Delhi High Court
Telefonktiebolaget Lm Ericsson ... vs Lava International Ltd on 1 March, 2016
Author: Manmohan Singh

* IN THE HIGH COURT OF DELHI AT NEW DELHI

% Judgment reserved on: 26th February, 2016
Judgment pronounced on: 1st March, 2016

+ I.A. No.2192/2016 in CS(OS) 764/2015

TELEFONKTIEBOLAGET LM ERICSSON(PUBL) ..... Plaintiff
Through Mr.C.S.Vaidyanathan with Ms. Pratibha M. Singh, Sr. Advocates with Mr.Chander Lall, Mr.Ashutosh Kumar, Ms.Saya Chaudhary, Mr.Adithya Jayaraj, Mr.Robin Koolwal & Ms.Sutapa Jana, Advs.
versus

LAVA INTERNATIONAL LTD ..... Defendant
Through Mr.Amarjit S. Chandiok, Sr. Adv. with Mr.Ashok K. Aggarwal, Mr.Swapnil Gupta, Mr.Mayank, Ms.Honey Kolwar, Mr.Ritesh & Mr.Amir Nabi, Advs.

CORAM:
HON'BLE MR.JUSTICE MANMOHAN SINGH

MANMOHAN SINGH, J.

1. After framing of issues on 3rd February, 2016 and before directions for trial, the above mentioned application was pending which is filed on behalf of the plaintiff under Section 151 CPC seeking constitution of a confidentiality club.

2. The plaintiff has filed the present suit for permanent injunction against the defendants seeking inter alia to restrain violation and infringement of its rights in its patent being :

i. IN 203034 titled as "Linear Predictive Analysis by synthesis encoding method and encoder";

ii. IN 203036 titled as "Apparatus of producing from an original speech signal a plurality of parameters";

iii. IN 234157 titled as "A method of encoding/decoding multi-

codebook fixed bitrate CELP signal block";

iv. IN 203686 titled as "Method and system for alternating transmission of codec mode information";

v. IN 213723 titled as "Method and apparatus for generating comfort noise in a speech decoder";

vi. IN 229632 titled as "Multi service handling by a Single Mobile Station";

vii. IN 240471 titled as "A mobile radio for use in a mobile radio communication system";

viii. IN 241747 titled as "A transcieving omit unit for block automatic retransmission request".

3. One of the issues as framed by this Court pertains to the determination as to whether the plaintiff is entitled to a decree declaring that the rates offered by the plaintiff qua its portfolio of Standard Essential Patents are fair, reasonable and non-discriminatory (FRAND) in nature as claimed by the plaintiff. Further, this Court would also be determining as to whether the plaintiff is entitled to damages or account of profits from the defendant for sales made by it devices infringing the plaintiff's patented technology and if so, on what terms and for what period.

4. It is contended by the plaintiff that in order to discharge its onus as required by this Court's order and in order to fully assist this Court in determining both the aforesaid issues, the plaintiff would be producing various patent licensing agreements with similarly placed parties, including competitors of the defendant.

5. It is claimed that these agreements are confidential in nature and contain, apart from licensing rates, business sensitive information, relating to such similarly placed parties. It is most respectfully submitted that in light of the facts of the present case and allegations made by the defendant against the plaintiff. The aforesaid licensing agreements of similarly placed parties are necessary to determine the issues framed in the present case.

6. In light of the aforesaid, the plaintiff is seeking the constitution of a confidentiality club by way of the present application.

7. In reply the prayer is opposed by defendant inter alia on the following grounds:-

> a) The plaintiff has refused to disclose any agreements to the defendant during FRAND negotiations despite repeated requests and has maintained the present suit on the basis that for the defendant to agree to a FRAND rate these confidential agreements are not necessary and all information relevant to entering into a FRAND license was provided to the defendant. The plaintiff cannot be permitted to improve its case at this stage by seeking to produce the documents.
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> b) The stage for the plaintiff to produce documents has passed and the application is belated and ought to have been filed at time of filing the plaint, or at best the replication to written statement in terms of Order XI Rule (5) of the Code of Civil Procedure 1908.

c) Any permission to produce the documents would only result in a delay in the trial of the case as the defendant would necessarily have to be given an opportunity to meet the documents now sought to be produced.

d) The licensing rates are not confidential information. In fact ETSI encourages parties to declare the rates publically. However, the plaintiff refuses to do so as part of its unfair licensing practice.

8. It is pertinent to mention here that similar orders have been passed by many benches under similar circumstances, it is not necessary to repeat the legal points again in the present case. The details of the said orders passed are given as under:-

i. In M.Sivasamy v. Vestergaard Frandsen A/S & Ors. 2009(113) DRJ 820 ii. In MVF 2 APS & Ors. v. M.Sivasamy & Ors.(2012) 193 DLT 352 iii. In Sanofi Winthrop Industries and Anr. Kirti B. Maheshwari and Anr. CS(OS) No. 2265/2014 order dated 7th August, 2014.

9. The terms of the confidentiality club are onerous and exclude the defendant from being able to fairly present its case.

10. The defendant at the initial stage was strongly opposing the prayer, however after arguments the defendant's counsel agreed to maintain the confidentiality of the said document subject to the condition that copies and details of the said agreements are provided in which the confidentiality is claimed. Counsel for the defendant submitted that so far no document as such has been filed and issues in the matter have been framed. These documents ought to have been filed earlier. After framing issues, these should not be taken on record.

11. The said submission of the defendant cannot be accepted as on 24th March, 2015, the following order was passed by this Court:

"I.A. No.5771/2015 (exemption) Subject to the plaintiff filing the originals of the documents placed on record within four weeks, the application is allowed and disposed of.

CS(OS) 764/2015 and IAs No.5768-70/2015 and IAs No.5772- 73/2015

1. Mr. Sibal, learned Senior Advocate appearing for the defendant states that despite several meetings that the parties have had, the plaintiff refused to share with the defendant the details of the licence agreements executed by Ericsson with other parties worldwide.

2. Mr. Vaidyanathan, learned Senior Advocate appearing for the plaintiff states that the information with regard to the agreements executed by Ericsson and other Indian parties was the subject matter of CS(OS)No.442/2013, wherein an order dated 12.11.2014 was passed on an interim application, directing the defendant therein to

pay royalty at certain rate to the plaintiff for sales made in India for various periods. It is submitted that in the course of arguments in the aforesaid application filed in CS(OS) No.442/2013, the plaintiff had produced 26 licence agreements for the perusal of the court, under the confidentiality clause and they had also prepared a tabulated statement of the royalties being received under the said licence agreements which information was shared with the counsel for the other side during the hearing, while taking back the document after perusal. He explains that his clients are under a legal obligation to adhere to the confidentiality clause, but they would be willing to produce the licence agreements with other companies worldwide for the court?s scrutiny, along with a tabulated statement.

3. On the next date of hearing, counsel for the plaintiff shall come prepared with instructions with regard to the revised royalties effective from 2014.

4. In the meantime, both the parties are agreeable that without prejudice to their rights and contentions, the briefing counsels along with their respective clients shall have a meeting to try and resolve the dispute raised in the suit.

5. List on 26th March, 2015."

12. The said documents genuinely could not have been filed unless the order is passed about the confidentiality as claimed. The list of names of the parties is already provided. Counsel for the plaintiff submits that these would be produced once the order as per the prayer is passed and the plaintiff is assured that there would be no delay on their part once the order is passed.

13. After having gone through the earlier arguments and nature of the present case and circumstances in hand, the prayer made in the application is liable to be allowed, directing the plaintiff to file the confidential agreements in a sealed cover which may be kept in the safe custody of Registrar General.

14. Under these circumstances, it is directed that within one week, each party is directed to provide on an affidavit, a list of not more than three lawyers (who are not and have not been in-house lawyers of one of the parties) and not more than two external expert witnesses, who alone will be entitled to see the aforesaid confidential documents/patent license agreements. They (members of club) would be bound by confidentiality orders passed by this Court and shall not make copies or disclose the contents of the said aforesaid confidential documents/patent license agreements to anyone else or anywhere else, including in other legal proceedings, oral and written connmunications to the press, blog publications etc., so that the spirit of the confidentiality regime would be preserved. The inspection can only be done through the confidentiality club members and no copies will be made of such confidential documents/license agreements. After the inspection, the aforesaid confidential documents/patent license agreements be resealed and again deposited with the Registrar General of this Court. It is also made clear that during recordal of evidence with respect to aforesaid confidential documents/patent license agreements etc., only the members of the confidentiality club shall be present. The proceedings of this Court, when the said documents are

being looked at, would be in camera to the effect that only the members of the confidentiality club be permitted to be present.

15. The I.A. No. 2192/2016 is accordingly disposed of.

16. Dasti under signatures of Court Master.

(MANMOHAN SINGH) JUDGE MARCH 01, 2016