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Standard-Essential Patents in India

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Standard-Essential Patents in India

1. Introduction

An unprecedented turn took place in the 90s with communication technologies revolutionising the way we communicate and conduct trade and commerce. Internet and mobile telephony emerged as breakthroughs expediting and enabling a new networked and interconnected technological era. As technology has advanced, standards originating from simple electrical plugs and sockets have become integral to our daily lives, facilitating the development of complex technologies like audio formats, data sharing, and cellular connectivity.

Many of these standards are partially covered by patented technologies, hence by Standard Essential Patents (SEPs). SEPs are patents protecting technologies that are “necessarily” or “forcibly” infringed by the standard implementation. As a result, to sale standard compliant products, companies need to obtain licenses over these patents.

The development of ICT standards has seen primarily two distinct communities of enterprises, namely: patent-centric and product-centric enterprises¹. Patent-centric enterprises (SEP owners) focus on inventing novel technologies and primarily earn their revenues through technology licensing. Product-centric enterprises (implementers) focus on producing end-user products and devices while licensing the technologies from patent owners. Small and Medium-sized Enterprises (SMEs) are actively involved in the creation and implementation of standard-compliant products, as well as in the design and standardisation of enabling technologies.

SMEs - including micro-enterprises - represent 27% of the members of the European Telecommunications Standards Institute (ETSI), with more than half of official positions in ETSI’s technical groups held by SMEs.² Additionally, certain market trends - notably linked to the IoT - have expanded the number and type of companies that sell standard-compliant products: nowadays, sectors that have been alien to telecommunication standards need connectivity technologies such as cars or household appliances, for instance.

As a result, EU SMEs, like any other company, can act in the market as SEP holders – by licensing or enforcing their SEPs – or as implementers – by manufacturing or selling standard-compliant products, for which they need to obtain licences for SEPs.

¹ Contreras, Jorge L., Response to Government of India Department of Industrial Policy and Promotion (DIPP) Discussion Paper on Standard Essential Patents and Their Availability on FRAND Terms (April 21, 2016). Available at SSRN: <https://ssrn.com/abstract=2768496> or <http://dx.doi.org/10.2139/ssrn.2768496>

² <https://www.etsi.org/membership/smeRE>

Illustratively, European SMEs like Inside Secure (French company with SEPs related to Near Field Communication) assigned their rights to France Brevets (a French patent investment fund) to offer and license their technologies globally³.

SMEs holding SEPs can leverage the strength of patent pools or patent investment funds to empower and increase their global outreach, rather than limit their operations and licences locally, given the costs involved. Moreover, SMEs implementing standards can benefit from their agility and adaptability to seize opportunities as pioneers in emerging markets for new, standard-compliant products, thus fostering subsequent innovations. Indian non-cellular connectivity market is on an upward trend with an expected annual growth rate of 7.33% from 2024 to 2028. 5G penetration is expected to reach 860 million subscribers by 2029.⁴ India has grown to be the second largest telecommunications market.⁵

During the early years of the last decade, India experienced a growth in indigenous mobile and component manufacturers such as Micromax, Intex, Karbon, iBall and Lava. These Indian manufacturers, along with Chinese mobile phone giants such as Xiaomi and Lenovo came to dominate the Indian market.⁶ More recently, Indian smartphone manufacturing companies have witnessed a downfall, while companies such as Xiaomi (Chinese - 18%), Vivo (Chinese - 17%), Samsung (South Korean - 17%), Realme (Chinese - 11%) and Oppo (Chinese - 10%)⁷ have taken the lead.

The US and European markets have been heavily involved in patent infringement litigation and smartphone wars between technology developers and handset manufacturers (implementers).⁸ This divide between technology developers (patent-centric enterprises) and technology implementers (product-centric enterprises) has led to a growing rift about the licensing of patents and royalty payments, which eventually entered the Indian market.

The telecommunications and digital revolution in India has been supported and furthered by the government with missions such as Digital India and Smart Cities Mission, which envision to create a more robust resource management, traffic control, and healthcare and education systems.

In this context, the present Special Issue on Standard Essential Patents in India aims to provide an overview of the Indian SEP landscape, including the most relevant cases.

³ Inside Secure: France Brevets Licenses NFC Patents to Samsung. <https://www.businesswire.com/news/home/20160530005198/en/INSIDE-Secure-France-Brevets-Licenses-NFC-Patents-to-Samsung>.

⁴ [Ericsson Mobility Report -2023](https://www.ericsson.com/en/mobility-report-2023).

⁵ As of June 2023, teledensity stood at 84.43%. Total broadband subscriptions grew to 861.47 million until June 2023 and the total telephone subscriber base stood at 1,173.89 million in June 2023. IEBF - Telecommunication industry Report: <https://www.ibef.org/industry/indian-telecommunications-industry-analysis-presentation>

⁶ <https://www.counterpointresearch.com/insights/india-smartphone-share/>

⁷ Data for Q42023, note that Vivo, Oppo and Realme belong to the same industrial conglomerate, BBK electronics. <https://www.counterpointresearch.com/insights/india-smartphone-share/>

⁸ List of SEP related cases world over: <https://www.essentialpatentblog.com/list-of-litigations-involving-seps/>

2. Profiling of Indian litigation involving EU companies

Enterprises from the European Union have been involved in SEP litigation in India from early 2009. In fact, the first SEP case in India was initiated by Philips in 2009 in *Koninklijke Philips vs Rajesh Bansal*⁹ and *Koninklijke Philips vs Bhagirathi Electronics*. Philips filed two patent infringement lawsuits in India against Rajesh Bansal and Bhagirathi Technology (defendants), who were DVD player importers and assemblers, seeking a permanent injunction.

Philips claimed that the patent in question was part of a group of patents deemed essential in the US and Europe, respectively. The defendants, according to Philips, imported DVD player components that used their patented technology and assembled them in India without a licence. The defendants, on the other hand, argued that they obtained the components from Philips' approved licensees, and hence had not infringed Philips' patent.

Philips provided essentiality certificates of the corresponding US and EP patents. Thus, the Delhi High Court concluded that Philips' patent was indeed essential for DVD standards. As a result, the defendant was found guilty of infringement since they were unable to prove that the parts were purchased from Philips' licensees. Philips claimed FRAND (fair, reasonable, and non-discriminatory) royalty rates, which the defendants had to pay, along with punitive damages. Though initiated in 2009, the case was finally decided on July 12, 2018, highlighting the lengthy duration of SEP cases.

After 2009, a series of SEP litigation suits followed, with Ericsson filing a series of lawsuits against Indian and Chinese phone manufacturers (implementers), such as Micromax¹⁰, Intex¹¹, Lava¹², iBall¹³[7], Xiaomi¹⁴ in India. The common thread across all the lawsuits chiefly concerned infringing 8 of Ericsson's patents related to 2G and 3G standards in India. The implementers had been urged by Ericsson to obtain a licence for their SEPs. Nonetheless, the infringing goods had been released without obtaining a licence by said implementers. The Delhi High Court issued an interim injunction prohibiting the implementers from selling, importing, or advertising their devices in India. In all the aforementioned suits, upon prima facie examination, the court held that the patents in question were essential and valid, and granted an interim injunction prohibiting sale, export or import of the infringing goods.

Conversely, Indian implementers filed a series of abuse of dominance complaints under Section 4 of the Indian Competition Act before the Competition Commission of India (CCI). The primary argument put forth by the Indian implementers was that the royalties demanded by Ericsson, based on net sale price of the end device, were excessive and arbitrary. The CCI was in favour of basing royalties on the Smallest Saleable Patent Practicing Unit (SSPPU), essentially the price of the chip, and ordered the Director General of CCI to conduct further investigation into the matter. In contrast, Ericsson questioned the jurisdiction of

⁹ CS(COMM)24/2016.

¹⁰ CS (OS) 442/2013

¹¹ FAO(OS) (COMM) 296/2018

¹² CS(OS) No.764/2015, <https://indiankanoon.org/doc/100117737/>

¹³ CS (OS) 2501/2015, <https://indiankanoon.org/doc/117731032/>

¹⁴ CS(OS) 3775/2014; (IA 3074/2015

CCI in matters relating to patents through a writ before the Delhi High Court, which was finally settled in April 2023, wherein Delhi High Court upheld the contentions of Ericsson and affirmed the priority of patent laws over the Indian Competition Act.

In addition to the string of infringement actions instituted by Ericsson, Nokia filed a SEP infringement action against Oppo¹⁵, alleging that Oppo had been delaying licensing negotiations. This case, Nokia vs Oppo was among the global SEP infringement suits brought by Nokia against Oppo.¹⁶ Notably, Nokia vs Oppo stands a landmark case in Indian SEP jurisprudence, as it became the first SEP-related case to be adjudicated by the Supreme Court of India. In July of 2023, the Delhi High Court ruled in favour of Nokia and ordered Oppo to pay 23% of its Indian sales revenue, as it had been utilising Nokia's patented technology without due licences. This ruling was appealed by Oppo to the Supreme Court of India. The Supreme Court upheld the Delhi High Court's decision and stated that pro tem deposits are obligations imposed on implementers during negotiations of SEP licences and ensure that the SEP owner is not remediless until the suits are finally disposed of.

European enterprises have played a significant role in landmark Standard-Essential Patent (SEP) decisions in India. This has contributed greatly to the development of patent law and competition law, and has also led to the availability of legal remedies through injunctions and interim reliefs offered by Indian courts.

A list of key cases involving EU companies can be found in the table below. In sum, litigation of EU companies in India has involved three SEP holders – Philips, Nokia and Ericsson – enforcing their SEPs against Chinese and Indian companies. No EU implementer has been sued in India so far.

| Case | Number | Court | Date |
|--|---|------------------|-----------------|
| Ericsson et al vs Competition Commission of India | LPA 246/2016, LPA 150/2020, LPA 550/2016, LP 246/2016, W.P.(C) 8379/2015 (Connected Matters). | Delhi High Court | 13th July 2023 |
| Intex vs Ericsson | FAO(OS) 296/2018 (COMM) FAO(OS) 297/2018 (COMM) | Delhi High Court | 23rd March 2023 |
| Telefonaktiebolaget LM Ericsson vs Intex Technologies. | CS(OS) No.1045/2014 | Delhi High Court | 13th March 2014 |

15 (FAO(OS) COMM 321/2022).

16 Nokia had instituted a series of SEP litigations against Oppo in Germany, Netherlands, France, China, India, and the UK. It has recently come to light that Nokia and Oppo have negotiated a global cross-licensing agreement. <https://www.juve-patent.com/cases/settlement-season-continues-as-nokia-and-oppo-end-global-patent-battle/>

| Case | Number | Court | Date |
|---|--|---------------------------------|-----------------------------------|
| Nokia Technologies Oy vs Guangdong Oppo | CS (COMM) 303/2021 | Delhi High Court | 17th November 2022 |
| Philips N.V. vs Vivo Mobil | CS(COMM)383/2020 | Delhi High Court | 15th February 2022 |
| Philips N.V. vs Bansal & Bhagirathi | CS (COMM) 24/2016 CS(COMM) 436/2017 | Delhi High Court | 12th July 2018 |
| Micromax Informatics Ltd. vs Ericsson | CCI Case No 50/2013. | Competition Commission of India | 12th November 2013. |
| Ericsson vs Micromax Informatics Ltd. | CS (OS) 442/2013 | Delhi High Court | 6th Dec 2013 (interim order) |
| Ericsson vs Lava International | CS (OS) 764/2015 | Delhi High Court | 21st of June 2016 (interim order) |

3. Litigation of SEPs in India

Owners of Standard-Essential Patents usually are required to issue a commitment in connection to the licensing terms of said SEPs. FRAND terms are among the most frequently used SEPs licensing terms in the ICT sector.

FRAND stands for “Fair, Reasonable And Non-Discriminatory”. In practice, the commitment to licence SEPs in FRAND terms consist – generally speaking – of two aspects:

- The royalty rate offered needs to be adjusted to the value of the technology and the intended use by the implementer – FRAND rate.
- The licensing negotiations and its eventual litigation must be governed by the fairness principle – FRAND behaviour.

Indian courts have defined the criteria for a FRAND behaviour –notably in connection to pre litigation behaviour and preliminary injunctions (see next section).

As of today, FRAND rates are assessed by Indian courts on the basis of comparable licences¹⁷ – usually referring to the terms that SEP holders concluded with other licensees. There are not specific methodologies nor Indian specificities in the definition of FRAND rates.

3.1 Indian judiciary on SEPs: Supreme Court and the leading role of the Delhi High Court

This section aims to provide an overview of jurisprudence and courts outlook on interim and preliminary injunctions in India, which are vital in IP cases, especially those involving SEPs. While there have not been any SEP cases adjudicated by the Supreme Court of India (except for the recent Nokia vs Oppo case on the limited point of pro tem securities to be paid by alleged SEP infringer), the Supreme Court of India has established binding precedents on injunctions and interim relief through its decisions, which the High Courts are required to follow.

India courts are courts of law and equity. Equitable remedies take multiple forms, including injunctions, specific performance of contracts (such as declarations), and recession (reverting to the initial position). These discretionary reliefs are provided by the courts of India. The Civil Procedure Code (1908)¹⁸, the Specific Relief Act (1963)¹⁹ and the Criminal Procedure Code (1973)²⁰ have statutorily recognised and provided the means for injunctive remedies in India.

The necessity and importance of injunctions has been recognised time and again by the Indian courts, which have stated that not granting injunctions may lead to irreparable loss to the plaintiff, thereby nullifying the judicial cause. The Supreme Court of India in *Laxmikant V. Patel vs Chetanbhat Shah & Anr*

¹⁷ *Interdigital vs Xiaomi I.A. 6441/2020 in CS(COMM) 295/2020 and I.A. 6447/2020 in CS(COMM) 296/2020 para 26*

¹⁸ Order XXXIX, Rules 1 to 5 of Civil Procedure Code, 1908.

¹⁹ Sections 36 to 42 provide injunctive reliefs in Specific Relief Act, 1963.

²⁰ Section 133, 142 and 144 of Criminal Procedure Code, 1973.

stated that – “A refusal to grant an injunction despite the availability of facts, which are prima facie established by overwhelming evidence and material available on record justifying the grant thereof, occasion a failure of justice and such injury to the plaintiff as would not be capable of being undone at a later stage”.

Apart from the Supreme Court’s jurisprudence on injunctions, the Delhi High Court (DHC) has emerged to be a leading venue for IP disputes in India. 60% of IP disputes are said to be instituted at the DHC owing to its IP jurisprudential competence and fast and efficient handling of IP cases. The institution has shaped Indian IP laws and has expanded the scope of IP protection in India. DHC has pronounced landmark IP decisions in the field of patents and trade marks.

Since the late 2000s, the Delhi High Court has gained a reputation as an IP litigation venue in India. This has been recognised in the [International Intellectual Property Alliance \(IIPA\) watchlist 301 reports](#), where the Delhi High Court has been praised for its decisions in acknowledging IP rights and granting John Doe and Anton Pillar orders. Despite India being generally placed on the U.S.’ “priority list”, the Delhi High Court’s location, legal expertise in the field of IP, and pro-IP stance have made it a preferred forum for patent and trade mark infringement cases.

The prominence of the Delhi High Court in IP matters took a steep up-turn with the dissolution of the Intellectual Property Appellate Board (IPAB), dissolved on April 4, 2021²¹. To remedy the situation, the Delhi High Court established the Intellectual Property Division (IPD) to handle disputes involving Intellectual Property Rights. Around 2000 IPR cases previously handled by IPAB were transferred to the IPD division of the Delhi High Court. In February 2022, two sets of rules were notified by the Delhi High Court, namely the “High Court of Delhi Intellectual Property Rights Division Rules, 2022” and “The High Court of Delhi Rules Governing Patent Suits, 2022” to provide a framework of practices and procedures for IPR matters listed before the IPD.²²

The recent report by the IPD-2023 indicates that out of the 2000 cases received from IPAB, 600 cases were disposed of in its first year of operation. Of these, approximately 187 patent appeals were resolved out of a total of 414 patent appeals. Additionally, the report mentions that over 1000 fresh IP appeals were brought before the IPD during this period.²³

As the leading venue of patent litigation in India, the Delhi High Court issued “The High Court of Delhi Rules Governing Patent Suits, 2022” to provide procedural rules and definitions governing patent civil suits. These rules include a requirement for SEP infringement briefs to include “*claim charts, standards and patent claim mapping charts, and specifics of defendant infringing the said claims*”.²⁴

DELHI HIGH COURT AND OTHER IP SPECIALISED COURTS

Delhi High Court remains the preferred forum given its jurisprudential competence, and has been the preferred court for SEP cases. The High Courts in Madras and Kolkata have also established IP divisions with specific governing rules. Note that other courts and IP divisions are not necessarily bound by precedents set by the Delhi High Court.

²¹ Tribunals Reforms (Rationalisation and Conditions of Service) Act, 2021.

²² For further details, please see Section 3.3.6 Notification of the Delhi High Court Intellectual Property Rights Division Rules, 2022

²³ <https://spicyip.com/2023/05/dhcs-ipd-annual-report-a-positive-step-for-transparency-heres-how-it-could-go-further.html>

²⁴ The Court of Delhi Rules Governing Patent Suits, 2022.

3.2 Injunctions

Common law jurisdictions, including India, have developed a three-factor test. Interim injunctions are granted only upon satisfaction of this test. The test relies on the American Cyanamid Co. vs Ethicon Ltd²⁵ case, whereby the plaintiff must prove:

- a. A prima facie case of infringement in favour of the plaintiff,
- b. That in the absence of an injunction, the plaintiff would suffer irreparable harm,
- c. That the balance of convenience lies in favour of the plaintiff.

3.2.1 Preliminary injunctions in SEP litigation

Preliminary injunctions, broadly speaking, refer to judicial decisions adopted before the final adjudication of the case by the court. They have an exceptional character and they are adopted – usually at request of the plaintiff – in a limited set of cases, provided that certain conditions are met. Preliminary injunctions have been used in SEP litigation all over the world, and India has not been an exception.

a) Interim injunctions - Supreme Court of India

Interim injunctions – sometimes referred to as interlocutory injunctions – are provisional orders issued by the courts requiring a party to either perform certain actions or refrain from doing specific acts. They are seen as swift remedies sought based on prima facie assertions made by the plaintiff and adjudicated upon principles of equity. The Supreme Court of India, in the case of Wander vs Antox²⁶, has laid out the general principles governing the grant of interim injunctions:

'The object of the interlocutory injunction (...) is to protect the plaintiff against injury by violation of his rights for which he could not adequately be compensated in damages recoverable in the action if the uncertainty were resolved in his favour at the trial. The need for such protection must be weighed against the corresponding need of the defendant to be protected against injury (...). The court must weigh one need against another and determine where the "balance of convenience lies". The interlocutory remedy is intended to preserve in status quo, the rights of parties which may appear on prima facie.'

The same principles have been articulated in Gujarat Bottling Co Ltd. Vs Coca-Cola Company²⁷, stating that interlocutory injunctions:

- Are at the discretion of the courts,
- Aim at preserving the status quo and protect the rights of the parties, pending determination on merits,
- Require a balanced approach. Injunctions in favour of the plaintiff must be weighed against the injury caused to the defendant.

²⁵ 1975 (1) All. ER 504 (UK).

²⁶ Wander v. Antox., 1990 Supp (1) SCC 727 (para 5).

²⁷ Gujarat Bottling Co. Ltd vs. Coca Cola Company, AIR 1995 SC 2372 ,

LIMITATIONS ON JUDICIAL REVIEW OF INTERIM INJUNCTIONS

Interim injunctions can only be vacated or reversed by the Supreme Court in cases of manifestly perverse and arbitrary decisions by the Trial Court or the High Court. The discretion exercised by judiciary in granting injunctions has to be exercised reasonably and judiciously.²⁸

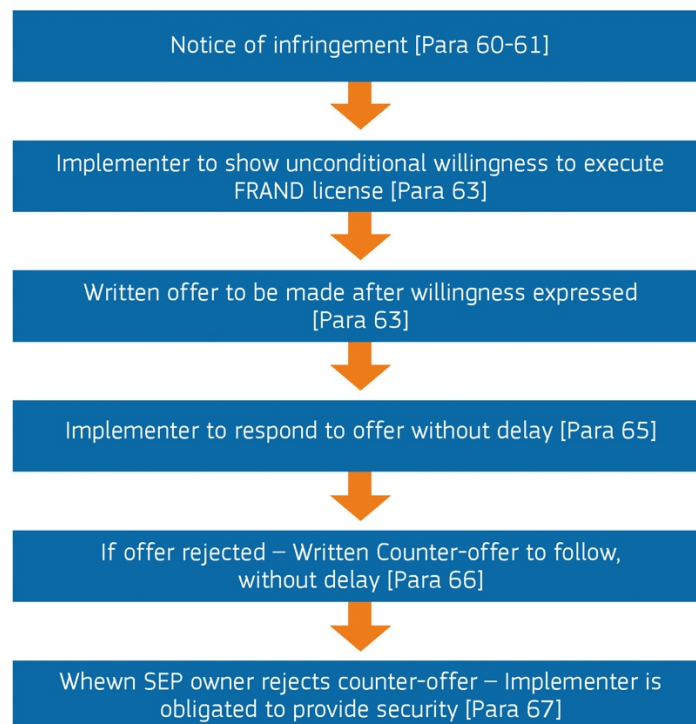
b) Preliminary injunctions: SEP scenario

There is no doubt that a key aspect of SEP litigation is whether the holder of a FRAND-pledged SEP is entitled to resort to preliminary injunctions, and under which conditions.

The CJUE in *Huawei vs ZTE* responded affirmatively and defined a framework that balanced the willingness of potential licensor and prospective licensees to arbitrate, outlining conditions under which seeking a preliminary injunction does not amount to an abuse of dominant position.²⁹

The **Delhi High Court has “transposed” the CJEU willing licensor/licensee test from the Huawei vs ZTE ruling into Indian practice** in the *Intex vs Ericsson* judgment.³⁰ This “FRAND Protocol”³¹ recognised that the FRAND commitment is entrusted upon the SEP holder to license on FRAND terms. It also emphasizes the underlying commitment by the licensee or SEP implementer to promptly and unconditionally engage in negotiations for FRAND terms, without resorting to delaying tactics.

Huawei vs ZTE willing licensee test at the eyes of the High Court of Delhi (Para 67).



²⁸ Laxmikant V. Patel vs Chetanbhat Shah & Anr, 2002 (3) SCC 65.

²⁹ Pursuant Article 102 of the Treaty of Functioning of the European Union.

³⁰ *Intex Technologies (India) Ltd vs Telefonaktiebolaget LM Ericsson* High Court of Delhi on crossed appeals FAO(OS) (COMM) 296/2018 and FAO(OS) (COMM) 297/2018. Paras 66 and 67 - which includes a flow chart.

³¹ In words of the High Court of Delhi. Ibid

The FRAND Protocol supersedes the “Four-Fold Test”, which the Delhi High Court created in *Nokia vs Oppo* requiring four cumulative conditions for granting an injunction:

- The asserted patent is in fact a SEP,
- The technology used by the defendant infringes the SEP,
- The royalty rate at which the plaintiff is willing to license its SEP is FRAND,
- The defendant is unwilling to take the licence.

While formally correct, the test fails in cases where the alleged infringer incurs in dilatory practices. The Delhi High Court repealed the Four-Fold Test, as the requirements set by thereof are more appropriate for a final decision rather than for a preliminary injunction.³² Moreover, the court flagged the detrimental character for innovation incentives of the eventual application of the test.³³

INFORMATION AND UNDERTAKING REGARDING FOREIGN APPLICATIONS

Section 8 of the Indian Patents Act requires patent holders to inform about foreign applications related to the same or substantially similar invention. Failing to provide such information does not necessarily prevent the injunction from being granted unless such failure is “patent and manifest”.³⁴

In practice, and for the purposes of seeking a preliminary injunction, the SEP holder:

- Should make a FRAND offer, and it is entitled to offer a portfolio licence instead of individual licensing³⁵,
- Needs to prove infringement of a selection of patents (at least one) – there is no need to sue on the basis of each patent allegedly infringed by the product³⁶,
- Is required to prove prima facie essentiality by, inter alia:
 - Providing a selection of claim charts, which serves as a sufficient condition³⁷,
 - Referring to already concluded licensing agreements³⁸,
 - reference to foreign patent documents³⁹.

To prevent the injunction from being granted, the alleged infringer/ prospective licensee must provide the SEP holder with a FRAND counteroffer and reliable information about past uses. In addition, only these defensive strategies can be relied upon:

- Challenging the essentiality of the SEP(s) by means of expert evidence and claim charts⁴⁰,

³² Ibid. See paras 114 and 115.

³³ Ibid. See para 117ss.

³⁴ Ibid para 141.

³⁵ Here the High Court of Delhi follows the reasoning of the UK Supreme Court in *Unwired Planet vs Huawei* [2020] UKSC 37. *Intex vs Ericsson*, paras 109 to 111.

³⁶ Ibid paras 99ff.

³⁷ Ibid para 123

³⁸ Ibid para 150

³⁹ Provided that the foreign patent claims included in the essentiality analysis are “the same” than those of the Indian patent. *Philips vs Bansal and Bhagirathi*, para 9.10.

⁴⁰ Ibid para 123.

- Raising credible challenges against the validity of the patent(s)⁴¹. To prevent the injunction from being granted, the timing of such challenges is relevant⁴² – the sooner the better,
- Proving the exhaustion of the patent⁴³, i.e., proof that the “infringing” parts have been acquired by a licensee of the patent holder.

3.2.2 Anti-(anti-)suit injunctions

Anti-suit injunctions are a preventive measure against litigation in other jurisdictions. They have become rather popular for SEPs after jurisdictions such as the UK or China have considered themselves entitled to define global FRAND rates.

By means of an anti-suit injunction, a company requests a court order which shields the requesting party from litigation between the same parties concerning the same or substantially similar matter.

If an anti-suit injunction is granted, parties are banned from initiating or continuing litigation in a fora other than the one which has granted the anti-suit injunction. Therefore, anti-suit injunctions are a tool for parties to litigate in jurisdictions that are more favourable to their interests.

a) Anti-suit injunctions in the Supreme Court of India

The Indian Supreme Court has iterated that anti-suit injunctions are a type of larger interlocutory injunctions. In *Modi Entertainment Network vs W.S.G. Cricket Pte Ltd*⁴⁴, the Court defined anti-suit injunctions and affirmed the competence of Indian court to grant such injunctions, stating that “When a court restrains a party to a suit/proceeding before it from instituting or prosecuting a case in another court including a foreign court, it is called anti-suit injunction. It is a common ground that the courts in India have power to issue anti-suit injunction to a party over whom it has personal jurisdiction(...)”.

In *O.N.G.C. vs Western Co. of North America*⁴⁵; Western Co. approached the New York Court to prevent O.N.G.C. from challenging an arbitral award before the Bombay High Court on the grounds that the arbitral umpire had not provided a hearing to any party involved.

The Supreme Court weighed the balance of convenience and recognised the predicament O.N.G.C would face in defending itself in a US court where jurisdiction and enforcement powers over the arbitral award were lacking. Consequently, the Court issued an anti-suit injunction, emphasising its highly exceptional nature, stating ‘(...) *We would be extremely slow to grant such a restraint order but, in the facts, and stances of this matter we are convinced that this is one of those rare cases where we would be failing in our duty if we hesitate in granting the restraint order*’.

In conclusion, it can be said that Indian courts have made a restrictive use of anti-suit injunctions, reserving them for the rarest of cases, wherein, not restraining would lead to ends of justice not being served. This approach is consistent with international practices and standards, respecting the comity principle and jurisdiction and competence of foreign courts.

⁴¹ Ibid para 129.

⁴² Ibid para 135, Similarly Philips P.P para 8

⁴³ Philips para 10.10

⁴⁴ [2003 AIR SCW 733](#).

⁴⁵ *O.N.G.C. v. Western Co. of North America*, 1987 SCR (1)1024

EXCEPTIONAL CHARACTER

Anti-suit injunctions are granted in extremely rare cases where failure to do so would lead to extremely inequitable outcomes for the parties concerned.

b) Anti-suit and anti-anti-suit injunctions in SEPs cases

Anti-suit injunctions (ASI) have gained prominence with numerous ASI being filed worldwide.⁴⁶ The European Commission has made it explicitly clear in its [IP action plan](#) that broad extraterritorial anti-suit injunctions can jeopardise European patent owners.

To prevent anti-suit injunctions from being issued or to counter their effect, parties resort to anti-anti-suit injunctions. Anti-anti-suit injunctions (AASI) are injunctions where the requesting party aims at preventing the other party to seek, continue or enforce an anti-suit injunction in a foreign jurisdiction.

Courts in the EU have granted anti-anti-suit injunctions in recent times⁴⁷ in order to prevent foreign courts from subtracting decisions from EU fora.

In 2021, the Delhi High Court⁴⁸ issued its first AASI in the case of Interdigital vs Xiaomi.⁴⁹ The Delhi High Court ruled out that an anti-suit injunction issued by the Wuhan Court in a process seeking to define a global FRAND rate should prevent Interdigital from obtaining a declaration of infringement of six Indian patents before Indian courts.⁵⁰

EX PARTE ANTI-SUIT INJUNCTIONS AND AASIs

By means of an ex parte anti-suit injunction, the requesting party may require the court to adopt a decision *inaudita parte*, i.e., without giving the other party the chance to challenge the anti-suit injunction.

Although courts are not inclined to grant ASIs or AASIs without hearing both parties, they provide a strategic advantage if granted, therefore it is a strategic tool to take into account in SEP litigation. The requirements for an ex parte injunction in India are:

1. Prima facie case: the court must be persuaded that the petitioner is, in good faith, entitled to the injunction,
2. Irreparable harm: if not granted, the petitioner is likely to suffer irreparable damages or losses,
3. Convenience and balance of interests: the court must give due consideration to both parties' interests, rights and eventual consequences.

⁴⁶ [Microsoft Corp. v. Motorola, Inc.](#), 696 F.3d 872, [Ericsson Inc. v. Samsung Elecs. Co.](#) 2:20-CV-00380-JRG.

⁴⁷ See, for example, [HEVC Advance v Xiaomi Regional and Higher Regional Court of Düsseldorf](#) Case No.: 4c O 73 /20; [IP Bridge v Huawei](#), Regional Court of Munich, Case No. 7 O 36/21; [InterDigital v Xiaomi](#), Regional Court of Munich, Case No. 7 O 14276/20; or [IPCom v. Lenovo](#), Court of Appeal of Paris Case No. RG 19/21426.

⁴⁸ Confirming a prior interim injunction dated on 9th October 2020.

⁴⁹ [Interdigital Technology Corporation vs Xiaomi Corporation](#) I.A. 8772/2020 in CS(COMM) 295/2020.

⁵⁰ Which are the only competent courts to analyse infringement of Indian patents. *Ibid* para 105.

However, in India, the Delhi High Court considered that the issuance of a secretly obtained anti-suit injunction, without affording the enjoined party an opportunity to be heard is one of the circumstances that support granting an AASI⁵¹.

3.2.3 Other relevant injunctions

a) Search and seizure orders / Anton Pillar orders:

Anton Pillar orders are a type of search and discovery orders that are granted on an ex parte application. These orders are issued in situations where the plaintiff has a strong prima facie case and there is potential for irreparable harm. Additionally, clear and vital evidence must be held by the defendant, and there must be a real possibility that this evidence may be destroyed.

Anton Pillar orders are vital and have been extensively used and granted by Indian courts in intellectual property cases. Indian courts in *Bucyrus Europe Limited and Anr. vs Vulcan Industries Engineering*⁵² have warned against freely using this instrument and have observed that some safeguards should be placed such as “asking the plaintiff to give an undertaking in damages in case the plaintiff is wrong and the defendant suffers damages as a result of the execution of the order”.

b) John Doe or Ashok Kumar orders:

Joe Doe or Ashok Kumar injunctive orders are unique instruments and are vital in cases involving anonymous IP infringers and violators. These orders protect rights holders by enabling them to initiate proceedings and issue seizure ex parte orders until the defendant is identified. John Doe orders can also be anticipatory, allowing rights holders to request their issuance when there is apprehension of potential piracy or infringement. Indian courts routinely issue John Doe orders in IP infringement cases where the defendant is difficult to locate and identify⁵³, although they are not commonly used in SEPs cases.

3.3 Confidentiality

Confidentiality is the rule in SEP negotiations, agreements and litigation. Usually, before engaging in SEP licensing negotiations, the prospective licensor and licensee sign non-disclosure agreements. After the negotiations, the agreed terms remain confidential.

This confidentiality runs in favour of the interest of both licensor and licensee. None of the parties are willing to show their competitors the conditions agreed or the details of the negotiation, including, inter alia, royalty rates and structure, patent exposure, payment conditions, technical information exchanged, additional licences negotiated or joint R&D efforts agreed. Most of the information shared has an economic value and warrants protection under the terms of the EU Trade Secrets Directive.⁵⁴

⁵¹ Ibid para 88.

⁵² 2005 (30) PTC 279 Cal.

⁵³ AMlegals, Delhi High Court Passes John Doe Order Against Several Social Media Platforms and Accounts, April 2022, <https://amlegals.com/delhi-high-court-passes-john-doe-order-against-several-social-media-platforms-and-accounts/>.

⁵⁴ Directive (EU) 2016/943 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure.

NON-DISCLOSURE AGREEMENTS IN INDIA

India protects against the undue disclosure of trade secrets on the basis of unfair competition, granting a great margin of discretion to Indian judges in defining which information is confidential and what are the legal consequences of the breach.

To successfully enforce an NDA in India, EU SEP implementers and holders should define in greater detail the scope of the agreement, including the appropriate identification of the confidential information, the level of confidentiality, protection measures and penalties. Please refer to the India IP SME Helpdesk 's [Guide to Trade Secret Protection in India](#) for further information.

Indian courts are no different than courts in other jurisdictions. Therefore, substantial pieces of information discussed during litigation remains confidential, i.e., it is not disclosed to the general public.

Confidentiality clubs are instrumental to this aim. In confidentiality clubs, the parties, usually represented by lawyers, technical experts and external experts, discuss core aspects of the relevance and value of the portfolio. All the documents and discussion remain confidential to prevent the competitors of both SEP holders and implementers from gaining insights on valuable information.

The 2018 Original Side Rules of Delhi High Court⁵⁵, in its Rule 17, Chapter VII, specifically provides for confidentiality clubs:

17. Confidentiality Club. – When parties to a commercial suit wish to rely on documents/information that are commercially or otherwise confidential in nature, the Court may constitute a Confidentiality Club so as to allow limited access to such documents/information. In doing so, the Court may set up a structure/protocol, for the establishment and functioning of such Club, as it may deem appropriate. An illustrative structure/protocol of the Confidentiality Club is provided in Annexure F. The Court may appropriately mould the structure/protocol of the Club, based upon the facts and circumstances of each case.

Annexure F of said document includes a Protocol to constitute a Confidentiality Club, including rules on how to operate and preserve the confidentiality.

A contentious issue is whether confidentiality clubs, which exclude the parties themselves and are composed by legal representatives and external experts only, should be allowed under Indian law.

Such types of confidentiality clubs have not been troublesome at first (see *Ericsson vs Xiaomi*⁵⁶), as far as they allow to discuss the reasonability, fairness and non-discriminatory character of the proposed FRAND rates, without the need of providing confidential information directly to competitors, which might use it for purposes other than the negotiation of the SEP licence.

⁵⁵ Original Side Rules of Delhi High Court (2018)

[https://thc.nic.in/Central%20Governmental%20Rules/Delhi%20High%20Court%20\(Original%20Side\)%20Rules.%202018.pdf](https://thc.nic.in/Central%20Governmental%20Rules/Delhi%20High%20Court%20(Original%20Side)%20Rules.%202018.pdf)

⁵⁶ *Telefonaktiebolaget LM Ericsson v. Xiaomi Technology & Ors.*, 2017 SCC OnLine Del 11069. Similarly, *Dolby International AB v. GDN Enterprises Private Limited* - both from the High Court of Delhi.

More recently, however, a decision in *InterDigital vs Xiaomi*⁵⁷ has ruled that confidentiality clubs that exclude the parties' in-house personnel violate the client-attorney relationship regime.

Until the moment the Delhi High Court constitutes a Division Bench to unify the criteria regarding confidentiality clubs, parties should not be excessively reliant on the possibility of creating confidentiality clubs that exclude internal staff from the parties, unless both parties agree.

3.4 Competition law and SEPs in India

While SEPs-related conflicts relate to the licensing and enforcement of patents, competition law and competition agencies have usually been involved in such disputes. In Europe, most conflicts and deviations related to SEPs disclosure, licensing and enforcement have been dealt with in the framework of competition law.⁵⁸

Similarly, in India, the Competition Commission of India (CCI) has intervened in a number of SEP cases. However, recent developments in the *Ericsson and Monsanto* cases have severely altered the Indian competition law framework concerning SEP cases, particularly when it comes to defining appropriate or reasonable royalties.

In *CCI vs Ericsson and Monsanto*⁵⁹, the Delhi High Court ruled that the '*CCI cannot exercise jurisdiction over actions of an enterprise that are in exercise of their rights as a patentee*'.⁶⁰ According to the judgement, such jurisdiction is vested in the Controller of Patents.⁶¹ Moreover, the judgement states that in the event of a conflict of laws the Patent Act must prevail over the Competition Act.⁶²

As a result, whenever one of the parties seeks for the definition of (reasonable) royalty rates in India, they need to forcedly resort to the Controller of Patents – or civil courts – and not to the CCI.

The practicalities for SEPs litigation remain to be seen: in theory, the CCI should still be competent to deal with other anticompetitive behaviours beyond those defining reasonable royalties. In practice, however, it is particularly complex to separate pricing and non-pricing aspects of potentially anticompetitive behaviours, such as patent ambushes⁶³ or unwillingness to license in or out a SEP portfolio.

These particularities must be taken into account by EU companies when designing their litigation strategies in India.

⁵⁷ *Interdigital vs Xiaomi* I.A. 6441/2020 in CS(COMM) 295/2020 and I.A. 6447/2020 in CS(COMM) 296/2020

⁵⁸ European Commission, *Google - Motorola Mobility* (Case No COMP/M.6381) Decision of 13 February 2012, C(2012) 1068; *Samsung Enforcement of UMTS Standard Essential Patents* (Case AT.39939) Decision of 29 April 2014, C(2014) 2891 final; *Motorola - Enforcement of GPRS standard essential patents* (Case AT.39985) Decision of 29 April 2014, C(2014) 2892 final.

⁵⁹ LPA 247/2016 and connected matters.

⁶⁰ 'there is no scope of doubt beyond the pale of doubt that the Patents Act is the special statute, and not the Competition Act. It is also a fact that Chapter XVI of the Patents Act is a subsequent legislation as compared to the Competition Act' *CCI vs Ericsson and Monsanto* High Court of Delhi LPA 247/2016 and connected matters

⁶¹ Alternatively in civil courts.

⁶² *CCI vs Ericsson and Monsanto* High Court of Delhi LPA 247/2016 and connected matters paras 53 to 56.

⁶³ Patent ambushes are a opportunistic behaviour whereby the patent owner conceals its patents during the standardisation process to later claim non-FRAND royalties over them.

ESSENTIALITY AND DOMINANCE

A common defence strategy in SEP cases is to challenge the essentiality of the allegedly essential patents, denying its relevance to the implementers' products (see Section 3.2 above).

On the contrary, in competition cases, implementers need to prove that the SEP holder is dominant for the relevant market, and this is frequently carried out with reference to the essentiality of the patents.

Parties must be careful to ensure the coherence of their pleadings when infringement and competition procedures are running in parallel. In the *Intex vs Ericsson* case, the Delhi High Court took into account that Intex acknowledged the essentiality of some of the patents at stake within the parallel proceedings before the CCI, and therefore considered them essential.⁶⁴

3.5 Other procedural and strategic aspects of SEP litigation in India

a) Punitive damages

Indian courts are entitled to impose punitive damages to parties in proceedings. Punitive damages are those which are not directly related to the harm effectively caused to the other party. Rather, they are connected to the willingness of the court to penalise certain misbehaviours of the party(ies), including vexatious litigation.

In the *Philips* case, the court awarded punitive damages to the plaintiff in connection to SEPs infringement. According to the judgement, the award of punitive damages in India must be reserved to three "categories"⁶⁵:

- a. Oppressive, arbitrary or unconstitutional action any the servants of the government;
- b. Wrongful conduct by the defendant which has been calculated by him for himself which may well exceed the compensation payable to the claimant; and
- c. Any case where exemplary damages are authorised by the statute.

The award of punitive damages is not automatic, and it is subject to the following principles⁶⁶:

- a) The burden of proof regarding the facts needed to award punitive damages rests on the plaintiff,
- b) Even if it is proven that the case falls within any of the categories, punitive damages should not be granted,
- c) unless the damages figure is not sufficiently exemplary in the eyes of the court,
- d) Punitive damages must be included within the overall damages figure, rather than added separately,
- e) Punitive damages are not fines; they accrue to the plaintiff.

⁶⁴ *Intex vs Ericsson*, paras 119ff.

⁶⁵ *Philips N.V. vs Bansal & Bhagirathi CS (COMM) 24/2016 and CS(COMM) 436/2017*, para 13.11, with express reference to case *Hindustan Unilever Ltd. vs. Reckitt Benckiser India Limited 207 (2014) DLT 713*.

⁶⁶ *Ibid* (with express reference to case *Cassell & Co. Ltd. v. Broome*).

In the Philips vs Bansal case, the court awarded punitive damages on the grounds of bad faith infringement, as the defendant was a former employee of the plaintiff, and knowingly infringed the patents.⁶⁷

b) Private arrangements

Parties litigating in India are entitled to agree – by means of private arrangements – on the conditions of the licence or any other terms. Such agreements can result in a licence agreement that ends the litigation, as happened in the case of *Ericsson vs Best IT World India*.

In addition, the parties can agree, by mutual consent, on the modification of a judicially granted preliminary injunction. In *Vringo vs ZTE*, the parties agreed on allowing ZTE to continue selling its devices in India, subsequent to the due reporting of said sales and a deposit. The court proceeded to issue an interim arrangement order, accordingly.

This possibility allows the parties to define terms that are less onerous for both sides than those defined by the court in the preliminary injunction. It also promotes the negotiation dynamics in search of a non-contentious solution to the conflict.

c) Deposit of royalties

As mentioned in Section 3.2, the application of Huawei vs ZTE unwilling licensee test in India implies the requirement of making a deposit of royalties in order to appear as a willing licensee. In earlier cases, the Delhi High Court has also requested deposits of royalties. Despite the criticisms⁶⁸, this practice of the Indian courts is well-established and aligned with EU practices and standards.

⁶⁷ Ibid para 13.13. Note that the definition of punitive damages failed to meet the criteria set by *Cassell & Co. Ltd. v. Broome*, since it is fixed as an addition to the rest of the damages.

⁶⁸ See “Indian Mobile Manufacturers Dragged over the Coals by Ericsson and the Delhi High Court with Little Regard for Procedural Fairness” <https://spicyip.com/2016/10/the-deposit-orders-in-ericssons-patent-lawsuits-are-neither-middle-path-nor-innovative-these-orders-are-flawed-and-illegal.html> and “The deposit orders in Ericsson’s patent lawsuits are neither “middle-path” nor “innovative” – these orders are flawed and illegal” <https://spicyip.com/2016/10/the-deposit-orders-in-ericssons-patent-lawsuits-are-neither-middle-path-nor-innovative-these-orders-are-flawed-and-illegal.html> accessed 1 February 2024.

4. Key takeaways

The Indian SEP landscape has evolved along the last two decades. European companies, including SMEs, can choose to litigate some of their patents in India, as Ericsson, Nokia and Philips have done. Additionally, EU companies can also be sued in India, due to its market's strategic value and size.

The primary jurisdiction for litigating SEPs is the Delhi High Court. However, it is important to note that the Supreme Court may eventually alter or reaffirm its current decisional practice. Therefore, the willing licensor/licensee test from the CJEU *Huawei vs ZTE* – expanded to India by the Delhi High Court –, remains valid and provides a balanced approach to SEPs litigation. SEP holders and implementers are expected to act as willing licensors and licensees, respectively.

With regards to anti-(anti-)suit injunctions, Indian standards substantially mirror the approach of EU courts, and have no hesitation in protecting their own jurisdiction by means of anti-anti-suit injunctions.

Confidentiality remains a priority when doing business in India, as the protection of trade secrets by means of unfair competition is neither as comprehensive nor extensive as in the EU. Implementers and SEP holders should therefore draft detailed confidentiality agreements and clauses whenever they enter agreements with Indian counterparts.

Confidentiality clubs are allowed in the framework of SEPs litigation by the Delhi High Court, yet the structure of such clubs remains controversial, namely regarding whether one party can request the exclusion of all internal staff from the parties during confidentiality clubs.

Indian competition law – typically relied upon in SEP cases in the European Union – has now become a source of uncertainty. This follows the Delhi High Court's decision to reject the competence of the Competition Commission of India to decide on royalty-related cases.

Overall, as courts worldwide are positioning themselves to become preferred litigation fora for SEPs, the Indian market and the Delhi High Court are very likely to continue deciding in SEPs cases.