

TEAM CODE: IPM25/IP3

BEFORE THE HON'BLE HIGH COURT OF MUDHIRAS

IN THE MATTERS OF:

GUO INC.

... PLAINTIFF

v.

BASILTRI Telecom Pvt. Ltd.

... DEFENDANT

CS (COMM) 199A OF 2017

ON SUBMISSION TO THE HON'BLE HIGH COURT OF MUDHIRAS

UNDER SECTION 104 READ WITH SECTION 108 OF THE PATENTS ACT, 1970

WRITTEN SUBMISSIONS ON BEHALF OF THE PLAINTIFF

COUNSEL APPEARING ON BEHALF OF THE PLAINTIFF

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INDEX OF ABBREVIATIONS

<u>Abbreviation</u>	<u>Meaning</u>
AIR	All India Report
Anr.	Another
App.	Appellant
Art.	Article
Bom.	Bombay
Cir	Circuit
Co.	Company
Del	Delhi
Edn	Edition
ILR	Indian Law Report
IPRs	Intellectual Property Rights
Inc.	Incorporation
J.	Justice
Ltd.	Limited
Mad.	Madras
No.	Number

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Ors	Others
P.	Page
P / Para	Paragraph
Ptc	Patent & Trade Mark Cases
Pvt.	Private
Rpc.	Reports Of Patent, Design And Trade Mark Cases
SEPs	Standard Essential Patents
SC	Supreme Court
SCC	Supreme Court Cases
SCR	Supreme Court Reports
Sec.	Section
Supp.	Supplementary
TRIPS	Trade Related Aspects Of Intellectual Property Rights
U.S.	United States
V.	Versus
Vol.	Volume

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STATUTES

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4. Basant Singh vs. JankiSingh , AIR 1967 SC 341; D.S. Mohite v. S.I. Mohite , AIR. 1960 Bom. 153.
5. Blakey& Co. v. Lathem& Co. [1889] 6 RPC 184 (CA)
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STATEMENT OF JURISDICTION:

THE PLAINTIFF HAS APPROACHED THIS HON'BLE HIGH COURT OF MUDHIRAS
AND INVOKED ITS JURISDICTION UNDER SECTION 104 READ WITH SECTION 108
OF THE PATENTS ACT, 1970.

SUMMARY OF FACTS:

Guo Inc. is a Widget manufacturer and owner of a large portfolio of Standard Essential Patents(SEP). It has over 20000 patents including suit patent that are essential to widget standards. Basiltri is the largest widget manufacturer in India. From August 15 2016, negotiations for obtaining the licence from Guo have begun by both the parties. After repeated reminders Basiltri confirmed a meeting after five months.

Minutes of Meeting:

Guo shared a sample list of its SEP's for widget standards set by widget standard organisation, Paris. Guo offered Basiltri, a Non-Disclosure agreement, in order to share confidential information such as Claim Charts. It also offered a licence to its global portfolio which has over 20000 patents essential to widget standard. Royalty rates were planned to be discussed after the confidentiality agreement is signed. They agreed to meet again at March end.

Basiltri's response after the meeting:

On March 5 2017, Basiltri agreed to discuss the license for India Patents alone. It wanted Guo to demonstrate the validity and essentiality for each Indian patent. It did not agree to sign the confidentiality agreement as the rates are already known. Guo was unable to schedule a meeting with Basiltri despite repeated attempts. Guo was willing to demonstrate the validity and essentiality for not more than 5 patents.

A letter (Annexure A in the fact sheet) has been sent by Basiltri to all widget manufacturers in India about Guo coming after its patents and about arranging a meeting for discussions regarding increasing their exports. Basiltri wanted to reduce the duration of confidentiality agreement to 6 months. It did not agree to Guo's royalty charging mechanism ie. on the net selling price rather than on price of individual components for which innovation is made.

Basiltri then filed information against Guo for abusing its dominant position before the CCI and revocation petition against 10 of Guo's patents as they were all software patents. Guo on August 25,2017 filed a suit,CS (Comm) 199a of 2017,claiming infringement of Indian patents no. 2222b,

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2222e, 2222f, and 2222g against Basiltri and has also filed an application (no.123 of 2017) seeking interim injunction. The same are listed before the judge for arguments.

STATEMENT OF ISSUES

1. WHETHER THE SUIT INFRINGEMENT FILED BY GUO INC. IS MAINTAINABLE BEFORE THE HON'BLE HIGH COURT?
2. WHETHER THE BASILTRI TELECOM PVT. LTD HAS INFRINGED THE PLAINTIFF'S STANDARD ESSENTIAL PATENTS?
3. WHETHER OR NOT THE COMPETITION COMMISSION OF INDIA CAN INITIATE INVESTIGATION AGAINST GUO ON INFORMATION RECEIVED BY BASILTRI?
4. WHETHER OR NOT THE REVOCATION PETITIONS FILED AGAINST GUO WILL STAND THE TEST OF LAW?
5. WHETHER INJUNCTION HAS TO BE GRANTED HAS TO BE GRANTED AGAINST BASILTRI?

SUMMARY OF ARGUMENTS

1. Whether the suit infringement filed by Guo Inc. is maintainable before the Hon'ble High Court?

The plaintiff has filed the present suit for injunction restraining infringement of rights in four patents registered in India along with damages. It is maintainable before the Hon'ble High Court by virtue of section 108 of the Patents Act, 1970 as suit for infringement can be filed in any court not inferior to a District Court as provided under section 104 of the Act, which is inclusive of High Court.

2. Whether the Basiltri Telecom Pvt. Ltd has infringed the plaintiff's standard essential patents?

It is strongly contended on behalf of the plaintiff that the products manufactured and dealt with by the defendant have infringed plaintiff's patents. The defendant has been unwilling in obtaining a license to plaintiff's patents. It is evident through the conduct of the plaintiff in delaying the licensing negotiations from time to time

3. Whether or not the Competition Commission of India can initiate investigation against Guo on information received by Basiltri?

It is humbly submitted that Basiltri had approached the CCI claiming that Guo is abusing its dominant position in their negotiations by forcing Basiltri to sign a confidentiality agreement, by claiming royalties based on the price of the end products, and by offering a license only for its global portfolio. It is contended by the counsels for the applicants that all the accusation made above are mere exercise of statutory rights conferred under the WSO which is in pari material with ETSI and the competition act.

4. Whether or not the revocation petitions filed against Guo will stand the test of law?

It is humbly contended that the revocation petitions filed by Basiltri against Guo on claims that the "10 patents" are software patents are not true. It is humbly submitted that widget software mentioned herein are not software per se and will not attract section 3(k) of the Patents act. The

counsels for the applicants also contend that the they are patentable in nature and fulfill the tests for patentability including the Machine-or-transformation test and the alice two-part test.

5. Whether injunction has to be granted has to be granted against Basiltri?

It is humbly submitted before this hon'ble Court that the interim injunction shall be granted to the plaintiff. This is because the principles applicable for the grant of temporary injunction in patent infringement actions are satisfied in favor of plaintiff, ie. there is a prima facie case that the patent is valid and infringed, the balance of convenience is in favor of the injunction being granted as the plaintiff, due to infringement by defendant, has suffered and will continue to suffer irreparable economic loss if injunction is not grante

ARGUMENTS ADVANCED

1. Whether the suit infringement filed by Guo Inc. is maintainable before the Hon'ble High Court?

The plaintiff has filed the present suit for injunction restraining infringement of rights in four patents (Patents no.222b,2222e,2222f and 2222g) registered in India along with damages. It is maintainable before the Hon'ble High Court by virtue of section 108 of the Patents Act, 1970 as suit for infringement can be filed in any court not inferior to a District Court as provided under section 104 of the Act.

In *Low Heat Driers (P) Ltd. V. Biju George*¹, it has categorically observed that once challenge is made with regard to the patent claimed by the plaintiff and its revocation is sought by the defendants, all further things should be done only by the High Court. If interlocutory applications filed in the case are dealt with before considering the question of existence of the patent itself, that will affect the rights of the defendants. What is obvious from the section is that once a counter-claim seeking revocation is filed by the defendants the District court will necessarily lose jurisdiction to proceed with the matter any further. That deprivation of power will necessarily include the power to deal with all interlocutory applications pending as on that day.²

Arguendo, even if it is assumed **that a counter-claim for revocation is not taken by the defendants** and that the District Court alone has jurisdiction to try an infringement suit in such a case, it is argued that this Hon'ble High Court still has jurisdiction to decide the issue on merits. This is because, the term "District Court" under section 2(1)(e) has the meaning assigned to it by the Code of Civil Procedure, 1908. Section 2(4) of the Code of Civil Procedure defines "district" as "the local limits of the jurisdiction of principal Civil Court of original jurisdiction (hereinafter called a District Court), and includes the local limits of the ordinary original civil jurisdiction of a High Court."

Since definition of "District" in the Code of Civil Procedure is inclusive of High Court, the ordinary civil jurisdiction of High Court will have the jurisdiction to entertain the suit for

¹ *Low Heat Driers (P) Ltd. V. Biju George*, 2001 PTC 775 (Ker).

² *LG Electroic India Pvt.Ltd. v .Bharat Bhogilal Patel*, 2012 (51) PTC 513 (Del) at 517.

infringement of Patent. The emphasis is on the expression in Section 104 “having jurisdiction to try the suit”. The Mudhiras High Court, being Chartered High Court, ordinary civil jurisdiction is governed by Letters Patent. Clause 12 of the Letters Patent deals with filing of suits on the Original Side of Madras High Court. It empowers the court to deal with a dispute where cause of action has arisen wholly within the jurisdiction of the High Court. In the present case, the cause of action has arisen all over India inclusive of Mudhiras and hence the present suit is well maintainable before the Hon’ble High court.

2. Whether the Basiltri Telecom Pvt. Ltd has infringed the plaintiff’s standard essential patents?

It is strongly contended on behalf of the plaintiff that the products manufactured and dealt with by the defendant have infringed plaintiff’s patents.

Guo Inc. holds several patents in India including suit patents that corresponds to a standard adopted by Widget Standard Organization, Paris³. These are technologies which have been accepted as standards to be uniformly implemented across various countries in order to establish uniformity and compatibility across the world.

An essential patent is a patent without the infringement of which compatibility with a technology cannot be obtained. This is the reason why the patent holders of such essential patents are committed to FRAND(Fair, Reasonable and Non-Discriminatory) norms whereby they assure to license their patents with the infringers at FRAND terms. FRAND is a voluntary licensing commitment formulated in order to achieve a balance between patentee and licensee by rewarding the former for his investments in research and development through royalty and protecting the interests of the latter by awarding it under fair and reasonable terms.

As soon as the plaintiff came to know that the defendant has been infringing its patents, the plaintiff, in light of FRAND commitments made by it to SSO, fairly offered a license for its patents. However the defendants were reluctant to involve in any meeting. This is evident from

³ Moot proposition p1;p3

the exchange of mails between the representatives of both the companies dated August 13, September 15, October 2, 2016.

Later it agreed to meet on March 5, 2017 where it negotiated its terms with respect to India patents alone and refused signing the confidentiality agreement which the plaintiff offered in order to facilitate exchange of confidential information such as claim mapping and infringement analysis. It employed all other means for delaying the execution of license with plaintiff.

The subsequent emails dated 5th March, 2017 has been issued by the defendant with the sole intention to cover up its conduct for delaying the license negotiation, all of which is clearly indicative of a lack of good faith on defendant's part.

It was defendant who was unwilling to take up the license and kept infringing plaintiff's patents. When being confronted, it took up the defense of challenging the validity of patents. It is humbly submitted that the defendants had already admitted the validity of plaintiff's patents through 2.1) correspondence and 2.2) conduct before CCI. Thus it is only to avoid taking up a license and continue to infringe the plaintiff's patents, the defendants have taken up such stand.

2.1) ADMISSION AS TO VALIDITY BY CORRESPONDENCE:

The defendant through its conduct of allegedly negotiating terms with the plaintiff, made the latter to believe in the initial stages that it was willing to negotiate FRAND terms. However it filed a revocation proceeding challenging the very validity of plaintiff's patents. As to admission by the defendants of plaintiff's rights in the patents by conduct, it becomes relevant to quote a paragraph from the *Telefonaktiebolaget LM Ericsson (Publ) v Lava International Ltd*⁴.,

“One is failed to understand that if the plaintiff has no case on merits at all as alleged by the defendant, where was the occasion for the defendant to have negotiations, exchange of documents and willingness at one point of time. It is also pertinent to mention here that the defendant has filed the suit in Noida Court before the negotiations are terminated.

The said admission of the defendant itself would show that the defendant was aware that the plaintiff has prima-facie rights in the patents. Those are standard essential patents and the

⁴*Telefonaktiebolaget LM Ericsson(Publ) v Lava International Ltd.*, 2016(67) PTC 596 (Del), pp.634-35.

defendant is using the technology which belongs to the plaintiff, otherwise, the question of negotiations, exchange of documents and trying to obtain the license from the plaintiff on reasonable terms does not arise.”

Thus it is submitted that the defendant through its false pretense of negotiation has admitted the validity of the plaintiff’s patents.

2.2 ADMISSION AS TO VALIDITY OF PATENTS BEFORE CCI:

The defendant has admitted the validity of plaintiff’s patents but has taken two different stands. On one hand, in the complaint/ information before the CCI, it has stated that the plaintiff patents are valid and essential as a result of which the defendant is bound to seek a license from the plaintiff in order to keep its product compatible in the market and that the former abuses its dominant position with the leverage so obtained. On the other hand before the IPAB the defendant has challenged the very validity of patents with which such dominant position has been obtained.

It is a well settled principle of law that an admission made by a party in a pleading, even in a different proceeding, can be used as evidence against such party in another proceeding by virtue of section 17 of the Evidence Act. The aforesaid principle has been reinstated in various landmark judgments of the Supreme Court of India⁵. Therefore the defendant, in the present suit, cannot approbate and reprobate by operating against doctrine of estoppel. In fact in order to avoid execution of FRAND agreement and at the same time infringing the patents, the defendant had trapped itself in such a position by taking the contrary stand in different for a.

UNWILLING LICENSEE:

The correspondences between the parties suggest that despite being put to notice since August 2016 and repeated attempts for meeting, the defendant had failed to constructively negotiate a license agreement. This suggests the conduct of defendant as an “unwilling licensee”. A potential licensee which remains passive and unresponsive to a request to enter into licensing negotiations or is found to employ clear delaying tactics cannot be generally considered as "willing".⁶

⁵Basant Singh vs. JankiSingh ,AIR 1967 SC 341; D.S. Mohite v. S.I. Mohite , AIR. 1960 Bom. 153.

⁶European Commission, DG Competition, Case n° COMP/39985, Memo of 6 May 2013 (MEMO/13/403).

The defendant led the plaintiff to falsely believe that a meeting was to take place between representatives of both the parties and then just days before the meeting filed a suit against plaintiff for revocation and abuse of dominant position. The very act of defendant cancelling the meeting at this juncture manifests its intention to avoid its liability of taking a license from the plaintiff.

Had there been an agreement holding royalty rates favorable to the defendant, the defendant would not have challenged the suit patents on the same grounds by filing of revocation petitions. Thus the defendant has approached various fora and has made contrary statements solely in order to avoid injunction and infringe the suit patents.

3) Whether or not the Competition Commission of India can initiate investigation against Guo on information received by Basiltri?

It is humbly submitted that Basiltri had approached the CCI claiming that Guo is abusing its dominant position in their negotiations by forcing Basiltri to sign a confidentiality agreement, by claiming royalties based on the price of the end products, and by offering a license only for its global portfolio.⁷ Counsels for the appellant contend that there has been no case of abuse of dominance and will provide a multi-fold argument on the same.

2.1) The Court herein has jurisdiction to entertain the petition herein under Art 226 of the Constitution.

It is humbly submitted by the counsels for the appellant that in terms of Section 26(1) of Act⁸, a direction to cause an investigation could be made by CCI only if it was of opinion that there existed a prima facie case. Formation of such opinion was sine qua non for exercise of any jurisdiction under Section 26(1) of Act. Thus, in cases where Commission had not formed such an opinion or opinion so formed was ex facie perverse in sense that no reasonable person

⁷Problem statement issue 3

⁸26. (1) On receipt of a reference from the Central Government or a State Government or a statutory authority or on its own knowledge or information received under section 19, if the Commission is of the opinion that there exists a prima facie case, it shall direct the Director General to cause an investigation to be made into the matter: Provided that if the subject matter of an information received is, in the opinion of the Commission, substantially the same as or has been covered by any previous information received, then the new information may be clubbed with the previous information.

could possibly form such an opinion on basis of allegations made, any directions issued under Section 26(1) of Act would be without jurisdiction and would be liable to be set aside.⁹***In the instant case, Guo has been served with a show cause notice as to why investigation must not be ordered against them on information produced by Basiltri.*** It is humbly submitted that information received under Section 19 must be considered as correct; any dispute as to correctness or merits of allegations, unless falsity of allegations was writ large and ex facie apparent from record could not be entertained in proceedings under Article 226 of the Indian Constitution¹⁰ and hence the court has the jurisdiction to try the case. It is submitted that , Guo had an alternate remedy, albeit at a later stage, would not in any manner disable this Court from entertaining present petition.¹¹

2.2) The subject matter in the instant case are not covered by the Competition act and hence cannot be tried by CCI:

It is humbly contended that Patents Act is a specialact and contains comprehensive provisions for addressing all the matters includingprotecting the interest of consumers and general public, the Competition Act hasbeen enacted as a general law to promote and sustain competition in the market andto prevent practices having an adverse effect on competition. Counsel herein refers to variousprovisions of the Patents Act - in particular Sections 83-90, 92 & 92A - to emphasize that the Patents Act contains provisions to adequately redress the grievances of anyperson in respect of non-availability of rights to use a patent on reasonable terms. It iscontended that the Controller General of Patents, Designs and Trade Marks (hereafter'Controller' or 'Controller of Patents') and/or a Civil Court were vested with thefunction and the power to remedy any grievance relating to a patentee's demand forexcessive or unreasonable royalty by grant of compulsory license and the CCI, on theother hand, had no jurisdiction to grant such relief. It is argued that the Patents Actbeing a special act also occupied the field in relation to anticompetitive practices by a patentee in relation to patents and, thus, the same would be outside the scope of theCompetition Act.

⁹Telefonaktiebolaget LM Ericsson (PUBL)Vs.Competition Commission of India and Ors. W.P.(C) 464/2014, CM Nos. 911/2014 and 915/2014, W.P.(C) 1006/2014, CM Nos. 2037/2014 and 2040/2014

¹⁰L Chandra Kumar V union of India , 1995 AIR 1151

¹¹Telefonaktiebolaget LM Ericsson (PUBL)Vs.Competition Commission of India and Ors. W.P.(C) 464/2014, CM Nos. 911/2014 and 915/2014, W.P.(C) 1006/2014, CM Nos.2037/2014 and 2040/201

It is also contended that S4¹² of the competition act deals with abuse of dominant position by an enterprise or a group. It is contended that the patentee herein cannot be tried under S4 for the following reasons

(a) That a patentee insofar as grant of patent license is concerned, is not an 'enterprise' within the meaning of Section 2(h)¹³ of the Act.

(b) That the patentee insofar as licensing of patent is concerned, is not engaged in purchase or sale of goods or services.

(c) Patents are not goods or services and a license for a patent is also not goods or services. Thus, licensing of patent would also not fall within the scope of sale of goods or sale of services.

Hence it is humbly contended that Guo cannot be treated as an enterprise in the instant case.

2.3) In *Arguendo*, the CCI does have power to try the matter, it is humbly submitted, that the acts of Guo would amount to mere exercise of statutory rights and not abuse of dominance.

2.3.1) It is humbly submitted that Basilri have accused Guo of forcing to sign a confidentiality agreement. It is humbly submitted that both the companies are party to the Widget standard organization, rules of which are in pari material with ETSI¹⁴. **ETSI provides for signing of confidentiality agreement.¹⁵ In the instant case, Guo has only exercised its statutory right by requesting Basilri to sign the Non-Disclosure agreement before revealing its prices.¹⁶**

¹²4. 3 [(1) No enterprise or group shall abuse its dominant position.]

¹³(h) "enterprise" means a person or a department of the Government, who or which is, or has been, engaged in any activity, relating to the production, storage, supply, distribution, acquisition or control of articles or goods, or the provision of services, of any kind, or in investment, or in the business of acquiring, holding, underwriting or dealing with shares, debentures or other securities of any other body corporate, either directly or through one or more of its units or divisions or subsidiaries, whether such unit or division or subsidiary is located at the same place where the enterprise is located or at a different place or at different places, but does not include any activity of the Government relating to the sovereign functions of the Government including all activities carried on by the departments of the Central Government dealing with atomic energy, currency, defense and space.

¹⁴Pg10 clarification 46

¹⁵

¹⁶Internal memo dated July 23, problem statement

2.3.2) It is humbly submitted that Guo have been accused of seeking royalties based on the price of the end product which is deemed to abuse of dominance.¹⁷ It is humbly submitted by the counsels for the applicants that seeking royalty for the end product is a common practice in the handset market and has not been held as a case of abuse of dominance¹⁸. It is also submitted that such an act would not amount to royalty stacking or patent hold-up.

2.3.2) It is humbly submitted that Guo have been accused of offering license for it's global portfolio which would amount to abuse of dominance. It is humbly contended that Basiltri herein is an unwilling licensee who have effectively decided to decline the licenses on FRAND terms and hence their claims cannot be entertained.

4) Whether or not the revocation petitions filed against Guo will stand the test of law?

It is humbly contended that the revocation petitions filed by Basiltri against Guo on claims that the "10 patents" are software patents are not true. The counsels for the applicants humbly submit that the they are patentable in nature and will put forth a multi-fold argument for the same.

4.1) It is humbly submitted that the aforementioned patents fulfill the tests for patentability.

The office of the Controller General of Patents, Designs and Trademarks, India (generally referred to as Intellectual Property Office – IPO) released guidelines for Computer Related Inventions which shall replace the previous guidelines for examining CRI. It clearly lays down that while discussing software patents it is important to clarify **whether it is of a technical nature involving technical advancement as compared to the existing knowledge or having economic significance or both, and is not subject to exclusion under Section 3 of the Patents Act. It also emphasizes on the fact that while establishing patentability, the focus should be on the underlying substance of the invention and not on the particular form in which it is claimed.**Hence, along with determining the merit of invention as envisaged under Sections 2(1) (j), (ja) and (ac), **the examiner should also determine whether or not they are patentable**

¹⁷Problem statement issue 3

¹⁸Microsoft Corp. v. Motorola Inc., 696 F.3d 872 (9th Cir. 2012)

inventions under Section 3 of the Act. Hence the nature of widgets can be discussed under the following heads;

4.1.1) Whether are not widgets can be treated as patentable subject matter?

It is humbly submitted that Article 27 ¶ 1 of TRIPS¹⁹ states that patents shall be available for any inventions, whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application. Therefore the agreement does not exclude software from patentability. Further, Article 27 ¶ 2 and 3 speak about exclusion from patentability. In both of these paragraphs nowhere has it been mentioned that computer program or software should be excluded from patentable subject matter.²⁰

Section 3k of the Act states “a mathematical or business method or a computer program *per se* or algorithms”. Although the Act has excluded computer program *per se* from the list of patentable inventions, the non-patentability of computer program as such does not preclude the patenting of computer-implemented inventions. Not all software innovations fall under section 3(k). Hence, a wide range of software innovations are patentable even in India. The Patents (Amendment) Ordinance²¹ split the sub-section 3k into two- sub-section 3(k) and 3(ka). The amended Section 3(k) read as follows: “(k) a computer programme *per se* other than its technical application to industry or a combination with hardware”. This would have allowed computer software in combination with hardware to have fallen within the scope of patentability. The key expressions contained in the above amendment are „technical application to industry” and „combination with hardware” . The legislative intent behind these words was clear. If an invention is directed at computer software having technical application to industry or coupled to hardware then it is patentable.

Principally, technical advance or technical contribution is the most important factor while considering the patent to software related invention .Software related invention has technical advance or technical contribution when the program provides any solution to a technical problem or if the program has been used to achieve any technical control over a technical process or the

¹⁹The Agreement on Trade-Related Aspects of Intellectual Property Rights

²⁰The Agreement on Trade-Related Aspects of Intellectual Property Rights Art 27.2 and 27.3

²¹Patents (Amendment) Ordinance on December 27, 2004

program is used to operate any technical instrument. It follows that if a patent is sought only for the software tools i.e. a patent is sought only for *a computer program per se*, then a patent would *not* be available for the invention, as it would be hit by the provisions of Section 3 (k) elucidated above. The IPAB discussed the invention containing the steps for controlling the wind turbine based on external ambient conditions by using automatic control units like the computers. The Board mentioned that the invention cannot be treated as a *computer program per se* or a set of rules of procedure like algorithms and thus are not objectionable from the point of view of patentability.²²

However, if the patent is sought for a *combination of software and hardware*, then it would *not* be a *computer application per se*, and hence might be patentable. As observed in *Gales' Application*²³: Computer instructions may represent, for instance, a technical process. In *IBM Computer Program Product*²⁴, the Board stated from the assumption that for an invention to be patentable under the EPC, it must have a technical character. The use of technical character as a way of determining whether an invention falls within the scope of the excluded subject matter is set out in the leading EPO decision of *Vicom*.²⁵ In deciding the issue, the Board stressed that even if the idea underlying an invention was a mathematical method it could still be patentable if the invention as a whole made a technical contribution to the known art.

The Board of Appeal in its conclusion reasoned that " technical effect is achieved by the internal functioning of a computer itself under the influence of said programme, „on the said condition all programmes must be considered as inventions²⁶ , also a computer programme on a computer readable medium has the „potential to produce a technical effect" and hence not excluded from patentability. In another case, the Board of Appeal concluded that all programs when run in a computer are by definition technical²⁷ .All programs when run in a computer are by definition technical because, computer is a machine²⁸ .

²²Enercon India Limited ,Daman v. Alloys Wobben Germany W.P No.20165 of 2010;M.P Nos. 1&2 of 2010

²³Gale's Application [1991] R.P.C. 305 (C.A.)

²⁴T 1173/97, 1999 OJ EPO 609

²⁵Vicom/Computer-related invention T208/84 [1987] EPOR 74; [1987] OJEPO 14.

²⁶American Telephone and Telegraph Company, T 204/93 OJ

²⁷T 0931/1995 OJ

²⁸Controlling pension benefits system/PBS T-0931/1995

As the Act does not specifically exclude software inventions, and as the Joint Committee acknowledges that inventions that are ancillary to or are developed using computer programs are patentable.²⁹ Accordingly, patentability assessments would be well served to focus more on identifying the actual invention or contribution of the software invention and then determining if the contribution falls within the exclusions set forth in the Act rather than determining the technical effect or technical character of the software invention which is undoubtedly inherently technical in nature.³⁰

An invention comprising functional features implemented by software is not excluded from patentability under Article 52(2) (c) and (3), EPC if technical considerations concerning particulars of the solution of the problem the invention solves are required in order to carry out the same invention.³¹ Such technical considerations lend a technical nature to the invention in that they imply a technical problem to be solved by technical features.³² An invention of this kind does not pertain to a computer program as such under Article 52(3), EPC.³³ In this context of the problem-and-solution approach, the technical problem means the aim and task of modifying or adapting the closest prior art to provide the technical effects that the invention provides over the closest prior art. The finding in a case was that the essence of the invention lay in the way the elements of the system were combined.³⁴ Hence the software is not barred from patentability by the very reason that it provides a speedier and a more efficient solution to the existing technical problem as a widget. From the above, it may be concluded that in ascertaining the patentability of an invention, the invention must be looked at a whole. *It is humbly contended that Basiltri exports widget handsets and the software installed therein are to support the handsets*³⁵. *Hence on grounds of the software being used to enhance the functioning of the widget, it should be termed patentable.*

4.1.2) Whether or not the widget software mentioned herein would constitute an inventive step?

²⁹JOINT COMMITTEE ON PATENTS (SECOND AMENDMENT) BILL, 1999

³⁰User manuals (Case C-406/10) EPC

³¹Graphic User Interface (Case C-393/09)

³²Sohei/General Purpose Management System Case, 1995 OJ EPO 525

³³NAT/Bagging plant [1993] EPOR 517

³⁴Clarification

³⁵Graham v. John Deere, 35 U.S.C. 103; Windsurfing International v. Tabur Marine 1985 RPC 59

It is one of the main contentions of the respondents that these patents have been granted in USA but not in Japan and hence cannot be held patentable in India.

In order to obtain a patent, an invention must not be obvious to a person skilled in the art having regard to the prior art. But the difference between the claimed invention and the existing state of the art should be significant and essential to the invention.³⁶ It is essential that the invention must be of such nature that it involves a technical advance as compared to the existing knowledge.³⁷ It is not enough that the claimed invention is new, i. e. that it is different from what exists in the state of the art. To be new in the patent sense, the novelty must be shown in the invention. There must be novelty in the mode of application.³⁸ The program is made up of hundreds, if not thousands, of smaller pieces of code.³⁹ The novelty in a program lies either in the manner in which these pieces are combined, or in an additional component or algorithm that is developed by the software creator. Software is a cumulative form of engineering, in that new programs rely heavily on old software, or at least on ideas obtained from old software. The novel portion of a program might just be a small part of the whole code base.⁴⁰

The patent statute itself expressly contemplates that "improvements" to other inventions are themselves a patentable category of invention⁴¹, and even invites patent claims that declare their subservience to a previously patented invention.⁴²

The Supreme Court stated that in the case, that even though the only new feature of the invention appeared to be the timing process controlled by the computer, it is patentable.⁴³ The court recognized that while a scientific truth, or the mathematical expression of it, is not patentable invention, a novel and useful structure created with the aid of knowledge of scientific truth may be.⁴⁴ In *Alice Corp. v. CLS Bank*³⁷ the Supreme Court set forth a two-part test for analyzing whether or not a claim is not patentable for claiming an abstract idea. First, it is necessary to

³⁶Blakey & Co. v. Latham & Co. [1889] 6 RPC 184 (CA)

³⁷Fomento v. Mentomore 1956 RPC 87

³⁸Robert L. Mitchell, Why Windows Should Think Small, COMPUTERWORLD, Aug. 25, 2003, at 37

³⁹John S. Liebovitz, Inventing a Nonexclusive Patent System, 111 YALE L.J. 2251, 2284-85 (2002).

⁴⁰Title 35 U.S.C. 101 (1994)

⁴¹Pentec Inc. v. Graphic Controls Corp., 776 F.2d 309 (Fed.Cir.1 985)

⁴²Diamond v. Diehr 450 U. S. 175 (1981)

⁴³Gottschalk v. Benson 409 US 63 (1972)

⁴⁴958 F.2d 1053, 22 USPQ2d 1033 (Fed.Cir.1992)

determine whether or not the claim is "directed to" an abstract idea. If a patent claim is "directed to" the right type of abstract idea, then it is necessary to determine whether or not the claim contains an "inventive concept" outside the abstract idea. *It is humbly contended that the patents that are challenged herein have been granted in the USA*⁴⁵. *Hence it can be sufficiently assumed that they have fulfilled the two part test laid down in Alice-Corp*⁴⁶.

Therefore, the widget, as a software is designed to improve the functioning of the handset and hence should be considered patent eligible. In the case in hand the Appellants humbly submit that the widgets have improved user interface ⁴⁷The Appellants further argue that the given software gives much more efficient and accurate results by a machine through a series of calculation best known to the developer making it an inventive step and hence entitled to patent under the Act.⁴⁸ If a computer programme is not claimed by "in itself" rather, it has been claimed in such manner so as to establish industrial applicability of the invention and fulfills all other criterion of patentability, the patent should not be denied.⁴⁹ In such a scenario, the claims in question shall have to be considered taking in to account whole of the claims. Computer software or programs are instructions that are executed by a computer. These are in the form of source codes and object codes, which take a lot of skill, time and labor to develop them. Computer soft wares have a market value and hence can be copied and used by unauthorized persons. These should hence be protected under a strict legal regime. Hence the software supporting the widget handsets are the process to create the widget handset which is the product. Hence they are liable to be patented.

5. Whether injunction has to be granted has to be granted against Basiltri?

It is humbly submitted before this Hon'ble Court that the interim injunction shall be granted to the plaintiff. For the grant of temporary injunction, principles applicable to infringement of patents actions are that there is a prima facie case that the patent is valid and infringed, that the balance of convenience is in favor of the injunction being granted and that the plaintiff will

⁴⁵Problem(Pageno6 mail dated august 18)

⁴⁶Alice corp 573 U.S. ___, 134 S. Ct. 2347 (2014)

⁴⁷clarification1

⁴⁸Guidelines for Examination of Computer Related Inventions (CRIs)" issued by the Patent Office on August 21, 2015.

suffer an irreparable loss.⁵⁰ It is also a rule of practice that if a patent is a new one, a mere challenge at the Bar would be quite sufficient for a refusal of a temporary injunction, but if the patent is sufficiently old and has been worked, the court would for the purpose of temporary injunction, presume the patent to be valid one. If the patent is more than six years old and there has been actual user, it would be safe for the court to proceed upon this presumption.⁵¹

In *F.Hoffmann-la Roche Ltd v. Cipla Limited*⁵², the court held that in patent infringement cases, the courts should follow the approach indicated in *American Cyanamid*⁵³. The standard applicable for a defendant challenging the patent is whether it is a genuine one, as opposed to a vexatious one. Only in case of the former will the court hold that the defendant has an arguable case.⁵⁴ It might not be appropriate for any court to hold a mini trial at the stage of grant of temporary injunction.⁵⁵

In the UK, the leading case setting out guidance for the court in deciding whether to withhold or to grant an injunction is *Shelfer v City of London Electric Lighting Co.*⁵⁶ The case established the rule that damages may be awarded instead of an injunction if four conditions are met:

- the injury to the claimant's legal rights must be small;
- and is one which capable of being estimated in money;
- and is one which can be adequately compensated by a small money payment;
- and the case is one in which it would be oppressive to the defendant to grant an injunction.

It must, however, have to be a very strong case for an injunction to be withheld.⁵⁷

⁵⁰ *Bajaj Auto Ltd., v TVS Motor Company Limited.*, 2008(36) PTC 417(Mad.) at p.436; *Novartis AG.V Adharsh Pharma.*, 2004 (29) PTC 108 (Mad); *Wockhardt Limited V Hetero Drugs Ltd.*, 2006(32) PTC 65 (Mad)(DB).

⁵¹ *National Research and Development Corporation of India v. Delhi Cloth & general Mills Co. Ltd.*, AIR 1980 Del 132.

⁵² *F. Hoffmann-la Roche Ltd v. Cipla* , 2008 (37) PTC 71 (Del.)

⁵³ *American Cyanamid v Ethicon*, (1975) RPC 513,H.L.

⁵⁴ *F.Hoffman-la Roche Ltd v. Cipla Limited*, 2008 (37) PTC 71 (Del.) at p.107

⁵⁵ *Anand Prasad Agarwalla v Tarkeshwar Prasad*, (2001) 5 SCC 568 at p.570

⁵⁶ *Shelfer v. City of London Electric Lighting Company (CA)* [1895] 1 Ch 287

⁵⁷ *NavitaireInc v EasyJet (No 2)* [2006] RPC 4 213, at page 250.

In *Telefonaktiebolaget LM Ericsson(Publ) v Lava International Ltd*⁵⁸, the Delhi High Court stated that once patent is prima facie found to be infringed and no credible defense is established, injunction must follow even in classes of standard essential if any party is unwilling or reluctant, and are deliberately and intentionally avoiding entering in to the license agreement on flimsy grounds, the injunction order is to be passed. As the approach of defendant is very negative, the defendant has no right to infringe the patents till the validity of the same is not decided by the court.

In the present case, the plaintiff has been able to make out a strong prima facie case in its favor and against the defendant. Balance of convenience also lies in favor of the plaintiff. In case the interim order is not passed or the defendant is not ready to enter into FRAND agreement with the plaintiff, the other licensee would also take the same stand which is being taken by the defendant which would cause plaintiff irrecoverable loss and also injury.

In view of the non-co operative attitude of the defendant, the plaintiff has been left with no other recourse but to pursue the present infringement action before this court seeking remedy inter-alia injunction against the defendant in order to restrain from importing, manufacturing, marketing, selling or doing any act of such nature which infringes the plaintiff's exclusive right vested under section 48 of the Patents Act and pay damages for all the devices it had sold post the date of publication of suit patents.

⁵⁸*Telefonaktiebolaget LM Ericsson(Publ) v Lava International Ltd.*, 2016(67) PTC 596 (Del), pp.634-35.

PRAYER

Wherefore in light of the issues raised, arguments advanced and authorities cited, it is humbly prayed that this hon'ble court may be pleased to:

I. Hold that Basiltri Telecom Pvt. Ltd. liable for infringing Guo's Indian patents number 2222b, 2222e, 2222f, and 2222g.

II. Hold that Guo has not abused its dominant position by asking Basiltri to sign confidentiality agreement, claiming royalties based on end products and by offering licence oly for its global portfolio.

III. Hold that 10 of Guo's patents cannot be revoked only because they are Software patents.

IV. Grant interim injunction, Application No. 123 of 2017, in CS (Comm) 199a of 2017

All of which is humbly submitted.

Place: Mudhiras

s/d -

Date: ___/08/2017

(Moot councils for the petitioners)