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Case No: A3/2020/1707  
A3/2020/1719

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
**ON APPEAL FROM THE HIGH COURT OF JUSTICE**  
**BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES**  
**INTELLECTUAL PROPERTY LIST (ChD)**  
**PATENTS COURT**  
**(Sir Alastair Norris)**  
**[2020] EWHC 2641 (Pat)**

Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: 19/11/2020

**Before :**

**LORD JUSTICE FLOYD**  
**LORD JUSTICE MALES**  
and  
**LORD JUSTICE LEWIS**

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**Between :**

- (1) ONEPLUS TECHNOLOGY (SHENZHEN) CO.,  
LTD  
(2) OPLUS MOBILETECH UK LIMITED  
(3) REFLECTION INVESTMENT B.V.  
(4) GUANGDONG OPPO MOBILE  
TELECOMMUNICATIONS CORP, LTD  
(5) OPPO MOBILE UK LTD  
(6) XIAOMI COMMUNICATIONS CO LTD  
(7) XIAOMI INC  
(8) XIAOMI TECHNOLOGY FRANCE SAS  
(9) XIAOMI TECHNOLOGY UK LIMITED

**Appellants/**  
**Defendants**

- and -

- (1) MITSUBISHI ELECTRIC CORPORATION  
(2) SISVEL INTERNATIONAL SA

**Respondents**

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**Daniel Piccinin** (instructed by **Taylor Wessing LLP**) for the **1st to 5th Appellants**  
**Daniel Alexander QC** and **Colin West QC** (instructed by **Kirkland & Ellis International**  
**LLP**) for the **6<sup>th</sup> to 9<sup>th</sup> Appellants**  
**Sarah Abram** and **Michael Conway** (instructed by **Bird & Bird LLP**) for the **Respondents**

**Nicholas Saunders QC** (instructed by **Eversheds Sutherlands LLP**) for two counterparty intervenors

Hearing date: 5 November 2020

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**Approved Judgment**

**Lord Justice Floyd:**

1. Documents disclosed in the course of litigation under the CPR to an opposing party may only be used by that party for the purposes of that litigation unless they are read to or by the court, or referred to, at a hearing which has been held in public, the court gives permission or the party who disclosed the document and the person to whom the document belongs agree: CPR 31.22(1). In the vast majority of cases, this rule gives adequate protection against misuse of disclosure documents. It is not uncommon in intellectual property and other types of litigation, however, for highly confidential documents to be subject to more restrictive measures designed to prevent the documents from entering the public domain or being used for collateral purposes. These appeals are concerned with the treatment of commercially confidential materials in the context of litigation about standard essential patents (“SEPs”).
2. The first respondent (“Mitsubishi”) owns two out of the three allegedly standard essential patents with which this case is concerned, and which are alleged to be required for the implementation of the 3G and 4G mobile telecommunications standards. The second respondent (“Sisvel”) owns the third such patent, and administers all three of them. The patents are part of a wider SEP portfolio called the MCP Pool. The MCP Pool contains about 1000 patents in 10 different ownerships.
3. The appellants are all implementers of the 3G and 4G standards and sell telecommunications equipment. They fall, for the purposes of this appeal, into two groups. The first to fifth appellants (“Oppo”) form one such group, although there are two relevant companies within it: OnePlus and Oppo. The sixth to ninth appellants (“Xiaomi”) form another group. They are both large undertakings. Xiaomi is said to be the fourth largest smartphone manufacturer in the world. Another group, referred to as the Nuu defendants, were not parties to the appeal or actively involved in the applications below.
4. In a type of litigation which is becoming increasingly familiar in the Patents Court, the respondents sued Oppo and Xiaomi for infringement of their SEPs. In normal circumstances, a patentee who succeeds in establishing infringement and defending the validity of his patent is entitled to an injunction. Proprietors of SEPs will, however, have given an undertaking to the standards-setting organisation to grant licences under their SEPs to implementers of the relevant standards under fair, reasonable and non-discriminatory (“FRAND”) terms. Consistently with this, the respondents’ position is that, if they succeed in their infringement claim, they are willing to grant licences to the appellants on their standard terms. They contend that they have already granted 23 such licences to implementers, (“the MCP Pool Licences”), and that from this fact alone it can be demonstrated that the terms on offer to the appellants are FRAND.
5. The approach to setting licence terms on the basis of other licences dealing with the same or similar subject matter is called the “comparables basis”. Licences which are precisely comparable to the one under consideration are not always available. Where there are differences in the relevant circumstances between the allegedly comparable licence and the licence the court is required to settle, the parties will deploy expert and other evidence to explain how the terms of the comparable need to be adjusted. This process is sometimes referred to as “unpacking”.

6. The appellants do not accept that they are infringers. They further contend that the terms which they have been offered are not FRAND. In particular, they say that the counterparties to the 23 MCP Pool Licences are much smaller enterprises than they are: they call them “minnows”. They are therefore not good comparables. They do not reflect the terms which would be FRAND for much larger organisations, which would have the financial wherewithal to negotiate more advantageous terms. They further contend that licences to portfolios other than the MCP Pool may be relevant in principle to setting the correct rate. That will be so, they contend, if the respondents or other members of the Pool have licensed sub-sets of the Pool. They hope that it will be possible to build a more reliable picture from those sub-set licences of the value of the patents in the Pool. They propose to unpack those sub-set licences which appear to be most relevant, and then re-synthesise the proper terms for a FRAND licence to fit their circumstances.
7. Issues of validity and infringement of the patents are due to be determined at a technical trial in March 2021. The issues concerned with what terms are FRAND, which will only arise if the patents are valid and infringed, are provisionally fixed to be decided at a trial in October 2021. These proceedings have generated separate “FRAND” pleadings.
8. The respondents applied to the court for further particulars of the FRAND cases of the appellants. In particular, they asked the appellants to say whether they intended to advance any positive case of what terms would be FRAND. The response of the appellants was to say that they could not do this until they had received full disclosure of all relevant licences and assignments (in addition to the 23 MCP Pool Licences which had already been disclosed).
9. At a case management conference before Mann J on 22 July 2020, the following regime was established:
  - i) the appellants were to provide an amended FRAND statement of case particularising any positive case they intended to make;
  - ii) if the appellants intended to advance a positive case based on comparable agreements, they were to identify and disclose any licences upon which they relied on their side and give full particulars of any reliance placed on any of the documents disclosed to them by the respondents;
  - iii) the respondents were ordered to provide disclosure and inspection of copies of licences where the rights licensed include any of the patents in the MCP Pool (other than on the terms of the MCP Pool Licences) and copies of agreements entered into by the respondents or their affiliates to which patents or patent applications comprised in the MCP Pool or rights or interests therein were assigned.
10. As the judge observed, the order for disclosure from the respondents casts the net widely. Any licence which overlapped with the patents in the MCP Pool, even if only by a single patent, would have to be disclosed. It is clear that in making this order Mann J was conscious of a number of factors: see his judgment of 22 July 2020 [2020] EWHC 2177 (Pat). It was, absent other considerations, “unnecessary and excessive” to order wide disclosure of licences and other documents at this stage of

the proceedings, given that it might all turn out to be unnecessary. However, there were other considerations, namely that the appellants were being required to formulate a positive case on FRAND, and the disclosure was necessary in order to enable them to do so. The disclosure would therefore be ordered, but subject to an obligation on the appellants to plead any case based on the documents clearly and with particularity. If they did not do so, the documents disclosed “can be parked thereafter”.

11. At the same CMC, Mann J established a confidentiality regime for the disclosure. Under this regime the parties could designate documents to one of three levels of confidentiality:
  - i) Attorney’s Eyes Only (“AEO”): the parties cannot see or give instructions on the documents, which are only made available to external representatives (lawyers and experts) in the AEO Club;
  - ii) Highly Confidential Material (“HCM”): documents may be seen by the HCM Club, which includes the AEO Club and up to two representatives of each party, whose identity must be previously agreed;
  - iii) “Ordinary disclosure materials” governed by the CPR disclosure rules.
12. As will have been noticed, the AEO designation is misleading as the AEO Club includes the parties’ experts, not just lawyers. Other cases have used the term “External eyes only” which is both more accurate and less transatlantic. I will nevertheless adopt AEO to avoid confusion, as that term has been adopted throughout the present case. The AEO Club was to consist of English qualified lawyers as well as independent experts. It specifically excluded employees of the receiving party. Either the receiving party or the disclosing party was permitted to apply to the court to resolve any dispute. There was no appeal from Mann J’s creation of this three-tiered structure.
13. Under this regime, the respondents disclosed 115 documents designated as HCM and 35 designated as AEO. One document disclosed previously was later redesignated as AEO, meaning that the AEO pool contained 36 documents.
14. The Oppo defendants (OnePlus and Oppo) nominated, between them, four representatives. OnePlus nominated Ms Zhang and Mr Xiao. Oppo nominated Ms Zhu and Mr Huang. The respondents withheld their consent to all except Ms Zhang.
15. The evidence before the judge showed that OnePlus had a legal department consisting of a Legal and Compliance team and an IP team. There are 6 members of the IP team. Mr Xiao of OnePlus is a senior member of the IP team, is involved in patent licensing and litigation, and is currently engaged in negotiating telecommunications SEP licensing (including with the second respondent and at least one counterparty to an AEO document). Ms Zhang (to whom the respondents did not object) was responsible for European legal affairs. She did not have an IP function. She was not involved in cellular licensing negotiations.
16. The evidence also showed that Oppo had an in-house IP group of 11 individuals involved in IP licensing and litigation to varying degrees. The structure of the team

changed earlier this year when individuals were assigned to two sub-teams within the IP group, one dealing with IP licensing and the other with IP litigation. The two sub-teams report to Ms Zhu who has the title IP Director. Mr Huang is head of the IP litigation sub-team. Ms Zhu has handled the licensing negotiations with the second respondent since 2015. Mr Huang has been involved in those negotiations since 2018.

17. Xiaomi nominated Ms Weijie Wang and Ms Xiaodi Wang who are both in-house lawyers at Xiaomi, with day to day conduct of the litigation. Neither of the two Ms Wangs is involved in SEP licensing. They were admitted to the HCM Club on confirming that this was and would continue to be the case.

### **The applications**

18. Under the dispute resolution mechanism set out by Mann J, Oppo and Xiaomi each made applications in the Patents Court. Oppo made two such applications: (i) the re-designation of 6 AEO documents as HCM (“the Oppo re-designation application”), and (ii) the inclusion within the HCM Club of the three individuals to whom the respondents object (“the Oppo Membership Application”). Xiaomi made a single application which sought the wholesale re-designation of all AEO documents as HCM (“the Xiaomi application”).

### **Legal principles**

19. The problem which arises in this case is not a new one in intellectual property litigation. In *Warner-Lambert Co v Glaxo Laboratories Ltd* [1975] RPC 354 the defendants asserted that their process for the manufacture of a pharmaceutical that was alleged to infringe the claimant’s patent was a valuable trade secret. They contended that disclosure should be limited to counsel, solicitors, a patent agent and an independent technical expert, but resisted disclosure to the claimant’s own officers or employees. Buckley LJ, at page 356 lines 7-8, said that the court was “confronted with a balance or conflict of expedients”. He asked himself at page 356 lines 12-14 “How can justice be done and at the same time effect be given to the rights of each party to the greatest possible extent?” He continued at lines 25-6 “In such a case a controlled measure of disclosure seems best calculated to serve the interests of justice.”
20. Having reviewed a number of cases in which the court had made orders authorising disclosure only to lawyers, patent agents and experts with prohibitions on further disclosure to their clients, Buckley LJ said this at page 358 lines 9-17:

“None of these cases purports to lay down a form of order suitable for universal use. Nor, I think, does any of them indicate that the court might not in appropriate circumstances at a later stage in the action have directed disclosure to a wider class of persons or on different terms. In my judgement, the court must in each case decide what measure of disclosure should be made, and to whom, and upon what terms, having regard to the particular circumstances of the case, bearing in mind that, if a case for disclosure is made out, the applicant should have as full a degree of appropriate disclosure as will be

consistent with adequate protection of any trade secret of the respondent.”

21. At page 360 lines 2-13 Buckley LJ identified two particular factors of relevance. First, because it was impossible to tell from the product itself what process had been used to make it, policing of the misuse of the information would be virtually impossible. This was a factor which should make the court particularly careful not to expose the defendant to any unnecessary risk of their trade secrets leaking to any competitors. Secondly, this was particularly so where those to whom the process is disclosed might not be resident within the jurisdiction of the court.
22. A further factor is the degree to which a party can be expected to contribute to the running of the action, and how the importance of this factor may vary as the action progresses. Buckley LJ explained this as follows, at page 360 lines 33-46:

“If, however, the case were one of so esoterically technical a character that even with the help of his expert advisers the party himself could really form no view of his own upon the matter in question but would be bound to act merely upon advice on the technical aspects, disclosure to him of the facts underlying the advice might serve little or no useful purpose. In such a case a court might well be justified in directing disclosure of allegedly secret material only to expert or professional agents of the party seeking discovery on terms they should not, without further order, pass on any information so obtained to the party himself or anyone else, but should merely advise him in the light of the information so obtained. Even so, if the action were to go to trial, it would seem that sooner or later the party would be bound to learn the facts, unintelligible though they might be to him, unless the very exceptional course were taken of excluding him from part of the hearing. Even where the information is of a kind the significance of which the party would himself be able to understand, it may nevertheless be just to exclude him, at any rate during the interlocutory stages of the action, from knowing it if he is a trade competitor of his opponent.”

23. Buckley LJ’s summary of the principles the court should apply was encapsulated by Aldous J in a subsequent case, *Roussel Uclaf v ICI* [1990] RPC 45 at page 49 lines 36 to 50 in a passage which was approved by the Court of Appeal (Nourse, Russell and Beldam LJJ) (see page 54 of the same report):

“Each case has to be decided on its own facts and the broad principle must be that the court has the task of deciding how justice can be achieved taking into account the rights and needs of the parties. The object to be achieved is that the applicant should have as full a degree of disclosure as will be consistent with adequate protection of the secret. In so doing, the court will be careful not to expose a party to any unnecessary risk of its trade secrets leaking to or being used by competitors. What is necessary or unnecessary will depend upon the nature of the

secret, the position of the parties and the extent of the disclosure ordered. However, it would be exceptional to prevent a party from access to information which would play a substantial part in the case as such would mean that the party would be unable to hear a substantial part of the case, would be unable to understand the reasons for the advice given to him and, in some cases, the reasons for the judgment. Thus what disclosure is necessary entails not only practical matters arising in the conduct of a case but also the general position that a party should know the case he has to meet, should hear matters given in evidence and understand the reasons for the judgment.”

24. In *Roussel*, the defendants were again seeking protection for a secret process alleged to infringe the claimant’s patent. Aldous J authorised disclosure to one person with sufficient technical expertise in the claimant’s organisation “to appreciate the strengths and weaknesses of the case”. The documents in question “were at the heart of an important part of the case”. Nevertheless he imposed stringent precautions “to safeguard the defendants against any unnecessary risk of dissemination of their process”. He therefore limited the disclosure (1) to one person within the claimant’s organisation, and (2) ordered that that person should not be involved in the corresponding French litigation. One reason for the latter condition was the difficulty of obtaining satisfactory compensation if there was misuse abroad. He also required an undertaking from the plaintiffs that they would pay the defendants any sum which the court decided was due as a result of wrongful disclosure of the secret process: see pages 51-2.

25. In 2011 *Al-Rawi and others v Security Service (JUSTICE and others intervening)* [2011] UKSC 34; [2011] 3 WLR 388 reached the Supreme Court. That case was concerned with whether, absent statutory intervention, a civil court could operate a “closed material procedure” designed to exclude a party and the public altogether from certain material in the case. As Lord Dyson JSC said at [12]:

“... trials are conducted on the basis of the principle of natural justice. There are a number of strands to this. A party has a right to know the case against him and evidence on which it is based. He is entitled to have the opportunity to respond to any such evidence and to any submissions made by the other side. The other side may not advance contentions or adduce evidence of which he is kept in ignorance.”

26. As Lord Dyson recognised at [64] there was a recognised exception to this rule:

“Similarly, where the whole object of the proceedings is to protect a commercial interest, full disclosure may not be possible if it would render the proceedings futile. This problem occurs in intellectual property proceedings. It is commonplace to deal with the issue of disclosure by establishing 'confidentiality rings' of persons who may see certain confidential material which is withheld from one or more of the parties to the litigation at least in its initial stages. Such claims



by their very nature raise special problems which require exceptional solutions. I am not aware of a case in which a court has approved a trial of such a case proceeding in circumstances where one party was denied access to evidence which was being relied on at the trial by the other party."

27. That passage again recognises that what is a necessary degree of disclosure in the interests of justice may vary as a case progresses.

28. In addition to these cases, a number of cases at first instance were cited to us which illustrate the application of these principles to particular facts: *IPCom GmbH & Co KG v HTC Europe Co. Limited and others* [2013] EWHC 52 (Pat) (Floyd J) ("*IPCom 1*"); *IPCom GmbH & Co KG v HTC Europe Co. Limited and others* [2013] EWHC 2880 (Ch) (Roth J) ("*IPCom 2*"); *TQ Delta LLC v Zyxel Communications UK Ltd and another* [2018] EWHC 1515 (Ch); [2018] Bus LR 1544 (Henry Carr J); *Infederation Limited v Google LLC and others* [2020] EWHC 657 (Ch) (Roth J); *Anan Kasei Co., Limited and another v Neo Chemicals & Oxides (Europe) Limited* [2020] EWHC 2503 (Pat) (Marcus Smith J).

29. *IPCom 1* involved FRAND licensing, where there was reliance on comparable licences. In that case I noted a distinction between the value of information in licence agreements and that contained in a secret process. At [31(i)] , I said:

"The material at issue is confidential. However its potential for use to the detriment of HTC and Nokia is not at the high end of the scale represented by secret process cases. Just as the licences which I ordered to be disclosed by HTC and Nokia are likely to be different in many respects from the notional FRAND licence which the court is concerned with in the action, so also will the terms of the disclosed licences differ from any licence which IPCom is trying to negotiate in the future. Nevertheless, the court should not facilitate the granting of a competitive advantage to IPCom, and accordingly inflict a competitive disadvantage on HTC, Nokia and the interested parties, unless justice requires it to take such a course."

30. I accepted that the information was the kind that, once learned, could not be unlearned, and could be used to direct negotiations with parties to the licences disclosed. I rejected a submission that merely having the information in one's head, and acting in the negotiations on the basis of it, was not a use of the information. One factor which I took into account was that it was not yet clear at the stage of proceedings which had been reached what part the documents would play in the proceedings. At [31 (ii)], I said

"It is not at the moment clear what part if any the documents which have been disclosed by Nokia and HTC will play in the proceedings. The exercise which I foresaw in the judgment I gave on the disclosure application has not yet taken place. The documents have not yet gone even to IPCom's UK lawyers let alone its external licensing and economics experts. It is entirely possible that they will reject them as not comparable,

or alternatively come to the view that they are of remote or background relevance only.”

31. I also noted that the structure and organisation of the receiving party was of importance. I said at [33]:

“This is an unusual case, at least in the field of patent litigation in this country, in that IPCom is a very small company in terms of personnel. In a larger corporation than IPCom there would be individuals who could be given the confidential information at the interim stage on the basis that they did not play any part in commercial negotiations. That does not mean that IPCom should be treated differently in the end. But it does mean that the balance has to be struck in a different way at this stage.”

32. *IPCom 2* concerned the protection to be afforded in ordinary patent litigation to third party confidential computer source codes. The third parties in that case regarded the information as “the crown jewels” of their intellectual property assets. Roth J, at [47], said that he was sympathetic to the third parties’ position that a particularly tight confidentiality club should be imposed as regards these particular documents. That again reflects the sensitivity of restrictions to the nature of the material concerned and its potential for misuse.

33. *TQ Delta* concerned a confidentiality regime in a FRAND case. Henry Carr J declined to establish an external eyes only confidentiality regime. At [21], Henry Carr J said:

“In my judgment, the authorities discussed above establish that it is exceptional to limit access to documents in the case to external eyes only, so that no representative from the party which is subject to the restriction can see and understand those documents. An external eyes tier does not require justification for the restriction by reference to individual documents. It enables one party to decide to exclude all representatives of the opposite party from access to *any* document that it chooses, and places the onus on the party seeking access to apply to court to obtain it. That approach, in my judgment, is wrong in principle.”

34. I agree that an external eyes only tier is exceptional. I also agree that it is wrong to place the onus on the receiving party to establish that a document is non-confidential. I do not agree, however, that an approach where *prima facie* highly confidential documents are first disclosed on an external eyes only basis is wrong in principle. The authorities establish that staged or progressive disclosure of confidential information is permissible. Indeed, later in his judgment, Henry Carr J said this at [23(iv)]:

“external eyes only access to individual documents of peripheral relevance, whose disclosure would be damaging, may be justified in specific cases...”

35. It appears that what concerned Henry Carr J was “the exclusion of access by one of the parties to the relevant parts of key documents” (see [24]). I agree that that should not be the result of the establishment of an external eyes only tier.
36. It is worth pondering an alternative approach under which all documents which a party contended should be AEO should be individually examined by the court before they are so designated. Under such an approach the first step would inevitably have to be that some limited form of disclosure be afforded to the opposing party. The court would then have to decide on the basis of submissions and evidence from each side whether the document justified AEO or required more liberal disclosure. There is no difference in substance between that approach, and the approach where the disclosing party can initially designate documents AEO, subject to the receiving party’s ability to challenge the designation, provided that the disclosing party does not unfairly seek to take advantage of the opportunity. To the extent that Henry Carr J was outlawing the approach adopted in this case, I respectfully disagree. There was in any event, as I have said, no appeal from Mann J’s order.
37. In *Infederation* Roth J added the observation (see [41]) that confidentiality rings were sometimes established in competition cases to prevent leakage in both directions of confidential information. Sharing of pricing information can of course contravene competition law, and the court ought not to facilitate it by means of the disclosure process unless it is impossible not to do so. His review of the authorities concluded at [42]:
- “In my view, the important points to emerge from the authorities are that: (i) such arrangements are exceptional; (ii) they must be limited to the narrowest extent possible; and (iii) they require careful scrutiny by the court to ensure that there is no resulting unfairness. Any dispute over admission of an individual to the ring must be determined on the particular circumstances of the case.”
38. *Anan Kasei* was a further case in which a senior executive of the receiving party was admitted to the confidentiality club against suitable undertakings as to misuse. Marcus Smith J took account of the fact that the receiving party was a qualified lawyer.
39. Drawing all this together, I would identify the following non-exhaustive list of points of importance from the authorities:
- i) In managing the disclosure of highly confidential information in intellectual property litigation, the court must balance the interests of the receiving party in having the fullest possible access to relevant documents against the interests of the disclosing party, or third parties, in the preservation of their confidential commercial and technical information: *Warner Lambert* at page 356; *Roussel* at page 49.
  - ii) An arrangement under which an officer or employee of the receiving party gains no access at all to documents of importance at trial will be exceptionally rare, if indeed it can happen at all: *Warner Lambert* at page 360; *Al Rawi* at [64].

- iii) There is no universal form of order suitable for use in every case, or even at every stage of the same case: *Warner Lambert* at page 358; *Al-Rawi* at [64]; *IPCom 1* at [31(ii)].
  - iv) The court must be alert to the fact that restricting disclosure to external eyes only at any stage is exceptional: *Roussel* at [49]; *Infederation* at [42].
  - v) If an external eyes only tier is created for initial disclosure, the court should remember that the *onus* remains on the disclosing party throughout to justify that designation for the documents so designated: *TQ Delta* at [21] and [23];
  - vi) Different types of information may require different degrees of protection, according to their value and potential for misuse. The protection to be afforded to a secret process may be greater than the protection to be afforded to commercial licences where the potential for misuse is less obvious: compare *Warner Lambert* and *IPCom 1*; see *IPCom 2* at [47].
  - vii) Difficulties of policing misuse are also relevant: *Warner Lambert* at 360; *Roussel* at pages 51-2.
  - viii) The extent to which a party may be expected to contribute to the case based on a document is relevant: *Warner Lambert* at page 360.
  - ix) The role which the documents will play in the action is also a material consideration: *Roussel* at page 49; *IPCom 1* at [31(ii)];
  - x) The structure and organisation of the receiving party is a factor which feeds into the way the confidential information has to be handled: *IPCom 1* at [33].
40. To this I would add that the court must be alert to the misuse of the opportunity to designate documents as confidential. It remains the case that parties should not designate such material as AEO, even initially, unless they have satisfied themselves that there are solid grounds for establishing that restricting them in that way is necessary to protect their confidential content.
41. It is obvious from the above that the exercise of deciding what measure of restriction is justified involves the first instance judge in a judgment of the kind which an appellate court will not interfere with “unless the judge took into account anything which he ought not to have taken into account or that he left out of account anything which he ought to have taken into account, or that he erred in principle ... [or that he was] plainly wrong”: see *Roussel* in the Court of Appeal at page 56 lines 16-19, per Buckley LJ.

### **The decision of Sir Alastair Norris**

42. The applications came before Sir Alastair Norris (“the judge”). Before coming to the various applications, he set out the background to them. At paragraph 14 he made findings about the degree of confidentiality of the documents involved:

“They contain information confidential to the Claimants and to their counterparties and of the utmost commercial sensitivity, information that would not be available in a commercial arm’s

length negotiation between the Defendants on the one hand and the Claimants or their counterparties on the other. The Confidential Witness Statement of the solicitor for the X and Y companies demonstrates that such is the value of such confidential information that even the most stringent arrangements are not proof against leaks; that inadvertent revelation is a reality; and that once revealed, such information cannot be recovered or controlled and can result in an informational asymmetry between negotiating parties (one of whom knows the other's confidential information, but without reciprocity) which has both immediate and permanent consequences, both for the parties themselves and across the market at large."

43. Elsewhere the judge referred to the documents in the HCM category as being "of the greatest commercial sensitivity".
44. The judge dealt first with the Oppo re-designation application. He held that the re-designation ought to be made. He made the following important points:
  - i) At paragraph 21 the judge explained that the issue was not an "interim" one capable of being addressed on a temporary basis, because Oppo were being required at the behest of the respondents to plead a positive case of the terms which they contended to be FRAND with the degree of particularity required at trial. The price which the respondents may have to pay for obtaining particularity was affording access to sensitive material earlier than would otherwise be the case.
  - ii) At paragraph 22 the judge said that Oppo's request was a considered and targeted one, and the evidence focused on the licences which they thought it was likely to be necessary to consider in order to plead their case. Although legal professional privilege meant that this assertion could not be probed, the judge gained sufficient confidence from the existing pleaded case, the nature of the documents and the general approach of the Oppo appellants (e.g. the filtering of the AEO category) to accept it.
  - iii) It was fair that, in the event that the external team of lawyers and experts decided that one or more of this small class of documents *should* be relied on, then Oppo themselves should (through their approved employee representative) provide such assistance as they might to what is, after all, their case. Equally it was fair that if the external team of lawyers and experts decided that a licence of apparently comparable IP to a well-resourced counterparty should *not* be relied on then Oppo themselves should (through their approved employee representatives) know why that is and be able to question it and argue to the contrary: see paragraphs 23-4.
  - iv) Nevertheless, because of the risk of uncompensatable prejudice to third parties, the court would be astute to reduce that risk by controlling the constitution and management of the HCM Club (see paragraph 25). Re-designation should therefore only occur if each member of the Oppo defendants' confidentiality clubs undertook directly with the counterparty to

the disclosed licence not at any time to participate in or advise on any licensing negotiations or licensing litigation involving that counterparty or its subsidiaries or affiliates on the one hand and Oppo or its subsidiaries or affiliates on the other: see paragraph 26.

- v) The judge considered redaction as an alternative to be impracticable: paragraph 27.
45. The undertaking which the judge required in paragraph 26 of his judgment was specific to the re-designated documents. As we shall see the judge imposed separate requirements for those who were to be permitted to enter Oppo's HCM Club when he later considered Oppo's membership application.
46. The judge next turned to the Xiaomi application for re-designation of the entire class of AEO documents. The judge had evidence from the solicitor for the claimants explaining why the AEO documents had been so designated. This explained that the considerations included (i) whether there were contractual obligations to disclose the material only on an AEO basis; (ii) whether the counterparty had requested the designation AEO; (iii) whether it had not been possible to discover whether the counterparty required disclosure on an AEO basis; (iv) bearing in mind that documents containing cross-licences and those that are outright assignments of patents will be of lesser direct relevance; (v) bearing in mind that the risk of inadvertent disclosure or leaking of highly confidential documents to those negotiating with the respondents, or with counterparties to agreements with the respondents, created informational asymmetry; and (vi) recognising that the data are interpreted by experts with limited input from clients.
47. Against this the judge had evidence from the solicitor for Xiaomi which the judge evaluated. The judge reminded himself before doing so, at paragraph 31 of his judgment, that it was ultimately for the respondents to justify their use of the AEO designation. First, Xiaomi had warned against the danger of unjustified and excessive claims to AEO designation. The judge considered this risk to be met by the principles which he had applied. Secondly, the point was made that there was no apparent difference between the documents in the AEO category and those in the HCM category. The judge was not impressed by this point. He considered that, rather than adopt a blanket approach, the validation of the categorisation needed to be considered on a document by document basis. The disclosure net cast by Mann J's order had been wide, and the documents would necessarily include some which were of no or only peripheral relevance. He considered that the respondents were "entitled to make an initial judgment about that, and to decide what (in their view) should be kept as AEO material and subject to legal and expert analysis and what can be disclosed to Xiaomi employees", all subject to the right of Xiaomi to challenge that initial judgment. Thirdly, Xiaomi pointed out that some of the documents designated as AEO had been disclosed in Dutch proceedings, so that there was no legitimate basis for maintaining the AEO designation. The judge considered that the terms of the relevant order made it impossible to know the true extent of disclosure in the Dutch proceedings. Moreover, he should decide the matter according to English rules of procedure, not by reference to what had occurred in the Dutch case.
48. Fourthly, the judge pointed to the fact that the employees designated by Xiaomi were two in-house counsel not involved in licensing (Ms V Wang and Ms X Wang) each of

whom would sign the HCM undertaking, neither of whom had any current involvement with SEP licensing, and who would each leave the confidentiality club and give further undertakings in the event that they did become involved in licensing. The judge also rejected this point as not warranting a wholesale re-designation. He concluded at [40] - [41]:

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

41. I do accept that this imposes a restraint upon the way in which the Xiaomi Defendants’ case is prepared and presented. But the right of a party to shape and present its case is not entirely unfettered. As part of its case management powers the Court can exclude an issue from consideration, give directions as to the issues upon which it requires evidence or exclude evidence if the attainment of the overriding objective so requires. Restraints upon disclosure (although grounded in practice rather than directly upon the CPR) are another such tool.”

49. The judge therefore dismissed the Xiaomi application.
50. Finally, the judge turned to the Oppo Membership Application. This sought the admission of Ms Zhu, Mr Xiao and Mr Huang to the HCM Club. At paragraph 49 the judge said that some material considerations in the present case were:
- i) Confidential information once learned cannot be unlearned;
  - ii) An individual possessed of confidential knowledge will not in practical reality be able to avoid its use;

- iii) Disclosure to key people who may be involved in commercial negotiations risks causing unnecessary harm;
- iv) In striking the balance between affording disclosure and inspection and preserving confidentiality it is material to know the size and structure of the receiving party.

51. The judge also thought it material that the disclosure in the present case was exceptionally wide extending to:

“...114 sets of documents of confidential contractual arrangements of the greatest commercial sensitivity with significant players in the global communications market, with some of whom the Oppo Defendants are already in negotiation on SEP licensing matters, with others of whom they may become involved in relation to other SEPs and yet others of whom they are in competition. To that body of HCM disclosure may be added the redesignated AEO documents.”

52. At paragraph 49 the judge said:

“It appears from the evidence that these nominees have been put forward precisely because they are intimately involved with licencing negotiations in particular with the Claimants. Having failed to agree a licence in arm’s length negotiations with the Claimants or certain other counterparties they are now to be provided with a wide range of highly sensitive confidential information about the Claimants’ and those other parties’ pricing structures. Such a dynamic creates a perverse disincentive to reach an arm’s length settlement and a perverse encouragement of FRAND litigation.”

53. The judge concluded that it was not unreasonable for the respondents to object to the inclusion of Mr Xiao, Ms Zhu and Mr Huang. At paragraph 50 he said that he was:

“... not persuaded that it is necessary (because of the absence of other suitable personnel) to convey a broad range and significant volume of confidential information to key commercial personnel directly involved in negotiating SEP licences, when the information cannot be unlearned and when such personnel will not in reality be able to avoid it influencing the course of other negotiations (particularly with counterparties to disclosed agreements). To do so would create an unnecessary risk to (particularly) the counterparties to such agreements. The Oppo Defendants must put forward someone who was not involved (and not likely to become involved) in licencing negotiations or FRAND litigation (other than this case) with the Claimants, the counterparties to any of the disclosed agreements or other members of the MCP Pool or any affiliates of theirs (“the Excluded Class”), though perhaps



otherwise involved in patent or licensing litigation or in the preparation of licences with the Excluded Class or licencing negotiations or FRAND litigation with parties other than the Excluded Class. In the event that the nominee does become so involved there must be an undertaking to leave the HCM confidentiality club and to destroy documents (in conventional terms).”

54. In paragraph 50 the judge was therefore imposing restrictions on entry of alternate members to the HCM Club which reflected his reasons for saying that the three Oppo representatives to whom the respondents objected were unsuitable. The judge rejected a suggestion that this outcome was tantamount to preventing the Oppo external legal team from discussing the HCM documents with their clients in any meaningful sense. He considered that it was possible for the team to discuss the HCM material with the likes of Mr Xiao, Ms Zhu and Mr Huang without disclosing the contents of the documents to them. He pointed out that the Xiaomi defendants had apparently made such arrangements to their satisfaction.
55. The judge’s order contained the following principal provisions in summary:
1. The Xiaomi re-designation request was refused (save as set out at paragraph 5 below).
  2. Subject to paragraphs 3 - 4 below, the Oppo re-designation request was allowed and the [6 AEO documents] were re-designated as HCM.
  3. The Oppo Membership Application was dismissed.
  4. Oppo would, in order for any alternative nominees to be admitted to the HCM Club, have to:
    - a. notify the respondents of any alternative nominees for the HCM Club as provided for under paragraph 8 of this Order;
    - b. confirm to the respondents that any such alternative nominees do not include persons who are involved (or likely to become involved) in licencing negotiations or FRAND litigation (other than the instant proceedings) with the respondents, the counterparties to any of the disclosed agreements or other members of the MCP Pool or any affiliates of theirs;
    - c. undertake to the respondents that if any of the said alternative nominees do become involved in the activities specified in paragraph 4.b., Oppo would notify the respondents of that fact, the nominee would be removed from the club and not provided with any further Highly Confidential information;
    - d. provide undertakings from any such alternative nominees that in the event that they are removed from the HCM Club in the circumstances described in paragraph c above, all confidential materials in his or her possession shall be destroyed and confirmation provided by such nominee to the respondents that: (i) such destruction has occurred; and (ii) he or she will continue to comply with the Confidentiality Order; and

e. in respect of the AEO documents to be re-designated pursuant to paragraph 2 above, provide that each member of the confidentiality club (including the existing member) shall enter into undertakings directly with the counterparties to each of said documents not at any time to participate in or advise upon any licencing negotiations or licencing litigation involving the counterparty or its subsidiaries or affiliates on the one hand and Oppo or their subsidiaries or affiliates on the other, the terms of such undertakings to be agreed between the Oppo and the respective counterparties.

5. The re-designation of materials to HCM provided for under paragraph 2 of this Order shall extend to the Xiaomi and Nuu Defendants, subject to the members of the Xiaomi and Nuu Defendants' confidentiality club also providing undertakings to the counterparties in accordance with paragraph 4.e.

56. The effect of paragraphs 3 and 4 of the order for Oppo was that Oppo's three named individuals were not admitted to the HCM Club, and *alternative* nominees could not be involved in SEP licensing or FRAND litigation (other than the present proceedings) and would have to leave the Club if they became so involved. Those restrictions reflect paragraph 50 of the judgment. The alternative nominees would also have to give the undertaking to counterparties in paragraph 4.e. of the order, which relates only to the re-designated AEO documents, and reflects paragraph 26 of the judge's judgment.
57. The effect of the order as it affected Xiaomi was that they could take advantage of the re-designation achieved by Oppo, on their representatives giving the undertaking to the counterparties in paragraph 4.e. of the order. That reflected the fact that Xiaomi's existing representatives were not involved in licensing negotiations, but were lawyers.

### **The grounds of appeal**

58. Both Oppo and Xiaomi appeal the judge's order with permission granted by the judge himself, and supplemented in the case of Xiaomi's appeal by one additional ground for which I gave permission. The appeal has been brought on with considerable expedition in order to avoid disruption to the timetable towards the FRAND trial.
59. Oppo has two grounds of appeal. The first ground targets the restriction that the members of the HCM Club must not be involved in licensing with the respondents and other members of the MCP Pool. The second ground targets the restriction that the members of the HCM Club must not be involved in licensing negotiations with third parties, i.e. the counterparties to the HCM licences. In both cases Oppo contend that the relevant restrictions unjustifiably interfere with Oppo's right to natural justice, which amounts to an error of law.
60. Xiaomi has four grounds of appeal. Ground 1 is that the judge applied the wrong test for an AEO designation. The correct test for such a designation was to ask whether nothing short of an AEO designation would sufficiently protect the confidentiality of the document, and the AEO documents did not meet that test. The matters relied on by the respondents were either irrelevant to the question, or were incapable of supporting an AEO designation. Ground 2 is that the judge reversed the burden of proof, putting the burden on Xiaomi to demonstrate that the AEO designation was not justified. Ground 3 is that the judge erred in allowing an AEO designation to be

maintained over licences which it had either disclosed or been ordered to disclose in the Netherlands. Finally, ground 4 is that the judge fell into error in imposing a condition that Xiaomi could have access to the 6 confidential documents which were re-designated as HCM so long as they gave the undertaking not to be involved in licensing negotiations with counterparties.

### **Subsequent developments**

61. In their skeleton argument in support of ground 1 of their appeal, Oppo pointed out the difficulties inherent in their representatives not being involved in licensing negotiations with the claimants or members of the MCP Pool. Ms Zhu, Mr Xiao and Mr Huang all fell foul of this restriction, with the consequence that OnePlus/Oppo would have to start again with new representatives. Moreover, even if new representatives were appointed, they could not become involved in settlement of the litigation, because settlement of the litigation was itself in whole or in part, a licensing negotiation.
62. In their responsive skeleton, the respondents made the following points:
  - i) The order of the judge did not exclude from the HCM Club persons who “have had” any involvement in licensing and negotiation with the Claimants. There was nothing in the order which restricts nominations to the Club on the basis of past activities.
  - ii) The order of the judge did not prevent the designated representatives from having involvement in the settlement of the present litigation. The judge’s order required that nominees should not be “involved (or [be] likely to become involved) in licencing negotiations or FRAND litigation (other than the instant proceedings) with the Claimants, the counterparties ... or other members of the MCP Pool”. The respondents contended that the words in parentheses permitted the representatives to participate in the settlement of the proceedings, insofar as settlement discussion included licensing negotiations.
63. In support of ground 2, Oppo contended that the requirement that their representatives give undertakings directly to the counterparties was unreasonable:
  - i) because it appeared to operate in perpetuity;
  - ii) because the representatives were not permitted to know the names of the counterparties, and were therefore not in a position to know what it was they were required to refrain from doing;
  - iii) because it was not clear whether the restriction was to apply to all counterparties to HCM agreements, irrespective of whether the individuals were ever shown the relevant agreement, or only to those which were to be shown to the representatives.
64. The respondents’ skeleton dealt with these points as follows:
  - i) Whilst the respondents believed that the information learned from the 6 re-designated documents would be of continued relevance beyond the end of the proceedings, the respondents would not oppose a variation of the judge’s order

so that the undertakings are limited to a year after the representative ceases to have possession of all 6 re-designated documents;

- ii) The respondents accepted that the representatives should be given the names of the counterparties before giving the undertakings. They submitted that this was also plainly the judge's intention.
- iii) The respondents explained that the undertaking only needed to be given to counterparties to the 6 re-designated documents. This was also clear from the judge's order.

65. In the light of these contentions in the respondents' skeleton, Oppo's solicitors wrote to the respondents' solicitors to confirm their understanding of the respondents' position. In the course of subsequent exchanges, the respondents sought to extend the duration of the undertaking to counterparties to two years, but proposed a draft order disposing of Oppo's appeal with the following terms:

1. The Oppo/OnePlus Appeal is withdrawn.
2. The Claimants shall disclose to Oppo/OnePlus the names of the counterparties to the six agreements that have been re-designated from AEO to Highly Confidential pursuant to paragraph 2 of the Appealed Order (the "Re-Designated Agreements") together with the name of the counterparty to one additional agreement specified in the Confidential Annex to this order (the "Additional Licence"), such information to remain confidential and only to be used for the purposes of the UK proceedings pursuant to CPR 31.22(1).
3. Julia Zhu, Harry Huang and Yori Xiao of Oppo/OnePlus may be provided with copies of the Re-Designated Agreements and the Additional Licence (the "Agreements") (but no other licences or agreements that are designated Highly Confidential or AEO) subject to each of those individuals providing an undertaking directly to the counterparties to the Agreements that they will not participate in or advise upon any licensing negotiations with those counterparties (or their subsidiaries or affiliates) for the period of a minimum of 2 years after he or she ceases to be in possession of any of the Agreements (or any records and/or notes containing, comprising or relating to the Agreements or any part of them), the remaining terms of such undertakings to be agreed between Oppo/OnePlus and the respective counterparties.
4. Insofar as it is directed at Oppo/OnePlus, paragraph 4(e) of the Appealed Order is revoked.
5. Save as provided in paragraph 3 above, access by the individuals named in paragraph 3 to the Agreements shall be in accordance with the restrictions on disclosure of Highly Confidential Materials specified in the Confidentiality Order of Mr Justice Mann dated 22 July 2020.
6. In particular, the said individuals shall provide undertakings in the form of the Annex to the Confidentiality Order, with appropriate modifications.

66. This represented a significant change from that which faced the judge. The first thing to note is that it proposes a regime which applies only to a sub-set of the disclosed HCM documents (now including the re-designated AEO documents) limited to only 7 documents (the 6 re-designated AEO documents and one original HCM document). The effect of this proposed order was that Oppo no longer had to find alternative nominees, as had been required under the judge's order for the wider class for which that order would have permitted inspection. Ms Zhu, Mr Xiao and Mr Huang would gain access to the re-designated AEO documents and one extra HCM document, subject only to the direct undertakings to counterparties. There was no longer any more general requirement that they or any alternates should not be involved in licensing or FRAND litigation as had been a requirement of paragraph 4.b. of the judge's order and paragraph 50 of the judgment.
67. The respondents also made an offer to Xiaomi to limit the duration of the undertaking to counterparties, this time to one year, and a corresponding draft order.
68. Whilst these exchanges threw some light on the parties' positions, they did not succeed in resolving the appeals.

### **The Oppo appeal**

69. Mr Daniel Piccinin, who appeared on behalf of the Oppo parties, took no issue, at least for present purposes, with the fact that the disclosure and confidentiality regime imposed below had required the external lawyers and experts, without direct involvement from their clients, to filter out from the disclosed AEO and HCM documents a sub-set of documents which they wished to discuss with their clients. He submitted that there were two important features of Oppo's appeal. First, the 6 documents which they wished to show to their designated HCM representatives were all one-way licences of patents owned by the claimants or members of the Pool. None were cross-licences or assignments. They were not likely, therefore, to disclose information about the value which the counterparties placed on their (the counterparties') patents. Secondly, although there were 35 AEO documents, the 6 documents they wished to share involved only 4 counterparties. There was a fifth counterparty to the HCM document they wished to show their client. That document was also a one-way licence.
70. Mr Piccinin drew attention to paragraph 22 of the judgment where the judge had said that Oppo's re-designation request was "considered and targeted". He compared this with the conclusion that the judge reached in paragraph 45, when dealing with the Oppo Membership Application, where he said that "the disclosure in the instant case is exceptionally wide". In paragraph 50, the judge had said that admission of the three individuals to the HCM Club would give them access to "a broad range and significant volume of confidential information". He suggested, as I understood him, that the judge had lost sight of the limited nature of Oppo's application.
71. Mr Piccinin stressed the importance of the 6 documents to Oppo's case. In the short time since the respondents had made clear that their lawyers could disclose the names of four of the five counterparties to their clients, he had been able to confirm that there were currently licensing negotiations with only one of them, and that none of Oppo's nominees was heavily involved, at least at this stage, in those negotiations. Mr Piccinin submitted that, nevertheless, his clients should not be put to the election

of withdrawing their representatives from those negotiations, given the nature of the information likely to be contained in the limited selection of one-way licences.

72. Ms Abram, who appeared for the respondents with Mr Michael Conway, stressed the fact that the judge was engaged in an assessment of competing interests. The threshold for interfering with an evaluative judgment of this kind was high, and was not reached by Oppo's case.
73. An important point was that, before the judge, Oppo wanted their licence negotiators to be admitted to the HCM Club for general purposes i.e. so that they could see not only the re-designated AEO documents, but all the originally designated HCM documents as well. This, she submitted, was not only their understanding but the understanding of the judge as well. The respondents had resisted this, given the very large number of documents in the HCM category, and the correspondingly large number of counterparties. In the light of the correspondence shortly before the appeal, however, the respondents had realised that this was not the case, and that Oppo were only asking for the re-designated documents and one HCM document to be seen by their representatives. This enabled the respondents to offer the draft order which had been sent to Oppo's solicitors, which permitted Oppo's designated representatives to see that limited class of documents, subject to undertakings to the counterparties.
74. Ms Abram submitted that the judge had been correct in his assessment that the documents were of the utmost commercial sensitivity. She submitted by reference to paragraph 46 of her skeleton argument that there were four aspects to that sensitivity which demonstrated a risk of commercial harm to the counterparties:
  - i) Many of the counterparties were competitors of Xiaomi and Oppo as implementers of telecommunications standards. Disclosure would give Xiaomi and Oppo access to "a key costs input borne by their competitors";
  - ii) Many counterparties have SEP portfolios of their own to which Xiaomi and Oppo are potential licensees:
    - a) What these counterparties are prepared to pay as licensees in transactions with the respondents may provide information regarding what the counterparty would be prepared to accept as a licensor to Xiaomi and Oppo;
    - b) Where the counterparty has also granted a cross-licence to its own patents under its agreement with the respondents, the terms may give Xiaomi and Oppo information about the value ascribed by the counterparty to its patents in other transactions.
  - iii) Both Xiaomi and Oppo are themselves SEP owners. They are therefore potential licensors to the counterparties in respect of their own patents. It will put them at a competitive advantage to know what the counterparties are willing to pay the respondents for licences to 3G/4G patents.

- iv) Both Oppo and Xiaomi were purchasers of SEPs. It would put them at a competitive advantage to know what assignors had been willing to accept for previous assignments.
75. Ms Abram accepted, however, that points (ii)(b) and (iv) have no application to the 7 documents which Oppo's lawyers wish to show to their clients.
76. Ms Abram submitted that the draft order went as far as, indeed she said further than, the respondents could reasonably be expected to go in affording access to the documents to Oppo. They drew the line, however, at allowing the individuals in question to see the documents and then go off to negotiate licence agreements with the counterparties. This was for two reasons. First, Oppo had not put in evidence as to who else was available to see the licences or to negotiate with the counterparties. If it was important for the existing nominees to continue to be involved in the present proceedings and see the 7 documents, the respondents were prepared to accept that. The price to be paid, however, was that alternative employees must be found to negotiate with counterparties. Secondly, there existed a further option. It was not obvious why the nominees needed to see the terms of the licence as opposed to simply the identity of the counterparty. If the nominees declined to see the licences, they could remain involved in the proceedings and also negotiate with counterparties.
77. Mr Nicholas Saunders QC whose clients, referred to as Company X and Company Y, had intervened in the applications below and to whom I gave permission to intervene in the appeal, made submissions in support of the judgment.

### **Discussion of the Oppo appeal**

78. It is important to bear in mind at the outset the way in which Oppo's applications and this appeal have progressed. Before the judge, Oppo had two applications which were treated entirely separately. The first, the Oppo re-designation application, which was "considered and targeted" as the judge said, sought to place the 6 AEO documents in the HCM category. That application succeeded. The second application, the Oppo Membership Application, sought the admission to the HCM Club of the three individuals to whom the respondents had objected. That application was, on its face, an application for those individuals to be admitted to the HCM Club in its entirety. If both applications had succeeded the named individuals would have access to the 6 AEO documents and the 114 other documents which had been designated HCM. The judge sought confirmation of this at pages 66-67 of the transcript:

"MR PICCININ: ... For Oppo, just to clarify, what we want our individuals to see, are the six AEO documents plus what is currently in the HC tier, in particular the one example of the non-minnows that I have already referred to.

SIR ALASTAIR NORRIS: Yes.

MR PICCININ: The rest are not so important. What we are not asking for those individuals to see are the additional 30-odd documents that [counsel for Xiaomi] ---

SIR ALASTAIR NORRIS: That remain in AEO?

MR PICCININ: Exactly.”

79. That exchange, as it seems to me, was not confining the second application to the 6 AEO documents plus one HCM document. It acknowledged that the remainder of the HCM category was “not so important”, but did not propose that the application should be treated as excluding the remainder of the class. All that was excluded was what was left in the AEO class after the 6 documents had been re-designated HCM.
80. Once that is understood, Oppo’s criticisms of the judge seem to me to fall away in their entirety. In imposing the restrictions which he did in paragraph 4.b. of his order the judge was requiring that members of the HCM Club who had access to the “exceptionally wide” class of disclosed HCM documents should not be involved in FRAND litigation and licensing. Once the membership of the Club was restricted in that way, the judge imposed the additional requirement in relation to the AEO documents of a direct undertaking to the counterparty. Given the membership of the Club, that additional requirement was not a particularly onerous one: the individuals were not to be involved in licensing anyway.
81. It seems to me that Mr Piccinin’s submissions only gain any traction if a special sub-set of the HCM Club is created which consists only of the 7 documents in which they are interested. Only then would it be possible to contend that the documents are all one-way licences and therefore would not contain information about the counterparty’s portfolio, or are not assignments and so on. No application on that basis was before the judge, and he cannot be criticised for dealing with it on the footing that the entire content of the HCM category was in play. That is the short answer to Oppo’s appeal.
82. In the subsequent developments to which I have referred at [59] to [66] above, it is clear that the parties are now attempting to agree a purpose-built regime for the narrow sub-set of the HCM materials to which Oppo wish to refer. The respondents’ position has altered in consequence. This does not, however, undermine the judge’s judgment as Mr Piccinin at times suggested, throwing the burden on this court to re-evaluate it. It raises a new set of questions about the extent to which the confidentiality of the narrow set of documents justifies the requirement for the direct undertaking to the third parties, the scope and duration of any such undertaking, all in the light of the fact that Oppo’s nominees are engaged, to some extent, in licensing negotiations.
83. Nevertheless it emerges from the correspondence that the respondents accept, in relation to the narrow sub-set of documents, that (a) the existing proposed representatives may receive the documents subject to giving an undertaking as regards the specific counterparties; (b) that it is unreasonable to require the representatives to undertake to counterparties without knowing their identities; (c) that some temporal limitation needs to be placed on the undertaking to counterparties; and (d) that it is not necessary to insist on the restriction against “licencing litigation” in paragraph 4.e. of the judge’s order.
84. I think it would be wrong for us to rule definitively on whether or not the respondents are entitled to insist on this new proposed arrangement. These issues have arisen only very recently, and Mr Piccinin has only been able to take hurried instructions from



Oppo. If the parties cannot resolve such differences as remain, the Patents Court may have to do so.

85. In the result, however, I would dismiss Oppo's appeal.

### **The Xiaomi appeal**

86. Mr Alexander QC who appeared for Xiaomi with Mr Colin West QC, made a number of broad, background submissions in support of Xiaomi's appeal. First, he submitted that, as a result of the decision of the Supreme Court in *Unwired Planet International Ltd and another v Huawei Technologies (UK) Co Ltd and another* [2020] UKSC 37, the courts of England & Wales had become a global licensing tribunal in respect of SEPs, with a role analogous to the Copyright Tribunal in collective licensing of copyright. This had the consequence that the court was, in effect, settling what was to be paid by the industry as a whole for the rights in issue, not just what was to be paid by the implementers involved in the particular litigation before it. In one sense, the actual defendants were selected as what he called "nominal defendants".

87. Secondly, where a comparables approach was taken to the setting of these global licence terms, it was obvious that the comparable licences lay at the very centre of the proceedings.

88. Against that background, Mr Alexander submitted that it would be surprising if the key material needed to address the comparables case was withheld on a confidential basis from anyone within a party chosen as a nominal defendant. The court should act with the maximum level of transparency unless it was absolutely impossible to take that course.

89. In the present case a large number of the agreements designated AEO did not even have a contractual clause requiring it to be maintained on an AEO basis if required to be disclosed. Instead, what had happened was that the counterparty had requested that designation on being contacted by the respondents. In any event, where the agreements had a provision that required an AEO designation, that was usually subject to being overridden by a court order. It followed that what had been created was a higher tier of confidentiality than that which the parties to the agreements had themselves recognised as appropriate. That this was so was reinforced by what had happened in the Dutch proceedings. Even the claimant's request to the Dutch court did not seek the level of protection which was sought for the AEO documents in the present case.

90. Mr Alexander continued that it should be for the counterparties to the licences to come forward and make a proper case as to why the agreement should be treated as AEO.

91. Mr Alexander nevertheless accepted, in answer to questions from the court, that a procedure in which potentially relevant documents were first identified by lawyers and experts before being shown to clients was a liveable one. Proceeding in stages in this way was not wrong in principle.

92. Finally, Mr Alexander submitted that the restriction on being involved in FRAND litigation and licensing negotiations with counterparties went too far.

93. Ms Abram submitted that causing counterparties to intervene in every case where their documents were at risk of disclosure to their potential licensors/licensees was not a practical solution, given that the judge had available to him, through correspondence, the attitude which the counterparties took.
94. Xiaomi had not appealed against the judge's finding that the AEO documents as a whole were of the utmost commercial sensitivity. The critical question was whether any factor outweighed that sensitivity so as to allow wider dissemination. Once it is accepted that the documents in the AEO designation included documents of lesser relevance as well as documents which were important for Xiaomi's case, it was impossible to justify uniform re-designation.
95. Xiaomi's wider arguments about the process of global licensing which the court was engaged in did not have any traction because their application to redesignate all the documents did not achieve greater transparency or open justice. Even if the documents were re-designated as HCM, this would not allow third parties access to them unless and until their confidentiality was discharged, for example by being read out in court, or quoted in the judgment.

### **Discussion of Xiaomi's appeal**

96. Ground 1 of Xiaomi's appeal asserts that the judge applied the wrong test to whether a document justified the AEO designation. The correct test is said to be whether nothing short of an AEO designation was sufficient to protect the confidentiality of the document.
97. I would accept straight away that confidentiality regimes must not impose greater restrictions than are necessary to protect the confidentiality of the documents concerned. The court must therefore examine with care a claim that a document is so confidential that it justifies particular restrictions: the greater the restrictions contended for, the more careful must be the scrutiny of the justification advanced for them.
98. It seems to me, however, that this principle was recognised by the judge in this case. The information conveyed by the documents was, by its very nature, of the kind which, once learned, could not be unlearned. It could be inadvertently disclosed and inadvertently used. Unless disclosure was confined to professionals, independent from the parties, then a danger of significant collateral damage to third parties was created. The risk of disclosure is increased where the individuals who received the documents were themselves directly involved in licensing. The judge's findings at paragraph 14 seem to me amply to satisfy Xiaomi's test for AEO designation. Nothing short of AEO designation would sufficiently protect the information.
99. Nevertheless, as the judge recognised at various points in his judgment, the AEO designation would have to give way to considerations of fairness and the need to do justice in the individual case. The risk of uncompensatable damage to third parties would be reduced where possible by controlling the constitution and obligations of the HCM Club. I can see nothing erroneous in this approach.
100. Xiaomi's point that an AEO tier had been created when the parties had failed to specify that in their agreements is a somewhat forensic one. Ultimately the

agreements are either entitled to protection because of the information they contain, or they are not. The judge's overall conclusion as to the confidentiality of the documents was based on evidence from a number of sources. It was one that he was entitled to reach.

101. The regime adopted in this case recognised that some, perhaps most, of the documents initially designated AEO were likely to end up being of no or of only peripheral relevance. By allowing lawyers and experts to have access to the documents in the AEO category, an initial filtering exercise was made possible so that the parties themselves could gain access to the documents on suitable terms as required. Such a staged approach to disclosure is, in my judgment, entirely appropriate and in accordance with principle.
102. When the judge came to consider Xiaomi's wholesale challenge to the AEO designation he did so from the starting point of his earlier conclusion that the documents concerned were of the utmost commercial sensitivity. He expressly reminded himself at [31] that "it is ultimately for the [respondents] to justify their use of the AEO designation". He accepted, at [32], Xiaomi's submission that "the AEO designation is exceptional". I cannot accept, therefore, that the judge adopted an inappropriate test.
103. Ground 2 of Xiaomi's appeal suggests that the judge has reversed the burden of proof. The focus of this argument is a sentence in paragraph 34 of the judgment where the judge is dealing with an argument by Xiaomi that there was no apparent difference between the type of document in the AEO category and that in the HCM category. The judge explains that the documents as a whole contained documents where the prejudice to third parties was outweighed by the advantage to the Xiaomi defendants' case, and documents where the opposite was the case. The judge then says:

"The [respondents] are entitled to make an initial judgment about that, and to decide what (in their view) should be kept as AEO material and subjected to legal and expert analysis and what can be disclosed to Xiaomi employees."
104. The judge is not, in this isolated sentence, saying, as the grounds of appeal assert, that "whether any particular licence justified an AEO designation was a matter for the disclosing party to determine". So to read it is to take it completely out of context. The judge did not in any way relieve the respondents of the obligation to show that an AEO designation was justified.
105. I think the judge was right to reject Xiaomi's blanket approach to re-designation by taking account of potential relevance of the documents. There was no reason why highly valuable confidential information belonging to third parties should be released more widely in circumstances where it was unlikely to be of importance to Xiaomi's case. Unlike Oppo, Xiaomi had not explained what documents it actually needed to see as a result of any initial filtering by its lawyers and experts. The judge was therefore faced with doing significant, unnecessary and lasting damage to the interests of third parties, without assisting the objective of doing justice at proportionate cost.
106. I do not think these grounds, or indeed, any of Xiaomi's grounds are assisted by the broad, background submissions made by Mr Alexander as to the nature of the global

licensing process sanctioned by the Supreme Court in *Unwired Planet*. Xiaomi's application involves re-designating the AEO documents into a private confidentiality club to which only their nominated representatives have access. It is not concerned with "transparency" in the sense contended for by Xiaomi, namely helping third parties to understand the reasons for arriving at a particular set of licensing terms.

107. I accept Mr Alexander's submission that comparable licences are the core documents in the case, at least in a case where that method of valuing the patents is being adopted. But it is inevitable that some licences are going to take centre stage at the trial, and others are going to be peripheral. The importance of a sub-set of the documents does not justify wholesale re-designation.
108. There are other points which emphasise why wholesale re-designation is not appropriate. First, it must be remembered that the 30 documents which remain in the AEO category (after the 6 re-designated at Oppo's request are removed) are ones which Oppo has confidently discarded as not assisting its case. It is not suggested to us that Xiaomi's case is significantly different to Oppo's. Secondly, not all the counterparties to the documents are substantial undertakings. That makes them necessarily less relevant to Xiaomi's case, which is based on the premise that the 23 MCP Pool Licences are not a good comparable because the counterparties are too small. Thirdly, 19 of the 30 documents in the AEO are patent assignments, not licences. Whilst I would not go so far as to say assignments cannot be relevant to the exercise, the process of comparing the terms of an outright assignment with a proposed FRAND per unit licence is likely to be fraught with technical difficulty.
109. Xiaomi's third ground of appeal relates to the Dutch proceedings. Ms Abram submitted that as none of the AEO documents were disclosed in the Dutch proceedings, there is not much that can be deduced from the fact that the respondents did not ask for AEO protection there. In line with the judge, I do not think there is anything of importance to be drawn from the Dutch case.
110. Xiaomi's final ground of appeal concerns the opportunity, offered by paragraph 5 of the judge's order, for Xiaomi's representatives to be provided with the 6 re-designated documents on giving an undertaking to counterparties in the terms of paragraph 4.e. of the judge's order. The undertaking is "not at any time to participate in or advise upon any licencing negotiations or licencing litigation involving the counterparty ... on the one hand and [Oppo] ... on the other ...".
111. It is important to note that Xiaomi have two representatives who have been accepted into the HCM Club. When they were accepted, they confirmed that they were not involved in cellular SEP licensing, and would leave the Club if they did become so involved during the pendency of the action. There is therefore a stark contrast with Oppo's representatives who were involved in such licensing.
112. In their skeleton argument Xiaomi contended that the undertaking to counterparties would be impossible to comply with for essentially two reasons. First, it was unlimited in duration, and would in consequence have an unduly limiting effect on those who signed it. Secondly, because the identity of the counterparty was confidential, the representative would be undertaking "blind", and not know what it was they were prevented from doing.

113. The respondents have now taken those two points on board in terms offered to Xiaomi attached to their solicitors' letter of 4 November 2020, by releasing the names of the counterparties and limiting the duration of the undertaking. I think they were right to do so. The undertaking offered by that letter no longer refers to not being involved in "licencing litigation", which makes it clear that the representatives can be involved in FRAND litigation, but leaves unclear whether negotiating the settlement of that litigation by agreeing a licence would be excluded. I think that if the representatives are free to be involved in FRAND litigation it makes little sense to exclude them from settlement negotiations as a result of litigation. I would therefore allow Xiaomi's appeal to the limited extent of substituting for paragraph 5 of the judge's order an order in the terms attached to the respondents' solicitors letter of 4 November 2020 with the further clarification I have referred to.

### **Conclusion**

114. Save as I have indicated in the immediately preceding paragraph, I would dismiss both appeals.

### **Lord Justice Males:**

115. I agree.
116. The problems which have arisen in this case have done so because the proceedings have taken an unusual course. First, the defendants have been required to plead in considerable detail, at a relatively early stage and before issues of liability have been decided, any positive case they propose to run at trial as to what would be FRAND terms. Second, in order to enable them to do so, very extensive disclosure of licences and patent assignments to which the claimants are parties have been disclosed, even though it appears to be common ground that much of this disclosure will ultimately prove to be irrelevant. It may be that there were good reasons for taking this course in the present case, the appropriateness of which is not before us. I do not wish to suggest otherwise.
117. Disclosure in FRAND litigation where a comparables approach is in issue will almost inevitably require disclosure of highly sensitive commercial information. Accordingly it will be particularly important for the parties and the court in such litigation to ensure (1) that disclosure takes place at an appropriate stage of the litigation, (2) that it is limited to that which is likely to be necessary for the just resolution of the case and does not include material of only peripheral relevance, and (3) that an appropriate regime is put in place to protect its confidentiality which strikes a fair balance between the interests of the parties (including third parties who are counterparties to documents which need to be disclosed).
118. The judge in this case was concerned only with the third of these points. For the reasons given by the judge and by Floyd LJ, the regime which he established was fair and appropriate. As he recognised, however, that regime may have to be adjusted as the litigation proceeds to trial and the issues become more focused.

### **Lord Justice Lewis:**

119. I agree with both judgments.