Trinity Term
[2026] UKSC 27
On appeal from: [2025] EWCA Civ 193

JUDGMENT

Tesla, Inc and another (Appellants) *v* InterDigital Patent Holdings, Inc and others (Respondents); Tesla, Inc and others (Respondents) *v* InterDigital Patent Holdings, Inc and another (Appellants) No 2

before

Lord Sales, Deputy President
Lord Briggs
Lord Hamblen
Lord Burrows
Lord Kitchin

JUDGMENT GIVEN ON
27 July 2026

Heard on 27, 28 and 29 April 2026

Appellants/Respondents – Tesla, Inc and Tesla Motors Ltd
Daniel Alexander KC
Andrew Lykiardopoulos KC
James Segan KC
Ligia Osepciu
(Instructed by Powell Gilbert LLP)

Respondents/Appellants – InterDigital Patent Holdings, Inc and InterDigital Holdings, Inc
Thomas Raphael KC
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Respondents/Appellants – Avanci Vehicle, LLC (formerly Avanci, LLC)
Brian Nicholson KC
Kathryn Pickard KC
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(Instructed by Osborne Clarke LLP and EIP Europe LLP)

Intervener – International Center for Law & Economics (written submissions only)
(Instructed by Pinsent Masons LLP)

Intervener – Computer & Communications Industry Association (CCIA) (written submissions only)
(Instructed by Hogan Lovells Cadwalader International LLP)

Intervener – Motion Picture Association, Inc (written submissions only)
Lindsay Lane KC
(Instructed by Kirkland & Ellis International LLP)

Intervener – ACT | The App Association (written submissions only)
Thomas Hinchliffe KC
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Intervener – Fair Standards Alliance (FSA) (written submissions only)
Colin West KC
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LORD HAMBLEN AND LORD KITCHIN (with whom Lord Sales, Lord Briggs and Lord Burrows agree):

1. Introduction

1. This appeal raises issues of great importance for all those innovators and implementers concerned with the production and operation of vehicles and other products which need to connect with one another, and for that purpose need to comply with a technical standard. The dispute concerns the terms of a global platform licence of "standard essential patents" (or "SEPs") offered by the fourth defendant ("Avanci") to automotive companies for use in 5G-enabled vehicles.

2. The claimants (together "Tesla") wish to launch 5G-enabled vehicles in the United Kingdom (the "UK") and seek declarations as to the terms of a fair, reasonable and non-discriminatory ("FRAND") licence to use the SEPs on the 5G licensing platform operated by Avanci, including those owned by the second defendant (together with the third defendant, "InterDigital").

3. The first question is whether there is a serious issue to be tried on Tesla's claims ("the Licensing Claims") for declaratory relief against InterDigital and Avanci. This in turn requires this court to consider whether the courts of England and Wales have jurisdiction to decide a dispute concerning the terms of a licence to use a SEP in circumstances where the claim is brought by an implementer rather than the SEP owner, the SEP forms part of a platform of SEPs having different owners, and the licence is offered by the platform operator acting as agent of those different SEP owners.

4. Secondly, there are issues as to whether the Licensing Claims against the second defendant ("IDPH") were properly served pursuant to CPR r 63.14(2) and the scope of that rule; and whether the Licensing Claims against the third defendant ("IDH") fall within the classes of case for which permission to serve out of the jurisdiction may be given because they pass through what is known as Gateway 3 or Gateway 11 of CPR PD 6B.

5. Thirdly, there is a dispute about the appropriate forum for the resolution of this dispute. Here a question arises as to whether the Delaware Court of Chancery is an available forum. If it is an available forum, further issues arise as to whether permission to serve IDH and Avanci out of the jurisdiction should be set aside on the basis that England and Wales is not clearly the more appropriate forum; and whether the proceedings against IDPH should be stayed on the ground of forum non conveniens.

6. Finally, there is an issue as to whether permission to serve the proceedings out of the jurisdiction ought to have been refused as a matter of discretion.

7. It will assist in understanding our assessment of these issues to provide an introduction to the standards system that underpins the Licensing Claims and to some of the more recent developments concerning the licensing of SEPs, the FRAND requirement and the disputes that have arisen in this area.

2. Background

(i) Standards and SEPs

8. It is now well understood that standards play a vital role in many areas of technology. They permit the products of one manufacturer to be used or to communicate with those of another and, more broadly, promote the interoperability, safety and quality of new products and systems. In this way they also encourage investment and innovation, and they support the creation and development of new industries and markets.

9. Standards are usually produced by standard setting bodies and organisations ("SSOs") with the assistance of industry and technical experts. This appeal is concerned with the standards set by the European Telecommunications Standards Institute ("ETSI") and in particular the 5G standard for use in connection with 5G-enabled vehicles. Similar standards have been produced by ETSI for use in connection with 2G, 3G and 4G. The development of 6G standards is presently underway.

10. Standards have also been used for many years in areas extending a good deal further than cellular technology for use with interconnected vehicles, and this is expected to continue. For example, they are applied, and will become increasingly important, in fields involving digital communications, telecommunications, consumer electronics and semiconductors. Further, some of the markets expected to rely ever more upon standards are those concerned with connected health, green technology, clean energy, streaming services and video on demand. All of these illustrate the wide importance of the issues raised by this appeal.

11. The businesses operating in these technical areas and markets are sometimes very substantial but often are small or of only modest size. Indeed, one sector to which the issues raised by this appeal are of particular significance is that occupied by the many micro, small and medium size enterprises which devise, make and sell what are known as internet of things ("IoT") devices across a range of industries. What is meant by IoT in this context is a network of connected devices that use sensors to collect and process data, which they can then share with other devices without the need for human interaction.

These networks include, for example, home systems for monitoring occupation and adjusting lighting and heating; medical wearable devices for monitoring vital signs or the level of a blood marker such as glucose; and, in an industrial setting, output performance levels.

12. SEPs describe and claim inventions which are declared by their owners to be essential to implementing a standard. As a condition of having an invention adopted and a patent declared as essential, the owner is generally required to enter into an irrevocable agreement with the relevant SSO to make the technology available for licence on FRAND terms.

13. Businesses seeking to make and supply products or systems which implement or comply with a standard therefore rely on SEP owners to offer licences to use the inventions they describe promptly and on FRAND terms. For their part, the SEP owners rely on these implementers to take the FRAND licence they offer and not to delay unduly in doing so.

(ii) ETSI and the FRAND obligation

14. ETSI is the body responsible for the development and promotion of telecommunications standards. It has formulated for this purpose a policy called the ETSI IPR Policy (or "the IPR Policy") which was considered in detail by this court in *Unwired Planet International Ltd v Huawei Technologies (UK) Ltd* [2020] UKSC 37; [2020] Bus LR 2422 ("*UPSC*"), paras 6–14. So far as relevant to the issues arising in this appeal, the following aspects of the IPR Policy are of particular importance.

15. The IPR Policy is a contractual document governed by French law. It falls to be construed, like other contracts in French law, by reference to the language used in the relevant clauses of the contract and having regard to the context, that is to say, both the external context and the internal context of the policy document itself (*UPSC*, para 8). The policy refers to patents and other intellectual property rights ("IPRs") which would inevitably be infringed by, for example, the sale or operation of components which comply with the standard as "Essential IPRs", a term which includes SEPs, and it aims to strike a balance between two competing aims. The first is to ensure the technologies needed to operate according to the standard are made available to implementers as soon as possible (and SEP owners are prevented from "holding up" the implementation of the standard); and the second is to ensure these SEP owners are adequately and fairly rewarded for the use of their technologies (and that implementers are discouraged from "holding out" by unduly dragging out the process of licence negotiation, putting the SEP owners to additional cost and effectively forcing them to accept a lower royalty rate than is fair).

16. The provisions of the IPR Policy primarily designed to achieve this balance begin with the imposition on each member of ETSI of an obligation to use its reasonable endeavours to inform ETSI in a timely manner of any of its IPRs—that is to say, for present purposes, patent rights—which might be essential to a standard which is being developed, and to declare its IPRs to ETSI for that purpose.

17. When considering whether to include the technology described in a patent in the standard, ETSI requires the owner to enter into an irrevocable undertaking with it to allow implementers of the standard to obtain a licence to use the patented invention on FRAND terms. This obligation applies to all existing and future members of a patent family, and a patent family for this purpose includes patents relating to the same invention applied for and obtained in different jurisdictions. If the patented invention is included in the standard, the patent is treated as an Essential IPR (or SEP). But ETSI is not under any obligation to check whether patents declared to be essential are in fact essential to the standard. Nor does ETSI make any binding judgment on the validity or status of any such patents. These are matters left to national courts.

18. The operative clauses of the IPR Policy accordingly include, at clause 4.1, an obligation on every member to inform ETSI of its IPRs which might be essential. Then, under clause 6.1, the Director-General of ETSI must request the member to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences of such IPRs on FRAND terms. These licensing declarations are intended to bind all successors in title and, on transfer of a SEP, the member is required to take steps to ensure this is achieved (clause 6.1bis).

19. The member must then make a licensing declaration to ETSI which contains an undertaking which creates a French law contract for the benefit of third parties (stipulation pour autrui), whereby the declarant undertakes that, to the extent that the disclosed IPRs are, or become, Essential IPRs, including SEPs, they are prepared to grant irrevocable licences in compliance with clause 6.1 and will comply with clause 6.1bis. This declaration and associated undertaking ("the FRAND obligation") is given by the member on behalf of itself and entities under common ownership or control (clause 15) and is in these terms:

> "The Declarant hereby irrevocably declares that (1) it and its AFFILIATES are prepared to grant irrevocable licenses under its/ their IPR(s) on terms and conditions which are in 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 to practice that/ those STANDARD(S) or TECHNICAL SPECIFICATION(S) or, as applicable, any STANDARD or TECHNICAL

> SPECIFICATION resulting from proposals or Work Items within the current scope of the above identified ETSI Project(s), for the field of use of practice of such STANDARD or TECHNICAL SPECIFICATION; and (2) it will comply with Clause 6.1bis of ETSI IPR Policy with respect to such ESSENTIAL IPR(s)."

A box can be and often is ticked indicating:

> "This irrevocable undertaking is made subject to the condition that those who seek licences agree to reciprocate."

20. This court also explained in *UPSC*, paras 58–65, that the IPR Policy was intended to have international effect and to mirror commercial practice in the telecommunications industry, and that this practice formed part of the context against which the FRAND obligation fell to be interpreted. As to the content of that commercial practice, an implementer does not know which SEPs are valid and would be infringed by operating the standard but needs authority from the outset to use the technology and inventions disclosed and described in them. Similarly, a declarant/SEP owner cannot be sure whether any particular SEP is valid and would be infringed by an implementer operating the standard without a licence.

21. The practical solution in the industry, therefore, is for the SEP owner to undertake to license its portfolio of declared SEPs without knowing for sure how many are valid and would be infringed by implementing the standard, and it is common practice to do so on a global basis. This is a sensible way of dealing with unavoidable uncertainty. In the circumstances of at least one of the cases before the court, such parties would regard the negotiation of licences country by country as "madness" and so a FRAND licence between the relevant parties before the court had to be a worldwide licence.

22. Importantly, if an implementer does not accept a licence on FRAND terms, the possibility of an injunction from the national court to restrain infringement of any patent found valid and infringed is not excluded either expressly or by implication. The IPR Policy imposes a limitation on the SEP owner's ability to seek an injunction, but that limitation is the irrevocable undertaking to offer a licence on FRAND terms which, if accepted and honoured by the implementer, would preclude a finding of infringement.

(iii) Platforms and pools

23. As a way of simplifying the systems for the granting and taking of the necessary licences to operate under a standard, and minimising or at least reducing associated costs,

a practice has developed in various markets of SEP owners choosing to license their SEPs through a platform or a pool operated by an agent. In both cases, that is to say a platform and a pool, the implementer agrees to pay a single fee and secures a licence to use all the SEPs on the platform or in the pool, as the case may be. If the rate is or appears reasonable, this may prove very popular with implementers, not least because it is a highly cost effective way of securing a licence to use many if not all of the SEPs necessary to operate the standard, and because it may not be practicable (and is likely, in any event, to be very expensive and time consuming) to negotiate a large number of bilateral licences individually. Indeed, as will be seen, for businesses concerned with at least the standard for 4G-enabled motor vehicles it has had two further consequences. First, some SEP owners choose to rely on the offer of the platform licence to meet their FRAND obligation. Secondly, some SEP owners choose not to maintain the separate systems and facilities needed to offer and negotiate individual bilateral licences.

(iv) Clearing the way

24. The courts in this country have now recognised that responsible implementers do not always wait for demands from SEP owners for payment and sometimes take active steps to secure the FRAND licences they need. Further, there is now an established practice of implementers proactively bringing declaratory proceedings to determine whether a bilateral offer of a licence by a SEP owner is or is not FRAND and, so far as it is not, to invite the court to settle the terms of a FRAND-compliant licence including, in an appropriate case, a global licence.

25. A central question raised by this appeal is whether, as Tesla contends, an implementer is also able to bring proactive declaratory proceedings to test whether a SEP owner's licensing offer is FRAND if that offer is made together with that of other SEP owners through an agent operating a patent pool or patent platform.

3. The parties to this appeal

26. The two Tesla claimants are, respectively, a company incorporated in the State of Texas and headquartered there (Tesla US) and a wholly-owned indirect subsidiary incorporated in England and Wales which sells premium fully electric vehicles and provides services in relation to such vehicles in the UK (Tesla UK).

27. The second and third defendants (respectively IDPH and IDH) are members of the InterDigital group, a research and development organisation which licenses, among other things, wireless communications technology. IDPH and IDH are Delaware corporations and their principal place of business is in each case in Delaware. The first defendant was dissolved prior to the commencement of proceedings and any SEPs it owned were transferred to IDPH. The InterDigital group owns a worldwide portfolio of SEPs for the

ETSI 2G, 3G, 4G and 5G standards, including, through IDPH, the three particular UK patents whose validity has been challenged in these proceedings and to which we will return. They have been referred to throughout as the “Challenged Patents”.

28. The fourth defendant, Avanci, is a company incorporated in Delaware and its principal place of business is in Texas. It administers a number of platforms for the licensing of patents owned by multiple parties who have chosen to make their patents available on a non-exclusive basis for licensing in this way.

29. We have also received written interventions from the Computer & Communications Industry Association (“CCIA”), the International Center for Law & Economics (“ICLE”), ACT | The App Association (“ACT”), the Fair Standards Alliance (“FSA”) and the Motion Picture Association, Inc (“MPA”) in which they have set out their views on industry practice and the principal issues arising in the appeal. We are grateful to them all.

4. The Avanci 5G Platform

(i) The success of the platform

30. One of the platforms operated by Avanci is for the licensing of 2G, 3G, 4G and 5G SEPs for use in connection with 5G-enabled vehicles (“the Avanci 5G Platform”). It was launched in August 2023 and is the successor to its 4G platform. Avanci is independent of the owners of these SEPs, does not itself own any of the SEPs covered by the Avanci 5G Platform and has not undertaken any FRAND obligation in respect of those SEPs.

31. A considerable body of SEP owners have granted Avanci the non-exclusive right to license their SEPs through the Avanci 5G Platform. Each of these owners, referred to in these proceedings as a Licensor, appointed Avanci as its agent for this purpose on signing up to the Master Licence Management Agreement (“the MLMA”). Avanci’s relationship with each Licensor is governed by the MLMA, which is subject to New York law.

32. Avanci’s authority is limited to offering a pre-determined Standard Patent Licensing Agreement (“SPLA”) subject only to certain pre-approved modifications (“PAMs”). Subject to the PAMs, Avanci cannot alter or revise the terms of the SPLA without the consent of the Licensors, which is deemed to have been given if Avanci secures the approval of a specified proportion of them.

33. Importantly, Avanci only has authority to grant a licence to all the SEPs of all the Licensors on the Avanci 5G Platform. It has no authority to grant a licence of a subset of those SEPs such as those owned by only a single Licensor or a limited category of SEPs of all the Licensors.

34. The Avanci 5G Platform has proved to be successful. The licence for the platform is global and the pricing and other terms were arrived at by Avanci after extensive discussions with potential Licensors and licensees, and with the objective of devising an optional alternative licence to the multiple bilateral licences which those operators in this area would otherwise have had to negotiate. Avanci sought to devise a licence which would be commercially attractive to the majority of SEP owners and the majority of vehicle manufacturers on a one-size-fits-all basis.

35. Indeed, between the launch of the Avanci 5G Platform in August 2023 and the first instance hearing in July 2024, over 65 SEP owners had opted to join the Avanci 5G Platform as Licensors (including Ericsson, Fujitsu, Huawei, Intel, LG Electronics, Nokia, Qualcomm, Samsung, Sony, ZTE, and InterDigital) and over 31 vehicle manufacturers (including those in the Volkswagen Group, Hyundai, Kia, Mercedes-Benz, BMW, Volvo Cars, Polestar, Ford, General Motors and Yanmar) had opted to take licences through the Avanci 5G Platform. These Licensors were estimated to own around 170,000 SEPs declared to the 5G standard. The largest proportion of these SEPs had been granted in the United States (the "US"), and about 7% of them (about 11,900) were UK SEPs. Most Licensors, but by no means all of them, have at all relevant times owned some UK SEPs as part of their SEP portfolios.

(ii) Avanci, Licensors and implementer licensees

36. The Licensors of the Avanci 5G Platform vary over time. The MLMA provides that a Licensor may withdraw for any reason at any time on giving at least six months' prior notice in writing of its intention to do so. While a member of the platform, each Licensor retains the ability to negotiate and agree bilateral licences of its own SEPs. For its part, Avanci does not agree under the MLMA to fulfil any Licensor's FRAND obligation, and Avanci has no ability to bring infringement proceedings against any implementer that does not take a licence and that is because it neither owns nor is it an exclusive licensee of any SEPs.

37. Avanci also contends and has asserted publicly that the terms of the SPLA are in fact fair, reasonable and non-discriminatory, that is to say, FRAND, but maintains that these terms are not required to be FRAND and that it is not under any contractual or other obligation to Tesla or any other company or entity to ensure that they are FRAND. Here it emphasises (i) that it is not itself a SEP owner and has given no undertaking to ETSI to

grant licences on FRAND terms and (ii) that the SPLA is an alternative to bilateral licences available from SEP owners. Again, this is a matter to which we must return.

38. Nevertheless, Avanci maintains and has made clear to this court that, if an English court is going to consider the "FRAND nature" of the SPLA in these proceedings, it would not want that process to take place without its involvement as a party.

(iii) InterDigital as Licensor

39. IDH is, and has at all relevant times been, a Licensor and is a party to the standard form MLMA. It is IDH, on behalf of the InterDigital group, which made the licensing declarations to ETSI (and undertook the FRAND obligation) in respect of the SEPs owned by the InterDigital group, including the Challenged Patents.

40. In April 2020 and prior to the matters giving rise to these proceedings, InterDigital invited Tesla to enter into negotiations for a licence to use its portfolio of SEPs. The letter indicated that Tesla could alternatively seek a licence to use the Avanci 4G platform which would cover the 3G–4G SEP portfolios of all the Avanci 4G platform licensors, including InterDigital. Tesla chose to pursue that alternative course and Tesla and Avanci reached agreement under which Tesla became an Avanci 4G platform licensee.

5. This dispute and the commencement of proceedings

(i) The declarations sought by Tesla

41. The time came when Tesla wished to launch 5G-enabled vehicles in the UK, its fourth largest market in the world. It appreciated that for this purpose it would need a licence under the UK SEPs declared for 5G, all of which would be subject to the obligation, enforceable by third parties such as Tesla, to license them on FRAND terms.

42. Tesla also took the view that a large proportion of the SEPs, including those owned by InterDigital, were available for license through the platform operated by Avanci as agent for the SEP owners. Avanci maintains that the rate for the Avanci 5G Platform was, and is, entirely fair and reasonable. But Tesla considers that the rate is too high and far exceeds a FRAND rate. Accordingly, in December 2023, prior to launching 5G-enabled vehicles in the UK, Tesla brought these proceedings in which it now seeks:

(i) declarations of invalidity and non-essentiality in respect of three UK patents—the Challenged Patents—owned by IDPH and disclosed as essential or potentially essential to the 5G standard; and consequential orders for the revocation of the Challenged Patents. These claims (“the Patent Claims”) are brought against IDPH and IDH only.

(ii) declaratory relief (the Licensing Claims) in relation to FRAND issues including:

(a) declarations that it is contractually entitled to a FRAND licence to the 2G–5G SEPs of all Licensors on the Avanci 5G Platform including the Challenged Patents and other UK SEPs on the Avanci 5G Platform which are owned by InterDigital;

(b) a declaration that the FRAND licence to the Challenged Patents and other InterDigital 5G Platform SEPs extends to the entirety of the Avanci 5G Platform; and

(c) a declaration that the standard (or “rack rate”) royalty for the Avanci 5G Platform is not FRAND and should be lower; and a determination of what that lower rate should be.

(ii) Has InterDigital been unfairly targeted?

43. InterDigital has expressed concern in evidence filed on its behalf that it has in some way been unfairly singled out “as a target” in these proceedings; and this concern also found expression in an oral submission made on its behalf at the hearing of the appeal before this court. We reject that submission for the following reasons. First, InterDigital holds a significant portfolio of patents which have been declared as essential to the ETSI 2G, 3G, 4G and 5G standards. Secondly, as we have mentioned, InterDigital informed Tesla by letter in April 2020 that it needed a licence under its SEP portfolio, including for its 5G SEPs, and gave details of what it described as an exemplary set of US and European patents. It pointed out that Tesla had the option of seeking a bilateral licence or an Avanci 4G platform licence. Thirdly, InterDigital has been an Avanci platform member since the beginning of the Avanci program, and it has in that way demonstrated a preparedness to entrust the licensing of its SEPs to Avanci. Finally, InterDigital has also shown a preparedness to assert its SEPs in litigation in the courts in this jurisdiction and to seek FRAND injunctions and FRAND determinations, and it has done so on a number of occasions in recent years.

44. In all these circumstances we accept the submission made by counsel for Tesla that InterDigital has subjected its SEPs to the scrutiny of the courts in this jurisdiction, including for the setting of FRAND licensing terms. We also reject any suggestion that

IDH and IDPH are not appropriate defendants, subject of course to the other objections to the claims which we address later in this judgment.

(iii) Failed claims which have fallen away

45. The Licensing Claims were originally brought against IDH on its own account but also as representative of all the other Licensors on the Avanci 5G Platform under CPR r 19.8. The claim against IDH in a representative capacity failed before Fancourt J and on appeal before the Court of Appeal. It has not been pursued further.

46. Tesla originally alleged in its particulars of claim that Avanci itself owed a contractual obligation to grant Tesla a 5G Platform licence on FRAND terms, but that was not pursued. Tesla then applied to amend its claim to allege that Avanci owed a non-contractual obligation to effect a good faith performance of the FRAND obligation of each Licensor. This application was refused by Fancourt J and once again has not been pursued.

47. All of these failed claims are relied upon by InterDigital as evidence of the difficulty that Tesla has faced in attempting to formulate a coherent case and as justifying particularly careful scrutiny of the claims which remain. We accept that it is necessary to consider these claims with care, and particularly so in light of this history.

(iv) Bilateral licence claim

48. As we have indicated, Tesla seeks an Avanci 5G Platform licence but maintains it has a fallback claim for a bilateral licence from InterDigital of its 5G SEPs. Fancourt J and, on appeal, the Court of Appeal, by a majority, held that no such fallback claim had been formulated by Tesla in its particulars of claim. Arnold LJ, dissenting, reasoned that Tesla's claim embraced that alternative. This gives rise to another issue on this further appeal.

(v) Permission to serve out

49. In December 2023, Tesla purported to serve the Patent Claims and the Licensing Claims on IDPH at the address for service given for the Challenged Patents at the UKIPO in reliance on CPR r 63.14(2).

50. So far as relevant, Tesla also applied for permission to serve the Patent Claims and the Licensing Claims out of the jurisdiction in reliance on Gateway 3 (IDH and Avanci)

and Gateway 11 (all defendants, including IDPH so far as service under CPR r 63.14 might prove ineffective). Permission was granted by Mellor J on 7 December 2023, on paper, without notice. At the substantive hearing, Tesla did not press the Patent Claims against Avanci.

51. In January 2024, InterDigital and Avanci filed separate acknowledgements of service indicating their intention to challenge jurisdiction. On 8 March 2024, they each filed CPR Pt 11 applications challenging the jurisdiction of the English courts over the Licensing Claims on the basis of lack of serious issue to be tried, unavailability of any relevant gateways and (for IDPH) CPR r 63.14(2), and the availability of the US, in particular the Delaware Court of Chancery, as an alternative and more appropriate forum. InterDigital also (i) challenged jurisdiction in respect of the Patent Claims, alleging they were an abuse of process and maintaining (ii) there had been a lack of full and frank disclosure as further reasons to set aside service of the Licensing Claims.

52. In May 2024, InterDigital applied to strike out the claim against it, without prejudice to the jurisdiction challenge.

6. The decision and order of Fancourt J

53. All of these applications were heard by Fancourt J in May and June 2024. On 15 July 2024, and for reasons given in his judgment, [2024] EWHC 1815 (Pat); [2024] RPC 29, the judge made an order granting the Part 11 applications made by InterDigital and Avanci in respect of the Licensing Claims and declaring that he had no jurisdiction to try them or should not exercise any jurisdiction over them and setting aside service of them. Accordingly, he struck the Licensing Claims out. He also dismissed InterDigital's Part 11 application and the strike out application in respect of the Patent Claims, but he stayed those claims by consent as a matter of case management. He dismissed an application by Tesla to amend its pleadings.

54. Fancourt J explained that the Patent Claims were not an abuse of process and had been validly served on IDPH pursuant to CPR r 63.14(2). They were unlikely to be pursued, however. He also held that permission had been properly granted to serve the Patent Claims out of the jurisdiction on IDH pursuant to Gateway 3.

55. As for the Licensing Claims, there was no serious issue to be tried against Avanci because Tesla had not claimed any legally enforceable right to be offered or granted a licence by Avanci itself. Further, there was also no serious issue to be tried on these claims against InterDigital (or IDPH alone) because it would not be fair and just to grant a declaration absent the participation of the other Licensors and Avanci, and because InterDigital could not properly defend them. So too, there was no serious issue to be tried on the Licensing Claims against IDH in a representative capacity because a representative

claim would be unfair to other Licensors with different interests who could not be served with individual claims out of the jurisdiction; it would be unfair to InterDigital to impose on it the burden of defending the Licensing Claims; and there could easily be conflicts of interest between InterDigital and other Licensors.

56. Fancourt J also held that, had there been a serious issue to be tried, the Licensing Claims could have been served on IDPH pursuant to CPR r 63.14(2); could have passed through Gateway 11 as against IDH; and could have passed through Gateway 3 (though not Gateway 11) as against Avanci.

57. Further and as for forum, Tesla had failed to show that the Delaware Court of Chancery was not an available forum for the Licensing Claims, and had failed to show that England and Wales was clearly the more appropriate forum given the closer connection between the parties and Delaware. The Patent Claims were separable and might not be needed. There were serious failures of full and frank disclosure in the application for permission to serve out, but these would not have been sufficient to justify setting service aside.

7. The decision and order of the Court of Appeal

58. The Court of Appeal (Phillips and Whipple LJJ; Arnold LJ dissenting) dismissed Tesla's appeal: [2025] EWCA Civ 193; [2025] RPC 12. The majority held that, first, there was no serious issue to be tried on the Licensing Claims against InterDigital or Avanci, essentially because there was no real prospect of showing that the FRAND obligation required SEP owners to license their SEPs on a collective basis with other SEP owners whether on FRAND or any other terms. Absent any applicable contractual arrangement, courts do not have jurisdiction to determine the terms of a FRAND licence which includes foreign patents. Second, there was also no reasonable prospect of showing that the terms of a FRAND licence to all the SEPs on the Avanci 5G Platform could be properly and fairly undertaken without all the Licensors being joined or represented. Third, there had been no assumption by Avanci of the FRAND obligation. Fourth, the declarations sought would not be useful or legitimate, and finally, Tesla had not pleaded a case of entitlement to a bilateral licence.

59. Arnold LJ would have allowed the appeal. In broad outline, he considered that there was a serious issue to be tried on the Licensing Claims against Avanci notwithstanding the absence of an enforceable right to a licence from Avanci itself. This would clarify whether Avanci's claim that its licence was FRAND was sustainable, and whether the Licensors could legitimately rely on the availability of the Avanci 5G Platform licence as discharging their FRAND obligation. Further there was, in his view, a serious issue to be tried on the Licensing Claims against InterDigital, and it was not

inevitable that the grant of declaratory relief would be precluded by any evidential or other difficulties arising from the absence of the other Avanci 5G Licensors.

60. Arnold LJ also concluded that the Licensing Claims related to InterDigital's UK SEPs on the Avanci 5G Platform, including the Challenged Patents, and had been properly served on IDPH in the jurisdiction pursuant to CPR r 63.14(2), and that IDH was a necessary and proper party to those proceedings; and that the Licensing Claims against IDH and Avanci each passed through Gateway 11. Finally, the Delaware Court of Chancery was not an available forum for the Licensing Claims, as properly characterised, such that the defendants' forum non conveniens challenge failed.

61. We can now turn to the first of the questions arising on this appeal.

8. Is there a serious issue to be tried on the Licensing Claims against Avanci or InterDigital?

62. The principal issues which arise here are:

(i) Whether there is a serious issue to be tried as to whether the FRAND obligation applies to an offer to license jointly through a platform? ("Issue 1")

(ii) Whether there is a serious issue to be tried as to whether the FRAND licence under the UK SEPs, including the Challenged Patents, is a platform licence at a FRAND rate? ("Issue 2")

(iii) Whether Tesla has a real prospect of being granted the declarations it seeks against InterDigital and Avanci? ("Issue 3")

63. We will deal with them in turn but first we must explain the test to be applied and how Tesla has developed its case, and then we must describe the relevant commercial practices which provide the background against which the issues identified above fall to be considered.

(i) The relevant test

64. There is no dispute as to the relevant test. On an application to serve a foreign defendant out of the jurisdiction, the claimant has to satisfy three requirements. First, the claimant must satisfy the court that in relation to the foreign defendant there is a serious issue to be tried on the merits. The current practice is that this is the same test as for

resisting summary judgment, namely whether there is a real (as opposed to a fanciful) prospect of success. Second, the claimant must satisfy the court that there is a good arguable case that the claim falls within one or more of the classes of case in which permission to serve out may be given. Here a "good arguable case" connotes that one side has a much better argument than the other. Third, the claimant must satisfy the court that in all the circumstances the court ought to exercise its discretion to permit service of the proceedings out of the jurisdiction: see *Altimo Holdings and Investment Ltd v Kyrgyz Mobil Tel Ltd* [2011] UKPC 7; [2012] 1 WLR 1804 at para 71; *Tulip Trading Ltd v Bitcoin Association for BSV* [2023] EWCA Civ 83; [2023] 4 WLR 16 at paras 12–15.

65. Accordingly, whether we are assessing the strike out application or the application to set aside service out of the jurisdiction, we must consider, as a starting point, whether the claim, as formulated, has a real as opposed to a fanciful prospect of success.

(ii) Tesla's case on the Licensing Claims

66. We are concerned at this stage with the FRAND obligation accepted and undertaken by IDH on behalf of IDPH and all other companies in the InterDigital group of companies in relation to their UK SEPs, including the Challenged Patents, on the Avanci 5G Platform. Save where from the context otherwise appears, we will refer to these UK SEPs, including the Challenged Patents, as the UK SEPs. As we have seen, the UK SEPs give InterDigital the right to prevent the sale of any products in the UK which would infringe them. That right is subject to the obligation, embodied in the FRAND obligation, enforceable by third parties, to offer licences to use the inventions described and claimed in the UK SEPs on FRAND terms. If an implementer such as Tesla undertakes to take the licence on those FRAND terms, the UK SEPs cannot be asserted against it. Tesla now seeks by these proceedings to find out what it needs to do to avoid infringement, and what the terms of a FRAND licence of the UK SEPs are.

67. Mr Alexander KC, counsel for Tesla, has developed its case in the following way. He submits that the FRAND obligation does not cease to apply if a SEP owner chooses to license that patent through a platform or pool, and further, InterDigital having placed the UK SEPs on the Avanci 5G Platform, the licence of those patents must itself be a global platform licence. Secondly, it is also arguable that the *only* FRAND licence of the UK SEPs, including the Challenged Patents, is a platform licence at a FRAND rate.

68. Tesla's case has a further aspect. It contends that, even if the Avanci 5G Platform licence is not required to be FRAND, there is nonetheless a useful purpose in determining if it is FRAND, and that is so for Tesla, InterDigital and Avanci and indeed, other third parties. Implementers such as Tesla have an interest in knowing if they are paying the right sum, and InterDigital and other actual and potential Licensors have an interest in

knowing whether, if they place their SEPs on the Avanci 5G Platform, they will satisfy their undertaking to ETSI to offer licences of their SEPs on FRAND terms.

69. It is also Tesla's case that in circumstances such as these, the court has jurisdiction to grant appropriate declaratory relief. Here Mr Alexander recognises that Avanci does not itself owe any contractual obligation to ETSI (and is not itself subject to any separate FRAND obligation) but submits this is not determinative. The obligation is undertaken by InterDigital and is enforceable by Tesla but the real issue lies between InterDigital's agent, Avanci, and Tesla. Accordingly, all relevant parties are (or, in the case of Avanci, will be) before the court.

70. We consider there is considerable merit in this part of Tesla's case. The starting point is the FRAND obligation, undertaken by every patent owner, as a condition of having the technology described in the patent adopted in the standard, to make licences available on FRAND terms, and its important role in preventing "hold up". This is a fundamental objective of the IPR Policy and an essential part of the background against which it must be construed.

(iii) Commercial practice

71. Further, and as we have explained, commercial practice is highly relevant to the interpretation of the IPR Policy and an assessment of the terms of a FRAND licence, it being a correct inference that in framing the IPR Policy, ETSI intended that the parties and the courts should look to, and draw on, commercial practice in the real world: *UPSC*, para 62. In the context of the cases then before the court, it was therefore appropriate to look at the commercial practice of agreeing to take a licence of a portfolio of patents, including disputed or potentially disputed foreign patents, regardless of whether or not each patent was valid and infringed by the use of the technology described in the standard, and to construe the IPR Policy as promoting that behaviour: *UPSC*, para 63.

72. It is significant that, adopting this approach and in light of the evidence before them, lower courts in this jurisdiction have now accepted at least as raising a serious issue to be tried that the FRAND terms for a licence to a single SEP may extend to a global cross-licence of both parties' SEPs: *Lenovo Group Ltd v Telefonaktiebolaget LM Ericsson*: [2025] EWCA Civ 182; [2025] RPC 11, paras 42–44, per Arnold LJ; a global licence covering SEPs and non-essential patents, that is to say patents which are not themselves subject to a FRAND commitment: *Lenovo Group Ltd v InterDigital Technology Corpn*: [2024] EWHC 1036 (Pat); [2024] RPC 23, paras 19–45, per Richards J; and even a global pool of patents having multiple owners: *Mitsubishi Electric Corpn v OnePlus Technology (Shenzhen) Co Ltd* [2021] EWHC 1541 (Pat), paras 26–33 per Mellor J. This is a jurisdiction which is developing to reflect the practice of the industries and markets with which it is concerned.

73. There are in our view several striking aspects of the commercial practices in the markets concerned with wireless communications technology for the motor industry which are relevant to the issues now before this court. The first is the increasing use by SEP owners and implementers of pools and platforms as a way of offering and securing the licences of the many thousands of SEPs needed to conduct a business which meets any particular standard, as demonstrated by the success of the Avanci 5G Platform to which we have referred. Indeed, Avanci itself maintains that Licensors on the Avanci 5G Platform now include almost all the major 5G SEP owners worldwide, and licensees include the most well-known car manufacturers selling 5G-enabled vehicles. Dr Brian Nicholson KC, counsel for Avanci, informed this court at the hearing of the appeal that today the Avanci 5G Platform brings together 89 SEP owners licensing 86 brands around the world, amounting to an equivalent of in excess of 7,500 bilateral licences.

74. Further, the Avanci 5G Platform is by no means an unusual case in terms of its general structure, and the submissions of the interveners demonstrate that successful platforms or pools have been adopted across a range of other technical fields. So, for example, the MPA maintains that SEP pools are and have been an important (and, in some cases, the predominant) means through which its members access fair licences to the SEPs needed to operate and access the standards relating to connectivity and the transmission of data, and standards enabling the encoding and decoding of audiovisual data. Some of these pools now account for a very significant proportion of the licensing of the SEPs needed to operate according to these standards.

75. Secondly, Avanci itself proclaims that the Avanci 5G Platform is FRAND. It sought confirmation from the US Department of Justice ("DoJ") that its then proposed Avanci 5G Platform was not anti-competitive, and the DoJ responded in a business review letter dated 28 July 2020 that the proposed platform was "unlikely to harm competition" and that the DoJ was "not presently inclined to initiate an antitrust enforcement action". The DoJ also recorded in that letter that Avanci represented its 4G platform rates to be FRAND and intended its 5G rates also to be FRAND; and it continued: "Each standards-essential patent holder will have to decide whether the Avanci Platform comports with its own FRAND commitments."

76. Indeed, Dr Nicholson also made clear in his submissions to this court that Avanci considers it has done what ETSI expected in that it has assisted and enabled SEP owners and implementers to come to a commercial arrangement which enables those implementers to access the standards on FRAND terms. Nevertheless, he continued, Avanci's position was and remains that the platform has nothing to do with the ETSI undertakings of the individual SEP owners or their FRAND obligation, and that it is providing a free market alternative to bilateral licences.

77. A third aspect of the commercial practice concerns reliance placed by a number of Avanci Licensors on the availability of the Avanci 4G platform licence as constituting an

offer of a licence of their SEPs on FRAND terms which meets their FRAND obligation. Indeed, Tesla contends and provided evidence that a number of SEP owners who sued them for infringement in various jurisdictions prior to Tesla taking the Avanci 4G platform licence, relied on the availability of that licence as meeting their FRAND obligation.

78. The final matter is the practical impossibility of negotiating the full range of bilateral licences necessary to carry on a business in accordance with the relevant standards, here specifically the ETSI 5G standard. It would also be immensely wasteful in terms of time and costs. Indeed, as Dr Nicholson also submitted, this problem is exacerbated because many SEP owners avoid standard form licences and they try to get the best deal they can with each implementer. The effect of all of this, and associated litigation related to attempts to license bilaterally, has created what Dr Nicholson described to the Court of Appeal and to this court as a "licensing debacle". Indeed, some SEP owners are not in practice prepared to engage in bilateral negotiations at all.

9. Issue 1: Is there a serious issue to be tried as to whether the FRAND obligation applies to an offer to license jointly through a platform?

79. Against this background we must now consider, first, whether a SEP owner remains bound by the FRAND obligation so far as it may choose to join a pool or platform, such as the Avanci 5G Platform, or whether, on joining that pool or platform, its FRAND obligation falls away.

80. Here Tesla's case has been developed in two ways. In its most extreme form, Tesla contends that a SEP owner is required by the FRAND obligation and the undertaking it has given to ensure that all offers of a licence under the SEP are on FRAND terms, and that this obligation applies as much to offers of a licence through a platform such as the Avanci 5G Platform as it does to offers of a bilateral licence.

81. The second and less extreme form of Tesla's case is that a SEP owner remains bound by the FRAND obligation and the undertaking it has given to ETSI whether it chooses to license bilaterally or through a pool or platform, and that in so far as that SEP owner chooses to license through a pool or platform, the circumstances may be such that *only* the pool or platform licence (as the case may be) is capable of being FRAND.

82. Underpinning both of these ways of putting its case, there is a common issue, namely whether, as Tesla contends, a SEP owner remains bound by the FRAND obligation if it chooses to join a pool or platform, or whether, as InterDigital and Avanci contend and the majority of the Court of Appeal accepted, the FRAND obligation has no bearing on pool or platform licences even though an operator such as Avanci may have advertised that platform licence as being FRAND, and individual Licensors may have

relied on the pool or platform licence as satisfying their FRAND obligation. An offer of a pool or platform licence was, in the judgment of the majority of the Court of Appeal, a voluntary commercial offer to which the FRAND obligation did not apply at all.

83. In our view Tesla has established a serious issue to be tried on this question for the following reasons. First, as a starting point, the FRAND obligation is undertaken by each patent owner as a condition of having the patent and the technology it describes adopted as part of the relevant standard.

84. Second, we are unable to discern anything in the wording of the FRAND obligation or the wider IPR Policy which provides any basis for concluding that the FRAND obligation ceases to apply if two or more owners choose to offer a licence of their patents through or using a licensing agent appointed for that purpose. Indeed, the policy underpinning the FRAND obligation, namely that the SEP owners must be prepared to offer and grant irrevocable licences under their IPRs on FRAND terms and in this way prevent "hold up" applies with as much if not more force to offers to license IPRs made jointly.

85. Third, the policy justification for construing the FRAND obligation as having application where numerous SEP owners controlling, as it was described to us, over 90% of the entire global stack of 2G–5G cellular SEPs have come together to offer licensing terms to the market is even stronger. Indeed, we see considerable merit in the argument advanced on behalf of Tesla that the utility of the FRAND obligation would be severely compromised were it to cease to apply in circumstances such as these.

86. Fourth, it is in our view significant that the FRAND obligation was drafted in conjunction with (and with the benefit of the close involvement of) the European Commission so reflecting the importance of the obligation from the point of view of competition policy, as Birss J recognised in his judgment at first instance in *Unwired Planet International Ltd v Huawei Technologies Co Ltd* [2017] EWHC 2988 (Pat); [2017] RPC 19, para 89. It is entirely consistent with this background that the Commission Guidelines on the application of article 101 of the Treaty on the Functioning of the European Union (the "TFEU") to technology transfer agreements (2014/C 89/03) make clear, at para 261(e), the creation and operation of a technology pool, including licensing out, generally falls outside article 101(1) of the TFEU, irrespective of the market position of the parties, if, among other things, the pooled technologies are licensed out to all potential licensees on FRAND terms. Very similar policy considerations appear to have underpinned the approach of the US DoJ in considering the application of US anti-trust law to SEP platforms. Far from there being any understanding that FRAND considerations would have no application where SEP owners choose to license their SEP portfolios through a pool or platform, it is evident that the application of FRAND principles to the development of an appropriate licensing policy has been fundamental to their safe harbour protection in terms of competition law.

87. Fifth, it therefore comes as no surprise that a judge of the Patents Court has now held, based on evidence before the court, including evidence of developing jurisprudence of the German courts, that in the real world, FRAND licences are now being agreed covering pools of patents, not least because of the obvious efficiencies and cost savings involved. Further and more significantly for present purposes, for an implementer now to refuse a pool licence (and it may be inferred a platform licence) but to insist only on a bilateral licence may require justification in a case where the pool comprises patents claimed to be essential to a particular standard which has been implemented by the products in question: see the *Mitsubishi* case (supra), para 32.

88. Nevertheless, the Court of Appeal, by a majority, came to the contrary conclusion. The reasoning of the majority involved two propositions, namely that each SEP owner has, by its contractual arrangements with ETSI, undertaken to grant an irrevocable licence to its own essential IPR to an implementer and to do so on FRAND terms. But what it has not agreed to do, on any sensible interpretation of the contractual arrangements with ETSI, is to license its SEPs on a collective basis with other SEP owners whether on FRAND or other terms. Secondly, the fact that some SEP owners may have chosen voluntarily to place their SEPs on the Avanci platform does not change the analysis for, in so doing, they have not extended the scope of their undertaking to ETSI; nor have they entered into any other binding arrangement to license their SEPs on a collective basis.

89. In our judgment, this reasoning does not address the case which Avanci and InterDigital have to meet. It is no part of Tesla's case that any SEP owner is obliged by its FRAND obligation or its contractual arrangements with ETSI to engage with other SEP owners in collective licensing through a pool or platform; nor does Tesla contend that the scope of the FRAND obligation has in some way been extended to encompass collective licensing if any SEP owner joins a pool or platform. It is Tesla's case that licensing through pools and platforms is a well-established way of dealing with the complexities and impracticalities of bilateral licensing, and that joining a pool or platform does not release the SEP owner from the FRAND obligation it has already undertaken. This is a very different proposition, and it is not one to which there is any persuasive objection.

90. The majority in the Court of Appeal considered the position was still clearer in the case of Avanci which has given no undertakings and has no authority to negotiate let alone agree FRAND terms on behalf of the owners for the collective licensing of their SEPs.

91. Again, in our judgment, this reasoning does not adequately address this aspect of Tesla's case. It does not contend that Avanci is subject to any self-standing FRAND obligation to ETSI to offer 5G Platform licences to implementers on FRAND or other terms. Tesla's case rests on Avanci's acknowledged position as agent for the Licensors

using the platform, each of which is subject to the FRAND obligation arising from the undertaking it has given.

92. We consider that it is open to any Licensor on the Avanci 5G Platform to seek to rely on the availability of platform licences to satisfy its FRAND obligation. Indeed, Tesla alleges that, in the context of infringement litigation in relation to SEPs on the Avanci 4G Platform, a number of licensors (though not InterDigital) identified the offer of an Avanci 4G Platform licence as satisfying their obligation to licence their SEPs on FRAND terms, and they no doubt relied for that purpose on Avanci's claim that its 4G Platform licence is FRAND, even though Avanci claims it is under no contractual obligation to ensure that is so.

10. Issue 2: Is there a serious issue to be tried as to whether the FRAND licence under the UK SEPs—including the Challenged Patents—is a platform licence at a FRAND rate?

93. We turn now to the second question, namely whether, on the assumption that a SEP owner remains bound by the FRAND obligation in respect of any SEPs it has chosen to license through the Avanci 5G Platform, there is a serious issue to be tried as to whether the FRAND licence of those SEPs is an Avanci 5G Platform licence at a FRAND rate.

94. In considering this question we should say at the outset that we have not found Tesla's broader case (summarised at para 80) persuasive. The FRAND obligation is to offer licences of the SEPs to implementers on FRAND terms. As this court explained in *UPSC*, paras 113–114, the SEP owner must ensure that licence terms are available which are fair, reasonable and non-discriminatory, reading that phrase as a whole. But, in our view, this does not preclude a further and separate negotiation which may result in what may be perceived to be or include a licence on commercial but non-FRAND terms. Nor does the obligation require all offers of a licence to be on FRAND terms irrespective of the circumstances in which they are made.

95. Reverting now to the circumstances of this appeal, an important question, therefore, is whether Tesla has a real prospect of establishing that the *only* FRAND licence of InterDigital's UK SEPs on the Avanci 5G Platform, including the Challenged Patents, is a global platform licence, that is to say, a licence extending to the whole Avanci 5G Platform at a FRAND rate.

96. We have come to the conclusion that Tesla does indeed have a real prospect of establishing this case at trial, for the following reasons. First, Tesla contends that in reality many if not most licensors in the Avanci 5G Platform rely on the availability of platform licences as meeting their FRAND obligation.

97. Second, as we have sought to explain, the question of what is or is not FRAND is to be informed by commercial reality and if, as a matter of commercial reality, it is simply not practicable for potential licensees to seek to negotiate bilateral licences with all the platform licensors then this is a powerful factor in support of the conclusion that only a platform licence can be FRAND. Similarly, if, in reality, most Avanci Licensors rely on the availability of a platform licence as fulfilling their obligations, this is another powerful factor supporting that conclusion.

98. In the Court of Appeal, Arnold LJ referred (at para 95) to both of these contentions, noted they were disputed by Avanci and InterDigital but considered Tesla had a real prospect of establishing them. They were supported by Avanci's own case concerning the "licensing debacle" associated with bilateral licensing; and that the Avanci 5G Platform has been very successful, providing an effective answer to the impracticality of negotiating the 7,500 bilateral licences that might otherwise have been required. So too, Tesla's evidence suggested that some platform Licensors (not InterDigital) were relying on the availability of platform licences as meeting their FRAND obligation in the context of the Avanci 4G platform.

99. Nevertheless, InterDigital and Avanci maintain that the majority in the Court of Appeal arrived at the correct conclusion for a series of further reasons which it is convenient to address together. They contend first, that the FRAND obligation only requires a declarant to be prepared to grant licences to its own and its affiliates' SEPs on FRAND terms, not to license the patents of others, which a SEP owner cannot do.

100. Second, InterDigital contends that it has always made clear that it is willing to license bilaterally on FRAND terms and that it does not rely on the Avanci 5G Platform licence as discharging its FRAND obligation. In this connection, InterDigital and Avanci emphasise that the Avanci 5G Platform is and has always been a *commercial* alternative to bilateral licensing and nothing more.

101. Third, InterDigital and Avanci contend that Avanci Licensors are entitled to leave the Avanci 5G Platform at any time and consequently it must always be permissible for these owners to satisfy their FRAND obligation by offering bilateral licences of their SEPs.

102. Finally, it is emphasised by Avanci that the FRAND obligation is not imposed on pool or platform administrators directly; nor have SEP owners undertaken to ensure that any collective licence offers are FRAND.

103. Once again, we recognise the force of these further submissions, but we are not persuaded they answer the case which Tesla advances. We accept that the FRAND obligation does not require a SEP owner to offer to license the patents of others; nor has

Avanci given any undertaking to ETSI further to the undertakings given by its principals, the SEP owner Licensors using the Avanci 5G Platform. We also recognise the freedom of any SEP owner to leave the Avanci 5G Platform on giving appropriate notice. None of these points undermines the essential case advanced by Tesla, however, which is that for any SEP owner which *is* a member of the Avanci 5G Platform, there is a serious issue to be tried as to whether the FRAND licence of the SEPs of that owner is a platform licence on FRAND terms, rather than a bilateral licence of the SEPs of that Licensor and, separately, bilateral licences of the SEPs of each of the other platform Licensors necessary to operate according to the standard. The assessment of what is FRAND is to be informed by commercial practice in the real world, and it is Tesla's case that in the real world the Avanci 5G Licensors rely on their platform licences to discharge their FRAND obligation.

104. Avanci also contended in its written case that the possibility that the FRAND obligation should apply to platform and pool licences was raised in an early draft of the IPR Policy but rejected, and that this is an important aspect of the historical background which bears on its proper interpretation.

105. We accept that a clear indication that ETSI considered but rejected the possibility of extending the IPR Policy to SEP platforms or pools would be relevant to interpretation of the IPR Policy. This court took such a matter into account in rejecting an interpretation that would have imported a hard-edged non-discrimination requirement: *UPSC*, para 116. The difficulty facing Avanci, however, is that the particular draft clause to which we were referred is not directed to this issue; nor are the objections raised by the innovators and implementers to the draft in which it appears. In the end, once these difficulties were pointed out, we understood Avanci no longer to pursue this argument, and rightly so.

11. Issue 3: Does Tesla have a real prospect of being granted the declarations it seeks?

106. In these circumstances Tesla seeks, as against InterDigital and Avanci, the declarations to which we have referred. This gives rise to the third principal issue on this appeal, namely whether, in the circumstances we have described, Tesla has a real prospect of being granted the declarations it seeks against InterDigital and Avanci, and whether the judge and the Court of Appeal fell into error in failing so to decide.

107. As we have indicated, Tesla seeks, by these proactive proceedings to enforce the FRAND obligation of InterDigital and secure a decision of the court as to whether the Avanci 5G Platform licence rate is FRAND and, if not, what the appropriate FRAND licence rate and other terms are. In this way Tesla, as an implementer, seeks a decision as to what it must do to secure a fair licence and preclude a finding of infringement.

108. This in turn gives rise to two separate issues of principle: first, whether it is a requirement of the grant of declaratory relief concerning a legal right that the defendant is either the owner of or subject to the legal right relied upon. The second is whether considerations of procedural fairness mean that there is no real prospect of the court granting the declarations Tesla seeks even if it would otherwise be appropriate to do so.

109. We propose to consider these issues by addressing first, the power to make a declaration; second, the use of declarations in FRAND proceedings; third, the case for a declaration against InterDigital; fourth, the case for a declaration against Avanci; fifth, whether Tesla has a legitimate interest and purpose in seeking these declarations; and finally, fairness.

(i) The power to make a declaration

110. For very many years the court has had power to make a declaration as an aspect of its inherent jurisdiction. The present statutory foundation is section 19 of the Senior Courts Act 1981 and CPR r 40.20 which make clear that the court may make binding declarations whether or not any other remedy is claimed.

111. The scope of the rule is broad and, consistently with this, it has long been established that a claimant does not need to have a subsisting cause of action against a defendant before the court will grant a declaration: *Guaranty Trust Co of New York v Hannay & Co* [1915] 2 KB 536.

112. More recently, the scope of the power to make a declaration was explored by the Court of Appeal in *Messier-Dowty Ltd v Sabena SA* [2000] 1 WLR 2040. There, Lord Woolf MR, with whom Hale LJ and Lord Mustill agreed, explained, at para 41, that whether in any given case it is appropriate to exercise the power is a matter of discretion. The deployment of negative declarations should be scrutinised and their use rejected where it would serve no useful purpose. But where a negative declaration would help to ensure that the aims of justice are achieved, the court should not be reluctant to grant it. Lord Woolf continued that the development of the use of declaratory relief in relation to commercial disputes should not be constrained by artificial limits wrongly related to jurisdiction. It should instead be kept in proper bounds by the exercise of the court's discretion.

113. In *Financial Services Authority v Rourke (trading as J E Rourke & Co)* [2001] EWHC 704 (Ch); [2002] CP Rep 14, Neuberger J helpfully elaborated that, so far as the CPR are concerned, the power to make a declaration appears to be unfettered; and that, as between the parties, it may be appropriate to grant a declaration as to their rights, or as to the existence of facts or as to principles of law, where those rights, facts or principles have been established to the court's satisfaction. But the court should not grant a

declaration merely because the rights, facts or principles have been established and one party asks for a declaration to that effect. The court must consider whether, in all the circumstances, it is appropriate to make the order. Here the court should take into account justice to the claimant, justice to the defendants, whether the declaration would serve a useful purpose and whether there are any special reasons why the court should grant the declaration or why it should not.

114. The Court of Appeal gave further consideration of the scope of the power a few years later in *Feetum v Levy* [2005] EWCA Civ 1601; [2006] Ch 585. The case concerned a claim by members of a limited liability partnership ("LLP") for a declaration that no event causing the insolvency of the LLP had occurred and so the appointment of administrative receivers was invalid. The claimants were concerned to know whether they were required to comply with requests from those receivers and hence were directly affected by the appointment. Lewison J held that the claimants had standing to make the application and granted the declaration. An appeal to the Court of Appeal was dismissed. Jonathan Parker LJ, with whom Ward LJ and Sir Peter Gibson agreed, explained that relief should not be refused on the ground that the claimants were seeking relief as to the effect of a contract to which they were not parties. The claimants, as designated members, were not merely directly interested in the issue as to the validity of the appointment, but directly affected by it.

115. Next, we must refer to *Rolls-Royce plc v Unite the Union* [2009] EWCA Civ 387; [2010] 1 WLR 318. In this case, Rolls-Royce and Unite entered into two legally unenforceable collective service agreements which included length of service in the matrix of selection criteria for redundancy. The issue was whether, following the coming into force of regulations transposing a European Directive into domestic law, it was unlawful to use the length of service criterion because, so it was said, it discriminated on the grounds of age and was not a proportionate means of achieving a legitimate aim. With the agreement of the union, Rolls-Royce brought a claim against it asking the court to decide this question. The judge, while expressing the view that the issue was more appropriate for determination in employment tribunal proceedings, held that the length of service criterion was not unlawful. On appeal, the Court of Appeal considered as a preliminary question, whether it should entertain the appeal at all. Wall LJ, with whom Arden LJ agreed, referred, at para 19, to the statement of Viscount Maugham in *London Passenger Transport Board v Moscrop* [1942] AC 332, 345:

> "the courts have always recognised that persons interested are or may be indirectly prejudiced by a declaration made by the court in their absence, and that, except in very special circumstances, all persons interested should be made parties, whether by representation orders or otherwise, before a declaration by its terms affecting their rights is made."

116. A little later, Wall LJ explained (at para 52) that his anxiety about hearing the appeal had been driven by his concern that its outcome could directly affect a large number of people (those made redundant in the future by the company) without any of those people having any say in it. Notwithstanding those concerns, the court, by a majority, proceeded to hear and decide the appeal.

117. Aikens LJ, dissenting, recognised that the law had developed since the statement of principle of Lord Diplock in *Gouriet v Union of Post Office Workers* [1978] AC 435, 501, where Lord Diplock stated:

> "for the court to have jurisdiction to declare any legal right it must be one which is claimed by one of the parties as enforceable against an adverse party to the litigation, either as a subsisting right or as one which may come into existence in the future conditionally on the happening of an event."

118. Aikens LJ then summarised the principles he derived from the cases in this way (at para 120):

> "For the purposes of the present case, I think that the principles in the cases can be summarised as follows.
>
> (1) The power of the court to grant declaratory relief is discretionary.
>
> (2) There must, in general, be a real and present dispute between the parties before the court as to the existence or extent of a legal right between them. However, the claimant does not need to have a present cause of action against the defendant.
>
> (3) Each party must, in general, be affected by the court's determination of the issues concerning the legal right in question.
>
> (4) The fact that the claimant is not a party to the relevant contract in respect of which a declaration is sought is not fatal to an application for a declaration, provided that it is directly affected by the issue; …

(5) The court will be prepared to give declaratory relief in respect of a 'friendly action' or where there is an 'academic question' if all parties so wish, even on 'private law' issues. This may particularly be so if it is a 'test case', or if it may affect a significant number of other cases, and it is in the public interest to decide the issue concerned.

(6) However, the court must be satisfied that all sides of the argument will be fully and properly put. It must therefore ensure that all those affected are either before it or will have their arguments put before the court.

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

119. Aikens LJ concluded, in light of these principles, and particularly (6), it was wrong for the court to do anything more than answer two narrow questions of statutory construction. As we will explain, Aikens LJ's concerns were entirely justified, as this court has recently made clear.

120. It is convenient to refer next, however, to the decision of the Court of Appeal in *Milebush Properties Ltd v Tameside Metropolitan Borough Council* [2011] EWCA Civ 270; [2011] PTSR 1654. This concerned the effect of a planning obligation made by deed pursuant to section 106 of the Town and Country Planning Act 1990 and in particular the extent of a right of way which Tameside, as successor to Hillingdon London Borough Council, was obliged to grant and whether, as Milebush contended, it covered an emergency exit. The Court of Appeal held that the interpretation of the obligation contended for by Tameside was largely correct and, by a majority (Mummery LJ, with whom Jackson LJ agreed), that the judge had been entitled to hold that it was not appropriate to exercise the discretion to grant the declaratory relief sought. It is notable that Mummery LJ recognised, at para 44, that a declaration may be granted in private law proceedings about the disputed construction of a document affecting the claimant, even though the claimant was not a party to it.

121. Moore-Bick LJ dissented on this issue, but expressed general agreement with Aikens LJ's summary of the relevant principles in the *Rolls-Royce* case save that point (2) was, in his view, expressed too narrowly. He concluded, at para 88:

"In my view the authorities show that the jurisprudence has now developed to the point at which it is recognised that the

> court may in an appropriate case grant declaratory relief even though the rights or obligations which are the subject of the declaration are not vested in either party to the proceedings. … I can see no reason in principle why the nature of the underlying obligation should be critical, although there may well be other reasons why in the particular case a declaration should not be granted. The most important consideration is likely to be whether the parties have a legitimate interest in obtaining the relief sought, whether to grant relief by way of declaration would serve any practical purpose and whether to do so would prejudice the interests of parties who are not before the court."

122. Most recently, in *Tyne and Wear Passenger Transport Executive (trading as Nexus) v National Union of Rail, Maritime and Transport Workers* [2024] UKSC 37; [2025] AC 1222, this court considered the correctness of the decision of the Court of Appeal in the *Rolls-Royce* case in the context of a claim by an employer, Nexus, for rectification of a collective agreement made between it and two unions which, though not intended to have legal effect in itself, had been incorporated into the employees' contracts of employment. The effect of rectification would be to alter the rights of the affected employees.

123. Lord Leggatt and Lady Simler, in a judgment with which Lord Lloyd-Jones, Lord Sales and Lord Burrows agreed, explained that there was no legal dogma preventing the court from making an order for rectification which would have the effect of altering the contractual rights of the affected employees. There were, however, two flaws in the course Nexus had adopted: first, it had no cause of action against the unions and, although the effect of rectification would be the reformation of the employees' individual contracts of employment, this demonstrated the second flaw. Nexus was asking the court to make an order which would alter the legal rights of these employees without giving any of them the opportunity to adduce evidence or make submissions, and this was contrary to the most basic principle of procedural justice.

124. Although not cited in argument, after the hearing, this court invited and heard submissions on the decision of the Court of Appeal in the *Rolls-Royce* case. In the light of those submissions, this court emphasised first, that those most affected by the decision, that is to say the employees who might be made redundant, were not before the court. It was no answer to say that the employees would be entitled to raise the issue of unlawful discrimination in proceedings before an employment tribunal. Secondly, the only potential dispute about legal rights was a dispute about whether, in terminating the employment contracts of individual employees on grounds of redundancy, it would be lawful for Rolls-Royce to apply the length of service criterion provided for in the collective agreements. The union had no legal interest in the determination of that dispute. It followed that the procedure adopted by the parties and acquiesced in by the courts in the *Rolls-Royce* case was illegitimate and ought not to be followed.

125. These are all cases in which the court has considered the scope of the power to grant a declaration, and the circumstances in which it is appropriate to exercise that power. We do not think it helpful to seek to define in a series of propositions the principles which should guide the court in deciding whether or not to grant a declaration for ultimately it is a matter of discretion, and so responsive to the circumstances of any particular case. The exercise of the power should not be unduly constrained. Nevertheless, the court will refuse to make a declaration where it will serve no useful purpose; but where a declaration would serve a useful purpose and help to ensure the aims of justice are achieved then the court should not be reluctant to exercise its power to make it. This flexibility has been demonstrated in the preparedness to grant declaratory relief even though the rights or obligations the subject of the declaration are not vested in any party to the proceedings, provided the parties to the proceedings have a legitimate interest in their outcome and the declaration would serve a useful purpose and further the interests of justice. In all cases, a most important consideration is likely to be whether the declaration would unfairly prejudice the interests of persons not before the court. In general, the proper parties to proceedings are those whose legal rights will be adjudicated upon by the court.

(ii) Declarations in FRAND proceedings

126. It is now well understood that the power of the court to make declarations has proved of very great utility in resolving disputes between SEP owners and implementers seeking to make products or carry out processes according to a standard, and in particular in resolving disputes as to what amounts to the performance of the FRAND obligation required by ETSI, whether the terms of a proposed licence are FRAND and, so far as necessary and appropriate, what terms would be FRAND. The power has been harnessed in cases brought by SEP owners to enforce their patents against implementers, and in cases brought by implementers seeking clarity as to what they must pay to secure a licence and preclude a finding of infringement and any possibility of being locked out of a market by the grant of injunctive relief. The courts enforce their decisions against SEP owners by withholding their right to an injunction if they do not offer a FRAND licence; and against implementers by granting an injunction if they decline to take a FRAND licence.

127. In the context of ETSI, the IPR Policy envisages that courts may determine whether or not the terms of a proposed licence are FRAND when asked to rule on the contractual obligation of a SEP owner which has given the irrevocable undertaking and so undertaken the FRAND obligation required under the IPR Policy. Moreover, in proceedings concerning the infringement of one or more UK SEPs, it is the IPR Policy and the contractual arrangement which it embodies which enables the court to decide what the terms of a FRAND licence of those patents are, and whether it extends to a global licence of an international portfolio of SEPs of which the UK SEPs form part. Indeed, the decision of this court in *UPSC* confirms the jurisdiction of the English courts to decide FRAND disputes on a worldwide basis at the request of a SEP owner even if the UK SEPs constitute only a small proportion of its portfolio. That remains the position.

128. The contractual obligation, which we have termed the FRAND obligation, enforceable by third party implementers, is the foundation for a claim for a FRAND determination in proceedings concerning ETSI standards in this jurisdiction. The decision of the Court of Appeal in *Vestel Elektronik Sanayi Ve Ticaret AS v Access Advance LLC* [2021] EWCA Civ 440, [2021] 4 WLR 60 ("*Vestel*") illustrates the importance of that obligation. The case concerned a standard set by the International Telecommunication Union for a form of high definition television technology. Many patents had been declared as essential and the relevant rules required that the patentee owners had to be prepared to licence these patents (SEPs) on FRAND terms. The first defendant (Access Advance), administered a pool of these patents, including one owned by the second defendant. In these proceedings, the claimant (Vestel), an implementer, sought a declaration of what the FRAND terms would be for a licence of the UK SEPs in the pool on the basis that, among other things, the royalty rate sought by Access Advance was too high. Before the Court of Appeal, the claim was brought under the inherent jurisdiction on the basis that it would serve a useful purpose, that purpose being that it would establish the terms of the licence Vestel would have to take to avoid infringing the UK SEPs by carrying out its activities here.

129. The Court of Appeal accepted (at para 71) that if Vestel had a legally enforceable right to be offered a FRAND licence, the subject matter of the claim would be the UK SEPs, and the claim would be concerned with the licence terms available to license those rights. The insurmountable difficulty facing Vestel, however, was that it had never asserted a right to such a licence. The attempt to invoke the court's jurisdiction to make a declaration had no reasonable prospect of success because it was not based on the existence or non-existence of a legal right.

(iii) The case for a declaration against InterDigital

130. In all these circumstances Tesla contends that it has a real prospect of securing the declarations forming the heart of the Licensing Claims and to which we have referred. As we have explained, Tesla seeks declarations as to the terms of the FRAND licence to which it is entitled in respect of InterDigital's UK SEPs on the Avanci 5G Platform, including the Challenged Patents. This is a real and present dispute, founded on the contractual obligation embodied in the IPR Policy, which Tesla contends confers on it, as an implementer, a right to a FRAND licence of these UK SEPs. Further, it is Tesla's case, which we are satisfied it has a real prospect of making good, that the FRAND licence to which it is entitled is the Avanci 5G Platform licence on FRAND terms. The importance of this claim and the relief sought by Tesla is demonstrated by InterDigital's conduct in repeatedly asserting its patent rights in this jurisdiction, writing to Tesla prior to Tesla entering into an Avanci 4G licence, informing it that it needed a licence under its SEP portfolio, including its 5G SEPs, and effectively giving Tesla the option of a bilateral licence or an Avanci Platform licence. Moreover, as noted at para 43 above, there is evidence before the court that InterDigital was an early participant in the Avanci program and willing to entrust its SEPs to Avanci from the outset.

131. In these circumstances and subject to the requirement of fairness, to which we will come, we are firmly of the view that Tesla does indeed have a real prospect of securing the declaratory relief it seeks in the Licensing Claims against InterDigital. What is more, Avanci has made clear that it would wish to be joined in any ongoing Licensing Claims against InterDigital.

(iv) The case for a declaration against Avanci

132. Despite the indication given by Avanci to which we have referred, that it would wish to be party to any proceedings in this jurisdiction concerning the Avanci 5G Platform, we think it appropriate to consider the claims against it, as did the judge and the Court of Appeal. Avanci is and has throughout acted as licensing agent for the SEP owners using its platforms, including the Avanci 5G Platform. It is entirely true to say that it does not itself own SEPs and is not itself subject to any FRAND obligation. On the other hand, all the individual SEP owners are subject to the FRAND obligation, and Avanci, as their agent, is responsible for licensing these SEPs through the Avanci 5G Platform. In our judgment, subject to the requirement of fairness, Tesla does have a real prospect of success in its Licensing Claims against Avanci, and that is so for the following reasons.

133. First, the claim concerns a legal right, namely the right claimed by Tesla to a FRAND licence pursuant to the FRAND obligation owed to all implementers by all the SEP owners participating in the Avanci 5G Platform. This case is once again very different from *Vestel* where, for whatever reason (see para 129), no right to a FRAND licence had ever been asserted.

134. Secondly, and as we have seen, the court may make a declaration even though no other relief is claimed. Nor is it necessary for Tesla to have a cause of action against Avanci, or for the obligation to grant a FRAND licence to be one which binds Avanci independently of its principals, the SEP owners (which include InterDigital).

(v) Legitimate purpose

135. We must also consider whether Tesla has a legitimate interest in securing the relief sought as against InterDigital and Avanci; whether there is justification for seeking declaratory relief; and whether the declarations sought would serve a useful purpose. We have no doubt that the answer to all these questions is in the affirmative and that, as Fancourt J held, Tesla has a legitimate interest in pursuing this relief, which would in principle serve a useful purpose. Our reasons are these.

136. First, Fancourt J reasoned, at para 97 of his judgment, that if no such claim can be pursued, the rate set by Avanci may not be capable of effective challenge in a FRAND determination. The Avanci 5G Platform licence is how, in practice, the 5G SEP owners grant licences, and how implementers such as Tesla pragmatically operate their businesses. If the court were to decide that a FRAND licence of InterDigital's Challenged Patents is a global platform licence, and that the FRAND rate for the Avanci 5G Platform Licence is, say, $24 per vehicle as opposed to $32 per vehicle, so as to bind Tesla and Avanci, then it is likely that Avanci would reconsider its position. We respectfully agree.

137. Moreover, as Arnold LJ explained at paras 96 and 97, and again we agree, it would be likely to make Avanci's position that its rate is in fact FRAND unsustainable. It would also mean that licensors in the Avanci 5G Platform could not rely on the Avanci 5G Platform licence as meeting their FRAND obligation.

138. It is also important for this court to consider and have in mind the wider implications of the decision of the Court of Appeal and of the issues now before us. The interventions of the CCIA, ACT, the FSA, and the MPA highlight the position on the ground across a range of industries and explain that although it is in theory possible for implementers to seek bilateral licences with pool or platform licensors, the number of SEPs involved, the number of SEP owners and the many owners who are not in practice prepared to engage in bilateral negotiations mean that it is neither practical nor commercially viable for implementers to attempt bilateral negotiations with each of them. As a matter of commercial reality, the only licence available to implementers for a large proportion of SEPs is the licence available from pool or platform operators. What is more, the existence and operation of such pools and platforms of SEPs, without the possibility of court scrutiny of the pool or platform rates, would seriously undermine the effectiveness of the FRAND obligation of the SEP owners.

139. We recognise that the ICLE does not share these views and contends that the attempt to extend FRAND obligations to SEP pools and platforms is legally unfounded, economically unsound and would generate adverse consequences for efficient licensing structures. We have given careful consideration to all these contentions. We reject the first: for the reasons we have given, we are satisfied that Tesla has a seriously arguable case that it is entitled to the declarations it seeks. We also have considerable doubt as to the correctness of the other contentions, which depend in significant part on the proposition that the market discipline imposed by the possibility of bilateral licensing is sufficient to control pool and platform licence rates. But that requires bilateral licensing to be a viable and available alternative, and there is at least a seriously arguable case that, as a matter of commercial reality, it is not.

(vi) Fairness

140. It remains to consider fairness and whether, as the majority of the Court of Appeal held, considerations of procedural fairness would in any event be a bar to the grant of declaratory relief. In the view of the majority in the Court of Appeal, a declaration as to the FRAND terms of the Avanci 5G Platform licence would have the potential to affect, significantly and directly, the rights and interests of all the owners of the SEPs on the platform, and it was simply not arguable that this exercise could be undertaken fairly without the owners being joined or represented.

141. On this further appeal, InterDigital and Avanci support the reasoning of the majority in the Court of Appeal. They contend, relying on the statements of principle in the *Moscrop* and *Nexus* cases, that it would be contrary to the most basic principle of natural justice for the court to make an order which would alter the rights of many individuals without giving them an opportunity to make submissions. Further, all interested persons should be made parties except in very exceptional circumstances.

142. Again, we find ourselves unable to accept these submissions. The issue of fairness is one that must be considered in the circumstances of each particular case, and here we are firmly of the view that it is not necessary, at least at this stage, to require all the SEP owners to be joined to the proceedings or represented in them as a condition of allowing this claim to proceed. The SEP owners who have joined an Avanci platform have already relied on Avanci's expertise to devise an appropriate royalty. Avanci arrived at the royalty rate for the 5G Platform based on its own investigations, discussions with licensors and licensees and in the exercise of its own judgment, and no doubt in the light of its own experience. The prospective licensors were then presented with the rate on a "take it or leave it" basis. Avanci is the essential party in any assessment by the court of the terms of the Avanci 5G Platform licence, whether those terms are FRAND and, so far as they are not FRAND, what the terms of a FRAND licence would be.

143. Second, in any event the individual Licensors have the option to apply to participate in the proceedings, and any judge hearing an application that one or more of them be permitted to do so will no doubt give close and sympathetic consideration to that application and their interest in the outcome of the proceedings. These are matters for case management but do not justify a finding that Tesla has no real prospect of succeeding in the claims now before us.

144. Third, we share the view expressed by Arnold LJ (at para 101) that the outcome of the proceedings would not necessarily adversely affect the interests of the individual SEP owners in any event, but this is not a consideration to which we have attached any great weight.

145. For all of these reasons, we conclude that there is a serious issue to be tried against InterDigital and Avanci on the Licensing Claims.

12. Claim to a bilateral licence

146. We must now consider Tesla's alternative claim that it is entitled to a bilateral licence. Tesla maintains that its pleaded case arguably advances and at least embraces the possibility of a declaration of its entitlement to a bilateral licence from InterDigital of its 2G–5G SEPs and for a determination of the FRAND terms of such a licence. It also contends and we accept that its right to such a bilateral licence cannot seriously be disputed, if its primary case fails.

147. The Court of Appeal, again by a majority, held that Tesla had not pleaded a claim to a bilateral licence, however, and had only raised this possibility for the first time in oral argument before that court.

148. We are satisfied that the Court of Appeal fell into error here too. Tesla contends in its particulars of claim, at para 40, that it is entitled to a licence on FRAND terms of InterDigital's SEP portfolio:

> "Tesla is a beneficiary of InterDigital's FRAND Commitment …; it is, accordingly, entitled to a licence on FRAND terms covering InterDigital's International SEP Portfolio (including InterDigital's UK SEP Portfolio and the Challenged Patents) and further entitled to such a licence by the time that it begins to sell Tesla 5G-enabled Vehicles in the United Kingdom."

149. Then, in its prayer for relief it seeks, at para 5:

> "A declaration that the terms of the SPLA in so far as they relate to any patents in the Avanci 5G Pool which designate the United Kingdom are not FRAND and therefore do not comply with the relevant FRAND commitments given under Clause 6.1 of the ETSI IPR Policy; alternatively, a declaration as to the terms which are FRAND for those patents (alternatively, such patents within that pool as are owned by InterDigital)."

150. There can be no doubt that Tesla's primary objective is a FRAND licence of all the SEPs on the Avanci 5G Platform. Nevertheless, we are satisfied that the pleading and prayer for relief do embrace, in the alternative, a claim for a determination of the FRAND

terms of a bilateral licence of all the SEPs in InterDigital's global portfolio. We understand that this alternative, fallback, case was developed in oral argument for the first time before the Court of Appeal. That was regrettable but does not indicate that the alternative claim has not been pleaded. Further, if it is to be pursued, it is plainly desirable that it is spelled out in clear terms. No doubt that will be addressed by appropriate case management directions.

151. We now turn to the issues arising on this appeal concerning jurisdiction.

13. The jurisdictional issues

152. The following issues relating to whether the courts of England and Wales have jurisdiction to determine this claim arise:

(i) The characterisation of the Licensing Claims.

(ii) CPR r 63.14: Whether the Licensing Claims against IDPH were properly served pursuant to CPR r 63.14(2).

(iii) Gateway 3: Whether the Licensing Claims against IDH pass through Gateway 3.

(iv) Gateway 11: Whether the Licensing Claims against IDH pass through Gateway 11.

(v) Appropriate forum:

(a) The proper characterisation of the Licensing Claims for the purpose of assessing the appropriate forum.

(b) Whether the Delaware Court of Chancery is an available forum for the Licensing Claims, as properly characterised.

(c) If the Delaware Court of Chancery is an alternative available forum, whether:

(i) permission to serve Avanci out of the jurisdiction should be set aside on the basis that England and Wales is not clearly the more appropriate forum;

(ii) the proceedings against IDPH should be stayed on grounds of forum non conveniens; and/or

(iii) permission to serve IDH out of the jurisdiction should be set aside on the basis that England and Wales is not clearly the more appropriate forum.

(vi) Discretion to refuse permission for service out: Whether permission to serve the Licensing Claims out of the jurisdiction ought, in all the circumstances, to have been refused as a matter of discretion.

153. The jurisdictional issues (other than issue (vi)) were addressed by Fancourt J and Arnold LJ but not by the majority of the Court of Appeal.

(i) Characterisation

154. A central issue between the parties in relation to the jurisdictional issues concerns the proper characterisation of the Licensing Claims, so it is convenient to address this at the outset. As we have explained (see paras 24–25), this is an implementer-led claim in which Tesla approaches the court, proactively, for a decision as to what it must do to avoid any risk of it being characterised as an unwilling licensee of the SEPs it needs to market and sell its vehicles in the UK in the circumstances summarised below.

155. Tesla contends that at the heart of its claim is its entitlement to be granted a licence on FRAND terms to the UK SEPs, as we have defined them (see para 64), that is to say, the SEPs which are on Avanci's 5G Platform and are owned by InterDigital, including the Challenged Patents, and for a declaration of the terms of such a licence.

156. As noted in para 41 above, Tesla says that it wants to launch 5G-enabled vehicles on the UK market, which is its fourth largest global market. In order to do so it needs to be able to use 5G technology which is protected by the UK SEPs.

157. Tesla desires to obtain commercial certainty in the UK market to launch its 5G-enabled vehicles. It needs a licence for the UK SEPs so that it can implement the standard in the UK market without hindrance.

158. Overlaying InterDigital's UK SEP rights is the undertaking that InterDigital has given in respect of those rights to ETSI to offer and grant licences on FRAND terms, and although that is a global undertaking given in respect of SEPs in the UK and in other territories which are included on Avanci's 5G Platform, Tesla's claim concerns enforcing that undertaking in the UK to obtain a licence to the UK rights that are subject to it.

159. Tesla submits that this characterisation of the claim is borne out by its pleaded case. It emphasises, in particular, the following paragraphs of the particulars of claim:

> Para 2—Tesla wishes "to enter an Avanci 5G Pool Licence (as defined below) on FRAND terms (which licence would include a licence to the UK SEPs (as defined below) owned by" InterDigital.
>
> Para 8—"… In 2022, at least 54,622 Tesla 4G-enabled Vehicles were registered in the United Kingdom (35,551 Tesla Model Y and 19,071 Tesla Model 3). In that same year, the United Kingdom was the 4th largest national market by volume for such vehicles after the United States, China and Germany."
>
> Para 9—"In the future, the Tesla Group intends to sell in the United Kingdom a range of fully electric vehicles that are, inter alia, capable of connecting to and interoperating with the 5G Standard…"
>
> Para 10—"The Second Claimant [(Tesla UK)] is a company incorporated under the laws of England and Wales. It is a wholly owned, indirect subsidiary of the First Claimant [(Tesla US)] and part of the aforementioned Tesla Group. The principal activities of [Tesla UK] are sales of premium fully electric vehicles throughout the UK and the provision of services in respect of such vehicles. In FY2022, [Tesla UK] had revenue of £2,839,104,000 derived from, inter alia, UK sales of Tesla 4G-enabled Vehicles."
>
> Para 14—"InterDigital is the holder of a portfolio of UK patents and patent applications (the 'InterDigital UK SEP Portfolio') that have been declared essential to certain technological standards ('Standard Essential Patents' or 'SEPs') of the European Telecommunications Standards Institute ('ETSI') and equivalent standards of other standards setting organisations ('SSOs'). The InterDigital UK SEP Portfolio

includes the ‘Challenged Patents’, as defined below, and other UK SEPs that have been declared essential to the … 5G Standard…”

Para 40—“Tesla is a beneficiary of InterDigital’s FRAND Commitment …; it is, accordingly, entitled to a licence on FRAND terms covering InterDigital’s International SEP Portfolio (including InterDigital’s UK SEP Portfolio and the Challenged Patents) and further entitled to such a licence by the time that it begins to sell Tesla 5G-enabled Vehicles in the United Kingdom.”

Para 42—“For present purposes and in the specific context and circumstances of this case, it is averred that a FRAND licence covering the Challenged Patents has at least the following terms:

a. It is worldwide in territorial scope;

b. It 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;

c. It provides for, or is based on, a per vehicle royalty rate that is significantly lower than the Avanci 5G Rack Rates.”

Para 54—“By (i) signing the InterDigital Licensing Declarations and the Avanci 5G Pool Declarations and (ii) returning those signed Declarations to the Director-General of ETSI, InterDigital and each other Avanci 5G Pool Member, as applicable, entered into a contract with ETSI whereby each Avanci 5G Pool Member (including InterDigital) is bound to grant licences of its ESSENTIAL IPR, including the Challenged Patents, on terms and conditions which are in accordance with Clause 6.1 of the ETSI IPR Policy (the ‘FRAND Commitment’).”

Para 58—“… the Avanci 5G Pool Members have appointed Avanci as a licensing agent to enter into or grant licences in respect of the Avanci 5G Pool on their behalf. Accordingly,

> Tesla is entitled to enforce the FRAND Commitment of each Avanci 5G Pool Member, including InterDigital, by seeking a licence from and/or through Avanci covering the entirety of the Avanci 5G Pool."
>
> Para 60—"If and to the extent that the Court determines the terms which are FRAND for a licence between Tesla and Avanci covering the Challenged Patents and/or the Avanci 5G Pool, and Tesla can thereafter ensure that it is required only to pay such sums as are or would be FRAND under such an agreement, Tesla would avoid the consequences which may otherwise result were such a FRAND licence not to be available to Tesla on commencing importation or sale of Tesla 5G-enabled vehicles in the United Kingdom."

160. Tesla also emphasises the following UK patent-based relief sought in the prayer (quoted also at para 149 above):

> "(5) A declaration that the terms of the SPLA in so far as they relate to any patents in the Avanci 5G Pool which designate the United Kingdom are not FRAND and therefore do not comply with the relevant FRAND commitments given under Clause 6.1 of the ETSI IPR Policy; alternatively, a declaration as to the terms which are FRAND for those patents (alternatively, such patents within that pool as are owned by InterDigital)."

161. InterDigital, on the other hand, submits that, properly characterised, Tesla's claim is as to worldwide licensing through the Avanci 5G Platform. It is a contractual claim, under the FRAND obligation governed by French law. In so far as the claim relates to any patents, it relates to all Avanci 5G Platform SEPs worldwide.

162. InterDigital also emphasises that (1) Tesla seeks a licence from Avanci to all SEPs on the Avanci 5G Platform. Individual Licensors can leave or join the Avanci 5G Platform at any time (see para 36). The Avanci 5G Platform licence is to all relevant SEPs owned by the Licensors from time to time not any particular patents. (2) Tesla expressly says that licence should be global. (3) Avanci can only license the whole Avanci 5G Platform and not any subset of SEPs on it. It cannot offer a licence to InterDigital's patents alone nor UK patents of Licensors alone. (4) The ETSI Undertakings of each Licensor only apply to its own IPR, so the claim is necessarily based on the FRAND obligations of all Licensors over all Avanci 5G Platform SEPs worldwide. InterDigital's FRAND obligation alone could not support the 5G Platform licence from Avanci. (5) ETSI declarations are made and the FRAND obligation is undertaken on a global basis. (6) A

claim to an Avanci 5G Platform licence of UK patents or InterDigital's UK patents or the Challenged Patents, would be meaningless and is not the true subject matter of Tesla's claim.

163. InterDigital relies in this connection on the proportion of the Avanci 5G Platform SEPs made up of UK SEPs to which we have referred. It points out that the UK SEPs of all Licensors are only about 7% of the whole, and InterDigital's UK portfolio is much smaller: it was one Licensor out of around 65, and about tenth largest. The Challenged Patents are three out of approximately 170,000 (or 11,900 in the UK) and, so it contends, are of no particular significance.

164. InterDigital also submits that its characterisation of the claim is supported by the particulars of claim. It emphasises the following averments made by Tesla in its pleading:

> Para 1(iii)—its claim is that it has rights "to a FRAND licence covering the entirety of the Avanci 5G Pool".
>
> Para 5—it is "seeking to enforce their contractual obligation to an Avanci 5G Pool Licence on FRAND terms".
>
> Para 40—it is "entitled to a licence on FRAND terms covering InterDigital's International SEP Portfolio".
>
> Para 41—it is "a beneficiary of the FRAND commitments of all of the Avanci 5G Pool Members … it is, accordingly, entitled to a licence on FRAND terms covering the Avanci 5G Pool".
>
> Para 44—it undertakes to take a licence "covering the entirety of the Avanci Pool".
>
> Para 46—it asserts: "All patents in the Avanci 5G Pool (including the Challenged Patents) are encumbered by FRAND declarations … ."
>
> Para 54—it asserts: "InterDigital and each other Avanci 5G Pool Member … entered into a contract with ETSI whereby each Avanci 5G Pool Member (including InterDigital) is bound to grant … licences of its ESSENTIAL IPR … ."

> Para 58—it concludes that it "is entitled to enforce the FRAND commitment of each Avanci 5G Pool Member, including InterDigital, by seeking a licence from and/or through Avanci covering the entirety of the Avanci 5G Pool".

165. InterDigital further submits that the substance of Tesla's claim is for a licence of all Avanci 5G Platform patents worldwide enforcing all ETSI undertakings and the FRAND obligation of all Licensors, and that this is borne out by the prayer and in particular:

> Declarations (9) and (10), claiming as to FRAND terms of "a licence between Tesla and Avanci covering the Avanci 5G Pool (including the Challenged Patents)".
>
> Declaration (6) which says the licence said to be FRAND, is "a licence (i) between Tesla and Avanci" that "(iii) covers the entirety of the Avanci 5G Pool".

166. Although Fancourt J held that the subject matter of the claim related wholly or principally to property within the jurisdiction, he characterised the claim "as a whole" more broadly. He held (at para 131) that:

> "… the right way to characterise the claim as a whole is as a licensing claim about FRAND terms for a worldwide licence of the 5G SEPs. There is no real dispute about contractual rights and there is no infringement claim. Although there is a patent claim, it is (at Tesla's election) relegated to a second stage of the proceedings, which may well not be needed. Where an implementer starts proceedings such as this and undertakes to take a licence on FRAND terms, they cannot expect the proceedings to be characterised as a dispute about UK patents, unless the claim was issued in response to a threat of an injunction."

167. Arnold LJ disagreed. He held (at para 109) that:

> "… the Licensing Claims relate wholly to property within the jurisdiction because the claims concern UK SEPs. InterDigital argue that the jurisdiction question cannot be determined by what InterDigital characterise as the artificial framing of the declarations sought by Tesla, when in reality the claim on

Tesla's own case is a contractual claim to a global licence of SEPs, the vast majority of which are non-UK SEPs. While I appreciate the superficial attraction of this argument, I do not accept it for reasons which should be familiar to students of the English courts' jurisprudence in this field. In short, it is necessary to distinguish between the property on the one hand and the FRAND obligation which affects it on the other hand. Patents are territorial rights, but (i) standards such as the ETSI Standards are global standards which are exploited globally, (ii) the FRAND obligation under clause 6.1 is a global one and (iii) a licence on FRAND terms may well be a global one (meaning that a UK-only licence is not FRAND). Thus a licence to a single UK SEP on FRAND terms can be, and often is, a global licence to all corresponding SEPs (and indeed other families of SEPs in the same portfolio). In [*Nokia Technologies Oy v OnePlus Technology (Shenzhen) Co Ltd* [2022] EWCA Civ 947; [2023] FSR 11] this Court upheld the jurisdiction of the English courts in respect of the claim even though the UK represented less than 0.5% of the relevant market (which does not necessarily mean that only 0.5% of the SEPs were UK ones, but nevertheless gives a sense of the order of magnitude). That case concerned an infringement claim, and so the jurisdictional analysis was somewhat different, but nevertheless it illustrates the point. Thus the Licensing Claims relate wholly to UK SEPs even though it is Tesla's case that the FRAND obligations attaching to those UK SEPs carry with them an obligation to grant a licence of global, and not merely UK, extent. Indeed, neither Avanci nor InterDigital dispute that a licence on FRAND terms of the relevant SEPs would be a global one."

168. Arnold LJ characterised the dispute between the parties as follows (at para 116):

"I would characterise Tesla's Licensing Claims against Avanci as a dispute about what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND even though it is Tesla's case (and Avanci does not dispute) that only a global licence, rather than a UK-only licence, would be FRAND. More specifically, the dispute is as to what royalty rate is FRAND."

169. Arnold LJ's reference to "the English courts' jurisprudence in this field" was an allusion to Birss LJ's judgment in *Vestel* and decisions which have followed it. As explained above (see paras 128–129), in that case Vestel sought a declaration from the court that the terms of the licence offered by Access Advance were not FRAND and a declaration of what the FRAND terms would be. The claim failed because, once Vestel

abandoned its claim for abuse of a dominant position, it had no legally enforceable claim to a FRAND licence, there being "no such thing as a free standing FRAND claim" (per Birss LJ at para 78). If Vestel had had an enforceable right then Birss LJ held (obiter) that the subject matter of the claim would have been the UK SEPs notwithstanding that the licences of the UK SEPs which would be FRAND would also license patents granted in other countries, that is to say, foreign patents. Birss LJ stated at para 71:

> "I am prepared to accept that if Vestel did claim to have a legally enforceable right against a patentee or a licensing agent of a patentee, whereby Vestel were entitled to be offered a FRAND licence under the UK SEPs in the HEVC Advance pool, then the subject matter of that particular claim would be the UK SEPs. The question that claim would be concerned with is the licence terms which are available to license those UK rights. The fact that the only licence of the UK patents which is FRAND would also involve licensing foreign patents does not alter the subject matter of the claim. The fact that UK patents in the FRAND licence were only 5% or less of the patents licensed by it would make no difference. I would hold that such a claim was one which related wholly or principally to property within the jurisdiction …"

170. This reasoning has been endorsed and followed in a number of subsequent cases, including *Alcatel Lucent SAS v Amazon Digital UK Ltd* [2024] EWHC 1921 (Pat); [2024] RPC 26 ("*Alcatel v Amazon*") at para 120 (Zacaroli J); *Mediatek Inc v Huawei Technologies Co Ltd* [2025] EWHC 649 (Pat) ("*Mediatek v Huawei*") at para 163 (Leech J); *Warner Bros Discovery Inc v Nokia Corp* [2025] EWHC 2888 (Pat) ("*Warner Bros v Nokia")* at paras 25–27 (Mellor J); *Amazon.com Inc v InterDigital VC Holdings Inc* [2025] EWHC 3334 (Pat) ("*Amazon v InterDigital*") at paras 56–65 (Meade J).

171. In *Alcatel v Amazon* Zacaroli J explained his agreement with Birss LJ's reasoning as follows (at para 120):

> "In my judgment, this *obiter* comment of Birss LJ is correct. Nokia's argument confuses the subject matter of the *licence* that is sought with the subject matter of the *claim* that is brought. The claim is one to enforce the contractual obligation of Nokia pursuant to the declarations made in respect of the two UK patents, to grant a licence on RAND terms. That is a claim which relates wholly to property within the jurisdiction, even though the licence sought is one that covers a global portfolio of patents, of which the UK patents are only a small element …" (Emphasis in original.)

172. In the present case, Fancourt J also expressed (obiter) his agreement with the reasoning of Birss LJ:

> "127. I would have had no hesitation in following this reasoning, so far as IDH is concerned, had I found there to be a good arguable claim. That claim is or includes a claim to a licence of the UK 5G SEPs of InterDigital. Although it is then contended that the licence that is FRAND is a more extensive licence than one limited to those patents, the claim is nevertheless one relating to UK property. Or at least, on the basis of *Vestel* [[2021] 4 WLR 60], Tesla clearly has the better of that argument, as things stand.
>
> 128. In my judgment, the fact that a licence for SEPs of other Patentees as well as InterDigital's SEPs is said to be FRAND does not change the analysis …"

173. This is a formidable line of authority which has been most recently endorsed by the Court of Appeal in *Acer Inc v Nokia Technologies Oy* [2026] EWCA Civ 564 ("*Acer v Nokia*") at paras 36–38 (per Arnold LJ, with whom Peter Jackson and Zacaroli LJJ agreed).

174. We agree with the reasoning in *Vestel* and subsequent cases and we also agree with Arnold LJ that, for the reasons given by him, it applies to a licensing claim relating to UK SEPs where the licence is offered under a worldwide platform, such as the Avanci 5G Platform. We would, in any event, be reluctant to disturb such a long line of authority on an essentially procedural question.

175. We would also observe that any other approach would result in a striking asymmetry. A claim for an injunction to restrain infringement of UK patents, met by a defence by the implementer to determine what was a global FRAND licence of those patents, would clearly be about UK patents. It would be surprising if the reverse claim (by an implementer to stave off a threatened injunction to restrain infringement of UK patents) was to be differently characterised. Then two identical disputes would take their characterisation by who fired first. That would be unprincipled and unsatisfactory.

176. Tesla's pleading in the present case was clearly carefully modelled on the reasoning of Birss LJ in *Vestel*, as endorsed in later cases. Tesla claims that it is entitled to be offered a FRAND licence of InterDigital's UK SEPs on the Avanci 5G Platform. For the reasons given by Birss LJ in *Vestel* and by others in subsequent judgments, the fact that the only licence of those UK SEPs which is FRAND would also involve licensing foreign patents and would be a global licence does not alter the subject matter of the claim,

which is to enforce the FRAND obligation to grant Tesla a licence of InterDigital's UK SEPs, and in that way to preclude a finding that Tesla is infringing or threatening to infringe those UK SEPs.

177. We consider that the claims made relate principally to InterDigital's UK SEPs on the Avanci 5G Platform and that Arnold LJ was correct to characterise the Licensing Claims as being about the licensing of those patents and "what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND even though it is Tesla's case (and Avanci does not dispute) that only a global licence, rather than a UK-only licence, would be FRAND" (per Arnold LJ at para 116).

(ii) CPR r 63.14: Whether the Licensing Claims against IDPH were properly served pursuant to CPR r 63.14(2)

178. Under CPR r 63.1(1)(a)(i), CPR Pt 63 applies "to all intellectual property claims including … registered intellectual property rights such as … patents". CPR r 63.1(2) makes clear that a "patent" in this context means a patent under the Patents Act 1977.

179. CPR r 63.14(2)(a) provides:

> "A claim form relating to a registered right may be served … on a party who has registered the right at the address for service given for that right in the appropriate register at … the United Kingdom Patent Office … provided the address is within the United Kingdom…"

180. IDPH, which is the owner of the Challenged Patents and other InterDigital UK SEPs on the Avanci 5G Platform, was served with the claim form within the jurisdiction in reliance on CPR r 63.14(2). It was common ground that this was proper service in relation to the Patent Claims. Tesla contends, as it did before the judge and the Court of Appeal, that this was also valid service in relation to the Licensing Claims. Here we would note that although Tesla only purported to serve the claim form on IDPH with respect to the Challenged Patents, the issue would be the same with respect to InterDigital's other UK SEPs on the Avanci 5G Platform, as Arnold LJ observed (at para 208). IDPH's registered rights are its rights in the InterDigital UK SEPs declared for the Avanci 5G Platform, including the Challenged Patents. The question, therefore, is whether Tesla's Licensing Claims relate to those registered rights.

181. Similar claims have been held to fall within CPR r 63.14(2) in a number of cases. In *Mediatek v Huawei* Leech J held (at paras 160–167) that claims for FRAND declarations, including as to the terms of a global FRAND licence, were claims "relating

to" UK registered rights which had been validly served under CPR r 63.14(2). In *Amazon v InterDigital*, Meade J followed this approach, stating that it was both right and supported by preceding decisions (at para 65). Meade J explained the significance of there being patents within the jurisdiction as follows (at para 69):

> "It is no trivial matter for a party to have patents within the jurisdiction. Patentees choose to do so and it makes perfect sense that if they do, then they are subject to the jurisdiction of the courts here when it comes to determining the scope and effect of their monopolies. It is entirely sensible that claims about patents can be served in the jurisdiction as of right and in a broader context it is obviously rational for ownership of a patent in the UK to be regarded as a sufficient connection in the sense in which Lord Leggatt was considering that in *Brownlie II* [*Brownlie v FS Cairo (Nile Plaza) LLC* [2021] UKSC 45; [2022] AC 995]".

182. Arnold LJ held that Tesla's claims did relate to IDPH's registered UK patents. As he stated (at para 212):

> "… the point depends upon the proper characterisation of the Licensing Claims. The Licensing Claims seek to enforce the FRAND obligations attaching to InterDigital's UK SEPs, and thus 'relate to' patents under the 1977 Act as explained above. It makes no difference that Tesla contend that a FRAND licence of InterDigital's UK SEPs is a licence which extends to InterDigital's non UK-SEPs, and indeed non-UK SEPs of other members of the Avanci 5G Platform."

183. InterDigital contends that these decisions are wrong and that they misunderstand the limited scope of CPR r 63.14. Part 63 relates to "Intellectual Property Claims". The Patents Rules 2007, in rule 103, provide that "For the purposes of any proceeding under the [Patents Act 1977] or these Rules", an address for service must be furnished by an applicant for a UK patent, and may be given by a proprietor. The address for service under CPR r 63.14 is that given under the relevant Rules. That shapes the meaning of CPR r 63.14. Its intended function is to permit service of proceedings about rights arising under the relevant Acts and Rules: that is "Intellectual Property Claims" within rule 63.1(1), not more broadly. It is a technical provision intended for service of claims that are properly UK patent, trade mark or registered design proceedings, about UK intellectual property rights. It is not meant for claims in respect of other legal rights.

184. InterDigital submits that this is supported by *Actavis Group HF v Eli Lilly & Co* ("*Actavis v Lilly*") [2013] EWCA Civ 517; [2013] RPC 37. It relies on the observation made by Kitchin LJ in that case that CPR r 63.14 "is intended to provide a means for service of claims concerning patents under the 1977 Act and in respect of which an address for service has been given in the UK Patent Office register … CPR [r] 63.14 is specific in its terms and correspondingly limited in scope" (para 81). It "only provides a means for service in so far as [the claim] relates to the UK designation", otherwise its provisions "could be circumvented by … convoying claims in respect of foreign patents with a claim in respect of a corresponding UK patent" (paras 80 and 82).

185. InterDigital also submits that "related to" may have a wide meaning of "connected to" or a narrow meaning of "substantially or really about". Understood in context, CPR r 63.14 adopts the narrow meaning. It covers claims substantially about the registered right, not claims really about other rights. If it covered claims about other rights, it would cut across the boundaries of PD 6B.

186. Bearing these considerations in mind, InterDigital further contends that Tesla's claim does not fall within CPR r 63.14 for the following reasons: (1) It is not a claim under patent rights, nor under the Patents Act nor of a similar nature, nor is it an "intellectual property claim" within CPR r 63.1(1). It is independent of the validity and essentiality of any UK patent. It does not fall within the intended "specific" and "limited in scope" of CPR r 63.14. (2) In substance it is a claim as to licensing of the Avanci 5G Platform, so if it "relates to" patents at all, it relates predominantly to SEPs not registered at the address for service. It relates to the Challenged Patents at most minimally as a tiny fraction of all the SEPs on the Avanci 5G Platform. (3) The claim is about all Licensors' FRAND obligations and all Avanci 5G Platform patents, but CPR r 63.14 only permits service "on a party who has registered the right at the address for service given for that right" so it cannot support service of claims relating to other rights, still less the rights of others.

187. For the purposes of this appeal, it is not necessary to seek to define the scope of CPR r 63.14. We would not, however, accept that the phrase "relating to" should be glossed so as to be given the narrow meaning of "substantially or really about" an intellectual property right. A claim may relate to a legal right if it concerns the scope of the right, and so a claim to a licence to carry on a particular activity which, if made out, would preclude a finding of infringement of a UK SEP is, in our view, a claim relating to that UK SEP. Nor do we consider that *Actavis v Lilly* assists on this issue. The comments there made about CPR r 63.14 being "specific" and "limited in scope" were made in the entirely different context of a claim for declarations of non-infringement in respect of certain foreign patents. These were not claims relating to UK patents. As Arnold LJ explained at para 211:

> "… In *Actavis Group HF v Eli Lilly & Co* [2013] EWCA Civ 517, [2013] RPC 37 this Court held that a claim form seeking declarations of non-infringement had not been validly served pursuant to rule 63.14(2) in so far it related to French, German, Italian and Spanish designations of a European Patent as opposed to the UK designation. This is because, once granted, European Patents are distinct national patents even though they are the result of a single application to the European Patent Office. Thus they are commonly referred to as 'bundle patents'. A European Patent (UK) is, by virtue of provisions of the Patents Act 1977 which it is unnecessary to set out, a patent under the 1977 Act, but European Patents (DE), (FR), (IT) and (SP) are not."

188. If, for the reasons given above, the subject matter of the claim is InterDigital's UK SEPs and the claim is correctly characterised as being about the existence and scope of a licence to carry out an activity falling within the scope of InterDigital's UK SEPs, then we consider that to be a claim "relating to" those patents and the rights they confer. Put another way, as Arnold LJ correctly explained at para 210 of his judgment, the Licensing Claims relate to those UK patents because a licence would provide a defence to any claim for infringement of them.

189. We would accordingly uphold Arnold LJ's conclusion on this issue.

(iii) Gateway 3: Whether the Licensing Claims against IDH pass through Gateway 3

190. If IDPH was properly served within the jurisdiction under CPR r 63.14(2) then another person may be served under Gateway 3 if that person is "a necessary or proper party to that claim".

191. Fancourt J held that if there had been a serious issue to be tried in relation to the Licensing Claims against InterDigital then Gateway 3 would have been applicable in relation to the claim against Avanci. Since the claim against InterDigital would concern the terms of Avanci's licence it would clearly be a necessary or proper party to such a claim, if it was to proceed. Indeed, Avanci made it clear that in that eventuality it would wish to participate in the proceedings in any event.

192. Turning to IDH, Arnold LJ held that (at para 213):

> "I do not understand it to be in dispute that if, as I have concluded in paragraph 167 above, Tesla have a proper claim

> against IDPH with regard to the Licensing Claims and if, as I have concluded in paragraphs 206–212 above, the Licensing Claims were validly served on IDPH pursuant to rule 63.14(2), then IDH is a necessary or proper party to those claims."

193. InterDigital submits that Arnold LJ should not have addressed the issue since it was not properly before the court. He did, however, address the issue and whether or not he was correct to do so is not a matter for this court. InterDigital further submits that since it was IDH rather than IDPH which gave the undertaking to ETSI (see para 39) there is no free-standing cause of action against IDPH and therefore no claim against it to which IDH can be joined. We can see no good reason to go behind the conclusion of Arnold LJ. The undertaking was given by IDH on behalf of IDPH as patent owner. If, as we have held, Tesla's claim can proceed against IDPH because it relates to its UK SEPs, then a necessary or proper party to that claim is the other InterDigital party that gave the undertaking on behalf of that owner.

(iv) Gateway 11: Whether the Licensing Claims against IDH pass through Gateway 11

194. Given our conclusion that the claim may proceed against IDPH under CPR r 63.14 and that Gateway 3 is available to enable service on IDH, it is strictly unnecessary to decide whether Gateway 11 (CPR PD 6B. para 3.1(11)) is also available to enable service on IDH. Since, however, it has been fully argued we will address the issue.

195. Gateway 11 applies where:

> "The subject matter of the claim relates wholly or principally to property within the jurisdiction, provided that nothing under this paragraph shall render justiciable the title to or the right to possession of immovable property outside England and Wales."

196. The availability of Gateway 11 for implementer-commenced claims for declarations as to the terms of a global FRAND licence has been confirmed in a number of cases since *Vestel*. These include *Alcatel v Amazon* at paras 115–120; *Mediatek v Huawei* at para 184; *Warner Bros v Nokia* [2025] EWHC 2888 (Pat) at paras 23–28; *Amazon v InterDigital* at para 65. It is also supported by the judgments of Fancourt J and Arnold LJ in the present case and the recent Court of Appeal decision in *Acer v Nokia* at paras 32–41.

197. InterDigital submits that this line of authority is wrong, essentially for the reasons relied upon in relation to the correct characterisation of the claim. It submits that the claim

made is to an Avanci 5G Platform licence. This licence can only relate to the whole Avanci 5G Platform. That being so, it is artificial to seek a declaration of the FRAND terms of a licence under InterDigital's UK patents. Moreover, Tesla's claim as to a Platform licence is not, and could not meaningfully be, as to the FRAND terms for InterDigital's UK patents, because Avanci cannot license a subset of the 5G Platform SEPs, nor can InterDigital grant a licence to the Platform.

198. InterDigital further points out that if the *Vestel* line of authority is correct, the same claim to a contractual right to a worldwide licence could equally be described as "wholly or principally" about the SEPs in any country in the world, just by the device of formulating a claim as to a licence to the SEPs in that country, but extending worldwide. This would lead to undesirable forum shopping.

199. InterDigital also contends that such a broad interpretation of Gateway 11 would logically extend to other situations with detrimental results. Here InterDigital provides the hypothetical of a global aircraft leasing contract, with some aircraft in the UK and some around the world, which includes a provision for renewal on terms set by an independent evaluator. If the lessee requested a determination of those renewal terms, it could, so InterDigital argues, artificially rely on Gateway 11 by characterising it as only requesting a determination in respect of the UK aircraft despite seeking a global licence of all aircraft. This would effectively "legislate a new gateway".

200. For reasons already given, we accept the reasoning of the *Vestel* line of authority and its application to Tesla's claim in this case. If the subject matter of the claim is InterDigital's UK SEPs on the Avanci 5G Platform and the claim is correctly characterised as a claim for a licence of those UK SEPs on FRAND terms, then the claim does relate wholly or principally to UK patents, being property within the jurisdiction. The fact that the only licence of the UK SEPs which could be FRAND would involve licensing foreign patents does not alter the subject matter of the claim.

201. In relation to forum shopping, this is an inherent consequence of the fact that national courts may determine global FRAND terms. A similar point was made in *UPSC.* As this court there explained at para 90:

> "Finally, Huawei submits that if a national court were prepared to determine that a worldwide licence is FRAND and that entering into such a licence is a precondition of the refusal of an injunction to prohibit infringement of a national patent, there is a risk of forum shopping, conflicting judgments and applications for anti-suit injunctions. In so far as that is so, it is the result of the policies of the SSOs which various industries have established, which limit the national rights of a SEP owner

> if an implementer agrees to take a FRAND licence. Those policies, which either expressly or by implication provide for the possibility of FRAND worldwide licences when a SEP owner has a sufficiently large and geographically diverse portfolio and the implementer is active globally, do not provide for any international tribunal or forum to determine the terms of such licences. Absent such a tribunal it falls to national courts, before which the infringement of a national patent is asserted, to determine the terms of a FRAND licence. The participants in the relevant industry, which have pragmatically resolved many disputes over SEPs by the practice of agreeing worldwide or international licences, can devise methods by which the terms of a FRAND licence may be settled, either by amending the terms of the policies of the relevant SSOs to provide for an international tribunal or by identifying respected national IP courts or tribunals to which they agree to refer such a determination."

202. As to the possible extended application of Gateway 11, we consider that this is unlikely given that the distinct context of international standards and patents (as explained at paras 8–22 above and in *UPSC*), and of the IPR Policy, distinguishes claims such as these for the purposes of Gateway 11 from other commercial contexts. It is not simply a "rate-setting" obligation contained within a contract about UK property.

203. The linkage between, and the inseparability of, the FRAND obligation and the underlying UK patent in the SEP context is evidenced by the fact that an injunction will not be granted for infringement (of a UK SEP right) where a FRAND licence is requested (under the FRAND obligation). They are both intrinsic elements and features of the UK SEP concerned, and the rights conferred in respect of it. It is further borne out by the fact that the FRAND obligation is intended, so far as is legally possible, to run with and bind the underlying SEP (ie the UK property) irrespective of who happens to be the owner/interest holder at the time of enforcement, as made clear by article 6.1bis of the IPR Policy. This provides:

> "FRAND licensing undertakings made pursuant to Clause 6 shall be interpreted as *encumbrances that bind all successors-in-interest*. Recognising that this interpretation may not apply in all legal jurisdictions, any Declarant who has submitted a FRAND undertaking according to the POLICY *who transfers ownership of ESSENTIAL IPR that is subject to such undertaking shall include appropriate provisions in the relevant transfer documents to ensure that the undertaking is binding on the transferee* and that the transferee will similarly include appropriate provisions in the event of future transfers

> with the goal of binding all successors-in-interest. *The undertaking shall be interpreted as binding on successors-in-interest regardless of whether such provisions are included in the relevant transfer documents*." (Emphasis added.)

(v) Appropriate forum

(a) The proper characterisation of the Licensing Claims for assessing the appropriate forum

204. We would accept, as InterDigital submits, that characterisation for this purpose involves consideration of the "matter to be tried" and identification of what is the most appropriate forum for the "trial of the action". This involves looking at the substance of the overall dispute and that one should avoid characterising it in a way which prejudges forum, based on the relief sought—see *In re Harrods (Buenos Aires) Ltd* [1992] Ch 72 (CA). This is not, however, a case involving multiple claims. Leaving aside the patent validity claim, which, on Tesla's own pleaded case, is to be held over and has been stayed, this is a licensing claim. The correct characterisation of that claim is also going to characterise the dispute. Further, that characterisation does not depend upon particular relief sought, but on the nature of the claim, as properly characterised.

205. For the reasons already given we consider that Arnold LJ was correct to characterise the claim and the dispute raised by it as being about the licensing of InterDigital's UK SEPs on the Avanci 5G Platform and what the FRAND terms for a licence of those UK SEPs would be. As already stated, this means that Fancourt J was wrong to characterise the dispute as a worldwide licensing claim rather than one about the licensing terms of UK patents.

(b) Whether the Delaware Court of Chancery is an available forum for the Licensing Claims, as properly characterised

206. Having considered the written expert evidence, Fancourt J concluded 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" (para 138). InterDigital and Avanci submit that there is no proper basis for going behind the judge's conclusion and re-evaluating the expert evidence and that Arnold LJ was wrong to do so.

207. The principal ground upon which Arnold LJ considered that he could, and should, re-evaluate the expert evidence was that Fancourt J had wrongly characterised the claim. We agree that Fancourt J mischaracterised the claim and that this was material to his

approach to the expert evidence and to the conclusion reached by him. In particular, it meant that Fancourt J was focusing on whether the Delaware Court of Chancery was an available forum for a global licensing claim, not whether it was an available forum for a claim for a licence on FRAND terms under the UK SEPs on the Avanci 5G Platform. We consider that this justified Arnold LJ's re-evaluation of the evidence. As Arnold LJ stated (at para 130):

> "The issue is whether the Delaware Court of Chancery is an available forum for the determination of the dispute if the Licensing Claims are properly characterised as a dispute about what terms for a licence of the UK SEPs in the Avanci 5G Platform are FRAND, as I have concluded. The judge did not ask himself this question, because he characterised the dispute in a different way …"

208. Only Arnold LJ considered the expert evidence in relation to this question and no grounds have been made out to justify this court reconsidering the conclusion which he reached.

209. As Arnold LJ pointed out (at paras 134–138), Tesla's expert, Professor Contreras, stated that a US court would not adjudicate upon the validity or infringement of non-US patents, citing authorities in support of that proposition. Against that background Professor Contreras considered the licensing claim for the UK SEPs and declarations (5) and (9) sought in the prayer, namely:

> "(5) A declaration that the terms of the SPLA in so far as they relate to any patents in the Avanci 5G Pool which designate the United Kingdom are not FRAND and therefore do not comply with the relevant FRAND commitments given under Clause 6.1 of the ETSI IPR Policy …"

> "(9) A declaration that terms proposed by Avanci for a licence between Tesla and Avanci covering the Avanci 5G Pool (including the Challenged Patents) are not FRAND."

210. He stated (as cited in para 140):

> "I understand that Tesla argues in the English proceedings that the appropriate [FRAND] licence for the UK patents would be a global SEP portfolio licence. Just as it is unlikely that a US

> court would adjudicate the validity of a non-US patent …, it is also unlikely that any US court would adjudicate a FRAND rate for UK patents."

211. As Arnold LJ explained in paras 141–144, this conclusion is supported by two US District Court decisions, *Optis Wireless Technology, LLC v Huawei Technologies Co Ltd* (Eastern District of Texas, 11 July 2018) and *Optis Wireless Technology, LLC v Apple Inc* (Eastern District of Texas, 2 March 2020).

212. As Arnold LJ also stated in para 145, Avanci's expert, Mr Kessler "did not take issue in his report with what Prof Contreras had said about the US courts' jurisdiction with respect to foreign patents" and "did not engage with the reasoning underlying Prof Contreras' statement" cited in para 210 above.

213. The Court of Appeal were not provided with the report of InterDigital's expert, Mr Kamprath, presumably because it was not thought that it added to the evidence of Mr Kessler. It is to be noted, however, that he also addressed declarations (5) and (9). He stated that a claim for such declarations could be brought before a US Court, but that:

> "In the context of a claim brought before the US courts the 'United Kingdom' would instead be the 'United States of America'."

> "In the context of a claim brought before the US courts the 'Challenged Patents' would be the US equivalents to the Challenged Patents."

214. This seemingly confirms Professor Contreras' opinion that the US courts would only adjudicate FRAND terms for US patents, not foreign patents such as the UK patents in issue in the present case.

215. This evidence bears out Arnold LJ's conclusion (at para 149):

> "The conclusion I draw from this evidence is that, if Tesla were to bring the Licensing Claims against Avanci in the Delaware Court of Chancery, Avanci would be likely to move to dismiss those claims on the ground that US courts lack subject matter jurisdiction, alternatively should not exercise any such jurisdiction, in respect of claims concerning foreign patents,

> and that motion would be likely to succeed. Accordingly, on the balance of probabilities, the Delaware Court of Chancery is not an available forum for the determination of the dispute as properly characterised. The same conclusion applies to Tesla's Licensing Claims against InterDigital. I would add that, in my view, the same conclusion would apply to the dispute as characterised by the judge, because the US courts would probably not accept jurisdiction in respect of the non-US patents."

216. On the evidence, as held by Arnold LJ, the Delaware Court of Chancery is not an available forum for the determination of the dispute.

(c) If the Delaware Court of Chancery is an alternative available forum, whether:

(i) permission to serve Avanci out of the jurisdiction should be set aside on the basis that England and Wales is not clearly the more appropriate forum;

(ii) the proceedings against IDPH should be stayed on grounds of forum non conveniens; and/or

(iii) permission to serve IDH out of the jurisdiction should be set aside on the basis that England and Wales is not clearly the more appropriate forum.

217. Fancourt J concluded that, on the basis of his characterisation of the claim, the Delaware Court of Chancery "clearly has a closer connection with the US than with England and Wales" (para 141). Arnold LJ concluded that both courts "would be equally appropriate fora" (para 155). In the light of our conclusion that the Delaware Court of Chancery is not an available forum it is not necessary to decide this question. In those circumstances, the further issues relating to relief do not arise.

(vi) Discretion to refuse permission for service out: Whether permission to serve the Licensing Claims out of the jurisdiction ought, in all the circumstances, to have been refused as a matter of discretion

218. InterDigital submits that the grant of permission to serve out is discretionary and that permission should be refused on a discretionary basis even if the requirements for service out have been satisfied. It so submits for three reasons: (1) Tesla's Licensing Claims do not fall within the spirit of Gateway 11 as the substance of its claim is for a worldwide licence. (2) Tesla cannot show "solid practical benefit" from the Licensing

Claims against InterDigital: *Insurance Corpn of Ireland v Strombus International Insurance Co* [1985] 2 Lloyd's Rep 138, 144. Even if any arguable useful and legitimate purpose can be identified, the benefits of suing InterDigital are insubstantial, the targeting of it unjustified and the costs disproportionate. (3) It would be inappropriate to use Gateway 3 where IDPH is sued to get at IDH.

219. We are doubtful that this point is open to InterDigital. It was not a point determined by Fancourt J nor was it raised in InterDigital's respondents' notice to the Court of Appeal and, therefore, it was not considered by either the majority or Arnold LJ. In any event, there would need to be good and compelling reasons for permission to be refused even though all the requirements for service out are met, such as, for example, that it would create a multiplicity of proceedings. No such reasons have been put forward. Instead, InterDigital advance variations of arguments already considered and rejected. As to (1), the substance of the claim depends on its proper characterisation, as set out above (see para 177 above). As to (2), the declarations sought have a legitimate purpose and will provide practical benefit (see paras 135–139 above) and InterDigital has not been unfairly targeted (see paras 43–44 above). As to (3), proceedings have been properly brought against IDPH in this jurisdiction (see paras 178–189 above) and IDH is a necessary or proper party to those proceedings (see paras 190–193 above).

Conclusion

220. For all these reasons we would allow Tesla's appeal.