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## IN THE COMPETITION APPEAL TRIBUNAL

Case Nos. 1151/3/3/10 1168/3/3/10

1169/3/3/10

Victoria House, Bloomsbury Place, London WC1A 2EB

3 November 2010

Before:

MARCUS SMITH QC (Chairman)

PETER CLAYTON
PROFESSOR PAUL STONEMAN

Sitting as a Tribunal in England and Wales

**BETWEEN:** 

BRITISH TELECOMMUNICATIONS PLC EVERYTHING EVERYWHERE LIMITED

**Appellants** 

-v

**OFFICE OF COMMUNICATIONS** 

Respondent

EVERYTHING EVERYWHERE LIMITED VODAFONE LIMITED TELEFONICA O2 UK LIMITED HUTCHISON 3G UK LIMITED

Interveners (Case 1151)

BRITISH TELECOMMUNICATIONS PLC
EVERYTHING EVERYWHERE LIMITED
VODAFONE LIMITED
TELEFONICA O2 UK LIMITED
HUTCHISON 3G UK LIMITED
OPAL TELECOM LTD
CABLE & WIRELESS UK

<u>Proposed Interveners</u> (Cases 1168 and 1169)

CASE MANAGEMENT CONFERENCE

## **APPEARANCES**

- Mr. Graham Read QC, Miss Sarah Lee and Miss Maya Lester (instructed by BT Legal) appeared for the Appellant.
- Mr. Meredith Pickford and Mr. Philip Woolfe (instructed by Regulatory Counsel, Everything Everywhere Limited) appeared for Everything Everywhere Limited
- Mr. Javan Herberg (instructed by the Office of Communications) appeared for the Respondent.
- Mr. Tim Ward (instructed by Herbert Smith LLP) appeared for the Intervener Vodafone Limited.
- Mr. Robert O'Donoghue (instructed by Telefónica O2 Limited) appeared for the Intervener Telefónica O2 Limited.
- Mr. Richard Pike (of Baker & McKenzie LLP) appeared for the Intervener Hutchison 3G Limited.
- Miss Marie Demetriou (instructed by General Counsel, Opal Telecom Limited) appeared for the Intervener Opal Telecom Limited.
- Mr. Daniel Beard (instructed by Charles Russell LLP) appeared for the Intervener Cable & Wireless.

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THE CHAIRMAN: Good afternoon everyone. I hope you have received during the course of this morning a note of issues from the Tribunal, which was intended really to structure this afternoon's CMC. I hope we will be able to go through the issues one by one and perhaps narrow points as we go through them. It seems logical perhaps for Ofcom to start the ball rolling on points, followed perhaps by either EE or BT. Is that satisfactory? Mr. Herberg, do please begin MR. HERBERG: Sir, what I was proposing to do, subject to your guidance, was effectively to walk through to give a preview of answers to all the questions. I think it may be common ground that there is quite an inter-relationship between what you do with one appeal as to what happens with the other appeal, and the proper course. What I was proposing to do was to take you relatively shortly through what we say are the answers to the questions raised by the Tribunal, and not go over the detail in my skeleton argument, which the Tribunal has seen, which effectively is supporting material. Sir, the place to start is probably to tell you about the status of the Court of Appeal hearing in what we have been calling the 080 case, or case 1151. THE CHAIRMAN: Yes, I am trying to call it 1151 now, because I find all these 08s rather confusing. MR. HERBERG: Having just about got the other ones into my head, I will try and make adjustments for the new numbering. Sir, the situation is that the date has now just been fixed. It is floating over 1<sup>st</sup> and 2<sup>nd</sup> December, with a one day estimate. The position is that the hearing will be at the beginning of December. The second question you ask is as to the best estimate for when judgment in the appeal might be expected. Sir, that is a difficult question. Obviously we would hope that the court would give judgment before the vacation, it being an expedited matter. It has to be said that there is absolutely no guarantee of that. We do not know who the court will be, what their other commitments will be, or what they will think of it, how complex it is. There must be a real possibility that judgment is not delivered before the short vacation, and therefore there will be no judgment by the currently projected date of the commencement of the appeal on 7<sup>th</sup> January. THE CHAIRMAN: Yes, and even if the court were to move very quickly and give a judgment in December, it would be the late end of December, which would not give the parties very much time to adjust their positions if they needed to adjust them.

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MR. HERBERG: Sir, that is right, and there are clearly at least some contingencies in which adjustment would be required, substantial or otherwise. We, for our part – and I am sure the court, having expedited it, will do its best to be quick – feel that the risk of proceeding with the current dates and then finding at a very late stage in December that it was possible that there was not going to be judgment is impractical, and therefore the January dates are not going to be convenient or appropriate for the 080 appeal.

Sir, one then comes to the question of whether there are issues in the appeal to the Court of Appeal in 1151 which are relevant to 1168 and 1169. You rightly note, as we point out, there is evidence in 1169 that was not before Ofcom during the dispute resolution process.

There are two sets of evidence which fall into that category. There is, first of all, evidence filed by BT in support of its appeal with its notice of appeal, and secondly there is evidence filed by EE, Everything Everywhere ----

THE CHAIRMAN: Yes, indeed, and I see that BT make that same point in para.8 of their skeleton.

MR. HERBERG: Indeed, sir, they do. Where the skeletons differ is that BT assumes that, as far as we are concerned, the same issue will arise, the new evidence issue which is before the Court of Appeal. As far as we are concerned, we do not, at the moment, anticipate that that is the case. We have obviously looked at the evidence, and we are in the process of working on the evidence filed with the two appeals, and we can see that there is a significant difference in kind between that evidence and the evidence to which we objected in 080, 1151, namely that this evidence is not raising new points which Ofcom did not consider in the course of the determination, it is engaging with a decision that Ofcom made, or it is not new material and will not cause Ofcom to have to develop new arguments in response. Sir, we are not minded to object on the basis we did object in the 080 case to the new evidence.

THE CHAIRMAN: I see that, and that is a very helpful indication. In a sense, it does perhaps depend on what the Court of Appeal say in the 1151 appeal. Were, for instance, the court to take an extremely rigorous view on the approach that Ofcom suggests, applying *Ladd v*. *Marshall* to new evidence, one could see that points might be taken in relation to both BT's additional evidence and EE's additional evidence.

MR. HERBERG: Sir, I accept that, and I should also indicate, that BT have suggested to me just outside court that they, themselves, might, if they lose in the Court of Appeal, on a sauce for the goose, sauce for the gander approach, want to object to EE's evidence on their appeal on

precisely that basis. So the fact that we are not taking the point does not necessarily mean that the point will not arise *inter partes*.

So it seems sensible, and in any event I would suggest probably inevitable for timetabling reasons, that that appeal also should not be coming on before there has been a possibility of taking account of the Court of Appeal decision, whatever it is.

THE CHAIRMAN: That is helpful.

- MR. HERBERG: We certainly are not seeking to, as it were accelerate, even if it were otherwise possible, 1168 and 1169 to the extent that there will not have been an opportunity to take account of the Court of Appeal decision. We anticipate that we can safely work on the basis that if we do not get a Court of Appeal decision in December, then one would hope to get one reasonably early in the new term in January. I am sure the court, having expedited the appeal, recognising the urgency, would endeavour to provide a judgment as soon as possible.
- THE CHAIRMAN: Yes, it seemed very clear from Lord Justice Lloyd's note that he had well in mind the need for not simply a quick hearing but a quick judgment.
- MR. HERBERG: Sir, yes. That then leads to your third question, is the consensus of the parties that 1151 cannot now be heard in January 2011. Sir, that is certainly our view and, as I understand it from the responses of the interveners and EE, it seems to be the generally held view. I will let BT speak for themselves, I am not entirely sure whether they do still maintain that 080 could be heard in January. We certainly say that it could not be, both for the timetabling reason connected with the Court of Appeal, but also for much more substantial reasons connected with whether it is appropriate for it to be a test case at all. It may be that at this stage I do not need to go into that detailed analysis, but it might help just to sketch out the different types of reason as to why we say the 080 case would be inappropriate to be the lead case whenever, whether in January or later.
- THE CHAIRMAN: Not for the moment, I think, Mr. Herberg. Let us carry on through the questions. We will certainly hear you if necessary on that.
- MR. HERBERG: Question 4: "Are there are any other issues relating to case 1151 that need to be resolved?" Sir, we do not think there are, subject to one potential issue connected with EE's intervention, Everything Everywhere's intervention.
- THE CHAIRMAN: This is the point that you make at para.11 and following of your skeleton?
- MR. HERBERG: Sir, yes, it is. There is a question mark, if I can put it that way, as to whether EE's intervention is an appropriate intervention at all, whether it comes within what should properly fall within the scope of an intervention. I put it no higher than that in paras.13 to

15 of the skeleton argument. I understand again that BT may take the view that it is not a proper intervention. We, for our part, as a matter of principle, do contend that it is not appropriate for an intervention to raise grounds of appeal which are entirely separate and new and not connected with the appeal in which they seek to intervene.

THE CHAIRMAN: That is a problem. Clearly it would be an issue that might have to be debated if case 1151 were the lead case. It is rather less of a problem, I would anticipate, if either all three cases are heard together or 1151 becomes the tail end Charlie.

MR. HERBERG: Sir, I accept that. I accept that on either of those two contingencies we think the point falls. It is a matter for the Tribunal's discretion and, in the exceptional circumstances of this case, even if all three were being heard together so that the question of intervention was nominally a live one, it would be a fairly extraordinary result that EE were entitled to prosecute their appeal raising the self same arguments which are in their intervention but not entitled to pursue the intervention. They would run the spectre of the Tribunal having to reach different judgments on the two cases, in one case the three principles which Ofcom has adopted in reaching its decisions, in the other case holding that those three principles are not appropriate, because that is the nature of the burden of EE's intervention and of their appeal.

THE CHAIRMAN: Yes.

MR. HERBERG: Given the unattractiveness of that result we anticipate that the Tribunal would be strongly minded to exercise its discretion exceptionally to allow this intervention even though we would certainly want to place it on the record as a matter of principle we would assert that interventions of this nature are not appropriate.

We think there may well not be other issues, or that may not be another issue that needs to

be resolved within your question 4.

THE CHAIRMAN: Thank you.

MR. HERBERG: So we then come on to issue 5 regarding cases 1168 and 1169: "Are there any issues regarding interventions?" Sir, from our point there are not, we do not object to any of the applications to intervene and it has not come to my notice that there are any objections by other parties either.

THE CHAIRMAN: That is helpful. There was one point which we had reading through the statements of intervention. It is, of course, a requirement that such statements indicate from the Intervener which party they are supporting and why. Whilst that is tolerably clear from most of the statements of intervention we did not think it was sufficiently clear from O2 and 3, and I wonder when their turn comes whether that position could be made clear orally

now. I do not want to hold things up by requesting further documentation, but I think that might be helpfully dealt with there. Subject to that being clarified, that is helpful.

MR. HERBERG: There is then a question as to whether there are any issues regarding confidentiality. From our perspective the answer is no. Clearly the confidentiality ring in relation to 080 needs to be extended to cover the new appeals. There is an issue which has arisen between interveners principally as to the extent which if a particular intervener instructs, say, an external firm of solicitors whether the in-house solicitors should drop out or not. We have no view on that and I leave the parties who take a view on that to develop the matter.

Question 6: "Regarding cases 1168 and 1169, assuming the answer to question 2, which is asking about the Court of Appeal in 1151, is it relevant, assuming the answer to that question is "no", and the answer to question 3 is "yes", can cases 1168 and 1169 be heard in January 2011 in place of 1151, sir, we say "no" very firmly as does BT and interveners, although one or two expressing the hope that there might be some compression of the timetable, no one says that strongly. We say these are complex and substantial appeals raising new issues that were not in the 080 case, and with the best will in the world it is simply not possible to accelerate the timetable to be ready for that time, and also the time estimate will be in adequate, because they are bigger appeals than 080. The EE appeal raises substantial fresh issues that are not currently in the 080 case, although they will be in the intervention, which actually gives a problem for the hearing even the 080 case in the existing slot.

THE CHAIRMAN: Yes, and indeed the issue we were discussing earlier about the implications of the Court of Appeal decision.

MR. HERBERG: Yes, indeed, that as well.

THE CHAIRMAN: We will see what everyone else has to say but I am not feeling a great deal of pressure to retain the January date at the moment but we will see what everyone else says. Just so you know what we are thinking in terms of dates, should January be vacated, we have identified a window of opportunity in April – we cannot do it sooner than that – the weeks commencing 4<sup>th</sup> April and 11<sup>th</sup> April, and part of 18<sup>th</sup> April would be a slot that we could manage. We may rise for you to debate that when we have gone a little further down submissions from the parties. Obviously later dates could be canvassed also but, speaking for ourselves, we would be quite inclined to go for April because it is reasonably soon but is also a date where there is no prospect of the Court of Appeal not having decided the 1151 matter. I let you know that just to assist you.

MR. HERBERG: Well if it assists I can give an immediate answer to that which is that those dates are convenient from Ofcom's side. They are convenient in two ways: one in that I can do the case, but secondly, that does seem to fit in with a sensible timetable for bringing whichever combination of cases, be it all three or be it two of the 0845 cases to a hearing consistent with defences and responses to intervention and skeletons. Obviously it will be more sensible to devise a timetable to fit the trial dates rather than seeking to go the other way around, but the timetables that I was struggling with in my own head were ending up with hearings in March so that gives us a longer period of time. We would be content with that.

Question 7 then asks: "It seems common ground that 1168 and 1169 should be heard together" and certainly no one appears to oppose that. Assuming that the answer to question 6A is "no", "should case 1151 be heard with, before or after cases 1168 and 1169?" Sir the answer which we have given in our skeleton argument is "after". I would now put it as "after" alternatively "with", but not before.

The reason we put "after" as our first preference is that it seems to us that 0845/0870 crystallises all the issues of principle which fall to be decided in these collective appeals, and therefore it would be perfectly possible simply to hear those appeals and 0845 would effectively work itself out as a result. I accept on the other hand that adding 080 will not materially lengthen the size of the appeal, it might add an extra day – one would have to look at that decision again and go through some of the arguments, but the evidence is effectively common. There is a lot of additional evidence in 0845 but there is not additional evidence in 080, so it will not add materially to the estimate. The other reason which we had for being concerned about adding 080, which is that 080 was going to be beholden to the Court of Appeal whereas 0845 might not, will be superseded by this timetable anyway. We do not say there are dramatically strong reasons why 1168 and 1169 must be heard alone ahead of the other case, 1151, but we do say strongly that it would be inappropriate for 1151 to be heard first on the new timetable. The reason for that, unless you want me to, sir, I will not go into in detail at this stage, is that effectively that case is not going to raise all the issues for determination and that is not simply a matter of the question of the new evidence to which we have not responded, it goes far beyond that. We have gone well beyond Dobbs 1, 2 and 3 \*\*\* we are now at Dobbs 4, 5, and 6.

THE CHAIRMAN: Yes.

MR. HERBERG: Effectively all those new reports continue one would almost say dialogue, there is a draft determination, there is a Dobbs 4 \*\* there is a supplemental determination, there is

Dobbs 5 \*\* there is a final determination and then there is notice of appeal and a Dobbs 6, \*\* and it is effectively continuing, developing by iteration the nature of the arguments, and we say it would be a complete waste of time to try and determine the case on the background of 080 which, as it were stops that argument half way along.

THE CHAIRMAN: If we can provide you with this indication, if we are going to adjourn the 1151 case out of January then we are presently minded to hear it either at the same time as 1168/1169 or afterwards and not before. It may be that someone has something to say on that point, in which of course we will hear them and allow you to reply. For the moment let us leave it there.

MR. HERBERG: Sir, yes. In terms of at the same time or after, the only suggestion that I have seen, I think Vodafone make the point on the evidence that it might be quite useful to, as it were, tie them all up together so that if there were consequential issues on 080 then they could be tied up together in the same disposal.

We do not ourselves see the likelihood of a hitch coming in 080 following the determination of the other appeals. We do not see a positive benefit, but, as I say, we are willing to listen to other parties on that, and subject to the Tribunal of course.

Then, sir, moving on to question 8, assuming that it is decided that the three appeals are to be heard together after the Court of Appeal has handed down judgment, are there any case management implications arising out of the fact that Ofcom has not substantively responded to BT's evidence? That must be the fresh evidence in case 1151.

THE CHAIRMAN: Yes.

MR. HERBERG: Sir, we do not think that there are. If the Court of Appeal allows the appeal and agrees with us, the position then is that the 080 case falls to be determined on the basis of the limited evidence before Ofcom, and, we would say, the question of whether or not there has been an error of law of fact or an error of discretion on the material before Ofcom. It is entirely possible, as one of a number of alternatives, that Ofcom succeeds on that appeal, but that on the other appeal, which engages with a much wider range of material, the Tribunal takes a different view or comes to a different conclusion. That would not be inconsistent, that would simply reflective of the fact that these are appeals from decisions of Ofcom which were different decisions with different material before them.

If Ofcom is unsuccessful so that the court agrees that a wider range of evidence is appropriate on appeal 1151, we, sir, will make the submission that the proper position for the CAT to remit the matter to Ofcom. If it is matter which were not before Ofcom and

were not decided, again there is no real inconsistency in the two cases. Ofcom certainly

does not anticipate that it would be proposing to apply, in the light of the Court of Appeal's judgment, to adduce further evidence or to amend its defence. It has effectively set out the position which it believes is the appropriate position for it to take in relation to the arguments. It is content for the case to proceed on that basis whatever the outcome of the Court of Appeal.

THE CHAIRMAN: That is helpful, thank you.

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MR. HERBERG: Sir, one then has a question of estimates. Just to tie it together, 1151 has an existing estimate of eight days. 1168 and 1169 are certainly more complex, because the existing arguments have developed further and there are further statements and expert reports. As well as that there is the EE appeal which adds a completely new challenge backed up by its own expert evidence to Ofcom's decision. In my skeleton, sir, we say 12 to 15 days. BT generally take the view that our estimates are slightly over-estimates, and clearly the Partial Private Circuits appeal that you have recently heard, sir, the evidence was got through rather quicker than was anticipated. We would certainly be content with an estimate at the lower end of what we said, which is in the region of 12 days, but we certainly think it would be prudent to keep at least that amount of time free. There are potentially a considerable number of expert reports. In terms of numbers, I think we are up to about seven experts, or seven true experts, with up to six reports each, and four or five in the other cases, but also potentially a considerable number of other witnesses. Given the sheer number of interveners, even if they strictly confine submissions to additional points, we think in the region of at least 12 days is appropriate. If the three are heard together, we accept that does not materially increase the estimate. It might add another day. It might be sensible to allow for a day longer. That is, doing the best one can at this stage, where we see the length of the hearing. That would certainly be accommodated within the dates that you indicated, sir.

- THE CHAIRMAN: Yes, that is very helpful.
- 27 MR. HERBERG: Sir, we do not, subject to the Tribunal, have any other matters.
- THE CHAIRMAN: Thank you very much, Mr. Herberg. Mr. Pickford, would you like to go to next, or Mr. Read?
- MR. READ: BT probably would like to get their oar in at this stage. Sir, you should have had an analysis table that we have handed up, which I hope has reached you.
- 32 THE CHAIRMAN: We have that.
  - MR. READ: We have done that simply to illustrate where the overlaps between the respective appeals, as we see it, lie. As you can see, whilst there is obviously an overlap between BT's

1 appeal in 1151 and 1169, there is not so much overlap in the 1168 Everything Everywhere 2 appeal. 3 The second point I want to make on that before I come on to directly answer the questions, 4 is that Everything Everywhere's appeal does raise and introduce a significant amount of 5 new evidence that was not placed before Ofcom in the final determination in the 0845 and 6 0870 final determination. I can illustrate the point if you wish me to, sir, but I suspect you 7 probably do not. That material ends up in the statement of intervention, and there is a significant overlap 8 9 between the statement of intervention put in in case 1151 by Everything Everywhere and 10 the material that it has used in its own appeal in case 1168. 11 As a matter of principle, BT says that is not a correct intervention, although obviously, if 12 the cases end up being co-joined, then the importance of that point is lessened, but we do 13 put a very firm marker down, particularly as, as things stand at the moment, BT is on the 14 point on drafting its reply in 1151, it would be a point that we would be making very 15 forcefully in the reply if we actually get to the stage of having to serve that, which may 16 change as a result of the discussions we are having today. 17 The other preliminary point that I do want to make so that it does not get lost in this is that 18 there are distinct differences between 1151 and the other two appeals. That is clear from 19 the final determination itself where Ofcom takes a different approach to its regulatory 20 preference in respect of 080 numbers, which are Freephone numbers, and those in 0845 and 21 0875 which are NTS numbers representing, we say, the Geographic call numbers. 22 Sir, there is an important difference, and I emphasise that point because of the suggestion 23 that it may be sensible to somehow let case 1151 be dealt with later. We say the problem is, 24 if one does that, it may not address all the issues in 1151, also, as a result of any decision in 25 1168 and 1169. That is important, sir, because we say that if 1151 has to go off it is 26 important to wrap the whole thing up altogether and not hope that by dealing with 1168 and 27 1169 one can end up with 1151 going away, because there is every chance that it may not 28 because of those differences. 29 For your note, sir, I would simply refer to the 0845 final determination, paras.4.63, 4.67 and 30 7.80 as examples where Ofcom, itself, draws differences between the two determinations. 31 That is located in BT1, tab 6. 32 Sir, can I now turn to the issues raised by the Tribunal. The first point is to update the 33 Tribunal that, in fact, a court has been selected. It is Lord Justices Mummery, Richards and 34 Aikens who will hear the appeal.

1 The point that BT would make is that certainly BT will be pressing very strongly at that 2 hearing for the Court of Appeal, even if it does not give its reasoned judgment, to at least 3 give an indication as to whether it is likely to allow the appeal or not. Sir, you will 4 appreciate that this is not a binary issue because there were two elements that were actually 5 involved in the Tribunal's judgment, the first being the matter of general principle and the 6 second whether, in the particular circumstances of this case, that actually the evidence 7 should still be allowed in under the accepted discretion that Ofcom accepts is actually there. Sir, it may well be possible that BT loses on the general principle, and the Tribunal's 8 9 decision is overturned on that, but still wins on the exceptional circumstances position. In 10 that case it would not affect the evidence in the 1151 appeal before the Tribunal, but it may 11 very well affect the position on case 1168 and 1169, because, as Mr. Herberg has correctly 12 identified, if the genie comes out of the bottle BT may well be the one that is actually 13 employing it in its favour at that stage. I suppose that really emphasises the fact that, 14 whereas 1151 might still be able to proceed without its evidence being affected, there is a 15 possibility that 1168 and 1169 are actually affected by the Court of Appeal decision. 16 Sir, I put down a plea, I suspect it is going to fall on deaf ears, but I will put the plea down, 17 which is that because BT is going to ask in the Court of Appeal for the court to give an ex 18 tempore decision on whether to allow the actual appeal or not, for the reasons I have explained, it may be possible as at 1st or 2nd December to identify whether or not the appeal 19 in case 1151 can still go ahead in January. That would, in effect, mean that for today the 20 21 Tribunal would leave the matter up in the air and have to take the decision at or around 1<sup>st</sup> or 2<sup>nd</sup> December. I fully accept that the Tribunal may not feel that is a satisfactory position, 22 23 but I do put the flag down.

THE CHAIRMAN: One inevitably has some sympathy with that sort of submission because one wants to keep trial dates which have been fixed long ago. For the reasons you have given, it does seem an impractical course in this case, simply because it requires the Court of Appeal to make a call on what is an important question quite shortly after argument, and then for a, potentially, yet further case management conference to deal with the implications.

MR. READ: Sir, I have put the plea down.

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THE CHAIRMAN: We will take it into consideration obviously.

MR. READ: Can I turn now to question 2. The point I think has already been made on BT's part that as far as BT is concerned, it is quite clear that the Court of Appeal decision could easily catch cases 1168 and 1169, and indeed catch them in a way that may not in the end catch 1151. So we do make that point saying that it is very interlinked.

As regards 3, I have made my submission on that. If the Tribunal thinks it is too problematic to leave matters resting until 1<sup>st</sup> December then, yes, we agree that it cannot be heard in January and therefore must be re-listed. Given the indication of the Tribunal for an April date, we say that it is quite plain that the appropriate way of dealing with the matter is to hear all three cases together. If that is done in April then at least there will be final resolution on everything arising out of it. Like Mr. Herberg, we believe that, in fact, the reality is that if the cases are heard together it will not actually add a great deal of time having 1151 tacked into it. Although there are differences, those differences will not considerably lengthen the material.

As regards 5, we certainly have no issues regarding the parties who have intervened, and indeed in the case of Opal and Cable & Wireless, we say quite clearly they were making submissions to Ofcom at the times the final determination shows and they have every right to be, and indeed should be, joined as interveners.

As regards the confidentiality, yes, obviously transferring the confidentiality ring from one to the other would be sensible. That may, I think, if the hearings are co-joined, mean that Opal and Cable & Wireless probably need to be brought into the confidentiality ring for case 1151 as well.

As regards the other point that Mr. Herberg alluded to, which is the question of internal/external counsel, I will not say anything more at this stage because I do not know whether it is actually going to be active within the course of this today or not, but BT does have a fairly strong view on it, so I would want the opportunity to come back if the point does arise.

THE CHAIRMAN: Very well.

MR. READ: Over the page, I think 6 is probably dealt with. The appropriate timetable we can discuss obviously if the Tribunal rises. The only matter I would mention which really arises out of case 1151 is that BT, as it stands at the moment, is supposed to serve a reply on 12<sup>th</sup> November and a skeleton argument on 19<sup>th</sup> November. The skeleton argument obviously goes out of the window. We suggest, respectfully, that actually the reply would be better dealt with in tandem with the other two cases as well. The reason why I say that is because, obviously, as I have already indicated, Everything Everywhere's notice of appeal overlaps substantially with its intervention, and we feel that it would be better to deal with them all together rather than having a point here and a point there in separate replies. We would say, ultimately, if the Tribunal is agreeable to the idea of all three cases being listed together, that BT serves one single reply capturing both the statement of intervention points

1 and the Everything Everywhere points. It would effectively stand as BT's statement of 2 intervention as well within the course of the 1168 appeal. 3 Can I just pick up on the other points. I think 7 is really dealt with in what I have said. 4 Then 8: can I just put a marker very firmly down on BT's part. There are a large of 5 interveners and I think one of Mr. Herberg's fears about the length of this hearing may well 6 be the extent of the intervention that actually takes place by the interveners. Interveners are, 7 in general, there to support stances taken by parties, and they are there not to duplicate 8 arguments but to add additional arguments. Certainly BT is concerned that when we 9 eventually get to a hearing on this there should not be massive interventions and massive 10 arguments by the interveners, because otherwise that will lengthen the hearing process. We 11 do put that marker down very clearly at this stage, because we think it is, in a case like this 12 with the number of interveners, quite important that that point is made very clearly. 13 As regards point 9, we have always believed that case 1151 could have been dealt with in 14 five days, although it was listed for eight. We still think that if all the cases are heard 15 together it should not significantly extend that. Mr. Herberg said 12 days. We would say 16 probably less than that, but it would obviously be more sensible to have the longer period 17 slotted in and if we go short, as for example we did in the Partial Private Circuits, then so 18 much the better. Obviously I am sure we can completely complete the case within that 12 19 day span. 20 Sir, on any other matters, can I mention one thing. You will recall this matter came up in 21 the Partial Private Circuits appeal, which is that there is another network charge control that 22 has been referred to Ofcom for dispute resolution and which we understand Ofcom has now 23 accepted. The problem is that, in the light of the submissions that were in the Partial Private 24 Circuits case, we have a two month period that is running at the moment. I do not know 25 whether the Tribunal can in any way help me on the plea that I made in that case of a 26 speedy resolution for it. If not, sir, I do warn that there will be a prospective appeal that is 27 linked to this that will also be put forward. 28 THE CHAIRMAN: Yes, Mr. Read, I will not give an indication, but the Tribunal will write to 29

you and to the other parties in the PPC case dealing with that point.

MR. READ: I am grateful, sir. That may mean that you have one less appeal to deal with. I think those are all the points for BT.

THE CHAIRMAN: I am grateful, Mr. Read. Mr. Pickford?

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MR. PICKFORD: Sir, thank you. Going through the Tribunal's agenda, I do not think there is anything that we need to say on point 1. That has already been addressed by Mr. Herberg. On point 2, we take some comfort in what Ofcom says in its skeleton that it is not going to take any objection to our evidence. However, we hear what BT has said, we hear what the Tribunal has said and we see the sense in timetabling the 1168 and 1169 appeals so that they can take into account whatever the Court of Appeal has to say on the matter of admissibility, so we do not take issue with that.

On point 3, it is indeed the consensus that case 1151 cannot be heard in the January slot and we accept for the same reasons as I have just articulated that that extends to the 1168 and 1169 appeals.

As regards point 4, the issue that has been raised on the scope of Everything Everywhere, the intervention, we say unsurprisingly very firmly that our intervention is entirely legitimate. We note that no application has been made to strike out that intervention, and we also note that it appears to be accepted by both Ofcom and BT that it would be entirely academic to seek to do so, so as far as we are concerned that really is an end to the point unless either BT or Ofcom want to revisit their stance in relation to some sort of strike out application. But it would appear to be a waste of everyone's time to get drawn into that given that the very same points are raised in our own appeal. I think I can say that there are no points which are raised in our intervention which are not canvassed also in our appeal, *mutatis mutandis*.

THE CHAIRMAN: Yes, that is Mr. Herberg's point, and I think in the light of that there is no need for us to traverse a point which, as you say, is academic in these particular circumstances, although I think the Tribunal would have considerable sympathy in another case with what Mr. Herberg said.

MR. PICKFORD: Well obviously if it were raised we would wish to address it and to meet it, but we do not need to.

THE CHAIRMAN: No, we agree it is academic.

MR. PICKFORD: Regarding issues on interventions, we certainly do not object to any of the interventions; we do have one small comment to make in relation to them. It is appropriate we would say in this case to distinguish between two different classes of intervener. There are those interveners whose disputes were the subject of the determination by Ofcom, and are now the subject of the appeal before this Tribunal, and taking Everything Everywhere's appeal as an example, those parties would be BT, Vodafone, O2 and Hutchison 3G. There is then a separate class of intervener, namely, Cable & Wireless and Opal and those are parties that are indirectly affected. They are not directly affected in the same way as the

first class; they are indirectly affected because they say that the Tribunal's determination may have repercussions for their own arrangements.

One then finds oneself in a situation where, taking the 0845 and 0870 appeals together, we

have three principal parties, BT, Everything Everywhere and Ofcom. We have three, if I may call them that, first tier interveners, in the form of Vodafone, Hutchison 3G and O2. Then we have the two, if I may call them that, second tier interveners. We say it is very important that the second tier interveners do adopt a proportionate and responsible approach in relation to their interventions and we very much welcome therefore in that regard, the approach that Opal has taken in relation to Everything Everywhere's appeal, because it says quite clearly in para. 6 of its letter of 1<sup>st</sup> November that it intends to intervene on one only of the grounds of appeal raised by Everything Everywhere, and we commend that approach, we think it is highly disciplined and proportionate of them and we would suggest that that is reflected in the order that the Tribunal makes in relation to their intervention.

As regards Cable & Wireless, we equally commend their responsible indication that they do not intend to duplicate anything anyone else does. We note, in fact, that they have not adopted the approach that they previously have adopted in other appeals, which is to combine forces with those other parties that share a similar position. We are not suggesting that the Tribunal makes any order to that effect, but again it would be helpful I think for all parties if a responsible and sensible course was adopted in relation to co-operation to make sure there was no duplication of that sort. That is what we have to say on interventions. On confidentiality it appears to us that no issue actually arises currently. There might have

been an issue in relation to H3G but they are not now proposing, as I understand it, to seek to have both in-house counsel and external solicitors in the confidentiality ring, so no point needs to be addressed to this Tribunal on this issue.

THE CHAIRMAN: We will see what is said, but that is helpful.

MR. PICKFORD: Certainly that was an indication that they expressly gave to us yesterday, and it is on that basis that we prepared for this hearing.

Turning over the page to question 6, I think we have effectively already addressed 6A which is we say the January slot is not suitable for any of the cases now. As regards an appropriate timetable it is probably best to canvass the detail of those steps at the end of this hearing. The one point that we do note is that BT has suggested, if I understand correctly, that it should have a global right of reply that allows it to reply both in relation to its intervention in our appeal and also seems to me, as I understand it, that we potentially do not get an ability to respond to whatever they are saying in their statement of intervention in

1 our appeal as well, but it seems to be contemplated that they will have the last word, as it 2 were, as a final reply. We certainly would object if that was the course that was adopted. 3 But that kind of detailed procedural point is probably best left for further discussion 4 between the parties I would suggest. 5 On point 7 we very much align ourselves with Ofcom and indeed, sir, your comments, that 6 our initial preference would be certainly to hear cases 1168 and 1169 first, but we do not 7 have a very strong aversion to the 080 appeal, 1151, also being heard at the same time. We 8 agree with Ofcom we think it will extend the time estimate by one or two days at the most. 9 THE CHAIRMAN: In the light of that I must say it does seem sensible to have all three heard 10 together, particularly given Mr. Read's suggestion that there might loose ends left untied if 11 1151 were heard later. MR. PICKFORD: Well we are happy with that, I certainly did not mean to suggest otherwise. 12 13 THE CHAIRMAN: No, I am grateful. 14 MR. PICKFORD: Turning to point 8, I think Mr. Herberg has already set out Ofcom's position 15 on that and I do not think there is anything further that we need to say ourselves. 16 THE CHAIRMAN: No, I think that is right. 17 MR. PICKFORD: Again, on the time estimates for the length of hearing, we very much align 18 ourselves with Mr. Herberg, we probably think that it would be sensible to aim for the more 19 generous end in case we cannot be quite as efficient as the parties were in the partial private 20 circuits' case. As I said, if the 1151 case is added that should only extend the time estimate 21 from perhaps 12 days to 14 days. Sir, unless I can be of any further assistance. 22 THE CHAIRMAN: No, thank you very much, Mr. Pickford. 23 PROFESSOR STONEMAN: Just a matter of making life simple, "Everything Everywhere" is a 24 terrible mouthful, do you have an acronym? Can we call you "2E" or something? 25 (Laughter) 26 MR. PICKFORD: "EE" I think would be ----27 PROFESSOR STONEMAN: It is not a lot easier, is it? (Laughter) 28 MR. PICKFORD: -- an entirely suitable acronym. 29 THE CHAIRMAN: Not E squared then? 30 MR. PICKFORD: We will go with "EE" for the time being, thank you. 31 THE CHAIRMAN: I do not know if the interveners have a particular order, Mr. Ward, do you 32 want to go next. 33 MR. WARD: Simply because I am next along the row, sir, for no better reason than that. I was

just going to make very brief submissions on the question of the arrangements for trial.

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These appeals obviously give rise to very considerable commercial uncertainty for the MNOs, for my client, Vodafone, in particular, and it is anxious just to have these matters all resolved as quickly as possible. Plainly, on the basis of what we have seen and heard the January trial date is not realistic for either 080 or the 0845 cases. We do respectfully urge that the right course is to hear all three cases together. By the time we have an April trial, as you are currently positing, the 080 appeal will be a year old – I believe it was lodged on 6<sup>th</sup> April. There will obviously be time for consideration after argument, and Vodafone is very anxious to ensure that any loose ends that there may be are tied up as quickly as possible and with the best will in the world, if it is left for Ofcom and possibly further argument between the parties that may take yet further months to achieve. Those are the only points we wish to make.

THE CHAIRMAN: I am very grateful, thank you.

MR. O'DONOGHUE (<u>No microphone</u>): Sir, I can put everyone in the room out of their misery and disclose who we will intervene in support of in the appeals (Laughter). In 1168 we will support EE (as they are now known) perhaps not on every single ground, but in principle we support them, and it will be no surprise that on 1169 it would be in support of Ofcom, again perhaps not on every single point.

Secondly, we would echo Mr. Ward's submissions on issues of delay. In fact the point goes much wider, because as the Tribunal is aware we have two new interveners in these proceedings. There are fixed line operators waiting in the wings to see what will happen. BT, as the Tribunal is probably aware, has issued a replacement NCCN for 080 1007 which, from O2's perspective at least is a clear act of circumvention of the original determination, so there is clearly a much wider picture here and we would reiterate the points on delay Sir, as to the conduct of the hearings, we do agree that as a matter of neatness there is something to commend all three appeals being heard at the same time. We do envisage that if that is not done there could be another outing in front of the Tribunal to tie up loose ends, and that seems to us profoundly unsatisfactory.

Finally, on the scope of the interventions, we hear what Mr. Read has to say and, in all fairness without divulging anything confidential, the Tribunal would probably have understood that the cumulative effect of these excessive BT charges is of the order of a nine figure sum. This is not a case where we are here out of academic interest, it is a substantial commercial proposition, and we are conscious of our role not to duplicate, to be proportionate, and it is not a sort of garden variety of case, there are very substantial real implications for O2 and the other MNOs, and we will of course enter our submissions as

necessary but they arise in that particular, we say very significant, context, and I will say no more on that. Unless I can assist further, that is O2's position.

THE CHAIRMAN: Thank you very much, Mr. O'Donoghue. Mr. Beard?

MR. BEARD: I appear for Cable & Wireless in this matter, just a mere marker perhaps in relation to the description provided by Mr. Pickford of the different types of interveners.

He described ourselves and Opal as "tier 2" interveners, and we have obviously duly sat far back in the Tribunal to reflect that.

It is worth noting, however, that one might anticipate that whilst there is quite a lot at stake potentially for the MNOs who brought the dispute before Ofcom, one would also anticipate that their submissions are likely to be something of a choral work with the lead voice of Mr. Pickford, and the dulcet tones of Messrs. Donoghue and Ward coming in alongside. In that regard Cable & Wireless, and I leave Opal to Miss Demetriou, are in a different position. They are fixed line operators with a different perspective on these matters. There is a very substantial financial interest for them. It is perhaps worth noting that they have introduced ladder pricing in relation to the number ranges concerned, and the MNOs are not paying that laddered pricing. So whilst the MNOs make great play of the fact that there is a financial impact on them, it is equally true in relation to fixed line operators and whilst some different issues may arise in relation to the particular circumstances of Cable & Wireless it should not be underplayed how important the reasoning and out turn of this decision is to them, and they will offer a counterpoint, not a chorus in relation to the two appeals.

Of course, they will be conscious not to duplicate but it is important that they are able to put forward material and to be heard properly in relation to both of these appeals. Thank you.

THE CHAIRMAN: I am grateful, thank you very much.

MISS DEMETRIOU: Sir, on behalf of Opal I endorse the remarks made by Mr. Beard. You will have seen our applications to intervene in both cases. There are no objections from anyone, I do not know if there is anything you wish me to say by way of explanation of our applications, but in the same way as Cable & Wireless are affected Opal too has issued laddered pricing which the MNOs are refusing to pay. Mr. Pickford said that these cases may have repercussions for Opal and Cable & Wireless but in EE's and O2's own correspondence they have acknowledged that in fact these appeals will be determinative of whether or not the ladder pricing will in effect be paid, and be allowed to subsist. So it is not question of repercussions, these appeals will be determinative of our position too.

Therefore on those grounds we apply to intervene and, as I say, there have been no

1	objections, so unless there are any questions from the Tribunal that is all I wish to say at this
2	point.
3	THE CHAIRMAN: Thank you very much. Mr. Pike?
4	MR. PIKE: Thank you, sir. Whilst Mr. Beard did not include me in the chorus on this occasion I
5	am very much singing from the same song sheet as Mr. O'Donoghue.
6	MR. BEARD: Sorry!
7	MR. PIKE: No problem. So just to put the Tribunal out of its misery again, we are indeed
8	supporting Ofcom in the BT appeal and supporting EE in the EE appeal.
9	On the point regarding confidentiality Mr. Pickford is right, it does not lie for determination
10	at this time. Thank you.
11	THE CHAIRMAN: Mr. Pike, thank you very much. So, Mr. Read, I do not think you need
12	respond on that. Before we rise, two points. First, having heard all these submissions it
13	does seem to us that there is a general consensus in favour of hearing all three appeals
14	together. Mr. Herberg, I do not know if you want to say anything more about that? I
15	suspect not, but if you wish to?
16	MR. HERBERG: No, I am content with that.
17	THE CHAIRMAN: We will rise now to consider what to do, but it might be helpful if, before we
18	do so, we could take as read that both Ofcom and BT have suggested that the April date is
19	satisfactory, no one else has said it is unsatisfactory, can we proceed on the basis that the
20	weeks in April are the alternative dates to the January dates for these appeals?
21	MR. PIKE: Sir, apologies, we are still trying to check those dates ourselves. We will try to check
22	them in the break but we are still waiting to hear.
23	THE CHAIRMAN: That is helpful.
24	MR. BEARD: I recognise the weight that is accorded to the convenience of interveners in
25	relation to the setting of matters, but I nonetheless rise just to say that there are certain
26	difficulties in relation to the week of 11 <sup>th</sup> April in particular for Cable & Wireless and their
27	representatives. However, recognising the nature of our position it may be possible that
28	certain adjustments to the trial timetable could be made, depending on the length of time
29	that we are talking about there, such that submissions could be accommodated in any event.
30	THE CHAIRMAN: I am grateful. Are there any other points to be made on April dates? Very
31	well, we will rise now to consider what to do, but it would be helpful, I think, if the parties
32	could use the time to work out what a trial timetable might look like going to a hearing
33	commencing on 4 <sup>th</sup> April. Thank you very much.
34	(Short break)

1 THE CHAIRMAN: We are grateful for the parties' submissions, and we have reached the 2 following conclusions as to how these cases are to be managed. 3 First, case 1151 and its trial date in January should be vacated and all three cases, 1151, 4 1168 and 1169 should be heard together. The date for the trial of all three cases will be from 4<sup>th</sup> April to 20<sup>th</sup> April 2011. We have heard what was said by Mr. Beard about the 5 convenience of counsel, but given the large number of parties we feel it appropriate to fix a 6 7 date without convenience of the advocates in this matter. With regard to hearing length we trust that those dates will be sufficient but, as Mr. Read 8 9 knows from the PPC case, the Tribunal will be prepared to sit flexible hours if it should 10 appear that we are falling behind at any time during the course of the hearing. 11 The applications of all interveners to intervene in the actions are permitted. We will say 12 nothing more by way of order in terms of how the interveners should intervene. We believe 13 that the rules and the practice of this Tribunal are clear and we are confident that all the 14 interveners will respect and abide by those rules and do not see the need to make any 15 particular order at this stage. 16 The confidentiality ring in case 1151 should be extended to deal with all three cases. We 17 trust the parties will be able to reach agreement as to the formulation of a proposed order 18 and perhaps such an order could be submitted to the Tribunal for its approval or comments 19 by close of business this Friday. 20 In terms of timetable, I appreciate that 15 minutes is not very long to deal with such matters, 21 and perhaps the best way forward there, rather than having a protracted debate now ---- I 22 am so sorry, Mr. Herberg, you were going to put me out of my misery. 23 MR. HERBERG: Sir, I was going to. The parties have got together. Fifteen minutes may not be 24 long but it seems to have been long enough on this occasion for a measure of agreement to 25 have broken out as to a timetable leading up to the hearing. Perhaps I can put it to you for 26 the Tribunal's consideration. 27 THE CHAIRMAN: Please do, Mr. Herberg. 28 MR. HERBERG: What is proposed is that Ofcom's evidence and defence in cases 1168 and 1169 be provided by 7<sup>th</sup> January next year. Then statements of intervention, again in appeals 29 1168 and 1169, be provided by 26<sup>th</sup> January. Then BT and EE's consolidated reply – in 30 other words, their reply in all three cases – be provided by 22<sup>nd</sup> February. That includes 31 32 evidence in reply and also of course any statements in reply. 33 THE CHAIRMAN: I understand.

MR. HERBERG: Following that, skeletons from the two appellants, again BT and EE, be filed by 1<sup>st</sup> March. That gives a short period for them to respond to each other's appeals. Then Ofcom's skeleton by 15<sup>th</sup> March, to be followed by the non-appellant interveners – in other words, all the interveners apart from BT and EE in each other's case – to provide skeletons by 22<sup>nd</sup> March. That will mean that all the skeletons will then be with the Tribunal, we hope, a reasonable distance before the 4<sup>th</sup> April commencement.

Those were the directions that I think all the parties are content with. What we have not sought to do at this stage was to analyse matters such as orders of speeches or precise orders at the hearing, and it may well be that in due course further consideration will have to be given to that or agreement can prevail. We thought at this stage that at least lays down a timetable which seemed to us to be manageable and sensible.

THE CHAIRMAN: We are very grateful to the parties for using the time so efficiently. That seems extremely sensible and we will make an order to that effect. Obviously all orders made in case 1151 regarding procedure are vacated.

There is one further point that we would put down by way of a marker. Clearly we do not know what the Court of Appeal will decide in December, but it seems to us that there may be a need for a further case management conference depending on what the Court of Appeal decides. That would probably best be heard at some point in January. It may be, depending on what is said there, that certain elements of the procedure will have to be revisited then. It seems to us that there is no point in trying to anticipate what may happen. If there is a need for such a CMC it is obviously important to raise that matter as soon as possible late in December or early in January, so that the matter can be dealt with as soon as possible so as not to unduly inhibit or disturb the procedural timetable that you have laid down.

Is there anything else that we ought to be making a ruling on. Mr. Beard?

MR. BEARD: It may be a minor point, but given that Cable & Wireless will be an intervener in 1168 and 1169, under the normal operation of the Rules it would receive all the documents that were lodged with the Registrar in relation to those matters, and obviously members of the confidentiality ring will get the confidential versions. If all three appeals are going to be heard together, however, it would seem sensible, unless there are specific objections, that the interveners should have sight at least of the 080 documents in case there are matters that are going to be cross-referred to at any point during the course of any hearing.

I thought it was sensible, whilst everyone is gathered here, just to raise that because it is the sort of thing that might be easily resolvable in the circumstances.

THE CHAIRMAN: Before anyone else rises, our thinking was very much that it would be one confidentiality ring for all three hearings. It may be that there are particular instances where there are special points of concern, and we would expect the parties to deal with that sensibly. The starting point in our view is that it is one ring applicable to all confidential documents in all three cases. MR. BEARD: Yes, I am sorry, it is a slightly prior point. The only documents that go to people within the confidentiality ring are the ones that are deemed relevant in accordance with Rule 16. Of course, if you are only an intervener in two cases then the documents you would receive under the confidentiality ring would only be the documents under 1168 and 1169. It might be sensible, therefore, for the Tribunal to make provision that even though formally Cable & Wireless are not an intervener in 1151, they should actually receive the documents in the 080 appeal, because presumably there will be consolidated bundles by the time of the hearing. THE CHAIRMAN: I am sorry, that is exactly what I meant, the fact that we are hearing these three appeals together implies a degree of inter-relationship which I think makes that order entirely appropriate. So, yes, we are of the view that interveners in two out of three should be, let us say, deemed interveners in all three cases. MR. BEARD: Yes, as long as that matter is made clear in the order because the confidentiality ring order, itself, will not do that. THE CHAIRMAN: We will make sure that the order reflects that. MR. BEARD: Thank you. THE CHAIRMAN: I am very grateful to all the parties for dealing with the matter so efficiently. Thank you very much.