Delhi High Court
Telefonaktiebolaget Lm Ericsson ... vs Mercury Electronics & Anr. on 6 December, 2013
Author: S. Muralidhar

IN THE HIGH COURT OF DELHI AT NEW DELHI

CS (OS) No. 442 of 2013

Reserved on: October 29, 2013
Decision on: December 6, 2013

TELEFONAKTIEBOLAGET LM ERICSSON
(PUBL) .... Plaintiff
Through: Mr. T.R. Andhyarujina, Mr. C.S. Vaidyanathan and Mr. Neeraj Kishan Kaul, Senior Advocates with Ms. Pratibha M. Singh, Ms. Saya Choudhary Kapur, Ms. Archana Sahdeva, Mr. Ashutosh Kumar and Mr. Prashant Kumar, Advocates.

versus

MERCURY ELECTRONICS & ANR ..... Defendants
Through: Mr. Amit Sibal with Mr. Sunil Dalal, Mr. A.J. Sai Deepak, Mr. Maanav Kumar, Mr. Aditya Kutty, Mr. Rajiv Choudhary, Advocate for D-2.

CORAM: JUSTICE S. MURALIDHAR

ORDER

06.12.2013 IA No. 15542 of 2013 (u/S 151 CPC)

1. This is an application under Section 151 of the Code of Civil Procedure 1908 ('CPC') filed by the Plaintiff, Telefonaktiebolaget LM Ericsson (Publ) ['Ericsson'], seeking permission to file affidavits of Mr. Harish Sharma and Mr. Max Olofsson along with the claim chart mapping in a sealed envelope. The further prayers are that the said affidavits and the claim chart mapping should be kept in a safe custody and to only permit joint inspection of the documents by the parties and their counsel.

2. The background to this application is that the aforementioned suit has been filed by Ericsson against Mercury Electronics (Defendant No. 1) ('Mercury') and Micromax Informatics Limited (Defendant No. 2) ('Micromax') seeking permanent injunction to restrain the Defendants from manufacturing, importing, selling, offering for sale, advertising products which include telephone instruments, mobile handsets, tablets, handheld devices etc. as well as the models mentioned in Annexure A to the plaint and any future or other devices or models, which include the Adaptive Multi-Rate ('AMR'), 3G and EDGE technology/devices/ apparatus as patented by Ericsson in the suit patents so as to result in infringement of the said suit patents. Ericsson has also prayed for a decree of damages in the sum of Rs. 100 crores against Micromax and a direction to Micromax to render sales accounts for the years 2008-2012 for the mobile devices (Handsets, tablets etc.) that

incorporated the Plaintiff's patented technology. Ericsson further seeks delivery up of infringing components/elements etc. from Mercury and Micromax.

3. Ericsson states that it is the owner of a huge portfolio of patents especially in 2G and 3G technologies and this has led to compatibility and uniformity of standards across the world. Ericsson claims that there are more than 100 licensees who pay royalty for the use of its patents. As per the Ericsson's assessment, it holds 1/3rd of the patents essential for 2G technology (standards) and 25% of the patents essential for 3G technology (standards).

4. As far as the present suit is concerned, Ericsson is seeking permanent injunction to restrain Mercury and Micromax from infringing the following Indian patents owned by it:

* AMR Patents:

  - IN203034
  - IN203036
  - IN234157
  - IN203686
  - IN213723

* 3G Patents:
  - IN229632
  - IN240471

* EDGE Patent:
  - IN241747

5. Para 17 of the plaint contains the titles of the AMR patents, 3G patents and EDGE patents. Para 18 of the plaint states that all the suit patents are essential patents as they correspond to the standards issued by the European Telecommunications Standards Institute ('ETSI') related to 2G and 3G technologies. It is stated that the Department of Telecommunications ('DoT') has recognized ETSI standards as approved for GSM, WCDMA/UMTS network and equipment providers. Ericsson refers to the clauses of the Unified Access Services Licence ('UASL') agreement, which every telecom service providers enters into with the DoT, which mandate that the subscriber terminals employed in the network shall be of a type/model certified by an internationally accredited agency which includes ETSI and that only such category of a subscriber unit as has been granted such a certificate shall be brought into and operated within India under the Agreement. In para 19, a reference has been made to a letter dated 3rd October 2008 issued by the Wireless Planning & Coordination Wing, Ministry of Communication & Information Technology, DoT which has also adopted ETSI and other international standards for GSM/WCDMA network equipment. Consequently, mobile devices like handsets, tablets etc., which are imported into India, require to be compliant with standards issued by ETSI and other internationally accredited agencies. The relevant portion of the letter states as under:

> "I am directed to state that while issuing import license in respect of GSM/CDMA network equipment, Clause 2.2
>
> (d) (i) of UASL Agreement shall be applicable which states that equipments should meet the relevant International Telecommunication Union (ITU)/Telecommunication Engineering Center (TEC)/International Standardization bodies such as 3GPP/3GPP2/ETSI/ IETF/ANSI/ EIA/ TIA/IS."

6. Para 20 of the plaint sets out, 'by way of illustration alone', some of the ETSI standards that correspond to the suit patents. In the 'remarks' column, the function of each of the patents is explained. The Note appended thereto reads thus:

> "Note: Technical specifications are worked out by 3GPP and the same are adopted as standards by ETSI. Further, all the suit patents have been declared by the Plaintiff to ETSI and are also stored in ETSI's database. As the aforesaid standards are extremely bulky in volume (some of them run into 300+ pages), thus copies of them are not being filed, however, they are easily accessible online from www.etsi.org.)"

7. In para 21 of the plaint, it is stated that Mercury and Micromax are importing, assembling, marketing, selling, offering for sale etc., various devices (mobile handsets, tablets etc.) which are compliant with the aforesaid ETSI standards thereby infringing the Ericsson's patents without obtaining any licence. In para 22 of the plaint, it is stated that Ericsson commenced negotiations with Micromax and offered licences on reasonable terms as per Ericsson's commitment to Fair, Reasonable and Non-discriminatory (FRAND) licence standards. It is stated that Micromax has, however, avoided paying any licence fee.

8. Para 23 of the plaint sets out the details of various suit patents in a tabular form. It has six columns. Column No. 1 sets out the serial number, Column No. 2 sets out application and patent number, Column No. 3 the patent title, Column No. 4 the date of filing of the patent application, Column No. 5 the date of grant of patent and Column No. 6 the date of its expiry. These details are followed by another table setting out a detailed 'discussion and analysis' of the suit patents and their claims.

9. In para 24 of the plaint, it is stated that Micromax is one of the largest sellers of mobile phones in India and sells several devices (mobile handsets, tablets etc.) which are changed/upgraded on a regular basis by introducing new models. It is stated that Mercury has been selling the products of Micromax inter alia within the territorial jurisdiction of this Court. In para 25 of the plaint, it is averred that a large number of mobile devices/ phones sold by Mercury and Micromax in the past (and which they continue to sell) have incorporated Ericsson's patented technology/ apparatus pertaining to AMR, 3G and EDGE technology.

10. In para 26 of the plaint, in a tabular form, the results of the test report as generated by Sasken Communication Technologies Limited ('Sasken') to which the Micromax's mobile models were sent for testing have been set out. Paras 27 and 28 set out, in detail, which kind of tests were conducted.

It was concluded that the Micromax models infringed the suit patents. Paras 29 to 33 of the plaint set out the correspondence and negotiations which took place between Ericsson and Micromax. It is stated that Micromax was informed that it was infringing the suit patents and was asked to obtain licences under FRAND terms.

11. While directing issuance of summons in the suit and notice in the application, IA No. 3825 of 2013 under Order XXXIX Rules 1 & 2 CPC, the Court passed an interim order directing that "the Custom Authorities are directed that as and when any consignment is imported by Defendant No. 2, intimation thereof shall be given to the Plaintiff and objections, if any, of the Plaintiff thereto shall be decided under Intellectual Property Rights (Imported Goods) Enforcement Rules, 2007 till further orders."

12. Immediately thereafter, upon service of summons, Defendant No. 1 filed IA No. 4694 of 2013 under Order XXXIX Rule 4 CPC in which the an agreed 'interim arrangement' was put in place by the order dated 19th March 2013. Inter alia, it was agreed that Micromax/Customs would intimate Ericsson's notified person whenever a consignment arrived and Ericsson's representative would, within twenty-four hours take inspection of the consignment. Pending final determination of royalties payable by the parties, Micromax agreed to make interim payments as per the term sheet enclosed with letter dated 5th November 2012 for different types of phones/devices. Micromax undertook to deposit the interim payments in Court within five working days of the intimation by the Customs of the arrival of the consignment. Post inspection, Ericsson would forthwith inform the Customs that it had no objection to the release of the consignment so that the consignment could immediately be handed over to Micromax. The said interim arrangement has continued since.

13. Against the order dated 6th March 2013, Mircromax filed FAO (OS) No. 143 of 2013 which was disposed of by the Division Bench on 12th March 2013 clarifying that "the impugned order would not be read by the Custom Authorities as an opinion prima facie in favour of either party." It was further observed that "the impugned order would require the Custom Authorities to exercise statutory discretion as envisaged by the Intellectual Properties Rights (Imported Goods) Enforcement Rules, 2007." Thereafter the parties unsuccessfully attempted settlement through mediation.

14. The present application has been filed by Ericsson in the above background seeking the reliefs already noticed. At the outset, the Court would like to consider the prayer to permit Ericsson to place on record the affidavit of Mr. Harish Sharma. Admittedly this deals with what has transpired during the mediation proceedings. The Court cannot permit a party to a mediation to bring on record what transpired during the mediation proceedings. Rule 20 (c) of the Mediation and Conciliation Rules 2004 requires the parties to mediation proceedings to maintain strict confidentiality. The Supreme Court in Moti Ram (D) Through LRs v. Ashok Kumar (2011) 1 SCC 466 held that unlike proceedings in Court, mediation proceedings are meant to be confidential and disclosure of the happenings in mediation proceedings would destroy the confidentiality of the mediation process.

15. Ericsson states that the affidavit of Mr. Harish Sharma was necessitated "due to the allegations made by Micromax that the mediation proceedings failed due to Ericsson's conduct." The Court makes it clear that any such allegation, if made by Micromax, will not be taken note of and will stand expunged. Accordingly the first prayer in this application is rejected. The affidavit of Mr. Harish Sharma will be removed from the record.

16. The second prayer is for permission to tender the affidavit of Mr. Max Olofsson. Para 3 of the application explains its contents as under:

> "3. Furthermore, an exemplary and illustrative claim chart mapping, correlating the claims of suit patents with the relevant standards of ETSI, is being filled along with the affidavit of Mr. Max Olofsson. It is submitted that the details of these standards and the matching patents are already contained in the plaint. The present chart is meant to merely reiterate the essentiality of the suit patents. It is most respectfully submitted that the aforesaid mapping chart is extremely technical in nature and has been provided by Ericsson's technical team and contains information which is confidential in nature."

17. Mr. Amit Sibal, learned counsel for Micromax raised serious objection to the Court entertaining the above request. According to him, Ericsson has failed to construe each of the suit patent claims in the body of the plaint itself. He submits that in a suit for infringement of patents, it was mandatory for the Plaintiff to set out, in detail, the claims under the patents as well as explain whether the patent covered a particular component/element/device/method etc. corresponding to a technical specification for a technology that forms a part of a standard. In other words, it was necessary for the Plaintiff to show that the suit patent was an essential patent for such standard. According to him, merely describing the function of each patent, as has been done in para 20 of the plaint, is insufficient. He stated that the plaint only described the net result that could be achieved by deploying the suit patents and not how that result was achieved.

18. Mr. Sibal submitted that unless Ericsson explained in the plaint how the ETSI standard was achieved by using the suit patents, it was not possible for Micromax to know whether in fact its mobile handsets infringed the suit patents. Mr. Sibal submitted that the attempt to bring on record the affidavit of Mr. Olofsson ought not to be permitted. It would amount to indirectly permitting the plaint to be amended to make good an obvious defect. He submitted that Court should consider Ericsson's prayer for interim injunction only on the basis of the existing pleadings without taking into account the affidavit of Mr. Olofsson. He relied on the decisions in Rajveer Food Marketing (I) Pvt. Ltd. v. Amrit Banaspati Company Ltd. 2010 (42) PTC 147 (Del.) (DB), Lallubhai Chakubhai v. Chimanlal Chunilal AIR 1936 Bombay 99, Rodi & Wienenberger A.G. v. Henry Showell Ltd. [1969] RPC 367, Marsden v. Albrecht and Albrecht (The Illustrated Official Journal (Patents)

785) and The Read Corporation and F.T. Read & Sons, Inc. v. Portec, Inc. 970 F.2d 816.

19. Before considering the above submissions, the law as explained in some of the decisions of Courts abroad and our courts may be briefly noticed. In Marsden v. Albrecht and Albrecht, the Court

of the Appeal in England required the trial court to examine whether "the Plaintiff has sufficiently identified the acts done by the Defendants which, he says, constitute an infringement of his process." In The Read Corporation and F.T. Read & Sons, Inc. v. Portec Inc. the United States Court of Appeals explained that "the determination of infringement is a two-step process. First, the language of the claim must be interpreted. Second, the accused device must be compared to the claim language as interpreted." In Rodi & Wienenberger A.G. v. Henry Showell Limited the House of Lords explained that a Court, when approached by a patent holder alleging infringement of its patent, had to "construe the specification and claim." It had to determine whether the alleged infringer had taken "all the essential features or only some"

20. Turning to the decision of the Indian courts, in Lallubhai Chakubhai Jariwala v. Chimanlal Chunilal and Co., the Bombay High Court held that it was necessary for a Plaintiff "to give the particulars of the breaches constituting the alleged infringement of his patent rights". In Rajveer Food Marketing (I) Pvt. Ltd. v. Amrit Banaspati Company Ltd it was emphasised at the stage of grant of interim injunction the Court had to proceed only on the basis of the pleadings that existed at the time of the grant of the ad interim ex parte injunction and not on the basis of subsequent pleadings sought to be inserted by a Plaintiff by way of amendment. In sum, the law explained in the above decisions is that the plaint itself must set out with sufficient clarity the specifications and the claims under the suit patent, the results they seek to achieve and in what manner the defendants have infringed the suit patents.

21. The question that arises in the present case is whether Ericsson's plaint, when read along with the documents filed with the plaint, satisfies this requirement. If it does, even without the affidavit of Mr. Olofsson, then that document is only making explicit what is already on record. As already noticed, paras 20 and 23 of the plaint set out the specifications and the claims under each of the suit patents and an analysis of each of them. Para 23 also explains what the claims under each of the suit patents seek to achieve. As regards the plea that the plaint must also describe in sufficient detail 'how' the standard is achieved using the suit patents, Mr. Andhyarujina, learned Senior counsel for Ericsson pointed out that the documents filed with the plaint contained the necessary details and that the claim chart mapping was prepared from the material already on record. Ericsson was, therefore, not seeking to bring on record any new details. Para 26 of the plaint explains in sufficient detail how the allegedly infringing devices of Micromax were tested. The test results for each such device have also been set out.

22. In order to determine whether Ericsson has shown 'how' the standard could be achieved using the suit patents and in what manner Micromax has infringed the suit patents, not only the plaint but also the documents filed with the have to be examined. There may be a large volume of documents and it may not make it practicable to set out all the details contained therein in the plaint itself. As explained by the Supreme Court in Liverpool & London S.P. & I Asson. v. M.V. Sea Success I (2004) 9 SCC 512 it is not only the plaint but the documents filed with it that have to be examined to determine what the Plaintiff's case is.

23. The affidavit of Mr. Olofsson that is sought to be filed encloses the claim chart mapping which purportedly enables Micromax to know the manner in which the standards can be achieved using

the suit patents, and correspondingly the manner in which the suit patents have been infringed by the Micromax products. Ericsson claims that the claim chart mapping is an analysis of the material contained in the documents filed with the plaint. It must be noted that although the affidavits of Mr. Harish Sharma and Mr. Olofsson have been filed in the Court in a sealed cover, copies thereof have been provided to Mercury and Micromax. They are, therefore, aware of the contents of both affidavits. It was not suggested by Mr. Sibal that the claim chart mapping was not substantiated by the documents already filed by Ericsson.

24. It is, therefore, not possible to accept the contention that the plaint, read with the documents filed with it, do not meet the requirement of Ericsson having to construe the claims under the suit patents. The affidavit of Mr. Olofsson does not seek to bring on record details that cannot be otherwise culled out from the documents already on record.

25. Accordingly, Ericsson is permitted to file the affidavit of Mr. Olofsson along with the claim chart mapping in a sealed cover. The said affidavit and the enclosed claim chart mapping will be kept in safe custody. Joint inspection of the said affidavit and the documents enclosed are permitted only to the parties and their counsel.

26. It is clarified that nothing in this order will be construed as an expression by the Court of an opinion on the merits of the contentions of either of the parties. Further, the right of Mercury and Micromax to challenge the veracity of the affidavit of Mr. Olofsson or the claim chart mapping enclosed therewith at the appropriate stage of the suit is reserved.

27. The application is disposed of in the above terms.

S. MURALIDHAR, J DECEMBER 6, 2013 Rk