

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 DEFENDANT

COUNSEL APPEARING ON BEHALF OF THE DEFENDANT

TABLE OF CONTENTS

1. LIST OF ABBREVIATIONS 4

2. INDEX OF AUTHORITIES6

3. STATEMENT OF JURISDICTION.....9

4. STATEMENT OF FACTS10

5. STATEMENT OF ISSUES11

6. SUMMARY OF PLEADINGS12

7. ARGUMENTS ADVANCED.....14

8. PRAYER.....28

INDEX OF ABBREVIATIONS

<u>Abbreviation</u>	<u>Meaning</u>
Air	All India Report
All Er	All England Law Report
Anr.	Another
App.	Appellant
Art.	Article
Bom.	Bombay
C.W.N.	Calcutta Weekly Notes
Cal	Calcutta
Cir	Circuit
Co.	Company
Del	Delhi
Edn	Edition
Ilr	Indian Law Report
Iprs	Intellectual Property Rights
Inc.	Incorporation
J.	Justice
J&K	Jammu & Kashmir
Kb	King's Bench
Ltd.	Limited
Mad.	Madras
No.	Number
Ors	Others

P.	Page
P / Para	Paragraph
Ptc	Patent & Trade Mark Cases
Pvt.	Private
Rpc.	Reports Of Patent, Design And Trade Mark Cases
Sep's	Standard Essential Patents
S.Ct	State Court
S.D.N.Y.	Southern District Of New York
Sc	Supreme Court
Scale	Supreme Court Almanac
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
Wlr	Weekly Law Report

INDEX OF AUTHORITIES

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4. C.Shukla and Ors. v. Delhi Development Authority and Anr.: (1998(73) DLT 131 at Paragraph 5)
5. Chemtura Corporation v. Union of India 2009 (41) PTC 260 (Del.)
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7. Enercon (India) Limited v. Aloys Wobben. (2013(56) PTC 412 at Paragraphs 16-17).; Windsurfing International Inc. v. Commission of European Committees (1986 ECR 611 at Paragraphs 89-93).
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STATEMENT OF JURISDICTION:

THE RESPONDENTS HEREBY SUBMIT TO THE JURISDICTION OF THE HON'BLE
HIGH COURT OF MUDHIRAS WHICH THE APPELLANTS HAVE INVOKED.

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 patents that are essential to widget standards. Basiltri is the largest widget manufacturer in India and if it took a license to Guo's patents, then Guo would be able to convince the rest of the Indian market to follow suit. From August 15 2016, negotiations for obtaining the licence for Guo's patents have begun between the parties. Basiltri confirmed a meeting on January 15, 2017.

Minutes of Meeting:

Guo shared a sample list of its SEP's for widget standards set by widget standard organisation, Paris. Guo forced Basiltri to sign a confidentiality agreement before Guo's Claim charts can be shared. Guo offered a licence to global portfolio. IT insisted on disclosing the royalty rates only 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 expressed its intention to obtain the license for India Patents only. It asked for demonstration of validity and essentiality for each Indian patent. It did not agree to sign the confidentiality agreement as the royalty rates of Guo are known publically. Guo was willing to only demonstrate the validity and essentiality for not more than 5 patents.

A letter (Annexure A in the moot proposition) has been sent 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..

Guo's basis of charging royalty is based on the net selling price of the product rather than on the price of the components to which Basiltri disagreed.

Since Guo did not agree to the terms of negotiations and has also stopped market access to Basiltri, the latter has filed information before CCI against Guo for abusing its dominant position. It has also filed revocations against few 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, 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 FOR INFRINGEMENT FILED BY GUO INC. IS MAINTAINABLE BEFORE THE HON'BLE HIGH COURT?**

2. **WHETHER BASILTRI. INC HAS INFRINGED THE SUIT 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 INTERIM INJUNCTION HAS TO BE GRANTED AGAINST BASILTRI?**

SUMMARY OF ARGUMENTS

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

The present suit is **not maintainable** as the suit for infringement has to be filed in District Court by virtue of section 104 of Patents Act and section 15 of CPC.. A combined reading of both the section clearly states that the suit for infringement has to be instituted in the district court which is the court of lowest grade competent to try it. According to the doctrine of exhaustion of alternate remedy, a litigant must approach a forum that is nearest to him in the chain of Judicial structure and therefore district court is the appropriate forum.

4. Whether Basiltri. Inc has infringed the suit patents?

It is humbly submitted that Basiltri.inc has not infringed any of the suit patents. This is because the defendant was willing to obtain license from the plaintiff and it was the plaintiff that has never fairly negotiated with the defendant, by imposing conditions clearly contradictory to FRAND norms. Moreover, the defendant in the present case has taken a defense under clause (1) of section 107, the challenge as to validity of plaintiff's patents and unless the validity is conclusively determined, the defendant cannot be said to be an infringer of 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 Guo has abused its position of dominance by requiring 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 further submitted that forcibly requiring the respondents herein to sign the NDA would violate the spirit of FRAND norms of licensing. Differentiated charging mechanism and granting patent access only as a global portfolio would also amount abuse of dominance.

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

It is humbly contended by the counsels for the respondents that the patents as mentioned in the compromis need to be revoked as they are software patents. Counsels herein acknowledges the fact that software patents are not patentable only 'PER SE' , but will contend that the widgets do not fulfill the various tests laid down by the courts including the Machine-or –transformation test and the Alice two part test and will hence attract S3(k) of the Patents act.

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

It is humbly submitted that the interim injunction shall not be granted as the principle with regard to interlocutory injunction is that the plaintiff must prove/show prima facie case that the patent is valid and infringed; the balance of convenience is in favor of the plaintiff; and irreparable loss may be caused to the plaintiff if injunction is not granted. In the present case, the validity of patents is itself prima facie questioned, the balance of convenience lies in favor of the defendant as even if the plaintiff succeed the suit, it can be compensated in monetary terms and there will be no irreparable harm caused to them.

ARGUMENTS ADVANCED

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

The present suit is **not maintainable** as the suit for infringement has to be filed in District Court by virtue of section 104 of Patents Act and section 15 of CPC. According to section 104 of the Patents Act, a suit of infringement shall be instituted in any court not inferior to District Court having jurisdiction to try the suit. According to section 15 of CPC every suit shall be instituted in the court of the lowest grade competent to try it. A combined reading of both the section clearly states that the suit for infringement has to be instituted in the district court. This is because, according to the doctrine of exhaustion of alternate remedy, a litigant must approach a forum that is nearest to him in the chain of Judicial structure and that courts at a higher level should not be over burdened in the wake of forum shopping exercise. In the present case, plaintiff was not right in approaching Hon'ble High Court when the District Court has jurisdiction to try the case. In *Arguendo*, admitting Jurisdiction, the defendant has invoked clause (1) of section 107 of the Patent Act to contend that any ground on which a patent may be revoked under section 62 can be raised as a defense to a suit for infringement and hence the present petition is maintainable.

1. **Whether Basiltri. Inc has infringed the suit patents?**

It is humbly submitted that Basiltri.inc has not infringed any of the suit patents. It is a well established principle that the burden of proving infringement lies solely on the plaintiff who alleges it.

Offer Contradictory to FRAND terms:

Guo Inc. and the defendant had been negotiating the terms of the license, however both parties could not arrive at consensus because the plaintiff has never fairly negotiated with the defendant, clearly contradictory to FRAND norms.

The plaintiff's charging mechanism was on selling price rather than on the patented product. Such a practice is *unreasonable* as the royalty was not based on the sole addition to the product but on the device as a whole.

The plaintiff forced the defendant to sign a Non-Disclosure agreement. Necessitating a willing licensee to sign a NDA clearly suggests that it is probable that different royalty rates were being offered to potential licensees thereby making it a *discriminatory* practice.

When the defendant has clearly stated that it is interested in obtaining license only for India patents, the plaintiff has repeatedly insisted in offering its global portfolio which is completely *unfair*.

The question of unwillingness arises only when FRAND terms were offered by a licensor to the licensee. In the present case, the conduct of the plaintiff clearly suggests otherwise. Hence the defendant cannot be said to be an unwilling licensee.

The prospective licensee cannot be expected to merely accept the licensor's representation unless the terms being offered to him are fair, reasonable and non-discriminatory. Accepting to negotiate a license agreement does not mean adherence to unreasonable terms. The problem with refusal to license is an exploitative abuse as it is possible to hinder both competition and innovation, preventing consumers from exposure to new products.

Challenging validity of the patents:

The defendant, being uncertain about plaintiff's patents from the beginning, demanded proof as to validity and essentiality during negotiation. But the plaintiff refused to pay heed to defendant's request, offered to demonstrate the essentiality and validity for only 5 patents. The uncertainty as to validity and essentiality of patents and uncooperative attitude of the plaintiff to clarify the same has left the plaintiff with no other recourse but to pursue the petition for revocation to test its validity through an expert forum. Merely because a prospective licensee has challenged the validity of the patents, it does not ipso facto render him an unwilling licensee.¹

The defendant has invoked section 64 read with section 107 of the Patent Act to contend that the challenge to the validity of the patent can be raised as a defense to a suit for infringement as at the interim stage, mere registration is not proof of its validity.

It is submitted that the defendant has never admitted to the validity, essentiality of any of the suit patents by attempting to negotiate terms for licensing as mere negotiation of licensing

¹ Vringo Infrastructure Inc v. ZTE ((2013) EWHC 1591 (Paragraphs 40-46 and 52-58)

terms is no bar for filing revocation. The defendant has not denied the factum of negotiations between the parties. In fact the correspondence exchanged between the parties amply demonstrates that the defendant is not an unwilling licensee and it is the plaintiff who has not negotiated in good faith since it withheld information necessary for the defendant to evaluate the need to secure a license. Furnishing a mere sample list of patents is not enough to effectively conclude a license agreement.

In *F.Hoffmann-la Roche Ltd v. Cipla Limited*², the court held that in patent infringement cases, the courts should follow the approach indicated in *American Cyanamid*³. It should follow a rule of caution, and not always presume that patents are valid, especially if the defendant challenges it.⁴

It is also humbly submitted that the credibility of the defendant's challenge to the validity of the patents must be assessed solely on its merits and not be guided by any other consideration such as alleged delay in challenging the validity. This is because under Section 140(1)(d) of the Act, there can be no bar/estoppel against a licensee's right to challenge patent validity despite having accrued benefit out of the use of the patented invention. In this regard, reliance is placed on the decision of *Lear Incorporated v. John S. Adkins*⁵ of the US Supreme Court, which was relied upon by the IPAB in *Enercon (India) Limited v. Aloys Wobben*.⁶ Once the defendant is able to raise a credible challenge to the validity of the patent then injunction must be refused⁷.

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

It is humbly submitted that Guo has abused its position of dominance by requiring 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.

² *F. Hoffmann-la Roche Ltd v. Cipla*, 2008 (37) PTC 71 (Del.)

³ *American Cyanamid v Ethicon*, (1975) RPC 513,H.L.

⁴ *F.Hoffman-la Roche Ltd v. Cipla Limited*, 2008 (37) PTC 71 (Del.) at p.107.

⁵ *Lear Incorporated v. John S. Adkins*, 395U.S.653(1969) at Paragraphs 2-5

⁶ *Enercon (India) Limited v. Aloys Wobben*. (2013(56) PTC 412 at Paragraphs 16-17).; *Windsurfing International Inc. v. Commission of European Committees* (1986 ECR 611 at Paragraphs 89-93).

⁷ *Chemtura Corporation v. Union of India* 2009 (41) PTC 260 (Del.)

3.1 ESTABLISHMENT OF DOMINANCE:

It is humbly submitted that the relevant geographic market for the determination of relevant market for the case in hand would be the territory of India. The SEPs owned by Guo.Inc correspond to specific widget standards used for handsets and hence the relevant product market would be the provision of SEPs for widget technology in handsets. Therefore the relevant market would be the market of SEPs for specified widget technology in handsets within the territory of India.

GUO.Inc is a widget manufacturer and owner of huge portfolio of standard essential patents. It held over 20,000 patents and applications that are essential to Widget standards⁸. Once a patent is declared as Standard essential, it faces no competition from other patents until that patent becomes obsolete due to new technology/invention.⁹ Thus it is evident that Guo. Inc holds a dominant position in the relevant market.

3.2 ESTABLISHMENT OF ABUSE:

It is well recognised that a patent holder of a technology accepted in a standard would be in a position to hold up the other market participants implementing the said technology. It is to mitigate against such conduct that an SEP holder is normally required to commit to license their patents on FRAND (Fair, Reasonable and Non-discriminatory) terms by virtue of Rule 6 of ETSI policy. This is to prevent absolute monopoly and to encourage innovation. However Guo has been using its dominant position by the forcing by a) forcing to sign the confidentiality agreement, b) charging the royalty rates on sale price of the end product and c) forcing to obtain license for its entire global portfolio. All the above mentioned activities of Guo hinders healthy competition in the relevant market.

3.2.1) Non-disclosure agreement:

⁸ Moot proposition, at p.3

⁹ Intex v Telefonaktiebolaget LM Ericsson (PUBL) .,Case No. 76/2013.

Guo required the defendant to enter in to a Non-Disclosure Agreement (NDA) as a condition precedent necessary for letting the informant know about the royalty rate. Refusal to share commercial terms and royalty payments strongly suggests that different royalty rates were being offered to the potential licensees belonging to the same category.

The NDA prevents the defendant from disclosing any proprietary confidential information of the plaintiff to any of its vendors, the result of which is that, the defendant is unable to discuss any information regarding the alleged infringement with its vendors despite the fact that it had specific agreements with them wherein they have specifically stated that their products do not infringe any of the intellectual property rights of third parties.

Necessitating a licensee to sign a NDA makes it impossible for him to know the terms of royalty for similarly placed licensees. When the royalty rates for competing users are unknown, the potential licensee cannot be assured of non discriminatory pricing .This operates against the spirit of FRAND terms which not only mandates Fair and Reasonable terms but also Non-Discriminatory terms. Thus forcing a potential licensee to execute a NDA likely to impose discriminatory terms clearly amounts to abuse of dominant position under section 4 of the Competition Act, 2002.

3.2.2)Charging mechanism:

The Guo.Inc charges the royalty based on the net selling price of the end product and not on the price of individual components for which patent is obtained.¹⁰ Such a charging mechanism has no linkage to the patented product as the royalty in such cases would depend on the cost of the end product and not the patented invention. This makes it possible for the patent holder to earn unfair gains because the increase in royalty rate would be without any contribution to the product of the licensee. This leads to a situation popularly termed as patent hold-up. "Patent holdup" refers to the situation where the owner of a patent requires the payment of more than reasonable and non-discriminatory royalties or other fees from implementers of a standard.

It is humbly submitted that payment of royalty at an ad valorem rate based on the value of the product instead of the component that uses the said technology is patently unfair as it amounts to GUO claiming part of the value of the product that is attributable to other features and

¹⁰ Moot proposition, at p.5

innovations which are unconnected with the technology claimed to be patented by Guo. It is also submitted that the products in question use several patented technologies and unreasonable demand of royalties by patent holders would result in 'royalty stacking'. It is alleged that excessive demands of royalty by Guo amounts to a 'patent holdup' and, thus, prevents supply of products to the consumers.

The effect of such a pricing mechanism is thrust upon the end consumers as high price for the corresponding product. In *Eurofix-Bauco v. Hilti*, the European Commission held that it was an abuse to demand excessive royalty with the sole object of blocking or unreasonably delaying a licence. This decision of the commission was upheld on appeal¹¹.

Charging of two different licensee fees per unit for the use of same technology prima facie is discriminatory thus against FRAND norms. Thus imposing unfair and unreasonable royalty rates amounts to abuse of dominance under section 4 of the said Act and is likely to render the business of the defendant unviable.

3.2.3) OFFERING GLOBAL PORTFOLIO OF PATENTS:

Basiltri is a widget manufacturer in India. Therefore it requires license to those of Guo's patents which are necessary for it to manufacture, within the territory of India, the widgets without infringing Guo's patents which is precisely the India Patents alone. But Guo has been forcing Basiltri to take up license for its global portfolio of patents based on some fictional data that Basiltri has been exporting to China. There is no shred of binding data to prove that the defendants had been exporting that widget for which Guo has been holding patents. If that's the case, Basiltri who had already volunteered to take up license for India patents would have offered to take up license for such countries as well, as the defendant is well aware of the fact that manufacturing or exporting a product for which an entity holds standard essential patent without obtaining license would amount to infringement according to the Indian Patents Act.

Therefore forcing Basiltri to obtain license for Global Portfolio, contrary to its will, is unfair, unreasonable and amounts to abuse of dominant position.

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

¹¹ Hilti AG v. Commission: [1991] ECR II-1439

It is humbly contended by the counsels for the respondents that the software patents as mentioned in the compromi need to be revoked as they are software patents. Counsels herein acknowledges the fact that software patents are not patentable only 'PER SE' , but will contend that the widgets do not fulfill the various tests laid down by the courts

3.1)It is humbly contended that widgets do not form a patentable subject matter

The computer related inventions guidelines 2017 released by the office of the controller of patents states that If, **in substance**, claims in any form such as method/process, apparatus/system/device, computer program product/ computer readable medium **belong to the said excluded categories, they would not be patentable**. Even when the issue is related to hardware/software relation, the expression of the **functionality as a method is to be judged on its substance**. It is well-established that, in patentability cases, the **focus should be on the underlying substance of the invention, not the particular form** in which it is claimed. The Patents Act clearly **excludes computer programmes per se and the exclusion should not be allowed to be avoided merely by camouflaging the substance of the claim by its wording**.

Section 3 of the Act lists down subject matter that cannot be patented, and Section 3(k) specifically states that "computer program *per se*" is not a patentable subject matter. These are very similar to the exclusions listed in Article 52 of the European Patent Convention (EPC), which governs patent law in Europe. And where the EPC uses the phrase "as such"¹²when it comes to computer programs, the India exclusions contain the equivalent phrase "computer program *per se*" The court in *re Lowry*¹³ held that while claims that recite a particular data structure are Non-patentable subject matter. In *Warmerdan, re*, the court affirmed the rejection of a claim for a "method for generating a data structure which represents the shape of a physical object in a position" under Section 101. The decision of Plager J of Federal circuit court indicated that the central enquiry was whether the process merely manipulated abstract ideas or natural phenomenon. Applying this standard, the court reasoned that the steps of the claimed

¹²Art 52(3) of EPC

¹³In *re Edwards Lowry*,32 F.3d 1579, 32 USPQ2d 1031

method “describe nothing more than the manipulation of basic mathematical constructs, the paradigmatic, abstract ideas”¹⁴.

By rejecting the 2004 Ordinance wording, Parliament has clearly shown that “technical application to industry” and “combination with hardware” does not make a computer programme patentable subject matter. One may also refer to the recently released Manual of Patent Office Practice and Procedure (2011) which clarifies ambiguities in respect of patentability. Even the manual does not provide for patentability of computer software in combination with hardware. The text in the Manual is reproduced below.

f. If the claimed subject matter in a patent application is only a computer programme, it is considered as a computer programme per se and hence not patentable. Claims directed at computer programme products ‘are computer programmes per se stored in a computer readable medium and as such are not allowable. Even if the claims, inter alia, contain a subject matter which is not a computer programme, it is examined whether such subjectmatter is sufficiently disclosed in the specification and forms an essential part of the invention’¹⁵.

A principle, in the abstract, is a fundamental truth; an original cause; a motive; these cannot be patented, as no one can claim in either of them an exclusive right¹⁶.

Despite the absence of any formal requirement to show the existence of an invention as a precondition for patentability, number of recent decisions in the UK and the EPO has suggested that for an invention to be patentable it is necessary to show that the application discloses an invention¹⁷. In the UK, the decision of *Genetech v. Wellcome* where the Court of Appeal said

¹⁴33 F 3d 1354 (Fed Cir 1994)

¹⁵Manual of Patent Office Practice and Procedure (2011)

¹⁶Le Roy v. Tatham, 55 U.S. 156 (1852)

¹⁷EPO Guidelines C-IV, 1.1,2.2; EPC r. 27 and 29

that it was an essential requirement which „must be satisfied before a patent can properly be granted ...that the applicant has made an “invention”¹⁸.

The new guidelines¹⁹, by interpreting Section 3(k) in a manner that allows for granting of patents in the area of software, could result in programmers and start-ups having to write code in perpetual fear of infringing on some patent or the other. It is well-established that, in patentability cases, the focus should be on the underlying substance of the invention, not the particular form in which it is claimed. In reviewing earlier cases applying the rule that a scientific principle cannot be patented, the Court placed particular emphasis on the English case of *Neilson et al. v. Harford*, which involved the circulation of heated air in a furnace system to increase its efficiency. The English Court rejected the argument that the patent merely covered the principle that furnace temperature could be increased by injecting hot air, instead of cold into the furnace²⁰. This reflects the long-held view that patent protection should not be available for purely abstract or intellectual creations.

Algorithms are not patentable subject matter, as they are mere expressions of abstract ideas, and not inventions in themselves. Computer programs, similarly, are abstract ideas. They only stop being abstract ideas when embodied in a machine or a process in which it is the machine/process that is the essential claim and not the software. That machine or process being patented would not grant protection to the software itself, but to the whole machine or process. Thus the abstract part of that machine/process (i.e., the computer program) could be used in any other machine/process, as it is not the subject matter of the patent. Importantly, just because software is required to operate some machine would then not mean that the machine itself is not patentable, just that the software cannot be patented in guise of patenting a machine. ***In the instant case, certain softwares are claimed to be patented in guise of technical advancements to achieve royalty from patent seekers. Therefore, several other components may be liable to be patented but not the aforementioned 10 patents.***

18

¹⁹Guidelines for examination of Computer Related Invention(CRIs) 2015

²⁰Webster's Patent Cases 273 (1844)

Therefore if the claims in any form such as method/process, apparatus/system/device, computer program product/ computer readable medium fall under the said excluded categories, they would not be patentable as it falls under the excluded category.

3.1.2) It is humbly submitted that granting patents to the software mentioned herein would be in detriment of the essentialities of patentability.

Under the Patent law, the considerations for any innovation to be considered for patent protection status are i) novelty, ii) inventive step .The most important requirement in patent law to be considered in light of TK-based inventions is sufficient inventive step.

An invention is not considered „new“ if the claimed invention is publicly known or publicly used in India before the priority date²¹.It is hence noted that the only novel feature of the invention was a computer program, and that the program itself was not patentable subject matter. The Court also stated the invention could not be patented "not because it contains a mathematical algorithm as one component, but because once that algorithm is assumed to be within the prior art, the application, considered as a whole, contains no patentable invention²².In *Gottschalk v. Benson*²³, we held that the discovery of a novel and useful mathematical formula may not be patented.*Funk Bros. Seed Co. v. Kalo Co.* expresses a similar approach: "He who discovers a hithertounknown phenomenon of nature has no claim to a monopoly of it which the law recognizes. If there is to be invention from such a discovery, it must come from the application of the law of nature to a new and useful end."²⁴

The Supreme Court in *Bishwanath Prasad's case*²⁵observed that prior public knowledge of the alleged invention would disqualify the grant of a patent.

²¹Sec.64(1)(e) of the Act

²²*Parker v. Flook* 437(1978) 584-589(U.S)

²³409 U.S. 63, 175 USPQ 673

²⁴333 U.S. 127, 130, 76 USPQ 280, 281

²⁵*Biswanath Prasad RadheyShyamvs Hindustan Metal Industries* AIR 1982 SC 1444

In *Dann v. Johnston*²⁶, the Court held a patent on “machine system for automatic record booking keeping of bank checks and deposits” invalid for obviousness. The Court took a broader view of obviousness in the computer industry, focusing on whether the analogous systems to the patentee’s had been implemented in computers before. The clear implication of the opinion is that if a reasonably skilled programmer could produce a program analogous to the patented one, and if there was motivation in the prior art to do, the patented program is obvious.

Relying on its *Mayo v. Prometheus*²⁷ and *Bilski v. Kappos*²⁸ decisions, the Supreme Court unanimously decided that the claims in this case were unpatentable under Section 101. Section 101 of the U.S. Patent Act defines the subject matter eligible for patent protection. It provides that “Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.”²⁹

In *Bishwanth Prasad’s* case³⁰, the apex court reiterated the above test and suggested three alternative conceptions of the same:

- a. Whether the alleged invention lies so much out of the track of what was known before as not natural to suggest itself to a person thinking on the subject, it must not be the obvious or natural suggestion of what was previously known;
- b. Was it for practical purposes obvious to a skilled worker in the field concerned, in the state of knowledge existing at the date of the patent, to find in literature then available to him; that he would or should make the invention the subject of the claim concerned.

In a recent order the India Patent Office stated, “...to control a new computer to cause it to perform desired operation, without special adaptation or modification of its hardware

²⁶425 U.S.219(1976)

²⁷132 S.Ct. 1289 (2012)

²⁸561 U.S. 593(2010)

²⁹35 U. S. C. § 101 of the U.S Patent Act

³⁰supra note 15

components, then no matter whether claimed as computing device or a method implemented in a type checking system is not patentable u/s 3(k)³¹

In *re Bilski* decision³² after rejecting the *State Street Bank* test, the majority set forth a single test for determining the patentability of processes. This test holds that a process is patentable if "(1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing." The machine-or-transformation test is "a useful and important clue" and "an investigatory tool" for analyzing whether processes subject matter eligible under Section 101. In effect, the machine-or-transformation test is now the default test for determining whether processes pre-empt an abstract idea at the U.S. Patent Office. *In the instant case, the widget software do not adhere to the machine-or-transformation test as the functionalities of the widget do not reveal the same.*

Hence it is humbly submitted that, on grounds of its failure to adhere to the aforementioned tests, these patents may be held as software per se and hence declared as patent ineligible.

4. Whether interim injunction has to be granted against Basiltri?

It is humbly submitted that the application for interim injunction has to be dismissed by the Hon'ble High Court. The general tendency regarding interlocutory injunctions in patent cases has been that the onus in showing a prima facie case in justifying the grant of injunction is heavy on the plaintiff and it is comparatively easy for the defendant to establish a defense.³³

Placing reliance on *Pepsi Co. Inc. and Anr. v. Hindustan Coca Cola and Ors*³⁴ and section 41 of the Specific Relief Act 1963, it is submitted that an injunction shall not be granted if there is an alternative efficacious remedy. The principle with regard to interlocutory injunction is that the plaintiff must prove/show prima facie case that the patent is valid and infringed; the balance of

³¹Order dated Nov 23rd, 2012 in the matter of 6067/DELNP/2005 by Microsoft Corp

³²409 U.S. 63 (1972)

³³ *Bajaj Auto Ltd v. TVS Motor Company Ltd.*, 2008(36) PTC 444 (Del) at p.439

³⁴ *Pepsi Co. Inc. and Anr. v. Hindustan Coca Cola and Ors.*, (2001(94) DLT 30 at Paragraph 13); *C. Shukla and Ors. v. Delhi Development Authority and Anr.*: (1998(73) DLT 131 at Paragraph 5); *Pepsi Foods vs. Jai Drinks (P) Ltd.*, (1996(36) DRJ 711 at Paragraph 11),

convenience is in favor of the plaintiff; and irreparable loss may be caused to the plaintiff if injunction is not granted.³⁵The Court has to exercise its sound judicial discretion in granting or refusing the relief of ad interim injunction pending the suit³⁶.

The crucial aspect with regard to temporary injunction is whether refusal of injunction would cause irreparable hardship to the plaintiff as cannot be later compensated in monetary terms.³⁷

The monetary damages are the appropriate and efficacious remedy to redress the plaintiff's claim, has been uniformly applied in cases involving allegations of infringement of Standard Essential Patents. In this regard, reliance is placed on the decision in *Microsoft v. Motorola*³⁸. Economic damages are not traditionally considered "irreparable" because the injury can later be remedied by a damage award. The temporary loss of income, ultimately to be recovered, does not usually constitute irreparable injury.³⁹

In *Apple v Motorola*, the Court held that by committing to license its patents to anyone willing to pay a FRAND royalty means that the patent holder implicitly acknowledged that royalty is the adequate compensation for a license to use the patent. According to the Federal Trade Commission, a prior FRAND commitment can provide strong evidence that the denial of injunction and ongoing royalties will not cause irreparable harm to the patentee.

Even if it were to be assumed that the patents asserted were indeed "essential", the plaintiff would not suffer from irreparable harm since the primary issue between the parties was essentially pecuniary in nature, which was quantifiable and compensable by way of damages. In other words, no irreparable harm would be caused to the Plaintiff by non-grant of an interim injunction. Until the issue of validity is not conclusively adjudicated upon, the plaintiff is not

³⁵ *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).

³⁶ *Dalpat Kumar v. Prahlad Singh.*, ((1992) 1 SCC 719 at Paragraphs 4-5)

³⁷ *Mosanto Company v. Stauffer Chemical Company*, (1984) FSR 574.

³⁸ *Microsoft v. Motorola.*, 696 F.3d 872 (9th Cir. 2012)

³⁹ *Sampson v. Murray*, 415 U.S. 61, 90 (1974)

entitled to the grant of any relief, interim or permanent. Therefore the defendant humbly prays this hon'ble court to dismiss the suit for injunction.

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. is not liable for infringing Guo's Indian patents number 2222b, 2222e, 2222f, and 2222g.

II. Hold that Guo has abused its dominant position by forcing Basiltri to sign confidentiality agreement, claiming royalties based on end products and by offering licence only for its global portfolio.

III. Hold that 10 of Guo's patents be revoked 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 Respondents)