

Case No: HP-2014-000005

Neutral Citation Number: [2017] EWHC 1304 (Pat)

**IN THE HIGH COURT OF JUSTICE**

**CHANCERY DIVISION**

**PATENTS COURT**

Royal Courts of Justice

Rolls Building

Fetter Lane

London EC4A 1NL

Date: 07/06/2017

**Before:**

**THE HON. MR JUSTICE BIRSS**

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**Between:**

**Unwired Planet International Ltd**

**Claimant**

**- and -**

**(1) Huawei Technologies Co. Ltd**

**(2) Huawei Technologies (UK) Co. Ltd**

**Defendants**

**- and-**

**Unwired Planet LLC**

**Tenth Party**

**Adrian Speck QC, Sarah Ford, Isabel Jamal and Thomas Jones** (instructed by **EIP** and **Enyo Law**) for the **Claimant**

**Andrew Lykiardopoulos QC and James Segan** (instructed by **Powell Gilbert**) for the **First and Second Defendants**

Hearing dates: 19th May 2017

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**Judgment**

**Mr Justice Birss :**

1. This judgment deals with the remedies to follow from my main judgment dated 5<sup>th</sup> April 2017 ([2017] EWHC 705 (Pat)). There is no need to rehearse the background. The first issue I have to decide is what sort of relief should be granted in this case. Unwired Planet press for a final injunction to restrain infringement of the two patents found to be valid and infringed, albeit they also accept that the injunction should be stayed on terms pending any appeal by Huawei to the Court of Appeal. Huawei contend that I should accept certain undertakings from Huawei and not grant a final injunction. This first issue is the major question I have to decide. The other issues are: second what to do about damages, third a point on certain declaratory relief, fourth costs, and fifth permission to appeal.

*The first issue – injunction or undertakings*

2. The main judgment decided that a particular form of licence represents the FRAND terms between the two relevant parties, Unwired Planet and Huawei, in the relevant circumstances. That licence will be referred to as the Settled Licence. It is annexed to this judgment. The form of the Settled Licence was finalised a few weeks after the main judgment. There is no dispute that the Settled Licence in that form reflects the decisions made in the main judgment.
3. The Settled Licence is a global licence. Throughout the proceedings Huawei had maintained that they were not prepared to enter into a global licence with Unwired Planet. Huawei had made it clear that they did not accept that a global licence was FRAND as a matter of competition law. This was reflected in the main judgment, for example paragraphs 524-572. I held that such a licence was FRAND and that since Unwired Planet had established infringement by Huawei of valid patents and since Huawei have not been prepared to take the FRAND licence, a final injunction should be granted (paragraphs 793-795 and the summary paragraph 806(18)).
4. I had made it as clear as I could to the parties during trial that the trial itself was the hearing at which the question of whether or not to grant an injunction was to be decided. However because Huawei had refused to engage with the terms of a worldwide licence, the fully worked out Settled Licence did not exist at the date the judgment was handed down. Reluctantly I decided that the injunction could not be dealt with at the handing down but would be dealt with at a later hearing (see main judgment paragraph 794). Although Huawei were to that extent benefitting from their earlier non-engagement, nevertheless that seemed to me to be the proper course.
5. A preliminary question is whether there is anything to decide at all. Huawei submit that I have not actually made the decision whether to grant a final injunction or not. However in case they are wrong Huawei have also issued an application to reconsider the grant or refusal of a final injunction under the jurisdiction confirmed by the Supreme Court in ***Re L-B*** [2013] 1 WLR 634. Unwired Planet pointed out that in the main judgment I said an injunction “should be granted” (see summary paragraph 807(18)) but Unwired Planet did not press a formal point that the issue could not be considered on its merits at this hearing.
6. Since no injunction was granted when the main judgment was handed down and since I stated in terms that I would deal with an injunction at a later hearing, I have not yet

exercised the court's power one way or another on this issue. It is open to me to decide the matter and there is no need to consider exercising the *Re L-B* jurisdiction.

7. Unwired Planet contend that a final injunction should be granted. They agree that it should be stayed on terms pending appeal, but that is all.
8. Huawei submit that the present circumstances are now materially different from the circumstances during trial and at the time the judgment was handed down. Now Huawei offer two undertakings to the court. They are set out in the witness statement of Huawei's UK solicitor Simon Ayrton of Powell Gilbert. He explains that pending appeal Huawei are prepared to provide the following undertakings to the Court:

“First, that within seven days of the expiry of the time to appeal against the Final Order or, if there is an appeal against the Final Order, its withdrawal or final determination, Huawei will enter into the form of licence settled by Mr Justice Birss (i.e. the Licence) or such other licence as may be finally settled by the courts.

Second, that until the expiry of the time to appeal against the Final Order or, if there is an appeal against the Final Order, pending its withdrawal or final determination, Huawei will abide by the terms of the Licence as if the same were in full force and effect.”

9. The “Final Order” is the order whose terms I am deciding now. The “Licence” is what I have called the Settled Licence.
10. Huawei submit that I should accept this undertaking and refuse to grant a final injunction. They submit that Unwired Planet are protected pending appeal because Huawei will pay royalties in the meantime (subject to a point about a letter of credit to deal with what happens if Huawei win their appeal). They also submit that the effect of this undertaking is that one way or another there will be a licence in place with Huawei as a party. Mr Ayrton says that these undertakings mean that Huawei are willing to enter into whatever licence the UK courts settle and in the meantime will abide by the Settled Licence as if it is in force. If no other licence is finally settled by the courts then Huawei will enter into the Settled Licence. So the final injunction will serve no useful purpose for the duration of the Settled Licence or such other licence as is finally settled by the courts. Mr Ayrton then points out that the Settled Licence will expire in 2020 (and a 2020 expiry was an agreed term of the UK licence at trial). Since patent EP (UK) 2 229 744 which was considered in trial A and found valid and infringed does not expire until 2028, the injunction will still be in being in 2020 when the Settled Licence expires. Having the injunction in place at that time would unfairly distort the positions of the parties in any renegotiation which would need to take place.
11. Unwired Planet take a number of points in response to these submissions. Their first major argument is that Huawei's submissions mix together the question of what the final relief should be absent any appeal, with the question of what the terms should be pending appeal. They contend that, subject to an issue about letters of credit, there is no dispute about the appropriate terms pending any appeal. Huawei in effect should

behave as if the Settled Licence is in force and pay royalties in the meantime, subject to repayment by Unwired Planet. But the fact that the final injunction should be stayed pending appeal does not mean it should not be granted. They argue that today the position remains that Huawei refuse to enter into the licence found to be FRAND by the court and so an injunction ought to be granted. They argue that what Huawei are trying to do is decline to enter into the licence settled by the court at least while the appeal is pending but still avoid an injunction. They say this builds an interim measure into what should be final relief.

12. Unwired Planet's second point is to dispute Huawei's assertion that the effect of the undertakings is that it is inevitable that Huawei will enter into a licence with Unwired Planet at the conclusion of the appeal process. Unwired Planet do not agree that the undertakings offered make it watertight, in every conceivable scenario on appeal, that a licence will be in force between Unwired Planet and Huawei at the end. That depends on examining the points on which Huawei wish to appeal, which I will return to below.
13. Like many aspects of this case, this dispute about relief raises some new problems. One suggestion was that the real problem was that the Settled Licence had no terms dealing with appeals. Huawei submitted that if it did then they might be able to enter into it now but still argue on appeal that a UK licence was the right outcome. I agree that it might be possible to craft terms in a licence which could allow for something like that and perhaps the next time a court is called upon to settle FRAND terms, that could be considered. But neither side suggested such terms at trial and I made it clear the time to do that was then, not now (e.g. paragraph 581). Moreover I am not convinced it is as simple as Huawei suggest.
14. Another point is the issue of what happens in 2020. This arises from the fact that the eight year term of the Settled Licence runs from 2013 until 2020. That term arose because the parties at trial were agreed that the UK licence should work that way. When I came to consider the worldwide licence I started from the UK terms, finding (paragraph 593) that the points the parties were able to agree upon as FRAND in the UK licence were just as applicable to a worldwide licence. That included recognising that it would be an eight year licence running from expiry of the 2009 Ericsson-Huawei licence until the end of 2020.
15. When, during the trial, I saw the agreed expiry date of 31<sup>st</sup> December 2020 in the UK licence my first reaction was one of surprise. It was only three years away and at least some of the patents will last much longer than that. But on reflection I could see that such a thing made sense and I was not surprised the parties had agreed on it. One of the real problems with FRAND and SEPs is that all sorts of relevant circumstances change. Old patents expire and new ones are granted. Standards themselves change. One might think new patents cannot be essential to old standards but even that is not as simple as it might appear. Fixing a rate for a period of years involves a risk (paragraph 563) and so the idea that today one can agree what the rate should be for many years into the future is difficult. If patents courts are to support orderly FRAND licensing of standards essential patents, as I believe they should, then a workable approach needs to be developed which allows for these changing circumstances.

16. Huawei are right to raise this problem. It is inherent in settling licences in this field. It would have arisen just the same if Huawei had won on the UK/worldwide issue. It has to be sorted out whoever is correct about the final form of relief.
17. In order to decide what to do I believe it is useful to look at what the final remedy should be absent any appeal and then consider the position pending appeal separately. I note that in *Kirin-Amgen v Transkaryotic Therapies Inc (No 3)* [2005] FSR 41 (decided in 2001 but reported in 2005) Neuberger J (as he then was) took a similar approach when he was considering the terms of a final patent injunction and the terms of a stay pending appeal. In paragraphs 20 and 21 the judge considered what the correct order would be “absent TKT’s appeal”.
18. I will start by looking at what the right final relief should be in a patent case with a FRAND licence absent any appeal. Thinking about the problem of what happens in 2020 highlights an aspect of Unwired Planet’s case which goes too far. Unwired Planet contend that, absent any appeal, the patentee is entitled to a final injunction which should run from now until the expiry of the relevant patents and should continue even if the defendant enters into a licence. They argue that such an injunction will not prejudice Huawei, even if Huawei become licensed, because the prohibition is only to not infringe. Therefore, they say, if Huawei have a licence, then their relevant acts are not infringements and not prohibited by the injunction.
19. In my judgment this approach is unreal. By that logic if I granted the injunction today and Huawei signed the Settled Licence tomorrow the injunction would remain in existence. What happens if a year later a dispute arises about an alleged repudiatory breach of the licence? Huawei could then be in an impossible position because they would risk being in contempt of court if they continued to sell equipment during a period when there was an argument that the licence had come to an end.
20. With this problem in mind and assuming an injunction should be granted at all I will consider, absent appeal, what the correct form of a final injunction in respect of patents the subject of a FRAND undertaking should be when the court has settled a FRAND licence but the defendant has not entered into it. I will call this a FRAND injunction. The answer is simple. A FRAND injunction should be in normal form to restrain infringement of the relevant patent(s) but ought to include a proviso that it will cease to have effect if the defendant enters into that FRAND licence. If as in this case, the FRAND licence is for a limited time, shorter than the lifetime of the relevant patents then the injunction should also be subject to an express liberty to either party to return to court in future to address the position at the end of the term of the FRAND licence. In any case the FRAND injunction should also be subject to an express liberty to apply in the event the FRAND licence ceases to have effect for any other reason.
21. Normally in English law when the court grants final relief a party is not entitled to come back to court in future even if circumstances change but these unusual terms arise from dealing with patents the subject of a FRAND undertaking. A FRAND injunction in this form reflects the finding that what the patentee is entitled to today, bearing in mind its FRAND undertaking, is a licence on FRAND terms but if the defendant has the ability to take the licence and does not do so, then an injunction is appropriate for as long as the defendant does not enter into that licence. If the defendant enters into the FRAND licence there should be no injunction at all. The

fact the FRAND licence is limited in time does not justify an injunction continuing into the future. The court should not pre-judge at this stage what should happen if or when the FRAND licence ceases to have effect.

22. In this case the FRAND licence is the Settled Licence. It will expire on 31<sup>st</sup> December 2020. Thinking about the position on 1<sup>st</sup> January 2021 at this stage now in 2017, it cannot be said that Unwired Planet must have an injunction on that future date but neither can it be said today that Huawei must be free to sell products or commit any other act on that future date which would infringe if unlicensed. The answer to those questions depends on the circumstances at that time. At times in argument before me it seemed to be contemplated that the process of resolving what is to happen after the end of the Settled Licence only has to start on 1<sup>st</sup> January 2021. That is wrong. If the patentee has failed to start a process of FRAND negotiation well in advance of the expiry of the current FRAND licence then no doubt the court will be unsympathetic to the patentee even if no licence has been finalised to start the day after expiry. So too if the patentee has dragged its feet in the negotiation. Conversely if the patentee engages reasonably but the putative licensee does not, then the court's sympathies may well lie the other way round.
23. To deal with an appeal the FRAND injunction in the form described can simply be stayed pending appeal on terms to secure appropriate payments in the meantime.
24. I turn to consider whether a FRAND injunction should be granted or whether I should accept the undertakings offered by Huawei instead.
25. The grant or refusal of an injunction is an exercise of the court's discretion. That discretion is circumscribed in various ways. Nevertheless when the holder of an intellectual property right has established infringement and a threat and intention to infringe in future, an injunction will normally be granted. In the words of Art 3 of the Directive on the Enforcement of Intellectual Property Rights (2004/48/EC) an injunction in those circumstances is normally effective, proportionate and dissuasive.
26. It is not unusual in intellectual property cases for the defendant, having defended the claim vigorously throughout, to turn round after the judgment has been given against it and seek to offer undertakings not to infringe in order to avoid being subject to an injunction. Rights holders generally resist this course and insist on an injunction. In part that is because it involves a public vindication of their rights. Indeed that is exactly what the defendant is usually seeking to avoid by its belated offer of undertakings not to infringe. The practical effect of the two things (injunction and undertaking) is the same, and actually undertakings can be rather easier to enforce under English civil procedure, but nevertheless rights holders usually insist on an injunction for the reason I have explained. The claimant has been forced to come to court and vindicate its claim. An offer of undertakings after judgment is usually regarded as made too late. In general the courts will order the injunction and refuse to accept such belated undertakings.
27. Turning to this case, in my judgment it is not irrelevant that the undertaking offered by Huawei is only offered now, after many years of litigation and after judgment has been handed down. If, from the outset, Huawei had given an unqualified undertaking to enter into whatever licence the court (including an appellate court) had decided was FRAND, then an injunction at this stage would not have been appropriate. Indeed

Huawei argued that the terms of the qualification on the claim for an injunction sought by Unwired Planet from the beginning (main judgment paragraph 679-683) run counter to such an injunction. That would have been a better point if Huawei had offered this undertaking at an earlier stage. It is also notable that Huawei argued, and I accepted, that the qualification was ineffective.

28. On the other hand the patentee's FRAND undertaking does make this situation very different from a normal IP case. The question is whether, given the FRAND undertaking, even a very belated undertaking to take whatever FRAND licence the court settles should mean that the court should refuse a FRAND injunction in the appropriate form. The possibility of an appeal has nothing to do with it because Huawei's ability to appeal is and can be protected whichever approach I take.
29. Huawei contend that absent an appeal they would sign the Settled Licence now. I do not doubt that but it is no different from the position of any defendant who changes their tune after they have lost a case. Throughout these proceedings Huawei have maintained a determined stance that they would not accept a worldwide licence in this way. It has been a fundamental issue. In my judgment the undertaking offered by Huawei now is too late. By refusing to offer an unqualified undertaking before trial and before judgment Huawei forced Unwired Planet to come to court and vindicate its rights. The right thing to do now is grant a FRAND injunction albeit one which will be stayed on terms pending appeal.
30. I have reached this conclusion without considering Unwired Planet's submission that the undertakings in the form offered by Huawei are not watertight. My initial view – from looking at the words of the undertakings themselves and in particular the first undertaking - was that they were watertight. In other words that it was legally inevitable that whatever happened on appeal Huawei would end up being a party to a licence covering at least the United Kingdom. However what emerged during the course of argument is that one cannot assess the effect of these undertakings without also taking into account the points Huawei wish to argue on appeal. They are addressed below. At this stage all I will say is that it seems to me that a conceivable result of the points Huawei wish to argue and which I am satisfied have a real prospect of success is that an appellate court could decide that the court cannot settle the terms of a licence. If that happened then on the face of the wording the undertakings do not oblige Huawei to enter into any licence. Huawei say that that outcome on appeal is not their case. Rather their case is that the licence should be a UK only licence. I accept that the outcome I have described is not the outcome of the primary case Huawei contends for, but it is a possible consequence of the arguments Huawei advance. It could arise if Huawei are correct that there is more than one set of terms which are FRAND and possibly in other circumstances too. For this reason also I prefer to grant a FRAND injunction stayed pending appeal rather than accept the undertakings offered.
31. A point arose on the letter of credit which Unwired Planet have offered to deal with repayment of any sums paid in the interim pending appeal. Unwired Planet proposed a letter of credit drawn on a bank called Pegasus Bank in Dallas. Huawei contend that the bank should be one in the UK. Unwired Planet say that to achieve that will cause very substantial and unjustified extra cost. Huawei's representatives explained that they are not aware of Pegasus Bank and should not be compelled to accept a letter of credit from it. The fair approach is to require Unwired Planet to give a bank

guarantee to Huawei's satisfaction. If that comes at a cost then those costs should be recoverable from Huawei if no repayment is made to Huawei, but borne by Unwired Planet if any sum is repaid.

32. Counsel for Huawei raised a concern that the draft order provided by Unwired Planet includes a penal notice. In the circumstances that is inflammatory and unnecessary. It is only necessary to serve an order with a penal notice if it is to be enforced under CPR r81.4. Since on any view the injunction will only bite after an appeal, Unwired Planet can always serve a further copy of the order, endorsed with a penal notice under CPR r81.9, in future if they feel it is necessary. There is no reason why the order should contain one now.

*The second issue – damages*

33. This is closely related to the first issue. The point is that if Huawei enter into the Settled Licence then no problem about damages for past acts arises because they are covered in that agreement. But as of now Huawei have not entered into the Settled Licence. Absent appeal if Huawei never did enter into the Settled Licence then damages will be due and an order for damages should be made. The order should be in the same form as the FRAND injunction, i.e. that it will cease to have effect if the defendant enters into the Settled Licence. The way to deal with appeals is to stay the matter pending appeal.

*The third issue – declaratory relief*

34. It is common ground that some declarations should be made. Two are agreed, one that Unwired Planet's various offers are not FRAND and the other that Huawei's offers were not FRAND. It is also common ground that some sort of declaration should be made about the Settled Licence but there is a dispute about the terms. The drafts assume the licence is annexed to the order but I will annex it to this judgment instead. Making allowance for that trivial change (in italics), the parties rival declarations are

- i) Unwired Planet:

“the terms of the licence annexed to *the judgment* are FRAND”

- ii) Huawei:

“(1) Neither a licence only to the Patents nor a licence only to Unwired Planet's entire UK SEP Portfolio is FRAND

(2) The only FRAND terms of a licence of Unwired Planet's Standard Essential Patents to Huawei are those set out in the licence annexed to *the judgment*”

35. Huawei's point is that Unwired Planet's formulation does not capture the finding that only one set of terms are FRAND in a given set of circumstances. Huawei's version aims to do that. Unwired Planet resist Huawei's drafts as tautologous and unduly complicated. They argue that the first negative declaration is redundant in the light of the second positive declaration and submit that the real purpose of this wording is to



give Huawei something to appeal against when the effect of the appeal would otherwise be academic.

36. I agree that a declaration about the status of the Settled Licence ought to be made. However the declarations proposed by Huawei are too complicated and I am not convinced there is any good reason to take that approach. The declaration will be:

“the licence annexed to *the judgment* represents the FRAND terms applicable between the parties in the relevant circumstances” .

37. That seems to me to adequately capture the conclusion reached in the main judgment.
38. Finally Huawei also seek a declaration that Unwired Planet had not abused its dominant position. The purpose of this was, I think, to create a reason for appealing the *Huawei v ZTE* point and arguing that no injunction was appropriate even if Huawei’s undertakings had been accepted and no injunction granted. Whether that was a kind of bootstrap argument is not something I have to decide since I have granted an injunction. Since the judgment makes a clear finding that Unwired Planet has not abused its dominant position and states as much in summary paragraph 807(17), there is no need for that declaration and I will refuse it.

*The fourth issue – costs*

39. Unwired Planet argue that they should be regarded as the successful party (following *Roach v Newsgroup Newspapers* [1998] EMLR 161 and other cases) and therefore the order relating to costs should be that Huawei pays Unwired Planet’s costs of these proceedings subject to some issues which Unwired Planet accept they cannot recover. The issues to be excluded are the claims against Google and Samsung and the allegation that the MSA was void under Art 101 TFEU. Although Huawei adopted part of Samsung’s Art 101 case, it is convenient to refer to all these excluded issues as the Samsung issues.
40. Unwired Planet’s actual costs of the non-technical trial are about £12.4 million. Huawei’s costs were about £7 million. Unwired Planet seek a payment on account from Huawei of about £6.4 million which is arrived at in the following way. The starting point is a costs’ estimate confirmed in July 2016. At that stage Unwired Planet estimated their total costs to the end of the proceedings would be about £8.5 million. Huawei queried how a total of £12.4 million could have been incurred by the end of the non-technical trial (the hearing ended in December 2016) given that estimate. It emerged that at least part of the explanation was that the estimate was seriously in error. Nevertheless realistically Unwired Planet accepted that as a starting point to calculate a payment on account the July estimate should be taken. Starting from £8.5 million Unwired Planet deduct 24% for the Samsung issues. That comes to £6.4 million. If, contrary to their case a deduction should be made for the costs of the FRAND rate, those costs represent 43% of Unwired Planet’s costs. So the payment on account should be 57% of £6.4 million which is £3.6 million.
41. Huawei contend that the correct order for costs is no order. In other words each side bears its own costs. They argue that this was an unusual trial and it is not realistic to identify a single overall winner. There were three major issues: (i) worldwide vs UK licence; (ii) the FRAND rate and (iii) Article 102 TFEU. Although Unwired Planet

won on the first and third issue, Huawei submit that Huawei won the rate issue or at the very least it cannot be said that Unwired Planet won that issue. If Huawei can be regarded as the winner of the FRAND rate issue then the fair order is no order as to costs. Analytically that result could be arrived at either on the basis that there is no overall winner or on the basis that even if Unwired Planet were the overall winner, the correct way to reflect Huawei's success on the FRAND rate, given that it represented broadly 40-50% of the costs, would be to make no order. The latter approach would notionally set off Huawei's costs of the FRAND rate against Unwired Planet's costs on issues (i) and (iii) and taking into account the irrecoverable Samsung issues. If "no order" is not accepted, the best for Unwired Planet ought to be that they recover the costs for issues (i) and (iii) but not issue (ii).

42. As regards any payment on account, if a payment were to be ordered Huawei contend that the right starting point is the July 2016 estimate (£8.5 million) however the deduction of irrecoverable Samsung issues should be larger than 24%, after all when Samsung came out of the proceedings the trial estimate shrank from 13 weeks to 7 (i.e. 53%). From there the result depends on the earlier findings.
43. With that explanation of the parties' arguments I can decide what to do. The principles applicable to costs are not in dispute and I will not rehearse them.
44. I agree with Huawei that it is fair to consider this case as consisting of the three major issues identified. Unwired Planet clearly won issues (i) and (iii). The debate is about issue (ii) – the FRAND rate. The simple point is that in terms of royalty rates the results on issue (ii) were % values lower than Unwired Planet's case and higher than Huawei's. In terms of amounts of money to be paid there is no question that on the judgment Unwired Planet will receive much more than was being offered by Huawei. Nevertheless it is fair to observe that the vast majority of the difference is due to the worldwide nature of the licence and issue (i) rather than the differences in the rates (issue (ii)).
45. I do not believe it is accurate to say that overall there was no winner. The appropriate way to characterise the result is that Unwired Planet are the overall winner and entitled to their costs, but that the FRAND rate issue (ii) should be considered to see if deductions are appropriate. Issue (ii) included dealing with the MNPA and HPA techniques, the analysis of comparables and the aggregate royalty calculations. It is a suitably circumscribed issue which lends itself to being considered in this way and it is pitched at an appropriate and fair level of generality.
46. I turn to consider who won the FRAND rate issue.
47. Considering just the benchmark rates for 4G multimode handsets, Huawei contended for 0.040% whereas Unwired Planet contended for 0.13%. The judgment set this benchmark at 0.062%. Unwired Planet point out that they had to come to court to get a rate higher than 0.040%, which is true but the same can be said the other way round, Huawei had to come to court to get a rate lower than 0.13%. In terms of numbers the outcome is closer to Huawei than to Unwired Planet. A rate of 0.062% is about half the rate Unwired Planet contended for (0.13%) but only about one and a half times Huawei's contention (0.040%).

48. Unwired Planet pointed to an offer made by Huawei on a “without prejudice save as to costs” basis in October 2016. Offers made on that basis are not shown to the court at trial but can be relied on when dealing with costs. They can play a very important part in the assessment of who won on an issue involving a sum of money. The offer was put on a patent by patent basis but it includes a lump sum offered as damages for the UK for the period 2013-2016. Mr Moss of EIP for Unwired Planet calculated the lump sum offered for that period as being about \$459,000. It can be contrasted with an estimate of the amount due under a UK portfolio licence on Huawei’s case as to rates of about \$453,000. Unwired Planet submitted that this represented Huawei’s “line in the sand” so that to receive any amount above that represented success for Unwired Planet. The “line in the sand” metaphor is not helpful in this case. It is just another way of repeating the point I have already noted that Unwired Planet say they had to come to court to get a benchmark rate higher than 0.040%. To repeat the answer, that is true but it is just as true that Huawei had to come to court to get a rate lower than 0.13%. Unwired Planet cannot avoid that problem just because Huawei made a without prejudice save as to costs offer. I do not find the without prejudice save as to costs offer makes any material difference.
49. Unwired Planet emphasised the amounts of money which Huawei will have to pay as a result of the judgment. The figures are all based on estimates for the sum due for 2013-2016 and therefore do not represent the total sum due, but since they are all on the same basis they can be used for comparison purposes. In terms of a lump sum, the most Huawei were offering was the sum above – i.e. about \$453,000. By comparison the amount Huawei would have to pay for the period 2013-2016 under the Settled Licence is about \$23 million. On the other hand, as Huawei point out, an estimate on the same basis of how much Huawei would have had to pay for 2013-2016 on Unwired Planet’s original royalty case which remained their case from 2014 to 2016 is about \$150 million. That original case involved a 0.2% rate for 4G. The estimate on the same basis using Unwired Planet’s case as at August 2016, when the 4G rate dropped to 0.13%, is about \$100 million. Finally, I should mention the same sum based on the UK portfolio licence rates in the judgment. That would be about \$0.9 million.
50. Unwired Planet emphasise these numbers as showing how they will receive much more than Huawei offered and Huawei make the familiar reply that the amounts are much less than Unwired Planet claimed.
51. An important factor Huawei emphasise is the effect of the decision about the OM and China rates. Taking 4G multimode handsets the judgment was that for Major Markets (MM) the rate should be 0.052% whereas for China and Other Markets (OM) the rate should be 0.026%. Of course, 0.026% is lower than the 0.040% benchmark contended for by Huawei and that has an important effect which Huawei were entitled to emphasise. In simplistic terms if the licensee’s total sales were \$1 million in Major Markets and \$1 million in Other Markets including China, then the royalty due using the two rates set by the court would be \$520 (MM) plus \$260 (OM) which is \$780 in total. You could express the \$780 total as a single percentage of global sales of \$2 million. It would be 0.039%. In other words, just below the 0.040% benchmark rate. If the sales mix was shifted to favour the OM and China markets, this notional global blended equivalent rate would fall even further towards 0.026%. Mr Lasinski performed a more sophisticated version of this calculation based on estimates of

Huawei's actual sales mix in the relevant periods. The notional global blended rate he comes to for 4G handsets is 0.030%. Huawei pointed out that 0.030% is lower than certain figures used in their FRAND Statement of Case as benchmark numbers.

52. At one stage it did seem to be suggested by Huawei that this approach showed that Huawei had won the FRAND rate issue because these calculations showed that it had achieved a lower effective global benchmark rate than rates it was actually offering Unwired Planet in these proceedings. That submission goes much too far, for three reasons. First, Huawei were not offering such global rates at all. They never offered a global licence. These rates were only being used to arrive at a UK rate. Second, Huawei made it very clear that their case was that a rate for China and elsewhere should be much lower than the benchmark numbers it was advancing. It was never suggested that these benchmarks put forward by Huawei should be applied to China. Third, Unwired Planet question whether the way Mr Lasinski approached the sales mix for 2013-2016 and the future was fair. If the detail of these calculations was important then I would need to examine this third issue in more detail but it is not necessary to do that. The basic point, that a notional global blended rate will lie between the MM and OM rate, is obvious. Where exactly it comes out does not matter.
53. The answer to the question of who, if anyone, won on the FRAND rate depends on the proper way to look at it. Unwired Planet argue it is like the assessment of the amount of damages to be paid. They had to come to court to get more than the defendant was offering. They have achieved that and so they have won. A defendant in that case can protect itself in costs with a without prejudice save as to costs or an offer under CPR Part 36 which works in a similar way. Huawei had tried to take that approach but not succeeded. Looked at this way, Unwired Planet won.
54. Huawei argue that this issue is more like a tariff setting exercise in the Copyright Tribunal and draw my attention to *AEI Rediffusion v PPL* [1992] 1 WLR 1507 and in particular to Mummery LJ at 1518 in which he held that when the tribunal finds that both side's proposed terms were unreasonable and the tribunal has arrived at a result somewhere in the middle, it is not correct to proceed on the basis that the outcome must produce a winner and a loser.
55. I remind myself that the approach to costs in the Copyright Tribunal, at least at that time of *AEI*, was not the same as in court, and that under the CPR unreasonableness is not required in order to deprive a party of his costs (as noted by Lord Woolf MR in the same case at p1523).
56. I also bear in mind that the reason I am asking this question is about the incidence of costs relating to an issue when I have decided that Unwired Planet are the overall winner. Taking all these factors into account, in my judgment it is appropriate to see this issue as more like a tariff setting exercise than a simple claim for damages. Given the FRAND undertaking a rate had to be settled somehow. Huawei offered rates which were too low to be FRAND and they will have to pay at a higher rate than they were offering. They did not win the rate issue. But it would not be just for Unwired Planet to recoup the very substantial costs of the FRAND rate issue, along with the rest of the costs they will recover. Their offered rates were not FRAND either and were quite some way further from the end result than Huawei's. The

correct thing to do with the costs associated with the FRAND rate is to deprive Unwired Planet of them but go no further than that.

57. So the costs order will be that Huawei should pay Unwired Planet's costs of the non-technical trial save for the Samsung issues and save for the costs of the FRAND rate issue.
58. Turning to the payment on account, the first point is Unwired Planet's figure of about 24% to represent the costs of the Samsung issues. That figure is supported by Mr Moss' evidence and comes from a detailed analysis of the costs which was done by a costs drafting firm DeNovo. It is challenged by Mr Ayrton in his evidence. He believes that a much larger deduction should be made and makes a number of detailed points about the way Unwired Planet's costs have been handled. It is not going to be productive to delve into the detail on this issue since it is only concerned with a payment on account. Unlike other patent cases I am not being asked to make an overall percentage costs order. Mr Ayrton suggests using the reduction in the length of the trial when Samsung settled as a reasonable benchmark. I recognise that costs incurred pre-trial are not always reflected in the time at trial but I accept Mr Ayrton's approach at least as indicative. The fact that trial length was reduced to nearly half its original estimate when Samsung settled is firm evidence that a deduction of only 24% does not fairly reflect the amount of costs which Huawei should not be liable for. But a deduction of 50% is too much. I find that a fair discount to use would be 40%.
59. Huawei also raised a good number of concerns about Unwired Planet's costs but for the purpose of assessing a payment on account, by starting from the estimate as at July 2016, these matters do not need to be considered. Therefore the amount of a payment on account will be calculated as follows.
60. The starting point is the July 2016 figure of £8.5 million. I deduct 40% for Samsung issues, which comes to £5.1 million. I will then deduct 43% to reflect the non-recovery of the FRAND rate costs (recognising that 43% of £5.1 million is different from 43% of £6.4 million) which comes to £2.9 million. That is an appropriate sum to be paid as a payment on account of costs.
61. If a payment is to be made by Huawei they ask that the order should provide for the due date to be calculated by reference to the date the order is sealed rather than the date the order is made, because the sealed version is needed for the internal processes necessary to set up a payment. I accept that.

*The fifth issue – permission to appeal*

62. Huawei seek permission to appeal on essentially three grounds. Ground 1 is what they call the global licensing point. This includes submitting to the appellate court that more than one set of terms can be FRAND in any given circumstances, that the court ought to have held that the UK licence was FRAND and that the court ought not to determine FRAND terms including rates for territories other than the UK. It also involves submitting that it was not appropriate to grant an injunction excluding Huawei from the UK market unless it took a global licence. These points are properly arguable issues of principle and I will give permission to appeal but with one brief observation.

63. The arguments include a reference at paragraph 1(iv) to the fact that the licence includes SEPs held by the tenth party but excludes certain SEPs acquired from Samsung and Huawei's dealing in telematics. Albeit I recognise that Huawei were reluctant to do so and that the agreement was in the context of the UK licence only since they refused to engage with worldwide terms at all, nevertheless Huawei did agree all those terms in the UK licence with Unwired Planet. If they had wanted to challenge them or contend for other terms, Huawei always had the means to do so. I have considered whether to refuse permission to appeal on that narrow point but decided that it would be better to allow Huawei to make the points they wish to make.
64. Ground 2 is the hard-edged non-discrimination point. The key argument is whether the judgment was right to require a distortion of competition. That is a properly arguable issue of principle and I will give permission to appeal. Paragraph 4(iii) under this heading submits that the court was wrong to hold that the discrimination between Samsung and Huawei would not tend, having regard to the whole circumstances of the case, to lead to a distortion of competition. This is just rearguing the court's assessment of the facts and evidence (see the reference to Dr Niels' cross-examination at paragraph 517). I refuse permission to appeal on that point.
65. Ground 3 is the *Huawei v ZTE* issue, injunctive relief and abuse of dominance. These are properly arguable matters of principle and I will give permission.
66. A small point is in paragraph 5(iv) in which Huawei submit that the judgment errs in identifying a "ratio" of *Huawei v ZTE* because no distinction between *ratio decidendi* and *obiter dictum* exists in European jurisprudence, citing *National Navigation v Endesa* [2009] 1 CLC 393 (Gloster J) and 2 CLC 1004 (Moore-Bick LJ). Huawei did not raise this when the draft judgment was provided to them. Looking again at the paragraphs of the judgment which are referred to (paragraphs 738-739 and 744(iii)), had I been aware of *National Navigation* when the judgment was written, I would have used different words, but the substance would not have changed. The point in *National Navigation* is that there is no distinction between a binding *ratio* and merely persuasive *obiter dictum* in decisions of the CJEU. One cannot disregard clear propositions of law in a European judgment just because they were not part of the *ratio decidendi*. I do not believe the paragraphs in the main judgment disregard any aspect of *Huawei v ZTE* as *obiter* or merely persuasive. The point being made was that the CJEU decided what was not an abuse rather than deciding what was. Nevertheless since the main judgment uses the word "ratio" (probably inaccurately) I will give permission to appeal on that point too.
67. Unwired Planet's position on permission to appeal was that they did not wish to appeal if Huawei did not, but if Huawei have permission then they seek to appeal on two points. The first is that the judgment failed to take into account the blended global nature of the benchmark rate. The second is that to exclude infrastructure servicing revenues from the royalty base was perverse.
68. The significance of the first point is that, as Unwired Planet submit, once I had derived a benchmark rate it was in fact used as a maximum and then two downward adjustments were made. They argue that the judgment overlooked the fact that the benchmark was a global blended rate and included contributions from territories with lower rates as well as higher rates. I do not believe that is an accurate characterisation of the judgment for these reasons. A key component in the benchmark rate was the

value E for Ericsson's portfolio. That was derived taking into account rates which were global blended rates but also rates which were not. In order to allow this judgment to be given in public I will not say any more. Nevertheless in case Unwired Planet's characterisation of the judgment is correct, I will give permission to appeal on this point.

69. The second point is about one of the other terms. Unwired Planet argue that the judgment ought to have preferred Unwired Planet's wording, even though I found that Unwired Planet's wording was too extreme, on the basis that the decision that wording was too extreme was reached without a proper evidential basis. Since it was up to Unwired Planet to file such evidence if they wanted to and given the history of this litigation that submission is unmeritorious. Furthermore the submission that as an alternative I ought to have invited Huawei to propose alternative wording or invited further argument is unmeritorious too. Unwired Planet well understood and were content with the approach being taken that I was seeking to reach a conclusion on a full set of licence terms and avoid a further hearing (cf paragraph 581 of the main judgment). I will refuse permission to appeal on this point.

### *Conclusion*

70. In summary:
- i) A FRAND injunction will be granted. That is one which is discharged if the defendant enters into the FRAND licence. It will be stayed pending appeal.
  - ii) The declaration will provide that the Settled Licence represented the FRAND terms in these circumstances between these parties.
  - iii) Huawei must pay some of Unwired Planet's costs of the non-technical trial. They are the costs of the proceedings save for the Samsung issues and the costs of the FRAND rate issue. Huawei must make a payment on account of costs of £2.9 million.
  - iv) Permission to appeal is granted to Huawei on the global licensing issue, hard edged non-discrimination and on ***Huawei v ZTE***. Permission to appeal is granted to Unwired Planet on the blended global benchmark issue.

The Settled Licence:

**Patent License Agreement**

by and between

Unwired Planet Limited Liability Company  
Unwired Planet International Limited

and

Huawei Technologies Co., Ltd.

Huawei Technologies (UK) Co., Ltd.

This agreement (hereinafter referred to as the “**Agreement**”) is made on this day of \_\_\_\_\_ (“**Date**”) by and between: Unwired Planet Limited Liability Company, a corporation organized and existing under the laws of the State of Nevada, having its principal place of business at 7160 Dallas Parkway, Suite 250, Plano, Texas, 75024, USA (“**UPLLC**”) and Unwired Planet International Limited, a corporation organized and existing under the laws of Ireland, having its principal place of business at The Hyde Building, Unit 32, The Park Carrickmines, Dublin 18, 662898 Ireland (“**UPIL**”) (together hereinafter referred to as “**Unwired Planet**” or “**Licensor**”); and Huawei Technologies Co., Ltd. , a corporation organized and existing under the laws of China, having its headquarters at Huawei Industrial Base, Bantian, Longgang District, Shenzhen, 518129, China, (“**Huawei China**”) and Huawei Technologies (UK) Co., Ltd., a corporation organized and existing under the laws of the United Kingdom, having its principle place of business at 300 South Oak Way, Green Park, Reading, Berkshire RG2 6UF (“**Huawei UK**”) (together hereinafter referred to as “**Huawei**” or “**Licensee**”).

WHEREAS Unwired Planet owns, controls or is otherwise entitled to grant rights under certain patents and patent applications relating to Licensed Products (as hereinafter defined) and Huawei manufactures, sells and distributes certain Licensed Products; and

WHEREAS Unwired Planet is willing to grant a license and Huawei is willing to obtain such a license under the Licensed Patents on the terms and conditions set forth in this Agreement.



Where appropriate, Unwired Planet and Huawei shall hereinafter be referred to collectively as “**Parties**” and individually as “**Party**” or as Licensor, Licensee, Unwired Planet and Huawei as the context may require.

**NOW THEREFORE** in consideration of the premises and mutual covenants herein contained, the Parties hereby agree as follows:

## 1. Definitions

- 1.1 The following capitalized terms used in this Agreement shall have the respective meanings ascribed to them below in this Section unless otherwise expressly defined in this Agreement (such definitions shall be equally applicable to both the singular and plural forms of the defined terms). The words “hereof,” “herein” and “hereunder” and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section references are to this Agreement unless otherwise specified. For the purpose of the construction and interpretation of this Agreement, the word “including” (and variations thereof such as “include” and “includes”) and the phrase “such as” will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words “without limitation”.
- 1.2 “**Affiliate**” of a Party or Third Party means an Entity that at any time controls, is controlled by, or is under common control with such Party or Third Party. Such Entities shall only be deemed to be Affiliates hereunder for as long as such control exists. Control, in this context, (hereinafter referred as “**Control**”) exists where one entity owns more than 50% whether directly or indirectly of the Voting Power or, if the Entity in question does not have outstanding voting shares or securities, more than 50% of the equity interest in such Entity.
- 1.3 “**Combination**” means two (2) or more items comprising part of a combination of products, software and/or services being sold by Licensee or its Affiliates, as part of the same transaction or a series of linked transactions which is comprised of, at a minimum, an End User Device or a piece of Infrastructure Equipment.
- 1.4 “**Effective Date**” means 1 January 2013.
- 1.5 “**End User Device**” means a complete wireless communication device (including but not limited to mobile phones, PCs, laptops, tablets, hotspots, access points, routers, home gateways, data cards, which is ready for use (even if a battery, SIM card, or the like needs to be added for use) as Sold by Licensee or its Affiliates, and which can be directly used by an end user for 2G, 3G, and/or 4G cellular communications. End User Devices may be capable of operating according to more than one cellular standard mode (for example, 2G, 3G, 4G), but at least one of the modes must be 2G, 3G, or 4G. End-User Device does not mean, without limitation, subassemblies or parts of products such as but not limited to Intermediate Products, other than as sold already incorporated into an End User Device.
- 1.6 “**Entity**” means any individual, firm, company, corporation or other corporate body or legal entity (wherever and however incorporated or established),

government, state, agency or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having a separate legal personality).

1.7 “**Have Made**” means the right to have a Third Party make Licensed Products for the use and benefit of the Licensee and its Affiliates provided all of the following conditions are fulfilled:

- (a) the Licensed Products are made under contract by a Third Party manufacturer for Licensee or its Affiliates and are supplied by such Third Party manufacturer solely to Licensee or its Affiliates (or directly to their customers on behalf of Licensee or its Affiliates) and to no other Third Party; and
- (b) such Licensed Products are not re-Sold back to, or on behalf of, such Third Party manufacturers or its Affiliates.

1.8 “**Licensed Products**” means End User Devices and Infrastructure Equipment that are:

- (a) branded with a brand owned by or licensed to Licensee and/or its Affiliates, or co-branded with a brand owned by or licensed to Licensee and/or its Affiliates with that of a brand owned by or licensed to one or more Third Parties, or
- (b) manufactured by, or for (under Have Made rights), Licensee and/or its Affiliates and sold to Third Parties (e.g., Vodafone, Carphone Warehouse, distributors and retailers) as Licensee’s, or Licensee’s Affiliates’ own products, or to Carriers for use and/or sale by Carrier under its own brand (“**Carrier**” being Vodafone, EE, O2, MVNOs (mobile virtual network operators), and the like that offer cellular service to customers).

Licensed Products shall not include Intermediate Products.

1.9 “**Infrastructure Equipment**” means radio access network elements (such as base stations (including pico base stations, and femto base stations, NodeB, and eNodeB), base station controllers and radio network controllers) including software necessary to operate and integral to any of the foregoing, regardless of whether the software is provided with the hardware or sold separately. This definition of Infrastructure Equipment does not include any End User Devices, intermediate products or subassemblies, such as but not limited to Intermediate Products, other than those that are incorporated in the complete and ready to use Infrastructure Equipment as Sold by the respective Party (and/or their Affiliates as applicable).

1.10 “**Infrastructure Revenue**” means all revenues derived from the Sales of licensed Infrastructure Equipment. For the avoidance of doubt, Infrastructure Revenue shall not include any revenues derived from maintenance or operation of the Infrastructure Equipment.

1.11 “**Intermediate Products**” means any item of equipment, including, for example, a sub-system, sub-assembly or component, in software, hardware and/or

firmware form, which is sold, licensed, or supplied, or intended to be sold, licensed or supplied by Licensee or its Affiliates to a Third Party for use as an intermediate product in an end-use item, because it requires additional industrial, manufacturing or assembly processes before being used or sold as an end-use item, and is intended for incorporation into a larger item of end-use equipment or product. Examples of Intermediate Products include ASICs, chipsets, printed circuit boards, integrated circuits (ICs), processors, multi-core processors, multi-chip modules, multi-chip packages, embedded modules, core engines and M2M modules.

- 1.12 **“Patent”** shall mean patent claims (including claims of licensable patent applications, whether or not divisionals, continuations, continuations-in-part, reissues, renewals, and extensions therefore and any counterparts claiming priority therefrom), and like statutory rights other than design patents.
- 1.13 **“Licensed Patents”** shall mean all Patents that were at any time owned, controlled or licensable by Licensor, Unwired Planet LLC, UP Optis Holding LLC, UP IP Management, Inc. and / or their Subsidiaries during the Term as to which it is, or claimed, declared or otherwise asserted by the owner to be, not possible, on technical grounds taking into account normal technical practice and the state of the art generally available at the time of adoption or publication of the relevant Standards, to make, sell, offer for sale, lease or otherwise dispose of and import, repair, use or operate equipment or methods which comply with the relevant Standards, without infringing such Patents, as determined by the applicable law of the country to which the Patents pertain and shall further include patents in litigation as listed in Annex B; provided, however, that (a) any Patents assigned by the Licensor to Lenovo Group pursuant to the Patent Purchase Agreement dated 20 March 2014 and (b) Patents owned or controlled by Licensor that were owned or controlled by Samsung or its Affiliates prior to being owned or controlled by Licensor, as listed in Annex C, shall not be considered Licensed Patents under this Agreement. For the purpose of this definition, “Subsidiary” means an Entity that at any time is Controlled by a Party.
- 1.14 **“Selling Price”** shall mean with respect to each Licensed Product Sold by Licensee or any of its Affiliates, one of the following, whichever is applicable:
- (i) When Sold to an Unrelated Buyer, the Selling Price will be a) the selling price charged by Licensee or its Affiliate for such Licensed Product, or b) if the Licensed Product has been Sold as part of a Sale including other type of products (i.e. not only Licensed Products) and the selling price in question is an amount lower than the Average Selling Price (as defined below), then such Average Selling Price shall be used for the Selling Price. For the purpose of this Agreement, **“Average Selling Price”** shall mean the average selling price, charged by Licensee and its Affiliates for equivalent or substantially equivalent Licensed Products that have not been Sold as part of a Sale including other type of Licensee’s products, during the same or most recent calendar quarter in which Licensee and its Affiliates Sold substantial quantities of such equivalent Licensed Products (or if substantial quantities of such equivalent Licensed Products have not been Sold during any such calendar quarter, substantial quantities of substantially equivalent Licensee Products that have not been Sold as part of a Sale including other type of Licensee’s products,) to Unrelated Buyers, or if

substantial quantities of such equivalent or substantially equivalent Licensed Products have not been Sold to an Unrelated Buyer by Licensee and its Affiliates in accordance with above during any such calendar quarter, the costs to Licensee or its Affiliate, as the case may be, to produce (or otherwise acquire) such Licensed Products plus twenty percent (20%) of such costs; or

(ii) With respect to Sales to a Related Buyer, the Selling Price for each such Licensed Product shall be a) the selling price charged by the final vendee Related Buyer of such Licensed Product to an Unrelated Buyer for such Licensed Product, or b) if the Licensed Product has been Sold as part of a Sale including other type of Licensee's products (i.e. not only Licensed Products) and selling price in question is lower than the Average Selling Price, then such Average Selling Price shall be used instead, or, if no further Sale of such Licensee Product is made by the Related Buyer to an Unrelated Buyer, then the Selling Price for each such Licensed Product shall be the Average Selling Price for the Licensee Product.

- 1.15 **“Net Selling Price”** shall mean the Selling Price of each Licensed Product that is not Infrastructure Equipment, in the form in which it is Sold; whether or not assembled and without excluding therefrom any components or subassemblies thereof. In determining the Selling Price import tax, export tax and other sales taxes and/or customs duties levied or imposed directly upon the Sale of such Licensed Products shall be excluded, and a four percent (4%) of the actual invoiced amount shall be deducted representing usual trade discount, packing costs, insurance and transportation costs. For the avoidance of doubt, any price for after sales support, which is either specified on the invoice or the contract for such Huawei Products Sold, shall not be included in the Net Selling Price definition.
- 1.16 **“Related Buyer”** means an Entity that is not an Unrelated Buyer or an Affiliate.
- 1.17 **“Unrelated Buyer”** means a person or Entity that does not control Licensee or its Affiliates, is not controlled by Licensee or its Affiliates, and is not in common control with Licensee or its Affiliates; and the term “control” for the purposes of this definition means the direct or indirect ownership or control of more than a thirty percent (30%) equity interest or more than thirty percent (30%) of the Voting Power.
- 1.18 **“Sale”, “Sell” or “Sold”** or any similar variation of such term, means the delivery of Licensed Products in the Territory to a Third Party for compensation, if any, including lease, rent or similar transaction, or the putting into use of the Licensed Products by the Licensee and/or its Affiliates for any purpose other than routine testing, quality control or certification– with a Sale being deemed to have occurred upon invoicing or such putting into use in the Territory, whichever shall first occur. For the avoidance of doubt, any delivery of samples, repairs or replacements of End User Devices in the Territory, regardless of the basis for compensation, shall not be considered to be a “Sale”.
- 1.19 **“Standards”** means the agreed protocols by 3GPP, ETSI, ARIB and/or other relevant telecommunications standards setting bodies that are applicable to the

2G, 3G and/or 4G telecommunication standards (as defined herein) including any updates, modifications and extensions of such protocols. For clarity, Standard shall not include 5G telecommunications standards.

- 1.20 “**Term**” means the term of this Agreement which shall be from and including the Effective Date through and ending on 31 December 2020, unless earlier terminated in accordance with the provisions herein.
- 1.21 “**Territory**” means world-wide.
- 1.22 “**Third Party**” means any Entity that is not a Party or an Affiliate of a Party.
- 1.23 “**Voting Power**” means the right to exercise voting power with respect to the election of directors or similar managing authority of an Entity (whether through direct or indirect beneficial ownership of shares or securities of such Entity or otherwise).
- 1.24 “**2G**” means Global System for Mobile Communications (GSM) and General Packet Radio System (GPRS) including Enhanced GPRS (E-GPRS or “EDGE”) standard specifications released or published by 3GPP and/or relevant local standardization bodies such as ETSI, TTA, TTC, ARIB, TTC and CCSA, irrespective of the transmission medium, frequency band or duplexing scheme, at the time of the Effective Date as well as updates in respect of such standard specifications during the Term.
- 1.25 “**3G**” means UTRA (FDD mode (including but not limited to WCDMA) and TDD mode), including HSPA and UMTS core network standard specifications, however excluding TD-SCDMA standard specifications, released or published by 3GPP and/or relevant local standardization bodies such as ETSI, TTA, TTC, ARIB, TTC and CCSA, irrespective of the transmission medium, frequency band or duplexing scheme, at the time of the Effective Date, as well as any updates in respect of such standard specifications during the Term.
- 1.26 “**4G**” means E-UTRA (FDD mode and TDD mode (including but not limited to LTE, TD-LTE and LTE-SAE)), standard specifications released or published by 3GPP and/or relevant local standardization bodies such as but not limited to ETSI, TTA, TTC, ARIB, TTC and CCSA, irrespective of the transmission medium, frequency band or duplexing scheme, at the time of the Effective Date, including Release 8 and LTE-Advanced, as well as any updates in respect of such standard specifications during the Term.
- 1.27 “**Major Market**” shall mean, in respect of 2G or 3G Standards, a country in which there are two (2) or more Licensed Patents (but excluding China), and in respect of 4G, a country in which there are three (3) or more Licensed Patents (but excluding China). At the Date, the countries in the following table are Major Markets (referred to in the table as “MM”) for the Standards indicated:

MM all standards	MM 4G and 3G	MM 4G only	MM 3G only
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France	Canada	Ireland	Argentina
Germany	Italy	Netherlands	Australia
India	Spain	New Zealand	South Korea
Japan	Taiwan	Switzerland	
UK			
US			

1.28 “**Other Markets**” shall mean any country which is not a Major Market, but excluding China.

## 2. Grant of License

- 2.1 Subject to payment of royalties in accordance with Section 4 of this Agreement, Licensor, on behalf of itself, its Affiliates, and their respective predecessors, successors and assigns, hereby grants (and shall procure that its Affiliates grant) Licensee a non-exclusive, non-transferable, royalty bearing license under the Licensed Patents in the Territory during the Term to:
- 2.1.1 possess, use, import, Sell and offer for Sale, lease, furnish, transfer or otherwise dispose or supply of any and all Licensed Products;
  - 2.1.2 make, import, use and maintain machines, tools, materials and all other instrumentalities and to practice methods, processes and services for the development, manufacture, testing and repair of Licensed Products; and
  - 2.1.3 make, manufacture and Have Made Licensed Products.
- 2.2 For the express avoidance of doubt, the rights provided at Section 2.1 above do not include any rights or licenses:
- 2.2.1 to sell or offer to sell Intermediate Products except for the purpose of repair and maintenance of any Licensed Product;
  - 2.2.2 under any Patent other than the Licensed Patents;
  - 2.2.3 to manufacture or sell products that are based on a Third Party design and are sold by Licensee or its Affiliates to or on behalf of such Third Party as the Third Party’s own product and not a Licensed Product. Save always that this Section 2.2.3 shall not apply to Carriers, whether those Licensed Products are made to the Carrier’s specifications or not, or whether those Licensed Products carry a Licensee brand or not.
- 2.3 Subject to the payment according to Section 4 of this Agreement, the licenses granted herein by Licensor shall include the right of Licensee to grant sublicenses

under Section 2.1 herein, without further payment to Licensor for such right of sublicense, to its Affiliates in the Territory during the Term. No such sublicense shall be broader in any respect than the license held at that time by Licensee. The right to grant sublicenses to an Affiliate shall apply only during the time period when such Affiliate meets the requirements of an Affiliate. Licensee acknowledges that any sublicensed Affiliate will be bound in all respects to all of the obligations contained in this Agreement and Licensee shall be responsible for compliance by its sublicensed Affiliates with such obligations. Licensee shall be primarily responsible for the compensations set forth in Section 4 below for the activities of any sublicensed Affiliate. Any sublicense granted in accordance with this Section 2.3 shall immediately terminate if an Affiliate ceases to be an Affiliate of Licensee and otherwise upon termination of this Agreement

- 2.4 For the avoidance of doubt, the license granted by Licensor and its Affiliates to Licensee herein shall convey to any direct or indirect customer of Licensee without additional compensation to Licensor with respect to any Licensed Product Sold by Licensee to such customer (whether or not as part of a Combination) the benefit under the license herein.
- 2.5 There may be countries in which Licensee and/or its Affiliates may have, as a consequence of this Agreement, rights against infringers of the Licensed Patents. Licensee hereby waives, and shall procure the waiver from its Affiliates, of any such right Licensee or any Affiliate may have by reason of any Third Party's infringement of any such Licensed Patents.
- 2.6 All rights not expressly granted herein by Licensor are hereby expressly reserved. Nothing in this Agreement shall be construed as conveying whether explicitly, by principles of implied license, or otherwise, any license rights not explicitly granted herein. Furthermore, nothing in this Agreement shall be construed as conveying whether explicitly, by principles of implied license, or otherwise, any rights to any Third Party user or purchaser of the Licensed Products, under any Licensed Patent covering any combination of the Licensed Products with any other product (not licensed hereunder) where the patent claim applies specifically to the combination and not to the Licensed Product alone, except to the extent that (i) such claim would have been infringed (either directly, by inducement, or by contributory infringement) by Licensed Products or its process in the absence of such combination, that (ii) such claim would have been infringed by such combination where a Licensed Product is an essential element of such infringement, or that (iii) such claim would be subject to patent exhaustion based on sales of Licensed Products.

### **3. Release**

- 3.1 Subject to Licensee's payment of it and its Affiliates unlicensed past activities (activities between the Effective Date and the Date) in the form of royalties as set out at Section 4, Licensor, on behalf of itself, its Affiliates, and its and their respective predecessors, successors and assigns, (the "Licensor Releasing Parties"), forever releases and discharges Licensee and its Affiliates, their predecessors, successors and assigns, their respective directors, officers, managers, their contract manufacturers, distributors, resellers, and their direct and indirect customers (the "Licensee Released Parties"), from any and all claims, counterclaims, causes of action (regardless of whether they are now known or

unknown, suspected or unsuspected) that the Licensor Releasing Parties may have on account of the Licensee Released Parties' acts of infringement or alleged infringement by reason of having done any of the acts specified in Sections 2.1.1-2.1.3 inclusive until (but not including) the Date, provided always that such act would be licensed under this Agreement had it occurred subsequent to the Date.

#### **4. Payment**

4.1 In consideration of the license and release granted herein, Licensee shall pay to Licensor the following amounts (referred to in this Section 4 as either "royalty sum", "royalties" or royalty") in respect of Licensee's and its Affiliates' activities in the Territory during the Term:

4.2 For End User Devices:

4.2.1 0.064% of the Net Selling Price for each End User Device compliant with 2G only that is Sold in Major Markets and 0.016% of the Net Selling Price for each End User Device compliant with 2G only that is Sold in Other Markets or China;

4.2.2 0.032% of the Net Selling Price for each End User Device compliant with at least 3G but not 4G that is Sold in Major Markets and 0.016% of the Net Selling Price for each End User Device compliant with at least 3G but not 4G that is Sold in Other Markets or China;

4.2.3 0.052% of the Net Selling Price for each End User Device compliant with at least 4G that is Sold in Major Markets and 0.026% of the Net Selling Price for each End User Device compliant with at least 4G that is Sold in Other Markets or China.

4.3 For Infrastructure Equipment:

4.3.1 0.064% of Infrastructure Revenue for Infrastructure Equipment compliant with 2G that is Sold in Major Markets and 0.032% of the Infrastructure Revenue for Infrastructure Equipment compliant with 2G that is Sold in Other Markets or China;

4.3.2 0.016% of Infrastructure Revenue for Infrastructure Equipment compliant with 3G that is Sold in Major Markets and 0.004% of the Infrastructure Revenue for Infrastructure Equipment compliant with 3G that is Sold in Other Markets or China;

4.3.3 0.051% of Infrastructure Revenue for Infrastructure Equipment compliant with 4G that is Sold in Major Markets and 0.026% of the Infrastructure Revenue for Infrastructure Equipment compliant with 4G that is Sold in Other Markets or China.

The Parties acknowledge and agree that to the extent the Infrastructure Equipment is only compliant with one Standard individually (for example 4G), this clause shall not be interpreted as an admission that Licensee shall pay for the other Standards (for example 2G and/or 3G) and no separate payment shall be due for the other standard(s); nor shall this clause be interpreted as Licensee's admission that it has Infrastructure Equipment operating in more than one Standard (i.e. a combination of 2G and 3G).



- 4.4 Adjustments to the list of Major Markets in Section 1.27 will be done on an annual basis. Any Licensed Patent in a country which is determined by a relevant court to be invalid or not essential would cease to count as a Licensed Patent in that country. Further, if additional Licensed Patents are added in a country appropriate adjustments shall be made.
- 4.5 In the event that Licensee purchases components that carry a license (“**Pass Through License**”) under any of the Licensed Patents (“**Prior Licensed Patents**”); and such components are used by Licensee in Licensed Products in a manner licensed under such Pass Through License, then, for the term of such Pass Through License, Licensee shall have no license under this Agreement to such Prior Licensed Patents and will have no royalty obligation, under this Agreement, with regard to such Prior Licensed Patents to the extent licensed under such Pass Through License. For the avoidance of doubt, if a patent applies to both 3G and 4G Standards and is licensed under the Pass Through License for 3G but not 4G, then the patent would be a Prior License Patent for 3G and remain a Licensed Patent for 4G. In the event of a dispute, Section 10 of this Agreement shall apply.
- 4.6 Licensee shall, on behalf of itself and its Affiliates, pay to Licensor the royalties as specified in Sections 4.2 and 4.3 above no later than forty-five (45) days from and including the day the report is due according to Section 4.8 below. Licensor shall issue written invoices, corresponding to the reported amounts and applicable report period, no later than thirty (30) days from and including the payment due date provided in this Section 4.4. Any termination of this Agreement shall not preclude the right of Licensor to be paid all royalties due and accruing during the Term.
- 4.7 Royalty payments shall be made to the applicable designated bank account of Licensor in the currency as specified below, or as may be otherwise notified by Licensor to Licensee:
- Bank Name: Allied Irish Bank  
Address: 3<sup>rd</sup> Floor, 1 Adelaide Road  
City: Dublin 2  
Country: Ireland  
Account Name: Unwired Planet International Limited  
Account Number (IBAN): IE41AIBK93006726505816  
Swift Code: AIBKIE2D  
Currency: US Dollars
- 4.8 Licensee on behalf of itself and its Affiliates, shall submit a written report signed by a person duly authorized by Licensee to Licensor within forty-five (45) days of the Date (with day 1 being the Date) using the template report as in **Annex A** for each type of Licensed Product Sold from 1 January 2013 (the Effective Date) and through the most recent complete calendar quarter ending prior to the Date. Thereafter Licensee, on behalf of itself and its Affiliates, shall for the Term continue to submit such written reports (in the format as previously specified in Annex A) for each subsequent calendar quarter within forty-five (45) days of the end of any such calendar quarter, or on termination of this Agreement, within forty-five (45) days of such termination date. Licensee warrants that each such report shall be complete and accurate and shall be signed by a duly authorized person and provided to Licensor in accordance with the aforementioned timeframes.

- 4.9 All sums due under this Agreement shall be exclusive of any value added tax, or any other additional sales tax or duty which shall be payable on the rendering by Licensor of an appropriate invoice to Licensee. Any and all other taxes, levies, charges, duties or fees shall be paid by the Party required to do so by applicable law. Specifically, Licensor will be responsible for any taxes to which it is subject as a result of the receipt of royalties made by Licensee to Licensor under this Agreement.
- 4.10 For any currency conversion from the currency of one country in which the Licensed Products are sold into U.S. Dollars required in determining the royalties due hereunder, such conversion shall be calculated at the conversion rate as reported in the *Wall Street Journal* (New York Edition) on the last business day of the applicable quarterly period in which the royalties are determined, or such other method agreed to by the Parties in writing.
- 4.11 Licensor acknowledges and agrees to provide its business registration certificate to Licensee as required by mandatory Chinese law or regulations prior to Licensee's first payment, and Licensee will work with Licensor to identify the correct business registration certificate.
- 4.12 For any payment made pursuant to this Agreement, including interest on any overdue payment(s), the Parties acknowledge that the Chinese authorities and Chinese banking laws require certain formalities to be met before a payment can be made. If required, Licensee shall have a translation prepared of this Agreement for Chinese authorities. If there are any other formalities required by the Chinese authorities or the bank in China, the Parties will work together to resolve the issue as quickly as possible so that payments can be made in a timely manner.
- 4.13 Any withholding taxes levied in China upon payment by Licensee to Licensor of any sums hereunder and required to be withheld from such payment shall be withheld and paid by Licensee to the appropriate Chinese tax authorities. Within sixty (60) days after such payment, Licensee shall inform Licensor of the date and amount of the deduction made and shall forward to Licensor all receipts issued by the Chinese tax authorities, including the official receipts, save always that if any such receipts are issued by the Chinese tax authorities more than sixty (60) days after payment thereof, then Licensee shall forward them to Licensor within fourteen (14) days of receipt. In connection therewith, the gross amounts to be paid under this Agreement shall be adjusted for such Chinese withholding taxes to be borne by Licensor and its Affiliates. Should Licensor elect to pursue a claim for tax credit with the Chinese authorities, Licensee shall reasonably cooperate with and support Licensor, including doing all such further actions and acts as may be reasonably necessary in connection therewith. Any and all other taxes, levies, charges, duties or fees shall be paid by the Party required to do so by applicable law.

## **5. Record and Audit**

- 5.1 Licensee shall, and shall procure that its Affiliates shall, keep accurate and complete books and records which relate to the Licensed Products in sufficient detail (consistent with generally accepted accounting practices for the industry) to enable the royalties payable hereunder to be determined. Such books and records, shall include, at a minimum, all records and accounts as may, under internationally recognised accounting practices, contain information bearing upon

the amount of royalties payable in accordance with this Agreement, and be kept by Licensee for a period of three (3) years after the calendar quarter to which the books and records apply (but not more than 2 years after any termination of this Agreement).

- 5.2 Licensor shall have the right at any time during the Term and for 2 years thereafter, upon the provision of at least thirty (30) days' notice from Licensor, to nominate, at its own expense, a Third Party independent auditor, acceptable to Licensee (such acceptance not to be unreasonably withheld and where the said auditor is either PWC, DLT, KMPG and EY shall be deemed automatically given with the exception that Huawei may remove one auditor from this list based upon conflict of interest concerns) to examine and audit any and all books and records to the extent relevant to determination of the royalties paid in any specified period at the premises of Licensee. The audit shall be conducted during Licensee's normal business hours and without undue interference with Licensee's normal business. Any such audit shall take place no more than once per calendar year, and any particular calendar quarter shall be audited only once.
- 5.3 The auditor shall conduct the audit on consecutive days and shall complete the audit within a reasonable period, and Licensee shall assemble in a single location all books and records necessary for such audit to be carried out and make such personnel available as may be reasonably necessary to answer the questions of the auditor.
- 5.4 The Third Party auditor shall sign a non-disclosure agreement on reasonable terms to be discussed and agreed between said Third Party auditor and Licensee in advance of the commencement of any audit. Licensee shall have the right to refuse further access to confidential information in case it is demonstrable that the auditor is in breach of its confidentiality obligation.
- 5.5 Any independent auditor is authorised to report to Licensor, only whether Licensee is or is not (and if not, in what manner and the amount of underpayment) in compliance with its obligations in this Agreement and shall not disclose to Licensor or any Third Party any other information obtained during the audit. When providing the final audit report to Licensor, the auditor shall also furnish Licensee with a copy of such report.
- 5.6 Licensor shall use the information resulting from such audits exclusively for the implementation of, and ensuring compliance with, this Agreement and shall treat such information confidentially with the same degree of care as is used with respect to Licensor's own equally important confidential information to avoid disclosure to any Third Party.
- 5.7 If an overpayment is identified during such audit, Licensor will credit the amount overpaid to Licensee against the next payment due under this Agreement. To the extent that no further payment is due under this Agreement, Licensor shall within sixty (60) days after the later of (i) such determination or (ii) receipt of an invoice from Licensee, pay Licensee the amount by which royalties were determined to be overpaid. In the event that the audit identifies any underpayment, then the Parties shall meet and confer within thirty (30) days of such audit determination to discuss such underpayment, during which Licensee will provide such data and evidence it considers reasonably necessary to support its position, subject to Licensor agreeing to keep any such material confidential. Without prejudice to any other remedies available to the Parties (including dispute resolution in

accordance with Section 10 of this Agreement), after such thirty (30) days, Licensee shall within thirty (30) days after the later of (i) such determination or (ii) receipt of an invoice from Licensor, pay Licensor the shortfall plus the interest specified at Section 5.8 on the amounts which such royalties were underpaid. In the event that any underpayment for the audit period exceeds five percent (5%) of the royalty amount actually due, Licensee shall bear the actual cost of the audit and Licensor shall share with Licensee copies of invoices of the auditor as evidence thereof.

- 5.8 Licensee shall be liable for interest on any overdue payment required to be made pursuant to this Section 5. Such interest shall commence on the date such payment becomes due until such payment is made, at an annual rate of five percent (5%). If at any time such interest rate exceeds the maximum legal rate in the jurisdiction where a claim therefore is being asserted, the interest rate shall be reduced to such maximum legal rate.
- 5.9 Licensor's rights of audit as set out in this Section 5 shall survive for two (2) years after the termination of the Agreement provided, however, that there shall be no right to audit for a time period for which an audit has been completed.

## **6. Term and Termination**

- 6.1 This Agreement shall come into force upon the Date and shall remain in effect during the Term.
- 6.2 A Party may terminate this Agreement by written notice if the other Party (or an Affiliate) at any time commits a material breach of any of its significant obligations under this Agreement (which shall expressly include any non-payment) and, in the event of a breach capable of remedy, fails to cure, or procure the cure of, such breach within thirty (30) days after receipt of a notice specifying the nature of such breach and requiring remedy of the same.
- 6.3 A Party shall provide written notice to the other Party immediately upon the occurrence of any of the following events: (i) its insolvency, bankruptcy or liquidation or filing of any application therefor, or other commitment of an affirmative act of insolvency; (ii) attachment, execution or seizure of substantially all of the assets of the notifying Party or filing of any application therefor; (iii) assignment or transfer of that portion of the business to which this Agreement pertains to a trustee for the benefit of creditors; (iv) termination of its business or dissolution; or (v) in the case of Licensee, within ninety (90) days after the closing of a merger, acquisition, consolidation, transfer or otherwise wherein more than fifty percent (50%) of the ownership or Control of Licensee is acquired by an Entity then engaged in the manufacture or sale of End User Devices. The other Party shall have the right to terminate this Agreement with immediate effect by giving written notice of termination at any time upon such occurrence.
- 6.4 All licenses and rights granted hereunder shall be terminated, provided always that any rights and releases which occur before termination shall remain unaffected SAVE ALWAYS that the foregoing shall not be deemed to limit either

Party's right to specifically enforce this Agreement, or to recover damages resulting from any breach of this Agreement by the other Party. The Parties agree that the failure to identify in this Agreement the breach of any particular obligation as a "material breach" does not preclude any Party from contending in the future that such breach is "material."

## **7. Assignment**

### **7.1 From the Date:-**

7.1.1 nothing contained herein shall prohibit Licensor from selling or assigning any Licensed Patent, provided that Licensor shall procure from its buyer or assignee that any such sale or assignment of any such Licensed Patent shall still be subject to the license, covenant and release granted to Licensee herein;

7.1.2 if Licensor or any of its Affiliates transfers its business in whole or in part through divestiture, merger or otherwise to a Third Party, Licensor shall procure, prior to the divestiture, that the license, covenant and release granted to Licensee under this Agreement shall continue (as if no such divestiture occurs) for the Term; and

7.1.3 if any of Licensor's Affiliates ceases to be its Affiliate and owns or controls any Licensed Patents, Licensor shall procure, prior to the Affiliate ceasing to be an Affiliate that such licenses, covenant and release (if any) continue for the Term.

7.2 Notwithstanding Sections 7.1.1-7.1.3 above, in the event that any successor-in-interests or assigns of Licensor ("Assignees") make any claim or assertion in a legal proceeding or otherwise against Licensee or its Affiliates or any of their past or present customers, distributors, retailers or end users, Licensor shall immediately investigate the facts and provide information to Licensee upon the request of Licensee, shall use its commercially reasonable best efforts to ensure compliance with Sections 7.1.1-7.1.3 by Assignees and shall indemnify Licensee from any such claims and assertions, including directly intervening in any such claim or legal proceedings. In addition, Licensee shall allow this Agreement to be introduced in evidence in any litigation (with confidentiality safeguards) brought by an Assignee of Licensed Patents, in any case where this Agreement would be a defence to infringement of such assigned Licensed Patents.

7.3 Save as otherwise set out herein neither Party may grant or assign any rights or delegate any obligations under this Agreement to any Third Party (save to an Affiliate) without the prior written consent of the other, which shall not be unreasonably withheld, and any attempted assignment without such consent shall be null and void. In the event Licensor consents to Licensee assigning any rights or delegating any obligations under this Agreement to a Third Party acquiring the Licensee business in whole or in part through divestiture, merger or otherwise, its shall be expressly understood that the rights assigned and/or obligations delegated shall not extend beyond those possessed by Licensee at the time of the acquisition

and shall expressly exclude the acquiring Third Party's business at the time of acquisition.

## **8. Representations**

- 8.1 Licensor hereby represents and warrants that (i) it has received all necessary corporate approvals and that the signatory below is duly authorized to execute this Agreement on behalf of Licensor; (ii) Licensor and/or its Affiliates own and have the right to license the Licensed Patents licensed to Licensee hereunder; and (iii) it has not made and shall not make any agreements, assignments or encumbrances inconsistent with the provisions of this Agreement.
- 8.2 Licensee hereby represents and warrants that (i) it has received all necessary corporate approvals and that the signatory below is duly authorized to execute this Agreement on behalf of Licensee; and (ii) it has not made and shall not make any outstanding agreements, assignments or encumbrances inconsistent with the provisions of this Agreement.
- 8.3 Nothing contained in this Agreement shall be construed as:
- 8.3.1 a warranty or representation either expressed or implied by either Party as to the validity, enforceability or scope of any Licensed Patent herein;
  - 8.3.2 an agreement to bring or prosecute actions or suits against third parties for infringement; or
  - 8.3.3 conferring any right to use, in advertising, publicity or otherwise, any name, trade name, trademark, or any contraction, abbreviation or simulation thereof.

and except as expressly set forth herein, neither Party makes any representations nor extends any warranties of any kind, either express or implied.

## **9 Applicable Law and Dispute Resolution**

- 9.1 This Agreement shall be governed by and construed in accordance with the substantive law of England & Wales without regard to conflicts of law rules.
- 9.2 In the event of any and all disputes arising under, out of or in connection with this Agreement (including any Annex and any amendment made thereto), including any question regarding its existence, validity or termination, representatives of both Parties shall enter into good faith negotiations with the aim of resolving the dispute. An attempt to arrive at a settlement shall be deemed to have failed as soon as one Party so notifies the other Party in writing. Such notification shall not be sent earlier than thirty (30) days after the dispute arises. Provided always that nothing in the foregoing will prevent a Party from commencing proceedings for the purpose of seeking interim or pre-emptive relief on an emergency basis.
- 9.3 The High Court of England and Wales shall have non-exclusive jurisdiction to finally settle all disputes, differences or questions arising out of or relating to the interpretation or performance of this Agreement between the Parties.

## 10 Notices

Any and all notices, requests, demands, consents, agreements and other communications required or permitted to be given or made under this Agreement shall be given in writing and in the English language and shall be (i) delivered personally; or (ii) sent by facsimile; or (iii) mailed by registered mail; or (v) delivered by courier to the following addresses of the Parties or to such other address as the Party concerned may subsequently notify in writing to the other Party in accordance with this Section 11.

### Licensor

Name: Thomas Miller

Title/Department: Head of Licensing

Address: 7160 Dallas Parkway, Suite 250, Plano, Texas, 75024, USA

Fax: +1-972-312-9217

E-mail: tmiller@panoptis.com

### Licensee

Name: Xiaowu (Emil) Zhang

Title/Department: Deputy Director of IP Litigation Dept.

Address: Huawei Base, Bantian, Longgang, Shenzhen, Guangdong, China, 518129

Fax: +86-755-28785911

E-mail: zhangxiaowu@huawei.com

Unless otherwise specifically provided for in this Agreement, such communications shall take effect upon receipt by the addressee, provided such communications shall be deemed to have been duly given or made and shall be deemed to have been received by a Party: (i) if delivered personally, at delivery; (ii) if mailed by registered mail, unless actually received earlier, on the expiration of seven (7) days after the date of mailing; (iii) on the day of the receipt of sender's facsimile confirmation of the transmission in case of facsimile; or (iv) if delivered by courier, on the date of delivery.

## 11 Non-waiver

Neither this Agreement nor any provision hereof may be waived without the prior written consent of the Party against whom such waiver is asserted. No delay or omission by either Party to exercise or assert any right or power shall impair any such right or power to be construed to be a waiver thereof. Consent by either Party to, or waiver of, a breach by the other Party shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.

## 12 Force Majeure

Neither Party shall be in default or liable for any loss or damage resulting from delays in performance or from failure to perform or comply with terms of this Agreement due to any unforeseeable, unavoidable and unpreventable causes, which causes include but are not limited to Acts of God; riots and insurrections; natural catastrophe; social unrest; war; fire; strikes and other labour difficulties (whether or not the Party is in a position to concede to such demands); embargoes; judicial action; lack of or inability to obtain export permits or approvals; and acts of civil or military authorities.

## 13 Miscellaneous

13.1 This Agreement, and its Annexes, constitutes the entire and only agreement between the Parties with respect to the subject matter hereof and merges and

supersedes all prior and contemporaneous oral or written discussions, negotiations, understandings, representations, warranties and agreements of the Parties.

- 13.2 Any amendment or modification of any of the provisions of this Agreement or any right, power or remedy hereunder shall not be effective unless made in writing and signed by authorized representatives of both Parties.
- 13.3 This Agreement is considered to be jointly drafted and neither Party shall benefit from who actually drafted the Agreement.
- 13.4 Notwithstanding any termination or expiration of this Agreement, any Section set forth in this Agreement remaining to be performed in whole or in part, capable of taking effect following termination, or which by its nature is contemplated to survive the termination or expiration of this Agreement shall survive and continue in full force and effect despite termination or expiration.
- 13.5 If any of the provisions of this Agreement is or becomes invalid, illegal or unenforceable, the validity, legality, and enforceability of any other provision of this Agreement shall in no way be affected or impaired thereby, and such invalid or unenforceable term, Section or provision shall be deemed deleted from this Agreement, and this Agreement shall continue in full force and effect. Should such case arise, the Parties shall negotiate in good faith a replacement but legally valid, term, Section or provision that best meets the intent of the Parties.
- 13.6 Save as otherwise set out herein, nothing in this Agreement precludes Licensee from challenging or denying the validity of any Licensed Patent by filing or participating in an opposition, an invalidity action or any declaratory judgment action challenging or denying the validity of such claim.
- 13.7 The relationship between Licensor and Licensee is that of independent contractors. Licensor and Licensee are not joint ventures, partners, principal and agent, master and servant, employer or employee, and have no other relationship other than independent contracting parties. Each Party is executing this Agreement solely on behalf of itself and its Affiliates and is not acting on behalf of, and does not represent, any other company or entity or any government agency. Nothing in this Agreement shall be construed as creating a partnership, joint venture, or other formal business organization of any kind.
- 13.8 Each Party agrees, upon reasonable request by the other Party, to consent to the registration of this Agreement to the extent required by the laws of the applicable jurisdiction requiring registration and subject always to the terms herein.
- 13.9 This Agreement may be executed in counterparts in the English language and each such counterpart shall be deemed an original thereof. Facsimile signatures or signatures delivered by e-mail in .pdf or similar format will be deemed original signatures for purposes of this Agreement.
- 13.10 The headings and sub-headings of the Sections are inserted for convenience or reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their duly authorized representatives and executed on the Date.



**Huawei Technologies Co., Ltd.**

**Unwired Planet Limited Liability Company**

Name

Name

Title

Title

Signature

Signature

**Huawei Technologies (UK) Co., Ltd. Unwired Planet International Limited**

Name	Name
Title	Title
Signature	Signature

**ANNEX A – Reporting template**

Huawei Technologies Co., Ltd. and Huawei Technologies (UK) Co., Ltd (“Licensee”) is providing the below information pursuant to the terms of the patent license agreement between Unwired Planet Limited Liability Company , Unwired Planet International Limited, Huawei Technologies Co., Ltd. and Huawei Technologies (UK) Co., Ltd. (“Agreement”). This report relates to the period [[INSERT] – [INSERT]][calendar year ending [INSERT]]

For [Insert applicable Huawei reporting entity] in Major Markets:

<b>Specify End User Terminal</b>	<b>Standards Complied to (2G, 3G, 4G etc.)</b>	<b>Total units Sold</b>	<b>Total selling price (with no deductions) in currency sold at</b>	<b>Selling Price (with permitted deductions specified in this Agreement) in currency sold at</b>		<b>Royalties (including all exchange rate conversion calculations)</b>
<b>Total</b> in applicable currency						

For [Insert applicable Huawei reporting entity] in Other Markets and China:

Specify End User Terminal	Standards Complied to (2G, 3G, 4G etc.)	Total units Sold	Total selling price (with no deductions) in currency sold at	Selling Price (with permitted deductions specified in this Agreement) in currency sold at		Royalties (including all exchange rate conversion calculations)
<b>Total</b> in applicable currency						

For [Insert applicable Huawei reporting entity] in Major Markets:

Specify Infrastructure Equipment	Standards Complied to (2G, 3G, 4G etc.)	Total units Sold	Total selling price (with no deductions) in currency sold at	Selling Price (with permitted deductions specified in this Agreement) in currency sold at	Infrastructure Equipment Revenue in currency invoiced	Royalties (including all exchange rate conversion calculations)
<b>Total</b> in applicable currency						

For [Insert applicable Huawei reporting entity] in Other Markets and China:

Specify Infrastructure Equipment	Standards Complied to (2G, 3G, 4G etc.)	Total units Sold	Total selling price (with no deductions) in currency sold at	Selling Price (with permitted deductions specified in this Agreement) in currency sold at	Infrastructure Equipment Revenue in currency invoiced	Royalties (including all exchange rate conversion calculations)

<b>Total</b> in applicable currency						

### ANNEX B – Patents in Litigation

- EP(UK) 2,229,744
- EP(UK) 2,119,287
- EP(UK) 2,485,514
- EP(UK) 1,105,991
- EP(UK) 1,230,818
  
- EP(DE) 2,229,744
- EP(DE) 2,119,287
- EP(DE) 2,485,514
- EP(DE) 1,105,991
- EP(DE) 1,230,818

### ANNEX C – List of Samsung Patents

Application Number	Country	Patent No.
200980132063	China	ZL200980132063.X
201310424823.2	China	
09808387.6	European Patent	
2011-523737	Japan	5592372
10-2008-0080356	Korea, Republic of (KR)	
10-2009-0046676	Korea, Republic of (KR)	10-1682034
12/542175	United States of America	8149777
13/420,010	United States of America	
PCT/KR2009/004598	Patent Cooperation Treaty	
10-2007-0014280	Korea, Republic of (KR)	10-0998189
12/029809	United States of America	8254933
13/591805	United States of America	8805378
14/456288	United States of America	9204352
2008204077	Australia	2008204077
2008204078	Australia	2008204078
2675053	Canada	2675053
2674964	Canada	
200880007805	China	ZL200880007805.1
201210339521	China	ZL201210339521.0
200880001925	China	101578781
201310052672	China	103152831
08000316.3	European Patent	
08000317.1	European Patent	1944876
3931/CHEN/2009	India	
2009-545490	Japan	5138704
2012-205559	Japan	
2014-138441	Japan	5795106
2009540180	Japan	4944206

<b>Application Number</b>	<b>Country</b>	<b>Patent No.</b>
2012031410	Japan	5362056
10-2007-0002657	Korea, Republic of (KR)	
10-2007-0058331	Korea, Republic of (KR)	
10-2007-0080204	Korea, Republic of (KR)	
10-2007-0126476	Korea, Republic of (KR)	10-0942289
2009126169	Russian Federation	2411653
11/971540	United States of America	9072095
14/753900	United States of America	9332542
11/971692	United States of America	9,072,096
14/330809	United States of America	9,510,348
14/861,703	United States of America	
14/861,720	United States of America	
14/861,733	United States of America	9282559
14/570,411	United States of America	9521672
PCT/KR2008/000131	Patent Cooperation Treaty	
PCT/KR2008/000132	Patent Cooperation Treaty	
11830924.4	European Patent	
10-2010-0097291	Korea, Republic of (KR)	
13/267402	United States of America	8976746
14/559,441	United States of America	
PCT/KR2011/007410	Patent Cooperation Treaty	
07117145.8	European Patent	
10-2006-0092833	Korea, Republic of (KR)	
10-2007-0095573	Korea, Republic of (KR)	10-0957399
11/860928	United States of America	7924756
10-2006-0005408	Korea, Republic of (KR)	10-082764
12/161436	United States of America	8175029
13/431574	United States of America	8873488
14/525845	United States of America	9232486
PCT/KR2007/000262	Patent Cooperation Treaty	
10-2009-0051596	Korea, Republic of (KR)	10-1649493
61/098074	United States of America	
12/560876	United States of America	8352821
13/705803	United States of America	8832516
14/262142	United States of America	9288821
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