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Recent Indian Case Law on Standard Essential Patents

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An [earlier post](#) on case law on Standard Essential Patents (SEPs) in India looked at decisions published until 2021. This very comment updates the analysis by covering more recent cases occurred in the latest two years, specifically focusing on the availability of interim injunctive relief for SEP owners and FRAND terms.

In the recent proceedings between tech companies [Intex and Ericsson](#) (FAO(OS) (COMM) 296/2018, and FAO(OS) (COMM) 297/2018), in March 2023, the High Court of Delhi held that a SEP owner has a right to be granted an interim injunctive relief, with the payment of royalties in full, irrespective of the pendency of suits for deciding if a SEP is valid and essential or not.

In the proceedings, Intex contended that Ericsson's SEPs were not valid and essential, and filed a revocation petition to declare Ericsson's SEPs as invalid. It further argued that the license terms were not FRAND compliant as Intex was using only eight patents and Ericsson had provided terms for a whole global portfolio which Intex found to be unfair. And most importantly, Intex claimed that for an interim injunctive relief in matters pertaining to SEPs in India, Ericsson should satisfy the four-fold test, which was devised in the 2022 judgment of *Nokia Technologies Oy v. Guangdong Oppo Mobile Telecommunications Corp Ltd & Ors* (2022/DHC/004935).

In *Nokia v Oppo*, the former was the holder of three SEPs, which were important for streamlining cellular devices to be compliant to 2G, 3G, 4G and 5G technology, and declared as a standard. It was contended by Nokia that Oppo was using the SEPs in its cellular models under a license which expired in 2021. After the license's expiration, both companies had failed to agree on new licensing terms – yet Oppo still continued to exploit Nokia's patents, while challenging their essentiality too through litigations in multiple jurisdictions. While the Finnish ICT giant claimed that Oppo should have paid them royalties to keep using the SEPs, Oppo noted that it had the right to challenge SEPs' validity and essentiality even after obtaining a license on those SEPs in the past.

The Delhi Court had then found that in order to grant an interim injunctive relief, it had to satisfy itself that: (i) the SEP in question was essential; (ii) that the implementer was indeed using the SEPs for manufacturing its devices; (iii) that such use by Oppo would amount to infringement of the SEPs if there is no payment of royalty, and (iv) that the license offered by the SEPs owner was not FRAND compliant (this is the above mentioned four-fold test).

Nokia could not pass this test and as a consequence failed to obtain an interim injunctive relief

against Oppo. However, on an appeal, Nokia was able to secure a *pro tem* deposit from Oppo based on the fact that even during the litigation phase, Oppo has continued to use Nokia's SEPs during all suits pending and courts in other jurisdictions had found that Oppo had infringed Nokia's SEPs.

But in *Intex v Ericsson*, the Delhi Court concluded that the four-fold test is erroneous. As a result, the appeal filed by Ericsson was allowed and a preliminary injunction was made available to Ericsson for the payment of the full amount of royalty as it was able to satisfy the court that its patents were prima facie valid. The court found that the license terms proposed to Intex were FRAND compliant and clarified that the SEPs holder can license an entire portfolio of SEPs.

Said that, as a general remark, we point out that the above four-steps test should still have some relevance, especially in proceedings where patent owners ask for an injunction to put pressure on implementers. Indeed, meeting the specific conditions within the four-steps test before issuing an injunction (both preliminary and final) would make sure that a balance is reached between the interests of SEPs owners and those of implementers. After all, when an economic compensation is available to SEPs holders, preventing a business from using the patents in question should generally be considered an unacceptable measure.

This principle was also affirmed by the Delhi Court in the earlier case *Nokia v. Oppo*:

“Unlike normal patents, the use, by another of a patent held by one party, does not, ipso facto, entitle the party, as a right, to an injunction restraining the other party from using the patent. This is because SEPs, by their very nature, constitute standards for operation of technologies which are required worldwide and form an integral part of telecommunication across the globe. An inalienable element of public interest, therefore, is ingrained in allowing accessibility to such patents”.

The same principle was affirmed in November 2020 in *Philips v. Vivo* (CS(COMM)383/2020), where the Delhi High Court rejected a preliminary injunction request as the implementer had offered some land as security. The court accepted the implementer's offer provided that no third parties' rights be created on the land until the end of the proceedings on the merits. This is a relevant aspect of the ruling as it shows that it is preferable to adopt measures which are not as irreparably detrimental as injunctions but still give SEPs owners enough relief, thus reaching a balance of interests.

The need for such a balance was also highlighted in the very *Intex v Ericsson* case, where the Delhi Court still mentioned crucial obligations for SEP owners, especially the enduring commitment to FRAND terms, and that if a supra-FRAND offer is proposed (e.g., exorbitant royalty rates), the SEP holder cannot be treated as a willing licensor.

Thus, Indian judges have already noted that there is a duty to balance the rights of both patent owners and standard implementers. This is important as the debate and case law on SEPs and FRAND licences in India is still in its infancy and uniformity of licensing practices for all stakeholders in this field should be guaranteed. Perhaps, also to avoid legal uncertainty and guarantee a uniform application of rules when it comes to SEPs, new legislation is needed in India to clarify what FRAND terms mean, and the obligations stemming from a FRAND promise. Other relevant issues such as introducing clear rules on patent essentiality and validity checks should be reflected in a legislative text. Indeed, at the moment, neither the Indian patent act nor the

competition act mention SEPs.

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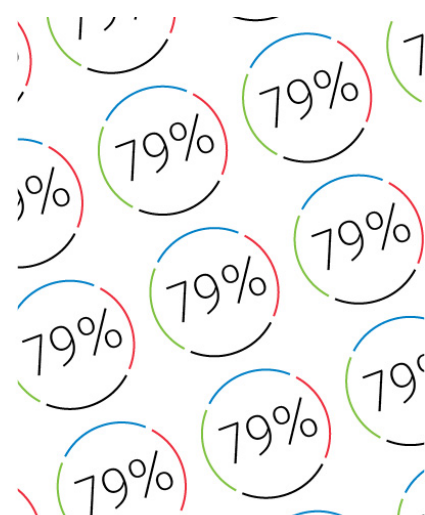
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