



2024 : DHC : 4610



* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
% *Reserved on* : *29th April, 2024*
Pronounced on : *31st May, 2024*

+ **CS(COMM) 692/2021**
INTERDIGITAL TECHNOLOGY CORPORATION & ORS..... Plaintiffs
Through: Mr. Pravin Anand, Ms. Vaishali Mittal,
Mr. Siddhant Chamola, Ms. Pallavi
Bhatnagar and Ms. Gitanjali Sharma, Advs.

versus

GUANGDONG OPPO MOBILE TELECOMMUNICATIONS CORP.
LTD. & ORS. Defendants

Through: Mr. Saikrishna Rajagopal, Ms. Julien
George, Mr. Aniruddh Bhatia, Mr.
Arjun Gadhoke, Mr. Avijit Kumar,
Mr. Vivek Ayyagari and Ms. N.
Parvati, Advs.

+ **CS(COMM) 707/2021**
INTERDIGITAL VC HOLDINGS INC& ORS. Plaintiffs

Through: Mr. Pravin Anand, Ms. Vaishali Mittal,
Mr. Siddhant Chamola, Ms. Pallavi
Bhatnagar and Ms. Gitanjali Sharma, Advs.

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GUANGDONG OPPO MOBILE TELECOMMUNICATIONS CORP.
LTD. & ORS. Defendants

Through: Mr. Saikrishna Rajagopal, Ms. Julien
George, Mr. Aniruddh Bhatia, Mr. Arjun
Gadhoke, Mr. Avijit Kumar, Mr. Vivek
Ayyagari and Ms. N. Parvati, Advs.



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CORAM:
HON'BLE MR. JUSTICE ANISH DAYAL
% **JUDGMENT**

I.A. 9355/2023 in CS (COMM) 692/2021, I.A. 9384/2023 in CS (COMM) 707/2021 (by plaintiffs seeking discovery under Order 11 Rule 5 of CPC) & I.A. 11485/2022 in CS(COMM) 692/2021, I.A. 11484/2022 in CS (COMM) 707/2021 (by defendants seeking constitution of confidentiality club including directions for production by plaintiffs of all third-party agreements relating to their SEP's.)

1. CS(COMM) 692/2021 was filed by plaintiff (*InterDigital Technology Corporation*) seeking permanent injunction restraining infringement of rights vested in registered patent numbers IN262910, IN295912, IN313036, IN320182 & IN319673 (referred to as '*suit patents*'). The dispute relates to plaintiffs' Standard Essential Patents (referred to as "**SEPs**") portfolio alleging use by defendants of their patent technology without executing a license agreement or paying FRAND rates i.e. *fair, reasonable and non-discriminatory terms*.
2. CS(COMM) 707/2021 was filed by plaintiff (*InterDigital VC Holdings, Inc.*) restraining infringement of rights vested in registered patent numbers IN242248, IN 299448 & IN 308108 (also referred to as '*suit patents*') claiming rights in their SEP's in these technologies; that defendants were an unwilling licensee; and had not executed a FRAND license agreement.
3. Counter claims under Section 64 of Patents Act, 1970 (hereinafter referred to as "**the Act**") have also been filed by defendants, numbered as Counter Claim



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No. 9/2022 in CS (COMM) 692/2021 & Counter Claim being CC (COMM) No. 23/2022 in CS (COMM) 707/2021. The defendants claim that the plaintiffs' patents are not valid, essential or infringed.

4. I.A. 9355/2023 and I.A. 9384/2023 were filed by plaintiffs under Order XI Rule 5 read with Section 151 of Code of Civil Procedure, 1908 ("CPC") seeking directions to defendants to produce documents which were essentially '*license agreements*' executed by defendants with third-party SEP holders and agreements with Qualcomm concerning components procured by defendants for their devices. On 5th April, 2024, Mr. Pravin Anand, counsel for plaintiffs limited his request to the agreements executed by defendants with Qualcomm and Ericsson in CS (COMM) 692/2021 and with Orange SA in CS(COMM) 707/2021.

5. I.A. 11485/2022 and I.A. 11484/2022 have been filed on behalf of defendants under Rule 11 of the High Court of Delhi Rules governing Patent Suits, 2022 read with Section 151 of CPC seeking constitution of a confidentiality club. As part of the said application a direction was sought for plaintiffs to place on record all third-party agreements relating to their alleged SEPs. On 5th April 2024, request was made by counsel for defendants for including plaintiffs' Qualcomm Agreement, aside from the seven agreements agreed to be part of the confidentiality club.

Submission on behalf of plaintiffs



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6. Mr. Pravin Anand, counsel for plaintiffs argued that defendants have pleaded the Qualcomm agreement in support of their *plea for exhaustion* and non-infringement and therefore, the defendants' Qualcomm agreement is relevant to be placed on record. For this, he has placed reliance upon the decision of the Hon'ble Supreme Court in *M.L. Sethi v. R.P. Kapur*, (1972) 2 SCC 427, where Supreme Court has stated that “*if there were matters in question in the suit, then the documents become relevant*”. Having taken the *plea of exhaustion* as a plea, these documents would ‘*throw light*’ on the matter in controversy.

7. He pointed out to the written statement of defendants, in particular to *paras 22 and 27*, stating the defendants' position having taken the *plea of exhaustion* of the plaintiffs' patent rights at the chipset level. This was in relation to the issue that the allegedly infringing component was in defendants' devices, which is the chipset sourced from third parties, *inter alia* Qualcomm and MediaTek. There was a reference by defendants in *para 35* of the written statement of its cross-licensing arrangements with entities including Ericsson and Qualcomm.

8. Counsel for plaintiffs pointed out that the defence of exhaustion with reference to Qualcomm had been taken in previous law suits where it had been rejected. In this regard, he pointed out to a decision in *Koninklijke Philips N.V. v. Vivo Mobile Communication Co. Ltd. & Ors.*, 2022:DHC:85, where it had been held that considering the stand of defendants that the patents were incorporated in the chipset and not in the handset, and plaintiff had insisted that the SEPs were in the handset, third-party license agreements executed between defendants and Qualcomm and other companies would definitely *throw light* on



this question. It was also observed by Court that if plaintiff had to map their patents on to the standard essential features, as contended by defendants, it would also be settled by the production of this agreement.

9. Counsel for plaintiffs also placed reliance on the judgment delivered on 20th March, 2024 in *Lava International Ltd. v. Telefonaktiebolaget LM Ericsson*, 2024:DHC:2698, where the discussion on the plea of *doctrine of exhaustion* as a defence was tested on the basis of agreement of defendants with Qualcomm, which was part of the said proceeding and further adverted to paras 10.10 and 10.11 in *Koninklijke Philips N.V. v. Bhagirathi Electronics & Ors.*, 2018:DHC:4111, to show that the defence of exhaustion had been rejected.

10. Counsel for plaintiffs contended that plaintiffs needed access to defendants' Qualcomm agreement on *inter alia* the following grounds:

- i. To disprove the argument on the *doctrine of exhaustion*;
- ii. To disprove the defendants' case, that the technology resides only in the chipset, and not in the handset as a whole;
- iii. That the royalty sought by plaintiffs were on a FRAND basis.

11. The need for Qualcomm agreement with Oppo was necessary to show that the exhaustion defence was unsustainable, in that the agreement would not have any indemnity clause where Qualcomm had assured Oppo that a license to Qualcomm patents, and absolve it from infringement of third-party patents. For this, he adverted to *paras 604 and 611 of Lava (supra)*.



12. This was without prejudice to Oppo's argument on exhaustion being incorrect in any event, since plaintiff's patents did not claim the chipset but the implementation in the handset manufactured by Oppo. It was underscored that if the use of Qualcomm chipsets by defendants exhausted the rights of SEP holders, then why would it be necessary for them to take a license from Ericsson and other SEP holders. For this, he adverted to extract of '*Qualcomm's 5G Handset Licensing Program*'.

13. An affidavit filed by Oppo's authorized representative was referred to, where it had been stated in response to interrogatories, that they used licensors of 3G, 4G and 5G patents, the list which included Qualcomm as well.

14. As per the plaintiffs' counsel, the Qualcomm agreement would also show that Oppo makes payments to its licensors on the entire handset level and not merely the chipset level and would therefore, be determinative of the royalties to be paid. The agreements would also show that royalties being paid to third-party SEP licensors for similar technology i.e. cellular /HEVC (*High Efficiency Video Coding*), were far higher than what Oppo has offered to pay the plaintiffs in its negotiations and counteroffers. It was asserted that the claims of the *suit patents* included the technology which involved the whole handset and in particular, *paras 60, 66 & 72* of the *Plaint* were referred to, which had extracted the claim of IN910, IN912 and IN036.

15. Plaintiffs would also require the agreement to disprove Oppo's case on acquiescence pleaded against plaintiffs. It was contended that acquiescence was a positive act of encouragement and not mere inaction or failure to sue and



reliance was placed on *M/s. Hindustan Pencils Pvt. Ltd. v. M/s. India Stationery Products Co. & Anr.*, AIR 1990 DEL 19 and *Power Control Appliances v. Sumeet Machines Pvt. Ltd.*, 1994 (2) SCC 448. In any event Oppo had no *locus* to take the defence of acquiescence on behalf of a third party i.e. Qualcomm. Qualcomm in any case, was not a necessary party to the suit, as it is not practicing the claims of the *suit patent*. Access to Oppo's agreements would also be relevant for the determination of royalties that Oppo should be paying plaintiffs.

16. On the proposition that agreements of implementer are relevant for royalty determination, counsel for plaintiffs relied upon the following cases:

- i. *InterDigitalTechnology Corporation & Ors. v. Guangdong Oppo Mobile Telecommunications Corp. Ltd. & Ors.*, titled CS (COMM) 692/2021 & CS (COMM) 707/2021. In this very case, *vide* order dated 21st February, 2024 it was held in *para 58 (as extracted in para 4 of the said order)*, that it was likely that Oppo will show its agreement to InterDigital;
- ii. *Georgia-PacificCorp. v. U.S. Plywood Corp.*, 318 F. Supp. 1116, 1120 (S.D.N.Y. 1970) (*decided on 28th May, 1970*);
- iii. *High Point SARL v. Sprint Nextel Corporation*, 2012 WL 1533213(USA case decided on 30th April, 2012);
- iv. *Microsoft Corporation v. Motorola Mobility, Inc.*, Case No.C10-1823JLR (2013 decision of United States District Court- Western District of Washington at Seattle); and
- v. *Optis Cellular Technology LLC v. Apple Retail UK Ltd.*, [2023] EWHC 1095 (Ch) (UK decision of 10th May, 2023).



17. Counsel for plaintiffs did submit that in U.K., InterDigital’s plea for access to the implementer’s agreement was denied but that was distinguishable considering that defendants had not taken the defence of patent exhaustion. As regards Oppo case in UK, Oppo’s counsel had taken the stand that Oppo’s agreements would be relevant and disclosable at a later stage and that InterDigital had made the request at a very early stage. He stated that, in this matter, the parties were about to commence trial and the documents were therefore necessary. The Oppo case in UK did not relate to the HEVC portfolio and was limited to 5G only, whereas, this particular case involves the HEVC portfolio as well.

18. In the UK case with Lenovo, the Court had acknowledged that InterDigital was not seeking access for royalty terms but had restricted its request to non-royalty FRAND terms, whereas, the present case is different because InterDigital’s request was based on Oppo’s royalty terms and the stage of the suit is at the trial stage. In any event he stated that UK orders were not binding in the present case and they were not in accordance with Indian law and requirement of discovery and disclosure are different in Indian law.

19. Issue of “*matters in question*” are part of Order XI rule 5 of CPC and also referred to Delhi High Court Patent Rules, 2022 which requires the defendant to specify the details of its own licenses, including royalties paid by them [*rule 3B (xi) and (vi)*]. Besides, Oppo had not taken the defence of exhaustion in UK and Germany, where the same portfolio is in question; it had sought a FRAND rate-setting prayer in Guangzhou China for the same portfolio. Counsel for plaintiffs



stated that a prayer of FRAND license could not co-exist with the defence of exhaustion.

20. As regards, Oppo's request for discovery of InterDigital's Qualcomm agreement, counsel for plaintiffs contended that agreement was irrelevant; *firstly*, there was no license currently and it had expired; *secondly*, the patents covered by the license were old patents and have expired since the Qualcomm agreement was CDMA (*Code-Division Multiple Access*) technology; *thirdly*, the *suit patents* do not relate to early CDMA technology which is the subject matter of the Qualcomm agreement but relate to technology developed after the expiry of the Qualcomm agreement; referred to his various patents and stated that none of them were CDMA technology; *fourthly*, the Qualcomm agreements were mostly for 2G patents and some initial 3G patents were included, which were not subject matter of the present proceedings; *fifthly*, license agreement concerns only CDMA products; *sixthly*, all patents had expired when InterDigital approached Oppo in 2014; *seventhly*, portfolio discussed with Oppo was focusing on 3G,4G, 5G, Wi-Fi and HEVC; and *eighthly*, there was no overlap between the 3G patents under the Qualcomm license agreement and those in discussions with Oppo.

21. In another case of *Koninklijke Philips N.V. v. Oplus Mobitech India Pvt. Ltd. & Ors.*, order dated 15.11.2019 titled CS (COMM) 574/2019, this Court had accepted the view that access to Philips-Qualcomm agreement was not necessary because the technology was very different. To this, the defendants' counsel said that ultimately, they did provide the Qualcomm agreement. However, without



prejudice to the above, InterDigital was willing to provide the Qualcomm licensing agreement to the Court in a sealed cover.

22. To Oppo's argument that an offer or covenant to not to sue, amounts to exhaustion, was not sustainable. Reliance on the decision in *TR Labs Patent Litigation*, Civil Action No. 09-3883 (PGS) (DEA)(case of United States District Court for the District of New Jersey) did not apply, since *firstly*, in that case, it was undisputed that the patents were practiced by Cisco's products and by Cisco's downstream manufacturer, whereas in this case, InterDigital's patents are not practiced by Qualcomm chipsets, but only by handset makers such as Oppo; *secondly*, Cisco had filed a declaratory action seeking a declaration of patent exhaustion, whereas, Qualcomm has not filed any declaratory action; *thirdly*, AT & T had admitted use of Cisco's products, using the very same patents, which were subject matter of TR Lab's offer to not to sue Cisco, whereas, the *suit patents* are completely unrelated and different from the patents concerned with InterDigital's license to Qualcomm; *fourthly*, mere inaction on not to sue does not amount to acquiescence [*Hindustan Pencils (supra) and Power Control(supra)*]; and *fifthly*, an exhaustion defence can only be demonstrated through the Oppo's agreement with Qualcomm and not through InterDigital's agreement with Qualcomm.

Submission on behalf of defendants

23. Defendants argued that if Qualcomm agreement had expired, then why was there an objection by plaintiffs to show the same and that in India the principle



of *international exhaustion* is followed, unlike in UK, where *national exhaustion* is the norm and therefore, the issue was not raised by defendants in UK.

24. It was submitted that non-production of the agreement, would at best draw an adverse inference against defendants. The claim of the *suit patent* was a function and not a mobile phone, therefore whether it is part of a chipset or mobile phone, can be seen from the Qualcomm agreement of the plaintiffs. It was submitted that plaintiffs rely on their Qualcomm agreement, while defendants do not rely on theirs. Reliance was placed on the Intex agreement in *Intex Technologies (India) Ltd. v. Telefonaktiebolaget LM Ericsson (Publ)*, 2023:DHC:2243-DB.

25. Counsel for defendants contended that by order dated 05th April, 2024, plaintiff agreed that they will place on record seven agreements, however, said no to the Qualcomm agreement. Defendants' plea for disclosure was based on the following submissions:

25.1 Plaintiffs' agreement with Qualcomm was relevant because plaintiffs had asserted the *suit patents* to be essential to 3G, 4G and 5G standards, and had also admitted that it had executed a license for 2G and other 3G patents with Qualcomm. The expired agreement with Qualcomm clearly had an overlap with the patents asserted in the suit, at least to the extent of the 3G standards and therefore, it would be relevant to decide the issue of exhaustion, as well as, FRAND.

25.2 Qualcomm's agreement with plaintiffs would be important to verify if the asserted technology is implemented in the chipset of a mobile device or whether



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agreement specified any terms to cover or not sue Qualcomm's licensees. If plaintiffs are aware that the technology is implemented by a chipset, they have not chosen to sue Qualcomm and therefore, acquiesced in the use of plaintiffs' patents within Qualcomm's chipsets and therefore, cannot sustain a claim of infringement against defendants, who are merely incorporating Qualcomm's chipsets within their devices. Since the agreement has already expired, plaintiffs' refusal to produce the agreement was surprising. In *Lava (supra)*, the Court had considered Ericsson's agreement with Qualcomm, while determining the issue of exhaustion.

25.3 As regards objection to plaintiffs' discovery applications, it was contended that their agreements were completely irrelevant to adjudication of FRAND rates. For assessing FRAND rates, SEP holders' third-party license agreements have to be reviewed, which has been upheld by the Division Bench of the Delhi High Court in *Intex Technologies India Ltd. v. Telefonaktiebolaget L M Ericsson (PUBL)*, 2023:DHC:2243-DB, as also by a Coordinate Bench of the Delhi High Court in *Interdigital Technology Corporation & Ors. v. Xiaomi Corporation & Ors.*, 2020:DHC:3598.

25.4 Plaintiffs' request had also been rejected in numerous proceedings including parallel proceedings between the parties in the UK High Court as in *InterDigital Technology Corporation & Ors. v. Oneplus Technology (Shenzhen) Co. Ltd.*, [2022] EWHC 2121 (Pat).



25.5 Plaintiffs' request was rejected in proceedings against Lenovo, as in *InterDigital Technology Corporation & Ors. v. Lenovo Group Limited & Ors.*, [2021] EWHC 89 (Pat).

25.6 Defendants' agreements with Qualcomm were completely irrelevant to its argument on exhaustion, since defendants have not relied upon its agreement with Qualcomm to claim exhaustion. Defendants' plea on exhaustion is articulated in *paras 23-28* of the written statement. Moreover, if defendants do not wish to produce its agreement with Qualcomm, they cannot be compelled and an adverse inference can be drawn in the final stages of the matter as per Order XI, Rule 5(4) of CPC.

Analysis

Defendants' Qualcomm agreement

26. Plaintiffs by their discovery application essentially seek production of the Qualcomm agreement executed by defendants with Qualcomm on the basis that it would *throw light* on the *defence of exhaustion* which has been pressed by defendants. The discovery of the other two agreements of defendants with Ericsson and Orange SA are pressed for the aspect of FRAND rates which plaintiffs claim from defendants for license of their SEPs. Defendants, on the other hand, seek discovery of the Qualcomm agreement executed between plaintiffs and Qualcomm since it would be relevant to decide the issue of exhaustion as well as determination of FRAND rates, without prejudice to its essential contention that it did not need a license for plaintiffs' SEP.



27. Plaintiffs claim is that defendants are using the patented technology in the SEP in their handset, while defendants claim that the technology is at best implemented in a chipset, which they have procured from Qualcomm which had been authorized to sell by plaintiffs and, therefore, the *principle of exhaustion* would apply. Plaintiffs counter by stating that their agreement with Qualcomm was for chipset manufacture and not for handsets and, therefore, had no relevance to the infringing technology used by defendants in their handset. Further, the agreement with Qualcomm was relatable to an earlier technology involving CDMA, 2G and some version of 3G, which was not the subject matter of the issue with the defendants' use of the technology.

28. The essence of a discovery sought by a party, has been deliberated upon by the Supreme Court in *M.L. Sethi (supra)* and articulated as under:

“8. The High Court was equally wrong in thinking that in passing the order for discovery, the trial court acted illegally in the exercise of its jurisdiction as it deprived the respondent of his right to claim privilege for non-production of his pass book and personal accounts, because the stage for claiming privilege had not yet been reached. That would be reached only when the affidavit of discovery is made. Order 11 Rule 13 provides that every affidavit of documents should specify which of the documents therein set forth the party objects to produce for inspection of the opposite party together with the grounds of objection.”



9. Nor do we think that the High Court was right in holding that the documents ordered to be discovered were not relevant to the inquiry. The documents sought to be discovered need not be admissible in evidence in the enquiry or proceedings. It is sufficient if the documents would be relevant for the purpose of throwing light on the matter in controversy. Every document which will throw any light on the case is a document relating to a matter in dispute in the proceedings, though it might not be admissible in evidence. In other words, a document might be inadmissible in evidence yet it may contain information which may either directly or indirectly enable the party seeking discovery either to advance his case or damage the adversary's case or which may lead to a trial of enquiry which may have either of these two consequences. The word "document" in this context includes anything that is written or printed, no matter what the material may be upon which the writing or printing is inserted or imprinted. We think that the documents of which the discovery was sought, would throw light on the means of the respondent to pay court-fee and hence relevant.

(emphasis added)

29. Considering that the *doctrine of exhaustion* has been pressed by defendants, on the basis that defendants had acquired the technology from Qualcomm, in the opinion of this Court there is no reason why defendants' agreement with



Qualcomm ought not to be produced. It would be quite relevant to assess as to what had been licensed from Qualcomm by defendants, in order to understand the scope of their implementation, as also to the nature of the technology that they sought from Qualcomm. The issue of ‘*chipset versus handset*’ dispute, was also noted by this Court in *Koninklijke Philips N.V. v. Vivo (supra)* as under:

“14. Since it has been the consistent stand of the defendants, that the patents are incorporated in the chipset and not in the handset, whereas the plaintiff has insisted that the standard essential patents are in the handset, the third-party license agreements executed between the defendants and Qualcomm and other companies would definitely throw light on this question.

15. The contention of the learned counsel for the defendants that it is for the plaintiff to map their patents on to the standard essential features would also be settled by the production of this agreement, as it would be evident as to whether the patents work on the chipset or handset and what was the technology transferred by Qualcomm and others to the defendants. Of course, keeping the necessity of industry confidentiality, these documents need not be brought out into the open. However, as suggested in respect of I.A. 8259/2020, moved by the defendants for production of third-party agreements by the plaintiff, to determine FRAND, a confidentiality club can be constituted even in respect of these agreements.”

(emphasis added)



30. In this case as well, the production of defendants' agreement with Qualcomm would show as to what was the technology transferred by Qualcomm to defendants. This would be relevant to determine whether Qualcomm made any representation to the defendants that its chipsets were under lawful license from the plaintiffs. This forms the basis of the defendants' plea that the Qualcomm chipsets practice the invention of the plaintiffs SEPs. To negate this, it would be relevant for the Court also to examine this agreement, as well as the plaintiffs to counter this contention by the defendants. The Court, therefore, sees no reason for plaintiffs' request for discovery of the defendants' Qualcomm agreement, not to be allowed. There is already a confidentiality club established by orders of this Court dated 21st February, 2024, later revised and expanded with consent of both parties on 20th March, 2024 and subsequently on 05th April, 2024. This agreement, if and when produced, can be made part of this confidentiality club in order that it remains confidential *qua* third parties.

Defendants' third-party license agreements

31. As regards the plaintiffs' request for discovery of the Orange SA and Ericsson agreements in order to *throw light* on determination of FRAND rates, reference is made to ***InterDigital v. Xiaomi*** (*supra*), where this Court noted that third-party license agreements have to be produced by the plaintiff, than the defendants. The relevant extracts are as under:

“56. In this context, I also agree with the submission, of Mr. Rajagopal, that acceptance of the arrangement proposed by Mr. Pravin Anand would result in an unequal balance, as the officials and personnel of InterDigital would have full



*access to the third-party license agreements, and would be aware of the contents thereof, whereas none of the officials and personnel of Xiaomi would be privileged to gain such access. It is no answer, in my opinion, to contend – as Mr. Pravin Anand would seek to urge – that Xiaomi is also entitled to the same privilege. The plaint has been brought by InterDigital. InterDigital is the SEP holder. InterDigital is required, by law, to allow exploitation of SEPs by Xiaomi, by granting a license to Xiaomi at FRAND rates. The rate offered by Xiaomi is unacceptable to InterDigital. InterDigital, instead, is requiring Xiaomi to agree to take a license, from InterDigital, at the rate at which it offers the SEPs to other licensees. Third-party license agreements would, therefore, obviously be produced by InterDigital, rather than by Xiaomi, in support of its case. As such, the occasion for Xiaomi to request for any such “two-tier” Confidentiality Club, *ex hypothesi*, does not arise. Even if it did, it would be for InterDigital to arrive at an agreement, with Xiaomi, for the establishment of a “two-tier” Confidentiality Club, excluding officers and personnel of the parties from access to the “inner tier” confidential documents. This Court cannot trust such an arrangement upon Xiaomi, without its consent, in the absence of any clear right having been established, by InterDigital, for the imposition, on Xiaomi, of such an arrangement.*

57. It was not once, but several times, during the course of hearing of this application, that the thought came to me – What if Xiaomi is unwilling – as it is, in the present case – for the third-party license agreements, on which InterDigital relies, to



be shown only to its advocates and experts, and not to its own officials or personnel? What if Xiaomi says that it is not willing to contract, with its counsel, to keep undisclosed, from Xiaomi, the documents which have been shown to him? Mr. Pravin Anand submits that, if Xiaomi is unwilling for such an arrangement, the Court could legitimately draw an adverse inference against, treating it as an “unwilling licensee”. In other words, Mr. Pravin Anand submits that, having involved Xiaomi in a litigative exercise, by filing the present suit against it, InterDigital can insist on Xiaomi prosecuting the suit, and defending itself against InterDigital, without being shown the documents on which InterDigital proposes to rely. The insistence, by Xiaomi, on access to the documents on which InterDigital proposes to rely, so as to be able to defend the case set up by InterDigital, according to Mr. Pravin Anand, would justify an adverse inference against Xiaomi. The submission, in my view, deserves to be summarily rejected. It flies in the face of the most elementary canons of natural justice and fair play. I need say no more.”

(emphasis added)

32. It is the plaintiffs’ case that there is infringement of their SEPs and that FRAND rates ought to be crystallized by the defendants. Defendants’ agreement with other third parties cannot have a bearing, at this stage, to the rates offered by the plaintiffs to their licensees. The assessment has to be made on the basis of comparable licenses of the plaintiffs or that of other SEP holders. The Court does not see any relevance of the defendants’ third-party licenses for this purpose. There is nothing in the plaintiffs’ application to substantiate the specific reasons



why these agreements would be required, except for general submissions that it would be useful for determination. In any case the onus is first on the plaintiffs to establish essentiality and then infringement by the defendants. The positive evidence has to be supplied by the plaintiffs.

33. Justice Birss, in the judgment, delivered by the Patents Court of High Court of U.K. in *InterDigital v. Lenovo* (*supra*), rejected such a request by InterDigital *inter alia* on grounds of third-party confidentiality, which factor also appeals to this Court. The relevant para is extracted as under:

“31. I am not going to make the order sought by InterDigital. I am not satisfied that any disclosure, in this sense, of licences from Lenovo to which Lenovo is a party, is proportionate in the context of this case, bearing in mind that it would inevitably engage third party confidentiality. The reason why emerges from an analysis of the issues to which these licences are said to be potentially relevant.

(emphasis added)

34. In this light, this Court is of the opinion that the implementer i.e. defendants’ agreements with other SEP licensors like Ericsson and Orange SA, are not relevant, at least at this stage, for determination of FRAND rates.

Plaintiffs’ Qualcomm agreement

35. Defendants’ request for discovery of plaintiffs’ agreement with Qualcomm is also relevant for determination of defendants’ plea for the exhaustion, as discussed above. Only by assessment of plaintiffs’ Qualcomm agreement, it would be evident if indeed there was an overlap in the technology and even if the



agreement was expired, whether it had some aspects of the 3G standards and would, therefore, be necessary for determination of issue of exhaustion, as well as FRAND. It would also *throw light* on the other disputed issue of implementation in the chipset or the handset, since plaintiffs' Qualcomm agreement would be able to clarify the technology licensed to Qualcomm.

36. Counsel for defendants' submission that if plaintiffs are aware that the technology is implemented by chipset but have not chosen to claim infringement against Qualcomm and, therefore, amounts to acquiescence, is something which will have to be assessed at a later stage, however, the facts in relation to the Qualcomm agreement may be necessary for determination. It is pointed out that in the decision in *Lava (supra)*, the Court had considered Ericsson's (plaintiff in that case) agreement with Qualcomm while determining the issue of exhaustion. Reference may be made in this regard to *para 609* of the said decision, which is extracted as under:

"609. John Han (PW-1) further deposed that Ericsson had a license agreement with Qualcomm, which was only in relation to CDMA technology. The relevant extracts from his affidavit are set out below:

"55. Despite raising various queries qua Ericsson's agreement with Qualcomm Inc., Lava failed to provide complete information/details to Ericsson about its relationship with Qualcomm Inc. This also shows that objections/queries in relation to Plaintiff's agreement with Qualcomm, which were raised by Lava, were nothing but mere



delaying tactics. In order to give Lava a clear picture of Ericsson's agreement with Qualcomm Inc. and its effect on the potential agreement, Ericsson shared with Lava, during the course of their meeting on 22.05.2012, a document titled as "Exhibit C". (an Exhibit of the agreement entered between Ericsson and Qualcomm Inc.). The aforesaid document clearly shows that Ericsson's agreement with Qualcomm Inc. is limited in scope and cannot be interpreted to mean that any company which is using Qualcomm's chipsets is exempted from taking a license in respect of Ericsson's entire portfolio of Standard Essential Patents. Despite the aforesaid, Lava kept raising repetitive queries in relation to Ericsson's agreement with Qualcomm Inc. However, when Ericsson asked for certain details/information which could have helped Ericsson in getting a clearer picture about Lava's concern in relation to the issue of the Qualcomm agreement, Lava failed to provide such details about its relationship with Qualcomm Inc. Ericsson's agreement with Qualcomm Inc. is restricted only to the field of CDMA applications however, any multimode mobile handsets which also comply with 2G and EDGE technology would still be infringing in nature and would need a license to those applications and, to the best of my knowledge, Lava does not offer any handsets that implement 3G only, as opposed to both 3G and 2G.

56. Furthermore, during the pendency of the present suit, Lava has alleged that Ericsson has no consistent licensing policy inasmuch as it has offered license to chipset manufactures such as



Qualcomm. Ericsson has not licensed a chipset manufacturer for the past 10-15 years and Qualcomm was an exception since that agreement was a part of much bigger business arrangement where Ericsson purchased Qualcomm's CDMA infrastructure business. As part of that business dealing, Ericsson granted limited rights under Ericsson's 3G standard essential patents with respect to Qualcomm's CDMA Applications. Accordingly, Qualcomm has no rights under Ericsson's GSM, GPRS, and EDGE related standard essential patents.

(emphasis added)

Conclusion

37. Accordingly, I.A. 9355/2023 in CS (COMM) 692/2021 & I.A. 9384/2023 in CS (COMM) 707/2021 are allowed to the extent that the agreements executed by defendants with Qualcomm are to be disclosed by defendants and made part of the confidentiality club, and a copy of it may be filed before the Court in a sealed cover. Plaintiffs' prayer for discovery of defendants' Ericsson and Orange S.A. agreements is rejected.

38. Direction sought as part of I.A. 11485/2022 in CS(COMM) 692/2021 & I.A. 11484/2022 in CS (COMM) 707/2021 by defendants is allowed to the extent that plaintiffs' agreement with Qualcomm is to be disclosed and made part of the confidentiality club, and a copy of it may be filed before the Court in a sealed cover.



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39. The same may be accomplished by the parties within a period of four weeks from today, in order that further trial can proceed.
40. Judgment be uploaded on the website of this Court.

(ANISH DAYAL)
JUDGE

MAY 31, 2024/RK/na