



Neutral Citation Number: [2023] EWHC 2092 (TCC)

Claim No: HT-2020-000334

IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES
TECHNOLOGY AND CONSTRUCTION COURT (KBD)

Date: 17 August 2023

Before:

MR JUSTICE WAKSMAN

TOPALSSON GMBH

- and -

ROLLS-ROYCE MOTOR CARS LIMITED

Claimant

Defendant

Matthew Lavy KC and Gideon Shirazi (instructed by Cooke, Young and Keidan LLP, Solicitors)
for the Claimant

Alex Charlton KC and Iain Munro (instructed by Clarkslegal LLP, Solicitors) for the Defendant

JUDGMENT

Hearing dates: 5 and 6 July 2023

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INTRODUCTION

1. This is an application made by the Defendant in existing proceedings, Rolls-Royce Motor Cars Limited (“RUK”), for an anti-suit injunction (“ASI”) against the Claimant, Topalsson GmbH (“Topalsson”) in respect of proceedings taken by it in the United States District Court, Central District of California (“the US Proceedings”). The defendants to those proceedings are Rolls-Royce Cars North America LLC (“RNA”), Bayerische Motoren Werke AG (“BMW”), O’Gara Coach Company LLC, Rusnak/Pasadena Corporation, indiGO European Motorcars LLC, Orange County British Motorcars LLC and Westlake Coach Company LLC, collectively “the Dealers”. The Dealers are all companies incorporated in the US and which operate in California, selling Rolls-Royce cars. RUK is an ultimate subsidiary of BMW, a German company based in Munich. RUK’s principal place of business is Westhampnett, Chichester, West Sussex, which is where all Rolls-Royce cars are made. RNA is a Delaware company with its principal place of business in New Jersey. It, also, is an ultimate subsidiary of BMW. RNA is responsible for the sales and marketing of Rolls-Royce vehicles in the US.
2. By its application for an ASI (“the ASI Application”), RUK seeks to restrain Topalsson from continuing the US Proceedings and also from commencing proceedings anywhere in the world outside England and Wales against RUK or any BMW company or any Rolls-Royce dealer, which include or comprise one or more of a long list of allegations essentially concerned with the infringement of intellectual property rights said to belong to Topalsson.
3. Accompanying the ASI Application is RUK’s application to amend its Defence and Counterclaim, not merely to seek the injunctions sought on a final basis, but to claim damages for breach of an exclusive jurisdiction clause (“the EJC”) which is a key element of the ASI Application. The EJC is to be found at Clause 44.4 of the written Service Agreement made between Topalsson and RUK dated 11 October 2019 (“the Agreement”). The EJC reads as follows:

“The Parties hereby submit any dispute arising from in connection with, or related to this Agreement or its enforceability to the exclusive jurisdiction of the Courts of England and Wales.”
4. The Agreement was for the purpose of the supply by Topalsson to RUK of what is known as a product configurator for Rolls-Royce cars. A configurator allows potential customers to view many different combinations of features of particular models of car using images and videos. This particular project was not a success and RUK terminated the Agreement on 16 and 22 April 2020. It alleged that it was entitled to terminate by reason of numerous breaches of contract on the part of Topalsson including delay and the failure to supply a satisfactory product.
5. That dispute (“the Main Proceedings”) went to trial in October and November 2022. Shortly after the hearing of this matter before me, and on 12 July 2023, O’Farrell J gave judgment in the Main Proceedings. She found that RUK was indeed entitled to terminate the Service Agreement and awarded damages against Topalsson.
6. In the meantime, Topalsson had commenced the US Proceedings on 10 March 2023. Originally, they were brought against not only the defendants referred to above but also RUK itself. The original version of the Complaint (“the Original Complaint”) alleged copyright infringement and misappropriation of trade secrets and sought a jury trial.

7. This led to the making of the ASI Application. Initially, this was put on an interim basis with a hearing set for 28 April 2023. At that stage, of course, the Main Proceedings were still awaiting judgment. O’Farrell J heard the matter on 28 April and decided that it should be dealt with on a final, not interim basis. She therefore adjourned it for a two-day hearing and that is how the matter came before me for trial on 5 and 6 July.
8. On 23 May 2023, all the then defendants in the US proceedings brought a motion to dismiss them, relying on numerous matters including the existence of the EJC. That motion was due to be heard on 22 June 2023. However, on 14 June, Topalsson filed an amended Complaint (“the Amended Complaint”). This removed RUK as a defendant but also made substantive alterations to the text of the complaint as against the remaining defendants. This led to the hearing set for 22 June being adjourned and a revised motion to dismiss being filed on 28 June (“the Motion to Dismiss”). This will be heard on 18 August 2023. This is where the US Proceedings have got to.
9. I should add two further elements of the chronology here. First, by letter dated 4 August 2022 from Topalsson’s German lawyers, it initiated a criminal complaint with the Munich Prosecutors Office in Germany (“the German Complaint”). This was directed against a number of individuals said to work either for BMW or RUK. Five of them were to be witnesses in the forthcoming Main Proceedings in London. A further criminal complaint of the same date was also made against Mr Oliver Zipse, the Chairman of BMW’s Board of Management.
10. The German Complaint alleged that there was a Rolls-Royce dealer in Munich called Schmidt Premium Cars GmbH. During a sales meeting in June 2022 a configurator was used which Topalsson said displayed features of its own configurator software. The German Complaint alleged copyright infringement on the part of the individuals concerned. On or about 25 September 2022, BMW produced a detailed response to the German Complaint (“the German Complaint Response”). Nothing further seems to have happened with the German Complaint. In particular, no criminal charges have been brought.
11. Second, in a skeleton argument from Topalsson’s Leading Counsel dated 27 July 2022, two days before a further CMC, Topalsson sought to adjourn the Main Proceedings. One of the reasons for this was said to be an intended amendment to plead misuse of confidential information and breach of copyright as against RUK (“the Amendment Application”). It related to a witness statement from Mr Jan-Hendrick Hoffmann served on behalf of RUK. Mr Hoffmann is employed by BMW but works for RUK in its Process Management and Integration Team and is based in Munich. Relevant parts of the skeleton argument are as follows:

“40. The evidence of D’s Mr Hoffman (paragraphs 143 to 145) constitutes evidence of a breach of clause 21.1 of the Agreement by D and breach of C’s IPR:

“...we should begin to explore putting in place a fallback solution for the Ghost launch events...”

“Some of the DeltaGen data which Topalsson had delivered to us as part of DP10 was shared with Mackevision for them to use in producing the 3D models needed for EVE.”

41. Since appreciating the significance of Mr Hoffman’s evidence, C has become aware of documents in the Defendant’s Extended Disclosure which further support allegations of unlawful sharing of the Claimant’s Confidential Information with Mackevision.

42. This is an extremely serious matter for C. D appears to have made use of C's Confidential Information and IPR, without paying for it. This claim concerns the very subject matter of this litigation. D's conduct may well cast light on the attitude the Court should take to D's evidence about C's alleged failings and D's reasons for purported termination. To permit the amendment will ensure that the real dispute between the parties can be adjudicated upon. C's breach claim overlaps with the "Bespoke Software" issue which is already before the Court (Technical Expert's Issue 4).

43. C has prepared a detailed Amended Particulars of Claim."

12. In the event, no draft Amended Particulars of Claim was presented and the Amendment Application was not pursued at the further CMC. Neither was the trial adjourned.

THE ISSUES

13. The substance of the ASI Application contains two elements:
- (1) First, RUK says that the matters raised by the Amended Complaint (and any defence thereto) amount to a dispute which falls within the EJC. The bringing of the Amended Complaint by Topalsson is therefore a breach of the EJC and in the circumstances, an ASI should be granted; I refer to this as "the contractual basis" for the ASI;
 - (2) Second, and as a further or alternative point, RUK says that even if there was no contractual basis for an ASI, Topalsson's conduct in bringing the Amended Complaint is itself "vexatious and oppressive" as against the defendants in the US Proceedings as well as RUK itself; I refer to this as "the non-contractual basis".
14. As to that, Topalsson contends, first, that the Amended Complaint does not give rise to a dispute which falls within the EJC. Second, even if it did, the EJC does not cover disputes involving any parties other than Topalsson and RUK. Third, there is no basis for a non-contractual ASI here.
15. There is no substantive objection to the amendments sought by RUK. The real question is whether the claims they seek to introduce succeed or not. That being so, I grant permission to amend. It is not necessary at this stage to refer to the amendments in detail. Nor is it necessary to refer to the precise form of the injunction sought on the ASI Application at this stage. I should, however, note that there are also claims for damages made by RUK against Topalsson for breach of the EJC.

THE EVIDENCE

16. For the purpose of the trial before me, there was no live evidence or cross-examination of any witnesses but the following materials are before me:
- (1) For RUK,
 - (a) the 4th and 5th witness statements ("WSs") of its solicitor, Emma Butcher, dated 24 April and 23 June 2023 respectively; and
 - (b) an expert report from Jessica Bradley, a member of the District of Columbia and Virginia State Bars; she practices in the fields of copyright and trademark law;
 - (2) For Topalsson,

- (a) a third WS from Kubilay Topal, the CEO of Topalsson and a third WS from Topalsson's solicitor, Sinead O'Callaghan, both dated 5 June; and
- (b) two expert reports from James Pooley dated 2 June and 5 July 2023 respectively; Mr Pooley is a member of the California Bar and his practice focuses on intellectual property law including copyright disputes.

THE AGREEMENT

Introduction

- 17. It is now necessary to refer to the Agreement in more detail. Before turning to its material terms, I can sketch out the background to it by reference to how it was described by O'Farrell J in her judgment on the Main Proceedings ("the Judgment").
- 18. The Agreement provided for the development and supply of digital twin software for a new car configurator. A digital twin is a virtual model of a physical object, existing or yet to be built. Engineers create a computer model of an object, expressed in geometrical and mathematical terminology. The engineering model is converted into a visual representation of the object by a process known as rendering. Software development by written source code enables the visual models to be manipulated using the engineering model data to produce different configurations of the object.
- 19. Topalsson is a German company which specialises in the supply to the automotive industry of digital twin engine ("DTE") and configurator software, which allows prospective customers of an automotive manufacturer to configure and see photo realistic renderings of the vehicles they are considering purchasing. By the Agreement, RUK engaged Topalsson to design, build, implement and maintain digital visualisation software to replace its existing car configurator landscape, in order to improve its customers' configuring and commissioning experience by allowing real-time generation of images from 3D models, and to support the company's growth. RUK intended to use the new configurator landscape for the launch of the new Rolls-Royce Ghost model in Spring 2020, and thereafter for sales activities in respect of that model and for the configuring and ordering of other existing models.
- 20. The term of the Agreement was just over 5 years, expiring on 31 December 2024. Most of the Agreement is taken up with details of Topalsson's substantive production and delivery obligations, timelines, plans etc. The Agreement also provided that the relevant Invitation to Tender issued by RUK to Topalsson on 21 May 2019 was deemed incorporated into the Agreement.

Software Terms and some related provisions

- 21. However, there were also a number of terms concerned with the ownership of software and related matters. The material provisions are as follows:

"Section 2.....

1. Services, Specification and Deliverables

1.1 Services comprise the delivery of the

1.1.1 Supplier Software (clause 5);

1.1.2 Bespoke Software (clause 6); and

- 1.1.3 Provision of Services and Deliverables as set out in the Tender Document-further to be specified in DP1...

5. **Supplier Software**

Supplier Software (all of which shall be deemed to be “Licenced Software” pursuant to clause 22 of Section 7 of this Agreement) means all hardware and software provided by the Supplier to RRM C to provide the Services including the Supplier Hardware, Supplier Standard Software, Third-Party Software, Modified Software (Supplier), Modified Software (Third Party) and Supported Software including but not limited to those listed below:

5.1 DTE (Digital Twin Engine) Software – Version 2019 (R6)

FUNCTIONS...

5.2 TWIN Software – Version 2019 (R6)

FUNCTIONS...

5.3 SOLOGIC Software – Version 2019 (R6)

FUNCTIONS...

For the avoidance of doubt and notwithstanding any other provision of this Agreement, the Intellectual Property Rights in any Supplier Software used or created by the Supplier in providing the Services, including but not limited to any modifications or improvements to such Supplier Software, will be owned by the Supplier or any relevant third party licensor.

The Supplier hereby grants a non-exclusive, revocable, global licence to BMW Group to use the Supplier Software for the Term for usage solely in connection with the design of Rolls Royce model vehicles (and not, for the avoidance of doubt for vehicles in the wider BMW Group that are not branded as Rolls Royce).

6. **Bespoke Software**

Bespoke Software means any software created pursuant to the terms of this Agreement to be used by RRM C solely in relation to RRM C products, including but not limited to those software listed below:

- Bespoke TWIN RRM C Plugin/Extension to read RRM C data
- Bespoke DTE RRM C POS Plugin/Extension for specific RRM C POS Use
- Bespoke SOLOGIC RRM C Plugin/Extension to read RRM C data.

For the avoidance of doubt, and notwithstanding any other provision of this Agreement, the Intellectual Property rights in any Bespoke Software shall be owned by RRM C and RRM C shall grant the Supplier an exclusive licence to use the Bespoke Software for the purpose of providing the Services for the duration of the Term of this Agreement.

Section 6: Definitions

“**Background IPR**” means any and all Intellectual Property Rights that are owned by or licensed by third parties to either Party and which are or have been developed independently of this Agreement and the Services, whether prior to the Commencement Date or otherwise;

“**Deliverables**” means the goods or services or other things to be delivered to RRM C or BMW Group as deliverables as a product of the Services, with such deliverables including RRM C Data and those deliverables set out in Section 2 ... and all documents, products and materials developed by Supplier or its agents, contractors, consultants and employees in relation to the provision of the Services in any

form, including drawings, plans, diagrams, pictures, computer programs, data, reports and specifications (including drafts of the same).”

“**Services**” means the services to be provided by the Supplier under this Agreement and the delivery of the Deliverables with such services being specified in Section 2: Services, Specification, Deliverables, Service Credits, Exit Plan and Business Continuity Plan and any Additional Services.

Section 7: General Terms

23. Intellectual Property Rights

23.1 All right, title and interest including all Intellectual Property Rights that are legally capable of being assigned under Applicable Law in and to the Deliverables and any other product of the Services shall immediately upon their creation vest in RRMC. Accordingly the Supplier hereby assigns to RRMC with full title guarantee all such Intellectual Property Rights that the Supplier has now or may have in the future throughout the world to RRMC absolutely so far as possible in perpetuity...

23.8 All right, title and interest including Intellectual Property Rights in and to all BMW Group background IPR, RRMC Materials and RRMC Data is vested in and shall remain vested in BMW Group...

23.10 All right, title and interest including Intellectual Property Rights in and to all Supplier Background IPR and Supplier Materials is vested in and shall remain vested in the Supplier...”

The EJC and some related provisions

22. Terms dealing with the EJC and related matters are as follows:

Section 6: Definitions

“**Affiliate**” means in relation to either Party, any subsidiary undertaking or holding undertaking of a Party or any subsidiary of such holding undertaking (where "subsidiary undertaking" and "holding undertaking" have the meanings given in section 1162 Companies Act 2006);...

“**BMW Group**” means RRMC and its Affiliates;..

"**Party**" or "**Parties**" a party means the individual reference to each party to this Agreement being the Supplier or RRMC or their permitted successors and assigns, and the Supplier and RRMC shall be referred to together as the Parties;

Section 7: General Terms

Supply of Services

5.2 This Agreement is for the benefit of RRMC and relevant BMW Group companies.

Third Party Rights

43.1 Save as otherwise expressly provided in this Agreement, nothing in this Agreement shall confer, or is intended to confer, on any third party any benefit or the right to enforce any term of this Agreement under the Contracts (Rights of Third Parties) Act 1999.

43.2 Those BMW Group companies that benefit from the Services or Deliverables shall be entitled to enforce the Supplier's obligations under this Agreement.

Governing Law and Jurisdiction

44.1 This Agreement shall be governed by the Applicable Law.

44.2 In the event of any dispute between the Parties arising from or in connection, or related to this Agreement or its performance, construction or interpretation, the Parties shall first endeavour to resolve it in accordance with the dispute resolution procedure that is set out in Clause 30 (Dispute Resolution Procedure).

44.3 In the event that a dispute arises between the Parties with regard to the Services, the Supplier shall not be entitled to withhold its Services pending the resolution of such dispute and shall continue to perform its obligations in accordance with the terms of this Agreement

44.4 The Parties hereby submit any dispute arising from in connection with, or related to this Agreement or its enforceability to the exclusive jurisdiction of the Courts of England and Wales.”

THE JUDGMENT AND INTELLECTUAL PROPERTY ISSUES

23. I need say no more about the main findings in the Judgment relating to RUK’s right to terminate the Agreement, and the award of damages to it, contractually capped at €5 million.
24. However, there were some IP-related issues that are dealt with at paragraph 371-395 as follows:

“Issue 7 – Intellectual Property Issues

371 The following matters arise for determination by the court:

- i) Topalsson’s claim for a declaration that on a proper construction of clause 13.10 of section 7 of the Agreement, RPMC is not entitled to make any use of any Deliverables, save for those limited artefacts for which RPMC has paid.
- ii) Topalsson’s claim for an order for delivery up or destruction of all copies of Supplier Software in RPMC’s possession.
- iii) RPMC’s claim for an order for delivery up or destruction of all copies of Bespoke Software and other property in Topalsson’s possession.

Deliverables

372. Topalsson seeks a declaration that on a proper construction of clause 13.10 of section 7 of the Agreement, RPMC is not entitled to make any use of any documents, products or materials developed by Topalsson, including any drawings, plans, diagrams, pictures, computer programmes, data, reports or specifications, save for those limited artefacts for which RPMC has paid.
373. RPMC’s position is that clause 23.1 of Section 7 prevails and provides that all right, title and interest including all intellectual property rights to the Deliverables and any other product of the services shall immediately upon their creation vest in RPMC...
375. It is apparent from the above definition [in Section 6] that Deliverables comprised the documents, goods, materials and information to be provided by Topalsson under the Agreement. It does not appear to include software developed by Topalsson, whether falling within the definition of Supplier Software or Bespoke Software.
376. Regardless whether Supplier Software or Bespoke Software might fall within the definition of Deliverables, intellectual property rights in such software is expressly covered by the provisions set out in clauses 5 and 6 of Section 2 which take precedence and are addressed below.
377. Clause 23.1 of Section 7 provided:...
378. Clause 13.10 provided that
“Title to the Deliverables passes to RPMC on payment.”
379. That must be a reference to payment in accordance with the terms of the Agreement. In the quantum section above, I have set out my findings as to the value of work done by Topalsson as at the date of termination and that value has been included in the accounting exercise required under the Agreement. It follows that payment in accordance with the Agreement has been made in respect of the Deliverables provided to RPMC and title has passed to RPMC.

Supplier Software

380. Topalsson’s case is that on termination of the Agreement, RPMC's right to make any use of the Supplier Software ceased. Clause 24.7 of section 7 of the Agreement prohibited RPMC from making any adaptations or variations to the Supplier Software without consent and clause 24.8 prohibited any disassembly, de-compilation, reverse translation or any other form of decoding save as permitted by law. It follows that RPMC has no legitimate use for any copies of Topalsson’s software in its possession and any copying of the same would amount to

infringement of its copyright. On that basis, an order for delivery up or destruction of all copies of Topalsson's software in RRM C's possession is sought.

381. Clause 5 of Section 2 defined Supplier Software as follows:...
382. RRM C's position is that the software supplied by Topalsson is not functional and none of it is of use. It has admitted that RRM C is not entitled to make use of or copy the Supplier Software and RRM C confirmed by letter dated 12 August 2020 that it is not using, and does not intend to use, the Supplier Software.
383. In paragraph 77.5 of the Re-Amended Defence and Counterclaim RRM C has offered the following undertaking:
"the Defendant undertakes to destroy all copies within its possession or control of the Supplier Software (for avoidance of doubt, subject to the preservation of the Defendant's Software) under oath, after steps have been taken to ensure to the proper preservation and inspection of evidence. Such steps should be capable of agreement by consent and are best considered during the disclosure stage. In the meantime, the Defendant undertakes not to make any commercial use of the same."
384. On the basis of the above, there is no dispute about the status of the Supplier Software. RRM C's undertaking can be incorporated into the final order made in these proceedings.

Bespoke Software

385. RRM C's case is that it has retained all right, title and interest, including all intellectual property rights in Bespoke Software, the Deliverables and any other product of the Services. It seeks orders for delivery up and/or destruction of the property requested by letter dated 3 September 2020 and all copies of RRM C's software in Topalsson's possession. It has confirmed that it does not seek destruction or delivery up of any Supplier Software.
386. I have found that payment in accordance with the Agreement has been made in respect of the Deliverables provided to RRM C and title has passed to RRM C. Therefore, it is entitled to delivery up or destruction of any such material held by Topalsson.
387. Clause 6 of Section 2 defined Bespoke Software as follows:...
388. Clause 23.8 of Section 7 provided:..
"All right, title and interest including Intellectual Property Rights in and to all BMW Group background IPR, RRM C materials and RRM C Data is vested in and shall remain vested in BMW Group."...
390. It is admitted by Topalsson that it is not entitled to make use of or copy the Bespoke Software, including the data and materials identified in clause 23.8 of section 7.
391. In paragraph 143.1 of the Reply Topalsson has offered the following undertaking:
"the Claimant hereby undertakes to destroy under oath all copies of materials to which clause 23.8 of Section 7 applies that are within its possession or control, after steps have been taken to ensure the proper preservation and inspection of evidence. Such steps should be capable of agreement by consent and are best considered during the disclosure stage. In the meantime, the Claimant undertakes not to make any commercial use of the same."
392. In its closing submissions, it goes slightly further, accepting that it has no right to use RRM C-specific data. On the basis of the above, an appropriate undertaking can be incorporated into the final order made in these proceedings. However, there is a dispute as to the categorisation of software as Bespoke Software (as distinct from Supplier Software or Deliverables).
393. Bespoke Software does not automatically cover all Deliverables within the meaning of the Agreement but also is not confined to the specific software identified in clause 6 of section 2 above, which was expressed to be an inclusive, rather than exclusive list.

394. Dr Hunt performed a code review to try and identify code that was bespoke for RRM C's use or contained RRM C data or intellectual property. The results of this exercise are set out in Appendix F of her first report. However, in cross-examination, she confirmed that she did not ask for, or have access to the source code and therefore her review was limited to identified items that contain Bespoke Software and RRM C data or intellectual property; that description did not necessarily apply to the whole folder.

395. This was not the subject of discussions or joint statements between the IT experts and there has been no detailed investigation at trial as to which sections or lines of code were Bespoke Software or Supplier Software. As a result, the court is not in a position to make any order for delivery up or destruction of specific software and the remedy is confined to a declaration."

25. Accordingly, RUK's position was that since termination of the Agreement, it has no right in order to use the Supplier Software. Indeed none of it was of any use. On the other hand, it did have title to the Deliverables for which it had paid and it had the right to the Bespoke Software.

THE AMENDED COMPLAINT

Nature and Content

26. Points have been made by RUK about the difference between the Original Complaint and the Amended Complaint. I deal with those in paragraph 46 below. However, I focus principally on the Amended Complaint, as this describes the nature and the content of the complaint as it now is.

27. The Amended Complaint is divided into the following sections:

- (1) Introduction;
- (2) The Parties;
- (3) Jurisdiction and Venue;
- (4) Statement of Facts;
- (5) Count I; and
- (6) Prayer for Relief.

28. The main point made in the Introduction, apart from the background, was that RUK had agreed not to use Topalsson's own DTE, TWIN and Sologic software. It was then said that Topalsson began to suspect that this software had been incorporated into the configurator used to sell Rolls-Royces in the US, which is the largest market. Mr Topal went to the US and saw the configurator in action at various Rolls-Royce dealerships. There were distinguishing features which indicated to him that Topalsson's software was being used. Paragraph 13 stated:

"13. Mr. Topal ultimately visited the United States in person to see for himself whether the configurators being used and shown at the Dealership Defendants were using his configurator software. Mr. Topal saw firsthand that the configurators being used at those dealerships included the same distinctive features he was seeing on social media and YouTube posts, as well as other features that indicated that Topalsson software was being used to sell Rolls-Royce vehicles in the United States. Such features include, without limitation, simultaneous real-time display on a television screen or projector and a tablet, real-time 3D configurator generation, feature code nomenclature, and a full interior modules structure for granular customization. In addition, Topalsson's software creates a unique visual view that remains evident in the software currently used in Rolls-Royce dealerships, including certain stitching textures and locations, illuminations, screen layouts, thumbnails, overlay "dots," navigation bars, rear seat entertainment mechanics, wheel angles, and summary image page generation."

29. In other words, this was evidence from which one could infer an unauthorised use of Topalsson's software and an infringement of its copyright therein.

30. The Parties section simply dealt with the description of the parties.
31. The Jurisdiction and Venue section then indicated why, for various reasons, the Court had personal jurisdiction over all of the defendants. Here, it is easiest to start with the Dealers. They were all based in the Central District of California and sold Rolls-Royce cars from their premises using the infringing software. It is not in dispute for present purposes that mere use of a copyrighted software belonging to another without authority is itself an infringement. There is a total of 7 dealers in California and 5 of them are the Dealers in the Amended Complaint.
32. As for BMW, it made the infringing software accessible to all dealers in the US and therefore induced the infringement by them because it directed the creation of the infringing software to be distributed to and used by the Dealers.
33. Finally, RNA engaged in substantial activities in California and in the Central District, by distributing all the Rolls-Royce cars which had been imported from England and marketed them there.
34. As to the Statement of Facts, Topalsson alleged that the digital twin software which handled the production of the final image but also the logic which allows complete customisation was “unique in the industry”.
35. There are then the following key passages:
- “34. Topalsson’s core software is called DTE. Topalsson has registered copyrights in two versions of its DTE software. DTE Release R05 is registered as Copyright Registration No. TX 9-217-235 and is attached as Exhibit A. DTE Release R06 is registered as Copyright Registration No. TX 9-217-240 and is attached as Exhibit B. Collectively, these registrations comprise the infringed “DTE Software.”
35. Topalsson’s software portfolio also includes a software platform called Vary. The Vary software simplifies the generation of 3D master models that power the real-time generation of customized images and videos. Vary builds the logic of the models and enables the full configuration ability.
36. Vary Release R05 is registered as Copyright Registration No. TX 9-217-245 and is attached as Exhibit C. Vary Release R06 is registered as Copyright Registration No. TX 9-217-249 and is attached as Exhibit D. Collectively, these registrations comprise the infringed “Vary Software.”
37. Topalsson is the owner of all rights in the DTE Software and Vary Software.
38. Rolls-Royce has no license to use any of Topalsson’s software, including the DTE Software and Vary Software.”
36. I shall refer to all of this software, along with Sologic software Release 6, as “the Relevant Software”. I add Sologic because it seems to have been provided as part of the DTE Software - see paragraph 40 below.
37. I pause at this point. It will be obvious that the DTE and Sologic software is referred to specifically as part of the Supplier Software within the Agreement. The Vary Software is not, but I did not understand it to be in dispute for present purposes that it, too, constituted Supplier Software though not expressly included in Clause 5 of Section 2.

38. It is not in dispute that the copyright works referred to in paragraph 34-37 of the Amended Complaint were created in Germany. Accordingly, for the purposes of the Amended Complaint, they were and are “foreign works”. It is common ground that the US is a signatory to the Berne Convention for the Protection of Literary and Artistic Works of 1886 (“the Berne Convention”). This enables owners of foreign works, like Topalsson, to obtain protection in the US (along with other signatories) from infringement.
39. In the US, Topalsson registered its copyright in the relevant software. As they were foreign works, they did not have to be registered as a pre-requisite to commencing any legal action in the US, but in any event they were. The registrations show that DTE Release 5 had its first publication on 30 June 2018. DTE Release 6 had a first publication date of 30 June 2019. Vary Release 5 had a publication date of 1 January 2018 and its Release 6 was published on 24 January 2019. In all cases, the place of first registration was Germany and they were all registered at the United States Register of Copyrights on 26 January 2023.
40. The Statement of Facts then moves on to how RUK and others would have gained access to the Relevant Software. Topalsson says that its DTE software Release 5 was delivered on 18 December 2018 and its Vary Software Release 5 was delivered on 14 October 2019 through shared computer folders and BMW’s AWS (Amazon Web Services) platform. Release 6 of both of these was then delivered on 20 February and 18 March 2020. Also, on 17 February 2020, Topalsson delivered its Sologic software which is included in the DTE configurator services.
41. The allegation then is that the Relevant Software was provided by RUK or BMW to another configurator company called Mackevsion GmbH (“Mackevsion”), a German company based in Munich (now known as Accenture Song Content Germany GmbH) which was a competitor of Topalsson’s. However, Topalsson alleges that the Mackevsion product is inferior to its own, and in particular, could not achieve the same level of sophistication of configuration and customisation. Mr Hoffmann was implicated in particular. He was cross-examined on some of this at the trial of the Main Proceedings.
42. Topalsson then alleges that shortly after termination of the Agreement, a new configurator service was rolled out in Rolls-Royce dealerships in the US which incorporated copyrighted portions of the Relevant Software or contained software derived from it.
43. The key section on infringement then comes under the heading Count I and it is necessary to rehearse most of it....
- “57. Topalsson hereby restates and realleges the allegations set forth above and incorporates them by reference.
58. Topalsson’s DTE Software and Vary Software contain a substantial amount of original material this is copyrightable subject matter under the Copyright Act, 17 U.S.C. § 101 et seq.
59. Without consent, authorization, approval, or license, Defendants knowingly, willingly, and unlawfully copied, published, and distributed Topalsson’s DTE Software and Vary Software, portions thereof, or derivative works and continue to do so.
60. On information and belief, BMW AG, through its agent employees, hired one of Topalsson’s competitors and shared Topalsson’s software and other materials with that competitor. Topalsson’s software was provided “for comparison” and so that the new software could be mastered “similarly.” On information and belief, BMW AG intended for the new configurator software to be rolled out at

US-based Rolls-Royce authorized dealerships, the largest market for Rolls-Royce vehicles in the world according to Rolls-Royce press releases and BMW AG itself issued purchase orders to the competitor. On information and belief, BMW AG ensured that the configurator software would be available on AWS instances located in and accessible from the United States such that it could be accessed, downloaded, and installed by the US-based dealerships. BMW AG managed and controlled those instances, which include US-based servers.

61. Topalsson's configurator software also allows emissions information to be displayed in the live images and summary. On information and belief this configurator requirement is also met by the infringing configurator software that is currently being used in the US dealerships. The only way to obtain all of the data used for those emissions displays is to go through a specific group at BMW AG. On information and belief, that same group at BMW AG provided the information necessary to provide the live emissions information in the infringing configurator software used in the United States. Notably, the display requirements and the underlying calculations used for the emissions features are different in the US versus the rest of the world. On information and belief, the infringing configurators meet the US-specific requirements and therefore the relevant BMW AG group must have been involved.

62. BMW AG further benefited from the increase in vehicle customizations and orders from an improved configurator. BMW AG "acquired full control" of Rolls-Royce in 2003 and, as a parent company, shares in the benefits of increased sales. It is widely reported that BMW also provides systems that go into Rolls-Royce vehicles, such as "electronics and infotainment" and other "important bones." On information and belief, BMW AG took affirmative steps to ensure that the new configurator software would be compliant with all US-based requirements, including, for example, the CCPA and emissions reporting. BMW AG therefore induced, caused, and materially contributed to the infringing acts of the Dealership Defendants and all other US-based Rolls-Royce Authorized Dealerships by encouraging, inducing, allowing and assisting others to use, copy, import, distribute, and publicly display Topalsson's copyrighted works and/or works derived therefrom in the United States without a license. On information and belief, BMW AG's induced infringement is and has been knowing and willful.

63. On information and belief, Rolls-Royce US is responsible for all marketing and sales of Rolls-Royce vehicles in the United States. Therefore, Rolls-Royce US reproduced, displayed, published, and distributed a configurator product that infringes Topalsson's copyrights. Rolls-Royce US further induced, caused, and materially contributed to the infringing acts of others by encouraging, inducing, allowing and assisting the Dealership Defendants and all other US-based Rolls-Royce Authorized Dealerships to use, copy, and distribute Topalsson's copyrighted works and works derived therefrom in the United States.

64. On information and belief, each of the Dealership Defendants are selling Rolls-Royce vehicles in the United States using configurator software that incorporates copyrighted portions of Topalsson's DTE and VARY software and/or software derived from Topalsson's copyright protected DTE and VARY software. Such use is not licensed. The Dealership Defendants have therefore infringed Topalsson's copyrights."

44. In my judgment, it is plain from all of the above that the copyright software which Topalsson claims to have been copied or used to develop the present configurator is highly specific: it is the Relevant Software. It is true that the Introduction explains how Mr Topal became aware (on his case) that Topalsson software was being used. In paragraph 13 (see paragraph 28 above), he is effectively saying that the features which he observed in the configurator he saw could only have come from Topalsson's software and that Mackevision would not have produced it without recourse to that software. This is therefore an inference he draws from what he observed as evidence to support the alleged infringement. However, it is not about some "other" software of Topalsson that also forms part of the Amended Complaint. That is not to detract from the significance of paragraph 13 which, if correct, would go to support an allegation of either copying the Relevant Software, or at least creating a configurator which was derived from it.

45. It is also plain that the Amended Complaint does disclose or at least alleges infringing acts in California, that is the use of the software in the configurators in each of the dealerships of the Dealers. These would be infringing acts assuming that the configurator contains software which is copied or derives from the Relevant Software.

Changes between the Original and the Amended Complaint

46. Obviously, RUK has been removed and with it, the entire claim for misappropriation of trade secrets which was only ever made against RUK. However, RUK has placed emphasis on the way in which the original case against BMW has changed. The suggestion was that everything that had been alleged against RUK was now simply alleged against BMW as if this were some form of artificial construct. I do not accept this. BMW was always a party and therefore Topalsson always had to make a case for personal jurisdiction and infringement against it. As a comparison between the Original and Amended Complaint shows, there was some additional factual content on BMW in relation to jurisdiction (see what is now paragraph 26). There was also added factual content on infringement - see the new parts of what is now paragraph 60 and also paragraphs 61 and 62. But the allegation in the first paragraph of the original paragraph 59 (now paragraph 60) remains, in terms of BMW, through its agent or employees hiring Mackevision. The deleted section in the original paragraph 59 returns at the end of the infringement section dealing with BMW, at the end of paragraph 62. As far as allegations made against RUK which are also made against BMW, that was true of the Original Complaint as well. See the deleted parts of what was paragraph 59, matters alleged against BMW and the deleted parts of the original paragraph 60, matters alleged against RUK.

Likely Defence

47. Of course, given the terms of the EJC, it is necessary to consider not merely the nature of the claim within the Amended Complaint but also the dispute to which it will give rise - in other words, what defence might be raised by the Dealers. Here there is limited information available from the US Proceedings themselves since no substantive defences have been filed, only the Motion to Dismiss. And of course, the Amended Complaint was itself only filed on 14 June 2023, not long before this trial. Nonetheless, there are a number of indicators as to what the defendants' defences are likely to be.

Motion to Dismiss

48. First, I refer to paragraphs 36-42 of the Motion to Dismiss. They say that RUK developed a "fallback" in case Topalsson could not deliver a configurator in time, which proved to be the case. The fallback solution was developed in parallel, using Mackevision which was the existing incumbent supplier to the BMW group of companies of 3D images of BMW models. I refer to this as "the Fallback Configurator". It was derived from a more basic visualiser tool called EVE which pre-existed Topalsson's involvement. It was less sophisticated than the configurator which RUK wanted from Topalsson. In particular, it did not integrate with RUK's pricing and ordering systems. Since EVE was based largely on a pre-existing product for BMW, Mackevision did not need much input from RUK. Accordingly, there was no sharing of any of Topalsson software. A logical consequence of that line of defence is that Mr Topal was wrong to draw the inferences he did from what he observed in the US.
49. The above generally accords with what RUK had said in the Main Proceedings. This was that it was happy to undertake to destroy all copies of the Supplier Software, not least because in any event it was of no use to it.

50. It is perfectly true that much of the Motion to Dismiss is taken up with jurisdictional points including, of course, the invocation of the EJC. In that regard, much is made of how the US complaint does relate to the Agreement because of its provisions concerning Bespoke as opposed to Supplier Software, licences and so on. But while that section sets out the many questions which, on the defendants' case, would be raised which relate to the Agreement, little or nothing is said about the defendant's actual defence.

Ms Butcher's 5th WS

51. In this WS, Ms Butcher deals with the Amended Complaint.
52. At paragraphs 29-33 she makes the point that the Relevant Software had been made available to RUK pursuant to the Agreement. That undoubtedly is true although by itself, it does not really say anything about the defence to the Amended Complaint. It is also said that no source code for the DTE software was ever delivered to RUK, and no executable or installation files or source code was ever made available to any third party by it. That is obviously important from the point of view of any defence.
53. However, paragraphs 34-36 are also significant. They deal with paragraph 13 of the Amended Complaint, as follows:

"34. Paragraph 13 of the Amended Complaint makes additional factual assertions as to the nature of the alleged infringement which were not included in the Original Complaint. These include the assertion that Topalsson's software creates a unique visual view which remains evident in the software currently used in Rolls-Royce dealerships, including "certain stitching textures and locations, illuminations, screen layouts, thumbnails, overlay "dots", navigation bars, rear seat entertainment mechanics, wheel angles, and summary image page generation". While paragraph 13 does not provide a level of detail which is sufficient for Rolls-Royce UK to properly understand the particular software features Topalsson alleges have been infringed, it is clear from these allegations that the Amended Complaint remains fundamentally connected to the Agreement.

35. Stitching textures and locations, layouts, thumbnails and wheel angles are all examples of data, information and images which Rolls-Royce UK either supplied to Topalsson pursuant to the Agreement or Topalsson worked on as part of the Deliverables due under the Agreement; and/or are data or information owned by Rolls-Royce UK, in whom all intellectual property rights vest pursuant to the Agreement. These matters were explored at trial, for example:..

36. Paragraph 13 of the Amended Complaint further states that Mr Topal observed, when viewing the configurator software being used by the Dealership Defendants, distinctive features which indicated to him that Topalsson software was being used, Including for example simultaneous real-time display on a television screen or projector and a tablet at the same time. I am informed by Mr Hoffmann that such features are neither unique to Topalsson nor distinctive. Any similarity which may have been observed by Mr Topal arises from the fact that the visualiser software now being used by Rolls-Royce dealerships has been built by Rolls-Royce UK's suppliers to a similar specification and requirements as Topalsson's software would have been, had it been completed and delivered in accordance with the Agreement."

54. Paragraph 35 is important because it seeks to explain how Mr Topal came to see what he did during the operation of the configurator at the California dealerships. It was because it derived from data, information and images which actually came from RUK originally but which Topalsson worked on, pursuant to the Agreement. And in respect of which RUK, not Topalsson, had the relevant intellectual property rights, as provided for by the Agreement. If this is correct, it would go some way to rebutting the inference which Topalsson seeks to draw in paragraph 13. This point is quite separate from the further points made in paragraph 36 of Ms Butcher's 5th WS. I should add that the examples given by Ms Butcher as to how the

matters referred to in paragraph 35 were explored at trial consisted of the evidence of Mr Litster of RUK and that of Mr Britton, Topalsson's IT expert. Of course in the end, there was no resolution of the IP issues – see paragraph 24 above.

The German Criminal Complaint

55. Something further can be gleaned from the German Response Submission. This is in a context where, according to Ms Butcher, the facts on which the German Criminal Complaint is based are very similar to those pleaded in the Original and Amended Complaints.
56. An example of this can be seen from the following extract:

“IV Specific findings of Topalsson GmbH regarding the infringements

As far as is known here - contrary to what the BMW Group claims in the enclosed letter of 1 August 2022 (Annex 3) - the following offences, among others, have been committed.

Topalsson GmbH recently discovered that the vehicle configurator and/or its components had been passed on to a third party, specifically to Schmidt Premium Cars GmbH with its headquarters and salesroom in Munich, where the configurator is used for the sale of Rolls-Royce vehicles. A sales meeting took place there in June 2022. In the course of the sales talk, the configurator was used. Typical features of the technology developed by Topalsson GmbH could be recognised:

The software and the user interface developed by Topalsson GmbH.

O The configurator is operated in such a way that the salesperson controls the configurator via an iPad. For the buyer, the display is shown on additional, significantly larger screens.

O The user interface of Topalsson GmbH is designed in such a way that the user interface is only visible on the iPad, where it is "superimposed" on the vehicle image (so-called overlay). The user interface is not visible on the customer's screen.

O This is exactly how it was used and presented in the sales talk.

From the type of presentation and the structure of the vehicle figurations it is recognisable that the POS files (databases) of Topalsson GmbH have been used. Specific image files/image representations created and/or edited by Topalsson GmbH were visible.

Schmidt Premium Cars GmbH uses performance components provided by BMW AG and Rolls-Royce Motor Cars Ltd. Von Topalsson GmbH were made available. The vehicle configurator can therefore only have been used by employees of BMW AG/BMW Group and/or Rolls-Royce Motor Cars Ltd. who have made the vehicle configurator available to Schmidt Premium Cars GmbH - and have possibly already done so or will do so to other sales partners. The transfer to sales partners cannot have taken place and/or be effected in any other way than by unlawful reproduction and exploitation of the copyright-protected services of Topalsson GmbH by employees of BMW AG and/or Rolls-Royce Motor Cars Ltd.

In addition, the use of the vehicle configurator is not solely based on the data copied to the dealer's hardware; rather, the vehicle configurator connects to the system on the BMW servers in order to use certain functionalities, so that the use of the configurator results in public playback.

In the course of further fact-finding by Topalsson GmbH, it had to be established on 26 July 2022 that the configurator was not only in use at the company Schmidt Premium Cars GmbH in Munich, but also at the company Riller & Schnauck GmbH with its headquarters and salesroom in Berlin...

According to the findings here, BMW AG's reference to the use of software from a "third-party supplier" and the assertion that no software components from Topalsson GmbH were used (Annex 3) proved to be false: It may well be that the BMW Group uses software from a third-party supplier in connection with the vehicle configuration. But in any case components from Topalsson GmbH plants were also used.”

57. This is really the equivalent of paragraph 13 of the Amended Complaint.

58. According to paragraph 37 of her 5th WS, the German Response Submission was the product of a careful investigation by RUK and BMW into the allegations of copyright infringement and trade secret misappropriation. Ms Butcher notes at paragraph 37 the following in particular from the German Response Submission:

“a. The submission notes that the files delivered by Topalsson to Rolls-Royce UK consist primarily of binary files and executable programs, and do not contain any source code.

b. It further notes that a subfolder containing a small amount of source code was located which included, amongst other things, code for a website for a configurator. However, it was noted that this code was in a format which would make it very difficult to pass on and re-use. It was also confirmed that the software was not fully executable. The remaining code was thought to be for unrelated software used to enable permission management or infrastructure administration of servers.

c. The submission does not state that any source code for Vary or DTE was located.

d. The submission attaches a letter from Mackevision...the third party supplier to whom Rolls-Royce UK and/or BMW AG are alleged to have passed Topalsson’s software. The letter lists the data which Mackevision received from Rolls-Royce UK, which does not include Topalsson’s Vary or DTE software, or indeed any software at all.”

59. Although not referred to specifically by Ms Butcher, I should here refer to part of the German Complaint Response, which states as follows:

“c) Files delivered to Mackevision by RRMC

Prior to commissioning Mackevision, RRMC signed a contract with Topalsson in October 2019 for the development of a configurator landscape (including Web Configurator, Point of Sale Configurator) for Rolls-Royce vehicles. RRMC terminated the contract in April 2020. As described in the introduction under A above, this contract or its termination is the subject of civil proceedings in England.

The contract concluded between RRMC and Topalsson stipulates that all rights to the services to be provided by Topalsson specifically for RRMC automatically become the property of RRMC upon creation.

Paragraph 23.1 of the contract states:.....

As contractually agreed, RRMC provided Topalsson with data with 3D models of existing Rolls-Royce vehicles. This data served as the basis for the 3D Rolls-Royce image data to be developed by Topalsson. Under the existing contract, Topalsson developed 3D models of Rolls-Royce vehicles based on data provided by RRMC.

These 3D Rolls-Royce image files developed by Topalsson are exclusively services which, in accordance with the contract, are automatically the property of RRMC and RRMC and BMW are entitled to use them. To the best of our knowledge, RRMC has met the contractual payment obligations for the image files delivered by Topalsson. From our point of view, there is no doubt as to the ownership of the image files, as, in accordance with section 23 of the contract, they were automatically transferred from Topalsson to RRMC when they were created.

Some of the 3D Rolls-Royce image files developed by Topalsson and transferred to RRMC/BMW were sent to Mackevision in FBX and/or Delta Gen format for preparation, correction and integration into the Rolls-Royce "EVE" system. Mackevision has listed the transferred files in the letter in Appendix 1. These are exclusively files in PDF or PowerPoint format. As part of the development of the RR Visualizer, Mackevision generated its own image files based on the PDF or PowerPoint files we provided and Mackevision delivered its own development service.

An example of other information provided to Mackevision is shown in Appendix 5. It is a PowerPoint presentation with excerpts from the front-end design concept, which shows models of Rolls-Royce vehicles.

Topalsson delivered RRMC's first software components on March 18, 2020. This software delivery was incomplete and not functional. The first order from RRMC and BMW to Mackevision to develop the RR Visualizer was received as early as March 3, 2020, as shown under B. No. 1 b). Mackevision completed a working prototype of the RR Visualizer at the beginning of April 2020. This rapid development shows that it is based on the existing BMW and MINI software for the "EVE" system. In addition, at the time Mackevision was commissioned, RRMC or BMW did not have any functional Topalsson software at all, which could have been made available to Mackevision.

BMW/RRMC did not deliver any software, other technologies or source code from Topalsson to Mackevision...

D. RESULT

Based on our findings, there is no evidence or clue that copyright-eligible data belonging to Topalsson is used in the RR Visualiser or in the RR Online Configurator. This can be excluded, in particular, due to the time schedule associated with commissioning Mackevision and the delivery of incomplete and incorrect data from Topalsson. According to the contract concluded between RRMC and Topalsson, RRMC/BMW was entitled to use and share certain files, as they became the property of RRMC/BMW. Overall, our audit did not result in any findings that RRMC or BMW has passed on software, technologies, data or source code owned by Topalsson to third parties. According to the findings from internal investigations, there is therefore no copyright infringement or infringement of trade secrets.”

60. Clause 23.1 is set out at paragraph 21 above. On a fair reading of this excerpt, BMW is, at least in part, arguing that some of the images/data which Topalsson saw on the configurator and which according to it was evidence of the infringement of its copyright, were themselves owned by RUK/BMW but which Topalsson had obtained under the Agreement. Again, this would be an argument to rebut the inferences sought to be drawn by Topalsson.

Conclusions on Likely Defence

61. It is clearly impossible for me (or even the parties, I should think) to divine exhaustively at this stage the detail of the defence to the Amended Complaint which would be advanced. However, the main elements appear to me to include the following:
- (1) The Fallback Configurator did not involve any reliance on the Relevant Software; if any software was used, it belongs to RUK or BMW;
 - (2) It is not therefore suggested that there was some operative licence or assignment of the Relevant Software to RUK in some general sense which was then used;
 - (3) The inferential case of infringement made by Topalsson is wrong; that is because the features of the Fallback Configurator observed to support it in fact derived from material in which RUK or BMW hold the intellectual property rights anyway, and as provided for by the Agreement.

SCHEME OF ANALYSIS

62. Against the background of all those matters, I now turn to analyse the issues before me. I do so by reference to the following questions:
- (1) Are the US Proceedings within the EJC in terms of subject-matter?
 - (2) If so, are they within the EJC in terms of the defendants being sued under the Amended Complaint?
 - (3) If so, should a contractual ASI be granted?
 - (4) Are the US Proceedings vexatious and oppressive, so that there is a non-contractual basis for an ASI?
 - (5) Further matters.

THE EJC AND THE SUBJECT-MATTER OF THE US PROCEEDINGS

The Law

63. There is no dispute between the parties as to the general approach to be taken to EJC's, certainly in the commercial context, as here. In *Skype Technologies v Joltid* [2009] EWHC 2738, Lewison J (as he then was) conveniently refers to the relevant principle as follows:

“14. Whether a claim falls within an agreed jurisdiction clause is a question of interpretation of the clause in question. That question is to be decided according to national law...In my judgement there is no distinction to be drawn between the approach to the interpretation of a clause in an agreement which confers jurisdiction on the courts of a particular territory and a clause in an agreement which confers jurisdiction on a particular tribunal, such as an arbitrator. Both types of clause represent the parties' agreement about how disputes are to be resolved. Both should be interpreted in accordance with the same principles. The correct approach to the interpretation of arbitration agreements has been considered recently by both the Court of Appeal and the House of Lords. In *Fiona Trust*...a charterparty contained a clause which referred “any dispute arising under this charter” to arbitration. Longmore L.J. said at [17]:

“Ordinary businessmen would be surprised at the nice distinctions drawn in the cases and the time taken up by argument in debating whether a particular case falls within one set of words or another very similar set of words. If businessmen go to the trouble of agreeing that their disputes be heard in the courts of a particular country or by a tribunal of their choice they do not expect (at any rate when they are making the contract in the first place) that time and expense will be taken in lengthy argument about the nature of particular causes of action and whether any particular cause of action comes within the meaning of the particular phrase they have chosen in their arbitration clause.”

15. He added at [18]:

“As it seems to us any jurisdiction or arbitration clause in an international commercial contract should be liberally construed. The words ‘arising out of’ should cover ‘every dispute except a dispute as to whether there was ever a contract at all’”

16. It will be noticed that Longmore L.J. approached both jurisdiction clauses and arbitration clauses in the same way. In the House of Lords, Lord Hoffmann said ([2008] 1 Lloyd's Rep 254; [2007] UKHL 40 at [13]):

“In my opinion the construction of an arbitration clause should start from the assumption that the parties, as rational businessmen, are likely to have intended any dispute arising out of the relationship into which they have entered or purported to enter to be decided by the same tribunal. The clause should be construed in accordance with this presumption unless the language makes it clear that certain questions were intended to be excluded from the arbitrator's jurisdiction.”

64. *Skype Technologies* is also cited by RUK as an example of where the Court held that a non-contractual copyright claim abroad was held to fall within the EJC of a contract being litigated here. It is therefore worth looking at the facts and the decision. Joltid had granted a contractual licence to Skype Technologies to include the object but not the source code of its software, which was critical to the operation of the Skype product. Joltid contended that Skype Technologies had broken the agreement because it was using its source code as well as object code which had been mistakenly provided to it. Joltid purported to terminate the agreement. Skype Technologies denied the breach and claimed that the agreement remained in force. Joltid counterclaimed, alleging repudiation of the agreement and sought a declaration that it had been validly terminated. It also alleged breach of copyright and misuse of its confidential information.

65. Prior to the trial, Skype Technologies had sold 65% of the shares to US investors. The new owners were required by the sale agreement to continue to operate the Skype product. Joltid brought proceedings in California against Skype Technologies and the US companies who had bought the shares which included Skype Inc. As a result, Skype Technologies sought an ASI here to restrain the proceedings in California on the basis that they were covered by the EJC which read:

“Governing Law and Jurisdiction. Any claim arising under or relating to this Agreement shall be governed by the internal substantive laws of England and Wales and the parties submit to the exclusive jurisdiction of the English courts.”

66. Lewison J granted the ASI. In his judgment, he said this at paragraph 18:

“But the heart of the current dispute between the parties is whether the License Agreement has or has not been validly terminated. That issue has not been determined, and it is the issue which this court will decide. The fact is that if Skype Technologies is right in saying that the License Agreement remains in force and that it has the effect that it says it has, then Joltid’s claims against Skype Technologies in the US proceedings will fail. It is only if Joltid succeeds in this court that the claims made in the US proceedings get off the ground against Skype Technologies. Mr Calver relied on part of the speech of Lord Scott of Foscote in *Donohue v Armco Inc* [2002] 1 Lloyd’s Rep. 425 at [60] in which his Lordship appeared to distinguish between a clause which covered “any dispute” between the parties and one which covered “any claim against” one of the parties. But this was both hypothetical and obiter, and none of the other Law Lords associated themselves with it. More to the point, Lord Scott’s observations were made five years before the House of Lords in *Fiona Trust* drew a line under the authorities and made a fresh start (per Lord Hoffmann at [12]). In *Fiona Trust*, Lord Scott himself said that he was in complete agreement both with Lord Hoffmann’s conclusion and his reasoning ([36]).”

67. Plainly, in that case, the outcome depended on whether the underlying agreement remained in force or not, which was precisely what was being litigated (but not yet tried) in England. The proceedings in California were fundamentally connected with the underlying agreement in that way.

68. In *IBM v LzLabs* [2022] EWHC 2094 (TCC), I distinguished *Skype Technologies* so far as subject matter was concerned. This was not only because the party sought to be restrained was not an express party to the EJC; it was also because while the proceedings here concerned the termination of the relevant software licence the question of the licence was not “at the heart of” the proceedings in Texas. See paragraph 124 of my judgment.

69. A case at perhaps the other extreme from *Skype Technologies* is *Ryanair v Esso* [2013] EWCA Civ 1450. Here, after referring to *Fiona Trust*, Rix LJ said this at paragraph 46:

“Such reasoning, however, does not carry over into a situation where there is no contractual dispute (by which I intend to include disputes about contracts), but all that has happened is that a buyer has bought goods from a seller who has participated in a cartel. I think that rational businessmen would be surprised to be told that a non-exclusive jurisdiction clause bound or entitled the parties to that sale to litigate in a contractually agreed forum an entirely non-contractual claim for breach of statutory duty pursuant to art 101, the essence of which depended on proof of unlawful arrangements between the seller and third parties with whom the buyer had no relationship whatsoever, and the gravamen of which was a matter which probably affected many other potential claimants, with whom such a buyer might very well wish to link itself.”

70. On any view, the fact that the agreement containing the EJC may be referred to in the targeted proceedings cannot be enough. Equally the fact that it is necessary background - because without it, the parties would never have dealt with each other - cannot be sufficient either. At the end of the day, it is necessary, in my view, to identify what is realistically likely to be

involved in the target proceedings. Only then can the Court consider if the dispute as a whole falls within the EJC, or not. This process is highly fact-sensitive. Beyond those observations, I think it unwise to go. For example, I see little point in trying to summarise or paraphrase the meaning of the expression “arising from in connection with, or related to” used in the EJC. One should simply apply those words. There is no doubt that they are widely drawn.

The Essential Nature of the US Complaint

71. I have already identified what I consider to be the true parameters of the US Proceedings. From Topalsson’s side, they concern the specific claims for copyright infringement made by reference to the Relevant Software. Those claims emanate from (but are not restricted to) the creation of the configurators used in the Dealers’ showrooms and which BMW accepts have been directed elsewhere, too (including, presumably, Germany).
72. RUK has already recognised that it cannot use Supplier Software. The Relevant Software appears to include the Supplier Software because it encompasses Releases 5 and 6, although pre-dating the Agreement somewhat (see the dates of registration in the US, referred to in paragraph 39 above). Of course, there is a dispute about the boundaries between Supplier Software and Bespoke Software. It is common ground that the Agreement terminated in April 2020.
73. I have considered the likely defence to the Amended Complaint in paragraphs 47 - 61 above with a summary of it, as it seems to me, at paragraph 61.
74. On that footing, it is hard to resist the conclusion that at the end of the day, the issue as to whether there has been any copying or derivation from the Relevant Software by RUK or BMW will be determined largely by expert evidence which analyses both the Relevant Software as against the software used in the Fallback Configurator. Largely but not exclusively, because of the issues arising in relation to the evidence required to rebut Topalsson’s inferential case, discussed above.
75. Of course, the question of access will arise. RUK denies that it received any usable Relevant Software although Topalsson may not accept this. And it is not in dispute that if there was access to the Relevant Software that is material, it will have occurred by reason of the parties’ engagement with each other under the Agreement and prior to its termination. The other process which will, of course, be examined, is the work done by Mackevision in creating the Fallback Configurator.

The Expert Evidence

76. At this point I should refer to the expert evidence on the issue as to what the US proceedings will involve and their relation to the Agreement. The latter point of course depends on what lines of defence RUK actually intends to run.
77. I deal first with Ms Bradley’s report. At paragraph 22, she says that Topalsson would have to prove that it was the owner of the copyrights concerned at the time of the infringement. On any view, such infringement would appear to have commenced around March 2020. She then refers to Ms Butcher’s 4th WS and the various licences and assignments conferred on RUK by the Agreement. She points to the data which had been supplied by RUK to be worked on by Topalsson. Mr Charlton KC accepted (though he was not guaranteeing the position as he had

no instructions on this and the source code had not been reviewed) that it was unlikely that any defendant would contend that the Relevant Software was not a product of the human mind or that the source code is not a fixed tangible medium of expression. As for the other points, they were made in a rather unfocussed way and do not really add to the view of RUK's likely defence that I have already been able to form.

78. In paragraph 23, on validity, Ms Bradley makes the point that copyright protection will not extend to non-copyrightable material that is part of the registered work. She then gives a list of examples of such work. But I do not see how the analysis of the "bits" of the Relevant Software that might constitute non-copyrightable works would be assisted by an examination of the Agreement. It is such a process of analysis of the software itself, as indeed she notes at paragraph 23 (b). At paragraph 23 (e), Ms Bradley suggests that RUK may present evidence to establish that Topalsson's software was not entitled to copyright protection and/or is not the owner of the material alleged to be infringed. But it seems speculative to suggest that RUK will argue that the Relevant Software warrants no copyright protection at all, as already noted. Certainly, RUK will want to allege that Topalsson does not own the material said to be infringing. But that is not because it has disposed of it to RUK under the Agreement. It is because RUK says that Topalsson software was not present at all and RUK (BMW) owns the software behind the Fallback Configurator, being simply a version of EVE made to work with Rolls-Royce cars.

79. Again, at paragraph 24 Ms Bradley says that:

- "(a) ...The main evidence for probative similarity is the works themselves, but the Agreement may also be relevant to the extent it identifies similarities in the works that arise from a prior common source;
- (b) ...The Agreement is relevant evidence to the extrinsic part of the test because it both assigns certain material to Rolls-Royce UK in perpetuity, and also licensed material to Rolls-Royce UK and such material will have to be filtered out from this analysis..."

80. I am not sure that paragraph 24 (a) is particularly relevant but paragraph 24 (b) is, because it is, in my view, another way of referring to how RUK may rebut Topalsson's inferential case.

81. So far as Mr Pooley is concerned, he made the following points:

- "26. Evidence of Ownership. Topalsson's US copyright registrations provide *prima facie* evidence of a valid copyright. The evidence of ownership ultimately presented in a case generally depends on what defenses are raised by the defendant.
- 27. Evidence of Copying: Access. My understanding from reviewing the US Complaint is that the copyrighted works at issue were provided by Topalsson directly to RRMC. Therefore, the evidence supporting access may include emails and other communications from Topalsson to RRMC providing access to Topalsson's copyrighted software. Access to the software can be shown, for example, by providing evidence that Topalsson made the software available (through a fileshare or similar) and that it was then accessed or downloaded by one or more defendants.
- 28. Evidence of Copying: Substantial Similarity. To establish substantial similarity will require a side-by-side analysis of Topalsson's copyrighted configuration software and the accused configuration software used by the defendants. This analysis would depend on the works themselves, and not on the terms of any contract between the parties...
- 32. Therefore, each of the elements of Topalsson's copyright infringement claims - ownership, access, substantial similarity, acts of infringement, secondary liability, and damages - can be established without reference to the agreement between Topalsson and RRMC. In some

copyright infringement cases, a defendant may assert an affirmative defense that its conduct was licensed under an agreement. However, here, I understand that the acts of copyright infringement alleged in Topalsson's US complaint post-date the acknowledged termination of the agreement. In other words, it is my understanding that RUK has acknowledged that the agreement was no longer in force at the time of the alleged acts constituting copyright infringement."

82. As to that, I think the position is somewhat more nuanced than Mr Pooley suggests. The question of access may be more complex than simply analysing the material supplied by Topalsson and the communications between the parties especially if one has to take into account material which was initially supplied by RUK then worked on by Topalsson.
83. In relation to paragraph 32, on the basis that RUK says that it began the process, with Mackevision, of creating the Fallback Configurator before termination, it would not be accurate to say that the Agreement was no longer in force at the time of any of the alleged infringing acts. That might have been significant because of course, there was at least one licence (in relation to Supplier Software) which did not expire until termination. That said, of course, again it is RUK's case that Supplier Software was not used.

The Main Proceedings and Judgment

84. I turn next to the relevance, if any of the Main Proceedings. Of course, the trial before me took place before the Judgment came out, so at trial, one could not tell how much of the intellectual property issues, such as they were, might be dealt with. In the end, whatever debate there had been at trial, O'Farrell J decided not to delve into the detail of the precise boundaries between Bespoke and Supplier Software (which were disputed) and limited the relief she would grant to the declarations and acceptance of undertakings already referred to. So the Judgment itself does not overlap with any of the issues which might arise in the Amended Complaint. RUK has made some reference to the evidence of Mr Hoffmann at the trial of the Main Proceedings. I deal with this separately below.

The Amendment Application

85. Next, I turn to the Amendment Application. The point made by RUK here is that originally, Topalsson seems to have thought that the infringement claim (at least as against RUK) should be brought here because that is what it was minded to do, even if it then swiftly changed its mind. And it is fair to say that the Amendment Application certainly said that the proposed claim concerned the "very subject-matter" of the Main Proceedings although in the end O'Farrell J did not deal with the detail of the IP issues. On the other hand, at that stage, the allegation of infringement of copyright was based on the email traffic with Mr Hoffmann. It was not based on what Mr Topal later observed in Rolls-Royce salerooms in California.

Removal of RUK from the US proceedings

86. Then there is, of course, the fact that the Original Complaint included RUK as a defendant and then RUK was removed following the first motion to dismiss. The point is made that the only reason why this was done was because it was recognised by Topalsson or its lawyers that such a claim by Topalsson was indeed caught by the EJC. I see the force of that, notwithstanding that Mr Lavy KC urged me not to speculate as the reason for that course of action although the actual reason was not proffered on grounds of privilege. Of course, in the end, the scope of the EJC is a matter for me.

Territoriality

87. There is a further point, raised by Mr Lavy KC. That is that often, an IP owner will sue in more than one jurisdiction to enforce the rights where they have been interfered with. And of course, the whole point of the Berne Convention was to enable the owners of foreign copyright works to invoke the laws of other states to protect against infringement there. And whatever else may be said, the alleged infringement on the part of the Dealers did take place in California. So there is nothing surprising about more than one lawsuit in this context.
88. As to that, RUK retorts that this prospect of multiple claims is precisely why the rational business person would want to have a “one-stop shop” EJC which would require all such disputes to be decided in one place. I do not think this necessarily follows. For one thing, the relevant evidence may be disparately located. For another, it may be easier for the rights owner to enforce locally, as it were, and there may be impracticalities or jurisdictional issues with bringing all relevant parties here. I accept, though, that RUK’s point has more force if one is simply talking about a claim against it as opposed to one made against third parties.

The Moçambique rule

89. A related matter concerns the question of the applicability or otherwise of the “Moçambique Rule” which deals with the ability of the Court here to deal with claims concerning the infringement of intellectual property rights which have occurred abroad. Initially, there was a substantial debate about the extent to which the Moçambique Rule would apply where there had been the infringements of the Relevant Software alleged in the Amended Complaint. The point was that if the Moçambique Rule applied, the consequence might be a real restriction on the ability of Topalsson meaningfully to bring those claims here because they would be regarded as non-justiciable. That would, in turn, have an impact on the question as to whether, objectively, it could have been intended that the EJC would not apply to claims such as those made in the Amended Complaint.
90. In the end, Mr Lavy KC did not really submit that it was clear that the Moçambique Rule would apply here. Rather, he said that the position was not straightforward and at the very least, the Court should for this reason be cautious when considering whether the EJC covered the subject-matter of the Amended Complaint. For his part, Mr Charlton KC submitted that it was clear that the Moçambique Rule could not apply and so there was no need for any such caution. That being the case, it seems to me that I should deal with the point.
91. The Moçambique Rule is derived from the case of *British South Africa v Companhia de Moçambique* [1893] AC 602. Here, the House of Lords held that the English Court had no jurisdiction to hear an action to determine title to, or the right to possession of foreign land or the recovery of damages for trespass to such land. The rule was based on the notion of international comity.
92. In *Lucasfilm v Ainsworth* [2012] 1 AC 208, the Supreme Court had to consider whether that rule covered claims brought here for the infringement of copyright which included infringements which had taken place in the US. In summary, and as the headnote records, it held that the common law rule that an English court had no jurisdiction to entertain an action for damages for infringement or invasion of property rights in foreign land did not also apply to claims for infringement of foreign copyrights. There were no issues of policy which militated against the enforcement of foreign copyrights and states had an interest in the

international recognition and enforcement of their copyrights. The English court had jurisdiction to entertain a claim for infringement of copyright of the present kind, where the substantial dispute was about the ownership of the relevant copyrights and their infringement rather than about their subsistence, provided that there was a basis for *in personam* jurisdiction over the defendant. Accordingly, the claimants' United States copyright claims against the defendants were justiciable.

93. Lord Walker and Lord Collins, with whose judgment the other Justices agreed, came to those views after a very extensive review of both English and foreign authorities. It is to be noted that at paragraph 103 they said that although at trial the infringement arguments sometimes merged into a subsistence argument “the substantial dispute has always been about the ownership of the relevant copyrights and their infringement rather than about their subsistence”.

94. Lord Walker and Lord Collins also said this at paragraph 106:

“The basis for what remains of the rule was said by the House of Lords in the *Moçambique* case [1893] AC 602, 623 to be that controversies should be decided in the country of the situs of the property because the right of granting it was vested in the ruler of the country and in the *Hesperides* case [1979] AC 508 to be the maintenance of comity and the avoidance of conflict with foreign jurisdictions. It is possible to see how the rationale of the *Moçambique* rule can be applied to patents, at any rate where questions of validity are involved. For example the claims might touch on the validity of patents in sensitive areas, such as armaments, and that no doubt is part of the rationale for article 22(4) of the Brussels I Regulation. But it is very difficult to see how it could apply to copyright. It is true that copyright can involve delicate political issues. Thus in a very different context, Brightman J had to deal with the international consequences for copyright protection of the samizdat circulation in the Soviet Union of Solzhenitsyn's *August 1914* without having been passed by the Soviet censor: *The Bodley Head Ltd v Flegon* [1972] 1 WLR 680. But such cases can be dealt with by an application of the principles of public policy in appropriate cases.”

95. In the light of that, Mr Charlton KC submitted that even if, here, the subsistence of copyright in the Relevant Software was challenged, the Court would still have jurisdiction. He emphasised the fact that the Supreme Court saw a real distinction between patents (where validity essentially depends on a grant which is an act of the state concerned) and copyrights whose subsistence turns on questions of originality and expression etc. I think he is right about that and although the observations made in paragraph 106 were strictly *obiter*, they would obviously carry substantial weight going forwards. If the matter had to be determined (and in *Lucasfilm*, it did not), I would be disposed to find that even questions of the subsistence of foreign copyright could be determined here if the Court otherwise had jurisdiction.

96. In the event, for practical purposes, the question is almost certainly academic, since it is highly unlikely that any point on the subsistence of copyright in the Relevant Software would be taken. And while, perhaps understandably, Mr Charlton KC was ultimately not disposed to undertake that a point on justiciability would not be taken if the claims in the Amended Complaint were litigated here, it would be an extremely odd position for RUK and the defendants to adopt, given RUK's clear position before me that there is no justiciability problem at all. Moreover, any ASI granted could protect against that eventuality by requiring Topalsson merely to stay the US Proceedings, rather than terminate them altogether. They could then be revived if there arose a justiciability problem here.

97. For all those reasons, I do not consider that there is a real argument in favour of Topalsson in relation to the subject-matter scope of the EJC based on the *Moçambique* Rule.

Other Matters

98. RUK says that the whole question of access is important. I do accept that, especially in the light of Topalsson's inferential case, there may need to be a careful examination of what passed between the parties for the purposes of the Agreement, and where certain material came from.
99. RUK also makes the specific point that in order to rebut the inferential case, where some of the features referred to by Topalsson, it may say that they were contained in Deliverables. And if so, Clause 23.1 may be relevant. This, of course, reflects what was said in the German Complaint Response.
100. Finally, RUK says that the question of source code may also be involved but where it is covered by Bespoke as opposed to Supplier Software. The example given to support this concerns Mr Topal's observation of one feature which he said was redolent of Topalsson software, namely "simultaneous real-time display on a television screen or projector and a tablet". At paragraph 40.2, an extract from Mr Topal's re-examination at trial in the Main Proceedings is provided. This is where he explains the work that was involved in meeting RUK's requirement that there is not simply a simultaneous display but that there is the ability to have a command-panel on the tablet (presumably operated by the salesperson) which does not appear on the large screen. Mr Topal said that there was a lot of work involved in this. In fact, later in the re-examination at page 23 of Day 7 he then said that:

"The UX/UI concept, I do recall that we tried heavily to agree on design frames on 15 November 2019 which Rolls-Royce did not agree on and they kept changing and changing the UI concept, they have been not clear about how different pieces of thumbnails should look like, how colour selection modes should look like, how hotspots and configuration hotspots should look like . They had specific requests for changing backgrounds and environments by the CEO Torsten Muller-Oetvoes, and the overall flow in UX/UI design. It was a moving document which was, in my view, never agreed."

101. So it is actually unclear as to whether this concept actually materialised into new or bespoke software, or a deliverable which was ever actually delivered. There is no direct evidence of RUK on this point. I also note that the observed feature recounted by Mr Topal simply refers to simultaneous displays.

Conclusion

102. I think that the arguments and materials deployed on the issue of the subject-matter scope of the EJC are quite finely balanced. But in the end, looking realistically at the likely shape of the dispute engendered by the Amended Complaint I have come to the view that it is covered by the EJC. There is likely to be specific recourse by RUK to one or more of the terms of the Agreement which deal with intellectual property rights and there will have to be a detailed examination of exactly what transpired between the parties when they were dealing with each other for the purpose of the Agreement. Overall, it seems to me that this is a dispute which does indeed arise from or is in connection with or relates to the Agreement.

THE EJC AND PARTIES TO THE AMENDED COMPLAINT

103. In the light of my conclusion above as to the subject-matter scope of the EJC, I must now consider its scope from the point of view of the fact that the defendants to the Amended Complaint are third parties in the sense that they are not, on the face of it, parties to the EJC itself.

The Law

104. There is one case which helpfully refers to all the relevant authorities and which sets out the principles. This is the decision of Andrew Burrows QC (as he then was) in *Clearlake v Xiang Da* [2019] EWHC 2284.

“[21] It will be helpful to refer immediately to two fairly lengthy passages from two of those cases. In *Donohue v Armco Inc* the House of Lords unanimously decided that, although Mr Donohue had the benefit of a contractual exclusive English jurisdiction clause, there were on the facts strong reasons not to grant him an anti-suit injunction enforcing that jurisdiction clause restraining tort proceedings against him in New York. The leading speech was given by Lord Bingham. But, on the point I am here considering, Lord Scott, in his concurring speech, considered in some detail the possibility of an anti-suit injunction being ordered to restrain tort proceedings against a third party who was a joint tortfeasor with the contracting party. He said this:

‘[60] There is a point of construction of the exclusive jurisdiction clause that it is convenient to deal with at this point. It is accepted that the clause is not restricted to contractual claims. A claim for damages for, for example, fraudulent misrepresentation inducing an agreement containing an exclusive jurisdiction clause in the same form as that with which this case is concerned would, as a matter of ordinary language, be a claim in tort that arose ‘out of or in connection with’ the agreement. If the alleged fraudulent misrepresentation had been made by two individuals jointly, of whom one was and the other was not a party to the agreement, the claim would still be of the same character, although only the party to the agreement would be entitled to the benefit of the exclusive jurisdiction clause. The commencement of the claim against the two alleged tortfeasors elsewhere than in England would represent a breach of the clause. The defendant tortfeasor who was a party to the agreement would, absent strong reasons to the contrary, be entitled to an injunction restraining the continuance of the foreign proceedings. He would be entitled to an injunction restraining the continuance of the proceedings not only against himself but also against his co-defendant. The exclusive jurisdiction clause is expressed to cover “any dispute which may arise out of or in connection with” the agreement. It is not limited to “any claim against” the party to the agreement. To give the clause that limited construction would very substantially reduce the protection afforded by the clause to the party to the agreement. The non-party, if he remained alone as a defendant in the foreign proceedings, would be entitled to claim from his co-tortfeasor a contribution to any damages awarded. He could join the co-tortfeasor, the party entitled to the protection of the exclusive jurisdiction clause, in third party proceedings for that purpose. The position would be no different if the claim were to be commenced in the foreign court with only the tortfeasor who was not a party to the exclusive jurisdiction clause as a defendant. He would be able, and well advised, to commence third party proceedings against his co-tortfeasor, the party to the exclusive jurisdiction clause.

[61] In my opinion, an exclusive jurisdiction clause in the wide terms of that with which this case is concerned is broken if any proceedings within the scope of the clause are commenced in a foreign jurisdiction, whether or not the person entitled to the protection of the clause is joined as defendant to the proceedings. An injunction restraining the continuance of the proceedings would not, of course, be granted unless the party seeking the injunction, being someone entitled to the benefit of the clause, had a sufficient interest in obtaining the injunction. It would, I think, be necessary for him to show that the claim being prosecuted in the foreign jurisdiction was one which, if it succeeded, would involve him in some consequential liability. It would certainly, in my opinion, suffice to show that if the claim succeeded he would incur a liability as a joint tortfeasor to contribute to the damages awarded by the foreign court.

[62] This point is of direct relevance in the present case. In the New York proceedings ... several claims are made but most of them are based upon the allegation that Mr Donohue, Mr Atkins, Mr Rossi and Mr Stinson conspired together fraudulently to extract in various ways substantial sums of money from the Armco group of companies. If the allegations can be made good, the liability of the conspirators would be a joint and several liability. There are substantial issues as to which of the claims fall within the language of the exclusive jurisdiction clause but I think it is clear that some of them do. Of the four alleged conspirators only Mr Donohue and Mr Atkins are contractually entitled to the benefit of the exclusive jurisdiction clause. Mr Atkins has settled with Armco, so it was Mr Donohue alone who commenced an action in this country for an injunction enforcing the clause. If Mr Donohue is entitled to an injunction enforcing the clause he is entitled, in my opinion, to an injunction that bars the continuance of the claims in question not only against himself but also against Mr Rossi and Mr Stinson with whom he is jointly and severally liable. If claims against Mr Donohue are within the clause, then so too are the corresponding claims against Mr Rossi and Mr Stinson. Mr Rossi and Mr Stinson are not contractually entitled to enforce the clause, but Mr Donohue is, in my opinion, entitled to ask the court to enforce it by restraining the prosecution in New York of all claims within its scope in respect of which Mr Donohue would be jointly and severally liable.'

[22] In *Cavendish Square Holding BV v Joseph Ghossoub* one of the questions facing Laurence Rabinowitz QC, sitting as a Deputy High Court Judge, was whether an exclusive jurisdiction clause in a contract between Mr Ghossoub (A) and Cavendish Square Holding BV (B) could be enforced (by B against A) by an anti-suit injunction so as to prevent proceedings against third parties (ie by A against C). It was held that it could not because, as a matter of interpretation, the exclusive jurisdiction clause did not extend to cover claims against third parties. After reviewing several of the authorities listed in para [20] above, Laurence Rabinowitz QC summarised the legal position as follows:

'[82] In light of the consideration given to this question by earlier authorities, it seems to me possible to make the following observations:

(1) Whether an exclusive jurisdiction clause should be understood to oblige a contractual party to bring claims relating to the contract in the chosen forum even if the claim is one against a non-contracting party, requires a consideration of the contract as a whole including not just the language used in the exclusive jurisdiction clause but also all other terms in the contract that may shed light on what the parties are likely to have intended.

(2) The principle that rational businessmen are likely to have intended that all disputes arising out of or connected with the relationship into which they had entered would be decided by the same court cannot apply with the same force when considering claims brought by or against non-contracting third parties. More particularly, whilst it is well established that the language of an exclusive jurisdiction clause is to be interpreted in a wide and generous manner, the starting position in considering whether disputes involving a non-contracting third party might come within the scope of the clause must be that, absent plain language to the contrary, the contracting parties are likely to have intended neither to benefit nor prejudice non-contracting third parties.

(3) Where it is clear from the express terms that the contracting parties have turned their minds to the position of third parties and more particularly whether such third parties are to benefit or bear the burden of rights and obligations agreed between the contracting parties, the absence of any express language in the exclusive jurisdiction clause that provides for the application of that term in relation to claims brought by or against third parties may be an indication that the clause was not intended either to benefit or prejudice such third parties.

(4) Where the exclusive jurisdiction clause is silent on the question, the fact that any provision in the contract dealing with third parties indicates an intention that third parties should not acquire rights as against the contracting parties by virtue of the contract, may be a further indication that the clause was not intended either to benefit or prejudice such third parties.

(5) Where a particular interpretation of the exclusive jurisdiction clause produces a material contractual imbalance because for example it results in one party to a dispute relating to the contract being subjected to an obligation to bring proceedings in the chosen jurisdiction in circumstances where the other party to the dispute is not similarly obliged, or where that interpretation would require a claim against a non-contracting third party to be brought in the agreed jurisdiction even where the chosen forum may not actually have jurisdiction over such

a claim against that party, this too may be an indication that the clause was not intended to so apply because such a result is unlikely to be what the contracting parties as rational businessmen would have agreed.

(6) The fact that there is nothing in the contract that might indicate a rational limit in terms of the identity of non-contracting third parties whose rights and interests might be affected by the application of an exclusive jurisdiction clause might provide a further indication that the clause was only intended to affect the rights and interests of the contracting parties.

(7) It follows that where contracting parties intend that any claim relating to the contract be subject to the exclusive jurisdiction clause even where it is one brought by or against a non-contracting party, clear words should be used expressly setting out this intention, the parties to be affected and, if relevant, the manner in which submission of any non-contracting parties to the jurisdiction of the chosen court is to be ensured.'

[23] In principle, and consistently with what Lord Scott and Laurence Rabinowitz QC have said and with the other authorities listed in para [20] above, I would express the correct approach to this question (of whether the contracting party (B) can enforce against the other contracting party (A) an exclusive jurisdiction clause, by an anti-suit injunction, so as to prevent tort proceedings by the other contracting party (A) against a third party (C)) in the following way:

(i) It is a matter for the interpretation of the jurisdiction clause whether the clause extends to cover the tort proceedings against the third party. Applying the general law of contract, the correct approach to that question of interpretation requires the application of the modern contextual and objective approach. One must ask what the clause, viewed in the light of the whole contract, would mean to a reasonable person having all the relevant background knowledge reasonably available to the parties at the time the contract was made (excluding the previous negotiations of the parties and their declarations of subjective intent). Business common sense and the purpose of the term (which appear to be very similar ideas) may also be relevant. Important cases of the House of Lords and Supreme Court recognising the modern approach, which marks a shift from an older more literal approach, include *Investors' Compensation Scheme Ltd v West Bromwich Building Society*...I have summarised elsewhere that modern approach:... The Court of Appeal's emphasis...on interpreting jurisdiction clauses 'widely and generously' and adopting 'a broad and purposive construction' can be regarded as consistent with that modern approach.

(ii) If, as a matter of interpretation, the jurisdiction clause does extend to cover the tort proceedings against the third party, the contractual basis for an anti-suit injunction applies so that, as regards an application by the contracting party (B), the injunction will be granted unless there are strong reasons not to do so.

(iii) Applying privity of contract, only the contracting party (B) and not the third party (C) can enforce the jurisdiction clause (against A) by an anti-suit injunction on the contractual basis (unless an exception to privity of contract applies). But the jurisdiction clause may be a relevant factor in granting the third party (C) an anti-suit injunction on the alternative basis that the foreign proceedings are vexatious or oppressive. (It is also presumably possible in certain circumstances that the jurisdiction clause, even though not contractually enforceable by the contracting party (B) in favour of the third party (C), may be a relevant factor in granting the contracting party (B) an anti-suit injunction against the other contracting party (A) on the basis that the foreign proceedings are vexatious or oppressive.)

[24] In expressing the correct approach in the way I have just done, I accept that Laurence Rabinowitz QC in the *Ghossoub* case was correct that, absent express words as to the jurisdiction clause extending to claims against non-parties, the starting point in interpreting a jurisdiction clause (covering, let us say, 'all disputes arising out of the contract') will be that only the parties to the contract are covered. But I also agree with Lord Scott in the *Donohue* case that, where one has an alleged joint tort committed in relation to a contract by a contracting party and a non-contracting party, the objective interpretation of the jurisdiction clause (covering all disputes 'arising out of the contract') will tend to include a tort claim against the non-party because this will help to prevent forum-fragmentation on essentially the same issues. Such fragmentation is contrary to what the parties are likely to have objectively intended. Ultimately there may be no real conflict between the speech of Lord Scott and the judgment of Laurence Rabinowitz QC because the resolution of the issue turns on the interpretation of the particular contract in the light of the particular facts."

105. It is not necessary to elaborate on that summary.

106. All of this was in the context of ASIs being sought not only by the party to the English EJC, which was being sued abroad. They were also sought by another party, Gunvor, which was also the subject of the foreign claim. They were sought on both the contractual and non-contractual basis. The Judge held that Gunvor was in any event entitled to an ASI on the non-contractual basis and it was therefore unnecessary to decide if it could obtain one on the contractual basis. (I will refer to *Clearlake* again, below, in the context of the non-contractual ASI sought here).
107. Nonetheless, it is worth examining the factors which the Judge said were relevant to the question of whether the “starting point” that an EJC does not cover claims against third parties (per *Ghossoub*) is overridden, as it were:
- (1) The underlying misrepresentation claim, was covered by the EJC;
 - (2) There was nothing in the agreement expressly saying that the tort claim against Gunvor was not covered by the EJC;
 - (3) There was a close relationship between Clearlake and Gunvor; both were part of the same corporate group;
 - (4) Had Xiang Da sued Clearlake for the tort of misrepresentation, that would be covered by the EJC; it was apparent that if both Clearlake and Gunvor had been sued, the EJC would have covered the claims against both of them; if so, it could make no difference that only Gunvor had been sued and not Clearlake;
 - (5) Clearlake had an interest in the proceedings against Gunvor. First, if Gunvor was found liable there was a realistic prospect of it having a contribution or indemnity claim against Clearlake as a joint and several tortfeasor. So the English court should determine Gunvor’s liability to Xiang Da. Second, there was a related indemnity claim brought by Xiang Da against Clearlake which the Judge had already said should be heard here and not in Singapore. There was a close link between both claims and it was in the interests of Clearlake, to avoid forum fragmentation, to have all claims made by Xiang Da against Clearlake and Gunvor litigated here.

The terms of the EJC and its context

108. The EJC itself does not say that it covers disputes involving third parties. It is true that it does not say the contrary, but the “starting point” is based on the lack of express words covering third parties. In this case, it goes further than that. That is because the expression “The Parties” is a defined term. It means only Topalsson and RUK.
109. I then need to consider Clauses 44.2 and 44.3 recited at paragraph 22 above. Both of these refer to disputes “between the Parties”. RUK accepts that here, the reference can only be to disputes between Topalsson and RUK. In any event, that must be the correct analysis. However, RUK points out that in clause 44.4 the expression “any dispute” is not then followed by the words “between the Parties”. Therefore, it says, the EJC covers non-parties as well.
110. I disagree. It seems to me that the words “between the Parties” were unnecessary in clause 44.4 because the EJC begins with “The Parties hereby submit”. I do not see any need to repeat the words “between the Parties” in the light of that. So in my judgment, clauses 44.2 and 44.3 support the view that the EJC does not cover third parties.

111. At this point, it is necessary to refer to those other parts of the Agreement that make specific references to companies other than RUK. Clause 5.2 of Section 7 refers to BMW Group companies. The definition of the latter is RUK and any subsidiary or holding undertaking. I agree with Topalsson that by itself, this provision is rather uncertain, and so one must look for specific clauses thereafter which confer particular benefits.
112. Clause 10.4 provides a specific indemnity to BMW Group. There are other specific clauses making such references, for example at Clauses 12.1, 12.11, 15.2-15.4, 16.9 and 17.4.
113. All of that said, the vast majority of the substantive provisions concern (on the RUK “side”, as it were) only RUK. See, by way of example Clause 6.6 (rectification of defects) Clause 7.2 (warranties), Clause 8.3 (Business Continuity Plans), Clause 13 (Delivery, Acceptance and Remedies) and in particular Clauses 13.9, 13.10 and 13.11 dealing with, acceptance, rejection and termination, Clause 23.1 (intellectual property rights) and Clause 25 (Termination). And of course, the actual parties to the Agreement are only Topalsson and RUK.
114. In my judgment what all of this shows is that where it was thought appropriate to provide a particular benefit to a party other than the Parties, the Agreement did so expressly. It did not do so expressly in the EJC. This was a factor recognised in paragraph 82 (1) of *Ghossoub*. Second, whatever benefit is conferred on another party has to be considered against the background where most substantive provisions clearly operate only as between Topalsson and RUK.
115. In the light of the above, but without considering other matters addressed to me, I would conclude that there is nothing thus far to displace the “starting point”; indeed it is reinforced by them.
116. However, I now need to consider some further matters which may be relevant. The first concerns the extent to which it may be said that although RUK is not now a defendant to the Amended Complaint it could be affected by it. I shall refer to this as “the Joint Tortfeasors Point” even though its significance may run beyond joint tortfeasors strictly so-called. Here, RUK contends that under Californian copyright law, it would be regarded as jointly and severally liable for any infringements committed by BMW and the Dealers. In addition, it would be exposed to claims made by those other parties against it for contribution or indemnity. Here, RUK invokes the *obiter* observations of Lord Scott in *Donahoe* and also the analysis of the Judge in *Clearlake*. It also points to *Hornbay* where the Court recognised the prospect of contribution or indemnity claims as being pertinent to the scope of the EJC in relation to third parties.
117. As against that, Topalsson contends that, especially because they are *obiter*, the observations of Lord Scott should be confined strictly to the particular example he gave talks of misrepresentation which led to the making of the agreement containing the EJC. In *Clearlake*, of course, no actual decision on the question was made. And as for *Hornbay* the facts were very different because the third-party was the agent of the party covered by the EJC and the Court regarded them as one and the same. I agree that *Hornbay* was a very different case, although the prospect of a contribution or indemnity claim was plainly relevant. It was also at least potentially relevant in *Clearlake* and obviously so, in the example given by Lord Scott.

118. I would not myself wish to be too prescriptive as to how far the “joint tortfeasors” point can go. But on any view, and given Lord Scott’s observations, even if *obiter*, it cannot be the case that whenever there is a prospect of a claim against the party which is covered by the EJC, by another party sued abroad, a claim against that party abroad is covered by the EJC without more. And the examples given in both *Donohue* and *Hornbay* are clearly very strong examples where the position is particularly clear. So on any view, the issue is highly fact-sensitive.
119. In this case, as the experts agree, there are different acts of infringement alleged against RNA, BMW and the Dealers respectively, in the Amended Complaint. And the fact that the Dealers are “innocent” does not affect their liability if they have been running infringing software.
120. As for the likelihood of any claim for contribution or indemnity against RUK by, for example, the Dealers, this received relatively little attention by the experts originally. All Ms Bradley said was at the end of her paragraph 18, namely
- “If Topalsson was successful against the named Defendants, Rolls-Royce UK would in principle be exposed as a potential joint tortfeasor to any liability for damages paid by the named Defendants for the alleged actions.”
121. Mr Pooley did not deal with it at all.
122. However, in the course of argument on the first day of trial, RUK produced a Californian case called *Desire LLC v Manna Textiles* 986 F.3d 1253 (9th Circuit). This was a decision of the Federal Court of Appeals for the 9th Circuit. It was relied on by RUK for the proposition that US copyright law would treat RUK and the defendants as joint tortfeasors. Mr Charlton KC said very little about it other than he relied on the following passage in the judgment at page 18 as follows:
- “1. The district court correctly apportioned joint and several liability among the defendants.**
- The district court stated, “where an upstream defendant causes, whether directly or indirectly, a downstream defendant’s infringement, the upstream defendant is a joint tortfeasor in, and therefore jointly and severally liable for, the plaintiffs harm caused by the downstream defendant’s conduct.” The district court also concluded that “where a downstream infringer’s conduct is not the legal cause of the upstream defendant’s infringement, the downstream infringer will not be responsible, jointly and severally, for the upstream defendant’s wrongdoing.” The district court’s conclusions were correct.”
123. Ms Bradley, of course, had not herself referred to or opined on *Desire* which, it seems, had been found through the researches of Counsel.
124. RUK relies on this passage to show that in this case, the defendants would be regarded as joint tortfeasors, and RUK (and possibly BMW and RNA though they do not matter for present purposes) would have a legal liability to contribute to or indemnify the Dealers.
125. This development led Topalsson to obtain a second report from Mr Pooley to deal with this point. This was not objected to by RUK and accordingly it was admitted.
126. The context for the passage referred to above is that in the underlying case the claimant was seeking statutory damages for infringement of copyright from numerous defendants and in relation to numerous acts of copyright infringement. The Judge in the court below had made multiple awards of statutory damages in respect of a number of defendants and in relation to various acts of infringement. It was in that context that the Judge set out which defendants were and were not jointly and severally liable with each other which then set the scene for the

different awards of statutory damages. On appeal, the defendants argued that there should only have been one unitary award of statutory damages. The Court of Appeals held by a majority that the relevant Copyright Act only permitted one award. So the case was remitted on that basis. But absent the operation of the Copyright Act the Judge had been entitled to make multiple awards based on the various joint and several liabilities that she found.

127. Mr Pooley was of course provided with a copy of *Desire*, although his 2nd report did not address it directly. Rather it addressed the general question as to whether RUK and the defendants were joint tortfeasors.
128. Mr Pooley in his second report said that the expression “joint tortfeasors” could be used in two senses. The first applied to those who acted “in concert” to produce a tortious act. He said that the defendants in the Amended Complaint could not be viewed in that way, because they were each alleged to have committed separate and different infringements (although obviously the nature of the infringement committed by each of the Dealers was the same). RUK was not now a defendant at all, but if it had been, it would not follow that it would be liable to Topalsson simply because one or more of the other defendants would. There would have had to have been an allegation of secondary liability made in the complaint (which was not the case here”).
129. The second sense of joint tortfeasors related to “concurrent” tortfeasors whose conduct caused an indivisible injury. This is important in the context of statutory damages for copyright infringement because if there was only a single indivisible injury, although a number of tortfeasors, there could only be a single award of statutory damages. Statutory damages are not claimed in the Amended Complaint. Mr Pooley said that RUK and the defendants could not be viewed as joint or concurrent tortfeasors in this second sense. Topalsson was claiming actual damages and accounts of profits which could be determined for each defendant with respect to their own particular act of infringement and profit. It was not a case of a single indivisible injury. And of course Topalsson does not allege the latter.
130. Mr Pooley does not address, as a separate matter, the incidence of any liability on the part of RUK to contribute to or indemnify any of the defendants. But one can infer from his second report that he would say there was none because it seems to be common ground that such a liability can only arise in the first place if there were joint tortfeasors.
131. In its Reply Submissions, RUK argues that Mr Pooley has missed the point because he has not looked at how the Original Complaint was framed. That did suggest some concerted action. However, I fail to see the relevance of a Complaint which is no longer being made. Mr Pooley rightly concentrated on the Amended Complaint. A further point made is that Mr Pooley omits to consider the position of RUK even though not a party to the US Proceedings, if any of the defendants chose to issue third parties against it for a contribution or indemnity, much as a defendant might issue a Part 20 claim here. However, Mr Pooley’s main point was not that RUK was now absent from US proceedings anyway; it was that no liability to contribute or indemnify would arise should the Amended Complaint be proved as against any of the defendants.
132. RUK then adds that it is of course the case that RUK has agreed to indemnify the Dealers in any event. That was voluntary act on its part, though from a commercial point of view, understandable. I can see that, in broad terms, RUK would have an interest in what was

occurring in the US proceedings. But that then begs the question as to what weight should be given to that in the context of considering the scope of the EJC by reference to third party defendants to the claim in question. On any view, I do not see that this case is directly analogous either to the example given by Lord Scott in *Donohue* or the position in *Hornbay*.

133. On that basis, it seems unlikely that RUK could be exposed to a contribution or indemnity claim in the context of a range of different infringements of the Relevant Software. But even if there was the possibility of such a claim, this would not be a strong factor here.

The Position of BMW Group Companies

134. RUK of course contends that the “reach” of the EJC extends to the claims made in the Amended Complaint as against all defendants. But RUK also recognises that it is possible that the arguments for inclusion of the claims against RNA and BMW are stronger than, or at least different from those in respect of the Dealers. This is essentially because of the specific references to BMW Group companies in the Agreement. The analysis therefore bifurcates somewhat at this point.
135. So far as BMW Group is concerned, RUK makes the overarching point that it features significantly in the Agreement and indeed Clause 5.2 of Section 7 states that the Agreement is for the benefit of RUK and “any relevant BMW Group companies.” However, as already indicated, Clause 5.2 needs to be read alongside the more specific provisions.
136. The specific provision on which RUK focuses, however, is Clause 43.2. Here, RUK argues that this demonstrates that the EJC at least contemplates disputes between Topalsson and BMW. That is not only because such disputes might arise, given the terms of Clause 43.2 itself, but because it was plainly intended that BMW could itself invoke and enforce the EJC in its own name, even though it does not do so here.
137. I consider first, whether clause 43.2 does give BMW a right to enforce the EJC. That depends on how one approaches Clause 43.2 as a whole. The first point is that it is not entirely clear how one ascertains the BMW Group companies that “benefit” from the Services and Deliverables. Obviously, it includes RUK but the point here concerns BMW. It is not clear if BMW falls within Clause 43.2 at all. RUK says that this is not a problem because it will be a matter of evidence as to which particular BMW Group company has benefited. Perhaps, but that does not help in terms of showing that BMW can invoke Clause 43.2 so as to enforce the EJC or at least argue that it covers claims against it.
138. Even if one were to assume that BMW could invoke Clause 43.2, there are further difficulties in my view. The purpose of the clause would appear to give the relevant companies some form of redress against Topalsson in the event that there were problems with the Services or Deliverables. However, it does not follow that “the Supplier’s obligations under this Agreement” means all of the obligations, including the obligation to bring proceedings as dictated by the EJC. After all, as we have seen, there are numerous obligations owed to RUK which can clearly only be enforced by it, for example the remedies of rejection and termination. So in reality, the scope of Clause 43.2 must be limited. In my judgment, its scope is limited to substantive obligations affecting the Services and Deliverables provided; even then, there is a limit as to what the relevant company can do about it. Given that, I see no reason why Clause 43.2 confers on BMW the right to enforce the EJC.

139. It might be thought that BMW should be able to enforce the EJC if it is a beneficiary of Deliverables and Services and if there is a dispute. But on that logic, it should be entitled to enforce Clauses 44.2 and 44.3 as well. But plainly it cannot, because on any view these provisions apply only to disputes between the Parties.
140. All of the above may make Clause 43.2 of less value than first appears. But that is not a reason to construe Clause 44.4 as permitting BMW, at least, directly to enforce it. That being so, one of the grounds taken from Clause 43.2 saying that the EJC covered claims against BMW disappears.
141. That still leaves the fact that at least to some extent, BMW was intended to enjoy benefits under the Agreement as well as RUK. I see that, but in my view, taken by itself, it does not “trump” the fact that otherwise, based on its language, the EJC does not cover claims against it.
142. After all, on RUK’s analysis, while BMW could enforce the EJC against Topalsson, Topalsson could not enforce the EJC against BMW, should BMW choose to sue it somewhere else. That seems very odd, and as Mr Lavy KC put it, “asymmetrical”. RUK’s answer to this is to say that this scenario is artificial and completely unrealistic. I do not see why. BMW is a German company and in principle, it might suit it to sue Topalsson there. Not least because Topalsson is a German company as well. So I think there is something in the “asymmetry” point.
143. For those reasons, and subject to what I say in relation paragraphs 144-147 below, I do not consider that the provisions which refer to BMW Group companies, and in particular Clause 43.2, are such as to mean that as a matter of interpretation the EJC must cover claims against them.

The Dealers

144. I now consider the position of the Dealers and why RUK claims that the EJC would include them also. On the basis that it does not include claims against BMW, that proposition may be ambitious but the argument made here really covers both BMW and the Dealers. I shall refer to the particular point made here as “the Global Reach Point”.
145. It is correct that the purpose of the configurator to be developed for and supplied to RUK was for use in Rolls-Royce showrooms wherever they are, for the benefit of potential customers. In that sense, it was intended to be a global product. But that does not mean that dealers across the world must have been in the purview of the EJC. And from an individual dealer’s point of view, it might well prefer to be sued in its own jurisdiction rather than here. And that is so, even if RUK were assisting it.
146. Yet again, if it had been intended to bring dealers within the scope of the EJC, it would have been easy to do so expressly. Further, and even though I have rejected the argument which specifically concerns BMW’s position, the Dealers are clearly more remote and have no specific provisions which are relevant to them in the Agreement at all.
147. So I do not accept that the Global Reach Point assists RUK on the interpretation of the EJC.

Service out of the Jurisdiction

148. The ability (or not) to establish jurisdiction here over the defendants to the Amended Complaint, if Topalsson was obliged to sue them here, has also been raised as an issue. For these purposes, one has to assume that RUK is not also a party to any proceedings here. While RUK submits that this would be unlikely because it would make commercial sense to bring RUK in, I still have to consider the position if it were not.
149. The question then arises as to whether there are any “gateways” that are clearly available to establish personal jurisdiction over the various defendants.
150. In this scenario, it would not be possible to join the defendants as “necessary or proper parties” pursuant to PD6B 3.1 (3). This is because there is no anchor defendant against whom jurisdiction will be established in any event.
151. Another possibility might be PD6B 3.1 (6) (c). This is where the claim is “in respect of” a contract governed by English law, as the Agreement is. The problem here is that even if the Amended Complaint fell within the EJC in terms of matter of subject-matter, it does not follow that it is “in respect of” the Agreement for the purpose of this gateway. At paragraph 173 of my judgment in *IBM*, I said this:
- “Paragraph 3.1 (6) (c) of PD 6B provides jurisdiction where “a claim is made in respect of a contract where the contract... is governed by English law.” The ICA is of course governed by English law but Corp is not a party thereto. It is correct that the relevant words are “a claim made in respect of” the contract, as opposed to a claim made under or pursuant to such a contract. So the gateway could possibly be invoked against a defendant not itself a party to the contract. Tomlinson LJ accepted that proposition in *Alliance v Aquanta* [2012] EWCA 1588. However, he said at paragraph 51 of his judgment that at the very least:
- “It is sufficient to dispose of the point in this case to indicate that the required connection between claim and contract must inevitably be the more difficult to establish in a case where the intended defendant is not party to the contract upon which reliance is placed than in a case where he is party to it.””
152. That observation applies equally here. At the very least, it is not clear that this gateway could be used.
153. Finally, there is CPR 6.33 (2B) (b). This provides that:
- “(2B) The claimant may serve the claim form on the defendant outside of the United Kingdom where, for each claim made against the defendant to be served and included in the claim form—...
- (b) a contract contains a term to the effect that the court shall have jurisdiction to determine that claim.”
154. However, that will not work where the defendant sought to be joined is not itself a party to the EJC. I explained why, in detail, at paragraphs 127-136 of my judgment in *IBM*. In that regard, RUK refers to what I said at paragraph 135 which was this:
- “Indeed, in the trilogy of cases discussed above, the issue was precisely whether the defendant, an acknowledged party to the clause, was caught by it even in relation to claims made by him against third parties (with or without the claimant as well). In other words, from a jurisdiction point of view they were, or would have been sub-paragraph (a) cases.”

155. However that was all about the scope of the EJC and whether it covered claims against third parties. It was not about whether this gateway was available. I said there that it clearly was not.
156. So in my view, there are real difficulties with establishing a gateway to bring in the defendants to the Amended Complaint in the supposed putative action here. That militates against interpreting the EJC as covering claims against them.
157. It is true that the defendants here have agreed to submit to the jurisdiction of this Court and accept service on solicitors acting for them here. But that is not to the point when considering the correct interpretation of the EJC. They may not have done so in the hypothetical I have to consider.

Conclusion

158. Having taken into account all of the matters referred to above (including, for these purposes, the possibility of a contribution or indemnity claim against RUK – see paragraph 133 above), the conclusion plainly is that this EJC does not cover claims against parties other than RUK itself. In my view, that would be the result whether, as the Judge in *Clearlake* did, one starts with a presumption against such applicability or whether one simply looks at the question in the round.
159. Therefore, there is no contractual basis for an ASI here. I therefore turn to consider whether I should grant an ASI on the non-contractual basis.

NON-CONTRACTUAL BASIS FOR AN ASI

Introduction

160. The foundation for RUK's argument here is that the EJC would apply as a matter of subject-matter as between Topalsson and RUK. That is the correct way to proceed, and of course it is what I have found. One does not proceed on the basis that there was no operable EJC. The reason why RUK needs to invoke the non-contractual basis is because I have also found that the EJC does not cover claims against the defendants to the Amended Complaint.
161. I should add that the non-contractual ASI is sought on an "all or nothing" basis. In other words if I were to consider that it should be granted so as to restrain the US proceedings against some but not all defendants, I am not invited to grant a "partial" ASI. In the event, that scenario does not arise.

The Law

162. In relation to this basis for an ASI, in *Deutsche Bank v Highland Crusader Offshore Partners LP* [2009] EWCA Civ 725, Toulson LJ set out the following principles at paragraph 50 of his judgment:

- "1. Under English law the court may restrain a defendant over whom it has personal jurisdiction from instituting or continuing proceedings in a foreign court when it is necessary in the interests of justice to do.
2. It is too narrow to say that such an injunction may be granted only on grounds of vexation or oppression, but, where a matter is justiciable in an English and a foreign court, the party seeking an

anti-suit injunction must generally show that proceeding before the foreign court is or would be vexatious or oppressive.

3. The courts have refrained from attempting a comprehensive definition of vexation or oppression, but in order to establish that proceeding in a foreign court is or would be vexatious or oppressive on grounds of forum non conveniens, it is generally necessary to show that (a) England is clearly the more appropriate forum ("the natural forum"), and (b) justice requires that the claimant in the foreign court should be restrained from proceeding there.

4. If the English court considers England to be the natural forum and can see no legitimate personal or juridical advantage in the claimant in the foreign proceedings being allowed to pursue them, it does not automatically follow that an anti-suit injunction should be granted. For that would be to overlook the important restraining influence of considerations of comity.

5. An anti-suit injunction always requires caution because by definition it involves interference with the process or potential process of a foreign court. An injunction to enforce an exclusive jurisdiction clause governed by English law is not regarded as a breach of comity, because it merely requires a party to honour his contract. In other cases, the principle of comity requires the court to recognise that, in deciding questions of weight to be attached to different factors, different judges operating under different legal systems with different legal policies may legitimately arrive at different answers, without occasioning a breach of customary international law or manifest injustice, and that in such circumstances it is not for an English court to arrogate to itself the decision how a foreign court should determine the matter. The stronger the connection of the foreign court with the parties and the subject matter of the dispute, the stronger the argument against intervention.

6. The prosecution of parallel proceedings in different jurisdictions is undesirable but not necessarily vexatious or oppressive...

8. The decision whether or not to grant an anti-suit injunction involves an exercise of discretion and the principles governing it contain an element of flexibility."

163. In *Clearlake*, the Judge exercised his discretion in favour of granting an ASI on the non-contractual basis. He did so for the following reasons:

- (1) In all the relevant agreements between the parties, there were EJC's in favour of England even though the parties were based in Singapore;
- (2) Xiang Da had manipulated the third-party proceedings which it had brought so as to avoid the effect of the EJC by which it would have been bound, had it sued Clearlake, the other party to it; if Gunvor was found liable for the misrepresentation alleged to have been made by it and clearly, it was hard to see why there would not be a contribution or indemnity claim against Clearlake;
- (3) There would be proceedings between Xiang Da and Clearlake in England anyway, and forum fragmentation of the same issues was to be avoided;
- (4) It was necessary in the interests of justice to grant the ASI, taking into account interests of comity.

Analysis

164. The claims made in the Amended Complaint were not in truth the subject of the Main Proceedings and to the extent that they were, the Main Proceedings did not resolve them; see those paragraphs of the Judgment, quoted at paragraph 24 above. So there is no question of relitigating past matters. Indeed, the Main Proceedings have now been concluded, and as matters stand, there are not now going to be any further proceedings here. As the Judgment shows, they were essentially concerned with a failed project which the Court found was due to Topalsson's breach of contract. The case was not essentially about infringement of copyright, all the more so, given the approach taken to this in the Judgment.

165. I can see the argument that in practical terms, the principal defendant can be regarded as RUK, in the sense that it (with or without BMW) organised the creation of the Fallback Configurator which is said to be an infringement of Topalsson's copyright in the Relevant Software; on any view, it was not the Dealers. I also accept that had RUK been sued here, the governing law would have been English law, and had Topalsson succeeded, that would have had the likely effect of stopping RUK from promoting the use of the Fallback Configurator in its dealership network. But that does not mean that it is abusive to sue Dealers in their own home locations, or RNA in California albeit that its base was in New Jersey.
166. After all, the infringements alleged against the Dealers did indeed take place in California and the infringements alleged against RNA took place in the US. They are different from the infringements originally alleged against RUK. It is also said that BMW is active in the US, although obviously it is a German company. Here, the allegation is that BMW ensured that the configurator software would be available on AWS instances in and accessible from the US so that the Dealers could access and download that software. And on any view it is the California law of copyright that will have to be applied. Also, the copyright works were German in origin. Topalsson itself is of course a German company.
167. So far as the Dealers are concerned, there will need to be some evidence about the use of the configurators in California, and indeed (on Topalsson's inferential case) what precisely Mr Topal observed and the circumstances in which he observed it. Also, there presumably needs to be some evidence of the supply of the software to the Dealers. I agree, however, that evidence would have to come into California from England and Germany because the defendants will rely on there being no "upstream" infringement. I note that at the trial of the Main Proceedings, at least some of the witnesses based in Germany actually gave evidence by video-link from Austria. Evidence from Mackevision, on the creation of the Fallback Configurator, is also likely to be required, and Mackevision is based in Munich. I would have thought also that the expert software evidence would come from California on the basis that it would be California copyright law that was relevant. In those circumstances, I cannot see how conducting litigation in California could be viewed as a burden for large commercial corporations like RUK and its parent company BMW. In the light of all of that, I do not accept that England is the clearly more appropriate forum to litigate the dispute engendered by the Amended Complaint. On any view there is a strong connection between the matters the subject of the Amended Complaint and the District Court in California.
168. I do not accept, as a factor against Topalsson, that the US Proceedings were continued notwithstanding, as it were, that the original claim which was made against RUK as well was withdrawn. As already noted, I cannot see why Topalsson is not entitled to sue dealers using software which it says infringes its copyright in California, and to do so in their own jurisdiction, so as to protect Topalsson's commercial interests. Equally, there is nothing in the points made about how the case against BMW changed as between the Original and the Amended Complaint. See paragraph 46 above.
169. I should also bear in mind that the US Proceedings arose after Mr Topal had gone to California and observed what was happening in various Rolls-Royce showrooms. In this context, the "territoriality" point becomes relevant again, in favour of Topalsson. In those circumstances, I do not accept that this is a case of Topalsson simply seeking to "manipulate" proceedings or avoid the effects of the EJC.

170. Nor was it abusive to make the German Complaint. It related to what was observed at the dealer in Munich (and Berlin). Thereafter, it was a matter for the Munich Prosecutor's Office. I take the same view about the Amendment Application. It was not dealing with any infringement in California.
171. Generally, I do not see that points of comity all fall away just because the EJC would cover the Amended Complaint as a matter of subject-matter.
172. While I have accepted that the possibility, for present purposes, of contribution or indemnity proceedings, is factor, it is not a strong one here for the reasons I have given.
173. It is correct that the defendants have agreed to submit to the jurisdiction here and be served here. However, I do not see that this goes to the question whether Topalsson's conduct in bringing the Amended Complaint was itself vexatious or oppressive.

Conclusion

174. Having regard to all of the above, in my judgment, the conduct of Topalsson was clearly not vexatious or oppressive nor does it otherwise warrant the grant of a non-contractual ASI. While the grant of a non-contractual ASI is in any event a matter of discretion, the position here is clearly different from that pertaining in *Clearlake*.
175. In those circumstances, I am clear that I should exercise my discretion, (having had regard to the principles governing it) against the grant of a non-contractual ASI.

FURTHER MATTERS

176. In the light of these conclusions, it is not necessary for me to enter the debate about the precise form of ASI which was sought by RUK, aspects of which were challenged by Topalsson.
177. However, since I found that the EJC did bind Topalsson in relation to the Original Complaint made by it as against RUK, it acted in breach thereof, In principle, therefor, RUK may be entitled to damages (any claim for damages not being for this trial). I will hear the parties on how that aspect of the matter should proceed. Subject to that, the ASI Application must be dismissed.
178. I am grateful to both Counsel for the very helpful oral and written submissions.