

THE NEED FOR CONTROL - ENGLISH COURT REFUSES TO VARY US PROTECTION ORDER

THE LONDON LITIGATION LETTER

INTRODUCTION

In this update we consider a recent skirmish in the long running battle between mobile phone giants HTC and Nokia. In this particular encounter the English Court refused an application (motion) by HTC for an Order requiring Nokia's English lawyers to disclose confidential information belonging to a US third party company. The effect of HTC's application, had it been allowed, would have been a variation of a Californian court's order. The English Court, however, held that it did not have the jurisdiction to grant such an application and even if it had, as a matter of discretion, it would not vary the Californian order.

***HTC CORP V NOKIA CORP* [2013] EWHC B16 (CH)**

The English proceedings involved a challenge by HTC to the validity of two of Nokia's patents. Nokia counterclaimed that HTC's phones infringed its patents. HTC's phones utilised chipsets from two companies based in the US, one of which was "Qualcomm". Nokia subsequently issued a third party disclosure application against Qualcomm in the US (the "1782 application"). On that application the US Court ordered Qualcomm to hand over certain documents, subject to protections which were imposed by a protection order.

The relevant documents that Qualcomm were required to hand over contained highly confidential information and included design drawings for Qualcomm's chips. The protection order restricted the distribution of the Qualcomm documents to parties or individuals identified in the order. Among those permitted to see the documents were the lawyers involved in the proceedings, including those involved in the US and the foreign (English) litigation. In order to have sight of the documents, the lawyers involved were required to sign an agreement acknowledging that if they were to act in breach of the US protection order, they might be personally liable for contempt. As the documents were only disclosed to those who complied with the requirements of the protection order, Nokia itself did not have physical control of the Qualcomm documents, but only its English solicitors.

REQUEST FOR SPECIFIC DISCLOSURE

HTC's English barristers, however, were not prepared to sign the agreement in respect of compliance with the protection order as they were concerned that they would have to submit to the jurisdiction of the US Court and to acknowledge that they might be personally liable to proceedings for contempt. This meant that HTC's solicitors, who had signed the protection order agreement, could not show the documents to HTC's barristers or that the barristers could not be in court when the documents were displayed or discussed. Therefore, HTC applied, pursuant to English Civil Procedure Rule (CPR) 31.8, for an order that Nokia itself give HTC specific disclosure and specific inspection of the Qualcomm documents. HTC submitted that the documents were held by Nokia's solicitors, who had to act on the instructions of Nokia, such that, the situation was akin to agency, and that it was open to the Court to find as a matter of fact that the documents were in the control of Nokia for the purposes of the CPR.

NOT IN CONTROL – NO JURISDICTION TO MAKE THE ORDER

The application was refused. Norris J held that under CPR 31.8 a party's duty to disclose documents is limited to documents which are, or have been, under its control. The judge found that in determining whether documents which are in the physical possession of a third party are in a litigant's control, the Court must have regard to the true nature of the relationship between the third party and the litigant. Norris J considered that the concept of "right to possession" covered a situation where a third party was in possession of documents as agent for the litigant, and Nokia's solicitors as signatories to a protection order agreement, were not in such a position. Nokia was neither in law nor in fact able to compel anyone to deal with the documents other than in accordance with the protection order.

Secondly, even if the matter fell within CPR 31.8, the judge would not have been prepared to make an Order, as a matter of discretion, which would have the effect of varying a US order possibly to the detriment of Qualcomm whose confidential information it was and who had had no real opportunity to address the English Court.

COMMENT

For parties to international disputes involving London, this case illustrates the reluctance of the English Court to vary an order of a foreign court, particularly in circumstances where variation might prejudice a foreign third party and where the foreign third party has not had the opportunity to address the English Court on the matter. It also demonstrates that in situations where a foreign court has restricted the access to certain confidential documents to the lawyers involved in the litigation, the English Court will not rule that lawyers are mere agents for the parties and that, therefore, the parties themselves are effectively in control of the documents and can be ordered to disclose them free of the restrictions imposed by the foreign court.

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