

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

Judgment reserved on March 17, 2016
Judgment delivered on April 22, 2016

+ **IA 3074/2015 in CS(OS) 3775/2014**

TELEFONAKTIEBOLAGET LM ERICSSON(PUBL)

..... Plaintiff

Through: Mr. Gopal Subhramanium,
Sr.Adv. and Ms.Pratibha M.Singh,
Sr. Adv. with Ms.Saya
Choudhary, Mr.Ashutosh Kumar,
Mr.Rohin, Mr.Aditya Jayaraj, Mr.
Devanshu Khanna, Advs.

versus

XIAOMI TECHNOLOGY & ORS

..... Defendants

Through: Mr.Amit Sibal, Sr. Adv. with
Mr.Nitin Masilamani, Mr.Aashish
Gupta, Ms.Shreya Munoth, Mr.
Namit Suri, Mr.T.A.Siddiqui,
Advs. for D-1 & 2
Mr.Kunal Tandon and Ms.Kanika
Jain, Advs. for D-3

CORAM:
HON'BLE MR. JUSTICE V.KAMESWAR RAO

V.KAMESWAR RAO, J.

IA 3074/2015 (filed by the defendant Nos. 1 & 2/applicants)

1. By this order, I shall decide the ground of concealment (amongst other grounds) taken by the applicants (the defendants Nos. 1 and 2) in their application filed under Order XXXIX Rule 4 and Section 151 CPC

seeking vacation of the interim order dated December 8, 2014 of this Court.

2. It is averred by the applicants-defendant Nos. 1 & 2 that this application has been preferred pursuant to and in terms of an order dated December 16, 2014 passed by the Division Bench of this Court in FAO (OS) 522/2014. The said appeal was filed by the applicants against the order dated December 8, 2014, whereby this Court had inter-alia, restrained the applicants directly or indirectly or through their agents, distributors etc. from manufacturing, assembling, importing, selling, offering for sale or advertising, including their and third party, websites, products (telephone instruments, mobile handsets, tablets, hand held devices, dongles etc.) including the models mentioned in para 13 of the application and any future or other devices or models that include the AMR, 3G and EDGE technology/devices/apparatus as patented by the Plaintiff in suit patents i.e. IN203034, IN203036, IN234157, IN203686, IN213723 (AMR patents), IN229632, IN240471 (3G patents) and IN241747 (Edge Patent) so as to result in infringement of the said suit patents till further orders.

3. The Division Bench while considering the appeal, has after hearing the counsel for the parties, passed a pro tem order; the relevant of which is reproduced as under:

“8. The narrative of the abovenoted facts would evince that the dispute between the parties concerning the issue of suppression would not warrant any analysis of the infringement data relied upon in the plaint. The limited area of this dispute would be : Whether the use of the chipset sourced by the appellants from Qualcomm would be in terms of the license agreement which Qualcomm has from the patentee i.e. Ericsson. This issue would simply relate to interpreting the agreement between Ericsson and Qualcomm and perhaps the agreement under which the appellants is sourcing the chipsets from Qualcomm.

9. At this stage a word of caution with respect to the intent and purport of the present order needs to be penned.

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

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

12. We are passing the pro tem order keeping in view the fact that treating the averments in the plaint to be true, the adverse effect upon the first respondent would be the finances which would otherwise flow to the coffers of the first respondent if ultimately it is found that the appellants is infringing the patent of the first respondent. The measure of the infringement would be the amount which the appellants would then have to

pay to the first respondent as per policy of the first respondent while granting licenses. It is trite that the measure of damages for infringement of a patent would be the revenue loss to the patentee which it would have got by way of royalty while granting the license.

13. Striking a balance between the right of the appellants, which even as per the plaint, is concededly in business in India since July, 2014, we dispose of the appeal directing that as a pro tem measure the appellants would be permitted to import and sell the devices containing chipsets sold to it by Qualcomm upon the following terms:

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

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

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

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

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

14. Upon the appellants filing an application before the learned single Judge under Order 39 Rule 4 of the Code of Civil Procedure, the learned Single Judge would at the first instance consider arguments concerning suppression of relevant facts as alleged by the appellants against the first respondent, and should the appellants raise other issues, the

decision thereon for purposes of an interim order would be severed. The application shall be filed by December 20, 2014 and the reply thereto shall be filed by January 03, 2015. The rejoinder would be filed before the next date of hearing before the learned Single Judge which is February 05, 2015, on which date the application shall be listed before Court and the date fixed before the learned Joint Registrar shall be cancelled.

15. Nothing said by us in appeal, in relation to the facts or Rs.100/- required to be deposited per sale of device imported would not be treated as an expression of merits of the claims of the parties or the quantification of the royalty by the Division Bench. Such facts which we have noted above are necessary to form the backdrop for the pro tem measure we have directed.

16. The appeal is disposed of in terms above without any order as to costs.”

4. From the perusal of the aforesaid order of the Division Bench, it is noted that on the filing of the application by the applicants, this Court would, at the first instance, consider arguments concerning the suppression of the relevant facts as alleged by the applicants against the plaintiff and should the applicants raise other issues, the decision thereon for the purpose of interim order would be severed. I may only state here, Mr. Sibal commencing his arguments had submitted that his submissions would primarily to highlight the suppression aspect.

5. This application has been filed by the applicants on various grounds which can be detailed as under:

(i) Concealment and suppression of material facts and documents pertaining to the licensing arrangements between the plaintiff and Qualcomm incorporated

(ii) Misleading averments pertaining to the correspondence between the plaintiff and defendants no. 1 and 2

(iii) Concealment and suppression of material facts pertaining to the declaration of essentiality of the suit patents

(iv) The suit patents are subject to challenge in multiple proceedings

(v) Third party proceedings having bearing on the adjudication of the present suit.

(vi) No irreparable injury will be caused to the plaintiff in the event the order is vacated

(vii) The balance of convenience rests in favour of the defendants no. 1 and 2 and against the plaintiff

(viii) The continuance of any interim injunction as granted by this court would defeat the object and purpose of FRAND terms

(ix) The plaintiff had approached this Court after considerable delay

(x) The alleged expert testimonies submitted by the plaintiff to establish its claim of infringement are not reliable.

6. Suffice to state, and as has been stated above, by way of this order, this Court is only considering the first ground of suppression/concealment taken by the applicants seeking vacation of the order dated December 8, 2014, as the same would be in conformity with the order of the Division Bench dated December 16, 2015.

7. The ground of suppression/concealment as averred by the applicants in the application is that the plaintiff has deliberately suppressed the existence and contents of a Multi Product License Agreement dated 01.10.2011 entered into between the Plaintiff and Qualcomm Incorporated ("Qualcomm"). Under the said Agreement, the Plaintiff had granted a license in respect of some of its patents i.e. at least patents pertaining to CDMA (3G) Applications to Qualcomm which vests in them the right to make, use, sell, and import mobile device chipsets and devices incorporating chipsets. The benefits of the said license accrue to purchasers and customers, of Qualcomm chipsets. Applicants refer to Exhibit C to the said Agreement which as per information provided by Qualcomm is the non confidential part thereof.

It is the case of the applicants and also as contended by Mr. Amit Sibal, that, Exhibit 'C' establishes that at the very least, implementation of Qualcomm chipsets for CDMA (3G) applications is a licensed use of the Plaintiffs relevant patents and cannot therefore be said to be an infringement of such patents. Despite material relevance of the Multi Product License Agreement to the present proceedings, and the reliefs sought for by the Plaintiff, the existence of said Agreement was deliberately concealed, and was not disclosed to this Court in the first instance, although the said suit patents also included patents relating to CDMA Technology. It is also averred in the application that as per the pleadings filed by the Plaintiff and the alleged test reports produced in support thereof, the Plaintiff had purportedly tested a "Redmi 1S" handset device stated to have been manufactured and sold by the Defendants No. 1 and 2. The applicants averred that the Redmi 1S handsets that are manufactured by them and are sold in India use a Qualcomm chipset, a fact that would have been evidently apparent to any expert who was conducting a technical analysis of the said mobile handset. It is further averred that the above fact is also corroborated from publicly available information including the websites of Defendants No. 1 and 2, on which reliance has interestingly been placed by the Plaintiff

itself. However, the said fact was not disclosed by the Plaintiff to this Court in the Plaint or the Application, while the ex parte ad interim order was sought. In other words, it is the case of the applicants that the (i) mobile devices incorporating Qualcomm chipsets do not infringe Plaintiffs patents at least insofar as implementation of 3G technology and standards is concerned, and (ii) the only device (manufactured by the Defendant No. 1) that has allegedly been subjected to testing by the Plaintiffs incorporates a Qualcomm chipset. It is the case of the applicants in the application that, had the plaintiff fairly disclosed this relevant and material fact, this Court would have immediately appreciated the fact that the tested device on which the plaintiff based its prima facie allegation of infringement, are all subject to the terms of licensing agreement between Ericsson and Qualcomm. It is averred that thus, the Court could have understood that the plaintiff's allegations of infringement are prima facie contradicted by their licensing policy, on which ground, the claim of alleged infringement of the plaintiff's patent was made and thus, the claim would have been rejected.

8. It is averred that there was no reference by the plaintiff on its licensing arrangement with Qualcomm or the fact that the licensing arrangement exempts all 3G related applications/implementations from the allegation of infringement. It is averred, in view of the prior

licensing arrangement between Qualcomm and the plaintiff and the applicability of the said licence to some of the defendant Nos. 1 and 2's mobile services, the plaintiff had entirely failed to demonstrate or establish a prima facie case in its favour and to that extent, the sale, import and marketing of the devices incorporating Qualcomm chipsets, would at the least, not amount to infringement by virtue of Section 107A of the Patents Act, 1971.

9. The plaintiff in its reply to the application, has taken a stand that the applicants (defendant Nos. 1 and 2) are involved in manufacturing, importing, offering for sale, advertising and selling of several devices that are AMR, 2G/EDGE and 3G such as Redmi IS, Redmi Note, Redmi etc. for which no license has been obtained by the applicants from the Plaintiff and thus the defendants are infringing the suit patents. Further, in order to support its claim of infringement representative testing of a device (Redmi IS) being imported, offered for sale, advertised, sold etc. by the applicants was conducted by the Plaintiff. All the test reports evidencing infringement along with detailed specification of various devices that are being imported by the Defendants in India have already been placed on record along with the suit.

10. On the allegation of concealment, suppression and misrepresentation, the plaintiff has averred as under:

“a) The Defendant No.1 was founded in the year 2010 in China and started manufacturing and selling mobile devices then onwards. It is pertinent to state herein that the Defendant No.1 failed to approach the Plaintiff and did not seek any license for manufacturing, selling, offering for sale etc. tele-communication devices that were compliant with various ETSI standards. Any party which relies upon the ETSI policy is also bound to adhere to the same. However, the Defendant No.1 started using the Plaintiff's patented technology prior to even seeking a license from the Plaintiff for its patented technologies;

b) The Plaintiff, after it became aware about the Defendant No.1's infringing activities approached the said Defendant in the year 2011 and in view of its FRAND commitment requested for a meeting so as to negotiate a license agreement. By doing so, the Plaintiff had established its bonafides beyond any doubt and its intention to offer a license to the Defendant No.1.

c) Thus, the Defendant No.1 was fully aware about the fact that the Plaintiff is the owner of an extensive portfolio of Standard Essential Patents related to various technologies GSM, GPRS, EDGE, WCDMA, HSPA etc. even prior to the commencement of its operations in India. However, the said Defendant refused to even initiate a dialogue with the Plaintiff in respect of an IPR license and simply chose to

infringe the Plaintiff's essential patents and expanded its operations in India as well;

d) It was only after the aforesaid ex-parte ad-interim order dated 8.12.2014 was passed in the present matter that the Defendant No.1 approached the Plaintiff and inquired about a license agreement. Pursuant to the signing of a non-disclosure agreement, the Plaintiff shared a draft Global Patent License Agreement (GPLA). with the said Defendant wherein it has been specifically stated that royalties shall be calculated after taking into consideration any existing agreement/arrangement which the Defendants may have with the Plaintiff's licensees;

e) Instead of taking the negotiations forward, the Defendant No.1, simply misused the bonafide negotiations which the Plaintiff had engaged in;

f) The Defendants with mala fide intention has colored the aforesaid clause to portray that they are no longer required to seek a license from the Plaintiff;

g) The Defendant No.1 has till date not disclosed the exact details of any exclusive or specific arrangement which it has with Qualcomm Inc. (hereinafter referred to as Qualcomm). As a result, there is no certainty about any

agreements/arrangements which the Defendants may have with any of the Plaintiff's existing licensees;

h) The Defendants have deliberately failed to disclose that their devices continue to be infringing in nature as they are multi-mode devices. Further, the scope of the suit patents extends beyond the chipset. In any event, even a 3G licence, which is yet to be established by the Defendants, does not absolve the said devices from being "infringing devices" as the said devices are not licenced for 2G and EDGE though they are 2G and EDGE compliant. This fact is also admitted by the Defendants in the Appeal filed where they clearly state as follows:

"The Appellants submit that (i) mobile devices incorporating Qualcomm chipsets do not infringe Respondent No.1's patents at least insofar as implementation of 3G technology and standards are concerned owing to Multi-Product License Agreement dated 1.10.11 between QUALCOMM Incorporated (hereinafter, "Qualcomm") and Respondent No.1 which Agreement inter alia licenses Respondent No.1's patents to Qualcomm and Qualcomm's chipsets customers at least in respect of 3G technology and standards, and (ii) the only device (manufactured by the Appellants) that has actually been subjected to

testing by Respondent No.1 includes a Qualcomm chipset that is covered by such prior licensing arrangement."

(emphasis added)

i) The Defendants have also failed to disclose that even for the same models at times different chipsets/hardware elements/components etc. are used."

11. It is also averred that the applicants cannot claim any immunity against their liability for infringement of the suit patents by merely relying upon an agreement i.e. the Multi Product Licence Agreement entered into between the plaintiff and Qualcomm inasmuch as the devices continued to be infringing in nature as they are multi mode devices that are AMR/2G/Edge complaint as well.

12. It is the case of the plaintiff in reply that the applicants had nowhere denied that the impugned devices of the applicants do not use the plaintiff's patented inventions as disclosed and claimed in the suit patents. The plaintiff has denied that the agreement between the plaintiff and Qualcomm renders the applicants devices non-infringing in nature. It is the case of the plaintiff that it is only after the filing of the suit and passing of the order dated December 8, 2014 that the defendant No. 1 approached the plaintiff for the first time and enquired about a licence agreement qua the plaintiff's essential patents related to different

technologies like 2G, Edge, 3G and LTE etc. It is averred by the plaintiff that, Plaintiff with bona fide intention entered into a non-disclosure agreement with the applicant No.1 and thereafter shared its draft Global Patent License Agreement wherein it has been specifically stated that the royalty liable to be paid shall be calculated depending on any existing agreements/arrangement that the prospective licensee may have with the Plaintiff's existing licensee. Thus, the present application has been filed by the Defendants with mala fide intentions as a complete after-thought despite being well aware about the aforesaid clause. It is also stated that the aforesaid agreement between Qualcomm and the Plaintiff does not authorize the Defendants to import and sell their devices without the Plaintiff's license/authorization in respect of its portfolio for Standard Essential Patents which include amongst other the suit patents as the said agreement between the Plaintiff and Qualcomm is limited in scope and does not provide complete immunity to the Defendants against their liability of infringement of the suit patents. It is further averred by the plaintiff that the agreement between the plaintiff and Qualcomm is a conditional agreement limited in scope and this cannot be interpreted to mean that the plaintiff has exhausted its rights in all suit patents against the defendants. It is averred, in fact, if and when there are any arrangements, which prospective licensees may have, the same are given

due consideration under the standard GPLA of the Plaintiff. But for such a situation to arise, the Defendants ought to have negotiated with the Plaintiff which they grossly failed to do. The plaintiff has denied the interpretation given to Ex. 'C' by the applicants as incorrect.

13. Mr. Amit Sibal, learned Senior Counsel for the applicants apart from reiterating the stand of the applicants in the application, would submit that it is a well settled principle of law that a party who approaches the Court for grant of a discretionary relief, has to come with clean hands by disclosing all facts that have a bearing on the injunction as also the litigation. The duty is further heightened at the ex-parte stage when the plaintiff has to exercise utmost good faith. According to him, the people, who approaches the Court for relief on an ex-parte statement, are under a Contract with the Court that they would state the whole case fully and fairly to the Court. The person who has broken such a faith is not entitled to any discretionary relief. Further he states, the stand of the plaintiff that non disclosure or merely an oversight as the facts were not material is irrelevant inasmuch as it is not for the litigant to decide, what fact is material for the adjudication of the case and what is not. He also states, where the plaintiff has suppressed facts from the Court, it amounts to misleading the Court and ex-parte injunction is liable to be vacated.

14. He would state, the material suppression by the plaintiff includes;

(i) the Multi Product License dated October 1, 2011 with Qualcomm, licensing use of its patent portfolio to Qualcomm, which extends to the Qualcomm customers as well; (ii) under the portions of the Multi Product License Agreement, the Qualcomm and its customers are licensed in respect of plaintiff's patent claims for all CDMA applications; (iii) at the time of filing of the plaint, applicants were retailing four devices in India, three of which incorporated Qualcomm chipsets, the plaintiff was aware of this fact from the product's specification placed on record.

15. In presenting evidence, the plaintiff had tested only one device being Redmi 1S, which operates on a Qualcomm chipset and in adducing evidence of infringement of such devices, the plaintiff was under a duty to inform the Court that the said chipsets and devices are covered by Multi Product License Agreement granted by plaintiff to Qualcomm.

16. It is the submission of Mr. Sibal, for the Court to determine the product that incorporates a Qualcomm chipset infringes any of the plaintiff patents either at interim stage or on merits, need to apply the following:-

(i) Consider the plaintiff and Qualcomm Multi Product License Agreement to ascertain the scope of terms of CDMA applications and non CDMA air interface;

- (ii) Consider each suit patent which is allegedly infringed by the Qualcomm chipset and determine whether the claim of the said patent recite a CDMA application or a non CDMA interface;
- (iii) If all the asserted patent claims relate to one or more CDMA applications, the device is not infringing;
- (iv) If (i) the patent claim recites or relates to a non CDMA interface and (ii) the allegedly infringing product includes all elements of such patent claims then only the product is infringing patent.

17. Mr. Sibal would contest the stand taken on behalf of the plaintiff during the oral submissions that the applicants discovered the existence of the Multi Product License Agreement by virtue of the draft global patent license agreement that was shared with the applicants by the plaintiff on December 13, 2014 and also state, the stand of the plaintiff that the applicants' devices are multi mode devices and therefore, implement GSM, EDGE and 3G Communication Standard and the License Agreement, does not exempt the applicants devices from the plaintiff's allegation of infringement as untenable. He states, even the stand that the plaintiff was not aware whether the devices manufactured by the plaintiff contain a Qualcomm chip is also untenable. Mr. Sibal, would rely upon the following judgments in support of his contention:-

(i) 2010 14 SCC 38 Ramjas Foundation vs. Union of India;

(ii) 2013 2 SCC 398 Kishore Samrite vs. State of U.P.;

(iii) 155 (2008) DLT 56 Warner Brothers Entertainment Inc and another vs. Harinder Kohli and others;

(iv) 2013 11 SCC 531 Bhaskar Laxman Jadhav vs. Karamvir Kaka Saheb Wagh Education Society;

(v) 1994 1 SCC 1 S.P Chengalvaraya Naidu vs. Jagannath;

(vi) 1998 (44) DRJ 109 (DB) Satish Khosla vs. Eli Lilly Ranbaxy Ltd.

(vii) S.K. Sachdeva and another vs. Shri Educare Ltd. and another judgment dated January 25, 2016 passed in FAO(OS) 531/2014;

(viii) 2002 (25) PTC 243 Delhi Smith Client Beecham Consumer Health Care GMBH and others vs. G.D. Rathore and others;

18. On the other hand, Mr. Gopal Subramaniam, learned Senior Counsel for the plaintiff would submit, that what has been argued on behalf of the applicants during the course of the oral arguments is completely different to the averments made in its pleadings before this Court as well as the Division Bench. He would state, that the applicants had admitted that the Multi Product License Agreement between the plaintiff and Qualcomm does not cover all the suit patents. However, during the course of the oral arguments, it has been vehemently contended on behalf of the applicants that the said agreement covers all the suit patents and thus, the applicants are immune from any charge of

infringement of suit patents. He also makes a reference to the averments made by the applicants in the appeal before the Division Bench. He would state, the applicants clearly understood the import and scope of the Multi Product License Agreement and is aware of the fact that despite the aforesaid Agreement, applicants Qualcomm enable products continued to be infringing in nature for AMR (2G) and EDGE patents. In the absence of License Agreement from the plaintiff, the applicants are selling all its devices illegally in India, in violation of the provisions of the Patents Act.

19. It is his submission that the plaintiff's agreement with Qualcomm is immaterial and irrelevant for the adjudication of the present dispute. That apart, he would state, that the applicants have failed to even disclose or admit as to whether or not it has any exclusive license with Qualcomm as a result of which it would be known and evident to everyone that non Qualcomm enable devices are not sold by the applicants.

20. Insofar as Ex.'C' is concerned, it is his submission that the same does not suggest, in any manner that merely because of license agreement between plaintiff and Qualcomm, the applicants are not liable for infringement of the suit patents. Further, the interpretations sought to be given by the applicants to the Ex.'C' is incorrect as the suit patents do

not pertain solely to CDMA but multiple technologies like AMR (2G)/EDGE are involved as well. In other words, its devices continued to be infringing in nature as they are multi mode devices that are AMR (2G)/EDGE compliant as well. He has drawn my attention to email dated January 30, 2015 sent by the President of Qualcomm to contend that the same shows that the Qualcomm agreement does not provide immunity to the applicants against its liability of infringement of the suit patents. He also states, that the applicants reference of license used of plaintiff patented technologies is a categorical admission that they are indeed using the plaintiff's technologies and thus, the onus is on the applicants to establish as to how its use of such technologies is completely licensed.

21. It is stated on behalf of the plaintiff (i) the applicants phones are infringing and the same is evident from the testing done by the plaintiff of 2G and EDGE patents; (ii) the applicants had admitted that Qualcomm chipsets are not licensed of 2G and EDGE technologies and thus, the applicants are still liable to be enjoined from selling its phones for its blatant infringement of the plaintiff's 2G and EDGE patents. Therefore, the agreement is not material for consideration by the Court for purposes of deciding whether or not to grant injunction against the applicants.

22. That apart, Mr. Subramaniam has also made submissions with

respect to the plaintiff's effort to offer a Frand license to the applicant and also the applicant's unlawful and illegal conduct during the pendency of the suit proceedings. Reliance has been placed by the plaintiff on the following judgments:-

(i) (2011) 177 DLT 686 Anita v. Bijendra Singh;

(ii) Arunbala Sethi vs. State of Orrisa Manu/OR/0616/2015;

(iii) Indiabulls Housing vs. Surya Chakra Power AIR 2015 (NOC 1261) 451;

(iv) Allied Blenders & Distillers vs. Sentino Bio Products (2014) 213 DLT 464.

23. Having heard the learned counsel for the parties, to ascertain any concealment by the plaintiff, it is necessary to note the averments made in the plaint. It is noticed, the case of the plaintiff is that the suit patents corresponds to ETSI standards and thus, are essential patents, any device incorporates the features of AMR, EDGE or 3G automatically infringe upon the plaintiff's suit patents. Therefore, any entity which is importing, making, selling, offering for sale etc any devices that comply with 3G standards and/or 2G and EDGE standards ought to necessarily obtain a license from the plaintiff. It is noted that the plaint makes no reference to the plaintiff's agreement with the Qualcomm. The contention that the plaintiff's agreement is not material for the relief

sought in the plaint, is not tenable, as the plaintiff was aware of the applicant's using Qualcomm chipsets, as is clear from the documents filed by the plaintiff. It is one thing to say that the plaintiff was not aware the applicants are using Qualcomm chipsets, hence no reference to the agreement was made. But another thing, that being aware still no reference to the agreement was made. Further, I note, Ex. 'C' to the agreement dated 1.10.2011 at least stipulates Qualcomm chipsets are licensed in respect of the plaintiff's patent to the extent that such a patent is relevant to CDMA applications. Even though, Mr. Sibal had argued that the plaintiff had granted to the Qualcomm license to manufacture and sell products that are multi mode for CDMA applications, I say nothing on that, for the reason, the stand of the applicant in the appeal/application on the plea of concealment was confining to license to CDMA applications only and not to other applications. Mr. Subramaniam is right in his submission that attempt is being made to enlarge the scope of agreement to cover all the eight suit patents. In this regard the averments made by the applicants in the appeal, which I reproduce as under, becomes relevant.

“Averments made by Xiaomi in its appeal

“.....The appellants submit that (i) mobile devices incorporating Qualcomm chipsets do not infringe

Respondent No.1's patents at least insofar as implementation of 3G technology and standards are concerned owing to Multi-Product License Agreement dated 1.10.11 between QUALCOMM Incorporated (hereinafter, "Qualcomm") and Respondent No.1 which Agreement inter alia licenses Respondent No.1's patents to Qualcomm and Qualcomm's chipsets customers at least in respect of 3G technology and standards....." (emphasis added)

Averments made by Xiaomi in its aforesaid application

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.....

.....Under the said Agreement, the Plaintiff had granted a license in respect of some its patents, i.e at least patents pertaining to CDMA Applications to Qualcomm which vests in them the right to make, use, sell and import mobile device chipsets and devices incorporating chipsets."

24. The aforesaid position is also clear from the averments made in this application under "A" with heading concealment and suppression of material facts and documents pertaining to the licensing arrangements between the plaintiff and Qualcomm incorporated.

"I. The Plaintiff has deliberately suppressed the existence and contents of a Multi Product License Agreement dated 01.10.2011 entered into between the Plaintiff and Qualcomm Incorporated (hereinafter, "Qualcomm"). Under the said

Agreement, the Plaintiff had granted a license in respect of some of its patents i.e. at least patents pertaining to CDMA Applications to Qualcomm which vests in them the right to make, use, sell and import mobile device chipsets and devices incorporating chipsets. The benefits of the said license accrue to purchasers and customers of Qualcomm chipsets (since he purchased Qualcomm chipsets are covered by the said license). Defendants No. 1 and 2 refer to Exhibit C to the said Agreement which as per information provided by Qualcomm is the non-confidential part thereof. The said Exhibit C establishes that at the very least, implementation of Qualcomm chipsets for CDMA (3G) applications is a licensed use of the Plaintiffs relevant patents and cannot therefore be said to be an infringement of such patents.

II. However, the said facts were not disclosed by the Plaintiff before this Hon'ble Court in the first instance although the Suit Patents also included patents relating to CDMA technology.

III. It is respectfully submitted that since the license arrangement between the Plaintiff and Qualcomm was confidential, the Defendants No. 1 and 2 sent an email to Qualcomm on 14.12.2014, requesting confirmation that in view of the aforesaid agreement mobile handsets and devices that incorporating Qualcomm chipsets do not infringe Plaintiffs patents. Two responses dated 14.12.2014 and 15.12.2014 were received from Qualcomm confirming that in view of the aforesaid agreement, devices incorporating Qualcomm chipsets would, at the very least, not infringe the Plaintiffs patents insofar as the said devices implement 3G technology or standards. The true copies of the correspondence between Defendants No. 1 and 2 and Qualcomm are annexed hereto and marked as Annexure A-2 (Colly).

IV. It is further pertinent to note that as per the pleadings filed by the Plaintiff and the alleged test reports produced in support thereof, the Plaintiff had purportedly tested a "Redmi 1S" handset device stated to have been manufactured and sold by the Defendants No. 1 and 2. The Defendants No. 1 and 2 respectfully submit that the Redmi 1S handsets that are manufactured by them and are sold in India use a Qualcomm chipset, a fact that would have been evidently apparent to any expert who was conducting a technical analysis of the said, mobile handset. The above fact is also corroborated from publicly available information including the websites of Defendants No. 1 and 2, on which reliance has interestingly been placed by the Plaintiff itself. However, the said fact was not disclosed by the Plaintiff to this Hon'ble Court while the ex-parte ad interim order was sought.

V. In view of the foregoing, it is evident that (i) mobile devices incorporating Qualcomm chipsets do not infringe Plaintiffs patents at least insofar as implementation of 3G technology and standards is concerned, and (ii) the only device (manufactured by the Defendants) that has allegedly been subjected to testing by the Plaintiffs incorporates a Qualcomm chipset. It is respectfully submitted that had the Plaintiff fairly disclosed this relevant and material fact, this Hon'ble Court would have immediately appreciated the fact that the tested device on which the Plaintiff based its prima facie allegations of infringement (and also the Defendants other devices which use Qualcomm chipsets) are all subject to the terms of the licensing arrangement between Ericsson and Qualcomm. The Hon'ble Court would have accordingly understood that the Plaintiff's allegations of infringement are prima facie contradicted by their own prior licensing arrangements, on which ground the claim of alleged infringement of the Plaintiffs patents

even on a prima facie basis would have been rejected.

VI. The unfairness of the Plaintiffs strategy is apparent from the fact that despite being aware that the allegedly tested device (and in fact the entire Redmi 1S series sold in India) included a Qualcomm chipset, the Plaintiff makes no mention of its licensing arrangement with Qualcomm, or the fact that this licensing arrangement exempts all 3G related applications/implementations from allegations of infringement. It is the respectful submission of the Defendants No. 1 and 2 that had this Hon'ble Court been informed about the same, it would have been immediately apparent that (i) the allegedly tested device was operating under a license from the Plaintiff (through Qualcomm) and (ii) further technical and expert investigations are required to determine the scope of the said license and to judicially examine and ascertain the scope of the asserted patents and whether any operation or implementation of the Qualcomm chipset by the Defendants No. 1 and 2 could be said to extend beyond the scope of this license.

VII. In view of the prior licensing an-arrangement between Qualcomm and the Plaintiff and applicability of the said license to some of the Defendants No. 1 and 2's mobile devices (including the device allegedly subjected by the Plaintiff to testing and infringement analysis), the Plaintiff has entirely failed to demonstrate or establish a prima facie case in its favor. Moreover, by deliberately concealing the existence of the said prior licensing arrangement and its applicability to the tested mobile handset, the Plaintiff has acted malafide and approached this Hon'ble Court with unclean hands. Accordingly, the Plaintiff has clearly disentitled itself from the continuance of the Order.

VIII. Further and without prejudice to the foregoing, it is respectfully submitted that to that extent, the sale, import and marketing of the devices incorporating Qualcomm chipsets would, at the very least, not amount to infringement by virtue of Section 107A of the Patents Act, 1970 ("Patents Act").”

Hence, in this order, this Court confine itself to the effect of non disclosure of the agreement on the two patents related to CDMA applications.

25. Insofar as the plea of Mr.Subramaniam by placing reliance on the emails dated January 30, 2015 exchanged between the plaintiff and Qualcomm is concerned, the Qualcomm has confirmed the following:-

“Neither Xiaomi nor Qualcomm are licensed for GSM or EDGE applications under the Qualcomm-Ericsson agreement. The license therefore does not cover the 8 patents in Ericsson’s Indian patent litigation against Xiaomi for GSM or EDGE applications. Furthermore, Qualcomm does not have the right to provide any rights under any Ericsson patents to Xiaomi’s products using non-Qualcomm chipsets (such as Mediatek chipset).”

26. Unfortunately, none of the parties have produced their respective agreements on record despite the Division Bench observing, while framing a question on the limited area of dispute, that the same would relate to interpreting the agreement between the plaintiff and Qualcomm

and perhaps the agreement under which the applicants are sourcing the chipsets from Qualcomm. I note instead of filing the agreement attempt of the plaintiff is to rely on e-mails between the parties delineating the scope of agreement. The e-mails are dated 30th January, 2015 which is subsequent to interim order dated 08th December, 2014 of this Court; order dated 16th December, 2014 of the Division Bench and also to the filing of the application. The e-mails refer to the fact that neither the applicants nor Qualcomm are licensed for GSM or EDGE. The e-mails do not refer to CDMA applications. In any case the stand of the plaintiff that the applicants cannot claim any immunity against its liability for infringement of the suit patents by relying on the agreement, in as much as its devices continue to be infringing in nature as they are multi mode devices that are AMR/2G/EDGE complaint as well could be proved had the plaintiff placed the same on record. The agreement would have been conclusive. The onus was more on the plaintiff to place on record the agreement dated 1.10.2011 as it was its case that the applicants are infringing the eight patents and sought an ad interim ex-parte order. So the contention on behalf of the plaintiff that its agreement with Qualcomm is immaterial and irrelevant for the grant of the ad interim ex-parte order with regard to CDMA applications needs to be rejected. Having held so, the law being well settled in terms of the judgments

relied upon by Mr. Sibal, it is clear that a party seeking an ex-parte order, has a heightened duty to disclose all the material, which is relevant for the purpose of the ex-parte injunction sought by it. The ground of concealment as urged by the applicants needs to be accepted to the extent of the two patents relating to CDMA applications. Accordingly, the interim order dated December 8, 2014 in so far as it relates to two patents IN229632, IN240471 (3G patents) is vacated. List this application for consideration of other grounds (ii) to (x) of para 5 along with applications IA 25545/2015, IA 24580/2014, CCP (O) 11/2015 on July 11, 2016.

(V.KAMESWAR RAO)
JUDGE

APRIL 22, 2016

akb