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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Reserved on: 17 December 2025
Pronounced on: 18 May 2026

\+ RFA(OS)(COMM) 17/2018, CM APPL. 31483/2018, CM APPL. 26137/2023, CM APPL. 38867/2023, CM APPL. 38868/2023 & CM APPL. 66350/2024

K K BANSAL .....Appellant

Through: Ms. Swathi Sukumar, Sr. Adv. with Mr. S. Santanam Swaminadhan, Mr. Naveen Nagarjuna, Mr. Ritik Raghuwanshi, Mr. Kartik Malhotra, Mr. Anindit Mandal and Ms. Shreya Mansi James, Advs.

versus

KONINKLIJKE PHILIPS ELECTRONICS NV .....Respondent

Through: Mr. Pravin Anand, Ms. Vaishali R Mittal, Mr. Siddhant Chamola and Mr. Gursimran Singh Narula, Advs.

\+ RFA(OS)(COMM) 18/2018, CM APPL. 31488/2018, CM APPL. 25194/2023, CM APPL. 38819/2023, CM APPL. 38820/2023 & CM APPL. 66349/2024

RAJESH BANSAL .....Appellant

Through: Ms. Swathi Sukumar, Sr. Adv. with Mr. S. Santanam Swaminadhan, Mr. Naveen Nagarjuna, Mr. Ritik Raghuwanshi, Mr. Kartik Malhotra, Mr. Anindit Mandal and Ms. Shreya Mansi James, Advs.

versus

KONINKLIJKE PHILIPS ELECTRONICS N V .....Respondent

Through: Mr. Pravin Anand, Ms.

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Vaishali R Mittal, Mr. Siddhant Chamola and Mr. Gursimran Singh Narula, Advs.

CORAM:
HON'BLE MR. JUSTICE C. HARI SHANKAR
HON'BLE MR. JUSTICE OM PRAKASH SHUKLA

% **JUDGMENT**
18.05.2026

C. HARI SHANKAR, J.

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A. Standard Essential Patents – A Prefatory Note

1. Standard Essential Patents[1] are strange and complex creatures. Infringement litigation, involved SEPs, is delicate and involved. For a plaintiff, who claims to be the holder of an SEP, to establish

[1] "SEPs" hereinafter

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infringement and claim damages from a defendant, he has to first establish that his patent is an SEP; thereafter, that the defendant's product infringes his patent; that he is willing to offer use of the patent to the defendant on licence at terms which are fair, reasonable and non-discriminatory[2] and that the defendant is not willing to take a licence on those terms, i.e. that the defendant is an "unwilling licencee". It is only thereafter that a Court can compel a defendant to take a licence at the terms offered by the plaintiff, or at other FRAND terms as may be fixed by the Court, and injunct the defendant from using the plaintiff's SEP in default.

2. Each of these steps is more complex than the other.

3. To demonstrate that his patent is an SEP, a plaintiff has to establish the existence of a standard, set by a Standard Setting Organization[3]. The SSO must certify the standard to be essential for operating a particular technology.

4. The categories of standards, and their importance, and the concept of "essentiality" were thus explained by a Division Bench of this Court in ***Intex Technologies (India) Ltd v. Telefonaktiebolaget L.M. Ericsson***[4]:

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

[2] "FRAND"
[3] "SSO" hereinafter
[4] **2023 SCC OnLine Del 1845 (DB)**

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

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

*****

43. Further, as mentioned hereinabove, standards allow interoperability or compatibility between technologies and products from different manufacturers to work together on one platform. …

44. There are broadly two categories of standards:

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

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

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

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

48. Governmental standards are those adopted by the government, which require compliance by law. These are also called *de jure* standards. Examples include the Bharat Stage (BS) Standard on vehicle emissions, Telecom Regulatory Authority of

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India (TRAI) notifications issued under Section 36 read with Section 11(1)(b)(i) & (v) of the Telecom Regulatory Authority of India Act, 1997 issuing standards with respect to telecommunications….

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

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

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

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

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

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

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

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

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

Apropos standards, the United State Court of Appeals for the Ninth Circuit states, in ***Microsoft Corporation v. Motorola Inc***[5], thus:

> "When we connect to WiFi in a coffee shop, plug a hairdryer into an outlet, or place a phone call, we owe thanks to standard-setting organizations ("SSOs"). … SSOs set technical specifications that ensure that a variety of products from different manufacturers operate compatibly. Without standards, there would be no guarantee that a particular set of headphones, for example, would work with one's personal music player.
>
> Standardization provides enormous value to both consumers and manufacturers. It increases competition by lowering barriers to

[5] **104 US PQ 2D 200**

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> entry and adds value to manufacturers' products by encouraging production by other manufacturers of devices compatible with them. … But because SSO standards often incorporate patented technology, all manufacturers who implement a standard must obtain a license to use those standard-essential patents ("SEPs").
>
> The development of standards thereby creates an opportunity for companies to engage in anti-competitive behavior. Most notably, once a standard becomes widely adopted, SEP holders obtain substantial leverage over new product developers, who have little choice but to incorporate SEP technologies into their products."

5. Not every institution or organization can aspire to the status of an SSO.

6. Once the existence of an essential standard, as set by the SSO, is demonstrated, the plaintiff-patentee would have to demonstrate that his patent complies to the standard. ***Intex*** holds, in this context[6], that "any product claiming to be compliant with the technology prescribed under a standard would necessarily incorporate all elements of it, including the patented part of the standard". Complete mapping, between the elements of the standard set by the SSO, and the features of the suit patent as claimed is, therefore, necessary for the suit patent to be regarded as an SEP. ***Intex*** pithily states this, in para 95, which observes that "to show that the patent maps on to the standard (A=B), courts take into consideration "claim charts", which show that the claims of a patent are also present in the technical features of a standard".

7. SEPs cannot be unconditionally monopolized by a patentee, like other patents, as they conform to global standards. If

[6] In para 56

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monopolization is permitted, the global standards would become the sole province of one patentee, who can then hold all others to ransom. To avoid this, SEP holders are required to subscribe to an undertaking to make their patents available for exploitation by licensees at rates which are FRAND. Every holder of an SEP has, therefore, to enter into a contractual commitment with the SSO that it would make available its SEP to willing licensees at FRAND rates. Failure to do so would render the patented technology liable to be excluded from the standard, which would, in turn, result in extinguishing its SEP status altogether. This is explained, in paras 56 to 59 of ***Intex*** thus:

> "56. … Accordingly, concerns regarding standards being held to ransom by an individual patent owner were addressed by developing the concept of FRAND commitment, which is made by a patentee by way of a voluntary declaration. Thus, Standard Essential Patent owner's contractual commitment emanates from the voluntary declarations (known as FRAND declarations) made to an SSO/SDO at the time of development of the concerned standard.
>
> 57. If a patentee refuses to provide such voluntary declarations, the SSOs/SDOs take conscious steps to exclude such technology from the standard.
>
> 58. From the above, it is clear that the voluntary declarations made by a Standard Essential Patent owner are contractual commitments and are governed and interpreted as per the concerned SSO/SDO's Intellectual Property Rights Policy. …
>
> *****
>
> 59. Accordingly, the SSO's main objective is to ensure that a patent owner is adequately rewarded at FRAND rates for its contribution/innovation while ensuring that the latest state of the art technology is available to the implementers world over irrespective of the fact that such implementers are not involved in research and development at all."

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8. Thus, a plaintiff who seeks to assert his patent as an SEP has also to demonstrate that it entered into a FRAND agreement with the SSO. Of course, if the plaintiff proves the existence of documentation evidencing that the plaintiff's patent has been certified by the SSO as an SEP, the existence of a FRAND undertaking by the plaintiff to the SSO may be presumed.

9. This exercise, when completed, merely establishes that the plaintiff's patent is an SEP. The aspect of infringement still remains.

10. Patent law, in India, is statute-driven. The Patents Act, 1970, is the nodal statute. Strangely, unlike other intellectual property statutes, the Patents Act, while referring to infringement, its consequences, and the remedies available against infringement, does not define "infringement". The structure of the Patents Act, however, makes it clear that the acts to which Section 48[7] of the Patents Act refers amount to "infringement".

11. Infringement, in patent litigation, is classically required to be established by comparing the claims in the suit patent with the product of the defendant – i.e., on the basis of a claim-to-product mapping.[8] The plaintiff is required to map the features of the

---

[7] **48. Rights of patentees**.—Subject to the other provisions contained in this Act and the conditions specified in Section 47, a patent granted under this Act shall confer upon the patentee—

(*a*) where the subject-matter of the patent is a product, the exclusive right to prevent third parties, who do not have his consent, from the act of making, using, offering for sale, selling or importing for those purposes that product in India;

(*b*) where the subject-matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using, offering for sale, selling or importing for those purposes the product obtained directly by that process in India:

[8] **F. Hoffmann-La Roche Ltd v. Cipla Ltd, 225 (2015) DLT 391 (DB)** (paras 78 and 80), hereinafter "**Roche v. Cipla**"

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defendant's product to the claim in the suit patent to demonstrate that the defendant's product incorporates all features of the plaintiff's suit patent. Rule 3(A)(ix)[9] of the High Court of Delhi Rules Governing Patent Suits, 2022 specifically requires product-to-claim mapping as one of the necessary ingredients of a patent infringement suit. In fact, this Bench has, in its recent decision in ***Zydus Lifesciences Ltd v. E.R. Squibb & Sons***[10], reversed the decision of a learned Single Judge of this Court to grant injunction to the plaintiff in that case, on the ground that there had been no mapping of the suit patent with the product of the defendant, purportedly because the defendant's product was not in the open market. In appeal, the Supreme Court noted that, in the interregnum, the defendant's product had become available, and, therefore, granted the plaintiff (in that case) an opportunity to map its patent to the defendant's product and re-approach this Court for interim relief.

12. In the case of alleged SEP infringement, this Court, in ***Intex***, lent judicial approval to an "indirect test" by which, too, infringement could be established, in the following paragraphs:

> "*WHAT IS THE TEST OF INFRINGEMENT IN A STANDARD ESSENTIAL PATENTMATTER?*
>
> *****

[9] A. Plaint: The Plaint in an infringement action shall, to the extent possible, inter alia, contain a description of the following:

*****

(ix) Precise claims versus product (or process) chart mapping including claim chart mapping through standards;

[10] **2026 SCC OnLine SC 483**

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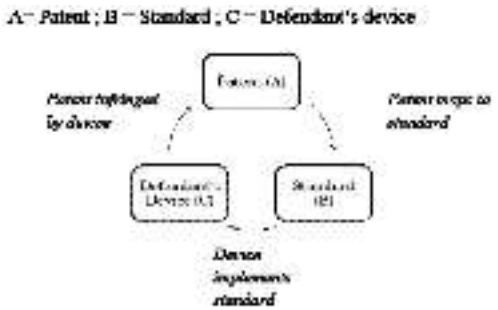
93. There is the direct test of infringement which is applied in all standard patent cases. The other is the indirect method which involves proving the following steps:

(i) Mapping patentee's patent to the standard to show that the patent is a Standard Essential Patent.

(ii) Showing that the implementer's device also maps to the standard.

94. This is akin to the Law of Transitivity, i.e., if A=B and B=C, then A=C, where



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

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

97. The indirect test for proving Standard Essential Patent infringement is decades' old. For instance, the US Court of Appeals for the Federal Circuit in ***Fujitsu Ltd. v. Netgear Inc.***[11], held:

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

[11] **620 F.32 1321**

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> *operates in accordance with a standard, then comparing the claims to that standard is the same as comparing the claims to the accused product*."
>
> (emphasis supplied)
>
> 98. This Court is of the opinion that Delhi High Court Patent Rules and International jurisprudence are unanimous in holding that the "indirect" method is a sure shot and better method of proving Standard Essential Patent infringement and essentiality."

13. Thus, even under the "indirect method", the plaintiff, as the proprietor of the suit patent, would have to demonstrate that the suit patent, as well as the defendant's product, map onto the standard set by the SSO, i.e., that the essential features of the standard are present in the suit patent as well as the defendant's product.

14. This is an extremely involved exercise, especially as it involves a standard-to-product comparison in the case of the defendant. It is always open to the defendant, at this stage, to assert, and demonstrate, that its product can function without the aid of the product, or technology, patented in the suit patent. In such an event, the presumption of "essentiality" of the suit patent would itself stand defeated, and no case of infringement would be made out. Equally, it is open to the defendant to question the manner in which the exercise of mapping the features of the defendant's product to the standard has been undertaken, and the legitimacy and propriety thereof.

15. The plaintiff's travails would not, however, end here. Any relief, whether injunctive or compensatory, would be available to a plaintiff against a defendant, in an SEP litigation, only if the plaintiff can additionally demonstrate that the defendant is an "unwilling

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licensee"; in other words, that the defendant is unwilling to take a licence, from the plaintiff, to exploit the suit patent, at the rate at which the plaintiff is willing to grant the licence, *which is FRAND*. This, therefore, throws up the next issue before the Court, which is whether the plaintiff is willing to allow use of its SEP at FRAND rates. This "FRAND protocol" stands thus explained in the judgment dated 16 July 2015 of the Court of Justice of the European Union[12] in ***Huawei Technologies Co. Ltd v. ZTE Corp.***[13], as cited, approvingly, by the Division Bench of this Court in ***Intex***:

> "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

[12] "CJEU" hereinafter
[13] **Case No. C-170/13**

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to the standardisation body to grant licences on FRAND terms, it can be expected that it will make such an offer. Furthermore, in the absence of a public standard licensing agreement, and where licensing agreements already concluded with other competitors are not made public, the proprietor of the SEP is better placed to check whether its offer complies with the condition of non-discrimination than is the alleged infringer.

65. *By contrast, it is for the alleged infringer diligently to respond to that offer, in accordance with recognised commercial practices in the field and in good faith, a point which must be established on the basis of objective factors and which implies, in particular, that there are no delaying tactics.*

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

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

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

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.*"

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(Emphasis in the original)

16. The exercise of demonstrating that the rate at which the plaintiff is agreeable to license its SEP is FRAND is, again, Herculean. ***Intex*** clearly observes, in para 69, as under:

> "A licensor will be considered a willing licensor only if it gives a FRAND offer and in certain situations provides information necessary, subject to confidentiality agreement, for a licensee to evaluate an offer (relevant to 'ND' part of FRAND). If the licensor offers a supra-FRAND offer i.e. exorbitant royalty rates, it will not be considered a willing licensor."

Thus, the question of whether the defendant is, or is not, a *willing licensee* would arise only if the plaintiff, in the first instance, demonstrates that it is a *willing licensor*.

17. The onus to establish that it is a willing licensor is on the plaintiff and, to prove this, the plaintiff, as ***Intex*** holds, would have to provide information on the basis of which the defendant can evaluate the offer. We have some reservation, however, with the parenthesized observation, in para 69 of ***Intex***, to the effect that the disclosure is only to enable the defendant to evaluate whether the offer is "ND", i.e., non-discriminatory. To us, it appears that disclosure of the necessary information would also be essential to enable the defendant to satisfy itself that the offer is "fair" and "reasonable".

18. Even on the aspect of whether the royalty rate proposed is "non-discriminatory", there is no authoritative exposition to the effect that the same royalty rate has to be charged from every licensee. "Discrimination" is an expression of myriad shades. In the

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constitutional context, the classical principle is that discrimination exists as much in treating equals as unequals, as in treating unequals as equals. Even while examining whether the royalty rate offered by the plaintiff-SEP holder to the allegedly infringing defendant, in a particular case, is "non discriminatory", the Court may be required to enter into an intricate exercise of examining the circumstances in which different rates are offered to different licensees, and whether that, by itself, would make the rates discriminatory. In the ultimate eventuate, it appears that the words "fair", "reasonable" and "non-discriminatory" form a kind of combined package, which would essentially imply the extending, by the plaintiff-SEP holder, of royalty rates which are commercially fair and non-exploitative in nature.

19. Much of the rancour, in court, between the parties, revolves, in such cases, around this aspect of disclosure, as the plaintiff is required to disclose agreements executed with third parties to whom it has granted licences at the rate which it offers to the defendant. The onus to prove that the rate is FRAND is squarely on the plaintiff, and it is open to the defendant to contend otherwise. It has to be remembered that the rate must not merely be non-discriminatory; i.e., it is not sufficient for the plaintiff to show that it is granting licences to all at the same rate; the plaintiff would also have to demonstrate that the rate is "fair" and "reasonable".

20. Ideally, this would require the plaintiff to disclose the *entire* agreements executed with the third parties in question, so that the defendant, as also the Court, is in a position to ascertain for itself that the rate is not influenced by any extraneous or ulterior factors, or by

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any artificial discounts, whether quantity-based or otherwise. Complete opportunity would have to be granted, to the defendant, to question the fairness and reasonableness of the rates quoted in the agreements, even if they are uniform and non-discriminatory. This exercise, properly undertaken, may take ages.

21. Plaintiffs, almost invariably, are chary to disclose the commercial specifics of agreements with third parties, for fear of leaking confidential data, and defendants, in such cases, complain that the data disclosed is insufficient to even enable it to contest the fairness and reasonableness of the rates. The law has provided a remedy of sorts by envisaging the setting up of confidentiality clubs[14] where select representatives of each side alone would be entitled to see those documents, of the other, over which the other claims confidentiality. But then again, creation of a confidentiality club may only dispel, to an extent, misgivings harboured by either party regarding leakage of its confidential information; it still does not mean that all requisite information, so as to enable the defendant – or even the Court – to arrive at an informed decision that the offer of the plaintiff is FRAND, is provided, even to the members of the defendant's confidentiality club.

22. The exercise of determining whether the rate offered by the plaintiff to the defendant is, or is not, FRAND is, again, no less formidable. This would involve a comparative evaluation of the agreements with third parties, so as to convince the Court that the agreements are at arms' length, and negotiated on purely commercial

[14] As provided in Rule 17 in Chapter VII of the Delhi High Court (Original Side) Rules, 2018, which reads:

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considerations. Again, this would involve disclosure, by the plaintiff, of details regarding the *circumstances* in which these agreements were entered into which, too, more often than not, would be claimed to be seriously confidential. A mere facial comparison of agreements may be insufficient to arrive at an informed conclusion that the rates at which these agreements were negotiated were, in fact, fair, reasonable and non-discriminatory, so as to subject the defendant, too, to the said rates. The circumstances in which the rates were negotiated would also be a relevant consideration. If these circumstances are not frankly disclosed, then, at least for a Court, it may be impossible to arrive at a wholly judicious conclusion regarding the appropriate FRAND rate which should apply.

23. At this stage, undoubtedly, the inquisitorial litigative exercise would end.

24. The entire exercise is so intimidating that it is doubtful whether any Court can arrive at a precise and accurate determination of FRAND rates, following all the steps in their proper sequence and complying with all considerations. At least in our country, it appears, frankly, impossible for such an exercise to reach its right, and legally correct, conclusion.

25. As the recital hereinafter would disclose, though the learned Single Judge has, in the impugned judgment, attempted to arrive at a FRAND rate, and has computed the damages payable on that basis, the exercise suffers from several infirmities. No doubt the learned Single Judge has attempted, in all earnestness, to arrive at a work-

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worthy solution. While we applaud the effort, we cannot, in law, sustain the conclusion.

26. With that, we come to the *lis*.

B. The *lis*

27. These appeals are directed against judgment dated 12 July 2018 passed by a learned single Judge of this Court in CS (Comm) 24/2016[15] and CS (Comm) 436/2017[16]. For the sake of convenience, we would be referring to Koninklijke Electronics NV, the plaintiff in both the suits, as "Philips", Mangalam Technology, the proprietorship of Rajesh Bansal, as "Mangalam" and Bhagirathi Electronics, the proprietorship of K K Bansal, the father of Rajesh Bansal, as "Bhagirathi" and K.K. Bansal and Rajesh Bansal, collectively, as "the Bansals".

28. Both the suits allege infringement, by Rajesh Bansal/Mangalam and KK Bansal/Bhagirathi, of Indian Patent IN 184753[17], undisputedly owned by Philips for "a decoding device for converting a modulated signal to a serious of M-Bit information words".

29. According to Phillips, the suit patent corresponds to US Patent 5696505 dated 8 February 1995[18] and European Patent EP 745254B1[19] dated 1 February 1995, each of which is titled "method of

[15] **Koninklijke Philips Electronics N.V. v. Rajesh Bansal**
[16] **Koninklijke Philips Electronics N.V. v. Bhagirathi Electronics**
[17] IN' 753" hereinafter also referred to as "the suit patent"
[18] "US'505 hereinafter
[19] "EP' 254" hereinafter

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converting a series of m-bit information words to a modulated signal method of producing a record carrier, coding device, decoding device, recording device, reading device, signal, as well as a record carrier".

30. Philips claimed the suit patent to be an SEP which was infringed by the DVD players manufactured and sold by the Bansals through Mangalam and Bhagirathi, without obtaining any license from Philips. Philips claimed that it was willing to license the suit patent on FRAND terms but that the Bansals were not willing to purchase a license at such terms from Philips. Accordingly, Philips, in the suits, prayed for an injunction against the Bansals from using the invention claimed in the claim patent, and also claimed damages, both actual and punitive, for the losses allegedly suffered by Philips on account of use of the suit patent by the Bansals without obtaining any license from Philips.

31. A learned Single Judge of this Court has finally adjudicated both the suits by a common judgment dated 12 July 2018.

32. During the pendency of the suits, the suit patent expired on 12 February 2015. As such, the prayers for injunction were rendered infructuous. The judgment of the learned Single Judge is, therefore, restricted to the aspects of damages and costs. The learned Single Judge has decreed the suit, in favour of Philips and against the Bansals, by directing the Bansals to pay a royalty to Philips for utilising the invention claimed in the suit patent without a license, at the rate of US $ 3.175 up till 7 May 2010 and US$ 1.90 thereafter till 12 February 2015, per video player manufactured/sold, from the date

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of institution of the suits, with interest @ 10 % per annum from the end of the month for which royalty was due till date of payment. The learned Single Judge has decreed the suit in the following terms:

> "14. Relief: In view of the discussion aforesaid the two suits are decreed in favour of the plaintiff and against the defendants holding that the said defendants have been infringing the suit patent IN-184753 which is an essential standard patent in respect of DVD video player, however, no injunction can be granted to the plaintiff for the reason the plaintiffs suit patent expired on 12'^ February, 2015. The plaintiff is also found entitled to a decree for recovery from Rajesh Bansal and K.K. Bansal of royalty payable at FRAND rates, that is, USD 3.175 upto 7th May, 2010 and thereafter USD 1.90 upto 12th February, 2015 from the date of institution of the suits with interest @10% p.a. from the end of the month for which royalty is due till the date of payment per video player manufactured/sold. A decree of punitive damages to the tune of ₹ 5 lakhs is also passed in favour of plaintiff and against Rajesh Bansal. A commission is issued to inquire into the number of video player manufactured/sold by Rajesh Bansal and K.K. Bansal respectively. Mr. S.M. Chopra, ADJ (Retd.), the learned Local Commissioner who recorded the evidence is appointed as the Local Commissioner to, after hearing parties, allowing them to lead whatever evidence they want to lead, report on the number of video players manufactured/sold by Rajesh Bansal and K.K. Bansal respectively with infringing patent. The plaintiff shall be entitled to recover the amount so found due and less the amount deposited in this Court with interest accrued thereon, on filing the report with the execution petition. The objection if any, to the report of the Local Commissioner be also filed in execution. The fee of the learned Local Commissioner is fixed at ₹ 1 lakh to be borne by the plaintiff.
>
> 15. A decree of actual cost incurred by the plaintiff including lawyer's fee, the amount spent on court fee and the Local Commissioner's fee is also passed in favour of the plaintiff and against Rajesh Bansal and K.K. Bansal."

33. Aggrieved thereby, the Bansals have filed these appeals.

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34. RFA (OS) (Comm) 17/2018 is filed by K K Bansal as the proprietor of Bhagirathi Electronics and RFA (OS) (Comm) 18/2018 is filed by Rajesh Bansal as proprietor of Mangalam Technology.

35. We have heard Ms. Swathi Sukumar, learned Senior Counsel for the Bansal and Mr. Pravin Anand, learned Counsel for the respondent, at length.

C. Issue which arises for consideration

36. Though the dispute, before the learned Single Judge as well as before us, was restricted to the aspect of damages and costs, the suit patent having expired during the currency of the suits, the aspect of infringement continues to remain material as, if there is no infringement, there can be no damages. The Bansals have chosen to challenge the impugned judgment not merely on the aspect of quantification of damages, but also on the aspect of infringement, as well as on the aspect of whether the suit patent is in fact an SEP. Broadly stated, the contentions of Bansals, as articulated by Ms. Swathi Sukumar, are that (i) there is nothing to indicate that the suit patent is an SEP, (ii) there is no evidence to indicate that there is any infringement of the suit patent by the Bansals (iii) assuming there is infringement, Philips cannot sue the Bansals in that regard, in view of the doctrine of international exhaustion of patent rights and (iv) without prejudice, even if it were to be assumed that the suits would lie, there is no basis to sustain the damages as quantified by the learned Single Judge.

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37. Broadly, therefore, the following issues would arise for consideration:

(i) Is the suit patent an SEP ?

(ii) Is Philips barred from asserting any rights in the suit patent, by application of the principle of international exhaustion of patent rights ?

(iii) Has the suit patent been infringed by the Bansals ?

(iv) Assuming the answers to the earlier three issues to be all in favour of Philips and against the Bansals, are the damages as quantified and awarded by the learned Single Judge, sustainable in law?

D. The impugned judgment

38. It would be profitable, given the complexity of the issue involved, to summarise, in precis, the judgment under challenge.

I. Nature of the invention forming subject matter of the suit patent

39. The learned Single Judge has first noted the nature of the invention forming subject matter of the suit patent. With the transition from VCDs[20] to DVDs[21], transcription of the information

[20] Video Compact Disc
[21] Digital Versatile Disc

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earlier contained on VCDs to DVDs in a manner which would make the information readable by the DVDs, when played in a DVD player, became essential. Information was stored on VCDs in the form of modulated signals. Conversion of the data stored on VCDs to DVDs first involved a process of channel modulation by which the data was converted into code words. This coding step was performed directly before storage of the data on the DVDs and ensured that the data had a storage friendly structure. The next task, which involved decoding of this data, so that the data could be read by a DVD player, is the step to which the invention covered by the suit patent catered.

40. The suit patent claimed a decoding device which converted the modulated signal, involving 16 bit code words, to 8 bit information words. The claims in the suit patent read thus:

> "1. Decoding device for converting a modulated signal (7) to a series of m-bit information words (1), the decoding device comprising means for receiving the modulated signal, means (110) for converting the signal to a bit string of bits having a first or second logical value, the bit string containing n-bit code words (4) which correspond to information signal portions (160), and converting means (113, 114, 115) for converting the series of code words to a series of information words, one information word being assigned to one code word to be converted and in dependence thereon, characterized in that the device comprises a first register (112) and a second register (111) for storing bits of the bit string and in that the converting means (113, 114, 115) are capable of uniquely establishing an information word among a plurality of information words represented by an n-bit code word belonging to a group (G2) of a second type, by converting n bits of the code word from the first register (112) and p predetermined bits in a following code word from the second register (111) into a m-bit information word, in dependence on the logical values detected for said p bits.
>
> 2. Decoding device as claimed in Claim 1, characterized in that each code word is 16-bit long each information word in 8-bit long and p is equal to 2.

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3. Decoding device as claimed in Claim 1, characterized in that the p predetermined bit positions are the first and thirteenth bit portion past the end of the associated code word.

4. Decoding device as claimed in one of the Claims 1 to 3, characterized in that the converting means are connected to detection means (116) for detecting sync words having bit patterns that cannot be formed by the successive code words in the series, or by a part of the sync word in combination with an adjacent code word.

5. Decoding device as claimed in Claim 4, characterized in that the detection, means (1160 are arranged for detecting 26-bit sync words corresponding to a bit pattern of "10010000000000100000000001" or to a bit pattern of "00010000000000010000000000" where "0" represents a first logical value and where "1" represents a second logical value.

6. Decoding device as claimed in any of the claim 1 to characterized in that the converting means are connected to a reading device for receiving the modulated signal from a record carrier, comprising read head (150) for producing an analog signal of the modulated signal, and detection circuit (152) for converting the analog signal into a binary signal. "

41. A reading of the claims in the suit patent made it clear that all claims claimed a "decoding device". Thus, the suit patent dealt entirely with the process of *decoding* of the coded information, and not with the *coding* of the information. This decoding, as per Claims 2 and 3 in the suit patent, involved conversion of 16-bit code words to 8-bit information words. For this, the 1st and 13th bit positions were pre-determined and the decoding took place by "looking ahead" to the next set of code words. The manner in which the learned Single Judge has explained this process is contained in para 3 of the impugned judgment, which may be reproduced thus:

"[3. The two suits concern the patent being Indian Patent No. 184753 on Channel (De)coding technology used for DVD Video Playback function in a DVD Video Player. It is claimed that the

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plaintiff is the registered proprietor of IN-184753 dated 13th February, 1995 for *"Decoding Device for converting a Modulated Signal to a series of M-Bit Information Words*". The invention concerns 'channel modulation' which involves a coding step that is performed directly before the storage of the data. This coding ensures that the data to be stored on the disk has a particularly suitable structure for storage. The decoding of 16-bit code words to 8-bit information words is performed by "looking ahead" to the next code words]"

II. Rival contentions before learned Single Judge

42. Philips contended, before the learned Single Judge, that as IN'753 corresponded to US Patent US 5696505[22] and European Patent EP 745254B1[23] and as US'505 and EP'254 were recognised as SEPs with Essentiality Certificates[24] having been issued in respect thereof, IN'753 was also entitled to be treated as an SEP.

43. Philips alleged, before the learned Single Judge, that Bhagirathi and Mangalam were manufacturing and selling DVD players which employed decoders for decoding the content stored on the DVDs, and that the decoding involved the methods described in IN'753, thereby infringing the suit patent. Indeed, contended Philips, as IN'753 was an SEP, it was impossible to decode the content stored on the DVD without employing the technology claimed in the suit patent IN'753.

44. As against this, the Bansals contended, before the learned Single Judge, that there was no evidence to indicate either that the suit patent was an SEP or that they were infringing the suit patent. Besides, contended the Bansals, they were manufacturing and selling

[22] "US'505" hereinafter
[23] "EP'254" hereinafter
[24] "ECs" hereinafter

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DVD players which involved components which were purchased from authorised dealers such as Sony, SANYO and MediaTek from China after due payments of taxes and customs duties. Even if these DVD players were to be treated as incorporating the technology claimed by Philips in the suit patent, no patent rights could be enforced by Philips by application of the doctrine of international exhaustion. Once Philips had sold the devices containing the technology in the open market, its patent rights then stood exhausted and incapable of enforcement against anyone who purchased the device from the market and used them in other equipment.

45. More specifically, the Bansals' contention, as articulated by Ms Sukumar before us, is that the technology forming subject matter of the suit patent was contained in a chip which, in turn, was contained on a printed circuit board[25] which was only one of the many parts of the DVD. Inasmuch as the PCBs had been sourced by the Bansals from authorised dealers thereof, no allegation of infringement could be laid at their door. Indeed, contended the Bansals, Philips, in its own DVD players, used PCBs manufactured by MediaTek which purportedly contained the patented technology. The Bansals also purchased the PCBs from MediaTek and other such authorised dealers and used them in their DVDs. Philips' claim to infringement, if at all, would lie against MediaTek and other manufacturers of PCBs/chips, and not against DVD player manufactures such as the Bansals who purchased the chips/PCBs from authorised dealers and merely used them while manufacturing the DVD players.

[25] "PCB" hereinafter

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III. Issues

46. Having set out the rival contentions before her, the learned Single Judge framed the following issues as arising for consideration:

> "(i) Whether the plaintiff No. l is the proprietor of Indian Patent registered under No. 184753? OPP
>
> (ii) Whether the suit patent of the plaintiff is invalid? OPP
>
> (iii) Whether the defendants have infringed the plaintiffs' Indian Patent No. 184753? OPP
>
> (iv) Whether the defendants had knowledge of the plaintiffs' patents in respect of DVDs and the plaintiffs' licensing programs? OPP
>
> (v) Whether the plaintiffs along with various other members of the DVD forum are misusing its position with a view to create a monopoly and earn exorbitant profits by creating patent pools? OPD
>
> (vi) Whether the suit patent is an essential patent in respect of DVD player technology? OPP
>
> (vii) Whether the defendant No. l is liable to pay any license fee to the plaintiffs and if so at what rate? OPD
>
> (viii) Whether the plaintiffs are entitled to a decree of damages or any other relief? OPP"

47. Two witnesses were cited and examined by each side. Philips cited Farokh Bhiwandiwala, its authorised attorney, as PW-1 and Ben Liempd as PW-2. On behalf of the Bansals, S. Chandra Sekaran testified as DW-1 and Rajesh Bansal himself testified as DW-2.

IV. Observations and Findings

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48. The learned Single Judge thereafter proceed to deal with the issues seriatim.

IVA. Re. Issue (i) and (ii)

49. These issues were not contested and were, therefore, decided in favour of Philips and against the Bansals.

IVB. Re. Issue (vi) – Whether the suit patent was an SEP in respect of DVD player technology.

50. Before the learned Single Judge, Philips contended thus:

(i) An SEP was a patent without the use of which it was not possible to manufacture, sell or lease equipment or technology which complied with the standard. In other words, it was not possible to comply with the standard without infringing the suit patent which, therefore, indicated that it was essential for complying with the standard and was, therefore, an SEP.

(ii) Standards are set by an SSO. The standard in respect of decoding technology was set by the DVD Forum as the SSO.

(iii) The DVD forum, as the SSO, had granted ECs to US'505 and EP'254. The standard set for Read Only DVDs and Video DVDs read thus:

> "DVD Specifications for Read-Only Disc, Part 1, PHYSICAL SPECIFICATIONS Version 1.0, May 2004

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("DVD-ROM Standard")

DVD Specifications for Read-Only Disc, Part 3, VIDEO SPECIFICATIONS Version 1.1, August 2001 ("DVD-Video Standard")"

The ECs granted to the US'505 and EP'254 patents certified that they were essential to conform with the aforesaid standards.

(iv) The claim in the suit patent corresponded to the claims in US'505 and EP'254, which was evident from a plain reading and comparison of the complete specifications of these patents. That these patents were corresponding was also admitted in evidence by the affidavit in evidence of DW-1. The onus of proof thereby shifted to the Bansals to demonstrate that the suit patent was not an SEP. This burden was not discharged. DW-1, stated to be an expert, merely deposed that, though US'505 and EP'254 were essential in US and Europe, they were not essential in India because (a) there was no Indian standard corresponding to the suit patent which would be said to be a standard relating to DVD technology and (b) no such standard was recognized by any Indian Governmental Authority.

(v) Though PW-2/5 had been de-exhibited, it was still usable as evidence as the Bansals themselves had cross-examined PW-2 with respect to PW-2/5.

(vi) PW-2/5 was not merely an internal private document as asserted by the Bansals. The DVD forum standard had been

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adopted by the independent SSO ECMA[26] in April 2001 as ECMA Standard 267 for 120 mm DVD-ROD[27] and, in 2002, by the International Standard Organization, as ISO/IEC 16448:2002, corresponding to 120 mm DVD-ROD. As both these standards were available in the public domain, they were admissible in evidence without proof. In that view of the matter, Philips contended that the Bansals' argument that the ECs of US'505 (PW-2/6 and PW-6A) and of EP'254 (PW-2/7 and PW-2/7A) were not proved in accordance with law was unmerited. Moreover, the fact that Mangalam obtained a license, and Bhagirathi applied for a license from Philips, also indicated that the suit patent was an SEP.

Philips, therefore, contended that Issue (vi) was required to be decided in favour of Philips by holding that the suit patent was an SEP in respect of DVD player technology.

51. As against this, the Bansals contended thus:

(i) Standards could not be set by in house or internal mechanisms and had to be said to be recognized by independent bodies. The DVD Forum, therefore, it was contended, was incompetent to set standards as an SSO. *Inter alia,* for this purpose, it was submitted that Philips had major control over the DVD Forum, and was a prominent member of the Forum.

[26] European Computer Manufacturers Association
[27] "Read-Only Disc"

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(ii) The Bansals further contended that Philips had not proved the ECMA standard or the standard of any independent SSO. PW-1, testifying on behalf of the Philips, had admitted that the standard was set by the DVD Forum, which was a body largely influenced by Philips itself and could not, therefore, be treated as independent.

(iii) The only evidence cited by Philips, on the basis of which it would seek to contend that the invention claimed in the suit patent conformed to a standard, was PW-2/5, which stood de-exhibited as it was filed without leave of the court, along with the affidavit in evidence of PW-2. It could not, therefore, be relied upon.

(iv) The reference to the ECMO and ISO standards by Philips went beyond the evidence and could not, therefore, be relied upon.

(v) Insofar as the ECs issued in respect of the US'505 and EP'254 patents were concerned, the originals of PW-2/6 and PW-2/7 were never produced or proved. PW-2/6A and PW-2/7A were said to be certified copies of PW-2/6 and PW-2/7. Inasmuch as no application as required by Sections 63 to 65[28]

[28] **63.** **Secondary evidence**.—Secondary evidence means and includes—
(1) certified copies given under the provisions hereinafter contained;
(2) copies made from the original by mechanical processes which in themselves insure the accuracy of the copy, and copies compared with such copies;
(3) copies made from or compared with the original;
(4) counterparts of documents as against the parties who did not execute them;
(5) oral accounts of the contents of a document given by some person who has himself seen it.

64. **Proof of documents by primary evidence**.—Documents must be proved by primary evidence except in the cases hereinafter mentioned.

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of the Indian Evidence Act, 1872 had been filed to lead secondary evidence, it was submitted that the certified copies of PW-2/6 and PW-2/7 could not be relied upon. Secondary evidence was required to conform to Sections 63 to 65 of the Evidence Act. The Bansals also submitted that the PWs were not experts and that PW-2, if at all, was claimed to be an expert in claim construction, and not in DVD technology.

(vi) As such, there was no witness, whose evidence was cited, who was competent to prove that the suit patent was an SEP.

52. The learned Single Judge observes and holds as under:

(i) A perusal of the record indicated that PW-2/5 was initially exhibited along with the affidavit in evidence of PW-2 but was de-exhibited on the Bansals taking an objection that it

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65. Cases in which secondary evidence relating to documents may be given.—Secondary evidence may be given of the existence, condition or contents of a document in the following cases—

(*a*) when the original is shown or appears to be in the possession or power—
of the person against whom the document is sought to be proved, or of any person out of reach of, or not subject to, the process of the Court, or
of any person legally bound to produce it,
and when, after the notice mentioned in Section 66, such person does not produce it;

(*b*) when the existence, condition or contents of the original have been proved to be admitted in writing by the person against whom it is proved or by his representative in interest;

(*c*) when the original has been destroyed or lost, or when the party offering evidence of its contents cannot, for any other reason not arising from his own default or neglect, produce it in reasonable time;

(*d*) when the original is of such a nature as not to be easily movable;

(*e*) when the original is a public document within the meaning of Section 74;

(*f*) when the original is a document of which a certified copy is permitted by this Act, or by any other law in force in [91][India], to be given in evidence;[92]

(*g*) when the originals consist of numerous accounts or other documents which cannot conveniently be examined in Court, and the fact to be proved is the general result of the whole collection.

In cases (*a*), (*c*) and (*d*), any secondary evidence of the contents of the document is admissible.
In case (*b*), the written admission is admissible.
In case (*e*) or (*f*), a certified copy of the document, but no other kind of secondary evidence, is admissible.
In case (*g*), evidence may be given as to the general result of the documents by any person who has examined them, and who is skilled in the examination of such documents.

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was a fresh document, introduced without the leave of the Court.

(ii) Apropos PW-2/6A and PW-2/7A, as the Bansals did not take any objection to their exhibition at the time when they were exhibited, no objection could not be taken at the stage of arguments regarding the manner in which these documents were sought to be proved. Further, as these were documents produced by Philips, who was in possession of the device from which the documents were proved, no certificate under Section 65B of the Evidence Act was required.

53. The learned Single Judge, thereafter, proceeds to accept Philip's contention that the claims in the suit patent corresponded to Claims 33 to 37 in US'505 and EP'254.

54. We may reproduce, for the sake of convenience, Claims 33 to 37 in US'505 and Claims 33 to 37 in EP'254, thus, in a tabulated form:

Claim 1 to 6 in the Suit Patent	Claims 33 to 37 in US'505	Claims 33 to 37 in EP'254
"1. Decoding device for converting a modulated signal (7) to a series of m-bit information words (1), the decoding device comprising means for receiving the modulated signal, means (110) for converting the signal to a bit string of bits having a	"33. A decoding device for converting the signal as claimed in claim 25 to a series of m-bit information words, the device comprising means for converting the signal to a bit string of bits having a first or second	"33. Decoding device for converting the signal (7) as claimed in one of the Claims 24 to 31 to a series of m-bit information words (1), this device comprising means (110) for converting the signal to a bit string of bits

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first or second logical value, the bit string containing n-bit code words (4) which correspond to information signal portions (160), and converting means (113, 114, 115) for converting the series of code words to a series of information words, one information word being assigned to one code word to be converted and in dependence thereon, characterized in that the device comprises a first register (112) and a second register (111) for storing bits of the bit string and in that the converting means (113, 114, 115) are capable of uniquely establishing an information word among a plurality of information words represented by an n-bit code word belonging to a group (G2) of a second type, by converting n bits of the code word from the first register (112) and p predetermined bits in a following code word from the second register (111) into a m-bit information word, in dependence on the logical values detected for said p bits.	logical value, which bit string contains a series of n-bit code words which correspond to the information signal portions, and converting means for converting the series of code words to the series of information words, an information word being assigned to each of the code words to be converted and in dependence thereon, wherein the converting means are arranged for converting a code word to an information word also in dependence on the logical value of bits in the bit string which are located at p predetermined positions relative to the code word.	having a first or second logical value, this bit string containing n-bit code words (4) which correspond to the information signal portions (160) and which device comprises converting means (113, 114, 115) for converting the series of code words to a series of information words, one information word being assigned to one code word to be converted and in dependence thereon, characterized in that the converting means (113, 114, 115) are arranged for converting the code word also in dependence on the logical values of bits in the bit string which are located at p predetermined position in a following codeword for distinguishing a respective information word among a plurality of information words represented by a codeword belonging to a group (G2) of the second type.
2. Decoding device as claimed in Claim 1, characterized in that each code word is 16-bit long, each information word in 8-bit long and p is equal to 2.	34. The decoding device as claimed in claim 33, wherein n is equal to 16, m is equal to 8, and p is equal to 2. Important Note: code word is represented by 'n' [n-bit code words {claim 1}] and	34. Decoding device as claimed in Claim 33, characterized in that n is equal to 16 and m is equal to 8, and where p is equal to 2. Important Note: code word is represented by 'n' [n-bit code words

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	information word is represented by 'm'[m-bit code words {claim 1}]	{claim 1}] and information word is represented by 'm'[m-bit code words {claim 1}]
3. Decoding device as claimed in Claim 1, characterized in that the p predetermined bit positions are the first and thirteenth bit portion past the end of the associated code word.	35. The decoding device as claimed in claim 34, wherein the p predetermined bit positions are the first and thirteenth bit position past the end of the code word.	35. Decoding device as claimed in Claim 34, characterized in that the p predetermined bit positions are the first and thirteenth bit position past the end of the associated code word.
4. Decoding device as claimed in one of the Claims 1 to 3, characterized in that the converting means are connected to detection means (116) for detecting sync words having bit patterns that cannot be formed by the successive code words in the series, or by a part of the sync word in combination with an adjacent code word.	36. The decoding device as claimed in claim 33, further comprising detection means for detecting sync words having bit patterns that cannot be formed by the successive code words in the series, or by a part of the sync word in combination with an adjacent code word.	36. Decoding device as claimed in one of the Claims 33 to 35, characterized in that the device comprises detection means (116) for detecting sync words having bit patterns that cannot be formed by the successive code words in the series, or by a part of the sync word in combination with an adjacent code word.
5. Decoding device as claimed in Claim 4, characterized in that the detection means (1160 are arranged for detecting 26-bit sync words corresponding to a bit pattern of "10010000000000100000 000001" or to a bit pattern of "00010000000000100000 00000" where "0" represents a first logical value and where "1" represents a second logical value.	37. The decoding device as claimed in Claim 36, wherein the detection means are arranged for detecting 26-bit sync words corresponding to a bit pattern of "100100000000010000 0000001" or to a bit pattern of "000100000000001000 00000001", where "0" represents a first logical value and where "1" represents a second logical value."	37. Decoding device as claimed in Claim 36, characterized in that the detection means (116) are arranged for detecting 26-bit sync words corresponding to a bit pattern of "100100000000001000 00000001" or to a bit pattern of "000100000000001000 00000001", where "0" represents a first logical value and where "1" represents a second logical value."
6. Decoding device as claimed in any of the		

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claim 1 to 5 characterized in that the converting means are connected to a reading device for receiving the modulated signal from a record carrier, comprising read head (150) for producing an analog signal of the modulated signal, and detection circuit (152) for converting the analog signal into a binary signal."		

55. The learned Single Judge further proceeds to reason thus:

(i) PW-2, in his evidence in chief, stated that he had examined the claims in US'505 and EP'254 *vis-à-vis* the claims in the suit patent and had concluded that the scope of the claims was the same. These questions and the answers thereby, as tendered by the PW-2, read thus:

> "Q.181 The claims of the EP and the US patent are not the same as the claims in the Indian patent?
>
> Ans. The scope of the relevant decoding device claims are the same.
>
> Q.182 I put it to you that the optical device is not a part of the US and EP patent claims?
>
> Ans. That is not correct. Because Claim 38 of the EP patent contains a device for reading from a disc which device is optical.
>
> Q.183 There is no corresponding claim in the Indian patent which corresponds to the EP claim 38?
>
> Ans. That is correct. Because it is subject of other divisional patents.

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Q.184 In this suit Philips relies on only one patent i.e. IN184753?

Ans. That is correct."

(ii) DW-1, in his examination in chief, also acknowledged that claims 32 to 38 in EP'254 were included in the suit patent. The relevant deposition to this effect read thus:

> "vi. Claim 32 is for a record carrier on. which the signal as claimed in any of the earlier claims 24 to 31 is recorded in which the information pattern represents, the signal portions about its logical values and properties.
>
> vii. Claims 33. to 37 deal with the decoding device for converting the signal as claimed in claim 24 to 31.
>
> viii. Claim 38 is for a reading device for reading the record carrier on, which the information is recorded in an information pattern and also comprising a decoding, device as claimed in 33 to 37 for converting the binary reading signal to. a m-bit information words."

(iii) There was no challenge to the validity of the suit patent under Section 3(k)[29] of the Patents Act.

(iv) The ECs issued by the SSO in respect of US'505 and EP'254, i.e., PW-2/6A and PW-2/7A clearly certified that US'505 and EP'254 were essential for the DVD ROM and DVD Video Playback functionalities. Claim 33 of EP'254 related to "Decoder converting n-bit information words to m-bit information words; there is one plurality of code words of a first type each uniquely defining an information word; the

[29] **3.** **What are not inventions**.—The following are not inventions within the meaning of this Act,—
*****
(*k*) a mathematical or business method or a computer program *per se* or algorithms;

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second type code words are defining different information words; the aim is to suppress DC signal components". The EC issued in respect of EP'254 certified that Claim 33 of EP'254 was an SEP.

(v) This claim was identical to the claim in the suit patent.

(vi) The Bansals' objections to the reading of PW-2/6A and PW-2/7A in evidence, as they were not signed, ought to have been taken at the time when they were exhibited in evidence and could not be permitted to be taken at the final stage of arguments. No objection to the manner of proof of PW-2/6A and PW-2/7A had been taken at that stage.

(vii) PW-2/7A was not a computer-generated document, but was signed. It did not, therefore, required a Section 65B[30] certificate.

(viii) Even if, therefore, PW-2/5, which set out the standards issued by the DVD forum as the SSO, was de-exhibited and, therefore, treated as not proved, and even if Philips had not been able to prove the ECMA/ISO standards, the ECs and the essentiality reports issued in respect of US'505 and EP'254 were sufficient to prove that the suit patent was an SEP.

[30] **65-B. Admissibility of electronic records.**—
(1) Notwithstanding anything contained in this Act, any information contained in an electronic record which is printed on a paper, stored, recorded or copied in optical or magnetic media produced by a computer (hereinafter referred to as the computer output) shall be deemed to be also a document, if the conditions mentioned in this section are satisfied in relation to the information and computer in question and shall be admissible in any proceedings, without further proof or production of the original, as evidence of any contents of the original or of any fact stated therein of which direct evidence would be admissible.

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No evidence to the contrary had been led by the Bansals.

56. Based on the above reasoning, the learned Single Judge decides Issue (vi) against the Bansals and in favour of Philips and holds the suit patent to be an SEP.

IVC. Re. Issue (iii) – Whether the Bansals infringed the suit patent?

57. Philips contended, before the learned Single Judge, that, as the suit patent was an SEP, which was essential for reading the encoded data on DVDs, the Bansals, who were manufacturing DVD players which read the DVDs, had necessarily to be infringing the suit patent. Apart from this, it was contended that Philips had successfully proved the aspect of infringement independently via the evidence of PW-2.

58. In response, the Bansals submitted as under:

(i) There was no claim-to-product mapping, which was essential for a case of patent infringement to be made out.

(ii) Philips had not conducted any analysis or construction of the claims in the suit patent.

(iii) The claims in the suit patent were restricted to a decoding device.

(iv) Philips had admitted that the invention forming subject matter of the suit patent was embodied in a chip.

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(v) No evidence had been led to prove infringement, by the Bansals, of the suit patent.

(vi) An affidavit of one Ravi Babu had been filed. He, however, never appeared as a witness in the witness box.

(vii) The evidence of PW-2 did not establish infringement, by the Bansals, of the suit patent.

(viii) Besides, PW-2 was not a credible witness and he had not independently analysed the product.

(ix) Philips had not been able to prove, therefore, that, taking into account the prevalent technical practices and the state of the art, it was not possible to manufacture a DVD player without using the invention forming subject matter of the suit patent.

(x) In any case, Philips was not entitled to any order against the Bansals, applying the principles of international exhaustion, as it had put its product in the market, and the Bansals had purchased the product through authorized dealers. Reliance was placed, for this purpose, on the decisions in ***Impression Products v. Lexmark International***[31]***, Quanta Computer. v. LG Electronics, Inc.***[32] and ***U.S. v. Univis Lens Co.***[33]. The Bansals

[31] **2017 SCC OnLine US SC 9**
[32] **553 U.S. 617 (2008)**
[33] **316 U.S. 241 (1942)**

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purchased the parts of the DVD players manufactured and sold by them, including the chip, from legitimate sources, and were merely assembling the DVD players from the parts so sourced. The chips themselves were purchased principally from MediaTek, who was an authorized distributor. In fact, the MediaTek chip was also embedded in Philip's own DVD. In these circumstances, the use of the MediaTek chip by the Bansals in their DVDs could not be treated as infringing the suit patents.

59. Dealing with the rival submissions advanced before her, the learned Single Judge has observed and held as under:

(i) The claim in the suit patent was only for a decoding device, not for the entire DVD player or other functions.

(ii) However, the decoding device was an integral part of the DVD player. In the absence of the decoding device, the embedded information in the form of codes could not be transmitted or received.

(iii) Philips had also independently proved the factum of infringement through

(a) the evidence of PW-2 and

(b) cross-examination of the DWs.

(iv) The DVD players manufactured by the Bansals had been purchased by Philips (the fact of purchase was also proved) and

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evaluated by PW-2. PW-2, in his evidence, deposed that, on such evaluation, he had ascertained that the DVD players were using EFM+ de-modulation techniques and were, thereby, infringing the suit patent.

(v) The principles of claim construction in patent matters stood settled by the judgment of the Division Bench of this Court in ***Roche v. Cipla***. That decision, in turn, refers to the judgment in ***Herbert Markman v. Westview***[34], which sets out the two steps involved in infringement analysis, thus:

> "(a) First step is to determine the meaning and scope of the patent claims asserted to be infringed.
>
> (b) Second step is to compare the properly construed claim with the device accused of infringing."

(vi) PW-2, in his deposition, stated that he had independently examined the Bansals' DVD players using the special tests to determine the use of the EFM+ de-modulation technique. On performing the said tests, it was ascertained that the Bansals' DVD players were in fact using the said technique and, thereby, infringing the suit patent. The DVD players of the Bansals were themselves exhibited as PW-2/A and PW-2/9.

(vii) PW-2 further deposed as under:

(a) Technical analysis of the channel bit data revealed that the Bansals' DVD players were manufactured using

[34] **517 US 370**

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the EFM+ demodulation technique disclosed in the complete specification of the suit patent and were also employing decoding devices to decode the content stored in the DVD using EFM+ modulation. Thus, the process of manufacture of the DVD players of the Bansals infringed the suit patent.

(b) Analysis of the grabbed channel bit data further demonstrated the infringement of the suit patent when the values at bit positions 1 and 13 were modified. The EFM+ demodulation technique claimed in the suit patent worked by looking ahead to the next set of code words with each set of code words commencing and terminating at bit positions 1 and 13. When bit positions 1 and 13 were not changed, the DVD players of the Bansals played the reference DVD properly, which indicated that they were in fact employing decoded EFM+ encoded data using the patented technology. However, where the code words at bit positions 1 and 13 were modified, "the look ahead" feature failed as a result of which the DVD players of Bansals failed to correctly play that portion of the channel bit data.

(c) This indicated that the DVD player manufactured by the appellant employed the look ahead mechanism disclosed and claimed in the suit patent. Had they not used the said mechanism, they would have been able to play the DVD without any problems even where the bit

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values at bit positions 1 and 13 of the next set of code words was modified.

(viii) From the cross-examination of PW-2, the following questions and answers were relevant:

> "Q.64 From the sketches (figures 8 to 17) annexed to the specification, please point out which is the integrated circuit or chip which you referred to in answer to Q. 16 yesterday?
>
> Ans. The figures 8 to 17 you referred to are schematic block diagrams and not a representation of any chip. So I cannot out point out to you a chip in these figures.
>
> *****
>
> Q. 68 Please tell us what are figures 1 to 4?
>
> Ans. Figures 1 to 4 represent one of the embodiments of the invention, which are not completely practiced in a DVD player.
>
> *****
>
> Q. 71 Does Philips manufacture the integrated circuits or chips
> by itself?
>
> Ans. I do not know.
>
> Q72 (the witness is being shown a brand new Philips DVD player serial No.FJlA1103093103 manufactured by Philips Electronics India Limited, Kolkata, bearing a manufacturing date of January, 2011). (the DVD player is not in a sealed pack. The DVD player is unscrewed in front of the witness to show the inside of the same).
>
> Which according to you is the part of the Philips DVD player which contains the invention which is patented in the suit patent?
>
> Ans. I am not an expert in design of DVD player layouts and printed circuit boards inside thereof So, I could only guess and I guess this part here (the witness points out to the green circuit board which has been marked AAAA on

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the instrument, for the purpose of identification).

Q73 In the portion marked AAAA, the chip in the middle has a name Mediatek?

Ans. That is correct.

*****

Q.84 Do you know if Philips has taken any action against Mediatek Taiwan, which is the manufacturer of the printed circuit boards?

Ans. I do not know, but I can make a guess. Philips for the DVD technology only licenses the end product in the value chain, in this case being a full functional DVD player. That means a DVD player which is able to reproduce the content of a DVD disc which is inserted.

Q.85 If I understand you correctly, you mean to say the manufacturing of the printed circuit board which may contain the patented technology, is not infringement, but using the said board on a DVD player for commercial sale of the same constitutes infringement, according to you?

Ans. I say using the board on the DVD player for commercial sale constitutes infringement. I have not enough information to make a judgment about the first part of your question.

*****

Q.88 I show you a brand new Philips DVD player. Serial No.FJAl103094201 in a sealed carton (Exh.PW2/D9). (The carton is opened and the DVD player is unscrewed to show to the witness what is inside in the player). Is it correct that the portion marked "BBBB", contains the patented invention?

Ans. If it is the same player as was marked yesterday "AAAA' I repeat my answer to the question No. 73.

Q.89 Can you please highlight in this DVD player (Exh.PW2/D9), the portion which contains the patented invention?

Ans. This printed circuit board (marked "BBBB") contains the patented invention according to claim 1 of the patent in suit. However, this printed circuit board on its own cannot work without auxiliary components such as the optical

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drive next to it.

Q. 90 Are the auxiliary components such as optical drive apart of the suit patent.

Ans. The invention cannot work without these components.

Q.91 I put it to you that the suit patent does not claim auxiliary components such as optical drive and no monopoly in respect of the same has been granted in favour of Philips in India?

Ans. That is not correct and I can show you why. I want to by referring to claim 1. (The witness has referred to Exh.PW2/4 from the Court record). Claim 1reads "decoding device for converting a modulated signal to a series of m-bit information words, the decoding device comprising means for receiving the modulated signal." The last six words are also partly contained in the optical disc drive. It is impossible for the decoder to work without this optical disc drive and convert the modulated signal to a series of m-bit information words.

Q.92 Are you qualified to interpret patent claims?

Ans. Yes I am."

(ix) The above evidence of PW-2 clarified the following:

(a) The suit patent comprised of hardware, not software.

(b) The entire cross-examination of PW-2 by the Bansals revolved around the premise that the suit patent was embodied in a chip. Bansals, however, in his answer to question 72, clarified that the invention claimed in the suit patent was not contained merely in the chip but in the PCB of which the chip was a part.

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(c) The Philips DVD player with which PW-2 was confronted during cross-examination was not sealed and could not, therefore, be relied upon.

(x) The learned Single Judge thereafter addressed the aspect of international exhaustion. It is necessary to reproduce, in this context, the following paragraphs from the impugned judgment:

> "10.10 Claim of the defendants was that it was purchasing the chip from Shuntak (HK) trading Company and Sheenland Corporation which were the authorized venders vide documents Ex.DW-2/8 collectively however, the defendants failed to discharge the onus that both Shuntak and Sheen land were the licensees of the plaintiff and thus the plea of the defendants that there is no infringement by virtue of doctrine of exhaustion needs to be rejected. DW-2 in his evidence admitted that both Shuntak and Sheen land were suppliers of critical DVD components and that they are associated with mainland China and that Shuntak and Sheen land are registered party of MediaTek, however, no evidence was led to prove this fact. It would be further appropriate to note the distinction between the licensee and a vendor. Section 2(1) (f) of the Patents Act defines the term 'exclusive license' to mean a license from a patentee which confers on the licensee, and persons authorized by him to the exclusion of all other persons any right in respect of patented invention. The defendants have led no evidence to prove that Shuntak and Sheenland were the licensees of the patentee from whom they claim to have purchased the products. Defendants have further taken the plea that they had purchased the products from authorized licensees. The onus to prove that the defendants purchased the products from authorized licensees was on the defendants which they failed to discharge. In the written statement in CS(COMM) 436/2017 plea was taken that defendant was taking the products from licensees like SONY, SANYO etc. and the documents in this relation were collectively filed as Ex.DW-2/8 which were letters purportedly from Sheenland and Shuntak. These documents are unsigned. The entire plea of the defendant is that it was using the MediaTek chips, however it has neither been proved that the

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> MediaTek was a licensee of the plaintiff and that the hardware sold to defendants by MediaTek was pursuant to a license. The plaintiff has nowhere claimed that MediaTek is a licensee of plaintiff. In the absence of any admission of the plaintiff the onus was on the defendants to prove that it was using the plaintiffs licensed products.
>
> 10.11. Defendants having failed to prove that the articles purchased by them were sold by the plaintiff or its licensees, the defence based on the doctrine of exhaustion needs to be rejected as the defendants have failed to prove that the product using the suit patent was sold to the defendants by the plaintiff or its licensee, onus to prove which fact was on the defendants."

(xi) The Bansals had contended that they were purchasing chips from Shuntak (HK) Trading Company and Sheenland Corporation, who were authorised vendors of Philips' invention covered by the suit patent. However, the Bansals did not discharge the onus to show that Shuntak and Sheenland were Philips' licensees. As such, the plea of exhaustion could not sustain.

(xii) DW-2, deposing on behalf of the Bansals, testified in cross examination that Shuntak and Sheenland were registered parties of MediaTek. However, no documentary evidence was led, to prove this fact.

(xiii) Following the above reasoning, the learned Single Judge has extracted the following paragraphs from the judgment of the Supreme Court of the US in ***Impression Products*** thus:

> "The Patent Act grants patentees the "right to exclude others from making, using, offering for sale, or selling [their] invention[s]." 35 U S. C. §154(a). For over 160

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> years, the doctrine of patent exhaustion has imposed a limit on that right to exclude. See ***Bloomer v. McQuewan***[35]. The limit functions automatically: When a patentee chooses to sell an item, that product "is no longer within the limits of the monopoly" and instead becomes the "private, individual property" of the purchaser, with the rights and benefits that come along with ownership. A patentee is free to set the price and negotiate contracts with purchasers, but may not, "by virtue of his patent, control the use or disposition of the product after ownership passes to the purchaser. ***United States v. Univis Lens Co.***[36]. The sale "terminates all patent rights to that item." ***Quanta Computer, Inc. V. LG Electronics, Inc***.[37]. This well-established exhaustion rule marks the point where patent rights yield to the common law principle against restraints on alienation. The Patent Act "promote[s] the progress of science and the useful arts by granting to [inventors] a limited monopoly" that allows them to "secure the financial rewards" for their inventions. But once a patentee sells an item, it has "enjoyed all the rights secured by that limited monopoly. ***Keeler v. Standard Folding Bed Co.***[38]. Because "the purpose of the patent law is fulfilled . . . when the patentee has received his reward for the use of his invention, " that law furnishes "no basis for restraining the use and enjoyment of the thing sold. ***Univis"***

60. The learned Single Judge proceeds, in conclusion with respect to issue(iii), to hold that the above reasoning established with the DVD players manufactured and sold by Bansals, if sold without a license from Philips, infringed the suit patent. She holds that PW-2 had explained the claim in the suit patent and had compared the claim with the DVD players manufactured by the Bansals to arrive at a conclusion that infringement had taken place.

61. The learned Single Judge, therefore, decides issue (iii) in favour of Philips and against the Bansals.

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[35] **14 How. 539 (1853)**
[36] **316 U. S. 241, 250 (1942)**
[37] **553 U. S. 617, 625 (2008)**
[38] **157 U S 659, 661 (1895)**

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IVD. Re. Issue (v) – Whether Philips with other members of the DVD forum were misusing their position to create a monopoly and earn exorbitant profits by creating patent pools?

62. Learned Single Judge holds that this issue is beyond the scope of the present suit. It has, therefore, been left unanswered.

IVE. Re. Issue (vii) – Whether the Bansals were bound to pay license fee to Philips and if so at what rate? and Issue (viii) – whether the Philips was entitled to damages or any other relief?

63. The learned Single Judge decide these issues in the following manner:

(i) Whereas a licensee base royalty to the SEP holder at FRAND rate, and infringer is required to pay damages at standard rate.

(ii) Philips, however, contended that it was claiming damages only at FRAND rate. For this purpose, Philips relied on the deposition of PW1, to the following effect:

(a) Royalty rates payable for the license in respect of the DVD player upto May 2010 were USD 4.58 at standard rate and USD 3.175 at compliant rate and, after 28 May 2010, were USD 2.50 at standard rate and USD 1.90 at compliant rate,

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(b) Before this Court, the Bansals had agreed, on 20 September 2010, to deposit royalty at the rate of ₹45 per sale of DVD player,

(c) Philips was, however, claiming both actual and punitive damages,

(d) For actual damages, Philips was basing its claim at the standard rate of royalty charged by it to other entities for the DVD video functionality of USD 2.50 per DVD player. As per the sales of DVD players effected by the Bansals, applying the aforesaid rate and applying an exchange rate of ₹45 per USD, the royalty payable by the Bansals to Philips for the period December 2008 to December 2013 was approximately ₹2.7 Crores. Reliance was placed, for this purpose, on the Exh.DW2/PR.

(iii) The Bansals contended, however, that

(a) Philips' claim was not based on FRAND principles,

(b) Philips had led no evidence with respect to royalty determination, and

(c) no evidence was led by Philips with respect to negotiation or fixation of rates, as all licenses were bundled together.

(iv) Philips contended, per contra, that Philips was required to charge licence fee not just on the value of the invention forming

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subject matter of the suit patent but based on the sales of the DVD player as a whole.

(v) The learned Single Judge holds that, indubitably, the claim in the suit patent was restricted to the decoding device. However, the decoding device was an integral part of the DVD player without which the DVD player could not function. Since the creation of a patent pool and abuse of dominant position was outside the scope of the suit, Philips claim to royalty based on the entire patent pool in the DVD player could not be said to be unreasonable.

(vi) Philips had, by its letter dated 24 January 2006 (Exh.PW1/7A), provided an option to the Bansals either to take a joint licence over all the patents in the DVD player or a "Philips only" licence.

(vii) Ex. PW-1/17 was an application by K.K. Bansal for obtaining the DVD video player licence from Philips.

(viii) PW-1 had, in cross examination, provided the royalty rates applicable to DVD players in India on the date of filing the suit as well as on the date of the cross examination.

(ix) The Bansals' main challenge was that the royalty rates claimed by Philips were not FRAND. Philips had, vide Ex. PW-1/7A, granted the Bansals the option either to take a joint licence or the "Philips only" licence. Despite infringing Philips

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SEP, the Philips was only seeking royalty at FRAND rates of US$ 3.175 upto 27 May 2010 and US$ 1.90 thereafter, for the "Philips only" option. This was not, therefore, a case in which Philips was pooling the patents of all other patentees, used in the DVD video player, with the SEP.

(x) The sales figures of Bhagirathi and Manglam for the period from July 2008 to July 2009 was known.

(xi) Moreover, the evidence of DW-2 indicated that the Bansals had not given their correct sales figures to the Court. Q. 137 to 147 and the answers by DW-2 thereto have been reproduced by the learned Single Judge.

(xii) The learned Single Judge thereafter relies on the judgment of the United States Court of Appeals for the Federal Circuit in ***Commonwealth Scientific and Industrial Research Organisation v. CISCO Systems Inc.***[39] as laying down the principles to aid courts in determining whether an export's apportionment model is reliable. Philips claimed that the Bansals had agreed to pay licence fee of ₹ 45 per DVD player as noted in the order dated 20 September 2010 passed by this Court. The Bansals contended, however, that the said order was merely putting in place an interim arrangement which was without prejudice to their rights and contentions and that, therefore, the offer therein could not be said to be an amount fixed between the parties as the royalty rate. However, the

[39] **Fed. Cir. Dec.3 (2015)**

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decision in ***CISCO Systems*** ruled that the damages model, taking into account the parties' informal negotiations with respect to the end product, was a generally accepted principle for ascertaining the royalty. Further, reasonable royalties for SEPs were not only FRAND but also took into account incremental benefit derived from the invention. Considering that Philips was seeking royalty at FRAND terms and that too, on the basis of the Philips only option, and keeping in mind the fact that no evidence had been led by the Bansals to rebut Philips' evidence, despite the onus in that regard being on the Bansals, the learned Single Judge holds that Bhagirathi and Manglam were required to pay royalty to Philips at the rate of US$ 3.175 from the date of the institution of the suit till 27 May 2010 and at the rate of US$ 1.90 from 28 May 2010 till 12 February 2015.

(xiii) On the aspect of punitive damages, the learned Single Judge holds that, as Rajesh Bansal was a former employee of Philips and infringed the suit patent with impunity, he was liable to pay punitive damages of ₹ 5 lakhs.

IVF. Conclusion

64. Following the above discussion, the learned Single Judge concludes the impugned judgment thus:

> "14. Relief: In view of the discussion aforesaid the two suits are decreed in favour of the plaintiff and against the defendants holding that the said defendants have been infringing the suit patent IN-184753 which is an essential standard patent in respect

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of DVD video player, however, no injunction can be granted to the plaintiff for the reason the plaintiff's suit patent expired on 12th February, 2015. The plaintiff is also found entitled to a decree for recovery from Rajesh Bansal and K.K. Bansal of royalty payable at FRAND rates, that is, USD 3.175 upto 7th May, 2010 and thereafter USD 1.90 upto 12th February, 2015 from the date of institution of the suits with interest @10% p.a. from the end of the month for which royalty is due till the date of payment per video player manufactured/sold. A decree of punitive damages to the tune of ₹5 lakhs is also passed in favour of plaintiff and against Rajesh Bansal. A commission is issued to inquire into the number of video player manufactured/sold by Rajesh Bansal and K.K. Bansal respectively. Mr. S.M. Chopra, ADJ (Retd.), the learned Local Commissioner who recorded the evidence is appointed as the Local Commissioner to, after hearing parties, allowing them to lead whatever evidence they want to lead, report on the number of video players manufactured/sold by Rajesh Bansal and K.K. Bansal respectively with infringing patent. The plaintiff shall be entitled to recover the amount so found due and less the amount deposited in this Court with interest accrued thereon, on filing the report with the execution petition. The objection if any, to the report of the Local Commissioner be also filed in execution. The fee of the learned Local Commissioner is fixed at ₹1 lakh to be borne by the plaintiff."

65. Aggrieved by the aforesaid decision, the Bansals are in appeal before us.

E. <u>Rival contentions</u>

I. <u>Submissions of Ms. Swathi Sukumar on behalf of the appellants (the Bansals)</u>

66. Ms. Sukumar advanced the following submissions:

IA. <u>The suit patent resided in a chip – Suit patent is a product patent, whereas US'505 and EP'254 are method patents</u>

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(i) The entire finding of infringement was unsustainable as there had been no claim-to-product mapping as was required by paras 109 to 111 of the judgment in ***Roche v. Cipla.***

(ii) The plaint was contradictory in terms. The suit patent was granted for a device. However, infringement was claimed of the entire DVD technology used in the device. Reliance was placed, for this purpose, on para 10 of the plaint which read thus:

> "10. The present suit concerns one of such essential patents, Indian Patent No. 184753 on Channel (De)coding technology used for DVD Video Playback function in a DVD Video Player. While the present action is based on this patent, the Plaintiff craves leave of this Hon'ble Court to permit amendment of the pleadings to incorporate any additional patents of the Plaintiff that the Defendants impugned product might be infringing, if discovered at a later stage. The details of the Indian Patent No.184753 are as follows:

Patent application number:	1578/CAL/98
Patent Title:	"Decoding device for converting a modulated signal to a series of m-bit information words"
Patent number:	184753
Date of filing in India:	2nd September 1998; Parent application filed on 13th February 1995
Date of grant:	20th April 2001
Applicant:	Koninklijke Philips Electronics N.V.
Other details:	No pre-grant opposition No post grant opposition No pending rectification

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Licensees:	As indicated in paragraph 13 below
Corresponding US patents:	US5696505 dated 8th February 1995 – "Method of converting a series of m-bit information words to a modulated signal, method of producing a record carrier, coding device, decoding device, recording device, reading device, signal, as well as a record carrier"
Corresponding EP patent:	EP745254B1 dated 1st February 1995 – "Method of converting a series of m-bit information words to a modulated signal, method of producing a record carrier, coding device, decoding device, recording device, reading device, signal, as well as a record carrier"

(iii) The invention covered by the suit patent was not apparent even from the complete specifications thereof.

(iv) However, PW2, in his answers to Q. 15 to 16, 72 to 73, 89 and 175 posed to him in cross examination, admitted that the suit patent resided in a chip and was for a decoding device, not for decoding technology. The aforesaid questions and the responses of PW2 thereto read thus:

> "Q. 15 The conversion of a modulated signal to a series of m-bit information words is done by using a software. Is that correct?
>
> Ans. No it is done by hardware.
>
> Q. 16 Please tell us what is the type of hardware?
>
> Ans. It is an integrated circuit, also called chip.

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Q. 72 (the witness is being shown brand new Philips DVC player, serial No. FJ1A1103093103 manufactured by Philips Electronics India Limited, Kolkata, bearing a manufacturing date of January, 2011). (the DVD player is not in a sealed pack. The DVD player is unscrewed in front of the witness to show the inside of the same).

Which according to you is the part of the Philips DVD player which contains the invention which is patented in the suit patent?

Ans. I am not an expert in design of DVD player layouts and printed circuit boards inside thereof. So, I could only guess and I guess this part here (the witness points out to the green circuit board which has been marked "AAAA" on the instrument, for the purpose of identification.)

Q.73 In the portion marked AAAA, the chip in the middle has a name MediaTek?

Ans. That is correct.

*****

Q. 89 Can you please highlight in this DVD player (Ex. PW-2/D-9), the portion which contains the patented invention?

Ans. This printed circuit board (marked "BBBB") contains the patented invention according to claim 1 of the patent in suit. However this printed circuit board on its own cannot work without auxiliary components such as the optical drive next to it.

*****

Q. 175 According to you the patent relates to a decoding technology and not a component or a device. Is that correct?

Ans. The claim of the patent relates to a decoding device. So it is not correct."

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PW-2, therefore, admitted that the invention forming subject matter of the suit patent was a chip, which was manufactured by MediaTek.

(v) The suit patent was, therefore, for one component of the DVD player, which is referred to as the "device". As against this, US' 505 and EP' 254 were method patents.

IB. Patent exhaustion – Section 107A(b) defence

(vi) Admittedly, the Bansals were purchasing the decoding device from MediaTek, who was a licensed dealer/seller and were only assembling DVDs in which one of the components was the decoding device. Reliance was placed on paragraph 23 of the written statement filed by the defendant which read thus:

> "**NON-INFRINGEMENT**:
>
> 23. It is most respectfully submitted that the Answering Defendant is not infringing the Plaintiffs patent (#184753) in as much as the various components of the DVD player are being sourced by the Answering Defendant from various entities that are authorized licensees of the Plaintiff like Sony, Sanyo, etc. It is of importance to note that the Answering Defendant does not manufacture a DVD player; it merely assembles the various components and parts procured by it from authorized licensees into the end product i.e. a DVD player. Thus, in the light of the same the present action instituted by the Plaintiff is not maintainable. Copies of various invoices of purchases being made by the Answering Defendant's sister concern (Bhagirathi Electronics) from Sony, Sanyo are already on record."

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(vii) The legal and legitimate import, by the Bansals, of the chips manufactured by Medial Tek completely exhausted the patent rights of Philips in the decoding device. The DVD players manufactured by Philips also contained the MediaTek chip. For this purpose, the Bansals relied on the following:

(a) Paras 15 and 16 of the affidavit in evidence of Rajesh Bansal, testifying as DW-2, acknowledged that Philips was also sourcing PCBs from MediaTek.

(b) The letters from Sheen land and Shuntak, exhibited as DW-2/8 colly, confirmed that (i) the chips supplied to the Bansals were MediaTek chips and (ii) MediaTek was a registered vendor of Philips.

(c) Customs documents and invoices, whereunder the chips have been purchased by the Bansals from MediaTek and imported into India, were also exhibited collectively as DW-2/5A, DW-2/7 and DW-2/7A.

(viii) In fact, all the DVD players produced before the Court for its perusal contained MediaTek chips. The sales of the MediaTek chips to the Bansals were authorised under the laws of the country from which the products were imported and, therefore, resulted in exhaustion of Philips' rights in the suit patent, applying Section 107A(b)[40] of the Patents Act.

[40] **107-A.** **Certain acts not to be considered as infringement**.—For the purposes of this Act,—
*****

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(ix) The onus to show that the import was not from licensed vendors and not was covered by Section 107A(b) of the Patents Act was, therefore, on Philips. Philips had not discharged this onus. No evidence have been produced by Philips to indicate that MediaTek was not its licensed dealer.

(x) In fact, both the PWs deliberately refused to answer questions about the relationship between Philips and MediaTek. DW2 Rajesh Bansal, however, admitted in his cross examination that the MediaTek chip was found in the Philips DVD players and the players of their licensees.

(xi) DW2 was never cross examined on his assertion that he had purchased chips from MediaTek. Reference was invited, in this context, to questions 71 to 76 and 84 to 85 addressed to PW2 and questions 168 to 171 addressed to DW2 which may be extracted as under:

> Cross-examination of PW-2 Johannes P.J.G. Van Liempd
>
> "Q. 71 Does Philips manufacture the integrated circuits or chips by itself?
>
> Ans. I do not know.
>
> Q. 72 (the witness is being shown brand new Philips DVC player, serial No. FJ1A1103093103 manufactured by Philips Electronics India Limited, Kolkata, bearing a manufacturing date of January, 2011). (the DVD player is

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(*b*) importation of patented products by any person from a person who is duly authorised under the law to produce and sell or distribute the product,

shall not be considered as an infringement of patent rights.

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not in a sealed pack. The DVD player is unscrewed in front of the witness to show the inside of the same).

Which according to you is the part of the Philips DVD player which contains the invention which is patented in the suit patent?

Ans. I am not an expert in design of DVD player layouts and printed circuit boards inside thereof. So, I could only guess and I guess this part here(the witness points out to the green circuit board which has been marked "AAAA" on the instrument, for the purpose of identification.)

Q.73 In the portion marked AAAA, the chip in the middle has a name MediaTek?

Ans. That is correct.

Q.74 Does MediaTek manufacture the printed circuit boards of Philips?

Ans. I do not know.

Q. 75 do know that MediaTek is a licensed manufacturer of Philips of these printed circuit boards?

Ans. I do not know.

Q. 76 I am showing you the DVD players branded Onida Atom, Weston DVD 2060, LG and Videocon D2H Satellite DVD (these have been unscrewed) and please look at the printed circuit boards in these players. All these players contain the MT1389QE chip, which is also used in the Philips DVD player shown to you earlier. Is it correct.

(The DVD players are not in a sealed pack. The DVD players are unscrewed in front of the witness to show the inside of the same.)

Ans. The Philips player has MT1389QE chip, the LD player has MT 1389DE chip, Videocon player has MT1389DE chip, Onida player has MT1389DE chip and Weston player has MT1389DE chip.

NOTE:The Philips DVD player is marked as Ex. PW2/D1, the Onida as Ed. PW2/D2, Weston DVD Player as Ex. PW2/D3, LG DVD player as Ex. PW2/D4 and Videocon DVD player as Ex. PW2/D5.

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Q. 84 Do you know if Philips has taken any action against MediaTek, Taiwan, which is the manufacturer of the printed circuit boards?

Ans. I do not know, but I can make a guess. Philips for the DVD technology only licenses the end product in the value chain, in this case being of full functional DVD player. That means a DVD player which is able to reproduce the content of a DVD disc which is inserted.

Q. 85 if I understand you correctly, you mean to say the manufacturing of the printed circuit board which may contain the patented technology, is not infringement, but using the said board on a DVD player for commercial sale of the same constitutes infringement, according to you?

Ans. I say using the board on the DVD player for commercial sale constitutes infringement. I have not enough information to make a judgement about the first part of your question."

Cross-examination of DW-2 Rajesh Bansal

"Q. 168 Is it correct that MediaTek, Taiwan does not manufacture DVD players?

Ans. I am not aware.

Q. 169 have you received any patent search from MediaTek?

Ans. I do not remember.

Q. 170 Have you received any legal indemnity from MediaTek?

Ans. I do not remember.

Q. 171 is it correct that Shuntak and Sheenland Corporation are not manufacturing DVD players?

Ans. Both Shuntak and Sheeland Corporation are suppliers of critical DVD components and I'm not sure if they are also manufacturing DVD players."

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For this purpose, the Bansals relied on paragraphs 15 and 16 of the judgment of the Supreme Court in ***Muddasani Venkata Narsaiah v. Muddasani Sarojana***[41] and paragraphs 13 and 14 of the ***State of UP v. Nahar Singh***[42]**.**

(xii) The purchase of the chips from MediaTek, therefore, constituted a complete defence for the Bansals, in terms of Section 107A(b) of the Patents Act.

(xiii) Philips had, in its plaint, concealed its relationship with MediaTek.

IC. Royalty could not have been worked out on per DVD video player basis

(xiv) Though the entire suit had proceeded with respect to Philips' allegation that the Bansals had infringed the decoding device which formed subject matter of the suit patent, royalty was worked out, in the impugned judgment, per DVD video player. This was itself illegal.

ID. Philips had failed to prove the existence of a standard or essentiality of the suit patent

(xv) PW 2/5 was an internal document of Philips and could not, therefore, be regarded as a standard.

(xvi) The ECs and Essentiality Reports of the US' 505 (Ex PW

[41] **(2016) 12 SCC 288**
[42] **(1998) 3 SCC 561**

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2/6A) and EP' 254 (Ex. PW 2/7A) were unaccompanied by any technical analysis. Neither report dealt with the suit patent, the standards pleaded in the plaint or in the replication filed by Philips. They could not, therefore, constitute the basis to determine the essentiality of the suit patent.

(xvii) Moreover, the Essentiality Reports[43] were in the nature of expert evidence. They could be accepted only in terms of Section 45[44] of the Indian Evidence Act, 1872. Reliance was placed for this purpose on paras 17 to 19 of ***State of Himachal Pradesh v. Jai Lal***[45]**,** and para 17 of ***Ramesh Chandra Agrawal v. Regency Hospital***[46]. The auditors and authors of the ERs were never examined. The technical analysis behind the ERs was never produced. Moreover, PW2 in his response to Question 108 in his cross-examination, admitted that he did not recognize the signatures on the ERs.

(xviii)Ergo, the existence of an SSO and the existence of a standard had not been proved as required by para 61 of ***Intex***.

(xix) ***Intex*** also clarified that a licensor of an SEP was required to enter into a contractual FRAND commitment with the SSO. No such evidence was on record.

---

[43] "ERs" hereinafter

[44] **45. Opinions of experts**.—When the Court has to form an opinion upon a point of foreign law, or of science, or art, or as to identity of handwriting or finger impressions, the opinions upon that point of persons specially skilled in such foreign law, science or art, or in questions as to identity of handwriting or finger impressions] are relevant facts.

Such persons are called experts.

[45] **(1999) 7 SCC 280**

[46] **(2009) 9 SCC 709**

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IE. Claims in the suit patent not mapped to the standard

(xx) Irrespective of the status of US' 505 and EP' 254, there was no standard recognized by any SSO in India by any instrument having the force of law.

(xxi) The suit patent was, therefore, not mapped to any legally binding standard. Reliance was placed for this purpose on para 95 of ***Intex*** which ruled that for a patent to be considered as part of a standard it had to be proved by way of claim charts indicating that the claims in the patent were present in the technical features of the standard. This exercise had not been undertaken by Philips in respect of any patent – neither the suit patent, nor the US' 505 nor the EP' 254 patent.

(xxii) Moreover, a comparison of the inventions forming subject of US'505 and EP' 254 clearly indicated that they were different and distinct from the invention forming subject matter of the suit patent. Reliance was placed for this purpose on the following tabular statement:

US Claim 33	**EP Claim 33**	**Suit Patent Claim 1**
A decoding device for converting the signal as claimed in claim 25 to a series of m-bit information words, the device comprising means for converting the signal to a bit string	Decoding device for converting the signal (7) as claimed in one of the Claims 24 to 31 to a series of m-bit information words (1). this device comprising means (110) for converting the signal	Decoding device for converting a modulated signal (7) to a series of mbit information words (1). the decoding device comprising means for receiving the modulated signal,

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of bits having a first or second logical value, which bit string contains a series of n-bit code words which correspond to the information signal portions, and converting means for converting the series of code words to the series of information words, an information word being assigned to each of the code words to be converted and in dependence thereon. Wherein the converting means are arranged for converting a code word to an information word also in dependence on the logical values of bits in the bit string which are located at p predetermined positions relative to the code word.	to a bit string of bits having a first or second logical value, this bit string containing n bit code words (4) which correspond to the information signal portions (160) and which device comprises converting means (113, 114, 115) for converting the series of code words to a series of information words, one information word being assigned to one code word to be converted and in dependence thereon. characterized in that the converting means (113, 114, 115) are arranged for converting the code word also in dependence on the logical values of bits in the bit string which are located at p predetermined positions in a following codeword for distinguishing a respective information word among a plurality of information words represented by a codeword belonging to a group (G2) of the second type.	means (110) for converting the signal to a bit string of bits having a first or second logical value. the bit string containing n bit code words (4) which correspond to information signal portions (160), and converting means (113, 114, 115) for converting the series of code words to a series as of information words, one information word being assigned to one code word to be converted and in dependence' thereon. **<u>characterized in that the device comprises a first resister (112) and a second resister (111) for storing bits of the bit string and</u>** in that the converting means (113, 114, 115) are capable of uniquely establishing an information word among 3 plurality of information words represented by an n-bit code word belonging to a group (G2) of a second type, by converting n bits the code word from the register (112) and p predetermined bits in a following code word from the second register (111) into a n-bit information word, in dependence on the

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		logical values detected for said p bits.
pg 107. @ pg 138 (PDF pg 141). Volume I. Exhibits CC	Pg 139 @ pg 152-153 (PDF pg 155-156). Volume I. Exhibits CC	pg 1 @ pg 28 (PDF pg31). Volume I. Exhibits CC)

IF. Fact of infringement not established

(xxiii) Philips had not proved the fact of infringement by the indirect method.

(xxiv) Philips had also not provided any independent evidence of infringement.

(xxv) The reliance on the affidavit of Ravi Babu was irrelevant as Ravi Babu never entered the witness box.

(xxvi) PW 2 deposed with respect to the nature of the invention in the suit patent, on the basis of the analysis undertaken by Ravi Babu and his own infringement analysis. Reference was invited to para 15 of the affidavit in evidence of PW 2 which read thus:

> "15. I have independently examined the Defendants' products using tests devised specifically for the purpose of determining the presence of EFM + demodulation technique. I confirm that the Defendants' DVD Video Players use the EFM + demodulation technique. Therefore, the Defendants' products infringe Indian Patent No.184753. I state that my findings on the study of the Defendants' products correspond fully, with those set out in Mr. Ravi Babu's affidavit. In summary:

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a. A technical analyses of the channel bit data gives foolproof evidence and confirms that the DVD Video Players being manufactured and sold by the Defendants use the EFM+ demodulation technique disclosed in the said patent and employ decoding devices to decode content stored on a DVD Disc using the EFM modulation, hence amounting to violation of the Plaintiff's exclusive rights.

b. Analysis of grabbed channel bit data clearly establishes whether EFM+ coding has been used on any disc. The next code words, which are used to correctly decode the data stored on the DVD disc to provide the accurate information on the basis of look ahead, are modified by changing the values at bit positions 1 and 13.

c. The DVD Video Players play the entire DVD disc used as reference and decodes the EFM+ encoded data stored on the DVD disc without any problems i.e. the audio and video quality is good. This establishes that the DVD-Video Players contain an EFM+ decoding mechanism, which uses the bit values 1 and 13 of the next code word for decoding the current code word of the second type into the correct data symbol.

d. The DVD Video Players fail to correctly play that portion of channel bit data, wherein the next code words have been modified. This change in the next code words does not allow look ahead of EFM+ decoding mechanism to work. The failure to correctly play the channel bit data with modified next code words is due to the fact that the DVD, Video Players does use look ahead mechanism as disclosed and claimed in Indian Patent No. 184753. Had the DVD Video Players not been using EFM+ decoding as suggested by the decoding device of Plaintiff's Patent No. 184753, the DVD Video Players would have been able to play the entire DVD disc with modified channel bit data without any problems.

The Defendants DVD Video Players under the brands SOYER and PASSION are filed and exhibited as Ex.PW-2/8 and Ex.PW-2/9 respectively."

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(xxvii) Moreover, the following paras 12 to 17 of the affidavit in evidence of PW2 indicated that the infringement analysis had been carried out with respect to the technique and with respect to the device:

> "12. I state that decoding of modulated signals is referred to as Channel demodulation and is performed prior to the output of data such as video or audio. Indian Patent No. 184753 relates to a decoding device in a DVD Video Player which reads and converts a modulated signal representing 'n-bit' code words to 'm-bit' information words or data words (bytes). The decoding of 16-bit code words to 8-bit information words is performed by "looking ahead" to the logical value of 'p-predetermined bits' of the next code word.
>
> 13. I state that DVD disc are played on the DVD Video Players specifically meant for decoding the content stored according to Patent No. 184753. Therefore, any person or entity indulging in manufacturing, selling, offering for sale or even stocking infringing DVD Video Players would infringe the exclusive rights of the Plaintiff.
>
> 14. I state that when the Plaintiff was informed about the sale of DVD Video Players including decoder devices by the Defendants a technical expert in the employment of Philips Electronics India Limited carried out a technical analysis. The results of the technical analysis are set out in the affidavit of Mr Ravi Babu dated May 22, 2009 file that pages 122-180 in CS (OS) 1034 of 2009 and that pages 71-129 in CS (OS) 1082 of 2009 along with the respective Plaints.
>
> 15. I have independently examined the Defendants products using test devised specifically for the purpose of determining the presence of EFM+ demodulation technique. I confirm that the Defendants DVD Video Players use the EFM+ demodulation technique. Therefore, the Defendants' products infringe Indian Patent No. 184753. I state that my findings on the study of the Defendants' products correspond fully with those set out in Mr Ravi Babu's affidavit. In summary:
>
> a. A technical analysis of the channel bit data

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gives foolproof evidence and confirms that the DVD Video Players being manufactured and sold by the Defendants used the EFM+ demodulation technique disclosed in the said patent and employ decoding devices to decode content load on a DVD Disc using the EFM+ modulation, hence amounting to violation of the Plaintiff's exclusive rights.

b. Analysis of grabbed channel bit data clearly establishes whether EFM+ coding has been used on any disc. The next code words, which are used to correctly decode the data stored on the DVD disc to provide the accurate information on the basis of look ahead are modified by changing the values at bit positions 1 and 13.

c. The DVD Video Players play the entire DVD disc used as reference and decodes the EFM+ encoded data stored on the DVD disc without any problems i.e. the audio and video quality is good. This establishes that the DVD Video Players contain an EFM+ decoding mechanism, which uses the deep values 1 and 13 of the next code word for decoding the current code word of the 2nd type into the correct data symbol.

d. The DVD Video Players fail to correctly play that portion of channel bit data, wherein the next code words had been modified. This change in the next code words does not allow 'look ahead' of EFM+ decoding mechanism to work. The failure to correctly play the channel bit data with modified next code words is due to the fact that the DVD Video Players does use 'look ahead' mechanism as disclosed and claimed in Indian patent No. 184753. Had the DVD Video Players not been using EFM+ decoding as suggested by the decoding device of Plaintiff's Patent No. 184753, the DVD Video Players would have been able to play the entire DVD disc with modified channel bit data without any problems.

The Defendants DVD Video Players under the brands SOYER and PASSION are filed and exhibited as Ex.PW-2/8 and Ex.PW-2/9 respectively."

16. The fact that the Defendants' DVD Video Players employ Decoders specifically meant for decoding the

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stored content according to Indian Patent No. 184753 is evidence that the Defendants use the EFM+ Demodulation disclosed in the Indian Patent No. 184753.

17. I state that based on physical testing of the product and my analysis it is conclusively proved that the impugned products and Defendants infringes upon the Plaintiff's patent and Defendants are blatantly infringing the Plaintiff's Patent rights. I am advised to state that the actions of the Defendants are illegal, unauthorized and am advised to state the Defendants are liable to be restrained by order of permanent injunction of this Hon'ble Court."

(xxviii) The evidence of PW2 lacked credibility for the following reasons:

(a) PW2 was the IP counsel for Philips and an employee of Philips for 25 years. This was admitted in para 1 of the affidavit in evidence of PW2.

(b) There was no evidence regarding the analysis by PW2 with respect to infringement. Reliance was placed on questions 12 to 13 addressed to PW2 in cross-examination and his response thereto, which read thus:

"Q. 12 Please come to para 15 of your affidavit. Have you filed any test results on record of the alleged tests mentioned by you in para 15?

Ans. No I have not filed. However, I do have the log of the test.

Q. 13 Where and when did you conduct these tests?

Ans. I conducted these tests in Eindhoven, in The Netherlands in early November, 2010."

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(c) PW2 had in para 14 of his affidavit in evidence clearly stated that he had read the affidavit of Ravi Babu. As such, the opinion of PW2 was not independent but influenced by the opinion of Ravi Babu who himself had never entered the witness box.

IG. The royalty rates claimed by Philips were unsupported and baseless

(xxix) Not a single comparative license agreement of Philips with any third party had been produced in evidence, so that it could be asserted that the royalty rate claimed by Philips was FRAND. PW1 had, in cross examination, stated that he was in possession of the licenses. However, they were never produced. Reliance was placed for this purpose on Questions 152 to 154 of the cross-examination of PW1 and his response thereto, which read thus:

> "Q. 152 Have you signed the Dixon agreement on behalf of the Plaintiff?
>
> Ans. The licence agreement either signed by the CEO of our IP&S group or the person authorized to sign. I am not the signatory for any licence agreements.
>
> Q. 153 Are the licence agreements maintained under your supervision or control?
>
> Ans. The original licence agreements are maintained by the Plaintiff at their headquarters in the Netherlands. I do have a copy of the same.
>
> Q. 154 Can you file a copy of the licence agreement of the Dixon Technologies?
>
> Ans I can do so"

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(xxx) In the absence of any finding of third party licences of Philips, there was no proof that the royalty rate claimed by Philips was FRAND.

(xxxi) Philips had not disclosed the royalty charged by it for the invention forming subject matter of the suit patent. The learned Single Judge relied on Philips' offer to the Bansals of the 'Philips only' licence, which included the entire pool of patents in the DVD, as was apparent from Ex. PW1/7A.

(xxxii) The learned Single Judge has erroneously held the Bansals liable to pay royalty on the entire DVD player.

(xxxiii) The imposition of punitive damages on the ground of knowledge, by Rajesh Bansal, of the invention forming subject matter of the suit patent, was also unjustified. Rajesh Bansal had, in paras 3, 19 and 17 of his affidavit in evidence tendered as DW2, clearly stated that he had no technical knowledge of Philips patents. He was not cross-examined with respect to his assertion.

67. For all these reasons, Ms. Sukumar submits that the impugned judgment is erroneous on facts and in law and is liable to be set aside.

II. <u>Submissions of Mr. Pravin Anand</u>

68. Responding to Ms. Sukumar, Mr. Anand submits as under:

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IIA. Re: Bansal's knowledge about Philips' SEP Programme

(i) Mr. Rajesh Bansal was an employee of Philips for 5 years. He, therefore, had specific knowledge of Philips' SEP licencing programmes.

(ii) Philips had addressed several letters to the Bansals since 2006 with respect to its SEP licencing programme and the licences which the Bansals were required to secure from Phillips.

(iii) K.K. Bansal had in fact applied for a licence for Philips' patent covering the DVD technology.

(iv) Rajesh Bansal, testifying as DW2, had admitted, in cross-examination, that K K Bansal had initiated an agreement with Philips to seek licences for Philips suit patents.

(v) M/s. Creative International Technology[47], which was owned by Mukesh Bansal, the brother of Rajesh Bansal, was a licencee of Philips.

(vi) Rajesh Bansal, K.K. Bansal and Mukesh Bansal were directors in M/s. Fenda Auto Pvt. Ltd.[48], which was also involved in the business of manufacture and sale of DVD

[47] "Creative" hereinafter
[48] "Fenda" hereinafter

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players.

IIB. With respect to Phililps SEP programme

(vii) Philips was offering two categories of licence agreements, one for the 'Philips Only' licence, which was for Philips' SEPs and the second as a joint version covering the SEPs of Philips, Sony, Pioneer and LG. Philips had executed approximately 270 DVD player licenses across the world.

IIC. The suit patent

(viii) The suit patent pertained to channel modulation and channel demodulation technology employed in DVD video players. Demodulation involved decoding of modulated signals before the output was provided in the form of audio or video by the DVD player. The suit patent was for the decoding device in the DVD player. Decoding was classically effected by converting modulated signals of m-bit code words into n-bit information words. The decoding device forming subject of the suit patent, converted 16-bit code words into 8-bit information words, by looking ahead to the logical value of p-premeditated bits of the next code word. Claim 3 in the suit patent envisaged 'p' as being at the first and thirteen position beyond the end of the relevant code words.

(ix) The suit patent, therefore, envisaged a decoding technology used by the DVD, by which 8-bit code words were

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directly converted into 16-bit information words. This was classically referred as the EFM+ technology.

(x) US'505 and EP'254 were patents corresponding to the suit patent.

IID. Essentiality of the suit patent

(xi) Paras 3 to 10 of the written statement filed by the Bansals recognized that the DVD Forum was an SSO which set the DVD standards. The written statement also admitted equivalence of the suit patent with US'505 and EP'254. For this purpose, reliance was placed on

(a) para 12 of the preliminary submissions in the written statement, and

(b) paras 8, 11 and 12 of the reply on merits in the written statement.

These paragraphs, from the written statement of the Bansals before the learned Single Judge, read thus:

> Para 5
>
> "5. It is most respectfully submitted that in case of DVD players the organization/standardization body (an entity whose primary activities are developing, coordinating, promulgating, revising, amending, reissuing, interpreting, or otherwise maintaining standards that address the interests of a wide base of users outside the standards development organization) that lays down the industry standard is the DVD FORUM. The DVD Forum is an international organization that comprises of hardware, software, media and content companies that use and develop the DVD and HD DVD formats. It was initially known as the DVD Consortium when it was founded in 1995. The DVD Forum is responsible for the official DVD

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format specification."

Para 12 of Preliminary Submissions

12. It is most respectfully submitted that whether a patent is an essential patent as per a set industry standard is required to be determined by an independent patent evaluator. It is of importance to note that the Plaintiff has filed on record essentiality reports by third parties in respect of its US patent (5696505) and EP patent (745254B1) which are the corresponding US and European patent application in respect of the Plaintiff's patent (#184753) in relation to which the present infringement suit has been filed. However, it is pertinent to state herein that the said essentiality reports fail to provide detailed evaluation and discussion on the basis of which the aforesaid patents were determined to be essential patents. As a result, no reliance is liable to be placed on the same by this Hon'ble Court.

Paras 8, 11 and 12 of Reply on Merits

"8. … However, it is of importance to note that the essentiality reports that have been filed by the Plaintiff fail to provide detailed evaluation and discussion of the basis of which the corresponding US patent (5696505) and EP patent (745254B1) to its Indian patent (#184753) were determined to be essential patents.

*****

11. The contents of para 11 are wrong, false, incorrect and are thus denied. It is vehemently denied that the Plaintiff's patent (#184753) is an essential patent. It is most respectfully submitted that the Plaintiff be put to strict proof of the same. It is further submitted that essentiality reports that have been filed by the Plaintiff in order to establish that the US patent (5696505) and EP patent (74525481) which are the corresponding US and European patent in respect of the Plaintiff's impugned patent (#184753) in relation to which the present infringement suit has been filed are essential patents fail to provide detailed evaluation and discussion on the basis of which the aforesaid patents were determined to be essential patents. Thus, no reliance is liable to be placed on the said essentiality reports by this Hon'ble Court.

12. The contents of para 12 are denied. It is most

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respectfully submitted that as the Answering Defendant is not technically capable of countering/challenging/verifying the various statements/contentions being made by the Plaintiff in respect of its patent, it is humbly requested that this Hon'ble Court may appoint a scientific advisor in order to affirm the contentions raised by the Plaintiff inasmuch as according to the Plaintiff no one is entitled to make a dvd player without seeking a license from it."

Additionally, Mr. Anand places reliance on paras 5(II)(h) and 5(III)(j) from the affidavit-in-evidence of DW-1:

"h. Now from the above guidelines and procedures In USPTO, In the corresponding US patent. (US 5696505) It Is noticeable that all the claims given therein could have been allowed by the USPTO using the above guidelines and Supreme Court decisions, Further, despite the fact that only claims 33, to 38 have been included in the Indian patent application, it is evident that the same is nothing but a software patent disguised as a device patent.

j. Now from the above guidelines and procedures in EPO, In the corresponding EP patent (EP 0745254 B1). It is noticeable that all the claims given therein could have been allowed by the EPO using the above guidelines and EBA decisions. Out of all the aforesaid claims only claims 33 to 38 have been included in the Indian patent application, however, they continue to relate to software/computer program per se."

(xii) PW2, in para 7 of his affidavit in evidence as well as in his responses to questions 6, 7, 147 to 149, 170, 181, and 99 in cross-examination, acknowledged that US'505 and EP'254 corresponded to the suit patent:

<u>Para 7 of affidavit-in-evidence of PW-2</u>

"I state that the Plaintiff's Indian Patent No. 184753 has corresponding US and European patents in a patent package that have been analysed for essentiality with

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respect to DVD specification for Read Only Disc Part 3 (DVD Video Standard and DVD Specification for Read-Only Disc, Part I (DVD ROM standard). The DVD Video Standard is annexed and exhibited as EX.PW-2/5. The print outs of the essentiality reports pronouncing said US and European patents included in the patent packages as essential are filed at pages 476-489 vide index dated 27th May 2009 in CS (OS) No.1082 of 2009 and are exhibited as Ex.PW-2/6 and Ex. PW-2/7. I state that from thee reports it is evident that amongst other patents, the Plaintiff's Indian Patent No.184753 is an essential patent."

From cross-examination of PW-2

"Q. 6 Which were the patents which were evaluated?

Ans. The European counterpart in the US counterpart of the Indian patent.

Q. 7 Have you examined if the claims of the European counterpart and the US counterpart and the Indian patent are the same?

Ans. I have examined the claims in the European counterpart, US counterpart and Indian counterpart and I have concluded that the scope of the relevant claims is the same.

*****

Q. 147 If I understand you correctly, all discs which have to be called as DVDs have to be made according to the DVD specifications set by the DVD Forum and any player which can play the said DVD disc have to necessarily pay royalty to Philips. Is that correct?

Ans. Yes.

Q. 148 Your answer to Q. 147 is based on the essentiality certificate which you rely upon. Is that correct?

Ans. It is based on the essentiality of the patent.

Q. 149 The essentiality of the patent has been determined in the essentiality certificate relied upon by you. Is that correct?

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Ans. Yes.

*****

Q. 170 The essentiality reports are different for the US and for Europe. Is that correct?

Ans. No, in the sense that they both state that the patent is essential for DVD player.

*****

Q. 181 The claims of the EP and the US patent are not the same as the claims in the Indian patent?

Ans. The scope of the relevant decoding device claims are the same.

*****

Q. 99 Indian Suit patent was never given for evaluation to any evaluator by Philips. Is that correct?

Ans. That is correct. However, the scope of the claims of the Indian patent is the same as the scope of the European and the US counterparts."

(xiii) The learned Single had, therefore, correctly compared the suit patent with US'505 and EP'254 and held that they were equally essential. Reliance was placed on para 9.9 of the impugned judgment, which read thus:

"9.9. On comparison of the three claims it is evident that the claim in IN184753 are same as claims 33 to 37 of EP-745254B1 and US 5696505. PW-2 stated that having examined the claims in US counter-part and the Indian counter-part he concludes that the scope of the relevant claims is the same. PW-2 in response to question No.181 to 184 put in cross-examination clarified that the decoding part of the European essential patent corresponded to the Indian suit patent though the European patent had both the coding and decoding claims. In cross-examination PW-2 was confronted with a patent application No.163/CAL/95 and not to the claims in the European patent and the Indian

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> suit patent. Evidence of PW-2 is further supplanted by the defendant's witness DW-1 who in his evidence by way of affidavit admitted that out of the claims in EP-0745254B1 claims 32 to 38 have been included in the Indian patent application, however also stated that they continue to relate to software/ computer programme per-se. But as noted above there is no challenge to the validity of the suit patent under Section 3 (k) of the Patents Act."

(xiv) Besides, the Bansals admitted that they were selling DVD players with the 'DVD' logo. This was enough to prove conformity of the technology used by the appellant with the DVD standard and *ipso facto* proved infringement as the suit patent was an SEP. Reliance was placed for this purpose on paras 93 and 96 of ***Intex***.

(xv) ***Intex***, in para 99 and 103 also held that infringement of a single SEP was sufficient to establish liability for royalty on the entire product.

(xvi) The suit patent was representative of the Philips DVD player SEPs. For this purpose, reliance was placed on the prayer in the plaint as well as PW-1/10 and PW-1/11.

(xvii) The DVD standard was confronted to PW-1 by the Bansals. It was thereby entered in evidence. It could not be said that, therefore, it had not been duly exhibited and could not be relied upon. Reliance was placed on Questions 30 to 32 of the cross examination of PW1, which read thus:

> "Q. 30 Do you know if PW-2 is reposing on "essential patents", DVD Forum, industry specifications, etc., with respect to which you have stated hereinabove that he would

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be deposing?

Ans. I'm not aware of the contents of the affidavit of PW-2, but since all the elements referred above relate to a technical area, it is my presumption that those would be addressed by PW-2.

Q. 31 Are you aware of any manufacturer across the world whose patent has been declared as an essential patent and who is not a member of DVD Forum/6C/4C?

Ans. I am not aware of the same.

Q. 32 Would it be correct to say that majority of the patents which are declared as essential patents belong to manufacturers who are part of DVD Forum/6C/4C?

Ans. I have no knowledge of the same."

(xviii) The same standard had been adopted by the ECMA Technical Committee as ECMA Standard 267 and was freely available online.

(xix) The ECMA standard 267 had been adopted by the International Standards Organization as ISO IEC 16448, which was also freely accessible online.

(xx) Ex. PW2/6A and Ex. PW2/7A proved that US' 505 and EP'254 were essential to the DVD standard.

(xxi) The ERs have been prepared by independent experts who were patent evaluators. For this purpose, reliance was placed on Questions 22 to 24 and 44 of the cross-examination of PW2 and the answers thereto, which read thus:

"Q. 22 Does "Proskauer Rose LLP" do any intellectual

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property work for Philips apart from evaluating patents?

Ans. No.

Q. 23 Does "Proskauer Rose LLP" do any intellectual property work for any other member of the DVD Forum?

Ans. I do not know.

Q. 24 Does "Cohausz and Florack" do any intellectual property work for Philips or for any other member of the DVD Forum?

Ans. Not for Philips and do not know about the other members.

*****

Q. 44 Which are DVD specification relies upon in the present case against the Defendants?

Ans. The DVD specifications are continuously expanded and improved. The latest specifications always contain all subject matter of earlier specifications. Therefore, we normally rely upon the latest version including all previous versions."

(xxii) PW2 tendered the certified copies of the ERs. The Bansals did not, at that stage, take any objection with respect to the mode of proof in the examination in chief of PW2.

(xxiii) Thus, the onus to prove that the suit patent was essential to the DVD standard had been discharged by Philips. The onus to prove to the contrary had not been discharged by the Bansals.

IIE. <u>The direct infringement proved through testing</u>

(xxiv) Ravi Babu, in his report, testified that the Bansals DVD

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players employed the patented EFM+ decoding techniques.

(xxv) Besides, PW2 independently replicated the tests by modifying the bits of the next code words at positions one and thirteen, which resulted in the DVD player becoming incapable of functioning properly. This indicated that the technology employed in the Bansals DVD players was the technology patented by the suit patent. Reliance is placed on paras 14 to 17 of the affidavit in evidence of PW-2, which read thus:

> "14. I state that when the Plaintiff was informed about the sale of DVD Video Players including decoder devices by the Defendants a technical expert in the employment of Philips Electronics India Ltd carried out a technical analysis. The results of the technical analysis are set out in the affidavit of Mr Ravi Babu dated May 22, 2009 file their pages 122-190 in CS (OS) 1034 of 2009 and at pages 71-129 in CS (OS) 1082 of 2009 along with the respective Plaints.
>
> 15. I have independently examined the Defendants products using test the purpose of determining the presence of EFM+ demodulation technique. I confirm that the Defendants DVD Video Players use the EFM+ demodulation technique. Therefore, the Defendants'products infringe Indian Patent No. 184753. I state that my findings on the study of the Defendants' products correspond fully with those set out in Mr Ravi Babu's affidavit. In summary:
>
> > a. A technical analysis of the channel bit data gives foolproof evidence and confirms that the DVD Video Players being manufactured and sold by the Defendants used the EFM+ and employ decoding devices to decode content load on a DVD Disc using the EFM+ modulation, hence amounting to violation of the Plaintiff's exclusive rights.
> >
> > b. Analysis of grabbed channel bit data clearly establishes whether EFM+ coding has been used on any disc. The next code words, which are used to

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correctly decode the data stored on the DVD disc to provide the accurate information on the basis of look ahead are modified by changing the values at bit positions 1 and 13.

c. The DVD Video Players play the entire DVD disc used as reference and decodes the EFM+ encoded data stored on the DVD disc without any problems i.e. the audio and video quality is good. This establishes that the DVD Video Players contain an EFM+ decoding mechanism, which uses the deep values 1 and 13 of the next code word for decoding the current code word of the 2nd type into the correct data symbol.

d. The DVD Video Players failed to correctly play that portion of channel bit data, wherein the next code words had been modified. This change in the next code words does not allow 'look ahead' of EFM+ decoding mechanism to work. The failure to correctly play the channel bit data with modified next code words is due to the fact that the DVD Video Players does use 'look ahead' mechanism as disclosed and claimed in Indian patent No. 184753. Had the DVD Video Players not been using EFM+ decoding as suggested by the decoding device of Plaintiff's Patent No. 184753, the DVD Video Players would have been able to play the entire DVD disc with modified channel bit data without any problems.

The Defendants' DVD Video Players under the brands SOYER and PASSION are filed and exhibited as Ex. PW-2/8 and Ex. PW-2/9 respectively.

16. The fact that the Defendants' DVD Video Players employ Decoders specifically meant for decoding the stored content according to Indian Patent No. 1 8 4 7 5 3 is evidence that the Defendants used the EFM+ Demodulation disclosed in the Indian Patent No. 184753.

17. I state that based on physical testing of the product and my analysis it is conclusively proved that the impugned products of the Defendants infringes upon the Plaintiff's patent and Defendants are blatantly infringing their Plaintiff's patent rights. I am advised to state that the actions of the Defendants are illegal, unauthorised and am advised to state their Defendants are liable to be restrained

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by order of permanent injunction of this Hon'ble Court."

(xxvi) PW2 also confirmed that he was in possession of detailed logs of the test conducted by him, in questions 12 to 14, 43, 124 and 133 to 136 of his cross-examination:

> "Q. 12 Please come to power 15 of your affidavit. Have you filed any test results on record alleged tests mentioned by you in para 15?
>
> Ans. No. I have not filed. However, I do have the log of the test.
>
> Q. 13 Where and when did you conduct these tests?
>
> Ans. I conducted these tests in Eindhoven, in The Netherlands in early November, 2010.
>
> Q. 14 Did you conduct these tests for the PASSION brand and the SOYER brand DVD Players?
>
> Ans. I conducted these tests on the very 2 players which had been brought today in these proceedings (and returned in the manner indicated above).
>
> *****
>
> Q. 43 When you conducted the tests on the PASSION and SOYER branded DVD players, which of the DVD specifications did you apply?
>
> Ans. I did not apply any DVD specifications because I just determined infringement of the claims of the Indian suit patent.
>
> *****
>
> Q. 124 According to you, therefore, merely by playing a DVD disc on a DVD player, you determine infringement by implication. Is that correct?
>
> Ans. Yes. But we use specially designed test discs according to the DVD ROM specifications which determine infringement without leaving any doubt. We do not use any DVD ROM disc.

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Q. 133 Have you seen the affidavit given by Mr. Ravi Babu?

Ans. Yes. I have seen it.

Q. 134 Is he still working with Philips?

Ans. As far as I know, yes.

Q. 135 Were you provided with a copy of Mr Ravi Babu's affidavit and the annexures thereto before filing your affidavit?

Ans. Yes.

Q. 136 The PASSION DVD Player and SOYER DVD player which you claim to have tested, are these the same players which Mr Ravi Babu had tested?

Ans. Yes."

The Bansals did not challenge the said logs. Ravi Babu's report was also brought and introduced into evidence by PW2 during cross-examination, in his response to questions 133, 136, 137, 140, 163, 83, 92, 93, 95, 103 and 104, which read thus (omitting those questions which have already been reproduced earlier):

"Q. 137 Please look up para 18 of the affidavit of Mr Ravi Babu from the Court record, portion marked "A" to "A". I put it to you that Mr Ravi Babu has admitted that DVD Standards are issued by companies Philips, Hitachi, etc.

Ans. He says here "in order to achieve this, a set specifications has been issued by the Companies Philips, Hitachi and many more.

*****

Q. 140 Did you use the same test discs which Mr Ravi Babu has used?

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Ans. I used test discs burnt from the same images.

*****

Q. 163 Please look at Mr Ravi Babu's affidavit and tell us as to which are the paragraphs relating to your field of expertise?

Ans. I would say paras 10, 11, 12, 13, 14, 15, 16, 17, 18, 19 and 21.

*****

Q. 83 Were you aware of analysis done by Mr Ravi Babu before you conducted the analysis of the defendants product?

Ans. Yes.

*****

Q. 92 Was your analysis different on any point of the analysis carried out Mr Ravi Babu?

Ans. No. It was not different.

Q. 93 Was your analysis based on the actual product of the defendants?

Ans. My analysis was based on the very 2 DVD players which were tested by Mr Ravi Babu and which are now exhibited on record as Ex. PW2/D8 and PW2/D9.

*****

Q. 95 Those had already been opened and de-sealed and analysed before you analysed them?

Ans. They had already been analysed by Mr Ravi Babu.

*****

Q. 103 Have you prepared the analysis of the defendants product in writing?

Ans. I have not prepared and taken it with me, but I do have a laboratory log confirming the infringement of the

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DVD players.

Q. 104 You have not filed your analysis report in this case.

Ans. I have only filed affidavit stating that I have done the analysis that confirms the results of Mr Ravi Babu.

(xxvii) The Bansals had led no evidence to rebut the testing by Philips.

(xxviii) The Bansals had also failed to demonstrate that their DVDs could function without implementing the decoded mechanism patented in the suit patent.

IIF. Chip or technology?

(xxix) The Bansal's contention that the invention in the suit patent resided merely in the chip supplied by the MediaTek had been rightly rejected by the learned Single Judge. The suit patent claims covered the entire decoded device, which involved multiple components including the receiver, registers, converting means and supporting circuitry, not merely the chip. The learned Single had correctly held in para 13.3 of the impugned judgment that the decoding device was integral to the functioning of the DVD player.

(xxx) In the written statement, the Bansals had stated that they were sourcing the chip from Sony and SANYO. This stand was departed from, at the stage of final arguments, during which they shifted their stance and stated that they were sourcing the

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chip from MediaTek.

(xxxi) No licencing agreements or indemnities or statements from MediaTek had been placed on record. The letters from Sheenland and Shuntak were merely an afterthought. Moreover, these letters had not been proved in evidence and did not indicate that MediaTek was a licensed distributor of Philips.

(xxxii) The presence of Mediatek components in Philips DVD player did not absolve the Bansals of their obligation to take a licence at the finished product level.

(xxxiii) The presence of the MediaTek chip in the Philips DVD player was even otherwise irrelevant as Philips did not manufacture the DVD players but had licenced the manufacture to M/s. Dixon Technologies India (Pvt) Ltd[49]. Dixon was paying royalty to Philips on each finished DVD player sold by it. Thus, Philips' own branded DVD players were also licensed. Reliance was placed on Question 146 of the cross-examination of PW1, in which it was specifically so stated:

> "Q. 146 In India who manufactures the DVD players sold under the Brand name Philips?
>
> Ans. Dixon Technologies India Ltd is the manufacturer."

(xxxiv) Even otherwise, the suit patent did not reside merely in the chip, but in the entire PCB. The PCB, for its part, could not work without auxiliary components, such as the

[49] "Dixon" hereinafter

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optical drive and other hardware. Reliance was invited in this context to question 89 to 92 of the cross-examination of PW2 and questions 185 and 186 of the cross-examination of PW1:

> Q. 89 to 92 of cross-examination of PW-2
>
> "Q. 89 Can you please highlight in this DVD player (Ex. PW2/D9), the portion which contains the patented invention?
>
> Ans. This printed circuit board (marked "BBBB") contains the patented invention according to claim 1 of the patent in suit. However, this printed circuit board on its own cannot work without auxiliary components such as the optical drive next to it.
>
> Q. 90 Are the auxiliary components such as optical drive a part of the suit patent?
>
> Ans. The invention cannot work without these components.
>
> Q. 91 I put it to you that the suit patent does not claim auxiliary components such as optical drive and no monopoly in respect of the same has been granted in favour of Philips in India?
>
> Ans. That is not correct and I can show you why. I want to buy referring to claim 1. (The witness has referred to Ex. PW2/4 from the Court record). Claim one reads "decoding device for converting a modulated signal to a series of m-bit information words, the decoding device comprising means for receiving the modulated signal". The last 6 words are also partly contained in the optical disk drive. It is impossible for the decoder to work without this optical disk drive and convert the modulated signal to a series of m-bit information words.
>
> Q. 92 Are you qualified to interpret patent claims?
>
> Ans. Yes I am."
>
> Q. 185-186 from cross-examination of PW-1
>
> "Q. 185 I put it to you that the products of the

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> Defendant are non infringing as the components for the defendant's products are procured from manufacturers like Sony, Sanyo etc.'
>
> Ans. Not correct, as the patent relates to a technology and is not on a component.
>
> Q. 186 What do you mean when you say that the patent relates to a technology?
>
> Ans. In general terms, the patent relates to a technology of decoding a data from a DVD disc using decoding device in a DVD Player. More details on the technology can be explained by PW2."

IIG. Re: the Royalty rates

(xxxv) The Bansals' submission that Philips had not proved the royalty rates claimed by it was unsustainable. Philips had never avoided providing justification for their royalty rates. PW1, as Philips' witness, had categorically expressed his willingness to produce the licence agreements, if so directed. However, the Bansals never sought their product. Reliance is placed on Questions 153 and 154 of the cross-examination of PW1:

> "Q. 153 Are the license agreements maintained under your supervision or control?
>
> Ans. The original license agreements are maintained by the Plaintiff at their headquarters in the Netherlands. I do have a copy of the same.
>
> Q. 154 Can you find a copy of the license agreement of the Dixon Technologies?
>
> Ans. I can do so."

Having failed to avail of the opportunity to have the third party

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licence agreement produced during trial, the Bansals could not now seek to claim lack of evidence.

(xxxvi) Philips had consistently disclosed, through correspondences with the Bansals, the royalty rates charged from other licencees. These disclosures were also provided by PW1 during cross-examination. Reliance is placed on questions 149, 150, 153 and 154 of the cross-examination of PW1. Questions 153 and 154 stand reproduced *supra*, and Questions 149 and 150, with the answers thereto, read thus:

> "Q. 149 How much is the license fee charged for Weston Branded DVD Players?
>
> Ans. The royalty rate is same to all licensees including Dixon Technologies and the rates mentioned by me in earlier questions apply in their case also.
>
> Q. 150 Have you signed the License Agreement for Weston Branded DVD Players and if so, please tell us what is the exact royalty charged per DVD player in the last financial year?
>
> Ans. As mentioned above the license is signed by the Manufacturers and not for a particular brand. An OEM manufacturer signs a license and manufacture several brand. The royalty charged per Weston Branded DVD Players from Dixon up to 27 May 2010 would be at US $ 3 point 1 7 5 as maximum or could a little less depending upon the features in a DVD Player. After 27th May the royalty charged for Dixon Branded DVD Players is US $ 1.90."

(xxxvii) PW1 had also justified the royalty rates in his response to Question 58 of cross-examination during his deposition, explaining that the rates were reasonable and non-discriminatory, reflecting both technical value of the invention

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and industry practice, thus:

> "Q. 58 What according to you royalty rate applicable to DVD Players in India, as on the date of filing of the suit and as on today?
>
> Ans. The royalty rates includes a one-time lump-sum fee of USB 10,000 of which US D5000 is adjustable towards past quantities and the running royalty rates are as follows:

Period	Standard Rate (in USD)	Compliant Rate (in USD)
Upto 27.05.2010	4.58	3.175
From 28.05.2010	2.50	1.90"

(xxxviii) The testimony of PW1 further confirmed that the same royalty rates were uniformly offered to all licencees. Reliance was placed on the response of PW1 to Question 150 during cross-examination. This was fully consistent with FRAND obligations and international licensing practices for SEPs.

IIH. Re. Exhaustion

(xxxix) The Bansals' reliance on the principle of patent exhaustion is misconceived for the following reasons:

(a) In their written statements, the Bansals claimed that their DVD players were sourced from Sony and SANYO. They never pleaded that their products incorporated chip sets manufactured by MediaTek. The MediaTek defence surfaced only belatedly, in affidavit in evidence and in final arguments after the close of Philips'

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cross-examination. It is settled that parties cannot travel beyond their pleadings and set up an entirely new case at the stage of arguments. Reliance has been placed on paras 76 to 78 and 85.6 of ***Union of India v. Ibrahim Uddin***[50]**,** and paras 13 to 15 and 17 of ***Bachhaj Nahar v. Nilima Mandal***[51].

(xl) DW2, in his response to Questions 169 to 174, post during cross-examination, admitted that there was no indemnity from MediaTek protecting the Bansals:

> "Q. 169 Have you received any patent search from MediaTek?
>
> Ans. I do not remember.
>
> Q. 170 Have you received any legal indemnity from MediaTek
>
> Ans. I do not remember.
>
> Q. 171 Is it correct that Shuntak and Sheenland Corporation are not manufacturing DVD players?
>
> Ans. Both Shuntak and Sheenland Corporation are suppliers of critical DVD components and I'm not sure if there are also manufacturing DVD players.
>
> Q. 172 Did they provide you with patent searches?
>
> Ans. They did confirm that all the critical parts associated with DVD players hold all legal rights associated to Mainland China and also Shuntak is a registered partner of MediaTek.
>
> Q. 173 Please answer question 172?
>
> Ans. I do not remember if they have provided documents

[50] **(2012) 8 SCC 148**
[51] **(2008) 17 SCC 491**

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related to patent searches but all necessary documents have been shared with us.

Q. 174 The documents that they provided were all shown to your lawyer. Am I right?

Ans. I am not sure."

Moreover, no document from MediaTek was ever filed or exhibited and no witness from MediaTek entered the witness box.

(xli) The letters from Sheenland and Shuntak were dated March 2012, much after Philips' evidence had closed. Neither letter established that MediaTek was licenced by Philips. The authors of the letters had also not entered the witness box.

(xlii) The exhaustion defence also misconceived the scope of the patent. As confirmed by PW-2 in cross-examination, the invention resided not only in the chip set but in the decoding device as a whole which form part of the DVD player. The respondents had always licensed at the end product level as per DVD player sold. This was consistent with international jurisprudence including the decision in ***Lava International Limited v. Telefonaktiebolaget LM Ericsson***[52]**.**

69. Mr. Anand, therefore, submits that the impugned judgment is unexceptionable on facts and in law and deserves to be accepted.

F. Analysis

[52] **2024 SCC OnLine Del 2497**

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I. <u>What is the suit patent?</u>

70. Ms. Sukumar submits that the suit patent is vague, in that the nature and identity of the subject invention is not clear from the claims read with the complete specifications. We agree with her.

71. The claims in the suit patent stand extracted in para 39 *supra*. There are six claims. Claim 1 claims a decoding device for converting a modulated signal to a series of m-bit information words. The Claim goes on to set out the characteristics and features of the decoding device. It states that the decoding device comprises

(i) means for receiving the modulated signal,

(ii) means for converting the signal to a bit string of bits, having a 1st or 2nd logical value, the bit string containing n-bit codewords which correspond to information signal portions and

(iii) converting means for converting the series of codewords to a series of information words.

The claim goes on to state that the device comprises of two registers for storing bits in the bit string.

72. Claims 2 to 6 are dependent claims. Claims 2 and 3 claim the decoding device as claimed in Claim 1 and explains the characteristics thereof. Claim 4 claims the decoding device as claimed in Claims 1 to 3, Claim 5 claims the decoding device as claimed in Claim 4 and Claim 6 claims the decoding device as claimed in the preceding claims.

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73. Clearly, therefore, all the claims are for a "device".

74. Unfortunately, the suit patent does not identify the characteristics or features of the "device". Additional confusion is created by the opening descriptions in the Complete Specifications of the suit patent, which read thus:

> "Method of converting a series of m-bit information words to a modulated signal, method of producing a record carrier, coding device, decoding device, recording device, reading device, signal, as well as a record carrier.
>
> The invention relates to a decoding device for converting a modulated signal to a series of m-bit information words.
>
> also
>
> The invention relates to a method of converting a series of m-bit Information words to a modulated signal, with m being an integer, in which method an n-bit code word is delivered for each received information word, with n being an integer exceeding m, and the delivered code words are converted to the modulated signal, and in which the series of information words is converted to a series of code words according to rules of conversion so that the corresponding modulated signal satisfies a predetermined criterion.
>
> The invention further relates to a method of producing a record carrier on which a signal is recorded obtained according to said method.
>
> The invention further relates to a coding device for performing the method as claimed, this device comprising an m-to-n bit converter for converting the m-bit information words to n-bit code words, and means for converting the n-bit code words to a modulated signal.
>
> The invention further relates to a recording device in which a coding device of this type is used.
>
> The invention further relates to a signal.
>
> The invention further relates to a record carrier on which

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the signal is recorded.

The invention further relates to a decoding device for converting the signal to a series of m-bit information words, this device comprising converting means for converting the signal to a bit string of bits having a first or second logical value, this bit string containing n-bit code words which correspond to the information signal portions, and this device comprising converting means for converting the series of code words to the series of information words, while a codeword-dependent Information word is assigned to each of the code words to be converted.

Finally, the invention relates to a reading device in which a decoding device of this type is used."

Thus, while the claims in the suit patent only claim a "device", the opening description in the complete specifications starts by stating that the suit patent is claiming a "method of converting a series of m-bit information words to a modulated signal, method of producing a record career, scoring device, decoding device, recording device, reading device, signal, as well as a record carrier". This appears to be directly contrary to the wordings of the claims, as well as the very title of the suit patent, which is "Decoding device for converting a modulated signal to a series of m-bit information words".

75. The bibliographic details provided in para 10 of the plaint in the suit also contain the same description. Further, in para 16 of the plaint, it is pleaded as under:

"16. Indian Patent No. 184753 *relates to a decoding device in a DVD Video Player* which converts a modulated signal representing n-bit codewords to m-bit information words or data words (bytes). The decoding of 16-bit code words to 8-bit information words is performed by "looking ahead" the next code word."

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Thus, the plaint is clear in its assertion that the invention forming subject matter of the suit patent is a decoding device in a DVD Video Player.

76. PW-2, cited as an expert witness by Philips, when questioned, in cross-examination, as to whether the suit patent related to decoding technology or to a component or device, answered thus:

> "Q. 175 According to you the patent relates to a decoding technology and not a component or a device. Is that correct?
>
> Ans. The claim of the patent relates to a decoding device. So it is not correct."

Thus, Philips' own witness has testified that the claim in the suit patent was not for decoding technology but for a component or device.

77. In para 11 of the written submissions tendered by him, Mr Pravin Anand has asserted that "the suit patent pertains to "channel modulation" and "channel demodulation" technology employed in DVD Video Players". This submission does not, therefore, appear to be correct, as Philips own witness has clarified that the suit patent does not claim any technology but claims only a device. The suit patent is, clearly, a product patent, not a method or process patent.

78. Though the description of the suit patent as contained in the complete specifications also employs the expression "method", the complete specifications cannot travel beyond the claims in the suit patent. Section 10 of the Patents Act sets out the contents of the

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complete specifications in any application for registration of a patent. Section 10(4)(c)[53] postulates that every complete specification "shall end with a claim or claims *defining the scope of the invention for which protection is claimed*". Protection under the Patents Act is, therefore, available only to what is claimed in the claims with which the complete specifications conclude. Even if, therefore, elsewhere in the complete specifications, it is stated that the patent relates to a method, so far as the claims in the suit patent claim only a device, it is only the device forming subject matter of the claims which is entitled to protection under the Patents Act.

79. This distinction is important. Though the Patents Act, owing to what can only be a legislative lacuna, does not define "infringement", Section 48, without using the word, sets out what infringement constitutes, by identifying the rights available to a patentee. Clauses (a) and (b) of Section 48 identifies the rights of a patentee where the subject matter of the patent is a product, and where the subject matter of the patent is a process, separately. As such, the Patents Act envisages infringement of a process patent differently from infringement of a product patent.

80. In the case of product patents, Section 48(b)[54] confers, on the patentee, the exclusive rights to prevent any third-party, without his

---

[53] (4) **Every complete specification shall—**

*****

(c) end with a claim or claims defining the scope of the invention for which protection is claimed.

[54] **48. Rights of patentees.-** Subject to the other provisions contained in this Act and the conditions specified in section 47, a patent granted under this Act shall confer upon the patentee—

*****

(b) where the subject matter of the patent is a process, the exclusive right to prevent third parties, who do not have his consent, from the act of using that process, and from the act of using,

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consent, from making, using, selling or importing the product forming subject matter of the patent. Unfortunately, as has already observed earlier, the suit patent does not, either in the claims or in the complete specifications accompanying the claims, identify the location of the device of which protection is claimed.

81. Clarity on the subject has, however, been provided by Philips' own witnesses during the course of trial in the present suit. In his answers to Questions 15 and 16, PW2, whose evidence was led as an expert, deposed that the process of conversion of a modulated signal to a series of m-bit information words, which is what the device forming subject matter of the suit patent claims to achieve, is done using a chip, which is an integrated circuit. On being shown an unscrewed DVD player~~s~~, PW2 has identified the PCB, inside the DVD player, as containing the device forming subject matter of the suit patent. Later, in response to Q. 175, PW2 has clarified that the suit patent relates to a decoding device and not to the technology employed therein.

82. The position that results is that the device forming subject matter of the claim in the suit patent resides in the chip, or in the PCB, which is contained in the DVD Video Player. Any item or circuitry outside the PCB is, therefore, equally, outside the suit patent.

II. <u>Is the suit patent an SEP?</u>

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offering for sale, selling or importing for those purposes the product obtained directly by that process in India.

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IIA. What Philips has to establish

83. In order to demonstrate that the suit patent is an SEP, Philips would first have to establish the existence of a standard, set by an SSO and would, thereafter, had to demonstrate that the suit patent maps onto the said standard, i.e., that the suit patent is essential for implementing the standard.

IIB. Is the DVD Forum an SSO?

84. Mr. Pravin Anand submits that, in paras 3 to 10 and para 12 of the preliminary submissions in the written statement filed by the Bansals in the suit, it is recognised that the DVD Forum is an SSO which sets the standards for DVD ROM and DVD Video Players. This submission is correct. In para 5 of the written statement, it is averred thus:

> "5. It is most respectfully submitted that in case of DVD players the organisation/standardisation body (an entity whose primary activities are developing, coordinating, promulgating, revising, amending, reissuing, interpreting, or otherwise maintaining standards that address the interests of a white base of users outside the standards development organisation) that lays down the industry standard is the DVD FORUM. The DVD Forum is an international organisation that comprises of hardware, software, media and content companies that use and developed the DVD and HD DVD formats."

The Bansals cannot, therefore, be heard to question the credibility of the DVD Forum as the SSO which sets standards for DVD Players, and for their operation.

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IIC. Evidence of the standards set by the DVD Forum

85. What, then, is the standard set by the DVD Forum in respect of DVD Players, vis-à-vis which the essentiality of the suit patent would have to be gauged?

86. Philips has not chosen to place, on record, the document by which the DVD Forum has specified the applicable standard. The document filed by Philips, towards this end, was annexed to the affidavit-in-evidence dated 19 November 2010 filed by PW-2, in which it was accorded Exhibit No. Ex PW-2/5. Para 7 of the affidavit-in-evidence of PW-2 read as under:

> "7. I state that the Plaintiff's Indian Patent No. 184753 has corresponding US and European patents in a patent package that have been analysed for essentiality with respect to DVD specification for Read-Only Disc, Part 3 (DVD Video Standard) and DVD Specification for Read-Only Disc, Part 1 (DVD ROM standard). The DVD Video Standard is annexed and exhibited as Ex. PW-2/5."

Thereafter, on 8 August 2011, it was de-exhibited, on an objection being raised by the Bansals to the effect that it was a new document, exhibited without leave of the Court. The relevant part of the evidence recorded on 8 August 2011, read thus:

> "Ex. PW-2/5 referred to in the affidavit is the DVD Video Standard (the learned counsel for the Defendants objects to the exhibition of this document on the ground that this is a fresh document and only has been sought from the Court to file lists alongwith this affidavit).
>
> Accordingly, the document numbered in the affidavit as PW-2/5 is not exhibited."

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Three days thereafter, on 11 August 2011, however, the Bansals cross-examined PW-2 with respect to the very same document. The following questions were asked, and answers elicited:

> "Q. 28 Please refer to para 7 of your affidavit. Ex. PW2/5 is created by whom?
>
> Ans. The DVD specifications for Read Only Disc are made by DVD Forum.
>
> *****
>
> Q.30 The document Ex. PW2/5 is not proprietary to Philips. Is that correct?
>
> Ans. That is correct as far as I know.
>
> Q.31 Who owns the copyright in this document Ex. PW2/5?
>
> Ans. I do not know, however I could get the DVD Forum in particular the FLLC, i.e. Format Logo Licensing Company, which is part of the DVD Forum.
>
> Q. 32 This document Ex. PW2/5 at page 76 declares 10 companies as copyright holders. Is that correct?
>
> Ans. That is correct.
>
> Q.33 This document Ex. PW2/5 contains figures, drawings and tables. Is that correct?
>
> Ans. That is correct.
>
> Q. 34 These figures, drawings and tables are used to manufacture DVD players. Is that correct?
>
> Ans. No. That is not correct. They are used to manufacture DVD Read Only Discs which comply with the DVD Read Only Specifications and every DVD player which is able to reproduce such discs should also implement measures which comply with parts of the standards."

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87. We are in agreement with Mr Pravin Anand that, having cross-examined PW2 with respect to PW2/5, which included putting leading questions, the Bansals cannot seek to contend, now, that PW2/5 cannot be seen in evidence.

88. The answers to Q. 33 and 34, as put to PW2 during cross-examination on 11 August 2011, testify to the fact that every DVD player which is able to reproduce DVD discs have to implement measures which comply with parts of the standards. Thereby, in cross-examination, the Bansals elicited evidence from PW-2, vouchsafing to the standards stipulated in Ex PW-2/5.

89. We, therefore, are unable to accept the contention of Ms Sukumar that there was no evidence of any standards set by the SSO in the present case.

IID. Equivalence of the suit patent with US'505 and EP'254

90. The equivalence of the suit patent with US'505 and EP'254 stands admitted by the Bansals, in para 12 of the preliminary submissions and paras 8, 11 and 12 of the reply on merits in the written statement filed by the Bansals before the learned Single Judge, extracted earlier in this judgment. This aspect cannot, therefore, be sought to be contested by the Bansals in the present appeal. We do not deem it necessary, therefore, to enter it to any detailed comparison of the claims in the suit patent with those in US'505 or EP'254.

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IIE. Evidence of essentiality of US'505 and EP'254 vis-à-vis the standards set by the DVD Forum

91. Mr. Pravin Anand has placed reliance on the ECs of Proskauer Rose LLP and Cohausz & Florack, exhibited as Ex PW-2/6 and Ex P-2/7, with their certified copies exhibited as Ex PW-2/6A and Ex PW-2/7A. Though Ms. Sukumar sought to advance an objection on the certified copies being tendered in evidence without any application for leading secondary evidence, Mr. Anand responds that, at the time when they were introduced in evidence by PW-2 and exhibited, no objection was taken by the Bansals and that, therefore, an objection on the ground that they are certified copies ought not to be permitted to be raised now. We are inclined to agree with Mr. Anand.

92. At the same time, no person, either from Proskauer Rose LLP or from Cohausz & Florack, entered the witness box. At the highest, these certificates are entitled to be treated as expert evidence, as they have not been tendered either by any governmental or statutory authority or any other authority who is conferred with power in that regard. Mr Anand submits that Proskauer Rose LLP and Cohausz & Florack are "independent expert patent evaluators". If that is so, the certificates issued by them would have to be proved in accordance with Section 45 of the Evidence Act.

93. The reliance, by Ms. Sukumar, on the judgments of the Supreme Court in ***Jai Lal*** and ***Ramesh Chandra Agrawal*** are, to our mind, well taken. ***Jai Lal***, in paras 17 to 19, rules as under:

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"17. Section 45 of the Evidence Act which makes opinion of experts admissible lays down that when the court has to form an opinion upon a point of foreign law, or of science, or art, or as to identity of handwriting or finger impressions, the opinions upon that point of persons specially skilled in such foreign law, science or art, or in questions as to identity of handwriting, or finger impressions are relevant facts. Therefore, in order to bring the evidence of a witness as that of an expert it has to be shown that he has made a special study of the subject or acquired a special experience therein or in other words that he is skilled and has adequate knowledge of the subject.

18. An expert is not a witness of fact. His evidence is really of an advisory character. The duty of an expert witness is to furnish the Judge with the necessary scientific criteria for testing the accuracy of the conclusions so as to enable the Judge to form his independent judgment by the application of this criteria to the facts proved by the evidence of the case. The scientific opinion evidence, if intelligible, convincing and tested becomes a factor and often an important factor for consideration along with the other evidence of the case. *The credibility of such a witness depends on the reasons stated in support of his conclusions and the data and material furnished which form the basis of his conclusions.*

19. *The report submitted by an expert does not go in evidence automatically. He is to be examined as a witness in court and has to face cross-examination*. This Court in the case of ***Hazi Mohammad Ekramul Haq v. State of W.B.***[55] concurred with the finding of the High Court in not placing any reliance upon the evidence of an expert witness on the ground that his evidence was merely an opinion unsupported by any reasons."

(Emphasis supplied)

Ramesh Chandra Agrawal followed ***Jai Lal*** and also referred, in this context, to the judgment in ***Malay Kumar Ganguly v. Dr Sukumar Mukherjee***[56].

94. As per Philips' own stand, taken in para 26 of the written submissions filed before us, the ECs were "prepared by independent

[55] **AIR 1959 SC 488**
[56] **(2009) 9 SCC 221**

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expert patent evaluators". Being in the nature of expert evidence, therefore, the ECs would not come into evidence automatically, unless the manner in which the opinions were arrived at is forthcoming, and the authors of the opinions are available for cross-examination.

95. Neither of these requirements is satisfied in the case of the ECs issued by Proskauer Rose and Cohausz & Florack. In the first place, *the ECs do not refer to the manner in which the US and EP patents were mapped onto the standards set by the DVD Forum,* so as to arrive at a conclusion that they were essential in order to operate the standards. Secondly, *no one, from either of these firms, was cited as a witness, and there is not even an affidavit from anyone from either of the firms, vouchsafing to the correctness or credibility of the ECs.* Applying the law laid down in ***Jai Lal***, ***Ramesh Chandra Agarwal*** and ***Malay Kumar Ganguly***, therefore, no reliance could have been placed on the ECs, even though they were exhibited as Ex PW-6/PW-6A and PW-7/PW-7A respectively.

96. Mr. Anand has referred to Q. 22 to 24 and Q. 44 posed to PW-2 in cross-examination. For ready reference, these questions, and the responses thereto, may be reproduced, once again, as under:

> "Q. 22 Does "Proskauer Rose LLP" do any intellectual property work for Philips apart from evaluating patents?
>
> Ans. No.
>
> Q. 23 Does "Proskauer Rose LLP" do any intellectual property work for any other member of the DVD Forum?
>
> Ans. I do not know.

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> Q. 24 Does "Cohausz and Florack" do any intellectual property work for Philips or for any other member of the DVD Forum?
>
> Ans. Not for Philips and do not know about the other members.
>
> *****
>
> Q. 44 Which are DVD specification which the plaintiff relies upon in the present case against the Defendants?
>
> Ans. The DVD specifications are continuously expanded and improved. The latest specifications always contain all subject matter of earlier specifications. Therefore, we normally rely upon the latest version including all previous versions."

There is nothing, in these questions, or the answers thereto, as could lead credibility to the ECs/ERs issued by Proskauer Rose and Cohausz & Florack. While we make it clear that we do not intend to run down the expertise of these firms, we are constrained to hold that the ECs have not been proved in any manner known to law.

97. ***Intex***, in para 95, observes that, "to show that the patent maps on to the standard, courts take into consideration "claim charts", which show that the claims of the patent are also present in the technical features of a standard. No such claim charts, or any other attempt to establish that the claims in the suit patent – or, for that matter, even in US'505 or EP'254 – mapped onto the DVD standards set by the DVD Forum, has been undertaken in the present case.

98. We are unable, therefore, to agree with Mr. Anand in his submission that Philips had discharged the onus, on it, to demonstrate that the suit patent was an SEP, and that the onus thereby shifted to the Bansals to demonstrate otherwise. To our mind, there is no credible evidence on the basis of which it could be said that, even

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assuming the existence of the DVD Standards cited by Proskauer Rose in its EC dated 21 April 2006, the claims in the suit patent were essential to implement that standard. In the absence of any credible evidence of essentiality, the suit patent cannot aspire to the status of an SEP.

III. Infringement

99. Assuming that Philips has succeeded in establishing that the suit patent is an SEP, it is next required to be examined whether a case of infringement of the suit patent by the Bansals is made out.

100. Mr. Anand submits that Philips has succeeded in proving infringement, by the Bansals, of the suit patent, both applying the direct as well as the indirect test.

IIIA. The indirect test

101. Apropos the indirect test, Mr. Anand's submission is that, as the suit patent is an SEP, and the Bansals are manufacturing and selling DVD players which employ decoders to decode the content stored on the DVDs, it keeps of follows that the method employed by the Bansals is that which is patented in the suit patent.

102. As we have already noted, there has been no attempt to map the suit patent onto the standard allegedly set by the DVD Forum.

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103. Mr. Anand relies, however, on the ECs issued by Proskauer Rose and Cohausz & Florack in respect of the US'505 and EP'254 patents, to submit that, as these patents are equivalent to the suit patent, the essentiality attributed to the US and EP patents vis-à-vis the standards set by the DVD Forum would *ipso facto* also apply and extend to the suit patent.

104. In view of our finding that the ECs issued by Proskauer Rose and Cohausz & Florack cannot be regarded as having credible evidentiary value, we are unable to accept Mr Anand's submission that infringement, by the Bansals, of the suit patent, has been proved applying the indirect test.

IIIB. <u>The direct test</u>

105. We now proceed to consider whether infringement has been proved directly.

106. Paras 74 to 76 of ***Roche v Cipla*** thus exposit the "direct test" of infringement:

> "74. X-ray diffraction is certainly not an accurate method to ascertain product patent infringement in the present case as the issue is not and indeed cannot be whether Roche and Cipla's products are identical but whether Cipla's product is covered in the claims of Roche's patent. Although this appears to us to be a fairly elementary issue in appreciation of the nature of evidence in product patent infringement cases, neither counsel have relied on any jurisprudence to demonstrate what ought to be the correct test of infringement of a product patent.
>
> 75. While this issue was indeed framed by the Division Bench of the Gujarat High Court in ***Hind Mosaic and Cement***

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> ***Works v. Shree Shahjanand Trading Corporation***[57] in the following words:"*an infringement analysis involves comparison of each and every limitation of the claim with the allegedly infringing device. The analysis cannot be performed by comparing the product manufactured by the patentee with the allegedly infringing product,*" the decision does not expressly address this question. Since no other judgement has been brought to our attention which sets this issue right, we feel it is important for us to underscore it here.
>
> 76. It is an incorrect analysis of product patent infringement in a case like the present, to use methodologies like X-Ray diffraction to ascertain whether the competing products are identical in nature. The correct test of infringement in this case is to map Cipla product against the Roche's patent claims, which we find has not been done by the learned Single Judge, and this is the third infirmity on this aspect of the dispute."

Thus, the classical test for determining infringement, in the case of patents, is mapping of the defendant's product onto the suit patent.

107. We have already noted, towards the commencement of this judgment, that, in ***Zydus Lifesciences***, this Court has recently held, albeit while dealing with an appeal against an order passed under Order XXXIX of the CPC in the context of an infringement challenge in respect of a pharmaceutical patent, that, in the absence of any mapping which had taken place, of the defendant's product with the plaintiff's suit patent, no *prima facie* case of infringement could be said to have been made out. This order was carried to the Supreme Court in appeal. The Supreme Court, in its order, did not disturb the observations of this Court and, rather, on finding that the defendant's product was in the market and that, therefore, a product-to-claim mapping exercise could be undertaken, granted the appellant (before it) the liberty to undertake such an exercise and re-approach this Court

[57] **(2008) 37 PTC 128 (Guj)**

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for interim relief. In a manner of speaking, therefore, the Supreme Court has also acknowledged the primacy of product-to-claim mapping as a definite test to establish infringement in the case of patents.

108. That exercise, clearly, has not been undertaken here.

109. To sustain his contention of direct infringement having been proved in the present case, Mr Anand places reliance on the affidavit dated 22 May 2009 of Ravi Babu and on the evidence of PW2.

110. Ravi Babu never entered the witness box. His affidavit, therefore, cannot be read in evidence, as it has not been proved by him, as the deponent of the affidavit. Ravi Babu not having testified or deposed, in examination-in-chief, to the correctness of the assertions in the affidavit, the affidavit is of no evidentiary value. Para 36 of ***Ayaaubkhan Noorkhan Pathan v. State of Maharashtra***[58] exposits the legal position, in this regard, thus:

> "36. Therefore, affidavits in the light of the aforesaid discussion are not considered to be evidence, within the meaning of Section 3 of the Evidence Act. However, in a case where the deponent is available for cross-examination, and opportunity is given to the other side to cross-examine him, the same can be relied upon. Such view, stands fully affirmed particularly, in view of the amended provisions of Order 18 Rules 4 and 5 CPC. In certain other circumstances, in order to avoid technicalities of procedure, the legislature, or a court/tribunal, can even lay down a procedure to meet the requirement of compliance with the principles of natural justice, and thus, the case will be examined in the light of those statutory rules, etc. as framed by the aforementioned authorities."

[58] **(2013) 4 SCC 465**

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Ergo, Ravi Babu not having been produced as a witness, his affidavit cannot be relied upon.

111. Mr. Anand then contends that he is not relying solely on the affidavit of Mr. Ravi Babu but that PW2 had independently tested the Bansals' product vis-à-vis the suit patent and arrived at a finding that the former infringed the latter. He relies, in this context, on paras 14 to 17 of the affidavit-in-evidence of PW2, and his responses to Q. 12 to 14, 43, 124 and 133 to 136 during cross-examination.

112. We have, therefore, examined this aspect of the matter as well.

113. Para 14 of the affidavit-in-evidence of PW2 merely states that Ravi Babu was a technical expert and that the results of his technical analysis were contained in his affidavit. It says nothing more. This is merely amounting to stating that the affidavit of Ravi Babu had been placed on record. It does not state anything about the credibility or correctness of the affidavit, or the contents thereof.

114. Even otherwise, an affidavit can be proved only by the deponent of the affidavit, unless it is impossible to produce him in evidence for any reason. No third party can vouchsafe the contents of the affidavit of another, when such other person, who has deposed to the affidavit, is competent and capable of entering the witness box.

115. In so far as Mr Anand's contention that PW2 had independently tested the suit patent and arrived at a conclusion of infringement, is

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concerned, PW2 never placed, on record, the logs, or the details regarding the manner in which infringement analysis had been undertaken by him. It is no answer to contend that once PW2 testified that he was in possession of the logs relating to the infringement analysis purportedly undertaken by him, it was for the Bansals to require him to produce the logs or details of the infringement analysis. The onus, in this regard, was squarely on Philips.

116. The submission of Mr. Anand is not acceptable as being opposed to two fundamental principles of evidence; firstly, that oral evidence cannot be led of the contents of a document and, secondly, that it is not open to a party to withhold the best evidence available and rely on secondary evidence thereof.

117. In ***Roop Kumar v. Mohan Thedani***[59], the Supreme Court held, in para 17, thus:

> "17. It is likewise a general and most inflexible rule that wherever written instruments are appointed, either by the requirement of law, or by the contract of the parties, to be the repositories and memorials of truth, any other evidence is excluded from being used either as a substitute for such instruments, or to contradict or alter them. This is a matter both of principle and policy. It is of principle because such instruments are in their own nature and origin, entitled to a much higher degree of credit than parol evidence."

118. Apropos the requirement of citing the best evidence available, which flows from Section 114[60] of the Evidence Act, and the

[59] **(2003) 6 SCC 595**

[60] **114. Court may presume existence of certain facts. —**

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possibility of drawing an adverse inference if such best evidence is withheld, para 5 of ***Gopak Krishnaji Ketkar v. Mohamed Haji Latif***[61] holds thus:

> "5. … Even if the burden of proof does not lie on a party the Court may draw an adverse inference if he withholds important documents in his possession which can throw light on the facts at issue. It is not, in our opinion, a sound practice for those desiring to rely upon a certain state of facts to withhold from the Court the best evidence which is in their possession which could throw light upon the issues in controversy and to rely upon the abstract doctrine of onus of proof. In ***Murugesam Pillai v. Manickavasaka Pandara***[62] Lord Shaw observed as follows:
>
> > "A practice has grown up in Indian procedure of those in possession of important documents or information lying by, trusting to the abstract doctrine of the onus of proof, and failing, accordingly, to furnish to the Courts the best material for its decision. With regard to third parties, this may be right enough — they have no responsibility for the conduct of the suit; but with regard to the parties to the suit it is, in Their Lordships' opinion, an inversion of sound practice for those desiring to rely upon a certain state of facts to withhold from the Court the written evidence in their possession which would throw light upon the proposition."

The Court may presume the existence of any fact which it thinks likely to have happened, regard being had to the common course of natural events, human conduct and public and private business, in their relation to the facts of the particular case.

The Court may presume —

(a) that a man who is in possession of stolen goods soon, after the theft is either the thief or has received the goods knowing them to be stolen, unless he can account for his possession;

(b) that an accomplice is unworthy of credit, unless he is corroborated in material particulars;

(c) that a bill of exchange, accepted or endorsed, was accepted or endorsed for good consideration;

(d) that a thing or state of things which has been shown to be in existence within a period shorter than that within which such things or states of things usually cease to exist, is still in existence;

(e) that judicial and official acts have been regularly performed;

(f) that the common course of business has been followed in particular cases;

(g) that evidence which could be and is not produced would, if produced, be unfavourable to the person who withholds it;

(h) that if a man refuses to answer a question which he is not compelled to answer by law, the answer, if given, would be unfavourable to him;

(i) that when a document creating an obligation is in the hands of the obligor, the obligation has been discharged.

[61] **AIR 1968 SC 1413**

[62] **44 IA 98**, at p 103

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This passage was cited with approval by this Court in a recent decision ***Biltu Ram v. Jainandan Prasad***[63]. In that case, reliance was placed on behalf of the defendants upon the following passage from the decision of the Judicial Committee in ***Bilas Kunwar v. Desraj Ranjit Singh***[64]:

> "But it is open to a litigant to refrain from producing any documents that he considers irrelevant; if the other litigant is dissatisfied it is for him to apply for an affidavit of documents and he can obtain inspection and production of all that appears to him in such affidavit to be relevant and proper. If he fails so to do, neither he nor the Court at his suggestion is entitled to draw any inference as to the contents of any such documents."

But Shah, J., speaking for the Court, stated:

> "The observations of the Judicial Committee do not support the proposition that unless a party is called upon expressly to make an affidavit of documents and inspection and production of documents is demanded, the Court cannot raise an adverse inference against a party withholding evidence in his possession. Such a rule is inconsistent with Illustration (g) of Section 114 of the Evidence Act, and also an impressive body of authority."

119. No tangible reason was adduced, by Philips, or by PW-2, for not producing the details of the infringement analysis purportedly undertaken by him, on the basis of which he arrived at the conclusion that the Bansal's product infringed the suit patent. In such a circumstance, we see no reason why the case should not attract Illustration (g)[65] below Section 114 of the Evidence Act.

---

[63] **Civil Appeal No. 941 of 1965 decided on April 15, 1968**

[64] 42 IA 202

[65] The Court may presume—

(g) that evidence which could be and is not produced would, if produced, be unfavourable to the person who withholds it;

But the Court shall also have regard to such facts as the following, in considering whether such maxims do or do not apply to the particular case before it—

as to *illustration (g)*—a man refuses to produce a document which would bear on a contract of small importance on which he is sued, but which might also injure the feelings and reputation of his family;

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120. This is all the more so as, in his evidence, PW2 has acknowledged that the testing undertaken by him was on the entire DVD player of the Bansals, and not on the chip, or the PCB, *per se*, despite the acknowledged position that the invention forming subject matter of the suit patent resided in the chip, or the PCB. To what extent the testing, if any, undertaken by PW2 on the DVD player of the Bansals would make out a case of infringement of the suit patent, which resided solely in the chip, or PCB, could have been asserted only if the logs and details relating to the infringement analysis were tendered in evidence, and the Bansals provided an opportunity to test their veracity and correctness by cross-examination if necessary.

121. There is, therefore, in the present case, no evidence of infringement, either direct or indirect. The plea of Philips that the Bansal firm infringed the suit patent has, therefore, to fail.

IV. <u>The defence of exhaustion – Section 107A(b)</u>

122. Clause (b) of Section 107A of the Patents Act expressly excludes, from the ambit of "infringement of patent rights", importation of patented products by a person from a person who is duly authorised under the law to produce and sell or distribute the product.

123. The cross-examination of PW-2 established that the suit patent was contained in the chip, or the PCB. This is clear from the answers of PW-2 to Q. 15, 16, 71 to 76, 89, 175 and 84 to 85, already reproduced earlier. In fact, the learned Single Judge has also held as

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much in para 10.9 of the impugned judgment, in which he notes that "PW2 in answer to question No. 72 clarifies that it was a circuit board which also had a chip inside and that it was not a chip alone", in which the suit patent was embodied.

124. It is necessary to note, here, that PW-2, in response to Q. 88 and 89 put to him and cross-examination, merely stated that the invention forming subject matter of the suit patent could not work without the auxiliary components in the DVD player. Further, in response to a suggestion in Q. 91, PW2 stated that the Optical Disk Drive was included in the words "means for receiving modulated signal" contained in Claim 1 in the suit patent.

125. These attempts, constituting a strained effort to escape the fact that the suit patent was contained merely in the chip or PCB, cannot be of any serious significance. Even if it were to be assumed that the invention forming subject matter of the suit patent could not work without the auxiliary components contained in the DVD player, that would not *ipso facto* render such auxiliary components part of the suit patent. There are clear and categorical admissions, in the cross-examination of PW2, to the effect that the suit patent resides in the chip, or the PCB.

126. Further, the statement that the Optical Disk Drive was included in the words "means for receiving modulated signal" in Claim 1 in the suit patent was also not acceptable, being contrary to the admission that the suit patent resided in the chip/PCB. It is not in dispute that the Optical Disk Drive is a component distinct and different from the

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chip/PCB. This deposition is also contrary to the finding contained in para 10.9 of the impugned judgment, predicated on the answer, by PW2, to Q. 72 put to him, that the suit patent resided in the chip/PCB.

127. The Bansals specifically submitted that they had purchased the PCBs from MediaTek, through its distributors Shuntak and Sheen Land. Letters from Shuntak and Sheen Land were also filed by the Bansals and exhibited as Ex DW-2/8. These letters read thus:

Letter dated 4 March 2012 from Sheen Land

"SHEEN LAND CORPORATION (HK) LIMITED

4.3.2012

CLARIFICATION

This is to state and clarify that Sheenland Corporation located at Hong Kong have sold MPEG cards, Front Panel, Remote , Power Board for DVD players to Bhagirathi Electronics and Mangalam Technology both located in India. MPEG cards and other DVD parts provided by us are purchased from authorized vendors and are in complete compliance of various provisions pertaining to IPR Law.

To:
Bhagirathi Electronics
E-47, HARIDWAR INDUSTRIAL AREA
HARIDWAR , UTTRAKHAND

To,
Manglam Technology
Plot No.78 , Sector 7
Sidcul Haridwar
Uttrakhand"

Letter dated 12 March 2012 from Shuntak

"SHUNTAK (HK) TRADING COMPANY
XIXIANG TOWN, BAOAN, SHENZHEN, CHINA

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12 March, 2012

To,
Manglam Technology
Plot No. 78, Sector 7
Sidcul Haridwar
Uttrakhand

TO WHOMSOEVER IT MAY CONCERN

We, Shuntak (HK) Trading Company, having our registered office at Hong Kong are in the business of Manufacturing DVD MPEG card for the past 10 years. We have been manufacturing and selling MPEG cards to various dealers, distributors, retailers etc including Mangalam Technology and Bhagirathi Electronics since 2008. The MediaTek Chip which is contained in the aforesaid MPEG Cards are purchased by us from MediaTek and its authorized distributors/Agents directly after making due payment to them.

Thus, we ensure to all our customers that no infringement will be caused by any party by buying, purchasing, selling, offering for sale etc the said product (MPEG Card) as they are purchased from MediaTek which is a registered vendor of Philips.

Ming Hua Zheng
(Director)
For Shuntak (HK) Trading Company"

128. Apropos the above letters from Shuntak and Sheen Land, the affidavit-in-evidence of Rajesh Bansal, testifying as DW-2, stated, in paras 14 and 15, thus:

"14. The MediaTek chips as detailed in Chart A are available as off the shelf products and are readily purchased by consumers in the market. We place our order is related to MediaTek chips/printed circuit board containing MediaTek chips, with 2 Chinese firms trading under the name and style of Shuntak (HK) Trading Company & Sheenland Corporation and import them and use the same for assembling the DVD player. Copies of invoices evidencing the purchase of such chips are already on record in CS (OS) No. 1034/2009 and are being marked as Exhibit DW 2/7 (colly). Further, additional invoices are also being annexed and marked here with as exhibit DW 2/7A (colly).

15. Despite the fact that the MediaTek chips are used by most

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> of the companies for manufacturing/assembling/producing DVD players Philips has not chosen to take any action against anyone else including MediaTek. My suppliers have informed me that the printed circuit boards which they have manufactured with the MediaTek chips are perfectly legal as the other registered vendors of MediaTek which in turn is a registered vendors of Philips original letters as received by Shuntak (HK) Trading Company and Sheen land Corporation are being annexed and marked here with as Exhibit DW 2/8 (colly)."

129. It was thus specifically asserted by Rajesh Bansal, as DW-2, in his affidavit-in-evidence, that (i) the Bansals had purchased the MediaTek chips from Shuntak and Sheen Land and used them in the DVD players, (ii) Shuntak and Sheen Land were registered vendors of MediaTek and (iii) MediaTek was a registered vendor of Philips.

130. DW2 was, however, not cross-examined on these assertions by Philips. They, therefore, went unrebutted.

131. ***Muddasani Venkata Narsaiah***, cited by Ms. Sukumar, clearly sets out the legal position which obtains when assertions made on affidavit are not tested during cross-examination:

> "15. Moreover, there was no effective cross-examination made on the plaintiff's witnesses with respect to factum of execution of sale deed, PW 1 and PW 2 have not been cross-examined as to factum of execution of sale deed. The cross-examination is a matter of substance not of procedure one is required to put one's own version in cross-examination of opponent. *The effect of non-cross-examination is that the statement of witness has not been disputed.* The effect of not cross-examining the witnesses has been considered by this Court in ***Bhoju Mandal v. Debnath Bhagat***[66]. This Court repelled a submission on the ground that the same was not put either to the witnesses or suggested before the courts below. *Party is required to put his version to the witness. If no such questions are put the Court would presume that the witness*

[66] **AIR 1963 SC 1906**

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account has been accepted as held in ***Chuni Lal Dwarka Nath v. Hartford Fire Insurance Co. Ltd.***[67].

16. In ***Maroti Bansi Teli v. Radhabai***[68], it has been laid down that *the matters sworn to by one party in the pleadings not challenged either in pleadings or cross-examination by other party must be accepted as fully established*. The High Court of Calcutta in ***A.E.G. Carapiet v. A.Y. Derderian***[69] has laid down that the party is obliged to put his case in cross-examination of witnesses of opposite party. The rule of putting one's version in cross-examination is one of essential justice and not merely technical one. A Division Bench of the Nagpur High Court in ***Kuwarlal Amritlal v. Rekhlal Koduram***[70] has laid down that when attestation is not specifically challenged and witness is not cross-examined regarding details of attestation, it is sufficient for him to say that the document was attested. If the other side wants to challenge that statement, it is their duty, quite apart from raising it in the pleadings, to cross-examine the witness along those lines. A Division Bench of the Patna High Court in ***Karnidan Sarda v. Sailaja Kanta Mitra***[71] has laid down that it cannot be too strongly emphasised that *the system of administration of justice allows of cross-examination of opposite party's witnesses for the purpose of testing their evidence, and it must be assumed that when the witnesses were not tested in that way, their evidence is to be ordinarily accepted*. In the aforesaid circumstances, the High Court has gravely erred in law in reversing the findings of the first appellate court as to the factum of execution of the sale deed in favour of the plaintiff."

(Emphasis supplied)

132. The following classic dictum of Lord Herschell, L.C., in ***Browne v. Dunn***[72] was, in this context, approvingly quoted by the Supreme Court in ***Nahar Singh***:

"I cannot help saying, that it seems to me to be absolutely essential to the proper conduct of a cause, where it is intended to suggest that a witness is not speaking the truth on a particular point, to direct his attention to the fact by some questions put in cross-examination showing that that imputation is intended to be made,

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[67] **AIR 1958 P&H 440**
[68] **AIR 1945 Nag 60**
[69] **AIR 1961 Cal 359**
[70] **AIR 1950 Nag 83**
[71] **AIR 1940 Pat 683**
[72] **(1893) 6 R 67**

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> and not to take his evidence and pass it by as a matter altogether unchallenged, and then, when it is impossible for him to explain, as perhaps he might have been able to do if such questions had been put to him, the circumstances which, it is suggested, indicate that the story he tells ought not to be believed, to argue that he is a witness unworthy of credit. My Lords, I have always understood that if you intend to impeach a witness, you are bound, whilst he is in the box, to give an opportunity of making any explanation which is open to him; and, as it seems to me, that is not only a rule of professional practice in the conduct of a case, but it is essential to fair play and fair dealing with witnesses."

133. In so far as the purchase of the PCBs from Shuntak and Sheen Land were concerned, the only questions asked were the following:

> "Q. 171 Is it correct that Shuntak and Sheen land Corporation are not manufacturing DVD players?
>
> Ans. Both Shuntak and Sheen land Corporation are suppliers of critical DVD components and I am not sure if they are also manufacturing DVD players.
>
> Q. 172 Did they provide you with patent searches?
>
> Ans. They did confirm that all the critical parts associated with DVD players hold all legal rights associated to Mainland China and also Shuntak is a registered partner of MediaTek."

Thus, far from eroding the value of the assertions, by DW2, in his affidavit-in-evidence, that (i) the PCBs had been purchased from Shuntak and Sheen Land, (ii) Shuntak and Sheen Land were the authorised dealers of MediaTek and (iii) MediaTek was an authorised dealer of the PCBs of Philips, Philips elicited, in cross-examination, positive evidence to the effect that all legal rights associated in Mainland China with DVD players was held by Shuntak and Sheen Land and that Shuntak was a registered partner of MediaTek.

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134. The learned Single Judge has rejected the plea of exhaustion of the patent rights of Philips in the suit patent, as the Bansals had purchased the PCBs/chip from dealers of Philips, on the ground that there was nothing to indicate that the dealers were authorised licensees of Philips. Mr. Anand has also advanced the same submission before us.

135. This submission cannot sustain, for the simple reason that Section 107A(b) was amended, by the Patents (Amendment) Act, 2002, with effect from 20 May 2003, to do away with the requirement of the dealer, from whom the patented product was purchased, being duly authorised by the patentee to sell or distribute the product. Section 107A(b) read, before and after amendment, thus:

> Before amendment
>
> **"107A.Certain acts not to be considered as infringement -** For the purposes of this Act, –
>
> > (b) importation of patented products by any person from a person who is duly authorised *by the patentee* to produce and sell or distribute the product,
>
> shall not be considered as an infringement of patent rights."
>
> After amendment
>
> **"107A.Certain acts not to be considered as infringement -** For the purposes of this Act, –
>
> > (b) importation of patented products by any person from a person who is duly authorised *under the law* to produce and sell or distribute the product,
>
> shall not be considered as an infringement of patent rights."

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It is not required, therefore, after the amendment of Section 107A(b) of the Patents Act in 2003, that the importation must be from a person who is duly authorised *by the patentee* to produce and sell or distribute the patented product. The person, from whom the goods are purchased and imported must only be duly authorised *under the law* to produce and sell the product. It is nobody's case that Shuntak and Sheenland were not authorised under the law to purchase or sell the MediaTek PCBs.

136. Ms. Sukumar is therefore correct in her submission that there was complete exhaustion of the patent rights of Philips in the suit patent, once the product containing the suit patent, i.e., the chips and PCBs, had been placed in the market by it.

137. The plea of exhaustion of patent rights also stands supported by the decisions in ***Impression Products***, ***Quanta Computer*** and ***Univis Lens Co.***, on which Ms. Sukumar placed reliance. The applicable legal principle is clearly set out in the following passage from ***Impression Products***, which has been extracted in the impugned judgment as well:

> "The Patent Act grants patentees the "right to exclude others from making, using, offering for sale, or selling [their] invention[s]." 35 U. S. C. §154(a). For over 160 years, the doctrine of patent exhaustion has imposed a limit on that right to exclude. See ***Bloomer v. McQuewan***[73]. The limit functions automatically: *When a patentee chooses to sell an item, that product "is no longer within the limits of the monopoly" and instead becomes the "private, individual property" of the purchaser, with the rights and benefits that come along with ownership*. A patentee is free to

[73] **14 How. 539 (1853)**

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> set the price and negotiate contracts with purchasers, but may not, "by virtue of his patent, control the use or disposition" of the product after ownership passes to the purchaser. ***United States v. Univis Lens Co.*** The sale "terminates all patent rights to that item." ***Quanta Computer, Inc. v. LG Electronics, Inc***. This well-established exhaustion rule marks the point where patent rights yield to the common law principle against restraints on alienation. The Patent Act "promote[s] the progress of science and the useful arts by granting to [inventors] a limited monopoly" that allows them to "secure the financial rewards" for their inventions. ***Univis***. But once a patentee sells an item, it has "enjoyed all the rights secured" by that limited monopoly. ***Keeler v. Standard Folding Bed Co.***[74]. Because "the purpose of the patent law is fulfilled … when the patentee has received his reward for the use of his invention," that law furnishes "no basis for restraining the use and enjoyment of the thing sold." ***Univis***"."

138. The very first legal exposition of the doctrine of exhaustion of patent rights as a result of sale of the patented product is, in fact, to be found in ***Adams v. Burke***[75], rendered by the US Supreme Court in 1873. The principle was explained, with admirable lucidity, thus:

> "4. But, in the essential nature of things, when the patentee, or the person having his rights, sells a machine or instrument whose sole value is in its use, he receives the consideration for its use and *he parts with the right to restrict that use. The article, in the language of the court, passes <u>without the limit of the monopoly</u>*.[76] That is to say, the patentee or his assignee having in the act of sale received all the royalty or consideration which he claims for the use of his invention in that particular machine or instrument, it is open to the use of the purchaser without further restriction on account of the monopoly of the patentees."

139. ***Quanta Computer***, rendered by a Bench of as many as nine Hon'ble Judges of the US Supreme Court, addressed, specifically, the issue of "whether patent exhaustion applies to the sale of components of a patented system that must be combined with additional

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[74] **157 US 659 (1895), 661**
[75] **84 US (17 Wall) 453 (1873)**
[76] **Bloomer v. McQuevan**

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component in order to practice the patented methods". Among the contentions advanced before the Supreme Court was the contention that the doctrine of exhaustion would not apply where the sale was not by a licensed authorised agent. The Supreme Court, speaking through Clarence Thomas J, disagreed. Interestingly, the Supreme Court relied, among others, on its earlier judgment in ***Motion Picture Patents Co. v. Universal Film Mfg. Co.***[77], which, *inter alia*, held that "the scope of the grant which may be made to an inventor in a patent, pursuant to the patent statute, *must be limited to the invention described in the claims of his patent*". The following passages, from the decision in ***Quanta Computer***, lay down the legal principles exposited therein:

> "*The longstanding doctrine of patent exhaustion provides that the initial authorized sale of a patented item terminates all patent rights to that item*. This Court first applied the doctrine in 19th-century cases addressing patent extensions on the Woodworth planing machine. Purchasers of licenses to sell and use the machine for the duration of the original patent term sought to continue using the licenses through the extended term. The Court held that the extension of the patent term did not affect the rights already secured by purchasers who bought the item for use "in the ordinary pursuits of life." ***Bloomer v. McQuewan*** ("[W]hen the machine passes to the hands of the purchaser, it is no longer within the limits of the monopoly"); ***Bloomer v. Millinger***[78]. In ***Adams v. Burke***, the Court affirmed the dismissal of a patent holder's suit alleging that a licensee had violated postsale restrictions on where patented coffin lids could be used. "[W]here a person ha[s] purchased a patented machine of the patentee or his assignee," the Court held, "this purchase carrie[s] with it the right to the use of that machine so long as it [is] capable of use." *Id.*, at 455.
>
> Although the Court permitted postsale restrictions on the use of a patented article in ***Henry v. A.B. Dick Co.***[79], that decision was short lived. In 1913, the Court refused to apply ***A.B. Dick*** to

[77] **243 US 502, 518 (1917)**
[78] **1 Wall. 340, 351 (1864)**
[79] **224 U. S. 1 (1912)**

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uphold price-fixing provisions in a patent license. See ***Bauer & Cie v. O'Donnell***[80]. Shortly thereafter, in ***Motion Picture Patents Co. v. Universal Film Mfg. Co.***, the Court explicitly overruled ***A.B. Dick***. In that case, a patent holder attempted to limit purchasers' use of its film projectors to show only film made under a patent held by the same company. The Court noted the "increasing frequency" with which patent holders were using ***A.B. Dick***-style licenses to limit the use of their products and thereby using the patents to secure market control of related, unpatented items. 243 U. S., at 509, 516–517. Observing that "the primary purpose of our patent laws is not the creation of private fortunes for the owners of patents but is 'to promote the progress of science and useful arts,'" *id.*, at 511 (quoting U. S. Const., Art. I, § 8, cl. 8), the Court held that "the scope of the grant which may be made to an inventor in a patent, pursuant to the [patent] statute, must be limited to the invention described in the claims of his patent," ***243 U. S., at 511***. Accordingly, it reiterated the rule that "the right to vend is exhausted by a single, unconditional sale, the article sold being thereby carried outside the monopoly of the patent law and rendered free of every restriction which the vendor may attempt to put upon it." *Id.*, at 516.

This Court most recently discussed patent exhaustion in ***Univis***, on which the District Court relied. Univis Lens Company, the holder of patents on eyeglass lenses, licensed a purchaser to manufacture lens blanks[81] by fusing together different lens segments to create bi-and trifocal lenses and to sell them to other Univis licensees at agreed-upon rates. Wholesalers were licensed to grind the blanks into the patented finished lenses, which they would then sell to Univis-licensed prescription retailers for resale at a fixed rate. Finishing retailers, after grinding the blanks into patented lenses, would sell the finished lenses to consumers at the same fixed rate. The United States sued Univis under the Sherman Act, 15 U. S. C. §§ 1, 3, 15, alleging unlawful restraints on trade. Univis asserted its patent monopoly rights as a defense to the antitrust suit. The Court granted certiorari to determine whether Univis' patent monopoly survived the sale of the lens blanks by the licensed manufacturer and therefore shielded Univis' pricing scheme from the Sherman Act.

The Court assumed that the Univis patents containing claims for finished lenses were practiced in part by the wholesalers and finishing retailers who ground the blanks into lenses, and held that the sale of the lens blanks exhausted the patents on the finished lenses. ***Univis***, ***316 U. S., at 248–249***. The Court explained that the

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[80] **229 U. S. 1, 14–17 (1913)**

[81] Lens blanks are "rough opaque pieces of glass of suitable size, design and composition for use, when ground and polished, as multifocal lenses in eyeglasses." **Univis, 316 U. S., at 244.**

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lens blanks

> "embodi[ed] essential features of the patented device and [were] without utility until … ground and polished as the finished lens of the patent." *Id.*, at 249. The Court noted that destined the article to be finished by the purchaser in conformity to the patent, he has sold his invention so far as it is or may be embodied in that particular article." *Id.*, at 250–251.

In sum, the Court concluded that the traditional bar on patent restrictions following the sale of an item applies when the item sufficiently embodies the patent'even if it does not completely practice the patent'such that its only and intended use is to be finished under the terms of the patent."

140. The import and purchase documents, whereunder the Bansals purchased and imported the PCBs from Shuntak and Sheen Land stand exhibited, in the suit, as Ex. DW-2/5A, DW-2/7 (colly) and DW-2/7A (colly). Their veracity has not been questioned by Mr. Anand.

141. Applying Section 107A(b) of the Patents Act, read with the decisions cited *supra*, it is clear that the rights to exclusivity, if any, which vested in Philips as the proprietor of the suit patent, stood exhausted, and incapable of any further enforcement, once Philips sold the patented device in the market. No further exclusivity could be claimed against a purchaser of the product for consideration from the market, especially when, as in the present case, the purchase is from an authorised dealer.

142. Our conclusion is reinforced by the fact that, even in Philips' own DVD players, which were unscrewed and presented to PW2, it was acknowledged by PW2, in his response to Q. 76 during cross-examination, that the Philips player also contained the MT1389QE

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chip. In fact, all the DVD players which were shown to PW2, manufactured by Onida, Weston, Videocon, Philips and the Bansals, were all carrying the MediaTek chip which, again as per the testimony of PW2 in cross-examination, contained the invention forming subject matter of the suit patent.

143. Clearly, therefore, Philips had openly released the chips and PCBs containing the patented invention in the open market and MediaTek was, to the knowledge of Philips, selling the PCBs for consideration.

144. The learned Single Judge has discarded the plea of patent right exhaustion, advanced before her, on the ground that there was nothing to indicate that MediaTek was a licensee of Philips. This decision, with respect, is contrary to Section 107A(b), as amended, which does not require the seller, from whom the patented product is purchased, to be an authorised distributor of the patentee.

145. We, therefore, are of the opinion that, by operation of the principle of international exhaustion of patent rights, Philips cannot enforce the patent against the Bansals.

V. <u>The FRAND issue and adjudication of damages</u>

VA. <u>No evidence that rates offered were FRAND</u>

146. As we have already noted earlier in this judgment, no right can enure in favour of an SEP holder, either for injunction or for royalty

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or damages, unless there is evidence to indicate (i) that the SEP holder is willing to license the SEP at FRAND rates and (ii) that the defendant is unwilling to take a license at the said rates. It is imperative, for a plaintiff seeking injunction or damages in the capacity of an SEP holder, to demonstrate that he is willing to license the SEP at FRAND rates. The question of whether the defendant is, or is not, an unwilling licensee, would arise only if the plaintiff demonstrates, positively, that he is a willing licensor. The paragraphs from ***Huawei Technologies***, which have approvingly been cited by the coordinate Division Bench of this Court in ***Intex***, place the legal position beyond any pale of controversy. It is clearly held, in ***Huawei Technologies***, that, before any tenable claim to injunction or damages, (i) the proprietor of the SEP has to alert the alleged infringer of the infringement of the SEP, and the manner in which the infringement is taken place, (ii) the proprietor of the SEP has, thereafter, to extend a specific and written offer to the alleged infringer, to licence the SEP at a licence rate which is FRAND, (iii) the alleged infringer has, thereafter, to respond to the offer and (iv) the Plaintiff would have to demonstrate that the alleged infringer is unwilling to accept the offer of a license at FRAND terms and is, therefore, an "unwilling licensee".

147. Para 69 of ***Intex***, which we have already reproduced in para 16 *supra*, specifically envisages providing of information by the SEP holder to the proposed licensee, on the basis of which the licensee is in a position to evaluate whether the offer of the SEP holder is, or is not, FRAND. The providing of this information is imperative as, in its absence, it would be impossible to ascertain whether the offer held out

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by the SEP holder is FRAND.

148. We may note, at this juncture, the following view, expressed by the coordinate bench in ***Intex***:

> "70. Similarly, an implementer has no right of silence or inaction at this stage. It is not correct to suggest that without access to other agreements executed by the Patentee no counter-offers can be made. Normally, an implementer can take recourse to its own license agreements executed with other Standard Essential Patent proprietors/licensors, to determine an appropriate FRAND rate that it would be willing to pay or to determine if the rate offered by an Standard Essential Patent proprietor is FRAND or not. This is evident from the judgment of the Dutch Court of Appeal in ***Koninklijke Philips N.V. v. Wiko SAS***[82] wherein it has been held as under:-
>
>> "4.37. Wiko pointed out that it does not have the licence agreements that Philips concluded with other parties for the same patent portfolio, so that Wiko is unable to demonstrate that Philips' proposal is not FRAND. Even apart from the fact that according to the above findings, Wiko failed on several points to substantiate its arguments and furnish evidence of its arguments and its defence should already fail on this basis, this point of view does not hold, Wiko concluded licence agreements for UMTS and LTE portfolios with Qualcomm, Huawei and Nokia. By providing insight into the fees and stipulations agreed upon with those parties in relation to (the value of) the SEPs held by those parties, Wiko could have substantiated (a suspicion of) the alleged fact that Philips' offer was not FRAND and the alleged fact that its own counter-offer was FRAND; however, Wiko failed to do this. Under those circumstances, the Court of Appeal does not see any reason to reverse the burden of proof or to assume an increased duty to contend facts and circumstances for Philips, as Wiko argued."
>
> (Emphasis supplied)
>
> 71. The above decision has been affirmed by the Dutch Supreme Court and has attained finality. Thus, it is not true that the implementer, who is often a large commercial entity itself having a global business presence, enters into any kind of negotiation with a

[82] Case Number 200.219.487/01 decided on 2 July 2019, hereinafter "**Philips v. Wiko**"

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Patentee 'blindly'."

149. Though it might, facially, appear that, in the above passages, the coordinate bench in ***Intex*** has adopted a view which is different from that expressed by us in para 150 *supra*, that is not really the case. These observations have been returned by the coordinate Bench in the context of the issue of the right of the implementer to remain silent when a purportedly FRAND offer is extended to it by the SEP holder. The coordinate Bench has, relying on the judgment of the Dutch Court of Appeal in ***Philips v. Wiko***, observed that, where the implementer has entered into agreements with other SEP holders, it can assess the FRAND, or non-FRAND, nature of the offer extended by the SEP holder by comparing other agreements executed by it.

150. That principle may not apply, unless it is the case of the plaintiff-SEP holder that the defendant/alleged infringer had executed agreements with other SEP holders for the same patent portfolio. No such plea has been advanced, in this case, by Philips.

151. That apart, these are considerations which would be relevant while examining whether the implementer is justified in not responding to the offer held out by the SEP holder. If matters are not settled at that stage, and travel to the Court, there is no way in which the Court can arrive at a conclusion that the license rate offered by the plaintiff-SEP holder is FRAND, unless the Court has, before it, agreements executed by the plaintiff-SEP holder with other agencies for the same patent/patent portfolio. In such a situation, an intricate exercise of arriving at an objective conclusion regarding the FRAND,

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or non-FRAND nature of the rate at which the plaintiff-SEP holder is willing to license its patent, would have to be undertaken. Due and full opportunity would have to be extended to the defendant to contest the assertion, by the plaintiff-SEP holder that the rate at which it is willing to license its SEP is FRAND. Exposure to other agreements executed by the plaintiff-SEP holder with "willing" licensees is, in such a case, necessary. If the plaintiff pleads confidentiality, and the Court finds merit in the plea, a confidentiality club can be set up so as to ensure that the process remains fair and transparent, even while ensuring confidentiality of confidential data.

152. In the present case, however, *Philips has not deigned to place, on record, even a single agreement executed by it, licensing the invention covered by the suit patent, to any other licensee, so that the Court would arrive at a conclusion that the royalty rate extended by Philips to the Bansals is in fact FRAND.*

153. The learned Single Judge has, we are constrained to say with the greatest respect, arrived at the finding that the rate of US $3.175 upto 27 May 2010 and US $1.90 thereafter is FRAND, without a scintilla of material to support the finding. The impugned judgment refers to communications between Philips and the Bansals, but there is nothing on record, on the basis of which the learned Single Judge or, for that matter, we, would arrive at a conclusion that the rates at which Philips offered to license the suit patent to the Bansals was FRAND.

154. Reference has been made to the rate offered by the Bansals before this Court on 20 September 2010. Ms. Sukumar is, however,

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correct in her submission that the offer extended on the said date was merely interim, and expressly without prejudice to the rights and contentions of the Bansals in the present litigation. It cannot, therefore, be of relevance in arriving at conclusion as to whether the royalty rates extended by Philips were FRAND.

155. Of even more significance, in this context, are the answers provided by PW2 in response to Q. 153 and 154 during cross-examination:

> "Q. 153 Are the license agreements maintained under your supervision or control?
>
> Ans. The original license agreements are maintained by the Plaintiff at their headquarters in the Netherlands. I do have a copy of the same.
>
> Q. 154 Can you file a copy of the license agreement of the Dixon Technologies?
>
> Ans. I can do so."

Despite thus admittedly being in possession of the license agreements executed with third parties, Philips never chose to place any such license agreement on record. Once again, applying Section 114 of the Evidence Act, it would be permissible to draw an adverse inference against Philips, to the effect that the license agreements, if produced, would not substantiate Philips' assertion that the royalty rate offered by it was FRAND. At the cost of repetition, it has to be remembered that the rate has not merely to be non-discriminatory, but has to be "fair, reasonable *and* non-discriminatory". Philips having itself chosen to withhold, from the evidence, the license agreements executed by it with third parties, we are of the considered opinion that the learned

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Single Judge was not justified in arriving at the conclusion that the rates offered by Philips were FRAND.

156. In para 13.10 of the impugned judgment, the learned Single Judge has, citing the judgment of the US Court of Appeals for the Federal Circuit in ***Commonwealth Scientific and Industrial Research Organisation***, provided the following justification, for accepting the rates at which negotiations took place, pre-suit, as the acceptable FRAND rates of royalty:

> "56. Plaintiff has claimed that the defendants have already agreed to pay license fee of ₹ 45 per DVD player as noted in the order dated 20th September, 2010. Order dated 20th September, 2010 was an interim arrangement between the parties without prejudice to their rights and contentions, hence any amount noted therein cannot be said to be an amount fixed based in the evidence led by the parties. In view of the principles noted above in *Commonwealth Scientific and Industrial Research Organization* (supra) employing the damages model taking into account *parties' informal negotiations with respect to the end product is a generally accepted principle of ascertaining the royalty. Further reasonable royalties for standard essential patents are not only in terms of FRAND but also the incremental benefit derived from the invention. Considering that the plaintiff is seeking royalty at FRAND terms and that too at the PHILIPS ONLY option and no evidence has been led by the defendants to rebut the evidence of the plaintiff* despite the onus of Issue No.(vii) being on the defendants, it is held that Manglam and Bhagirathi are required to pay royalty to the plaintiff @USD 3.175 from the date of institution of the suits till 27th May, 2010 and from 28th May, 2010 @USD 1.90 till 12th February, 2015."

157. We are unable to sustain the view expressed by the learned Single Judge in the above-extracted paragraph from the impugned judgment for various reasons.

158. Firstly, informal negotiations between parties can, to our mind,

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never constitute the basis for a final adjudication of the rates of royalty payable by a defendant to a plaintiff who claims to be an SEP holder, to exploit the patent. At the highest, they might constitute a basis to place an interim *pro tem* arrangement in place, as was done by the coordinate Bench in ***Intex***. A final adjudication of royalty and, therefore, of damages, would have to be based on an objective assessment of agreements executed by the plaintiff-SEP holder with other licensees, resulting in an objective view that the rate offered to the defendant is fair, reasonable and non-discriminatory.

159. Secondly, the observation that reasonable royalties for SEP are not only FRAND but also a factor in the incremental benefit derived from the invention, is unsupported by any material. Even otherwise, there is no objective assessment of the "incremental benefit" which the Bansals have derived by use of the invention forming subject matter of the suit patent.

160. Thirdly, there is equally no basis for the finding that the royalty rates claimed by Philips from the Bansals were FRAND. This, in fact, is an assumption, by the learned Single Judge, which, with deepest respect, is not based on any material on record.

161. Fourthly, the observation that no evidence had been led by the Bansals to rebut the evidence of Philips, is also unsustainable, as in fact, no evidence was led by Philips to support its assertion that the royalty rates extended to the Bansals were FRAND.

162. There was, therefore, before the learned Single Judge, no basis

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on which it could be held that the royalty rates proposed by Philips were FRAND.

163. The situation is no better in appeal.

VB. Royalty rate could not have been worked out on the entire DVD Player

164. We are also in agreement with Ms. Sukumar that, the suit patent having claimed only a device, Philips could not have its claim, either to infringement order to royalty and damages, on the basis of the royalty charged for the entire DVD player. The reasoning of the learned Single Judge, in this regard, is to be found in para 13.3 of the impugned judgment, which reads as under:

> "13.3 It is the claim of the plaintiff that the plaintiff is not required to charge license fee only on the value of the suit patent but based on the sale of the DVD player as a whole. Indubitably the claim in the suit patent IN-184753 is restricted to the decoding device, however, the same is an integral part of the DVD player without which decoding device, the DVD player cannot function. This Court has already held that the issue of patent pool amounting to abuse of dominant position cannot be decided in the present suit. Thus claim of the plaintiff to the entire patent pool in the DVD player cannot be said to be unreasonable."

165. With respect, we are unable to sustain this reasoning either. The learned Single Judge acknowledges, in para 13.3, that the claim in the suit patent is restricted to the decoding device. With that, to our mind, the lines stood clearly drawn. There is no question of Philips having been entitled to any royalty, for any item, other than, or in excess of, the decoding device. It is not even Philips' case that every component

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of the DVD player was patented in its favour. Effectively, therefore, if the damages payable to Philips, or even the royalty payable to Philips, is to be computed on per DVD player basis, it would amount to Philips obtaining royalty for items in respect of which it holds no patent.

166. Philips' contention is that it was always offering royalty on per DVD player basis. That is a commercial decision which, while it may be open to Philips to take, cannot constitute the basis of determination of payable royalty in a litigation premised on a *specific* patent, claiming a *specific* device. The observation of the learned Single Judge that the decoding device was an integral part of the DVD player, without which the DVD player could not function cannot, to our mind, justify computation of the FRAND rate of royalty on the basis of the entire DVD player. The final reliance, by the learned Single Judge, on her earlier decision that the issue of patent pool and abuse of dominant position by Philips, though framed as an issue in the suit, could not be decided therein, to our mind, is completely extraneous to the question of the device on which Philips could, in the present litigation, claim royalty.

167. Philips' claim to royalty would have, therefore, to fail, as (i) the suit patent was not for the entire DVD player, or all components therein, but for the PCB, or chip, contained in the DVD player, and (ii) no royalty rate, charged by Philips for licensing use of the PCB or chip *per se* was forthcoming.

VC. <u>Punitive damages</u>

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168. The impugned judgment also awards punitive damages of ₹ 5 lakhs on the ground that Rajesh Bansal was an employee of Philips. We are unable to understand how, on this sole ground, punitive damages could be awarded against the Bansals. That apart, in view of our findings earlier in this judgment, there can be no question of awarding any damages to Philips in the present suit.

G. Summarizing our conclusions:

169. We may itemize the reasons for our conclusions thus, for ease of reference:

(i) The subject matter of the suit patent is a decoding device contained in a DVD player.

(ii) The evidence of PW2 itself confirmed that the invention was contained in a chip, or PCB, and was a decoding device, and not the technology employed therein.

(iii) Protection, under Section 10(4)(c) of the Patents Act, is available only for the invention contained in the claim/claims.

(iv) The DVD Forum was the SSO which set the standards in this regard.

(v) The Bansals' contention that Philips had not been able to demonstrate the existence of the standards set by the DVD Forum, was not acceptable.

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(vi) The Bansals had also, in their written statement, acknowledged the equivalence of the suit patent with US'505 and EP'254.

(vii) However, the ECs of Proskauer Rose and Cohausz & Florack, who were the "independent expert patent evaluators" and who certified that US'505 and EP'254 were essential to the standards fixed by the DVD Forum were not reliable in evidence, as

(a) the ECs did not refer to the manner in which the US and EP patents were mapped onto the standards set by the DVD Forum, and

(b) no one, from either of these firms, was cited as a witness, and there was not even affidavit, from either of the firms, or any member thereof, vouchsafing to the correctness and credibility of the ECs.

(viii) No claim charts, mapping the claims in US'505, EP'254 or the suit patent, onto the technical features of the standards set by the DVD Forum, were forthcoming either, as required by para 95 of ***Intex.***

(ix) Philips has been unable, therefore, to prove that the suit patent was an SEP.

(x) In view of the rejection of the ECs of Proskauer Rose and Cohausz & Florack as having credible value as evidence of the fact that the suit patent was an SEP, it could not be said that the

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allegation of infringement, by the Bansals, of the suit patent, had been proved by way of indirect evidence.

(xi) Nor has Philips established the allegation of infringement of the suit patent by the Bansals by way of direct evidence, as

(a) no product-to-claim mapping exercise, of the Bansals' product vis-à-vis the claims in the suit patent, has been undertaken,

(b) Ravi Babu, whose affidavit is being relied upon, never entered the witness box, and

(c) PW-2, who claimed to have independently tested the Bansals' product vis-à-vis the claims in the suit patent, never placed, on record, the logs or any other details of the infringement analysis purportedly undertaken by him.

(xii) Philips has, therefore, failed to prove, either by direct or by indirect evidence, that the Bansals infringed the suit patent.

(xiii) Philips right to exclusivity, in the suit patent, also stands extinguished by application of the doctrine of patent right exhaustion, in terms of Section 107A(b) of the Patents Act, as the evidence during trial established that

(a) the Bansals had purchased the PCBs from Shuntak and Sheen Land,

(b) Shuntak and Sheen Land were authorized dealers of MediaTek, and

(c) Media Tek was an authorized dealer of the PCBs

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containing the invention forming subject matter of the suit patent.

The requirement of the dealer, from whom the implementer purchased the patented product, being authorized by the patentee to sell the product, moreover, no longer survived after the amendment of Section 107A(b) in 2003.

(xiv) The finding of the learned Single Judge, that the royalty rate offered by Philips was FRAND, is not supported by any evidence whatsoever. Not a single agreement, with any third party, has been placed on record, even though PW-2 deposed that he was in possession of such licences/agreements. We are unable to accept the finding, of the learned Single Judge, that the FRAND rate of royalty could be determined, at the stage of final adjudication of the suit, on the basis of the rates quoted in pre-suit negotiations.

(xv) The suit patent being for a device, which resided in a chip/PCB, which in turn was one of several parts in a DVD player, the FRAND royalty rate, and consequently the damages payable by the Bansals to Philips could not have been worked out on the basis of the entire DVD player, or on per DVD player basis.

(xvi) No punitive damages could, either, have been imposed, in the facts of the case.

H. Conclusion

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170. Resultantly, the impugned judgment dated 12 July 2018 is quashed and set aside.

171. These appeals are, accordingly, allowed with no orders as to costs.

C. HARI SHANKAR, J.

OM PRAKASH SHUKLA, J.

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