

Koninklijke Philips N.V vs Oplus Mobitech India Pvt. Ltd. & Ors on 20 December, 2023

Author: Jyoti Singh

Bench: Jyoti Singh

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IN THE HIGH COURT OF DELHI AT NEW DELHI

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CS(COMM) 574/2019

KONINKLIJKE PHILIPS N.V.

Through: Mr. Chander M. Lall, S
Advocate with Ms. Saya Choudhar
Mr. Ashutosh Kumar, Ms. Vrinda
Mr. Vinod Chauhan Mr. Swarnil D
Shankar Prasad, Mr. Shaurya Pan
Ms. Annanya Chugh, Advocates.

versus

OPLUS MOBITECH INDIA PVT. LTD.

& ORS.

Through: Mr. Saikrishna
Ms. Julien George, Ms. Anu Paro
Gadhoke, Mr. Avijit Kumar, M
Bhatia, Mr. Skanda Shekhar and
Advocates.

CORAM:

HON'BLE MS. JUSTICE JYOTI SINGH

ORDER

% 20.12.2023 I.A. 14318/2019 (under Order XXXIX Rules 1 and 2 CPC, by Plaintiff)

1. This order is restricted to the issue of a pro-tem arrangement between the parties to the lis, pending the decision on interim injunction. With the consent of the parties the arguments canvassed were restricted to the issue of pro-tem deposit by the Defendants.

2. Factual score emanating from the Plaint to the extent relevant is that Plaintiff instituted the present suit asserting rights in its five Indian patents bearing Nos.211041, 221703, 228133, 275419 and 271469 and seeking This is a digitally signed order.

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reliefs inter alia of permanent injunction, delivery up, damages etc. Details of various suit patents are as follows:-

3. Plaintiff is a Company incorporated in 1891 under the laws of Netherland. As per the averments in the plaint, owing to its long-standing contribution to the telecommunication field, Plaintiff owns more than 100 patent families comprising of more than a thousand individual Standard Essential Patents ('SEPs'), spanning multiple jurisdictions and telecommunication technologies. Plaintiff is a registered patentee in respect of the aforesaid five Indian patents, which are essential patents in respect of telecommunication technologies UMTS/HSPA/HSPA+/LTE, referred to as 3G and 4G technologies in common parlance. It is averred that Plaintiff has built a portfolio of around 65,000 patents worldwide and with its focus on improving the lives of people globally, it continues to focus on creating meaningful innovations and has applied for nearly 1,120 patents in the year 2018.

4. The 5 SEPs, which are subject matter of the present suit, disclose technology which is essential to wireless communication standards developed within the framework of ETSI (European Telecommunication Standards Institute) and 3GPP (Third Generation Partnership Project) including standards pertaining to 3G and 4G wireless communication. In order to make available the high-end technology to other parties, Plaintiff This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:31 provides licenses to various entities on fair, reasonable and non- discriminatory terms (FRAND).

5. As per the case of the Plaintiff, Defendant No. 2, OnePlus Technology (Shenzhen) Co. Ltd. is a company incorporated in China. Founded in the year 2013, Defendant No. 2 designs high-end smartphones with comparatively low price range for its customers and launched its first device on 23.04.2014. Since the launch, Defendant No. 2 has launched about 11 different models of mobile handsets across the world. Defendant No. 2 is the originator and parent company for smartphones sold under the brand OnePlus across the world. As per the Annual Report of OnePlus for the year 2017, revenues of Defendant No. 2 doubled to more than USD 1.4 billion and phone sales grew by 55% compared to 2016. Between 2017 to 2018, the sales again grew by 45% and today Defendant No. 2 leads India's premium smartphone segment with a market share of about 40%. Products are believed to be selling in about 50 countries.

6. As per the Plaintiff, Defendant No. 3, Mobitech Creations Private Limited is a company incorporated under the Companies Act, 1956 and is verily believed to be engaged in managing the online and offline distribution of OnePlus products in India. In addition to OnePlus mobile handsets, Defendant No. 3 is also engaged in the business of selling accessories such as cables, screen protectors, covers and USB chargers under the brand OnePlus in India. Additionally, Defendant Nos. 1 and 3 are importing products originating from Defendant No. 2 to India.

7. Present suit was filed by the Plaintiff constrained by the alleged infringement of sole and exclusive rights vested in Plaintiff's suit patents by Defendants' activities of manufacturing, using, offering for sale, selling and importing mobile phones under the OnePlus brand making use of This is a digitally

signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:31 Plaintiff's technology covered under the suit patents, without seeking and securing license to make use of such SEPs, despite proactive steps taken by the Plaintiff to negotiate a license with Defendant No. 2 on FRAND terms for Plaintiff's SEP portfolio.

8. Arguing on behalf of the Plaintiff, Mr. Chander M. Lall, learned Senior Counsel submitted that a pro-tem order has become imperative in the facts of the present case and in support made the following submissions/ contentions:-

(A) SEPs are a special class of patents within the broad framework of Patents law and jurisprudence, which read onto an accepted industry standard for a technology that has been standardised for the convenience and larger good of the society. Accordingly, any product that claims to be compliant with a standardised technology must necessarily implement and use such SEPs in order to ensure interoperability with other devices compliant with the standards. Thus, any product which confirms to an industry standard, would necessarily infringe all the SEPs that read onto the concerned standard. A 'standard' is a prescribed list of features or technical specifications in relation to a particular technology and purpose of the standard is to ensure that every product manufactured as per the standard has certain common designs/features in it, so as to ensure compatibility and interoperability of devices/materials/components/tools that are compliant with such standardised technology. This reduces the overall cost of compliant products as implementers who do not invest towards R&D have access to latest and best in class technology. This also increases the utility of standardised technology for consumers across various jurisdictions.

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The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 (B) The standards are developed by various Standard Setting Organisation ('SSOs'). SSOs are associations/organizations of International stature with various stakeholders from the concerned industry as their members. While developing a standard, SSOs invite proposals from various stakeholders so that the best of the technology can be standardised for greater good and various researchers, companies, laboratories bring their best technology for consideration of SSOs. Any device which is manufactured in terms of the standard or claims compliance with the standard would mandatorily have to incorporate each and every technological feature forming part of the standard, including the SEPs.

(C) The European Technical Standards Institute ('ETSI') defines 'essential' as applied to IPR, to mean that it is not possible on technical grounds, taking into account normal technical practice and

the state of art available at the time of standardisation, to make, sell, lease etc. or operate equipment or methods which comply with a standard without infringing that IPR. In order to balance the monopoly of the SEP afforded to a patentee with mandatory implementation of its technology as part of the standard, such patentee makes voluntary commitments to offer a license qua its SEPs to any implementer willing to execute a license on FRAND terms. The purpose of voluntary license is to ensure wide and unfettered implementation/ access of the technology developed as a standard and promote interoperability of devices globally and to ensure that companies who have invested in R&D, their time and resources, apart from money, are adequately and fairly compensated for the use of their patents as part of the standard. Accordingly, FRAND commitment is a This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 contractual obligation i.e. a contract between an SEP owner and an SSO.

(D) The suit patents have been granted in favour of the Plaintiff after extensive examination by the Indian Patent Office and corresponding patents have been granted in several jurisdictions of the world, including USA, Europe, China, Japan etc. and their validity in other jurisdictions have been upheld by the Courts as well. None of the suit patents were opposed either by way of pre-grant or post-grant opposition and no revocation petitions are pending at the time of institution of the suit. There exists no credible challenge to the suit patents including by Defendant No. 2, who has been aware about the same at least from October, 2018, when the first communication was sent by the Plaintiff. Several major device brand owners like Apple and Samsung have taken licenses pertaining to Plaintiff's UMTS/LTE related patents and Plaintiff has around 37 license agreements with third parties in the telecom industry. In any case, as per Section 114(e) of the Indian Evidence Act, 1872, there is a presumption of validity of a patent granted in course of public business. The suit patents claim and disclose technologies which are essential for telecom standards such as UMTS, HSPA and LTE, as set by ETSI. To show suit patents are essential, Plaintiff has filed claim charts showing mapping of asserted claims of the suit patents to the standard/technical specifications. ETSI standards are mandatory to be complied with inter alia by all mobile phone manufacturers all over the world including in India. OnePlus phones are admittedly compliant with UMTS, HSPA and LTE standards. Without prejudice, Plaintiff has additionally conducted testing of some of the Defendants' devices to This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 reaffirm infringement of the suit patents and the test reports, which have been filed in Court, show that Defendants' devices comply with the relevant standards to which the suit patents map. The details of the test reports have also been extracted in the plaint and indicate that the tested devices infringe the suit patents.

(E) In accordance with globally accepted jurisprudence in relation to SEPs, Plaintiff can conclusively prove infringement of its SEPs in an indirect manner by establishing that at least one claim of the patent maps and directly corresponds to a specific portion of a standard and the patent is thus

essential to the said standard as also that Defendants' products/devices confirm to and implement the specific portion of the respective standard shown to map. Plaintiff has duly submitted licensing declarations to ETSI (SSO), declaring its unconditional willingness to grant licences to willing licensees on FRAND terms. Defendants as implementers, have not fulfilled their obligations to conduct themselves in a FRAND manner and seek licenses from the Plaintiff and are thus 'unwilling licensees'. Plaintiff had sent a notice to Defendant No. 2 on 02.10.2018, apprising it of its UMTS/LTE patent licensing programme and enclosing a representative list of its patents which are essential to manufacture and sale of devices with the said technology. Plaintiff offered to schedule a meeting to negotiate the license agreements, however, there was no response to the said letter or to the subsequent communications dated 30.10.2018 and 16.05.2019. One day prior to the first listing of the present suit i.e. on 15.10.2019, after deliberate and wilful silence of over one year, Defendants addressed an e-mail to the Plaintiff asking for further information of Plaintiff's portfolio. In the one year prior thereto, no This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 steps were taken by the Defendants to respond in good faith or engage in discussions or seek clarifications from the Plaintiff about its portfolio of SEPs or seek a declaration of non-infringement and/or provide details of any alternate technology being implemented in their devices. Despite being aware of Plaintiff's SEP portfolio, Defendants have continued to commercialise their handsets, which is a clear testament to their wilful infringement and continuing to sell as unwilling licensees.

(F) It is apparent that Defendants are using Plaintiff's patented technology and infringing the suit patents. Averments in the written statement are evasive with a view to misguide the Court by taking an over simplistic stand that Defendants 'do not know' what technology resides in the chip set of their devices and only third party such as Qualcomm, which is not impleaded in the suit, can confirm or deny the fact. This plea cannot aid the Defendants as a similar defence taken by the Defendants in other cases has been rejected by this Court in *Dolby International AB & Anr. v. DAS Telecom Private Limited & Ors.*, 2018 SCC OnLine Del 7615 and *Strix Limited v. Maharaja Appliances Limited*, 2009 SCC OnLine Del 2825. Rules 3(B)(ii) and 3(B)(iv) of 'The High Court of Delhi Rules Governing Patent Suits, 2022' (Patent Rules, 2022), mandate that the Defendant in a patent infringement suit will have to disclose what technology it uses as an alternate to Plaintiff's patented technology. It is settled law that evasive denial in the written statement is no denial and amounts to admission of the contents of the plaint and therefore, it must be construed that Defendants have admitted the use of Plaintiff's patented technology in the chip set and are infringing in the absence of This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 licensees. Defendants have neither diligently responded to the several communications of the Plaintiff nor made any counter offers and in such a situation, the FRAND framework mandates that Defendants make an appropriate interim security deposit as held in *Huawei Technologies Co. Ltd. v. ZTE Corp. & Anr.*, Case No. C-170/2013 decided on 16.07.2015.

(G) It is an admitted position that Defendant No. 1 is only a marketing arm of Defendant No. 2 and Defendants have themselves stated that Defendant No. 1, in view of its limited role is not in a position to contest or admit any averments in the plaint. Balance sheet of Defendant No. 1 reveals that it does not have any assets or investments in India. Defendant No. 2, which is a main contesting Defendant, is an entity based out of China and its financial health is of no consequence being outside the jurisdiction of this Court. It has been observed by this Court in various orders that when the conduct of the implementer is not FRAND i.e. no counter offer is made or when the counter offer is rejected, an obligation to make a security deposit arises and directions have been passed for pro-tem deposits. [Ref.: XU Dejun and Others v. Vringo Infrastructure Inc. and Another, 2013 SCC OnLine Del 6568; Dolby International AB & Anr. v. GDN Enterprises Private Limited & Ors., Orders dated 27.10.2016 and 23.11.2016 in CS(COMM) 1425/2016; Koninklijke Philips N.V. v. Xiaomi Inc. & Ors., Order dated 27.11.2020 in CS(COMM) 502/2020; Xiaomi Technology v. Ericsson, Order dated 16.12.2014 in FAO(OS) 522/2014; Telefonaktiebolaget LM Ericsson (PUBL) v. Mercury Electronics and Anr., Order dated 19.03.2013 in CS(OS) 442/2013; Telefonaktiebolaget LM Ericsson (PUBL) v. Mercury This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 Electronics and Anr., Order dated 12.11.2014 in CS(OS) 442/2013; and Philips v. VIVO, Order dated 17.11.2020 in CS (COMM) 383 of 2020].

(H) In order to determine the pro-tem deposit, this Court can consider the royalty rates of USD1 which have been recognized as FRAND in various jurisdictions in favour of Phillips. In Archos S.A. v. Koninklijke Philips N.V., Case number/cause-list number:

C/09/505587 I HA ZA 16-206, Order dated 08.02.2017, the Court has held that the offer of USD 0.75/1 cannot be said to be not FRAND.

9. Opposing the aforesaid submissions, learned counsel for the Defendants made the following submissions:-

(A) Plaintiff has neither pleaded nor sought the relief of pro-tem in I.A. 14318/2019. Only two reliefs are sought viz: temporary injunction and disclosure of Defendants' assets. It is a settled law that Plaintiff cannot orally expand the scope of the reliefs in a civil suit and must restrict itself to the reliefs claimed or formally amend the pleadings. Relief of pro-tem is akin to seeking attachment before judgment under Order XXXVIII Rule 5 CPC and it needs no emphasis that law mandates that twin conditions must be satisfied before issuing any directions: (a) Plaintiff must establish a strong prima facie case;

(b) Court is prima facie satisfied that Defendant is acting in a manner so as to defeat the realisation of the decree that may be passed. None of these ingredients are even remotely met at this stage. Even otherwise this power must be used sparingly as it is a drastic and extraordinary power. [Ref. M/s. Tata Advanced Systems Limited v.

M/s. Telexcell Information Systems Limited, 2020 (3) ARBLR 654 Delhi.] This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 (B) Pro-tem deposit cannot be directed when Plaintiff has failed to make out a case for interim injunction. Therefore, in order to succeed, Plaintiff must establish prima facie case, balance of convenience and irreparable harm in its favour. [Ref. Natco Pharma Ltd. v. Bristol Myers Squibb Holdings Ireland Unlimited Company and Others, 2019 SCC OnLine Del 9164]. Initially, Plaintiff had commenced argument on interim injunction, however, subsequently it was abandoned, changing the course to pro-tem deposit. It is settled that if Plaintiff fails to make out a prima facie case, establishing balance of convenience and/or irreparable harm becomes irrelevant. [Ref. Kashi Math Samsthan and Another v. Shrimad Sudhindra Thirtha Swamy and Another, (2010)1 SCC 689]. The converse is equally well settled that even if Plaintiff succeeds in establishing prima facie case, no interim relief can be granted if the other two parameters are not satisfied. [Ref. Astrazeneca AB & Anr. v. Intas Pharmaceuticals Limited, Order dated 02.11.2020, in CS(COMM) No. 410/2020]. This principle is re-enforced by Rule 5(v) of Patents Rule, 2022, where the only stage for ordering monetary payments is after prima facie case of infringement is established.

(C) Pro-tem order cannot be passed without a prima facie finding of essentiality, validity and FRAND. Plaintiff's claim that the suit patents are SEPs is a self-serving claim, as no SSO verifies or certifies such claims asserted by patent holders and in fact, SSOs specifically provide disclaimers on their website in this respect. It is a well-known fact that patent owners regularly overstate their case by over-declaring their patents. This fact has been judicially acknowledged by the U.K. Supreme Court in the case of Unwired Planet International Ltd and This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 Another v Huawei Technologies (UK) Co Ltd and Another, (2020) UKSC 37. Defendants have taken a categorical position that suit patents are not valid, essential or infringed and have also denied that they implement the suit patents in paragraph 35 of the written statement. Had there been an admission in the written statement, as now sought to be claimed, Plaintiff would have filed an application under Order XII Rule 6 CPC, which it consciously did not file. (D) No pro-tem deposit can be directed in favour of the Plaintiff, without the Plaintiff allowing access to the Defendants to its third party license agreements and for which confidentiality club must be first constituted in terms of the judgment of this Court in Interdigital Technology Corporation v. Xiaomi Corporation, 2020 SCC OnLine Del 1633. Pro-tem being in the nature of royalty cannot be awarded till determination of its FRANDness, which exercise contemplates disclosure of all third-party license agreements to the representatives of the Defendants, who will then revert with the pro-tem amount. The inspection of the license agreements by the Defendants was only under a temporary arrangement, awaiting the final decision with respect to the constitution of confidentiality club in Interdigital Technology Corporation (supra), wherein the position today stands crystallized that access to third party licenses is mandatory. In any case, review of the third party license agreements of the Plaintiff by Defendants' counsel revealed that they do not contain any commercial or trade

secrets and there is no justification for seeking to either redact or object to access.

(E) Plaintiff's reliance on various orders in support of the prayer for pro-tem deposit is misconceived as majority of the orders were This is a digitally signed order.

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(F) Reliance by the Plaintiff on Xiaomi Technology and Another v. Telefonaktiebolaget LM Ericsson (PUBL) and Another, 2014 SCC OnLine Del 7688, is misplaced. Order of the learned Single Judge was passed because the Court had formed a prima facie view in favour of the Plaintiff, however, the Division Bench finding that the ex parte order was too harsh, modified the same to an order of deposit for a temporary period, till the learned Single Judge adjudicated the interim injunction application. At that time, Defendants' pleadings were not on record and therefore, Plaintiff's averments in the plaint were taken to be true and correct. Order dated 06.03.2018 in Dolby v. DAS (supra) does not help the Plaintiff. Much emphasis has been laid on the averment in the written statement that only the chipset manufacturer can confirm if there is compliance with the Standard, since the asserted technology is implemented at the chipset level. There is thus exhaustion of Plaintiff's right at the chipset level since it has not impleaded the chip set manufacturer in the present proceedings. The order in Dolby v. DAS (supra) did not reject the argument of exhaustion, as claimed by the Plaintiff and only held that such defences can be taken in patent matters, albeit at the very first instance. There is no finding that the onus to prove exhaustion is on the Defendants. Case of Strix Limited (supra) is distinguishable as in that case Defendant was unable to substantiate the legitimate source of This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 the impugned products to support its argument of exhaustion. In the present case, Plaintiff's own documents evidence that technology resides in the chipset. The case of Huawei Technologies Co. Ltd. (supra) is distinguishable since the said decision was in the context where an implementer admits to the use of the suit patent and is thus obligated to furnish security deposit to the tune of counter offer made. In the present case, there is no admission to the use of suit patents and there is no counter offer by the Defendants, in absence of access to Plaintiff's third-party license agreements.

(G) Plaintiff's case that financial health of the Defendants warrants grant of pro-tem deposit has no bearing in facts. Plaintiff's own case has been that the Defendants, especially Defendant No. 2, is in excellent financial health and this is averred in paragraphs 17 and 18 of the plaint as also supported by documents filed with the plaint, such as Annual Report for 2017, where the revenue of Defendant No. 2 has doubled to USD 1.4 billion (INR 8900 crores). The articles placed on record by the Plaintiff substantiate Defendants' claim that Defendant No. 2's financial health is robust. Plaintiff

has emphasised on the standalone financial statements of Defendant No. 1 to state that it has no fixed assets in India, failing to clarify that Defendant No. 1 is profitable with a year-on-year increase in profit. Defendants, by Plaintiff's own averments are leading players in Indian smartphone industry and in case, Plaintiff succeeds they are financially capable of complying with the Court order.

(H) The principal argument of the Plaintiff that a pro-tem order directing deposit or furnishing appropriate security can be passed without the Plaintiff having to prove prima facie case of essentiality This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 and validity of the suit patent is an argument not available to the Plaintiff in light of the judgment of the Division Bench in Nokia Technologies Oy v. Guangdong Oppo Mobile Telecommunications Corp Ltd. and Others, 2023 SCC OnLine Del 3841, where the Court has held that 'a pro tem deposit should be directed only after a prima facie finding of essentiality and validity of the suit patents has been recorded', albeit in the facts of that case articulated in paragraphs 72, 81 to 85, 92 and 103, the Court came to a conclusion that prima facie the parameters were fulfilled and it was a case of infringement by the Defendants and their unwillingness to license. Factors taken by the Court to come to the said conclusion were: admission that OPPO needs to secure a license of Nokia's SEP and which is why it had made counter offers; Defendant therein offered to make interim payments and had filed a proceeding before the Chinese Court for fixing FRAND rates for Plaintiff's portfolio; in foreign litigations between the parties, Defendant was found infringing and there was objective material before the Court to arrive at the quantum of pro-tem security in the form of prior license between the parties. In the present case, there is no prior agreement or counter offer by the Defendants and/or promises for interim payments. No proceedings for FRAND determination are pending before any Court.

(I) Judgement of the Division Bench in Intex Technologies (India) Ltd. v. Telefonaktiebolaget L.M. Ericsson (Publ), 2023 SCC OnLine Del 1845, was in an application under Order XXXIX Rules 1 and 2 CPC and not on the question of whether the Court was competent to pass pro-tem order and if so under what circumstances. The appeal was in respect of learned Single Judge's decision dated This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 13.03.2015, where the Court had provided a detailed assessment for arriving at the finding of inter alia infringement of the suit patent in contrast to the present case, where no arguments were advanced by the Plaintiff to establish the essentiality of the suit patent. In the said case, Defendant had admitted certain facts including essentiality and infringement of the suit patents which is not the case here. Pertinently, the Division Bench has held that at the stage of seeking interim relief, Courts must enter into a prima facie assessment of infringement and Plaintiff must establish prima facie that Defendant is an unwilling licensee and royalties offered by the Plaintiff are on FRAND terms. Defendants have herein raised several arguments of non-essentiality, non-infringement and

invalidity of the suit patents and also filed a counter claim seeking revocation of the suit patents being CC No. 1/2021.

10. Contentions raised by the Plaintiff in rejoinder, can be encapsulated as follows:-

(A) Reiterating the arguments made at the first instance, it was contended on behalf of the Plaintiff that most of the contentions raised by the Defendants are no longer tenable, as same contentions stand negated and rejected by the Division Benches of this Court in *Nokia Technologies Oy (supra)* and *Intex Technologies (supra)*. The contention that pro-tem order can be passed only on a specific application in that behalf overlooks several orders where Courts have put in place a pro-tem arrangement in the absence of a specific application, which have been alluded to earlier by the Plaintiff. Rule 5(v) of Patents Rule, 2022 and paragraph 116 of *Intex Technologies (supra)*, are to the effect that power to pass a pro-tem deposit order This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 can be exercised even on the first date of hearing. In *Nokia Technologies Oy (supra)*, the Division Bench held that to balance equities, Court can pass a pro-tem order and that this power also arises from the provision of Section 151 CPC. It is fallacious for the Defendants to contend that relief of pro-tem cannot be granted unless ingredients for grant of interim injunction are satisfied. In *Xiaomi Technology (supra)*, the Division Bench brought forth a clear distinction between an interim and a pro-tem order and laid down the principle of the need to secure a patentee who bears the risk of litigation. The Court also held that pro-tem order ought to be passed taking the averments raised in the plaint to be true without determining a prima facie case, such that Plaintiff/patentee is not left remediless against the Defendant, if eventually a decree is passed in its favour. While passing the said order, the Division Bench was conscious of the fact that Defendant was pleading non-infringement and exhaustion, which issues were yet to be decided at the interim stage since the interim injunction application was pending. If the learned Single Judge had wrongly granted the pro-tem order, the Division Bench would have set the same aside and in fact, despite an allegation of suppression against the Plaintiff, the Division Bench did not set aside the impugned order and directed the expediting the trial. Even as recently as 2020, this Court has granted pro-tem orders in favour of the Plaintiff in suits against Vivo and Xiaomi. [Ref. *Koninklijke Philips N.V v. Vivo Mobile Communication Co. Ltd. & Ors.*, CS (COMM) 383/2020 and *Koninklijke Philips N.V v. Xiaomi Inc. & Ors.*, CS (COMM) 502/2020].

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(B) The argument of the Defendants that pro-tem order cannot be passed in the absence of access to the third party licenses of the Plaintiff by the representatives of the Defendants cannot be accepted. The reliance on the judgment in *Interdigital Technology Corporation (supra)* in this context is also

misplaced. Firstly, the judgment was taken up in appeal before the Supreme Court which was disposed of on account of a mutual settlement between the parties. Even otherwise, the judgment is limited to the issue of manner of constitution of a confidentiality club and does not deal with the grant of interim orders. Even assuming that the judgment deals with a pro- tem arrangement, the decision is per incuriam as it does not discuss or take into account the observations of the Division Bench in *Xiaomi Technology (supra)*. Moreover, in neither of the previous orders ordering a pro-tem arrangement, analysis of the license agreements of the parties was carried out. Even in the cases of *Philips v. Vivo (supra)* and *Philips v. Xiaomi (supra)* as well as *Xiaomi Technology (supra)*, where same technologies are asserted, such determination did not take place. In fact, the only case in which this Court called for the agreements executed by the Plaintiff was in *Telefonaktiebolaget LM Ericsson (PUBL) v. Mercury Electronics and Anr.*, Order dated 12.11.2014 (*supra*), but the agreements were never shown to the Defendant. The Court simply perused the agreements for its satisfaction and passed a pro-tem order and this exercise was undertaken only because the interim deposit was to be made with the Plaintiff instead of a deposit in Court. In *Intex Technologies (supra)*, the Division Bench has observed that an implementer can take This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 recourse to its own license agreements executed with other licensors to determine an appropriate FRAND rate.

(C) Relying on paragraph 35 of the written statement, Defendants urge that they are not using the technology of the suit patents. This is nothing but a bare denial of the averments of the Plaintiff in paragraph 28 of the plaint. Order VIII Rule 3A(3) CPC provides that when Defendant denies an allegation of fact in plaint, he must state his reasons for doing so and if he intends to put forward a different version, he must state his own version. There is nothing in the written statement disclosing which alternative technology is used by the Defendant. Essentially, the defence is that Defendants 'do not know' what technology has gone into the chipset of the device, as the same belongs to Qualcomm and not the Defendants. In fact, this is an indirect admission of the fact that Defendant knows that its devices implement Plaintiff technology. In *Dolby v. DAS (supra)*, this Court held that defences of not knowing are not available in law and when a Defendant claims use of alternate technology, sourced from a third party, it must make necessary inquiries from such third parties about the said technology and their validity.

(D) Argument of the Defendants that all orders relied upon by the Plaintiff for pro-tem deposits were consent orders, is contrary to the reading of the orders themselves. In *Xiaomi Technology (supra)*, the Division Bench categorically directed the Defendants to make a deposit of Rs.100/- per device sold in India and no consent was sought or given. In *Telefonaktiebolaget LM Ericsson (PUBL) v. Lava International Ltd.*, decided on 10.06.2016 in CS(OS) 764/2015, the latter was enjoined from using the patents and in the alternative to This is a digitally signed order.

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continue using the patents of the Plaintiff by first making a deposit of Rs.50 crores. The matter was taken up in appeal by Lava and the Division Bench only modified the order to reduce the deposit amount to Rs.30 crores but without any consent from the Defendants. This was without taking into consideration the detailed arguments on merits. In *Dolby v. DAS* (supra) and *Dolby v. GDN* (supra), initially an ex parte interim injunction was granted and thereafter, despite issues related to invalidity of the suit patents, this Court had vide order dated 27.10.2016 directed the Defendants to deposit by the 8th day of the succeeding month, royalty which may so become due to the Plaintiffs, at the rate of Rs.34/- per unit, subject to certain undertakings. This order was modified on 23.11.2016 only to the extent of deposit from Rs.34/- to Rs.20/- per unit subject to other undertakings.

11. I have heard the learned Senior counsel for the Plaintiff and the learned counsel for the Defendants.

12. The only point that arises for consideration before this Court is whether the Plaintiff is entitled to the relief of a pro-tem arrangement pending the decision of the application for injunction. Present suit has been filed alleging infringement by the Defendants of Plaintiff's 5 suit patents, details of which have been enumerated above. Power of this Court to pass an order of pro-tem deposit is no longer open to debate. Plaintiff has referred to several orders of various Courts, including this Court, where directions have been given to the Defendants to secure the Plaintiff by deposits as a pro-tem arrangement between the parties.

13. In *Nokia Technologies Oy* (supra), the Division Bench held that furnishing of pro-tem security is implementer's obligation in the This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 negotiation phase itself and relied on the following passages from the judgment in *Huawei Technologies Co. Ltd.* (supra), which are as follows:-

"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 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 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 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. 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."

14. The Division Bench further held that to balance equities, Indian Court has the power to pass a pro-tem order, if the facts so warrant. Relevant paras are as follows:-

"52. Further, if the negotiations between the parties fail, it does not mean that an implementer can continue to derive benefit by using the technology of the Standard Essential Patent proprietor in the interregnum without making any payments for such use.

53. This Court in *Intex. v. Ericsson* (supra) relying on the Delhi High Court Rules governing patent suits, 2022 has recognized the concept of pro-tem security and has held that the Courts have the power to pass deposit orders even on the first date of hearing, if the facts so warrant.

54. This Court is of the view that it may not be necessary for a Standard Essential Patent holder to seek any pro-tem order in foreign jurisdictions/other jurisdictions because proceedings elsewhere are significantly faster than in India. In Germany, for instance, Nokia had pressed for final relief and had attained final decisions in several cases in short time.

55. Trial and final arguments take time in India. This Court in *Intex v. Ericsson* (supra) has recognized this reality and has attributed this to the low Judge-population ratio. In fact, this Court in *Intex v. Ericsson* (supra) after considering the foreign law and Indian This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 realities has held that the Standard Essential Patent holder is not remediless till the final disposal of the suit. The relevant portion of the said judgment is reproduced hereinbelow:--

"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.

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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, This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 negotiated royalties that 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."

56. Additionally, in order to decide an application for interim relief under Order XXXIX Rules 1 and 2 CPC, the Court has to examine various aspects on merits, which would necessarily take time. In the interregnum, the infringing party would freely sell its devices using such Standard Essential Patents. If no security is offered during the interregnum, such party benefits, to the disadvantage of the Standard Essential Patent holder as well as the other willing licensees and gets an unfair competitive edge in the market.

57. In the present case, nearly two years have lapsed since the institution of the suit and not a 'single farthing has been paid by Oppo.

58. Consequently, to balance the equities between the parties, this Court has the power, if the facts so warrant, to pass a pro-tem order being a temporary arrangement without a detailed exploration of merits. This view, according to the Court, promotes a modernized and fair patent system, encourages ingenuity, creativity and intellectual activity as well as provides for a conducive environment for knowledge transfer. Needless to state that the nature of pro-tem security/deposit order as well as interim order will necessarily depend on the factual matrix of each case."

15. In view of the observations of the Division Bench of this Court in Intex Technologies (supra) and Nokia Technologies Oy (supra) as well as the order in Huawei Technologies Co. Ltd. (supra) and the other orders passed by different Benches, referred to by the Plaintiff and noted above, directing a pro-tem arrangement, it needs no reiteration that in order to balance the equities between the parties and in view of the time consumed in disposal of patent matters, Court has the power to pass a pro-tem order in the facts of a given case, as a temporary arrangement and without a detailed exploration on merits. Be it noted that in each of these orders/judgments This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 where directions were passed to put in place a pro-tem arrangement, there were no separate applications specifically seeking the relief of pro-tem by the respective Plaintiffs. In paragraph 116 of the judgment in Intex Technologies (supra) the Division Bench has observed that the Patents Rule, 2022 specifically empower this Court to pass deposit orders even on the first date of hearing. From a reading of the several pro-tem orders or the Patents Rule, 2022, this Court has not been able to discern that a pro-tem arrangement will mandate filing of a separate application seeking the said relief, as a pre-condition and this argument of the Defendants is thus without merit.

16. Next plank of the argument of the Defendants, strenuously pressed was that even for passing a pro-tem order, Court must satisfy itself that all ingredients required for grant of interim injunction are met by the Plaintiff and this threshold cannot be lowered. This contention, in my view, is without merit for the reasons I shall advert to later, but before that a brief prelude or background to SEPs needs to be recapitulated. As brought out by the Plaintiff, SEPs are a special class of patents within the broad framework of Patents law and jurisprudence, which read onto an accepted industry standard for a technology that has been standardized for the larger good of the society. A 'Standard', simply put, is a prescribed list of features or technical specifications for a particular technology and

the purpose of the standard is to ensure that every product manufactured as per the standard has certain common features so as to ensure compatibility and interoperability of devices, materials, components etc. that are compliant with the standardized technology. This reduces the overall cost of compliant products and implementers who do not invest in R&D have access to latest and best of technology. This also encourages adequate This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 exchange of technical know-how and inventions, which is in the best interest of the consumers, both in terms of cost and quality of the products. The standards are developed by various SSOs and the role of the SSO is to coordinate and facilitate a standard setting process with the involvement of stakeholders like researchers, academic institutions etc. As a corollary, any product that claims to be compliant with a standardized technology, must necessarily implement and use such SEPs to ensure interoperability with other devices compliant with standards and therefore, a product which confirms to an industry standard would infringe all SEPs that lead onto the concerned standard. In order to balance the monopoly afforded to a patentee with mandatory implementation of its technology as part of the standard, such patentee makes voluntary commitment to offer a licence qua its SEPs to a willing implementer to execute a licence on FRAND terms. This ensures wider access to technologies developed as a standard and also ensures that companies who invest in R&D, both time and resources, apart from considerable effort to invent, are adequately and fairly compensated.

17. Coming home to the present case, the suit patents relate to telecommunication technologies UMTS and LTE, referred to as 3G and 4G technologies in the common parlance. This technology is stated to be a standardized technology and patents covering various aspects of this, including the suit patents are claimed to be SEPs by the Plaintiff. Claims mapping charts have been filed and the asseveration is that it is impossible to manufacture a device, which implements or uses these technologies, without necessarily infringing the suit patents. Allegation is that Defendants are continuing to infringe the suit patents and are unwilling to execute license agreements or even enter into negotiations. In Huawei Technologies Co. Ltd. (supra) and Nokia Technologies Oy (supra), as This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 noted above, it was observed that it is mandatory for an implementer to make a deposit to secure the interest of SEP proprietor before it can raise any defence and this position was upheld by the UK Supreme Court in Unwired Planet International Ltd (supra). This position was reaffirmed in the German Court decisions relating to corresponding European patents in Koninklijke Philips N.V. v. Archos Deutschland GmbH [Case No. 7 O 20/16 decided on 26th August, 2016] and Koninklijke Philips N.V. v. Wiko SAS [Case no. 7 O 44/16 decided on 25th November, 2016]. Position in India seems no different and a number of orders have been cited by the Plaintiff in this regard. In Xiaomi Technology (supra), Division Bench of this Court held as follows:-

"11. Since we have indicated to the parties that we would be working out a pro tem measure and simultaneously requesting the learned single Judge to decide appellants' application for vacation of the ex parte ad- interim injunction, concerning suppression of material facts, any other issue relating to the right of the patentee, which would require a prima facie view to be taken with respect to the data analysis of the technology used by the appellants vis-a-vis the technology in which patent rights are claimed by the respondent, would have to wait hearing at a later stage for the purpose of deciding the application seeking an interim measure.

12. Thus, our present order would be restricted only to such devices which the appellants import as are fitted with the chipset manufactured by Qualcomm and no other chipset. To said extent i.e. on the terms of the present order as hereinafter recorded, the impugned order passed by the learned Single Judge would be superseded."

13. We are passing the pro tem order keeping in view the fact that treating the averments in the plaint to be true, the adverse effect upon the first respondent would be the finances which would otherwise flow to the coffers of the first respondent if ultimately it is found that the appellants is infringing the patent of the first respondent. The measure of the infringement would be the amount which the appellants would then have to pay to the first respondent as per policy of the first respondent while granting licenses. It is trite that the measure of damages for infringement of a patent would be the revenue loss to the patentee which it would have got by way of royalty while granting the license.

14. Striking a balance between the right of the appellants, which even as per the plaint, is concededly in business in India since July, 2014, we dispose of the appeal directing that as a pro tem measure the appellants This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 would be permitted to import and sell the devices containing chipsets sold to it by Qualcomm upon the following terms:

(1) The pro tem measure would be restricted to import and sale of devices in which Qualcomm chipsets are used.

(2) By January 5, 2015, ₹100 per device imported would be deposited in the name of the Registrar General of this Court by the appellants, which would be kept in a fixed deposit by the Registrar General; term of the deposit being three months.

(3) Affidavit would be filed by January 5, 2015 disclosing the import of devices in India containing chipset of Qualcomm pursuant to the present order.

(4) Particulars of invoices of purchase of chipsets from Qualcomm shall be disclosed in the affidavit.

(5) Imports made in the month of January, 2015 would likewise be disclosed by way of an affidavit and Rs. 100/- per device deposited in the name of the Registrar General of this Court by February 03, 2015."

18. Another Division Bench of this Court in XU Dejun (supra) reaffirmed the said position observing as under:-

"(vii) ZTE China (Defendant No. 3) will deposit a bank guarantee in favour of the Registrar General of this Court for a sum of Rs. 5 crores or a sum of Rs. 2.5 crores and secure the remaining Rs. 2.5 crores by way of security offered to the satisfaction of the Registrar General within two weeks. Further, for future sales, a Director on behalf of the Defendant Nos. 2 and 3, duly authorised by way of a Board Resolution, shall file an affidavit disclosing the quantum of CDMA devices which are being by them in India along with the revenues earned from them on a quarterly basis along with an undertaking that they will pay all sums as may be determined by this Court. The appellants shall also file accounts and supporting material, including copies of Bills of Entry and Sale Invoices and the relevant auditor's reports for each quarter during the pendency of the suit. On the accounts being filed, the plaintiffs are at liberty to seek further security or directions from the learned Single Judge."

19. Learned senior counsel for the Plaintiff highlighted the averments of the Defendants in the written statement to show that there is no categorical denial of use of the technology covered by the suit patents and instead Defendants have adopted a 'do not know' stand, placing the onus on the Plaintiff to make enquiries from third parties like Qualcomm Inc., from This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 whom the chipsets have been purportedly procured by the Defendants. In light of this evasive denial and host of orders passed by different Courts, as referred above, Plaintiff presses that a pro-tem order be passed to secure the Plaintiff so that in case it finally succeeds in the suit and a decree is passed in its favour, the same is not reduced to a mere paper decree.

20. Defendants insist that even for grant of pro-tem order, all ingredients for grant of interim injunction must be looked into i.e. prima facie case, balance of convenience and irreparable harm. In my prima facie view, none of the objections raised by the Defendants in opposition to grant a pro-tem order can be sustained in law. Two Division Benches of Court have recognized the FRAND protocol contained in the decision in Huawei Technologies Co. Ltd. (supra), and held that implementers are required to provide pro-tem security during the stage of negotiations, i.e. even prior to initiation of litigation. In Intex Technologies (supra), the Division Bench of this Court held that an implementer has no right in silence or inaction at the stage of negotiation. In Xiaomi

Technology (supra), Division Bench of this Court held that pro-tem precedes ad-interim stage and does not entail arguments on merits. In Nokia Technologies Oy (supra), Division Bench held that pro-tem security order cannot be likened to an injunction. Relevant paragraphs from the said judgment are as follows:-

"59. This Court is further of the opinion that a pro-tem security order cannot be likened to an injunction order because unlike an injunction order it does not stop or prevent the manufacturing and sale of the infringing devices. The intent of a pro-tem security order is to either ensure maintenance of status-quo or to retain the Courts' power and ability to pass appropriate relief at the time of disposal of the injunction application under Order XXXIX Rules 1 and 2 or at the final stage. In the facts of the present case, the pro-tem security order does not confer any advantage upon Nokia as it only balances the asymmetric advantage that an implementer has over a Standard Essential Patent holder. This Court in Intex v. Ericsson (supra) has held as under:--

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The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 "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."

60. Oppo's reliance on Natco Pharma Ltd. v. Bristol Myers Squibb Holdings Ireland Unlimited Company (supra) is misplaced as it is a case in relation to injunction orders at the stage of Order XXXIX Rules 1 and 2 CPC. The Court in that case recognised that "matters involving alleged infringement of patents constitute a separate species of litigation. A further sub-species would be those concerning pharmaceutical patents." In the same vein, cases concerning Standard Essential Patents would also constitute a separate subspecies of patent litigation as has already been recognized in Intex v. Ericsson (supra). In fact, this Court in Intex v. Ericsson (supra) has recognized that Standard Essential Patent cases are different as a Standard Essential Patent holder does not have the freedom to claim an injunction against an infringer, without prior negotiations under FRAND terms. This Court is of the view that principle underlying the Standard Essential Patents is that everyone has the right to enjoy the benefits of scientific progress and its applications, provided the user pays reasonable compensation to the patent owner or furnishes an appropriate security to prove its bonafides, as in the interregnum, it cannot freely sell its devices using such Standard Essential Patents. Consequently, the principles that are to be kept in mind while deciding applications for interim reliefs have to be tailored to suit the sub-species of the case being decided.

61. Further, the reliance by learned counsel for Oppo on Interdigital Technology Corporation Limited v. Lenovo Group Limited (supra) is misplaced as it is a final decision of the UK Court, after trial, while this case is at the preliminary stage of pro-tem security. In pursuance of the pro-tem security order, the money will be deposited in Court and the same will be reimbursed to Oppo should it succeed at the interim or final stage."

21. The requirement of satisfying the four-fold tests at the time of consideration of pro-tem arrangement was negated by the Division Bench in Nokia Technologies Oy (supra), while setting aside the judgment of a Single Judge and holding that the learned Single Judge had relied on paragraphs 1 to 14 of Unwired Planet International Ltd (Supra), but the attention of the Court was not drawn to the subsequent paragraphs 14, 60, This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 61 and 64 of the judgment. Relevant paragraphs from the judgment in Nokia Technologies Oy (supra) are as follows:-

"63. In Intex v. Ericsson (supra), this Court has already held that the fourfold test as stipulated in para 77 of the impugned judgment passed by the learned Single Judge is contrary to law. The relevant portion of the said judgment is reproduced hereinbelow:-

"112. Further, though while stipulating the four-fold test in Nokia v. 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 implementer the right to obtain a licence for the technology covering several 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 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 particular patents by agreement or by recourse to national courts for determination.

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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 This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 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 IPR Policy seeks to strike, in that it is this which ensures that an implementer has 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 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 This is a digitally signed order.

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(emphasis supplied)

113. Consequently, the test formulated in *Nokia v. 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.

114. Further, the learned Single Judge in *Nokia v. 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 v. 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 v. 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 v. Oppo* (supra) is neither applicable at Order 39 Rule 10 CPC stage nor at Order 39 Rules 1 and 2 CPC stage."

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22. Be it noted that the SLP(C) No.15938 of 2023 filed by the Defendants in Nokia Technologies Oy (supra) has been dismissed by the Supreme Court vide order dated 04.08.2023. Therefore, the contention that the Court is required to examine the high threshold of the four-fold test at the time of examining the question of a pro-tem arrangement, is without merit. It is significant to note that in Nokia Technologies Oy (supra), the Division Bench has gone a step further and held that this Court in exercise of its inherent power under Section 151 CPC, as an interim measure, can pass a pro-tem order for balancing the equities with a view to aid a party. Relevant paragraphs are as follows:-

"73. In any event, this Court is of the view that in exercise of its inherent power under Section 151 CPC as an interim measure, it can pass a pro-tem order for balancing the equities with a view to aid a party.

74. This Court is in agreement with the learned senior counsel for Nokia that the impugned order erroneously records that Nokia did not base its request for interim deposit by Oppo on any other ground besides admissions made by Oppo of its obligation to make payment of royalties to Nokia. In fact, learned senior counsel for Nokia had urged the learned Single Judge to invoke his inherent powers to do substantial justice under Section 151 of the CPC, 1908 on account of:--

(i) Precedents of this Court holding that inherent powers ought to be invoked to order deposit of interim payment where the relationship of licensor-licensee is not disputed.

(ii) The established practice of this Court in disputes concerning unlicensed use of Standard Essential Patents (SEPs) which acknowledges pro tem deposits.

(iii) International jurisprudence and policy, specific to Standard Essential Patents disputes.

(iv) The financial instability of the group, raids and investigations conducted thereon by the Income Tax Department on charges of tax-

evasions from the Government of India.

75. The learned Single Judge while noting the argument by the learned counsel for Nokia in paragraphs 32 and 75 of the impugned judgment on the analogy of landlord-tenant cases and last paid rent which rely on Section 151 CPC does not enter any finding on this aspect.

76. A learned Single Judge of this Court in Sanjay Gupta v. Cottage Industries Exposition Ltd., 2008 SCC OnLine Del 37 quoted with approval This is a digitally signed order.

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Court is constituted for the purpose of doing justice according to law and must be deemed to possess by virtue of Section 151 CPC, as a necessary corollary and as inherent in its very constitution, all such powers as may be necessary to do the right and to undo a wrong in the course of the administration of justice. In the said case, it was further held that in appropriate cases, the Court can exercise powers under Section 151 CPC where Order XII Rule 6 or Order XXXIX Rule 10 CPC may not be applicable for the purpose of doing justice or to prevent abuse of the process of the Court.

77. A Division Bench of the High Court of Bombay (Nagpur) in Chandrakant Shankarrao Deshmukh v. Haribhau Tukaramji Kathane, 1982 SCC OnLine Bom 152 has also held that whereas the principle and provisions of Section 151 CPC can be exercised and utilised in aid and in furtherance of the provisions expressly made in the CPC, they cannot be employed as against the said provisions.

78. Consequently, a combined result of Section 151, Order XII Rule 6, Order XXXIX Rule 10 CPC is that the Courts have the power to pass orders for deposit of money pending decision in a suit, if the facts so warrant. Section 151 CPC can be called in aid to cover cases which are analogous to these principles but may not be directly covered by the express words in the Code."

23. In Intex Technologies (supra), a Division Bench of this Court observed that one will have to adapt foreign jurisprudence with respect to SEPs, keeping in view the Indian realities, in particular, the fact that the judge-population ratio is extremely poor 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 SEP litigations will have a counter-productive "domino effect" that shifts bargaining leverage to implementers in all SEP licensing negotiations, devaluing existing patent-protective technologies and disincentivising firms from developing new technologies.

24. The present suit pertains to five suit patents relating to telecommunication technologies UMTS/LTE albeit during the pendency of the suit, two out of five patents have expired. There can be little doubt that This is a digitally signed order.

The authenticity of the order can be re-verified from Delhi High Court Order Portal by scanning the QR code shown above. The Order is downloaded from the DHC Server on 23/12/2023 at 01:33:32 suit patents were well within the knowledge of the Defendants as several communications were sent by the Plaintiff prior to the filing of the suit and in fact, Defendants had responded by an e-mail, a day before the filing of the suit seeking some information. Communications show that attempts were made by the Plaintiff to enter into negotiations and offer licenses to the Defendants but with no success. Third party licenses with other entities have been placed on record by the Plaintiff, which prima facie indicates the recognition of their patents as SEPs. Claim charts mapping have also been filed to establish the essentiality and infringement in respect of the suit patents. Defendants, on the other hand, have launched their products without clearing the way, despite attempts of negotiations and offer to license by the Plaintiff. In the written statement, Defendants only state that they 'do not know' which technology resides in the chip set as it is only Qualcomm which would be in a position to answer these questions, which defence has been rejected by the Courts in earlier decisions. Defendants are continuing to sell their products and earn revenues while the Plaintiff asserts its

patents without receiving any royalties.

25. In view of the several orders passed by this Court as well as the recent judgments of the Division Bench of this Court in Nokia Technologies Oy (supra) and Intex Technologies (supra), this Court is empowered to pass a pro-tem deposit order without delving into the four- fold test required to be met at the time of grant of interim injunction. Considering the host of factors mentioned above, Court is of the view that prima facie case has been made out by the Plaintiff for a pro-tem measure. In Xiaomi Technology (supra). Division Bench of this Court had directed a pro-tem deposit at Rs.100 per device. Similar orders of pro-tem arrangement have been passed in several cases, referred to and relied on by This is a digitally signed order.

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26. Plaintiff has asserted that its royalty rates of USD 1 have been recognized as FRAND in various other jurisdictions and have relied on the judgment passed by the Court in Netherland for technologies corresponding to Indian asserted patents in the case of Archos v. Philips (supra). Plaintiff has also placed on record a table indicating the year-wise sale of OnePlus smartphones in India from 2015 till May, 2021 with the royalty payable in USDs at 1 USD taking the conversion rate as 75.05 INR and on this basis pro-tem amount of approximate Rs.71 crores is claimed. Considering the judgements, recognition of Plaintiff's SEPs in various other jurisdiction, failure of Defendants to even negotiate, evasive stand in the written statement on use of technology under the suit patents, financial condition of Defendant No.1, which has no fixed assets in India and that Defendant No. 2 is a Chinese entity carrying on business outside India and based out of China, with no assets in India etc. as also considering that the sale figures are only upto May 2021 and from then to now further period of 2 years has lapsed but also keeping in mind that two out of five suit patents have expired, in order to balance the equities, it is directed that the Defendants shall deposit Rs.53.25 crores, i.e. 3/4th of Rs.71 crores as a pro-tem deposit, within a period of six weeks from today, with the Registrar General of this Court and the money so invested will be placed in a Fixed Deposit Receipt in a Nationalised Bank on an auto-renewal mode.

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27. List the application before the Roster Bench on 16.01.2024, subject to orders of Hon'ble the Acting Chief Justice.

CS(COMM) 574/2019, CC(COMM) 1/2021 & I.A. 10835/2020, 12146/2020, 1959/2021, 3818/2021, 10724/2021, 10725/2021, 10726/2021, 15678/2021

28. List before the Roster Bench on 16.01.2024, subject to orders of Hon'ble the Acting Chief Justice.

JYOTI SINGH, J DECEMBER 20, 2023/shivam/KA This is a digitally signed order.

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