3139]

*“the expert witnesses on US law, Professor Contreras on behalf of Tesla, Mr Kamprath on behalf of InterDigital and Mr Kessler on behalf of Avanci, agree that a US court is an appropriate forum, in that it will entertain a claim for breach of contract for a declaration that the terms of the Avanci Licence are not FRAND. **There is also agreement that there is no legal bar to US courts engaging in global rate setting...**”*

136. The only issue identified between the US experts related to the *likelihood* that the Delaware Court would ultimately determine a global FRAND rate. However, that was not a dispute as to whether the Delaware Court was an available forum but one as to whether there was a risk that Tesla might not obtain what it considers to be substantial justice in the Delaware Court, a point on which cogent evidence was required (*Lungowe v Vedanta Resources* [2019] UKSC 20; [2020] AC 1045 at [11]). It therefore fell to be considered separately, as Fancourt J did at HC Judgment [135]-[137].²⁸ His conclusion was that this uncertainty, which related to just one aspect of the relief claimed by Tesla, was not sufficient to conclude that Tesla would not achieve substantial justice in the Delaware Court. As he noted at [137], the position as between the Patents Court and the Delaware Court was the same in this respect: there was no previous case in which the Patents Court had set a global rate for a pool or a platform licence and therefore no guarantee that, following a full trial (assuming jurisdiction had been established), that the Patents Court would grant all the relief sought by Tesla either. [140/2145/11] [15/335/135] [15/336/137]
137. At HC Judgment [138], Fancourt J sets out his combined conclusion on the questions of both availability and appropriate forum, stating that *“I therefore conclude that it has not been shown that the Delaware Court of Chancery, to which the Defendants have agreed to submit, is not an available and appropriate forum for the licensing claim”*. [15/336/138]
138. In the Court of Appeal, Arnold LJ sought to interfere with Fancourt J's factual finding, on the basis of a supposed error on burden of proof at HC Judgment [138], even though this was not a ground of appeal raised by Tesla. Arnold LJ held that the burden of establishing that there was an available forum (i.e. the Delaware Court) lay on Avanci, not Tesla, and therefore concluded that Fancourt J had erred at HC Judgment [138] in expressing himself in such a way as to suggest that the burden of establishing availability [15/336/138]

²⁸ And see Dicey, Morris & Collins on the Conflict of Laws, at ¶12-032.

[182/3296/12-032]

lay on Tesla (CA Judgment [124]-[126]). We submit that Arnold LJ was wrong to [12/268/124] interfere with Fancourt's findings on this basis:

- a. Firstly, as this was a service out case, the legal burden of establishing that England & Wales was the most appropriate forum undisputably fell on Tesla – as the question of availability of another forum is part and parcel of this question, Fancourt J did not err at [138]. Whilst identification of Delaware (being the seat of Avanci's domicile)²⁹ as an alternative forum was a matter for Avanci (as challenger), the legal burden was on Tesla to show that (i) Delaware was not in fact an alternative forum and/or (ii) that England & Wales was the most appropriate forum (*Spiliada v Cansulex* [1987] AC 460 at 476D, 477E & 481E; *Limbu v Dyson* [2024] EWCA Civ 1564; [2025] ICR 560 at [22]; *UPSC* at [96]). [15/336/138] [166/2830/476D]; [137/2052]; [137/2060/22]; [173/3027/96]
- b. Secondly, given that there was no dispute between the US law experts that the Delaware Court was an available forum, the question of evidential and legal burden was in any event an academic one. Accordingly, it could make no difference where the theoretical burden lay or what the standard of proof was – there was no dispute and so the point was not in issue.

139. Indeed, Arnold LJ himself noted that the question of burden only arises where there is a dispute – see CA Judgment [125]. But in holding at CA Judgment [126] that Fancourt J had fallen into error, Arnold LJ overlooked that there had been no dispute on the availability question on the evidence below. [12/268/125]

No basis to reconsider the expert evidence

140. At CA Judgment [130], Arnold LJ set out three reasons why he considered it was appropriate for the appellate court to reconsider the expert evidence on US law. None of these was justified: [12/269/130]
- a. Arnold LJ's characterisation of the claim did not justify re-considering the expert evidence because, for the reasons we have given above, Arnold LJ's characterisation of the claim was wrong. Moreover, Arnold LJ did not explain how the Judge's conclusion on availability might have differed had he applied Arnold LJ's characterisation. Indeed, it is notable that the US law experts who were shown

²⁹ SOFI ¶7.

[1/11/7]

Tesla's pleading, considered Tesla's claim was a claim to entitlement to the Avanci 5G Licence on FRAND terms and addressed availability on that basis.³⁰

- b. As explained above, the Judge did adopt the correct approach and reach the right conclusion on the question of availability of the Delaware Court.
- c. Arnold LJ stated that "*it is not clear what standard of proof [the Judge] applied given his reference to "risk" in [136]*". With respect, Arnold LJ's assessment of Fancourt J's Judgment is incorrect. There is nothing in the judgment to suggest that the Judge applied a different standard from the balance of probabilities. It is reasonable to assume that such a significant departure from established legal principles would have been clearly and unequivocally referred to and explained in the judgment. [15/336/136]

141. In light of the unequivocal evidence of Prof Contreras and Mr Kessler that the Delaware Court was an available forum, it was inappropriate for Arnold LJ to re-open this assessment and substitute his own view for that of the Judge. Arnold LJ notes Prof Contreras' clarification in passing at [148] "*for completeness*". Nevertheless, Arnold LJ [12/275/148] goes on to conclude at [149] that a motion to dismiss Tesla's Licensing Claims in Delaware would be likely to succeed. The basis for this conclusion is unclear, and it is hard to reconcile Arnold LJ's finding with the *ad idem* evidence of the experts that the Delaware Court has the power to hear and decide the Licensing Claims.

Additional points raised by Tesla

142. At TWC/¶107, Tesla relies on the recent decision of Meade J in *Amazon v Interdigital* [2025] EWHC 3334 (Pat), in support of its contention that Arnold LJ was correct to find that the Delaware Court was not an available forum. Tesla's purported reliance on this decision is not understood. It would be plainly wrong, and contrary to the well-established rule in *Hollington v Hewthorn* (recently endorsed by this court in *Evans v Barclays Bank* [2025] UKSC 48; [2026] Bus LR 328 [144]) for findings of fact made by another decision-maker to be admissible in separate proceedings as evidence of the facts found.³¹ As this court explained, the rule is based on the principle of fairness, and [3/56/107]; [102/1352] [115/1647/144]

³⁰ Contreras 1/¶¶48-50; Kessler 1/¶10. [46/630/48]; [49/671/10]

³¹ The exception set out at s.4 CEA 1972 does not apply here (nor does Tesla contend that it does).

requires that a tribunal responsible for finding facts should base its findings on its own evaluation of the evidence before it. As a result, it is not appropriate to rely on the findings of Meade J (made on the basis of the evidence and arguments before him) in the place of Fancourt J's assessment of the evidence that was adduced by all parties in the present case.

Clearly or distinctly the appropriate forum

143. The third step of the forum assessment requires the court to choose between two alternative, available forums the one that is “*clearly or distinctly the appropriate forum*”.

144. Fancourt J considered this question at HC Judgment [135]-[137] and [139]-[142]. He applied the correct approach of identifying the jurisdiction with which the claim had a closer connection, concluding that Tesla had failed to show that England & Wales was clearly the appropriate forum. The approach of Arnold LJ was different in that his starting point was that there was no natural forum for a global licensing dispute, basing himself on *Nokia v Oppo* [2022] EWCA Civ 947; [2023] FSR 11 [66] (CA Judgment [152]). That was the wrong approach in that it elevated what was essentially a finding of fact in the *Nokia* case into a proposition of law which, if accepted, would result in a different *forum* rule applying to FRAND licensing disputes and would fail to pay proper regard to relevant connecting factors. In any event, Arnold LJ was of the view that *if* the Delaware Court was an available forum, Tesla had failed to discharge its burden of showing that England is nonetheless clearly or distinctly the appropriate forum (CA Judgment [155]).

145. In the premises, if Tesla is wrong on its other points, it cannot succeed in establishing that England & Wales is clearly or distinctly the appropriate forum. No doubt, this is why it has not advanced any substantive arguments on this point in its written case. The points made at TWC/¶114 are without merit:

- a. Properly characterised, the Licensing Claims are implementer-led contractual claims to a global FRAND licence – they have no natural connection with the UK.
- b. Domicile / place of parties is not a weak connecting factor – to the contrary, the normal rule of jurisdiction is that a defendant be sued in the courts of its domicile (e.g. *Limbu v Dyson* [2024] EWCA Civ 1564; [2025] ICR 560 [34]).

- c. The Avanci 5G Licence was assessed before launch by the US DoJ – there are obvious reasons of international comity why the US court is the more appropriate forum in respect of an agreement governed by New York law, subject to pre-launch review by the US DoJ and promulgated by a party domiciled in the US.
146. Finally, Avanci submits that the role of comity should not be overlooked. The FRAND jurisprudence is a rapidly developing one. This court considered the state of play in different jurisdictions as at 2020, in *UPSC*. Matters have developed since then and continue to do so apace – the Delaware decision in *Nokia v Continental* is just one example of that. [173/2994] [177/3139]
147. It would be wrong for the courts of this (or indeed any other) jurisdiction to seek to retain for themselves sole control over development of the FRAND jurisdiction by jurisdictional overreach. Where, as here, the evidence is that the Delaware Court can hear the dispute between the parties, the courts of this jurisdiction should be astute to apply the well-worn principles that have been developed under the *forum non conveniens* case-law.
148. In particular, the court should be slow in the face of unanimous evidence that a foreign court can determine the parties' dispute to nevertheless retain jurisdiction for itself, notwithstanding the connecting factors favour the foreign jurisdiction, simply on the basis that the foreign court might not ultimately give the relief the claimant seeks. Indeed, it is for reasons of comity that once it is established that a foreign court is an available forum, the risk that substantial justice may not be obtained in that foreign jurisdiction must be established on cogent evidence (*Altimo Holdings v Kyrgyz Mobil* [2012] 1 WLR 804 [97]-[102]; *Vedanta v Lungowe* [2019] UKSC 20; [2020] AC 1045 at [11] & [88]). That is especially so where, as here, there is no guarantee that the courts of this jurisdiction would grant the relief sought by Tesla either. [101/1348/97] [140/2145/11] [140/2165/88]
149. In the premises, the decision of Fancourt J on *forum* should be upheld on the basis that it was right and that there was no proper basis for interfering with it on appeal.

Conclusion

150. Avanci respectfully asks the court to dismiss this appeal for the following reasons:
- a. There is no serious issue to be tried arising from Tesla's Licensing Claims.

Avanci's Written Case

- b. Declaratory relief in the form of Tesla's Licensing Claims cannot fairly be granted in the absence of the other Avanci 5G Licensors.
- c. The UK is not clearly or distinctly the appropriate forum for the trial of this dispute.

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