INDIA'S FIRST JUDGEMENT ON STANDARD ESSENTIAL PATENTS

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The long wait for players in the technological industry (be it telecom, audio-visual technology etc.) is finally over with the Delhi High Court delivering India's first ever judgement on standard-essential patents. One common judgement has been delivered in two suits against different entities, which claimed infringement of the same patent held by Philips, over its DVD-ROM players [*Koninklije Philips N.V. & Anr. v. Rajesh Bansal, CS (COMM) 24 of 2016* and *Koninklije Philips N.V. & Anr. v. Bhagirathi Electronics, CS (COMM) 436 of 2017*] Philips, represented by *Anand and Anand* right from the institution of the first suit in 2009, claimed that its patents were essential to the DVD-ROM standards. Therefore, it claimed that the Defendants' sale of DVD players was infringing their patent rights since any DVD player necessarily used Philips' patented (and standard-essential) technology. Refusal to secure licenses for the DVD technology, despite repeated requests by Philips resulted in the initiation of lawsuits before the Delhi High Court. What made these cases extremely unique and intriguing was that SEP (standard essential patent) jurisprudence was in its developing stages in even the most advanced patent regimes in the world. Although the judgement requires a careful reading to understand India's position on SEPs in general, brief highlights are below: **PATENT VALIDITY** (i) Patent validity was challenged by the Defendants on grounds of the claims being *software* and *algorithm related.* Therefore, a section 3 (k) argument was taken up during trial and final arguments. (ii) However, this aspect was never pleaded in the written statement by the Defendants. They had also given up the issue of invalidity before the Court itself on a previous occasion. (iii) Therefore, patents were held to be valid by the Delhi High Court. **ESSENTIALITY** (i) Philips' patents in India found corresponding patents in the US and EP. (ii) During trial, the Defendants' witness had admitted that the claims of the Indian patents matched those in US and EP. This was also established by the Court through independent analysis. (iii) Philips had filed reports which proved that the US and EP patents were found to be essential to the given DVD standards. The Defendants had not raised objections to these reports. (iv) In view of essentiality reports and corresponding claims of patents, the Court held that Philips proved that the patent in India is also an essential patent, and that the Defendants led no evidence to rebut the claim. **INFRINGEMENT** (i) The Court held that infringement of the patent was established through two means; (a) Through independent claims v. product analysis; (b) The mere fact that the Defendants had used a standard-essential-patent, without authorization, proved infringement; (ii) In upholding impingement, the Court dismissed the Defendants' defence that Philips' claim was barred by the *doctrine of exhaustion.* The Court held that the Defendants were unable to discharge the onus of establishing that the Defendants had procured products, which were licensed by Philips; The Court's distinction between the concepts of authorized vendor and exclusive licensee makes for an interesting read and may pave the way for adjudication of this issue in similar disputes. **ABUSE OF DOMINANCE** (i) The

Court held that the *an abuse of dominance claim,* as raised by the Defendants, is not a cause that can be made the subject matter of a suit or proceeding before a civil court. Therefore, this defence was also dismissed. **APPLICABLE LICENSE FEE** (i) The Court held that Philips had offered licenses for its SEP to the Defendants on FRAND rates. The failure of the Defendants' to prove that these rates were not FRAND compliant led to the fixing of royalty rates along the lines proposed by Philips. Therefore, the Court ordered that the Defendants pay royalties of USD 3.175 from the date of institution of the suits till 27th May 2010, and thereafter pay a further royalty at the rate of USD 1.90 till February 2015. Royalty rates are further subject to the interest of 10% per annum. In order to determine the quantum of money payable by the Defendants, the Court has ordered for a Court Commissioner to assess the exact quantity of DVD players sold by the Defendants and furnish a report, so that Philips may recover such an amount in an execution petition. **CONCLUSION** This judgement reminds us all of the importance of leading evidence in lawsuits, in order to ensure that one's claims materialise into relief granted by the Court. More importantly, it will act as a beacon of light for other Courts and fora to follow, while adjudicating a long line of pending cases concerning SEP infringement and FRAND rates **The article is authored by Vaishali Mittal and was first published on LinkedIn**
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