Intex Technologies (India) Ltd vs Telefonaktiebolaget L M Ericsson ... on 29 March, 2023

Author: Manmohan

Bench: Manmohan

Neutral Citation Number: 2023:DHC

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* IN THE HIGH COURT OF DELHI AT NEW DELHI
+ FAO(OS) (COMM) 296/2018, CM APPL. 5557/2015 & 46196/2019
INTEX TECHNOLOGIES (INDIA) LTD ..... Appellant
Through: Mr. J. Sai Deepak with Mr. G. Natara
Mr. Avinash K. Sharma and Mr. R.
Abhishek, Advocates.
versus
TELEFONAKTIEBOLAGET L M ERICSSON
(PUBL) ..... Respondent
Through: Mr. C. S. Vaidyanathan and Mr. Sandee
Sethi, Sr. Advocates with Ms. Saya
Choudhary Kapur, Mr.Ashutosh Kumar,
Mr. Vinod Chauhan, Ms. Vrinda Bagaria
Ms. Radhika Pareva, Mr. Vinayak Goel
and Mr. Vikram Singh, Advocates.
+ FAO(OS) (COMM) 297/2018
TELEFONAKTIEBOLAGET LM ERICSSON
(PUBL) ..... Appellant
Through: Mr. C. S. Vaidyanathan and Mr. Sandee
Sethi, Sr. Advocates with Ms. Saya
Choudhary Kapur, Mr. Ashutosh Kumar,
Mr. Vinod Chauhan, Ms. Vrinda Bagaria
Ms. Radhika Pareva, Mr. Vinayak Goel
and Mr. Vikram Singh, Advocates.
versus

INTEX TECHNOLOGIES (INDIA) LIMITED ..... Respondent
Through: Mr. J. Sai Deepak with Mr. G. Natara
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Abhishek, Advoc
st
Reserved on : 21 February, 20
% Date of Decision: 29th March,

CORAM:
HON'BLE MR. JUSTICE MANMOHAN
HON'BLE MR. JUSTICE SAURABH BANERJEE

Signature Not Verified
Digitally Signed By:JASWANT
SINGH RAWAT

Signing Date:29.03.2023
13:59:37

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RELIEF.....

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SINGH RAWAT
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JUDGMENT

MANMOHAN, J:

1. Rapid developments in technology have posed unprecedented challenges to intellectual property laws. The case at hand illustrates the universally acknowledged truism that 'law always lags behind technology'. Sans a Uniform International Law, Courts all over the world have been applying national laws, national policies as well

as international standards and foreign judgments (to the extent that they are not contrary to the national laws and are suited to national realities) to achieve harmonisation of basic principles of law. In the present judgment, the Court endeavours to do the same.

THE CROSS-APPEALS

2. Present cross-appeals have been filed challenging the judgment and order dated 13th March, 2015, hereinafter referred to as the 'impugned order', passed by the learned Single Judge in CS(OS) No.1045/2014.

3. Intex Technologies (India) Ltd. (in short 'Intex') has filed FAO(OS)(COMM) No.296/2018 challenging the impugned order passed in I.A.No. 6735/2014 [an application filed by Telefonaktiebolaget LM Ericsson (PUBL) (in short 'Ericsson') under Order XXXIX Rules 1 & 2, CPC] in CS(OS) No.1045/2014 whereby the learned Single Judge has held that Ericsson's eight suit patents were prima facie valid, essential and that Intex has prima facie infringed Ericsson's patents. Learned Single Judge has further held that Ericsson demonstrated prima facie compliance with its Fair, Reasonable and Non-Discriminatory (in short 'FRAND') commitment and Intex's act of prolonging pre-suit negotiations and thereafter initiating proceedings against Ericsson before the Competition Commission of India (in short 'CCI') and Intellectual Property Appellate Board (in short 'IPAB') in the midst of licensing negotiations prima facie showed its unwillingness to execute a FRAND licence.

Learned Single Judge has also held that chipset basis for calculation of royalty Neutral Citation Number: 2023:DHC:2243-DB cannot be accepted and the practice of royalty calculation on the end-device price is non-discriminatory.

4. Ericsson has filed FAO(OS)(COMM) No.297/2018 seeking modification of the impugned order dated 13th March, 2015 and subsequent modification order dated 26th March, 2015 passed in the said suit whereby the learned Single Judge has directed Intex to pay 50% royalty at the interim stage and balance 50% by way of a bank guarantee. Ericsson prays that Intex be directed to pay the entire royalty amount.

ARGUMENTS ON BEHALF OF INTEX

5. Learned counsel for Intex submitted that the concept of Standard Essential Patents is unknown to Indian law. He stated that since the Standard Setting Organizations (in short 'SSOs') do not check which patents are actually essential and the declarants do not provide any proof of essentiality, the patents in question cannot be presumed to be standard or essential.

6. He emphasised that the learned Single Judge could not have passed a direction to pay as well as deposit royalty at the interim stage since Standard Essential Patent owners' only entitlement, even according to law laid down by foreign Courts, is royalties at the end of the trial. He submitted that in

Standard Essential Patent matters no injunction can be granted, even if an implementer is an unwilling licensee.

7. He further submitted that the learned Single Judge failed to appreciate that the tests to be satisfied before directing an entity alleged to be infringing a Standard Essential Patent to make payment of royalty at a particular rate are (i) the asserted suit patents are in fact Standard Essential Patents, (ii) the technology used by the implementer infringes the Standard Essential Patents,

(iii) the royalty rate at which patentee is willing to license its Standard Essential Patents are FRAND, and (iv) implementer is unwilling to take the licence at the Neutral Citation Number: 2023:DHC:2243-DB said FRAND rate. He stated that as all these four factors did not coalesce in the present case and as Intex is solvent and is no longer selling mobile phones, the learned Single Judge could not have directed Intex to pay any amount as royalty to Ericsson for obtaining a licence for exploiting the suit patents. In support of his submission, he relied upon paragraph 77 of the recent judgment of a learned Single Judge of this Court in Nokia Technologies OY v. Guangdong Oppo Mobile Telecommunications Corp. Ltd. & Ors., 2022 SCC OnLine Del 4014 (for short 'Nokia Vs. Oppo'). He emphasised that following the UK Supreme Court judgment in Unwired Planet International Ltd. & Anr. v Huawei Technologies (UK) Co. Ltd; 2020 UK SC 37, the aforesaid tests mentioned as

(i) to (iv) were stipulated by the learned Single Judge in Nokia Vs. Oppo. Paragraph 77 of Nokia Vs. Oppo is reproduced hereinbelow:-

> "77. It becomes clear, from a reading of the aforesaid passages from the pronouncement in Unwired Planet that, before arriving at a decision that a defendant, accused of having infringed SEPs owned by the plaintiff, is required to take a licence from the plaintiff on payment of royalty at a particular rate, the Court has to satisfy itself, in the first instance, that (i) the asserted suit patent is in fact a SEP, (ii) the technology used by the defendant infringes the SEP, (iii) the royalty rate at which the plaintiff is willing to licence its SEP is FRAND, and (iv) the defendant is unwilling to take the licence at the said FRAND rate. Unless all these four factors coalesce, the Court cannot call upon a defendant to pay any amount as royalty to the plaintiff for obtaining a licence from the plaintiff for exploiting the suit patents."

8. Learned counsel for Intex contended that a clear reading of the CCI complaint as a whole established beyond doubt that Intex had nowhere admitted the essentiality and validity of Ericsson's eight Suit patents. He stated that in paragraphs 3.2, 6.10-6.12, 6.25, 9.18, 9.44 and 9.47 of the CCI complaint, Intex had categorically stated that it could not in any way vouch for or admit to the validity or essentiality of the eight Suit Patents. The relevant portion of the said CCI complaint relied upon by the learned counsel for Intex is reproduced hereinbelow:-

> Neutral Citation Number: 2023:DHC:2243-DB "3.2 Ericsson, which claims to the largest SEP holder required for mobile devices, has alleged that the mobile phones of the Informant uses / implements and infringes its patents. It has therefore required

> the Informant to obtain licence for the use of its patents. The Informant, not being a manufacturer of mobile devices, but merely an importer of such devices, had no idea about whether the components / technology contained in the handsets violated the patent rights of third parties, such as Ericsson.

The Informant, having entered in to agreements with its vendors stipulating that goods supplied by them do not / will not infringe any applicable patents, was absolutely unaware of any such alleged infringement. Further, despite Ericsson's failure to provide any concrete details with respect to such alleged infringement, without prejudice to its all rights and contentions available under the law, the Informant being respectful of the intellectual property rights of Ericsson, entered into licence negotiations with Ericsson in good faith. Thus, the Informant's conduct has been very fair and reasonable with Ericsson.

xxx xxx xxx 6.10 Independent third party analysis suggest that the majority of the 7300 patents that have been declared as essential to UMTS, a 3G cellular standard are not technically essential to the UMTS standard. In a 2008 paper presented by Rudi Bekker and Joel West, referencing a report from PA consulting group, "Essential intellectual property in 3GPP-FDD" (May 2006), the paper observed that only 37% of SEPs declared to the SSO were actually essential, which is enclosed as ANNEXURE H. It may also be significant to mention that Motorola Mobility Inc. had asserted 10 declared essential patents against Apple in USA and Germany of which 9 have been found invalid or not infringed or both. Similarly, Samsung has asserted 20 essential patents against Apple of which it has already lost 13, either because of non- infringement or invalidity or both and has won just 3; it has also dropped other declared essential patents - tacitly recognizing the defects in those patents. This record mirrors the general success rate for declared essential patents. The asserted patents, although operable on the standardized network, have failed the essentiality tests as they do not employ the functionality recited in the standard or because it is optional or other reasons including invalidity.

6.11 It may be noted that there is no independent verification that the asserted essential patents are valid and truly essential to the standard. ETSI makes no declaration regarding the validity and essentiality of a company's claim to its standard. ETSI has a repository of all those technology standards which are covered by some form of IPR (including patents) which are owned by its members. Pertinently, extracted below is the relevant portion of the disclaimer available on the ETSI IPR Online Database:

> "The present database provides data that is based on information received. ETSI has not checked the validity of the information, nor the relevance of the identified patents/patent applications to the ETSI Standards and cannot confirm, or deny, that the patents/patent applications are, in fact, essential, or potentially essential. No investigation, or IPR searches, have been carried out by ETSI and therefore no guarantee can be given concerning the existence of other IPRs which are, or may become, essential.

> Neutral Citation Number: 2023:DHC:2243-DB Potential Licencees should use the information in this database at their discretion and should contact the patent holders, for example to establish the asserted status for a disclosed patent family, prior to making a patent licensing decision."

6.12 Thus, it may be noted that there is no guarantee of validity or the essentiality of the asserted SEPs. The number of such claims are huge and the success rates of such claims low. It may be pertinent to mention herein that since the process of standard setting involves choosing the technology from a collection of equally viable technical choices provided by the competitors, issues other than the technical merits of a proposal involving lobbying, compromise and horse trading may also often become deciding factors in the standard setting context. Patents may get included in the standard as the result of opportunistic, strategic behavior of their owner and not because of their technical merit. In this regard, a report titled, "An empirical study on the determinants of essential patent claims in compatibility standards, from Rudi Bekker is enclosed as Annexure 1. However, in general the SSOs have promoted standards that offer the best technical solutions, promoting innovation, compatibility, interoperability and development of a wide variety of products. As a result of their efforts, mobile networks and mobile handsets have become ubiquitous and offering more services at reduced costs.

xxx xxx xxx 6.25 In the instant case, it may please be noted that Ericsson has declared to ETSI that its patents over 2G, 3G and GSM, W- CDMA, LTE and various other wireless technologies, which are the technologies relevant to the instant Information, are "Standard Essential Patents" (SEPs). It has a bulging portfolio of SEPs, the validity or essentiality of which has not been adjudged. The royalty demands and other terms of Ericsson raise the spectre of patent hold up and royalty stacking. Further, Ericsson has also registered its SEPs with the Custom authorities, whose only role in the matter is impounding the consignments allegedly infringing the IPR of the claimant. Customs registrations of Ericsson are annexed as ANNEXURE K. With the above context in view, the Informant sets out to define the relevant market and the dominance of Ericsson in the relevant market.

xxx xxx xxx 9.18 Ericsson, seeking to enforce its IP rights, has taken no action to demonstrate the validity and the essentiality of its large portfolio of asserted SEPs. It has furnished no evidence to demonstrate that its asserted patents have also been adjudged to be valid and essential. Ericsson has a responsibility to demonstrate to the licensees that its patents are not only valid but also essential on the ground of its claim that they actually relate to and satisfy the standards.

xxx xxx xxx 9.44 More importantly, in the absence of a judicial adjudication with respect to validity, essentiality and infringement of SEPs, the exercise of rights under the IPR Enforcement Rules by an SEP holder has the effect of depriving the use of defences under the law to a prospective licensee, such as invalidation of the asserted patents Neutral Citation Number: 2023:DHC:2243-DB and challenges to their essentiality. Critically it has the effect of unduly hastening the process of license negotiation to the detriment of the licensee, and ultimately to the consumer.

xxx xxx xxx 9.47 Needless to state, highly complex and technical products like mobile phones work with multiple complementary (not substitutable) standard essential patents. Thus, any exclusion of such products from the market undermines the relative importance and necessity of the numerous lawful SEPs owned by third parties. Further, any action to obtain / grant exclusion orders, even before the determination of the validity and essentiality of the patents have been adjudged / determined, cause immense harm not only to a firm, but to an entire industry. Exclusion leaves a void, the ripple effect of which reverberates in the entire economy. It not only stops the alleged infringing product but the flow of an entire distribution chain, the retailers and company owned facilities /franchises. It wastes lacs of rupees of advertising expenses and media planning expenses to promote and launch a product and irreparably tarnish a seller's reputation for perceived failure to deliver the advertised goods or publicly announced sales dates for the devices. It denies the customers its products and restricts its choice. It results in revenue loss to state, unemployment etc. Exclusion thus has a transcendental impact on consumer choice, product availability, innovation etc."

9. In light of the above, he contended that the learned Single Judge's reliance on the CCI information on the issue of essentiality and infringement of the Suit Patents was without any basis.

10. He further contended that even if the eight suit patents registered in India (namely IN203034, IN203036, IN234157, IN203686, IN213723, IN229632, IN240471 and IN241747) in Ericsson's portfolio were truly essential, which was yet to be tested in a Court of law, there could be no presumption of essentiality of the entire portfolio of thirty three thousand (33,000) patents on the basis of review of only a handful of patents and there could also be no direction to make payment with regard to the other thirty three thousand (33,000) patents claimed by Ericsson especially when they are not even registered in India.

11. Learned counsel for Intex also submitted that the onus to prove the validity of the suit patents was on Ericsson since there could be no presumption of validity of a patent as is apparent from a combined reading of Sections 13(4), Neutral Citation Number: 2023:DHC:2243-DB 64 and 107 of the Patents Act, 1970 (in short 'the Act'). He submitted that the eight Suit Patents were vulnerable for revocation under Section 64 (1) (j) & (m) of the Act on account of violation of Section 8(1) and 8(2) of the Act. He stated that the claims of the Suit Patents were identical to the originally filed claims of the corresponding US Patents of Ericsson. He gave an example of IN 213723 in support of his contention of non-compliance of Section 8 of the Act. He sought to rely upon multiple US Office Action reports and claimed that the patents of Ericsson were rejected and subsequently amended on multiple occasions on the anvil of novelty and inventive step. According to him, the net result of these amendments was that the US Patent applications were massively overhauled and the scope of each patent was severely narrowed down. He contended that the examination reports issued by the U.S Patent and Trademark Office (in short 'USPTO') were material, since to overcome the cited prior art and the objections raised therein, Ericsson undertook drastic amendments. Yet, he stated that none of these examination reports or amendments were placed before the Indian Patent Office for its consideration. The direct consequence of this, according to him, was that Ericsson succeeded in getting patents in India over claims identical to the originally filed claims in the US which were objected to by the US Patent Office and subsequently narrowed down through several amendments.

12. He lastly stated that there was no discussion in the impugned order on the challenges to the Suit Patents raised by Intex on substantive grounds of lack of novelty and inventive step citing multiple prior art documents for each Suit Patent.

ARGUMENTS ON BEHALF OF ERICSSON

13. Per contra, learned senior counsel for Ericsson stated that in the CCI complaint, Intex had admitted that it needed to take a licence for Ericsson's Neutral Citation Number: 2023:DHC:2243-DB Standard Essential Patents relating to telecom technology as there were no non- infringing alternatives available (paragraphs 7.12-7.13, 8.4, 8.6-8.8 of CCI complaint).

14. He contended that there was no averment challenging the validity and essentiality of Ericsson's patents in Paragraph 3.2 of the information filed before the CCI. He pointed out that Intex had wrongly urged in Paragraph 9.18 of the information that Ericsson took no steps to demonstrate the validity and essentiality of its patents. He stated that Ericsson filed the information/complaint before the CCI only after a prolonged negotiation of almost five years during which Ericsson had provided Intex a list of its Standard Essential Patents, Claim Mapping Charts to show essentiality and also a test report to show infringement. He emphasised that during the negotiation, Intex, in response to the email dated 13th August, 2012, addressed to Indian Cellular Association ('ICA') containing the test report, had expressly asked its technical team if Ericsson's technology could be disabled. He contended that this categorical admission negated all arguments made to the contrary.

15. He stated that being a commercial entity of the magnitude and stature of Intex, it ought to have taken necessary clarification from its equipment manufacturers qua the need to take a licence from Ericsson if it had any doubts with regard to the essentiality of the suit patents.

16. He submitted that the interpretation of European Telecommunication Standards Institute (in short 'ETSI') Intellectual Property Rights policy in Paragraphs 6.11-6.12 of the complaint by Intex was erroneous as value was in the technology which formed a part of the Standard and the suit patents were just representative of that technology.

17. He further contended that the CCI complaint contained general averments qua the standard setting process and trends observed in Standard Essential Neutral Citation Number: 2023:DHC:2243-DB Patent jurisprudence. He stated that paragraph 6.10 of the CCI complaint discussed the trend of illustrative Standard Essential Patent cases which were pending abroad against various entities. He contended that the "asserted patents"

> referred to in said paragraph related to third-party litigations and not to Ericsson as the CCI complaint pre-dated the present suit.

18. He stated that as per the FRAND protocol prescribed under the Court of Justice of the European Union (CJEU) judgment of Huawei Technologies Co. Ltd. v. ZTE Corp. and ZTE Deutschland GmbH dated 16th July, 2015, Case No.C-170/13, the obligation to take a licence is on an 'alleged infringer', which presupposes that no adjudication of essentiality and validity has to take place. He emphasised

that in paragraph 69 of Huawei v. ZTE (supra), it has been held that the alleged infringer could reserve its right to challenge the validity and essentiality of the Standard Essential Patent at a subsequent stage.

19. He stated that Intex had admitted that Ericsson had thirty three thousand (33,000) patents for telecommunication technologies and it was impossible to adjudicate on the validity and essentiality of all of its patents. According to him, the UK Supreme Court in Unwired Planet v Huawei (supra) recorded that by taking a licence of a large number of untested patents, even the implementer "purchases certainty".

20. He denied that Ericsson had sought exclusion of Intex from the market. He emphasised that the argument of Ericsson was that it was investing the necessary resources into the Research & Development of these technologies and ought to be reasonably compensated for it, within the framework of the law.

21. Learned senior counsel for Ericsson submitted that there was no non- compliance of Section 8(1) of the Act and no serious challenge had been raised qua the same. He stated that without showing evidence of non-compliance, what Intex had pleaded in its appeal was that "malafides is to be presumed from the Neutral Citation Number: 2023:DHC:2243-DB consistent and repeated suppression by the respondent of 33 foreign examination reports with respect to the eight Suit patents, and must be interfered from the materiality of these suppressions.....The appellant can only infer malafides from the repeated conduct of the respondent in suppressing critical and adverse foreign examination reports".

22. According to him, the aforesaid submission was contrary to the law laid down by the Division Bench of this Court in Merck Sharp & Dohme Corporation & Anr. V. Glenmark Pharmaceuticals, 2015 SCC OnLine Del 8227.

23. He clarified that Examination reports issued by the USPTO were termed as "Non-Final Rejections", which did not mean that patents were rejected by the USPTO but it only meant that they were being examined. He stated that it was common practice during examination of patents for the examiners to raise objections on the basis of prior art documents, which were aimed at challenging the novelty and inventive step of the claimed invention and were curable. He clarified that while there had been amendments in the claims of the corresponding US patents, the settled law on claim constructions in Bishwanath Prasad Radhey Shyam v. Hindustan Metal Industries; AIR 1982 SC 1444, is that the claims of a patentee are not to be read in isolation and have to be read along with the complete specification to understand its full scope.

24. He stated that in response to the examination reports of the Controller in the present case, Ericsson had filed the duly granted claims of the patents in USA and Europe after which no further objections were raised. This, according to him, showed that the Controller was satisfied that the Indian claims were covered vis-a-vis the US claims and that there were no material digressions.

25. He contended that all the amendments to the patent corresponding to IN'723 in the US in response to their office actions, were duly covered by the Neutral Citation Number: 2023:DHC:2243-DB India Patent when read holistically in the context of the complete specifications. He emphasised that the granted claims were materially the same as those granted in the European Patent (EP). He stated that the same was apparent from the colour coded claim comparison chart reproduced hereinbelow:-

> "Comparison chart of claim 1 as granted - US 7124079, EP 1145222 with IN 213723 Initial US Office Actions Final Granted Text in the complete Indian claim as EP claim as Claim as filed issued in US claims in US specification whichdetails the granted granted in US (Original claim patented invention (corresponds to (corresponds to 7124079 1 was deleted initial US claim) granted EP claim) and replaced by theclaim below with - additions underlined) A method of Office In a method of @pg.105 of compilation of A method of A method of generating action1: generating complete specifications generating generating comfort noise Issued comfort noise ".....In a conventional decoder, comfort noise comfort noise in a speech the comfort noise parameters in a speech in a speech February in a speech decoder that can be received and decoded as decoder (93) decoder (93) receives 13, 2002. decoder, in shown in FIGURE 2. Because that receives that receives speech and Claim 1 which the the decoder does not receive speech and speech and noise (with speech new comfort noise parameters noise noise information others) was decoder as often as it normally receives information information from a rejected receives speech parameters, the comfort from a from a communicatio under speech noise parameters which are communicatio communicatio n channel, received in the SID frames are n channel (95), n channel (95), novelty (35 information comprising: typically interpolated at 23 to including including Providing a 102) and a plurality provide a smooth evolution of providing a providing a plurality of Office of comfort the parameters in the comfort plurality of plurality of comfort action 2 : noise noise synthesis. comfort noise comfort noise noise issued parameter ..... parameter parameter parameter September values from an According to the invention, values (33) values (33) values 11, 2002: encoder via a conventionally generated normally used normally used normally comfort noise parameters are by the speech by the speech Claim 1 communicatio used by the modified based on properties of decoder (93) decoder (93) speech (with n channel, and actual background noise to generate to generate decoder to others) was the decoder experienced at the encoder..... comfort noise, comfort noise, generate rejected interpolates @pg.107 of compilation of and and comfort under the plurality of complete specifications characterized characterized noise; obviousnes comfort noise The modifier 30 modifies the by : by:
>
> obtaining received comfort noise Obtaining Obtaining s (35 103) parameter variability parameters based on the variability variability information Office values and background noise parameters information information indicative of Action 3: generates received at 31 to produce (31) indicative (31) indicative variability Issued comfort noise modified comfort noise of variability of of variability of of a December

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, modifying	Claim 1	comprising:		41 estim
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noise	others) was	the speech		background no
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values to				indicative of
	under	background		
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comfort no	s (35 103)	parameter		information c
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				output xp(k) of FI
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	Issued June			by the combiner 45
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	7, 2004.			the conventional c
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17, 2004:		calculated	comfort noise prod
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others) was		noise	perceived quality
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under		value;	babble and street
obviousnes		In response to	as for car noise..
s (35 103)		the variability	
Office		information,	
action	8L	perturbing the	
issued		interpolated	
September		comfort noise	
9, 2005:		parameter	
Claim	1	values by the	
(with		speech decoder	
others)		to produce	
was		perturbed	
rejected		comfort noise	
under lack		parameter	
		values; and	
		Selecting by the	

	of support (35 112)	speech decoder, at least some of the perturbed comfort noise parameter values for use in generating perturbed comfort noise.

26. He further submitted that the obligation under Section 8(2) of the Act was neither voluntary, nor periodic as it required the Controller to call for the information it deemed relevant. He stated that in response to the queries raised Neutral Citation Number: 2023:DHC:2243-DB by the Controller, Ericsson had filed all relevant material after receipt of which, no further demands were made upon it and the patents were duly granted. Thus, only after due satisfaction of the demands made by it under Section 8(2) of the Act, the Controller proceeded to grant Ericsson's patents.

27. He contended that upon disclosure of the relevant patent application numbers in Form 3, sufficient details were available with the Controller to access the prosecution history of the concerned applications. Recognising the burdensome obligation of providing office action reports repeatedly, he stated that the Patent Office vide its circular dated 12th March, 2018 directed the Controllers to access the prosecution details of the patents on their own once application numbers of the corresponding patents had been furnished to them.

28. He also contended that the learned Single Judge had examined in detail the allegation of prior art made by Intex. He stated that the learned Single Judge had recorded in Paragraph 127 that the patents were prima facie valid. The said paragraph of the impugned judgment is reproduced hereinbelow:-

"127. Having gone through the objection raised by the defendant which is duly replied by the plaintiff and after considering the same, this Court is of the opinion that all claims of 8 subject matter of suit patents cannot be examined minutely or be interpreted in microscopically manner at the interim stage in a suit for infringement of patent. The issue of validity of patent cannot be finally determined at this stage in view of pending revocation petitions before the Tribunal. At present, only the prima facie view of the matter is to be examined as to whether grounds taken in the revocation petition are tenable or not. After having gone through the objections raised by the defendant and reply given by the plaintiff, prima facie the suit patents appear to be valid and Court does not find any plausible case of a credible defence raised by the defendant. The argument preferred by the defendant cannot be

> accepted at present as there are other many reasons which negate the arguments of the defendant about the validity of the suit patents. Such details are given in the subsequent paras of my judgment."

29. Learned senior counsel for Ericsson submitted that the judgment dated 17th November, 2022 of a learned Single Judge of this Court passed in the case of Nokia Vs. Oppo (supra) had no application to the present case, inasmuch as, Neutral Citation Number: 2023:DHC:2243-DB it dealt with an application under Order XXXIX Rule 10 of the Code of Civil Procedure, 1908 (for short 'CPC') preferred by Nokia. He pointed out that in paragraph 9 of the said judgment, it was noted that an interim injunction application under Order XXXIX Rules 1&2 CPC was pending separately in the matter. Thus, he stated that the reliefs sought by Nokia in the said matter were prior in time to those sought under Order XXXIX Rules 1&2 CPC.

30. In the alternative, he submitted that, if paragraph 77 of Nokia Vs. Oppo (supra) was deemed to lay down the principle for grant of interim injunction, then the same was erroneous vis-à-vis the Standard Essential Patent regime, inasmuch as the findings in paragraph 77 of Nokia Vs. Oppo (supra) were based on an incorrect and limited reading of the Unwired Planet v Huawei (supra). He submitted that a proper reading of Unwired Planet v Huawei (supra), in particular its paragraphs 60-61 & 64 showed that the findings in paragraph 77 of Nokia Vs. Oppo (supra) were not an accurate summary of Unwired Planet v Huawei (supra). He stated that the same is apparent from the following:-

> a) The requirement of proving that "asserted" suit patents were Standard Essential Patents and were infringed [as per Nokia Vs. Oppo (supra)] was completely contrary to the findings in Unwired Planet v Huawei (supra), wherein it was clarified that:
>
> - Standard Essential Patent owners and implementers could not feasibly test the validity and infringement of all the patents involved in a standard, which was a substantial portfolio (paragraph 60);
>
> - Standard Essential Patent owner was not only entitled to be paid for the right to use technology in patents which had been established as Neutral Citation Number: 2023:DHC:2243-DB valid and infringed [paragraph 61 of Unwired Planet v Huawei (supra)]; but the practical solution was for the Standard Essential Patent owner to offer a licence of its entire portfolio of "declared"

Standard Essential Patents (paragraph 60);

- By taking a licence of an international portfolio of generally untested patents, at a price which reflected the untested nature of the patents in the portfolio, the implementer purchased certainty (paragraph 60).

b) The learned Single Judge in Nokia Vs. Oppo (supra) erred in limiting the adjudication relating to the issue of "grant of licence" only qua the "asserted" patents, as the Unwired Planet v Huawei

(supra) made it clear that it was perfectly legitimate for the Standard Essential Patent owner to claim royalty for its entire "declared" portfolio of Standard Essential Patents;

c) The use of the term "declared Standard Essential Patents" further supported the contention that the validity and infringement of the Standard Essential Patents were not relevant for determination of interim deposit. This was in line with the judgment in the matter of Huawei v ZTE (supra), which had been specifically approved by the UK Supreme Court in Unwired Planet v Huawei (supra);

d) Furthermore, factors (iii) and (iv) enumerated in paragraph 77 of Nokia Vs. Oppo (supra) requiring a FRAND determination also required a full- fledged trial with deposition of economic experts, and was an exercise which could not be undertaken at the ad interim/interim stage. However, the aforesaid did not mean that patentee could not be protected at the interim stage and no order of deposits could be passed.

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e) The purpose of any interim relief in any civil trial was to protect interest of parties till the time there was uncertainty over the rights and obligations of the contesting parties. Therefore, the purpose of interim relief such as payment was to ensure that equities are balanced till the time Court conclusively decided the case. However, factors (iii) and (iv) of Nokia Vs. Oppo (supra) seemed to suggest that even for passing an interim relief, the Court needed to be conclusively certain on the FRAND nature of offers and counter offers made by the parties. Such an approach would be contrary not only to jurisprudence as evolved globally in the context of Standard Essential Patent and FRAND cases but would also be contrary to the jurisprudence of this country regulating grant or refusal of interim reliefs and as per which Courts had the power to grant interim relief even when rights of parties remained uncertain.

f) The use of the term "licence" in paragraph 77 in Nokia Vs. Oppo (supra) indicated that even as per the learned Single Judge, an interim order was outside the purview of its judgment as an interim arrangement fixed under the aegis of a Court order could not be akin to a licence between parties.

31. He lastly stated that Ericsson's cross-appeal is limited to challenging the finding in paragraph 161 of the impugned order, whereby the learned Single Judge directed that 50% interim royalty payable by Intex be furnished in the form of a Bank Guarantee in favour of the Registrar General of this Court. He contended that Ericsson seeks an order for deposit of the entire amount in cash in parity with the orders passed in cases filed by it against other infringers.

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32. In rejoinder, learned counsel for Intex submitted that the lack of presumption of validity under Section 13(4) of the Act could not be watered down at Ericsson's asking merely because it claimed that the asserted suit patents were Standard Essential Patents. He reiterated that the Act did not recognise the concept of a Standard Essential Patent, and therefore, an express provision contained

in the Act could not be diluted for a particular species of patents. He submitted that in several landmark judgements delivered by Division Benches of this Court interpreting and applying Section 13(4) of the Act, it has been consistently held that in entertaining a patentee's prayer for interim injunction, the Court must consider the credibility of the challenge to the validity of the asserted patent raised by Intex on merits. He submitted that in F.Hoffmann-LA Roche Ltd. Vs. Cipla Ltd., 2009 SCC OnLine Del 1074, it has been held that even if a patent successfully weathers a pre-grant opposition, or a post-grant opposition, it is not bestowed with presumptive validity.

33. In the alternative, he submitted that even if a patent was essential, there was no reason to assume that the patent was valid since validity and essentiality were two different aspects/issues. According to him, essentiality relates to the issue of infringement of the patent, whereas validity relates to whether the patent ought to have been granted in the first place. Therefore, the impugned judgment went against the statutory framework and common sense as it proceeded to enforce a patent on the basis of an alleged essentiality without examining the validity challenge on merits even if prima facie. He submitted that under Section 107 of the Act, it was available to a defendant to raise invalidity as a defence to the allegation of infringement. In other words, he stated that even if Intex admitted to infringement of a patent, it was entitled to raise invalidity of the patent as a defence to infringement. This, in patent parlance, according to him, Neutral Citation Number: 2023:DHC:2243-DB was commonly known as the Gillete defence based on a judgment delivered in Gillette Safety Razor v. Anglo-American Trading Company, (1913) 30 RPC 465 (House of Lords). He submitted that in view of the aforesaid, to reduce the scope of enquiry in a suit for patent infringement where counter claims of invalidity were pending to a single point enquiry of essentiality/infringement, was to do injustice to the framework of the Act.

REJOINDER ARGUMENTS ON BEHALF OF ERICSSON IN FAO(OS) (COMM) 297/2018

34. In rejoinder, learned senior counsel for Ericsson submitted that as Intex had acknowledged Ericsson's patent to be Standard Essential Patent, a licence from Ericsson was required to be taken by Intex and it was duly offered by Ericsson in terms of licence of Standard Essential Patent to Intex. He submitted that the actions of Intex disclosed that it was not a willing licensee and the non-compliance on its part was totally intentional. Further, the material facts disclosed by Ericsson before the Controller before the grant of patent are in its favour. He further submitted that Intex's plea of invalidity qua the suit patents is futile since Ericsson's patents are more than eight years old and relying upon Telemacanique & Controls (I) Ltd. vs Schneider Electric Industries, 2001 SCC OnLine Del 1227, he contended that there was a presumption of validity in favour of Ericsson. Also, qua the patents there was neither a pre-grant opposition by Intex nor a challenge at the post-grant stage and it was only in 2013, after years of protracted negotiations, that Intex for the first time raised the plea of invalidity. He further submitted that Intex had not produced any material evidence/experts to demonstrate the credibility of its challenge before the learned Single Judge even when it was incumbent upon it to do so. Also, the fact of non-payment of licence fee by Intex has led to it having 'stolen a march' over other manufacturers in the market who have paid for the same.

Neutral Citation Number: 2

COURT'S REASONING

IMPACT OF RAPID DEVELOPMENTS IN TECHNO
INTELLECTUAL PROPERTY LAWS

35. This Court finds that today, technology is developing not only at a very fast pace but it is getting diffused to the public at large and even to those who are staying in remote corners of the world at a pace previously unknown.

36. The new technology has blurred national boundaries and given a big boost to both international trade as well as infringement.

37. Intellectual property laws have always been recognised and regarded as territorial, but in today's world where borders of countries have ceased to have any relevance for trade purposes, enforcement of patent rights and Court orders have become a challenge.

38. Indian Courts have been applying foreign judgments where necessary and have, on multiple occasions, relied on principles defined in foreign judgments while shaping jurisprudence on a subject. In fact, global doctrinal interdependence i.e. referring to foreign Court decisions is an effective and practical way of facilitating harmonization of basic principles of laws, especially when there is nothing contrary in the national laws.

CATEGORIES OF STANDARDS AND THEIR IMPORTANCE

39. Since Standard Essential Patent is a relatively new species of patent, it is necessary to define it as well as propound the test of infringement in such cases and explain the importance of standards.

40. A standard in simple terms is a prescribed list of features or technical specifications in relation to a particular technology. The purpose of the standard is to ensure that every product manufactured as per the standard has certain common design/features in it, so as to ensure compatibility and interoperability of devices/products.

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41. Standards are all around us and come in various shapes and forms - from the metric system of measurement, the size of railway tracks, the shape of electrical plugs to complex technical interoperability standards in the ICT (Information and Communication Technology) sector such as Wi-Fi, Bluetooth, 3G, 4G, 5G communication standards, PDF software standards etc.

42. Standards play an important role in a modern economy. They promote innovation, increase the quality and viability of products, provide jobs and growth and support to the global value chain.

Standards allow for the early market adoption of innovative products and services, make products less costly for companies to produce and more valuable to consumers.

43. Further, as mentioned hereinabove, standards allow interoperability or compatibility between technologies and products from different manufacturers to work together on one platform. For instance, technical interoperability standards allow cell phone users to use the same smartphone internationally i.e. in New Delhi, New York, London and Cape Town as well as to make and receive calls from smartphones from different manufacturers. Furthermore, interoperability leads to increased "network effects" where products are more valuable as the number of users increases. Studies demonstrate that standards produce positive benefits for the whole economy.

44. There are broadly two categories of standards:

> (i) Standards based on source.
>
> (ii) Standards based on access to Intellectual Property rights or openness in the development process (open and closed standards).

45. There are different kinds of standards based on source. For example, standards may be set by market forces, by Governments or on industry basis.

46. Standards set by market forces, such as one or several firms working together outside any institutional framework, whose products or solutions Neutral Citation Number: 2023:DHC:2243-DB become widely accepted in the market. These are called de facto standards, example, Microsoft's Windows Operating System.

47. Many times, companies decide to join forces on an industry-wide basis to develop new technological solutions through collaborative or formal standards. The majority and most important standards are collaborative. Examples include 3G, 4G, 5G communication standards etc.

48. Governmental standards are those adopted by the government, which require compliance by law. These are also called de jure standards. Examples include the Bharat Stage (BS) Standard on vehicle emissions, Telecom Regulatory Authority of India (TRAI) notifications issued under Section 36 read with Section 11(1)(b)(i) & (v) of the Telecom Regulatory Authority of India Act, 1997 issuing standards with respect to telecommunications. For instance, the TRAI's notification dated 14th May, 2012 gives the force of law to a particular standard set by ETSI with respect to Digital Cable TV Systems. The relevant portion of the Gazette Notification dated 14th May, 2012 with regard to Digital Addressable Cable TV Systems is reproduced hereinbelow:-

> "TO BE PUBLISHED IN THE GAZETTE OF INDIA EXTRAORDINARY, PART III, SECTION 4 TELECOM REGULATORY AUTHORITY OF INDIA NOTIFICATION New Delhi, the 14th May, 2012 F. No. 16- 2/2012- B&CS .---- In exercise of the powers conferred by section 36, read with sub clauses (i) and (v) of clause (b) of sub-section (1) of section 11 of the Telecom Regulatory Authority of India Act, 1997

(24 of 1997), read with notification of the Government of India, in the Ministry of Communication and Information Technology (Department of Telecommunication) No.39,.....

STANDARDS OF QUALITY OF SERVICE (DIGITAL ADDRESSABLE CABLE TV SYSTEMS) REGULATIONS, 2012 (12 OF 2012).....

CHAPTER VIII TECHNICAL STANDARDS

18. Technical standards.--(1) Every broadcaster shall maintain technical standards of the signals as per the standards laid down by Digital Video Broadcasting for DVB-S or DVB-S2 Neutral Citation Number: 2023:DHC:2243-DB standards, as the case may be, and shall also ensure that the quality of signals supplied at the headend of multi-system operator fulfill the following requirements :-

Sl.	Parameters	V
1	Signal to noise ratio (SNR)	As specified by D or DVB-S2 (ETSI E applicable
2	Operating Margin (Noise Margin)	Higher than 4 dB.
	xxx	xxx

(4) The technical audit shall be carried out as per the measurement guidelines specified by Digital Video Broadcasting in European Telecommunications Standards Institute ETSI TR 101 290 V 1.2.1 (2001-05) and the picture quality measurement shall be carried out as per the methodology for subjective assessment of the quality of television pictures given in the recommendation by International Telecommunication Union (ITU).

Explanation: For the purpose of this sub-regulation:

(i) Recommendation by ITU is as per "ITU-R BT. 500-11 Methodology for subjective assessment of the quality of television pictures"....."

49. The International Telecommunications Union ('ITU-T') defines an open standard as one which is available to the general public via a collaborative and consensus-driven-process. Elements of an open standard include a balanced process not dominated by any interest group having intellectual property policies requiring disclosure of essential intellectual property and commitment to license to any firm wishing to implement the standard on FRAND terms.

50. A closed standard, on the contrary, is developed by one or more company(ies) in a closed environment, where access to the standard is not widely available. They are free to choose whether they want to license the standard and under what terms.

51. Standard Development Organisations ('SDOs') are voluntary and non- profit organizations that coordinate the development of standards. In common parlance, there are all types of SSOs.

52. In fact SSOs/SDOs are associations/organisations, normally of international stature, having various stakeholders from the concerned industry as Neutral Citation Number: 2023:DHC:2243-DB their members. For example, in the field of telecommunications, an SSO/SDO may consist of mobile technology users i.e., phone manufactures (such as Apple, Samsung, etc), technology developers (such as Nokia, Philips, etc) and may also include universities/academic institutions, network operators, government regulatory bodies etc. as their members. The role of the SSO/SDO is to coordinate and facilitate a standard setting/development process with the active participation and involvement of various stakeholders like researchers, companies, academic institutions, etc.

53. Some of the well-known SDOs are ETSI (Europe); ATIS (USA); TTA (Korea); TTC (Japan); TSDSI (India); IEEE (Institute of Electrical and Electronics Engineers); ISO (International Standards Organization); ITU-T and IEC (International Electrotechnical Commission) among others.

54. One of the most widely recognized SSOs/SDOs in the world is ETSI. It defines "essential" in Article 15(6) of its IPR Policy as under:

> "6. "ESSENTIAL" as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL."

(emphasis supplied)

55. The term 'standard' is defined in Article 15(11) of the ETSI Intellectual Property Rights Policy as follows:

> "11. "STANDARD" shall mean any standard adopted by ETSI including options therein or amended versions and shall include European Standards (ENs), ETSI Standards (ESs), Common Technical Regulations (CTRs) which are taken from ENs and including drafts of any of the foregoing, and documents made under the previous nomenclature, including ETSs, I-ETSs, parts of NETs and TBRs, the technical specifications of which are available to all MEMBERS, but not including any standards, or parts thereof, not made by ETSI.
>
> The date on which a STANDARD is considered to be adopted by ETSI for the purposes of this POLICY shall be the date on which the technical content of that

STANDARD was available to all MEMBERS."

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56. Any product claiming to be compliant with the technology prescribed under a standard would necessarily incorporate all elements of it, including the patented part of the standard. Accordingly, concerns regarding standards being held to ransom by an individual patent owner were addressed by developing the concept of FRAND commitment, which is made by a patentee by way of a voluntary declaration. Thus, Standard Essential Patent owner's contractual commitment emanates from the voluntary declarations (known as FRAND declarations) made to an SSO/SDO at the time of development of the concerned standard. As an example, Intellectual Property Rights Policies of ETSI and ISO/IEC are extracted hereinunder:

> Clause 6.1 of the ETSI IPR Policy "6.1 When an ESSENTIAL IPR relating to a particular STANDARD or TECHNICAL SPECIFICATION is brought to the attention of ETSI, the Director-General of ETSI shall immediately request the owner to give within three months an irrevocable undertaking in writing that it is prepared to grant irrevocable licences on fair reasonable and non-discriminatory ("FRAND") terms and conditions under such IPR to at least the following extent:
>
> - MANUFACTURE, including the right to make or have made customized components and sub-systems to the licencee's own design for use in MANUFACTURE;
>
> -sell, lease or otherwise dispose of EQUIPMENT so MANUFACTURED;
>
> - repair, use or operate EQUIPMENT; and
>
> -use METHODS The above undertaking may be made subject to the condition that those who seek licences agree to reciprocate."
>
> Declaration to be made under the IPR Policy of ISO/IEC "2.2 The patent holder is willing to negotiate licences with other parties on a non-discriminatory basis on reasonable terms and conditions. Such negotiations are left to the parties concerned and are performed outside ITU-T/ITU-

R/ISO/IEC"

57. If a patentee refuses to provide such voluntary declarations, the SSOs/SDOs take conscious steps to exclude such technology from the standard.

58. From the above, it is clear that the voluntary declarations made by a Standard Essential Patent owner are contractual commitments and are governed Neutral Citation Number: 2023:DHC:2243-DB and interpreted as per the concerned SSO/SDO's Intellectual Property Rights

Policy. As an example, ETSI's and ISO/IEC's policy objective provides as under:

" ETSI's policy objective provides as under:

"3. Policy Objectives 3.1 It is ETSI's objective to create STANDARDS and TECHNICAL SPECIFICATIONS that are based on solutions which best meet the technical objectives of the European telecommunications sector, as defined by the General Assembly. In order to further this objective the ETSI IPR POLICY seeks to reduce the risk to ETSI, MEMBERS, and others applying ETS STANDARDS and TECHNICAL SPECIFICATIONS, that investment in the preparation, adoption and application of STANDARDS could be wasted as a result of an ESSENTIAL IPR for a STANDARD or TECHNICAL SPECIFICATION being unavailable. In achieving this objective, the ETSI IPR POLICY seeks a balance between the needs of standardization for public use in the field of telecommunications and the rights of the owners of IPRs.

3.2 IPR holders whether members of ETSI and their AFFILIATES or third parties should be adequately and fairly rewarded for the use of their IPRs in the implementation of STANDARDS and TECHNICAL SPECIFICATIONS.

3.3 ETSI shall take reasonable measures to ensure, as far as possible, that its activities which relate to the preparation, adoption and application of STANDARDS and TECHNICAL SPECIFICATIONS, enable STANDARDS and TECHNICAL SPECIFICATIONS to be available to potential users in accordance with the general principles of standardization."

"ISO/IEC's Policy Objectives are as under:

"Recommendations / Deliverables are non-binding; their objective is to ensure compatibility of technologies and systems on a worldwide basis. To meet this objective, which is in the common interests of all those participating, it must be ensured that Recommendations / Deliverables, their applications, use, etc. are accessible to everybody.

It follows, therefore, that a patent embodied fully or partly in a Recommendation / Deliverable must be accessible to everybody without undue constraints. To meet this requirement in general is the sole objective of the code of practice. The detailed arrangements arising from patents (licensing, royalties, etc.) are left to the parties concerned, as these arrangements might differ from case to case. This code of practice may be summarized as follows:

1. The ITU Telecommunication Standardization Bureau (TSB), the ITU Radiocommunication Bureau (BR) and the offices of the CEOs of ISO and IEC are not in a position to give authoritative or comprehensive information about Neutral

Citation Number: 2023:DHC:2243-DB evidence, validity or scope of patents or similar rights, but it is desirable that the fullest available information should be disclosed. Therefore, any party participating in the work of ITU, ISO or IEC should, from the outset, draw the attention of the Director of ITU-TSB. the Director of ITU-BR, or the offices of the CEOs of ISO or IEC, respectively, to any known patent or to any known pending patent application, either their own or of other organizations, although ITU, ISO or IEC are unable to verify the validity of any such information.

2. If a Recommendation / Deliverable is developed and such information as referred to in paragraph 1 has been disclosed, three different situations may arise:

2.1 The patent holder is willing to negotiate licences free of charge with other parties on a nondiscriminatory basis on reasonable terms and conditions. Such negotiations are left to the parties concerned and are performed outside ITU- T/ITU-R/ISO/IEC.

2.2 The patent holder is willing to negotiate licences with other parties on a non-discriminatory basis on reasonable terms and conditions. Such negotiations are left to the parties concerned and are performed outside ITU-T/ITU-R/ISO/IEC. 2.3 The patent holder is not willing to comply with the provisions of either paragraph 2.1 or paragraph 2.2; in such case, the Recommendation/ Deliverable shall not include provisions depending on the patent.

3. Whatever case applies (2.1, 2.2 or 2.3), the patent holder has to provide a written statement to be filed at ITU-TSB, ITU-BR or the offices of the CEOs of ISO or IEC, respectively, using the appropriate "Patent Statement and Licensing Declaration" form. This statement must not include additional provisions, conditions, or any other exclusion clauses in excess of what is provided for each case in the corresponding boxes of the form."

59. Accordingly, the SSO's main objective is to ensure that a patent owner is adequately rewarded at FRAND rates for its contribution/innovation while ensuring that the latest state of the art technology is available to the implementers world over irrespective of the fact that such implementers are not involved in research and development at all.

WHAT IS A STANDARD ESSENTIAL PATENT AND WHAT ARE THE OBLIGATIONS OF HOLDERS OF SUCH PATENT

60. Keeping in view the aforesaid as well as the fact that TRAI has directed telecommunication companies to comply with ETSI standards, this Court is of the view that the term 'Essential' in the facts of the present case means that a patent is essential to a standard i.e. it is not possible on technical grounds to Neutral Citation Number: 2023:DHC:2243-DB comply with the standard without infringing the patent. This Court is of the opinion that this simple definition is adequate in many circumstances like the present one but not all. Consequently, a Standard Essential Patent is "a

patent claiming technology that is essential to an industry standard's use".

61. Standard Essential Patents are treated differently from non-Standard Essential Patents- in at least in one respect i.e., the rights of a patentee in case of a Standard Essential Patents are circumscribed by its contractual commitment made to a SSO/SDO to make the patent available to all those who are willing licensees while the term of the patent is subsisting. Consequently, Intellectual Property Rights Policies of SDOs usually impose at least the following obligations on Standard Essential Patent holders:

(i) The duty to disclose relevant patents as being Standard Essential Patents.

(ii) The duty to make available the Standard Essential Patents to all those who are willing to use it, and not to withhold access.

(iii) The duty to offer licences to all willing licensees on FRAND terms.

62. A Standard Essential Patent holder, is therefore, at a disadvantage during the term of the patent itself, as it is deprived of:

(a) freedom to decide whom to give a licence to.

(b) freedom to decide the terms of a licence as it has to be on FRAND terms.

(c) freedom to claim an injunction against an infringer, without prior negotiations.

Neutral Citation Number: 2023:DHC:2243-DB FRAND IMPOSES OBLIGATIONS ON BOTH THE STANDARD ESSENTIAL PATENT HOLDERS AND IMPLEMENTERS

63. Legal experts are of the view that in order to make intellectual property rights policies involving the licensing of Standard Essential Patents on FRAND terms fully successful, there are two particular potential evils that must be avoided. Although terminology is not entirely consistent, these evils are generally known as "hold up" and "hold out".

64. In simple terms, "hold up" occurs if a patentee is able to ensure that a Standard Essential Patent is incorporated into a standard and implemented by implementers in circumstances which enable the patentee to use the threat of an injunction to restrain infringement to extract licence terms, and in particular royalty rates, which exceed the reasonable market value of a licence of the patented invention (i.e. treating the Standard Essential Patent as akin to a "ransom strip" of land).

65. "Hold out" occurs if an implementer is able to implement a technical solution covered by a Standard Essential Patent without paying the reasonable market value for a licence (or perhaps anything at all). It needs to be appreciated that the FRAND undertaking is designed to prevent 'hold up' by giving the implementer a defence to a claim for infringement and hence to an injunction, while the patentee's ability to obtain an injunction to restrain infringement of an unlicenced

Standard Essential Patent should prevent 'hold out'. (See: Optis Cellular Technology LLC & Ors. v Apple Retail UK Limited & Ors; (2022) EWCA Civ 1411)

66. The seminal decision of Huawei v. ZTE (supra) explains the FRAND protocol. The relevant portion of the said judgment is reproduced hereinbelow:-

> "60. Accordingly, the proprietor of an SEP which considers that that SEP is the subject of an infringement cannot, without infringing Article 102 TFEU, bring an action for a prohibitory injunction or for the recall of products against the alleged Neutral Citation Number: 2023:DHC:2243-DB infringer without notice or prior consultation with the alleged infringer, even if the SEP has already been used by the alleged infringer.
>
> 61. Prior to such proceedings, it is thus for the proprietor of the SEP in question, first, to alert the alleged infringer of the infringement complained about by designating that SEP and specifying the way in which it has been infringed.
>
> 62. As the Advocate General has observed in point 81 of his Opinion, in view of the large number of SEPs composing a standard such as that at issue in the main proceedings, it is not certain that the infringer of one of those SEPs will necessarily be aware that it is using the teaching of an SEP that is both valid and essential to a standard.
>
> 63. Secondly, after the alleged infringer has expressed its willingness to conclude a licensing agreement on FRAND terms, it is for the proprietor of the SEP to present to that alleged infringer a specific, written offer for a licence on FRAND terms, in accordance with the undertaking given to the standardisation body, specifying, in particular, the amount of the royalty and the way in which that royalty is to be calculated.
>
> 64. As the Advocate General has observed in point 86 of his Opinion, where the proprietor of an SEP has given an undertaking to the standardisation body to grant licences on FRAND terms, it can be expected that it will make such an offer. Furthermore, in the absence of a public standard licensing agreement, and where licensing agreements already concluded with other competitors are not made public, the proprietor of the SEP is better placed to check whether its offer complies with the condition of non-discrimination than is the alleged infringer.
>
> 65. By contrast, it is for the alleged infringer diligently to respond to that offer, in accordance with recognised commercial practices in the field and in good faith, a point which must be established on the basis of objective factors and which implies, in particular, that there are no delaying tactics.

66. Should the alleged infringer not accept the offer made to it, it may rely on the abusive nature of an action for a prohibitory injunction or for the recall of products only if it has submitted to the proprietor of the SEP in question, promptly and in writing, a specific counter-offer that corresponds to FRAND terms.

67. Furthermore, where the alleged infringer is using the teachings of the SEP before a licensing agreement has been concluded, it is for that alleged infringer, from the point at which its counter-offer is rejected, to provide appropriate security, in accordance with recognised commercial practices in the field, for example by providing a bank guarantee or by placing the amounts necessary on deposit. The calculation of that security must include, inter alia, the number of the past acts of use of the SEP, and the alleged infringer must be able to render an account in respect of those acts of use.

68. In addition, where no agreement is reached on the details of the FRAND terms following the counter-offer by the alleged infringer, the parties may, by common agreement, request that the amount of the royalty be determined by an independent third party, by decision without delay.

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69. Lastly, having regard, first, to the fact that a standardisation body such as that which developed the standard at issue in the main proceedings does not check whether patents are valid or essential to the standard in which they are included during the standardisation procedure, and, secondly, to the right to effective judicial protection guaranteed by Article 47 of the Charter, an alleged infringer cannot be criticised either for challenging, in parallel to the negotiations relating to the grant of licences, the validity of those patents and/or the essential nature of those patents to the standard in which they are included and/or their actual use, or for reserving the right to do so in the future."

(emphasis supplied)

67. The step by step process to be followed by the patent holders and implementers under FRAND Protocol as interpreted in the Huawei v. ZTE (supra) decision can also be explained in the following flow chart:-

68. Accordingly, the Standard Essential Patent regime envisages a candid and transparent negotiation between a willing licensor (Patentee) and willing licensee (implementer).

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69. A licensor will be considered a willing licensor only if it gives a FRAND offer and in certain situations provides information necessary, subject to confidentiality agreement, for a licensee to

evaluate an offer (relevant to 'ND' part of FRAND). If the licensor offers a supra-FRAND offer i.e. exorbitant royalty rates, it will not be considered a willing licensor.

70. Similarly, an implementer has no right of silence or inaction at this stage. It is not correct to suggest that without access to other agreements executed by the Patentee no counter-offers can be made. Normally, an implementer can take recourse to its own license agreements executed with other Standard Essential Patent proprietors/licensors, to determine an appropriate FRAND rate that it would be willing to pay or to determine if the rate offered by an Standard Essential Patent proprietor is FRAND or not. This is evident from the judgment of the Dutch Court of Appeal in Koninklijke Philips N.V. v. Wiko SAS [Case Number 200.219.487/01 decided on 02.07.2019] wherein it has been held as under:-

> "4.37. Wiko pointed out that it does not have the licence agreements that Philips concluded with other parties for the same patent portfolio, so that Wiko is unable to demonstrate that Philips' proposal is not FRAND. Even apart from the fact that according to the above findings, Wiko failed on several points to substantiate its arguments and furnish evidence of its arguments and its defence should already fail on this basis, this point of view does not hold, Wiko concluded licence agreements for UMTS and LTE portfolios with Qualcomm, Huawei and Nokia. By providing insight into the fees and stipulations agreed upon with those parties in relation to (the value of) the SEPs held by those parties, Wiko could have substantiated (a suspicion of) the alleged fact that Philips' offer was not FRAND and the alleged fact that its own counter-offer was FRAND; however, Wiko failed to do this. Under those circumstances, the Court of Appeal does not see any reason to reverse the burden of proof or to assume an increased duty to contend facts and circumstances for Philips, as Wiko argued."

(emphasis supplied)

71. The above decision has been affirmed by the Dutch Supreme Court and has attained finality. Thus, it is not true that the implementer, who is often a Neutral Citation Number: 2023:DHC:2243-DB large commercial entity itself having a global business presence, enters into any kind of negotiation with a Patentee 'blindly'.

72. Further, the implementer has to either accept the licensor's offer or give a counter offer along with an appropriate security in accordance therewith to prove its bonafides as in the interregnum it cannot freely sell its devices using such Standard Essential Patents. If no ad-hoc royalty is paid during the interregnum, such party benefits, to the disadvantage of other willing licensees, and gets an unfair competitive edge in the market.

73. Accordingly, FRAND obligations have been interpreted to impose a burden not just on Standard Essential Patent holders, but on implementers as well. The Standard Essential Patents regime incorporates mutual reciprocal obligations on both the Essential Patent holder and the implementer. It is not a 'one way street' where obligations are cast on the Essential Patent holder

alone. Consequently, the Standard Essential Patents regime balances the equities between the Patentee and the implementer and ensures a level playing field. This Court is also of the view that the conduct of the parties during negotiations is one of the key factors to be kept in mind while assessing whether a potential licensor and licensee were a willing licensor or a willing licensee. The said finding is normally fact sensitive.

CONCEPT OF STANDARD ESSENTIAL PATENTS IS NOT UNKNOWN TO INDIAN LAW

74. Although Standard Essential Patents are not spoken of in the Patents Act, 1970, decisions of this Court have long recognized this concept, and have adjudicated claims for infringement, security and damages etc. [See: Telefonktiebolaget LM Ericsson (PUBL) v. Lava International Ltd., CS(OS) 764/2015; Koninklijke Philips N.V. v. Bhagirathi Electronics & Ors., CS (COMM) 436/2017, dated 12th July 2018].

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75. The Delhi High Court's Rules Governing Patent Suits 2022 have formally recognized Standard Essential Patents and the different legal tests that are involved in their adjudication. Some of the Rules specific to Standard Essential Patents are reproduced hereinbelow:-

> "
>
> "2. Definitions...
>
> (e) 'Infringement brief' - '.... In the case of Standard Essential Patents (SEPs), the infringement brief shall contain claim charts, mapping the patent claims to the standards, andthe manner in which the Defendant infringes the same'
>
> (f) 'non-infringement brief' - '...as also in the case of SEPs, the Defendant shall disclose whether its products comply with the standard or the alternate technology/patent being implemented by it. The said party is also free to furnish its own Claim construction brief or claim mapping, if it so chooses, to support the plea of non-infringement'
>
> 3. Contents of pleadings A. Plaint - The plaint in an infringement action shall, to the extent possible, include the following aspects:....
>
> (ix) "Preciseclaims versus product (or process) chart mapping, or in the case of SEPs, claim chart mapping through standards"

B. Written Statement- The Written Statement in an infringement action shall, to the extent possible, include the following aspects:....

(vi) If the Defendant raises a case of non-infringement, the products/process/technology being used by the Defendant would also be specified. Onus of proving infringement would, however, be in terms of Section 104A of the Act;

4. Documents to be filed by either party...

C. Any other documents to be filed by either party...

(ii) Details of licensees, royalty, FRAND pricing (under sealed cover) may be filed.

5. First hearing of the suit.....

(v) Upon infringement being prima facie established, the court may pass directions for monetary payments instead of an injunction, in exceptional situations, and on such terms and conditions as the Court may deem fit."

Neutral Citation Number: 2023:DHC:2243-DB STANDARD ESSENTIAL PATENT OWNERS CAN SEEK INJUNCTIVE RELIEF IF AN INFRINGER/IMPLEMENTER IS AN UNWILLING LICENSEE

76. The argument on behalf of Intex that the Court should not grant an injunction or pass a direction to pay, since the Standard Essential Patent owner's only interest is in obtaining reasonable royalties, an interest which can be fully recognised by an award of damages at the end of the trial is untenable in law.

77. According to the UK Supreme Court in Unwired Planet v Huawei (supra) ".... if the patent-holder were confined to a monetary remedy, implementers who were infringing the patents would have an incentive to continue infringing until, patent by patent, and country by country, they were compelled to pay royalties. It would not make economic sense for them to enter voluntarily into FRAND licences. In practice, the enforcement of patent rights on that basis might well be impractical....." (para 167).

78. In contrast, either an injunction or a direction to pay royalty in the interim is likely to be a more effective remedy, as it does not merely result in a small increment to the cost of products which infringe the patents, but prohibits infringement altogether.

79. Further, the FRAND principle which precludes Standard Essential Patent owners from seeking injunctive relief has been rejected by the Court of Justice of the European Union ('EU'), the UK Supreme Court, and the US Court of Appeals for the Federal Circuit.

80. In Huawei v. ZTE (supra), the CJEU has held that a Standard Essential Patent owner may seek an injunction against ongoing infringement by an implementer unless the implementer responds to the Standard Essential Patent owner's royalty offer by submitting a specified FRAND-compliant counter-offer and provides appropriate security pending resolution of the dispute.

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81. Following the 2015 decision in Huawei v. ZTEI (supra), the UK High Court of Justice and the UK Supreme Court reaffirmed the right of Standard Essential Patent owners to receive injunctions when faced with an "unwilling licensee" who engages in classic stalling tactics. [See: Unwired Planet International Ltd. et al. v. Huawei Technologies (UK) Co. Ltd. et al., [2020] UKSC 37; Unwired Planet International Ltd. et al. v. Huawei Technologies (UK) Co. Ltd. et al., [2017] EWHC 2988 (Pat)]

82. Dutch and German national courts have also issued injunctions to Standard Essential Patent owners based on a finding that the infringer had engaged in "hold out" behavior. [See: Koninklijke Philips N.V. v. Asustek Computers Inc., Court of Appeal in The Hague, Case No.200.221.250/01 (May 7, 2019); Tagivan (MPEG LA) v. Huawei, District Court of Dusseldorf, Case No.4a O 17/17 (Nov.15, 2018)]

83. Reflecting a similar approach, the US Court of Appeals for the Federal Circuit has held that "an injunction [for a Standard Essential Patent owner] may be justified where an infringer unilaterally refuses a FRAND royalty or unreasonably delays negotiations to the same effect." [See: Apple Inc. v. Motorola Inc., 757 F.3d 1286, 1332 (Fed. Cir. 2014)]

84. Any argument that the UK Supreme Court in Unwired Planet v. Huawei (supra) has given the mandate that Standard Essential Patent disputes should not see interim relief, is incorrect. The said judgment recognizes that Standard Essential Patent disputes need to be decided as per the different legal standards and practices of each jurisdiction. Furthermore, it strikes a distinction between different legal practices as follows:

(i) Germany - Courts do not decide validity, while hearing infringement.

Validity is tried in a separate court, and thus, an infringer can be restrained, without a decision on validity.

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(ii) EU courts - Many courts in the EU do not go into FRAND or unwillingness at all, and yet grant injunctions in Standard Essential Patent disputes.

(iii) UK - It is only a practice of the UK courts to not give a final injunction, without deciding validity, infringement and FRAND aspects. Paragraph 151 of the UK Supreme Court's decision on this aspect is reproduced below:-

> "It also makes obvious sense that the court should have built in a degree of flexibility, given the wide variety of factual situations in which the issue might arise, and the fact that different legal systems will provide very different procedural contexts for the SEP owner's injunction application. In Germany, for example, as we observed earlier,

> validity and infringement are tried separately, so that the alleged infringer faces the risk that the SEP owner could obtain a final injunction against it without validity first being determined, and in some member states, an injunction might be granted before a FRAND rate is determined. In contrast, in the United Kingdom, it is not the practice to grant a final injunction unless the court is satisfied that the patent is valid and infringed, and it has determined a FRAND rate."

(emphasis supplied)

85. Consequently, though in Unwired Planet v Huawei (supra), the UK Supreme Court did not grant an injunction until after the FRAND trial, yet this Court is of the view that the Courts can and should do so before the trial.

86. Recently, the UK High Court in Interdigital vs. Lenovo 2023 EWHC 539 (Pat) has held that an implementer can have a 'change of heart' and can express its willingness to take a FRAND licence at Court determined FRAND rates even after the Court has given a finding of infringement pursuant to a technical trial and if it does so then no injunction order shall be passed against an implementer.

87. However, this Court is of the view that the said judgment has no application in the present case as it was delivered in a FRAND trial after completion of five technical trials and not at an interim stage. Further, the headline issues as outlined at paragraphs 6 and 16 of the said judgment were in aid of determining what terms were FRAND and the appropriate remedy.

Neutral Citation Number: 2023:DHC:2243-DB Moreover, even in Interdigital vs. Lenovo (supra), the implementer to demonstrate its willingness had furnished security in the form of Bank guarantees to the Patentee (Paras 203 & 936).

88. Also most of the paragraphs in Interdigital vs. Lenovo (supra) are relevant to the peculiar practice adopted in English Courts which envisages a gap between a finding of infringement and the FRAND trial. In fact, the current UK practice has been criticised by the UK Court of Appeal in Optis Cellular Technology LLC vs. Apple Retail U.K. Limited (supra) as being a 'dysfunctional state' of the system of determining Standard Essential Patent/FRAND disputes. The relevant portion of the said judgment is reproduced hereinbelow:-

> "115. These appeals illustrate yet again the dysfunctional state of the current system for determining SEP/FRAND disputes. Apple's behaviour in declining to commit to take a Court-Determined Licence once they had been found to infringe EP744, and their pursuit of their appeal, could well be argued to constitute a form of hold out (whether Apple have in fact been guilty of hold out is an issue for Trial E); while Optis' contention that an unqualified injunction should be granted would open the door to hold up. Each side has adopted its position in an attempt to game the system in its favour. The only way to put a stop to such behaviour is for SDOs like ETSI to make legally-enforceable arbitration of such disputes part of their IPR policies."

(emphasis supplied)

89. This near uniformity of judicial opinion in multiple jurisdictions, according to a paper dated 9th May, 2022 filed by legal academics, economists, and former United States governmental officials in response to European Commission call for evidence for an impact assessment, reflects common sense. According to the said paper, if Standard Essential Patent owners are flatly precluded from seeking injunctions, then infringers would have little reason ever to agree to, or negotiate in good faith, a licence with a Standard Essential Patent owner. A well-resourced infringer would rationally reject any licence offer and compel the Standard Essential Patent owner to enter into litigation that typically Neutral Citation Number: 2023:DHC:2243-DB requires millions of dollars in legal expenses in multiple venues around the world. In the worst-case scenario, the infringer would be compelled to pay monetary damages that are typically calculated using a methodology designed to mimic the rate in a negotiated licensing transaction. Even under the current legal regime, in which injunctive relief may be reasonably available but only after a delayed and costly litigation process, well-resourced implementers regularly decline to take licences at the outset of negotiations with Standard Essential Patent owners, compelling both parties to spend millions of dollars and thousands of personnel hours on litigations in multiple jurisdictions. Those resources could be directed more productively towards research and development to advance technologies.

90. This Court is also of the view that one will have to adapt foreign jurisprudence with respect to Standard Essential Patent keeping in view the Indian realities, in particular, the fact that the judge-population ratio is extremely poor in this country and expeditious disposal of patent suits cannot be expected at the cost of other suits. One also cannot lose sight of the fact that legal regimes that do not preserve a reasonable expectation of injunctive relief against infringers in Standard Essential Patent litigations will have a counterproductive "domino effect" that shifts bargaining leverage to implementers in all Standard Essential Patent licensing negotiations, devaluing existing patent-protected technologies and disincentivising firms from developing new technologies. Absent any realistic prospect of an injunction within a reasonable period of time, the implementer enjoys access to the innovator's technology, deriving revenues from the products and services that embody that technology, while, during the negotiations and litigation, the innovator earns nothing from the same technology that it developed at great cost and risk. This asymmetry is likely to lead to settlement amounts or, absent litigation, negotiated royalties that Neutral Citation Number: 2023:DHC:2243-DB undervalue the innovator's technology. This effectively transfers wealth from firms that specialize in developing technologies to firms (including some of the world's most valuable companies) that specialize in using and integrating those technologies in branded devices/products sold to consumers.

91. Keeping in view the aforesaid as well as the fact that there is no prohibition in Indian law against a Standard Essential Patentee from seeking an injunction, this Court is of the view that Standard Essential Patent owners who file lawsuits can pray for interim and final injunctive relief if an infringer is deemed by a Court to be an "unwilling licensee," often as indicated by the use of "stalling" and other opportunistic bargaining and litigation tactics.

WHAT IS THE TEST OF INFRINGEMENT IN A STANDARD ESSENTIAL PATENT MATTER?

92. Since the SSOs do not check which patents are actually essential and the declarants do not provide any proof of essentiality, there is a possibility of a lot of blanket declarations being made which can be misleading. Consequently, the test for infringement in the case of an unwilling licensee of a Standard Essential Patent would have to be satisfied at the prima facie stage.

93. There is the direct test of infringement which is applied in all standard patent cases. The other is the indirect method which involves proving the following steps:

> (i) Mapping patentee's patent to the standard to show that the patent is a Standard Essential Patent.
>
> (ii) Showing that the implementer's device also maps to the standard.

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94. This is akin to the Law of Transitivity, i.e., if A=B and B=C, then A=C, where A= Patent ; B = Standard ; C = Defendant's device Patent infringed Patent maps to by device standard Device implements standard

95. To show that the patent maps on to the standard (A=B), courts take into consideration "claim charts", which show that the claims of a patent are also present in the technical features of a standard.

96. To show that the implementer's device conforms to the standard (B=C), courts can either consider authentic sources like test reports which show that the device conforms to the standard. However, this is not a necessary requirement, as most devices declare their compliance with a given standard. For instance, all mobile phones declare that they are 3G/4G/5G compliant.

97. The indirect test for proving Standard Essential Patent infringement is decades' old. For instance, the US Court of Appeals for the Federal Circuit in Fujitsu Ltd v. Netgear Inc. (620 F.3d 1321) held:

> "We hold that a district court may rely on an industry standard in analysing infringement. If a district court construes the claims and finds that the reach of the claims includes any device that practices a standard, then this can be sufficient for a finding of infringement. We agree that claims should be compared to the accused product to determine infringement. However, if an accused product operates in accordance with a standard, then comparing the claims to that standard is the same as comparing the claims to the accused product."

(emphasis supplied) Neutral Citation Number: 2023:DHC:2243-DB

98. This Court is of the opinion that Delhi High Court Patent Rules and International jurisprudence are unanimous in holding that the "indirect" method is a sure shot and better method of proving

Standard Essential Patent infringement and essentiality.

INJUNCTION CAN BE GRANTED EVEN IF INFRINGEMENT OF ONE PATENT IS PRIMA FACIE ESTABLISHED

99. This Court is of the view that an injunction can be secured, even if the infringement of one patent is established either prima facie, or at the final stage.

100. This principle is also established in Standard Essential Patent jurisprudence emanating from the USA. In the celebrated case of Microsoft v. Motorola [Case No. C10-1823JLR (W.D. Wash. Apr. 25, 2013)], the US District Court of the Western District of Washington at Seattle upheld the practice of evaluating a handful of representative patents, to determine the reasonable royalties which would be payable for the entire Standard Essential Patent portfolio.

101. Similarly, the Beijing High Court in Iwncomm v. Sony (2015, No. 1194, Civil First Instance Judgment), upheld the claim for damages on the basis of the portfolio rate (RMB 1/unit), by holding that the sole patent asserted in the suit - which was key to the larger portfolio of patents- had been infringed.

102. A study of decisions from various countries Industry practice, demonstrate the following unanimous view:

> (i) In a lawsuit for patent infringement, Standard Essential Patent holders assert only a handful of representative patents, even though they may have hundreds or thousands of Standard Essential Patents in their portfolio.

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(ii) An injunction restraining the sale of devices, is granted upon the Standard Essential Patent holder establishing infringement of even one (1) patent.

(iii) Determination of FRAND royalty rate for the entire portfolio is also done based on an evaluation of the representative patents asserted in the suit.

(iv) Licensing or evaluating FRAND rate on a patent-by-patent basis is impractical and is contrary to industry practice.

103. Accordingly, this Court is of the view that if the patentee shows that even if one of the patents in a product has been infringed, then the implementer's product cannot be sold and all the thousands of patents therein will be of no use to the implementer. Accordingly, if a case for infringement, even with regard to one patent, is made out, it is like a 'silver bullet'.

104. Consequently, to restrain an infringing device, a Standard Essential Patent holder does not have to sue based on each of the thousands of patents that it claims to own in the product; it can do

so by showing that one, or a handful of representative patents are infringed.

WHETHER A STANDARD ESSENTIAL PATENTEE CAN OFFER A PORTFOLIO LICENCE INCLUDING A LICENCE INVOLVING DISPUTED OR POTENTIALLY DISPUTED FOREIGN PATENTS?

105. The issue that whether a Standard Essential Patent Owner, who had made a FRAND commitment, was required to offer individual single-patent FRAND licences (i.e. licences limited to a particular patent in a particular territory), or whether he could comply with his FRAND obligations by offering a portfolio / cluster licence, was the primary question in the long running Unwired Planet v Huawei (supra) litigation. Both the trial judge (Birss J) and the Court of Appeal held that a patentee was not required to offer individual patent licences or Neutral Citation Number: 2023:DHC:2243-DB country specific licences and that global portfolio licences were capable of being FRAND.

106. The Court of Appeal held that an undertaking given to ETSI pursuant to clause 6.1 has an international effect. This is because the standards supported by the ETSI undertaking are themselves of international effect so that one doing business can make and supply and members of the public can use the products which comply with the standard all over the world. To this end clause 6.2 of the ETSI IPR Policy provides that an undertaking given pursuant to clause 6.1 in respect of a member of a patent family shall apply to all existing and future essential Intellectual Property Rights of that patent family unless there is an explicit written exclusion of specified Intellectual Property Rights at the time the undertaking is given. This is necessary to protect implementers also, whose equipment may be sold in a number of different jurisdictions and then used by members of the public who may travel with that equipment from one jurisdiction to another. In addition to the standards themselves being international, many patent portfolios are international, as are the businesses of many implementers. Finally, outside of the litigation process, Standard Essential Patent owners and implementers will often negotiate a licence which best suits their respective needs in accordance with FRAND principles and this licence will often be global or at least cover a number of different territories. It may be wholly impractical for a Standard Essential Patent owner to seek or negotiate a licence of its patent rights country by country, just as it may be prohibitively expensive for it to seek to enforce those rights by litigating in each country in which they subsist. For all these reasons, the UK Courts have held that these considerations point strongly to the conclusion that a global portfolio licence between a Standard Essential Patent owner and an implementer may be FRAND. Whether it is or not, in any given case, will depend on all the relevant circumstances. The Neutral Citation Number: 2023:DHC:2243-DB Supreme Court of UK opined that the ETSI Intellectual Property Rights Policy is intended to have international effect and that the lower courts in UK were correct to infer that in framing its Intellectual Property Rights Policy, ETSI intended that parties and courts should look to and draw on commercial practices in the real world.

107. In fact, the UK Supreme Court recognizing the impracticality of seeking FRAND relief against an infringer on a patent-by-patent basis has held in Unwired Planet v Huawei (supra), "In deciding that a worldwide licence was FRAND Birss J had regard to practice in the telecommunications industry to agree portfolio licences and observed that every patent licence which the parties had

produced in the trial bundles was a worldwide portfolio contract, although some licences carved out a particular territory while licensing the rest of the world (paragraphs 524-534). Unwired's portfolio covered 42 countries and was large enough that it would not be practicable to fight over every patent. A willing licensor of such a portfolio and a willing licencee such as Huawei with global sales would agree on a worldwide licence (paragraphs 538-543). He recorded that it was common ground that the industry assessed patent families rather than individual patents within a family (paragraph 546). He thus drew on industry practice in deciding that a FRAND licence would be a worldwide licence."

108. The UK Supreme Court also upheld the Court of Appeal's decision in paragraph 63 that the English courts did have jurisdiction to determine the FRAND terms of a disputed foreign patent. It held "We now turn to the submission [...] that the English courts have no jurisdiction to determine the terms of a licence involving disputed or potentially disputed foreign patents. We disagree. If the judgments of the English courts had purported to rule on the validity or infringement of a foreign patent, that would indeed be beyond Neutral Citation Number: 2023:DHC:2243-DB their jurisdiction. But that is not what Birss J and the Court of Appeal have done. Instead, they looked to the commercial practice in the industry of agreeing to take a licence of a portfolio of patents, regardless of whether or not each patent was valid or was infringed by use of the relevant technology in the standard, and construed the IPR Policy as promoting that behaviour."

109. Even, according to 'Terrell on the Law of Patents', the UK Supreme Court in Unwired Planet v Huawei (supra) held that: (a) it would not be disproportionate for the court to exclude an implementer from the UK market unless it enters into a global licence solely because it has infringed a single UK patent, because the implementer would be accessing the ability legally to manufacture and sell products which comply with the standard on a worldwide basis; and (b) it was not anomalous for two reasons that an implementer should be liable for damages only for the loss which a Standard Essential Patent owner incurs through the infringement of one or more of its UK patents if the implementer chooses to withdraw from the UK market rather than enter into a worldwide licence but that, if the implementer wishes to market its products in the UK, it must pay global royalties. First, the exercises which the court performs in: (i) awarding damages, and (ii) determining the terms of a licence, are different in nature and the award of damages is not to be equated with royalties paid under a contractual licence. Secondly, what the implementer purchases in entering into a worldwide licence is the ability legally to manufacture and sell standard-compliant products on a worldwide basis.

110. Additionally, in Unwired Planet v Huawei (supra), the UK Supreme Court considered the approach of the courts of other jurisdictions (reviewing authorities from the US; Germany; China; Japan; and the European Commission) and concluded that the approach taken by the lower courts in that Neutral Citation Number: 2023:DHC:2243-DB case was not out of step with the approach of the courts in most significant jurisdictions.

111. Consequently, as value is in the technology which forms a part of the standard and the suit patents is just representative of that technology, Ericsson is not required to offer individual patent licences or country specific licences and that global portfolio licences are capable of being FRAND.

THE FOUR-FOLD TEST IN NOKIA VS. OPPO (SUPRA) IS CONTRARY TO LAW

112. Further, though while stipulating the four-fold test in Nokia Vs. Oppo (supra), the learned Single Judge has relied upon paragraphs 1 to 14 of Unwired Planet v Huawei (supra), yet it seems that the attention of the learned Single Judge was not drawn to subsequent paragraphs of the said judgment, in particular its paragraphs 60, 61 and 64. Paragraphs 14, 60, 61 and 64 are reproduced hereinbelow:-

> "14. It appears from this brief review of the IPR Policy in its context that the following conclusions may be reached. First, the contractual modifications to the general law of patents are designed to achieve a fair balance between the interests of SEP owners and implementers, by giving implementers access to the technology protected by SEPs and by giving the SEP owners fair rewards through the licence for the use of their monopoly rights. Secondly, the SEP owner's undertaking, which the implementer can enforce, to grant a licence to an implementer on FRAND terms is a contractual derogation from a SEP owner's right under the general law to obtain an injunction to prevent infringement of its patent. Thirdly, the obtaining of undertakings from SEP owners will often occur at a time when the relevant standard is being devised and before anyone may know (a) whether the patent in question is in fact essential, or may become essential as the standard is developed, in the sense that it would be impossible to implement the standard without making use of the patent and (b) whether the patent itself is valid. Fourthly, the only way in which an implementer can avoid infringing a SEP when implementing a standard and thereby exposing itself to the legal remedies available to the SEP owner under the general law of the jurisdiction governing the relevant patent rights is to request a licence from the SEP owner, by enforcing that contractual obligation on the SEP owner. Fifthly, subject only to an express reservation entered pursuant to clause 6.2, the undertaking, which the SEP owner gives on its own behalf and for its affiliates, extends to patents in the same patent family as the declared SEP, giving the Neutral Citation Number: 2023:DHC:2243-DB jurisdictions. Finally, the IPR Policy envisages that the SEP owner and the implementer will negotiate a licence on FRAND terms. It gives those parties the responsibility to resolve any disputes as to the validity of particular patents by agreement or by recourse to national courts for determination.
>
> xxx xxx xxx
>
> 60. The submission also fails adequately to take into account the external context which we have discussed. Operators in the telecommunications industry or their assignees may hold portfolios of hundreds or thousands of patents which may be relevant to a standard. The parties accept that SEP owners and implementers cannot feasibly test the validity and infringement of all of the patents involved in a standard which are in a sizeable portfolio. An implementer has an interest in taking its product to the market as soon as reasonably possible after a standard has been established and to do so needs authorisation to use all patented technology which is

compromised in the standard. The implementer does not know which patents are valid and infringed by using the standard but needs authority from the outset to use the technology covered by such patents. Similarly, the owner who declares a SEP or SEPs does not know at this time which, if any, of its alleged SEPs are valid and are or will be infringed by use pursuant to the developing standard. The practical solution therefore is for the SEP owner to offer to licence its portfolio of declared SEPs. That is why it is common practice in the telecommunications industry for operators to agree global licences of a portfolio of patents, without knowing precisely how many of the licenced patents are valid or infringed. It is a sensible way of dealing with unavoidable uncertainty. It ought to be possible for operators in an industry to make allowance for the likelihood that any of the licenced patents are either invalid or not infringed, at least in calculating the total aggregate royalty burden in the "top down" method. By taking out a licence of an international portfolio of generally untested patents the implementer buys access to the new standard. It does so at a price which ought to reflect the untested nature of many patents in the portfolio; in so doing it purchases certainty. The IPR Policy was agreed against that background and the undertaking required from the SEP owner likewise needs to be interpreted against that background.

61. We therefore do not construe the IPR Policy as providing that the SEP owner is entitled to be paid for the right to use technology only in patents which have been established as valid and infringed. Nor do we construe the IPR Policy as prohibiting the SEP owner from seeking in appropriate circumstances an injunction from a national court where it establishes that an implementer is infringing its patents. On the contrary, the IPR Policy encourages parties to reach agreement on the terms of a licence and avoid litigation which might involve injunctions that would exclude an implementer from a national market, thereby undermining the effect of what is intended to be an international standard. It recognises that if there are disputes about the validity or infringement of patents which require to be resolved, the parties must resolve them by invoking the jurisdiction by national courts or by arbitration. The possibility of the grant of an injunction by a national court is a necessary component of the balance which the Neutral Citation Number: 2023:DHC:2243-DB a strong incentive to negotiate and accept FRAND terms for use of the owner's SEP portfolio. The possibility of obtaining such relief if either expressly or by necessary implication. The IPR Policy imposes a limitation on a SEP owner's ability to seek an injunction, but that limitation is the irrevocable undertaking to offer a licence of the relevant technology on FRAND terms which if accepted and honoured by the implementer would exclude an injunction.

xxx xxx xxx

64. We agree with the parties that the FRAND obligation in the IPR Policy extends to the fairness of the process by which the parties negotiate a licence. If an implementer is concerned about the validity and infringement of particularly significant patents or

> a group of patents in a particular jurisdiction which might have a significant effect on the royalties which it would have to pay, it might in our view be fair and reasonable for the implementer to reserve the right to challenge those patents or a sample of those patents in the relevant foreign court and to require that the licence provide a mechanism to alter the royalty rates as a result. It might also be fair and reasonable for the implementer to seek to include in the licence an entitlement to recover sums paid as royalties attributable to those patents in the event that the relevant foreign court held them to be invalid or not infringed, although it appears that that has not been usual industry practice. Huawei suggests that it would serve no purpose for a UK court to fix the terms of a global licence but to provide for the alteration of royalties in the event of successful challenges to declared SEPs overseas. This would, it suggests, reduce a licence to an interim licence. Again, we disagree. Under a FRAND process the implementer can identify patents which it wishes to challenge on reasonable grounds. For example, in the Conversant case, it might well be argued by Huawei or ZTE at trial that the obligation of fairness and reasonableness required any global licence granted by Conversant to include provision to allow for Huawei or ZTE to seek to test the validity and infringement of samples of Conversant's Chinese patents, with the possibility of consequential adjustment of royalty rates, given the importance of China as a market and a place of manufacture. In other cases, such challenges may make little sense unless, at a cost proportionate to what was likely to be achieved in terms of eliminating relevant uncertainty, they were likely significantly to alter the royalty burden on the implementer."

(emphasis supplied)

113. Consequently, the test formulated in Nokia Vs. Oppo (supra) that no amount can be paid unless the four factors mentioned therein are fulfilled, is not borne out from Unwired Planet v Huawei (supra) and is also contrary to its paragraph 151 (quoted hereinbefore), which holds that interim relief on Standard Essential Patent disputes has to be granted based on the different legal regimes in different jurisdictions.

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114. Further, the learned Single Judge in Nokia Vs. Oppo (supra) has set an impossibly high bar for admission in a case of Standard Essential Patent FRAND infringement, i.e., there has to be an unequivocal admission on (i) essentiality and validity of the suit patents (ii) fact of utilization (iii) fact that such utilization, absent payment of liability would amount to infringement (iv) that the royalty rate proposed by the Plaintiff was FRAND. If there was an unequivocal admission on all four counts, there would be no necessity to file a suit for infringement at all and otherwise also, same would mean seeking/passing of a final decree at the interim stage!

115. In the opinion of this Court, the four-fold test casts an onerous burden upon the Standard Essential Patentee and that too at the interim stage itself. In fact, the said burden is completely alien to the patent jurisdiction and does not apply even in normal patent suits.

116. It is also pertinent to mention that the learned Single Judge in Nokia Vs. Oppo (supra) judgment does not consider or discuss the Delhi High Court Rules Governing Patent Suits 2022, even when the said rules specifically empower this Court to pass deposit orders even on the first date of hearing.

117. Moreover, if the four-fold test stipulated in paragraph 77 of the Nokia Vs. Oppo (supra) is applied, then effectively there will be no interim order like a temporary injunction or conditional order of deposit in the Standard Essential Patent suits. Such a view, in the Court's opinion, would be contrary to Section 48 of Patents Act, Code of Civil Procedure as well as Standard Essential Patent regime which is aimed at achieving a uniform standard in technologies. If the four-fold test is accepted, there will be no incentive to innovate and it will have a 'Domino Effect' as pointed out hereinabove. Consequently, the four-fold test in Nokia vs. Oppo (supra) is neither applicable at Order 39 Rule 10 CPC stage nor at Order 39 Rules 1 and 2 CPC stage.

Neutral Citation Number: 2023:DHC:2243-DB ERICSSON'S CLAIMS OF ESSENTIALITY OF ITS PATENTS AND INFRINGEMENT BY INTEX ARE ADMITTED FACTS.

118. Consequently, at the stage of seeking interim relief, the Court must consider the relief sought in the case from a prima facie perspective. This means that the Court must assess whether prima facie, the patent is infringed. The Court must also assess prima facie, whether the implementer is an unwilling licensee and/or whether the royalty sought by the plaintiff is on FRAND terms i.e. whether globally or locally similar implementers are paying royalty in accordance with the terms suggested by the patentee.

119. In the present case, Ericsson's claims of essentiality of its patents and infringement by Intex are admitted facts. A perusal of the complaint filed by Intex before CCI shows that Intex therein admitted that Ericsson's suit patents had been accepted as Industry Standard and declared as essential to ETSI. Intex also admitted in its CCI complaint that Department of Telecommunication, Government of India had formally accepted the Technology Standard formulated by ETSI and the only way for an Indian telecom player to comply with an ETSI/3GPP GSM standards in India was to obtain a licence from Ericsson. Intex admitted in its CCI complaint that every player in Indian GSM market has to obtain licence from Ericsson as there were no non-infringing alternatives available and that Ericsson owns a large number of Standard Essential Patents relevant to the standards. The aforesaid admissions by Intex in the CCI complaint are reproduced hereinbelow:-

> "7.12 In addition to Ericsson's patents being accepted as the industry standard by ETSI, it is also pertinent to note that in India, the Department of Telecommunications (DoT) has formally accepted the technology standards formulated by ETSI. This can be clearly seen from the "Unified Access Services License" Agreement (UASL) Agreement, enclosed as ANNXURE M that every telecom player in India is required to enter into with the DoT .....

7.13 In the arena for GSM technology, ETSI standards are the only ones that are relevant, i.e. ETSI standards are not an alternate to other standards. The Wireless Planning and Coordination Wing

(WPCW) of the Ministry of Communication and Information Technology letter dated October 3, 2008, which is enclosed as Neutral Citation Number: 2023:DHC:2243-DB ANNEXURE N, mandates that network equipment for GSM and CDMA technologies for import should comply with international standards provided by bodies like 3GPP / 3GPP2/ ETSI/IETF/ANSI/ EIA/TIA/IS.

xxx xxx xxx 8.4 In addition to Ericsson's patents having been declared as essential to ETSI, it is also pertinent to note that in India, the Department of Telecommunications (DoT) has formally accepted the technology standards formulated by ETSI. This can be clearly seen from the "Unified Access Services Licence" Agreement (UASL) Agreement that every telecom player in India is required to enter into with the DoT. Therefore, in India, by virtue of DOT mandating ETSI standards for GSM and related technology, Ericsson is a dominant player in the relevant market as described above.

xxx xxx xxx 8.6 Thus, it is submitted that the only way for an Indian telecom player to comply with an ETSI/3GPP GSM standards in India is to obtain a licence from each of the parties who assert their patents to be essential to the GSM technology standard and Ericsson is one such party which claims to own over 25-35% of SEPs pertaining to the GSM Standard. As stated above, many of its SEPs are also registered under the Indian Patent Law. Therefore, in so far as the GSM technology standard is concerned, where Ericsson's patent is declared "Standard Essential", Ericsson remains unaffected by its ability to set the terms of its engagement with potential licensees. Every player in the Indian GSM market including handset manufactures and mobile network operators who operate in GSM arena (2G. 3G and 4G) has to obtain licence of Ericsson for the GSM Standard Essential Patents.

8.7 As a result of its huge portfolio of standard essential patents, for which there are NO NON-INFRINGING ALTERNATIVES, the company is in a position to operate independently of any competitive forces/ pressures in the relevant market. Based on the power of its ownership over a large pool of SEPs, Ericsson is in a position to set the terms and conditions for making its SEPs available to the customers without any constrain and thereby alter the market in its favour.

8.8 Even though Ericsson claims to own 25-35% SEPs of GSM and related technologies, the informant believes based on several studies, that Ericsson's claimed SEPs, which have a bearing on its royalty structure, may not be either valid or essential or both. However notwithstanding the above, there cannot be any doubt that Ericsson indeed owns a large number of SEPs relevant to the standards, which is why the informant has entered into negotiations with Ericsson so as to obtain its licences at fair terms despite not being guided either by these independent studies or Ericsson itself with respect to the specific patents which are applicable to and deemed essential for mobile devices imported by the informant. Had it not been so, neither the informant nor any other market participant would have considered it necessary to obtain the required licences for SEPs owned by Ericsson so as to operate in the market. Thus, market participant view Ericsson as a dominant enterprise, by virtue of the fact that it owns essential SEPs and every prospective licencee has to obtain licences from it, which enables it to operate independent of any competitive forces operating in the relevant market and thereby to affect the consumers and the market in its favour."

(emphasis supplied) Neutral Citation Number: 2023:DHC:2243-DB

120. Further, during the negotiation, Intex did not provide Ericsson with any of its own claim-charts either indicating use of alternative technology or disputing Ericsson's claim-charts. On the contrary, during negotiations, Intex attempted to find a way to disable Ericsson's technology as is evident from Intex's own email dated 13th August, 2012 which is reproduced hereinbelow:-

> "From: Neha Satija (Mailto:cs@intextechnologies.com) Sent: 13/08/2012 10.30 AM To: 'Pushpendra' CC: 'Lalita Dhama'; Sudhir- Ext new; 'Sanjay Kumar Kalirona' Subject: FW: Test Report - Intex Dear All Pursuant to ongoing discussion with Ericsson, we have now received test report from independent body, kindly check and see, If according to us this is correct and also check If we can disable this technology as we were discussing earlier. The test report is confidential and not meant to be circulated generally. Regards Neha"

(emphasis supplied)

121. This Court is also of the view that invocation of the jurisdiction of CCI, which is premised on the presumption of essentiality, implementation and dominance of Ericsson's patents, shows that Intex was very well aware that it was infringing the suit patents.

122. Moreover, if Intex was of the view that it was not infringing Ericsson's patents and the same were non-essential, Intex instead of approaching CCI alleging abuse of dominant position, should have sought a declaration of non- infringement or of groundless threat under Sections 105 and 106 of the Act.

123. In fact, Intex till the date of passing of the impugned order had not filed any counter claim or expert evidence along with claim charts to dispute Ericsson's claim charts and/or to deny essentiality or the allegations of infringement.

124. Even, Intex in its counter affidavit filed in a writ petition filed by Ericsson being W.P.(C) No.1006/2014 has specifically admitted that it required a licence Neutral Citation Number: 2023:DHC:2243-DB in respect of Ericsson's eight suit patents, which it described as Standard Essential Patents registered with ETSI. The relevant portion of the said counter affidavit is reproduced hereinbelow:-

> ".....(v) It was also categorically stated that the Petitioner was offering an entire bouquet of 33,000 (approx.) patents when in fact the Respondent No. 2 only required the 8 Standard Essential Patents, registered with ETSI, thus indulging in bundling and tie in licensing."

(emphasis supplied)

125. In any event the correspondence exchanged inter-se the parties during the prolonged period of five years (with respect to FRAND talks), when Intex did not share any of its own claim charts with Ericsson either indicating use of alternate technology or disputing essentiality of Ericsson patents or

countering Ericsson's claim charts and the fact that Ericsson had already issued around One Hundred (100) licenses for its worldwide patents to various third parties; and the fact that Intex vide its own letter dated 14th April 2014 was willing to take the licence from Ericsson coupled with the fact that there was no disclosure of a Vendor Agreement were enough to reflect that neither validity nor essentiality of the Ericsson patents were issues raised by Intex. Even otherwise, if there was no essentiality in the Ericsson patents there was no need for the negotiations for the prolonged period of five years. Furthermore, Intex has nowhere claimed/ pleaded that it had an alternate technology not a part of any Ericsson patents.

126. In effect, the prolonged talks during the period of five years, raising of no objection by Intex then, its email dated 13th August, 2012, combined with the CCI complaint made by it wherein it admitted the essential nature of Ericsson's patents and the use of the said Patents by itself were sufficient proof of Intex recognizing the eight suit patents being Standard Essential Patents.

127. In view of the aforesaid admissions by Intex as well as lack of any material to even raise a prima facie doubt, this Court is of the opinion that there was no need for the learned Single Judge to examine as to whether the test of Neutral Citation Number: 2023:DHC:2243-DB essentiality and/or infringement as stipulated in Fujitsu v Netgear Inc. (supra) is fulfilled or not.

128. Consequently, this Court is in agreement with the finding of the learned Single Judge in paragraph 141 that ".....before the CCI it has admitted the essentiality of plaintiff's SEPs and on the same basis, the defendant has obtained an order of investigation against plaintiff by raising the main ground of dominant position of the plaintiff."

JUST BECAUSE A REVOCATION PETITION HAD BEEN FILED BY INTEX, THERE IS NO PRESUMPTION THAT ERICSSON'S PATENTS ARE PRIMA FACIE INVALID.

129. Insofar as issue of validity is concerned, this Court is of the view that once a patent is granted, it is for the person challenging the validity of the registered patent to raise a credible challenge. However, the challenge, posed by implementer to the validity of the patent need not be such as to demonstrate, conclusively, the invalidity thereof. It is sufficient if implementer is able to make out a case of the suit patents being vulnerable to revocation under the Patents Act. This vulnerability has, however, to be demonstrated by way of a credible challenge and not solely on the ground that a revocation petition has been filed and is pending. Consequently, the onus was on Intex to establish the credibility of the challenge raised by it. The challenge cannot be incredible, fanciful or moonshine. After all, the fact that an Inventor has been granted a patent by the Patent Office after scrutiny, although initially, has to be given due weightage.

130. In the present case, Intex had contended before the learned Single Judge that as the revocation petitions were pending before "an original expert forum such as the IPAB", the learned Single Judge should presume that a credible challenge has been raised.

131. This Court finds that the learned Single Judge has applied the correct law with respect to the validity of patent inasmuch as he has placed reliance on the decision in Strix Limited v. Maharaja Appliances Ltd., MIPR 2010 (1) 181 wherein it has been held "even at the interlocutory stage, the defendant will have to place on record some acceptable scientific material, supported or explained by the evidence of an expert that the Plaintiff's patent is prima facie vulnerable to revocation. The burden on the Defendant is greater on account of the fact that there was no opposition, pre-grant or post-grant to the Plaintiff's patents. In Beecham Group Ltd. v. Bristol Laboratories Pvt Ltd. (1967-68) 118 CLR 618 and Australian Broadcasting Corporation v. O'Neill (2006) 229 ALR 457 it was held that the defendant alleging invalidity bears the onus of establishing that there is "a serious question" to be tried. In Hexal Australia Pty Ltd. v. Roche Therapeutics Inc. 66 IPR 325 it was held that where the validity of a patent is raised in interlocutory proceedings, "the onus lies on the party asserting invalidity to show that want of validity is a triable question."

132. Further, the submission that the onus to prove the validity of the suit patents is on the plaintiff as there can be no presumption of validity of a patent in view of combined reading of Sections 13(4), 64 and 107 of the Patents Act, 1970, is untenable in law as a learned Single Judge of this Court in TLM Ericsson (Publ) v. Mercury Electronics & Anr. CS(OS) 442/2013 decided on 09.7.2015, has rightly held as under:

> "2. Mr. Saikrishna Rajagopal, the learned counsel for the defendants insists that onus to prove the aforesaid issue must be on the plaintiff since there can be no presumption of validity of a patent which is evident from a combined reading of Sections 13(4), 64 and 107 of the Patents Act, 1970. He further submits that unlike Section 31 of the Trade Marks Act, 1999 where registration of the trade mark is prima facie evidence of its validity, the Patents Act does not provide for any such presumption.
>
> xxx xxx xxx Neutral Citation Number: 2023:DHC:2243-DB
>
> 8. From the pleadings, it is evident that the suit is on the basis of registered patents. However, the defendants in their counter claim have sought to challenge the suit patents under various grounds provided under Section 64 of the Patents Act. If the present case is examined keeping in mind the above provisions under the Evidence Act and the principles governing framing of issues, the burden to prove invalidity of the suit patents would squarely fall upon the defendants.
>
> 9. The Court is of the view that the defendants would have to discharge the burden of proving invalidity of the suit patents since it is their assertion. Assuming no evidence is led apropos the said contention, the defendants would lose. Moreover, the plea of invalidity of the suit patents is no presumption which in turn would place the burden upon the plaintiff. On the contrary, as per Section 114 of the Evidence Act, there is a presumption of validity of the suit patents which happened in the common course of public business, i.e., grant of patent under the provisions of the Patents Act.

> 10. Reliance on Bishwanath (supra) and Ten XC Wireless (supra) by the learned counsel for the defendants is also misplaced. In fact, Bishwanath was premised on Section 13(4) of the Patents Act, according to which there is no presumption of validity of a patent only to the extent that no liability shall be incurred by the Central Government or any other officer thereof in connection with the grant of patent. In Ten XC Wireless, no presumption was drawn in favour of the patent only for the purposes of an interim injunction and not for onus of proof.
>
> 9. In view of the above, issue No. 7 as framed on 07.07.2015 stands and the onus to prove the same would be on the defendants."

(emphasis supplied)

133. Consequently, this Court is in agreement with the view of the learned Single Judge that just because a revocation petition had been filed before IPAB, it cannot be presumed that a credible challenge had been raised by Intex qua the validity of the suit patents.

134. A bare perusal of the impugned order also reveals that the learned Single Judge relied upon multiple admissions made by Intex with respect to validity of the suit patents as well as the judgment of the Division Bench in F. Hoffman La Roche v. Cipla (supra) to conclude that a credible challenge had not been raised by Intex.

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135. This Court finds that the timing of the revocation petition is important and has been appropriately commented upon by the learned Single Judge in the impugned order as under:-

> "106. After having gone through the reply to the objection raised by the defendant, prima facie, this Court is not inclined to refuse the injunction on this sole ground as the defendant has no serious challenge to the validity of the suit patents is evident even otherwise from the fact that defendant has been put to notice of Ericsson's patents in December 2008. Having had knowledge of these patents for so many years, defendant never seriously questioned or disputed the validity of these patents. It was only when plaintiff started asserting its legal rights in the suit patents against third parties such as Micromax, Gionee etc. that revocation petitions were lodged by defendant before the IPAB."

(emphasis supplied)

136. This Court is further of the view that it is counter-intuitive for a party alleging abuse of dominance to claim that the patents are invalid as there cannot be dominance let alone abuse thereof qua patents which are invalid.

137. Accordingly, this Court is in agreement with the argument of learned counsel for Ericsson that there is no legal embargo which prevents a Court from reaching a finding of lack of a credible challenge on the basis of admissions made by parties.

138. Consequently, just because a revocation petition had been filed by Intex, does not mean that it has to be presumed that Ericsson's patents are prima facie invalid. Mere filing of a revocation petition is not sufficient in itself.

CHALLENGE UNDER SECTIONS 3 AND 8 OF THE ACT ARE NOT MADE OUT

139. In any event, Intex's validity challenge is primarily based on Sections 8 and 3(k) of the Act and the alleged lack of novelty and an inventive step. The said grounds prima facie did not find favour with the learned Single Judge. This Court is in agreement with the aforesaid prima facie findings and is of the view that Intex has failed to show how Ericsson has deliberately suppressed any information relevant under Section 8 of the Act from the Patent Controller. In Neutral Citation Number: 2023:DHC:2243-DB Communication Components Antenna Inc. V. Ace Technologies Corp. & Ors. (2019) (79) PTC 270, it has been held that examination of patents is subjective and amendments are clarificatory in nature, if they do not alter the scope of the patents.

140. In fact, before the learned Single Judge, Intex had sought to argue the strict liability test for non-compliance of Section 8, relying on Chemtura Corporation v. Union of India, 2009 (41) PTC 260 (Del.) as is evident from paragraphs 8 and 9 of its written statement. The said paragraphs from the written statement are reproduced hereinbelow:-

> "8. The object of both sub-sections of Section 8 is to enable the Controller of Patents/ Indian Patent Office to have access to the material placed before foreign Patent Offices by the applicant, and the objections raised by such foreign Patent Offices with respect to the applicant's patent applications on the same or substantially the same invention. This is a "duty of candour"

which casts an obligation on the patent applicant to provide all relevant information/objections to the Indian Controller. This has a material bearing on the manner in which discretion is exercised by the Indian Controller in relation to grant of the Indian Patent. Therefore, any failure, intentional or otherwise, to supply the relevant information is fatal to a patent grant.

9. In Chemtura v. Union of India, a Division Bench of this Hon'ble High Court has categorically ruled that omission to furnish particulars under Section 8 impinges on the validity of the patent, rendering the patent liable to be revoked under Section 64(1(m) of the Act, besides Section 64(1)(j) for obtaining a patent on a false suggestion of representation. This Hon'ble Court and several decisions of the Intellectual Property Appellate Board (IPAB) have clearly stated that the approach under Section 8 is a "strict liability"

> approach. In other words, there is no need to establish any adverse effect owing to non-disclosure of information that is required under Section 8. Simply put, mere

non-disclosure is sufficient to revoke a patent....."

(emphasis supplied)

141. However, the Division Bench in Merck Sharp & Dohme Corporation & Anr. v. Glenmark (supra) after considering the judgment in Chemtura Corporation v. Union of India (supra) has held that Defendant is obligated to demonstrate how the breach of Section 8 provision is "patent and manifest". Without such evidence, the breach of Section 8 of the Act cannot be made the Neutral Citation Number: 2023:DHC:2243-DB sole ground for non-grant of interim injunction. The relevant portion of the Division Bench in Merck Sharp & Dohme Corporation & Anr. v. Glenmark (supra) is reproduced hereinbelow:-

> "An important element in this discussion is that at an interlocutory stage, when the Court merely takes a broad look at the prima facie nature of the case, rejection of the claim for temporary injunction on the basis of such facial understanding regarding non-disclosure of Section 8 would be drastic. The possibility cannot be entirely ruled out, in cases where breach of the provision is patent and manifest. In other cases, resting the decision not to grant interlocutory relief (a powerful interim order, given the length of a patent infringement trial) entirely based on infraction of Section 8 can operate harshly - possibly even cause irreparable harm in itself. The nondisclosure of 5948/DELNP/2005 (Sitagliptin Phosphate Monohydrate), 1130/DELNP/2006 (Sitagliptin Phosphate Anhydrate), 2710/DELNP/2008 (Sitagliptin plus Metformin) is thus prima facie insufficient, in the opinion of this Court, for revocation under Section 64(1)(m)."

(emphasis supplied)

142. Consequently, the argument by Intex of a 'Strict liability' test for non- compliance of Section 8 is contrary to law and it was in this context that the learned Single Judge has rendered the following findings:-

> "105. The obligation of Section 8 cannot be so stressed in an action for infringement of patent is concerned, otherwise the injunction despite infringement cannot be granted in any matter for such a plea which appears to be false and frivolous. The same is not the scheme of the law."

(emphasis supplied)

143. In fact, acknowledging that the test in Chemtura Corporation v. Union of India (supra) has been watered down, Intex has sought to change its argument in the present appeal. But this Court is of the view that a new plea which was not considered by the learned Single Judge in its judgment cannot be raised to contend that the learned Single Judge has erred in interpreting Section 8 of the Act. In any event, Intex has failed to show how non-production of any document by Ericsson was material to grant/non-grant of the patents.

144. Section 8(2) of the Act required a Controller to call for the information it deemed relevant. In response to the queries, Ericsson duly filed all relevant Neutral Citation Number: 2023:DHC:2243-DB material, it deemed appropriate, before the Controller, after receipt of which no further demand was made by the Controller and the patents were duly granted. Further, prima facie all amendments to the patent corresponding to IN' 723 in the US are duly covered by the Indian Patent as is evident from the chart filed by Ericsson. The Chart reproduced hereinabove shows that the claims of the US patent are covered within the Indian patent when read holistically with its complete specification, as can be seen from the colour coding. Also the granted claims of IN'723 are fundamentally same as those granted in Europe. Consequently, no prima facie breach of obligation under Section 8(2) of the Act is made out.

145. This Court is of the view that only a bare-bone challenge with respect to Section 3(k) of the Act has been stated in the written statement filed by Intex. During the course of argument, the test which was contended by Intex was that the patented inventions were abstract in nature and did not have practical application. After considering the contentions advanced by both the parties and taking into consideration the legal position prevalent in UK, Europe, USA and India as also the requirements under TRIPS agreement, the learned Single Judge reached the prima facie conclusion that the invention had a technical effect and therefore, the objections raised by Intex could not be sustained to the effect that the patents were abstract in nature and did not have practical application. The relevant paragraph of the impugned order is reproduced hereinbelow:-

> "120. Thus, it is appears to me prima facie that any invention which has a technical contribution or has a technical effect and is not merely a computer program per se as alleged by the defendant and the same is patentable. The objection raised by the defendant in the suit for infringement is not tenable, however, admittedly defendant's revocation petitions are pending, the same have to be considered on merit including the objection of Section3(k) and (m). At this interim stage, this court is not impress with the argument of the defendant that the injunction be refused on this ground."

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146. This Court is in agreement with the aforesaid prima facie finding of the learned Single Judge.

147. There was also no specific challenge qua lack of novelty and inventive step in the written statement filed by Intex. In fact, there is no reference to prior art in written statement much less a plea meeting the test of Section 64 of the Act.

148. Consequently, Intex has failed to raise a credible challenge to the validity of the suit patents.

INTEX HAS FAILED TO SATISFY THE PRINCIPLE OF LAW LAID DOWN IN WANDER LTD. & ANR. V. ANTOX INDIA PVT. LTD., BUT ERICSSON SATISFIES THE SAID TEST.

149. Keeping in view the aforesaid, this Court finds that prima facie the suit patents are essential, have been infringed and the royalty sought by Ericsson is on FRAND terms. Further, Intex is prima facie an intentional unwilling licensee and it has failed to raise a credible challenge to the validity of the suit patents. Consequently, this Court is of the opinion that Intex has failed to satisfy the principle of law laid down by the Supreme Court in Wander Ltd. & Anr. v. Antox India Pvt. Ltd. 1990 (Supp.) SCC 727 inasmuch as it has not been able to show how the learned Single Judge has exercised its discretion in a manner which was arbitrary, perverse or capricious and not in conformance with the law.

150. However, this Court finds merit in the appeal filed by Ericsson as the fact that the telecom industry has overwhelmingly accepted Ericsson's Standard Essential Patents cannot be disregarded. In fact, more than one hundred licences have been executed by Ericsson for the same technology globally and similar implementers are paying royalty in accordance with the terms suggested by Ericsson. Even the Department of Telecommunication has recognised the essential Neutral Citation Number: 2023:DHC:2243-DB Ericsson are prima facie FRAND terms and to ensure parity with other implementers, Intex must pay in full for the past use of the Standard Essential Patents.

RELIEF

151. Accordingly, the appeal of Intex being FAO(OS)(COMM) 296/2018 is dismissed while the appeal filed by Ericsson being FAO(OS)(COMM) 297/2018 is allowed and Intex is directed to pay the entire royalty amount to Ericsson within four weeks. The interim orders passed by this Court stand vacated. However, there shall no order as to costs. This Court clarifies that the observations made by it are prima facie in nature and the learned Single Judge shall dispose of the suit finally without being influenced by any of the observations made by this Court.

MANMOHAN, J SAURABH BANERJEE, J MARCH 29, 2023 KA/TS/AS