



POLICY BRIEF #30

Navigating SEP Licensing Insights from Indian Jurisprudence

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Abstract

This policy brief examines the evolution of Indian jurisprudence with regard to the licensing and enforcement of Standard Essential Patents (SEPs). This analysis gains relevance in the context of India's technological ambitions, particularly in mobile phone manufacturing and Internet of Things (IoT). SEPs protect technologies that are part of technical standards which facilitate seamless connectivity across devices and platforms. SEPs are critical to India's smartphone and IoT markets. This brief identifies key legal and economic challenges around SEP licensing, including the balance of power between patent holders and implementers. A review of Indian jurisprudence reveals that courts consistently uphold the rights of SEP holders, while emphasizing the importance of good-faith negotiations and constructive engagement by implementers in licensing discussions. Our preliminary findings suggest that, while the Indian judiciary is becoming increasingly adept at navigating SEP disputes, some guidelines or a special mechanism for startups to enforce their IPR may be required to encourage smaller innovators to participate in the intellectual property ecosystem. This brief aims to inform policymakers, technocrats, and legal professionals about the critical intersections of law, economics, and technology involved in shaping India's SEP licensing and enforcement framework.

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Navigating SEP Licensing: Insights from Indian Jurisprudence

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1. Introduction

1.1 The Relevance of Cellular SEPs to India

India's ambitions to become a global technological powerhouse can be accelerated by fostering technological research and high-tech manufacturing within the country. The need for Indian firms to ascend the manufacturing value chain, from manufacturing existing designs to developing their own innovations, was highlighted by economists as early as a decade ago.¹ Such a shift is indispensable for boosting India's competitiveness in global markets and also for achieving sustainable economic growth. By moving up the innovation value chain, India will be able to secure its place as a leader in global supply networks, create high-paying jobs, and develop expertise in critical technologies. This shift will lay a strong foundation for long-term technological leadership. However, achieving this vision of "Viksit Bharat" demands concentrated efforts to address deep-seated systemic challenges. The said challenges include fostering a robust intellectual property rights (IPR) framework, which is paramount for instilling confidence in both innovators and investors.

The misappropriation of intellectual property rights (IPR) may not provide a conducive environment for domestic innovation or innovation by foreign firms.² A stronger IPR framework that protects the right of innovators (both foreign and Indian) can uplift India's technological ambitions.³ India's National Electronics Policy 2019 also advocates for the establishment of mechanisms⁴ to manage IPR effectively.⁵ This brief attempts to examine the elements of an effective IPR regime for cellular network Standard Essential Patents (SEPs) that serves and balances the interests of both the creator and the implementor - a regime that provides appropriate incentives for investment and innovation and incentivizes Indian startups to participate in this ecosystem.

Cellular standards serve as a common language across devices, platforms, and geographies for cellular networks, enabling connectivity across the globe.^{6,7} According to the State of

¹ Ravi, S., & West, D. M. (2016). *Building a design economy in India*.

² Branstetter, L., & Saggi, K. (2011). Intellectual property rights, foreign direct investment, and industrial development. *Economic Journal*, 121(555), 1161-1191. <https://doi.org/10.3386/w15393>

³ Department of Industrial Policy and Promotion, Government of India. (2016). *Discussion paper on standard essential patents and their availability on FRAND terms*. https://www.ipindia.gov.in/writereaddata/Portal/News/196_1_standardEssentialPaper_01March2016_1_.pdf

⁴ This includes addressing issues related to SEPs, such as licensing and enforcement, to ensure that Indian companies can compete globally.

⁵ Ministry of Electronics and Information Technology, Government of India. (2019). *National Policy on Electronics 2019*. https://www.meity.gov.in/writereaddata/files/Notification_NPE2019_dated25.02.2019.pdf

⁶ International Telecommunication Union. (2020). *Measuring digital development: Facts and figures 2020*. <https://www.itu.int/en/ITU-D/Statistics/Documents/facts/FactsFigures2020.pdf>

⁷ La Diega, G.N. (2022). *Internet of Things and the law: Legal strategies for consumer-centric smart technologies*.

India's Digital Economy (SIDE) Report (2024), India has the second highest number of smartphone users among the G20 countries.⁸ India has also emerged as the second-largest mobile phone manufacturer in the world, with over 268 mobile phone and component manufacturing units as of 2018.⁹ In addition to its burgeoning smartphone sector, the Indian industrial and consumer IoT markets have significant potential for growth; the Indian industrial IoT market was valued at USD 58.9 billion in 2024 and is expected to grow at a CAGR of 11.25% through 2030.¹⁰

Increasing smartphone usage, expanding smartphone manufacturing, and a fast-growing IoT sector make cellular standards and SEPs crucial to India's technological and industrial ambitions. A key aspect of India's industrial and technological policy over the past decade has been the emphasis on startups and small and medium enterprises (SMEs). The Startup India initiative, launched in 2016, aims to promote entrepreneurship by offering funding support, intellectual property protection, and tax benefits to startups with the goal of creating a robust ecosystem that supports innovation and job creation. The Make in India programme, launched in 2014, complements Startup India by providing support for startups and SMEs through measures such as tax exemptions, self-certification for compliance with labour and environmental laws, and easier access to government tenders. The fact that the government of India views Micro, Small & Medium Enterprises (MSMEs) as a crucial growth engine is also evidenced by other programs, including collateral-free loans under the Pradhan Mantri Mudra Yojana (launched in 2015). Therefore, it is crucial to study the interface of startups and cellular standards. Having laid out the context and relevance of cellular standards. The following section undertakes a brief examination of the legal and economic issues surrounding SEPs, which are indispensable for the implementation of cellular standards.

1.2 Economic and Legal Contexts to the Cellular SEP Enforcement Debate

An SEP is a patent that protects an invention that is essential to the implementation of a specific technology standard. Technology standards for the deployment and evolution of cellular networks are decided by standard-setting organizations (SSO) such as the International Telecommunication Union (ITU), the Institute of Electrical and Electronics Engineers (IEEE), and the European Telecommunications Standards Institute (ETSI).¹¹ During the standard-setting process, the technical committee of an SSO—which includes experts, industry stakeholders, and user representatives—takes into consideration all technology that

⁸ Mishra, D., Kedia, M., Reddy, A., Ramnath, K., & Manish, M. (2024). *State of India's digital economy (SIDE) report, 2024*. IPCIDE, Indian Council for Research on International Economic Relations (ICRIER).

⁹ India now has 268 mobile handset and component manufacturing units, 6.7 lakh jobs created: ICEA | Technology News. *The Indian Express*, 2018 November 22 Retrieved from <https://indianexpress.com/article/technology/india-now-has-268-mobile-handset-and-component-manufacturing-units-icea-technology-news-8513453/>

¹⁰ TechSciResearch. (n.d.). *India IoT in manufacturing market by size, share, trends, growth, forecast 2030*. <https://www.techsciresearch.com/report/india-iot-in-manufacturing-market/2046.html>

¹¹ Spulber, D.F. (2019). Standard setting organisations and standard essential patents: Voting and markets. *The Economic Journal*, 129(619), 1477-1509

is essential to meet the proposed standard, including patented technology.¹² Stakeholders may propose different technical solutions to achieve a certain functionality and patent owners whose intellectual property become part of the standard have to commit to license their relevant patents to implementers on fair, reasonable, and non-discriminatory (FRAND) terms.¹³

However, once adopted, a standard may reduce competition between alternative technologies,¹⁴ as the use of technology included in the standard becomes indispensable for anyone wishing to comply with the standard.¹⁵ The *ex-ante* and *ex-post* bargaining power of a patent included in a standard are significantly different, and FRAND commitments are essential to mitigate potential anti-competitive harm.¹⁶ This raises the question of whether SEPs confer unfair bargaining power to the licence holder. There are several multifaceted global policy debates related to SEPs that span a spectrum of issues, including balancing the risks of patent holdup and holdout, whether SEP disputes should be resolved through judiciary or government regulation, the definition of ‘fair’ and ‘reasonable’ in FRAND licensing, the role of competition authorities in regulating SEP holders, the necessity for injunctions in SEP licensing disputes, and whether the basis for the calculation of royalty rates should be product value or component value. Due to these debates and the litigation between licensors and implementors, some technologists and policymakers view SEPs as bottlenecks to technological progress. It is in this context that a balanced and fact-based analysis of the economic/legal context and the history of SEP licensing in the Indian ecosystem becomes relevant.

Policy debates in SEP enforcement centre around the balance of power between patent holders and implementors and how SEP rights are enforced and negotiated in practice. Understanding these dynamics is essential for addressing broader issues of economic inefficiencies, transaction costs, and the role of private ordering in patent enforcement.¹⁷ Coase Theorem suggests that private parties can negotiate solutions to externalities without government intervention, provided property rights are well-defined and transaction costs are minimal.¹⁸ However, in the case of patent enforcement, transaction costs are substantial and market failure is a concern.

¹² WIPO. (2005). *IP for business: Patents in technical standards*.
https://www.wipo.int/wipo_magazine/en/2005/06/article_0009.html#:~:text=How%20is%20IP%20treated%20in,%E2%80%9Cessential%20patent%20claims%E2%80%9D.

¹³ Bekkers, R. R., Dalais, M., Doré, A., & Volanis, N. (2014). *Understanding patents, competition & standardization in an interconnected world*. Retrieved from https://www.itu.int/en/itu-t/documents/manual_patents_final_e.pdf

¹⁴ Inclusion of a patent in a standard causes an issue very similar to the “patent bargain”: an inventor receives the reward of a time-limited monopoly of the industrial use of his/her invention in return for disclosing the invention and dedicating it to public use after the patent expires.

¹⁵ Mariniello, M. (2013). Standard-setting abuse: The case for antitrust control. *Bruegel Policy Briefs, No. 1*.
<https://www.tse-fr.eu/publications/standard-setting-abuse-case-antitrust-control>

¹⁶ Mariniello, M. (2013). Standard-setting abuse: The case for antitrust control. *Bruegel Policy Briefs, No. 1*.
<https://www.tse-fr.eu/publications/standard-setting-abuse-case-antitrust-control>

¹⁷ Shapiro, C. (2010). Injunctions, hold-up, and patent royalties. *American Law and Economics Review, 12*(2), 280-318.

¹⁸ Coase, R.H. (1960). The problem of social cost. *Journal of Law and Economics, 3*, 1-44. <https://doi.org/10.1086/466560>

The question, however, is as follows: What is the extent and nature of this market failure and what should be the policy response? Can reliance be placed on private ordering and courts to correct the failures of the market process? Some proponents of the “hold-up problem” argue that the threat of an injunction can lead to a “hold-up” situation, where the patent holder gains excessive negotiating power.¹⁹ While the hold-up problem in cellular SEPs is widely understood, there have been limited instances of it being the deciding factor in legal outcomes,²⁰ raising questions about its actual prevalence. Teece and Dasgupta have argued that, on the other hand, the hold-out problem is poorly understood due to the confidential nature of licensing negotiations and licensing agreements. It has even been stated that the legal system is conferring an unwarranted degree of bargaining power to implementors.²¹ Anyone manufacturing or selling a standard compliant product has to either license the required SEPs or end up infringing one or more SEPs (knowingly or unknowingly). Infringements that are hard to legally remedy are indicative of possible imbalances in the current patent right assignment and enforcement framework, and thus merit examination.

1.3 Research Focus and Objectives

Our research focuses on the following three policy debates, which are most closely related to the enforcement of SEP rights in the real world:

- How to balance the risks of patent holdup and holdout
- Whether free-market forces overseen by the judiciary or by government regulation would be better suited to govern SEP disputes in India
- Whether antitrust regulators have jurisdiction over SEP disputes

This research also examines other important issues that are crucial for a balanced and incentive-driven patent licensing and enforcement ecosystem in India, as follows:

- How to make IP rights more marketable for startups, SMEs, and educational institutions through policy frameworks and institutional mechanisms
- Proposing amendments to judicial rules, particularly those governing patent suits to streamline patent enforcement, thereby aiding startups, SMEs, and educational institutions in monetizing their patents

However, even a reassignment of rights and liabilities that balances the bargaining power between the technology developer and implementor would be an incomplete solution without a robust mechanism to settle disputes within the SEP licensing ecosystem. While this

¹⁹ Shapiro, C. (2010). Injunctions, hold-up, and patent royalties. *American Law and Economics Review*, 12(2), 280-318. <https://doi.org/10.1093/aler/ahq014>

²⁰ In *InterDigital Technology Corporation and Ors. v. Lenovo Group Limited and Ors.*, [2023] EWHC 539 (Pat), evidence in respect of hold-up was presented by Mr. David Djavaherian and held to be balanced and realistic. <https://www.judiciary.uk/wp-content/uploads/2023/04/IDG-v-Lenovo-judgment-270423.pdf>

²¹ Dasgupta, K., & Teece, D. J. (2023). Protecting innovation in the mobile wireless ecosystem: Understanding and addressing “hold-out”. *Berkeley Technology Law Journal*. <https://ssrn.com/abstract=4585358>

role has traditionally been played by courts, antitrust regulators are increasingly intervening in this domain, and nations across the globe are increasingly considering state-led solutions, including regulation of SEP pricing. Even if the capacity of regulators and the state to intervene in complex technological issues were to be set aside, patent rights also impact innovation trajectories, and there is a perception that the market might be best suited to steer such decisions.²² An example of state intervention in intellectual property rights enforcement is Australia's News Media and Digital Platforms Mandatory Bargaining Code, enacted in 2021, which addresses bargaining power imbalances by allowing news media to negotiate individually or collectively with digital platforms over payment for the inclusion of their news, based on a bargaining code mandated by the ACCC.²³

While there is considerable debate on all three issues, this debate has primarily been at the level of a clash between opposing ideologies. We believe that the best way to begin a systematic study of these issues would be through a review of jurisprudence on SEP disputes in India.

There have been several significant decisions that have been passed by Indian courts, in particular by the Delhi High Court. At the outset, it is crucial to note that, while most of the decisions are interim orders, there have been two landmark post-trial decisions. Overall, the Indian enforcement ecosystem for SEP licensing involves a degree of uncertainty, with stakeholders often relying on interim judgements. Even though the majority of Indian SEP litigations are yet to reach final judgement, placing judicial decisions as the starting point of our analysis would provide evidential support to our recommendations and help align them with the prevailing economic and legal environment.

This brief is the first in a three-part series that entails an examination of Indian jurisprudence and international policy developments and undertakes a qualitative analysis of the Indian SEP licensing ecosystem, with an emphasis on startups and SMEs. The remainder of this brief outlines jurisprudence that has emerged from SEP disputes in India and the key insights from them to gain a better understanding of how India's current judicial position on SEP licensing has emerged over the years. The second brief will focus on global policy developments in the SEP landscape and highlight key international jurisprudence to enable a comparison with Indian jurisprudence. The third and final policy brief of this research series will distil qualitative insights from a wide spectrum of stakeholders within the Indian SEP ecosystem, especially startups, to understand ground realities that may not emerge in court decisions or academic research. Stakeholder consultations are crucial because Indian startups are increasingly becoming both users and creators of intellectual property.

A better understanding of the issues involved is required to create a licensing framework that supports the needs of both categories of Indian startups: licensees and licensors. Through this

²² Supreme Court of the United Kingdom. (2020). *Unwired Planet International Ltd and another (Respondents) v Huawei Technologies (UK) Co Ltd and another (Appellants)*. UKSC 37. <https://www.supremecourt.uk/cases/uksc-2018-0214.html>

²³ Australian Communications and Media Authority. (n.d.). *News media bargaining code*. <https://www.acma.gov.au/news-media-bargaining-code>

series, we endeavour to integrate diverse perspectives to provide evidence-based recommendations. We hope that the insights emerging from this policy series will inform technocrats, policymakers, social scientists, and legal professionals involved in India’s SEP licensing and enforcement framework.

2. Review of Indian Jurisprudence

Judicial pronouncements have delineated some key principles involved in the enforcement of SEP licensing, including interpretations of patent validity, enforcement, licensing practices, and the balance between patent holders’ rights and rights of implementers. This section undertakes a detailed examination of key Indian litigations involving SEPs; however, it should be emphasized that only a fraction of licensing litigations end up in court.²⁴ The majority of licensing negotiations are known to have been settled amicably. Even among the few licensing negotiations that take on an adversarial character, the majority get settled privately between parties before trials begin in court.²⁵ According to a 2023 study by the European Commission titled “Empirical Assessment of Potential Challenges in SEP Licensing”, “[l]itigation incidence is lowest among SEP licensing by major SEP holders – we assess a maximum of 0.01-0.03 SEP litigations per SEP license concluded by major SEP holders.”²⁶ The following section analyzes the findings of the two post-trial decisions from the Delhi High Court, followed by assessing various interim orders.

2.1 Post-Trial: Lava International v. TLM Ericsson, 2024

Lava v. Ericsson, was the first final judgement issued by the Delhi High Court with respect to telecommunication SEPs. After prolonged licensing negotiations, Lava filed a suit against Ericsson, after which Ericsson filed a suit against Lava before the Delhi High Court seeking an injunction and damages for SEP infringement. An interim injunction was issued restraining Lava from selling its products. However, Lava filed an appeal against this injunction, and it was vacated, subject to Lava making a temporary deposit. The court identified and framed key issues, including patent ownership, the validity and infringement of SEPs, as well as the determination of FRAND rates and damages. A confidentiality club was also made to facilitate the exchange of sensitive documents, including licence agreements between the parties.

In the final judgement issued on 28 March 2024, the Delhi High Court ruled that Lava’s products infringed upon Ericsson’s SEPs. The court held that Ericsson had made reasonable efforts to negotiate in good faith, with Lava characterized as an “unwilling licensee”.²⁷ The court awarded damages to Ericsson based on the comparable licensing approach and ruled

²⁴ Shapiro, C., & Lemley, M. A. (2019). The role of antitrust in preventing patent holdup. *University of Pennsylvania Law Review*, 168, 2019

²⁵ In *Nokia v. Oppo & Ors.*, and other connected matters, all the suits were settled right after the Court reserved Judgment on an application for interim injunction. Similarly, in the *InterDigital v. Oppo* suits, a global settlement was reached right after the Court appointed a Local Commissioner to start the trial.

²⁶ European Commission. (2023). *Empirical assessment of potential challenges in SEP licensing*.

²⁷ This characterization was based on Lava’s consistent delays in negotiations, failure to respond constructively to Ericsson’s offers, and refusal to present a counter-offer during negotiations.

that royalties should be based on the end-product level, since telecommunication network connectivity is the core functionality of mobile devices. The court set the FRAND rate at 1.05% of the net selling price of Lava's devices.^{28,29} In addition, the court held Lava liable for covering Ericsson's litigation costs.³⁰

The court dismissed Lava's argument based on the Doctrine of Exhaustion, which limits a patent holder's rights after the first authorized sale or import of a patented product. The court ruled that Lava failed to provide any evidence that it had obtained the products in question through suppliers who had already paid royalties for the devices or had entered into indemnity agreements protecting Lava from liability for unpaid royalties. The court also affirmed that patent holders have the right to seek damages for past use if the implementer fails to respond in good faith to a FRAND offer. While dismissing Lava's contention that only the eight asserted patents should be licensed, the court recognized that requiring implementers to license the entire portfolio is justified as it avoids potential administrative burdens, reduces transaction costs, and mitigates legal complexities.

This judgement set a landmark precedent in the Indian SEP jurisprudence, providing a clear framework for how courts may approach issues of patent validity, essentiality, and FRAND obligations in future cases. The court's emphasis on good faith in FRAND negotiations, the importance of comparable licenses in determining royalty rates, and the rejection of the Doctrine of Exhaustion as a defence in this context are all crucial elements that will likely influence future SEP litigation in India.

2.2 Post-Trial: Philips v. Rajesh Bansal and Ors., 2018

Philips v. Rajesh Bansal was the first post-trial decision in respect of SEPs in India. Koninklijke Philips N.V. (Philips) brought a suit against various Indian manufacturers and sellers before the Delhi High Court, seeking an injunction and damages for patent infringement. Philips claimed that the defendants DVD players used the EFM+ demodulation technique, which infringed Philips' SEPs. The defendants argued that they procured the components from licensed sources such as MediaTek, Sony, and Sanyo and that their actions did not constitute infringement under the Doctrine of Exhaustion.

In the final order, the court examined the claims of the suit patent and found that the defendants failed to provide adequate evidence that these suppliers were indeed licensed by Philips. The court awarded Philips not only compensatory damages but also punitive damages, emphasizing the importance of deterring such wilful infringement in the future. The court determined that Philips was entitled to recover royalties at FRAND rates, specifically USD 3.175 per DVD player for the period up to 7 May 2010 and USD 1.90 per DVD player for the

²⁸ This rate applied to the period from 1 November 2011 to 8 May 2020.

²⁹ In terms of monetary relief, the court awarded Ericsson INR 244.07 crore (approximately USD 29.24 million) in damages.

³⁰ As per order dated August 2, 2024, litigation costs were calculated to be USD 6.17 million (approximately INR 52.25 crore)

period thereafter until the patent's expiration on 12 February 2015. This judgement was the first landmark legal victory of the rights of SEP licensors in India.

2.3 Interim Orders: InterDigital v. Oppo and Ors., 2024³¹

InterDigital Technology Corporation filed two suits against Guangdong Oppo Mobile Telecommunications Corp. Ltd. and its associated companies, including Oppo, OnePlus, and Realme. The suits pertain to several SEPs, with five patents related to wireless communication technologies and three patents associated with High Efficiency Video Coding (HEVC) standards. InterDigital asserts that these patents are essential for the defendants' devices to comply with the relevant standards. According to InterDigital, the defendants failed to enter into a licensing agreement, even after negotiating for more than ten years, which made them "unwilling licensees".

Initially, the primary aspect of these proceedings involved the defendants' provision of a global bank guarantee as security for the potential liabilities arising from the alleged infringement. The court ultimately directed Oppo to deposit an undisclosed sum covering all past sales for the years 2021-2024 with the Registrar General of the Delhi High Court. The Division Bench further clarified that temporary deposits are not intended as punitive measures against any party in SEP litigation. Another significant aspect of these proceedings was the establishment of a confidentiality club³² to manage the exchange of sensitive information, including licensing agreements between InterDigital and other licensees. The court's ruling on the aspect of confidentiality underscores the delicate balance that must be maintained in SEP litigation, where the interests of patent holders, implementers, and third parties must all be considered.

During further pre-trial proceedings, the Court ruled that license agreements of both InterDigital and defendants, with Qualcomm, had to be shared with members of the confidentiality club, as these agreements were deemed relevant for the final determination of the case. Notably, Samsung, one of the third-party licensees, whose agreement was to be shared with the confidentiality club intervened and pleaded that their agreements with InterDigital not be shared with in-house representatives of Oppo. However, the Court rejected this request, holding that sufficient safeguards were in place to protect Samsung's commercial interests. Subsequent to these proceedings before the court InterDigital and Oppo reached a global settlement, announced on October 29, 2024, bringing this complex dispute to an amicable conclusion. The final resolution of the suit through a mutual settlement aligns with the broader global trend in SEP disputes.

³¹ InterDigital v. Oppo and Ors., 2024: DHC:1338 and Appellate Court order: Oppo and Ors. v. InterDigital, 2024: DHC:4547-DB

³² In-house counsel for Oppo were also permitted to be part of the Confidentiality Club, *albeit* with certain restrictions on their future licensing activities.

2.4 Interim Order: Intex Technologies v. TLM Ericsson, 2023

Ericsson filed a patent infringement suit before the Delhi High Court in 2014, asserting that Intex had infringed upon eight SEPs related to 2G and 3G cellular technology. The Single Judge issued a conditional injunction against Intex, allowing it to either take its 2G and 3G compliant phones off the market or pay interim royalties to Ericsson. The Single Judge mandated that Intex pay 50% of the royalties up front directly to Ericsson, with the remaining 50% secured through a bank guarantee.³³ The rationale adopted by the court to direct this interim arrangement was to ensure that the SEP holder is adequately compensated during the pendency of the suit, balancing the need for interim relief with the ongoing litigation.

Dissatisfied with the outcome, both parties appealed: Ericsson sought full payment, while Intex sought a complete reversal of the decision. However, the Division Bench held that Intex's appeal lacked merit, noting that its prolonged negotiations with Ericsson and the subsequent actions before the Competition Commission of India (CCI) suggested an acknowledgment of the essentiality of Ericsson's portfolio of SEPs. The court gave considerable weight to the fact that Ericsson had successfully licensed these SEPs to numerous other implementers under similar terms, reinforcing the view that Ericsson's licensing terms were *prima facie* compliant with FRAND obligations. The court also held that a non-disclosure agreement at the beginning of licensing negotiations was a standard part of a licensing agreement in India. Finally, the Division Bench directed Intex to deposit 100% of the royalties due directly to Ericsson.

This ruling by the Division Bench laid out the principle that SEP holders are permitted to seek injunctive relief from the courts if the implementor is determined to be an unwilling licensee. The determination of a licensor being an unwilling licensor is indicated by the use of stalling and other opportunistic bargaining and litigation tactics. In the present case, the court noted that, in their antitrust claims against Ericsson, Intex implicitly admitted that the patents in question were essential and infringed.

The decision reinforced the necessity for implementers to engage in good-faith negotiations under the FRAND framework and underscored the role of the judiciary in ensuring that SEP holders are adequately compensated for their innovations without compromising the accessibility of standardized technology. This judgement by the Division Bench of the Delhi High Court also laid down foundational principles uniquely tailored to the Indian context for handling SEP disputes while harmonizing them with global SEP enforcement mechanisms.

2.5 Interim Order: Nokia Technologies OY v. Guangdong Oppo, 2023

Nokia filed suits and motions across the world, including the Delhi High Court,³⁴ claiming that Oppo had infringed upon its SEPs. The present judgement by the Division Bench of the Delhi High Court was against an interim order issued by a Single Judge in respect of the absence of the need for a temporary deposit.

³³ This arrangement was to apply retrospectively from the date of filing the suit and continue every six months until the final disposal of the case.

³⁴ In at least 11 different jurisdictions, as per order dated 18 December 2023 in CS(Comm) 303/2021.

The rationale of the Single Judge was that a defendant accused of infringing SEPs must first satisfy four key factors before being required to take a licence from the plaintiff and pay royalties: (i) The asserted patent is indeed a SEP, (ii) The technology used by the defendant infringes the SEP, (iii) The royalty rate proposed by the plaintiff is compliant with FRAND obligations, and (iv) The defendant is unwilling to take the licence at the said FRAND rate. The Single Judge held that the mere act of negotiation does not imply an acknowledgment of infringement or acceptance of the plaintiff's licensing terms, either present or prior.

The Division Bench held that the purpose of a temporary deposit is not to establish liability but to secure the SEP holders' potential claims while the court resolves the complex issues of SEP validity, infringement, and FRAND compliance. During the litigation, the defendant may continue to benefit from the use of the SEP technology without compensating the patent holder. Given that Nokia had established a strong *prima facie* case that its patents were essential, the court directed Oppo to issue a temporary deposit and highlighted that this practice is common in global SEP litigation.

The Division Bench held that Oppo, as a former licensee of Nokia's SEPs, had to secure a license post expiry of the 2018 agreement. The court determined that Oppo has also admitted that it owes money by making offers to make interim deposits. Ultimately, the court directed to deposit an undisclosed amount equivalent to 23% of the last paid amount as per the 2018 agreement.³⁵

2.6 InterDigital Technology Corporation v. Xiaomi Corporation, 2021

In the present suit, InterDigital, alleged that Xiaomi was infringing six SEPs relating to 3G and 4G technologies, which were assigned to InterDigital. InterDigital claimed that Xiaomi, was an unwilling licensee and continued to use its SEPs without obtaining a license on FRAND terms. Consequently, InterDigital sought an injunction to either prevent Xiaomi from using its SEPs or to compel it to obtain a licence on FRAND terms. However, after this suit was filed, Xiaomi obtained an anti-suit injunction (ASI) from the Wuhan Intermediate People's Court in China.

In this landmark decision, the Delhi High Court issued an unprecedented anti-anti-suit injunction (A2SI), effectively restraining Xiaomi from enforcing its anti-suit injunction. This marked the first instance where an Indian court restrained a party from enforcing or executing an order passed by a foreign court.

The Delhi High Court allowed InterDigital's unprecedented application, noting several key factors. Firstly, the Wuhan Court issued the anti-suit injunction without serving a notice of Xiaomi's application to InterDigital, raising concerns about substantive due process. Secondly, the court distinguished the nature of the two proceedings: the Indian suit was an infringement action focused on specific Indian patents, while the proceedings in Wuhan sought to fix a global FRAND rate for InterDigital's entire SEP portfolio. The court emphasized that the issue of infringement of Indian patents, fell exclusively within the jurisdiction of Indian courts and

³⁵ The said order was appealed by Oppo before the Supreme Court of India and consequently dismissed by the Supreme Court.

could not be adjudicated by the Wuhan Court. This decision not only reinforced the authority of Indian courts in matters of domestic patent litigation but also set a crucial precedent on the application of A2SIs in the context of global SEP disputes.

2.7 TLM Ericsson v. Competition Commission of India (CCI), 2016 and 2023

In this decision, Ericsson filed petitions before the Delhi High Court challenging the jurisdiction of the Competition Commission of India (CCI) to investigate its practices concerning SEP licensing. Micromax and Intex, two Indian mobile handset manufacturers, filed complaints with the CCI alleging that Ericsson had abused its dominant position by imposing unfair and discriminatory licensing terms, particularly concerning royalty rates. Ericsson was accused of demanding exorbitant royalties calculated on the final price of mobile devices rather than on the components that utilized the SEPs.

Ericsson contended that the CCI lacked the jurisdiction to investigate matters related to patent licensing, which should fall under the exclusive domain of the Patents Act, 1970 and should be adjudicated by the Controller of Patents or Civil Courts. In respect of the overlap between the Patents Act and the Competition Act, Ericsson argued that the Patents Act, being a special legislation, should prevail over the Competition Act in matters of patent rights and related remedies. Ericsson contended that the Patents Act provided adequate mechanisms to protect against the abuse of patent rights, including the provision for compulsory licensing, and that the Competition Act should not apply to such cases.

The court held that, while the Patents Act might be considered a special law in relation to patent rights, the Competition Act could still apply to prevent the abuse of such rights in a manner that harmed competition, and the two Acts could be applied concurrently. The court also highlighted that the remedies available under the two Acts were materially different and not mutually exclusive. For instance, while the Patents Act allows for the grant of compulsory licences to prevent the abuse of patent rights, the Competition Act provides broader remedies to address anti-competitive practices that affect the market as a whole. The Delhi High Court found that the Competition Act could apply to patent holders and that the CCI was within its rights to ensure that Ericsson's practices did not distort competition in the market. However, Ericsson appealed against the said decision to the Division Bench of the Delhi High Court.

Ultimately, after extensive arguments, relying on the legal maxim that general laws do not prevail over specific laws, the Division Bench held that the Patents Act, being the more specific and later legislation, should prevail over the Competition Act in matters concerning the rights of a patentee. Consequently, the court allowed the appeal, ruling that the CCI did not have jurisdiction to investigate Ericsson's licensing practices related to its SEPs.³⁶

³⁶ This judgement can be viewed in the context of the US DoJ's stance on the matter of SEPs. There has been a reduced level of direct intervention and a move towards advocating balanced licensing practices under FRAND terms. Press statements by the DoJ indicate that SEPs are viewed on par with other patents and that remedies depend on the facts of the case. See: <https://www.uspto.gov/about-us/news-updates/us-patent-and-trademark-office-releases-policy-statement-standards-essential>

2.8 Interim Order: Atlas Global Technologies LLC v. TP-Link Technologies, 2023

This suit is notable for being the first Wi-Fi 6 SEP infringement suit in India. Wi-Fi 6, also known as 802.11ax, is the latest generation of wireless networking technology and offers significant improvements in speed and efficiency. Atlas Global, the plaintiff, filed the suit in the Delhi High Court alleging that TP-Link was manufacturing and selling Wi-Fi 6 compliant devices in India without obtaining a licence for its SEPs. The plaintiff sought a temporary deposit as an interim measure to secure its rights during the litigation. Given the global scale and the sensitive nature of the information involved, the court established a confidentiality club to handle the confidential documents and information related to the case.

The court noted TP-Link's significant market presence in India and the fact that the company had been aware of Atlas's SEPs for a considerable period of time. It recognized that the plaintiff had made a *prima facie* case for the need for a temporary deposit. The court ordered TP-Link to deposit an amount equivalent to one-fifth of the sum that had been counter-offered during the licensing negotiations.

2.9 Interim Order: TLM Ericsson v. Gionee, 2022³⁷

While this suit was also in respect of infringement of cellular SEPs, the present summary is in respect of an application³⁸ filed by Gionee seeking the production of several documents from Ericsson that were deemed essential for determining FRAND licensing terms. Gionee requested Ericsson to produce various documents, including global and Indian licence agreements with other similarly placed entities, declarations of essentiality made by Ericsson to ETSI, statements of work of patents filed under Section 146 of the Patents Act, and agreements with chipset manufacturers like Qualcomm and MediaTek. Ericsson opposed this request, arguing that the documents sought by Gionee were either irrelevant or already available in the public domain. Ericsson also contended that some of the requested documents were not comparable to the case at hand and that Gionee's request amounted to a fishing expedition.

The court acknowledged that the burden of proof in a civil suit lies with the plaintiff, in this case, Ericsson, and that Gionee could take advantage of any deficiencies in Ericsson's documentation during the trial. The court directed Ericsson to file an affidavit stating that it had produced all licence agreements with entities similarly placed to Gionee for inspection under the confidentiality club.³⁹ Finally, the court declined Gionee's request for agreements between Ericsson and chipset manufacturers or telecom service providers, stating that Gionee must first demonstrate their relevance and comparability during the trial.

³⁷ *Telefonaktiebolaget Lm Ericsson v. Gionee Communication Equipment Co. Ltd.* See:

<https://www.casemine.com/judgement/in/6300fe4b8ecb824567afe4f7>

³⁸ Order XI Rules 3 and 5 of the Code of Civil Procedure, 1908.

³⁹ The court also noted that Gionee would have the opportunity to challenge Ericsson's assertions during the trial and, if successful, could benefit from any non-production of relevant documents by Ericsson.

This judgement illustrates the court's approach in balancing the interests of SEP holders and implementers during the pre-trial discovery process. The Single Judge of the Delhi High Court emphasized that, while SEP holders must provide relevant documentation to establish FRAND terms, implementers cannot use discovery as a means to delay proceedings or engage in unwarranted explorations.

2.10 Interim Order TLM Ericsson vs. Xiaomi Technology & Ors., 2016

In this suit, Ericsson alleged that Xiaomi was infringing on its SEPs by manufacturing, selling, and importing devices in India without obtaining the necessary licences. In 2014, the Delhi High Court restrained Xiaomi from manufacturing, selling, importing, or advertising any products that utilized the technologies on which SEPs were assigned to Ericsson. Xiaomi appealed the injunction order to the Division Bench of the High Court, arguing that Ericsson had suppressed material facts, specifically a multi-product licence agreement with Qualcomm, which allegedly granted Qualcomm and its customers, including Xiaomi, the rights to use certain patented technologies. The Division Bench of the Delhi High Court partially modified the injunction, allowing Xiaomi to import and sell devices containing Qualcomm chipsets. Xiaomi was directed to deposit INR 100 per device imported to India as a temporary measure.

Ericsson countered Xiaomi's claims by asserting that the licence agreement with Qualcomm was irrelevant to the current litigation, as the patents in question extended beyond the scope of Qualcomm's licence. Ericsson maintained that Xiaomi's devices were multi-mode and used technologies that were not covered by the Qualcomm licence, particularly concerning 2G and edge technologies. Xiaomi argued that it had acted in good faith by obtaining Qualcomm chipsets and had disclosed the use of Qualcomm chipsets in its devices. Ericsson's failure to disclose the agreement amounted to a breach of its duty of full and fair disclosure to the court. Accordingly, in its judgment dated 22 April 2016, the Delhi High court found that Ericsson's omission constituted a material suppression of facts and partially vacated the injunction with respect to the two patents.

3. Conclusion

The growing relevance of intellectual property for India can be seen in the Economic Survey 2023-24, which points out that, between 2014-15 and 2023-24, the number of patents granted increased 17-fold, from 5,978 to 1,03,057, while registered designs increased over four-fold, from 7,147 to 30,672.⁴⁰ The Economic Survey also highlights that Indian startups are active innovators and filed more than 12,000 patent applications from 2016 to March 2024.⁴¹ This surge in filings by startups, SMEs, and educational institutions has led to Indian entities

⁴⁰ Press Information Bureau. (2024, April 4). *Number of patents granted cross 1 lakh in FY 23-24* [Press release]. <https://pib.gov.in/PressReleasePage.aspx?PRID=2034921>

⁴¹ Press Information Bureau. (2024, April 4). *Number of patents granted cross 1 lakh in FY 23-24* [Press release]. <https://pib.gov.in/PressReleasePage.aspx?PRID=2034921>

surpassing foreign entities in the number of patents filed, reflecting a positive shift towards innovation and intellectual property creation within the country.⁴² While the rise in patent filings by Indian startups, SMEs, and educational institutions is a positive trend, we must recognize that IP creation is insufficient without effective mechanisms for IP monetization. Previous studies have highlighted the positive effects induced by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), which points to the benefits India that can derive from having an appropriate system of IP rights in place and creating a conducive environment for the licensing of overseas inventions.⁴³

The debate regarding an optimal SEP licensing framework becomes especially crucial in the context of the need for Indian firms to ascend the value chain by utilizing global intellectual property and to engage in intellectual property creation at an increased pace that will need to be monetized. The most recent development in global SEP debates focuses on whether a market-based bargaining adjudicated by courts or a state-led administrative mechanism would better help achieve socially desirable outcomes for an optimal SEP licensing framework. The scale and degree to which technological innovations can transform society imply that issues regarding the SEP licensing framework are a crucial public policy issue.

The cases analyzed above indicate that there are clear patterns emerging from Indian jurisprudence on SEPs. The judiciary has consistently arrived at the conclusion that the prevailing issue is of patent holdout rather than holdup. The Division Bench of the Delhi High Court has held that patent laws, which are a special law, will govern patent disputes in India and that the Indian competition regulatory does not have jurisdiction over SEP disputes, although this decision is pending appeal before the Supreme Court of India. Courts have scrutinized the willingness of the parties to engage in good-faith negotiations to make a ruling on willing and unwilling licensees. Comparable licenses are the preferred benchmark of the Indian judiciary for determining comparable royalty rates. The jurisprudence has set device value, rather than relevant components, as the base for determining royalty values. The courts have indicated that licensing of the entire SEP portfolio rather than one or a few patents is an acceptable solution to reduce the administrative burden of the patent holder. Indian courts have ruled that the Doctrine of Exhaustion is applicable only when evidence is produced that royalty payments have been made in another country or there is an indemnity agreement with the supplier. The Indian legal system has shown increasing competence with forming confidentiality clubs to share sensitive information without compromising the commercial interests of stakeholders. The courts have made it clear that temporary measures such as conditional injunctions are not meant to be punitive but to provide interim relief to the SEP

⁴² Press Information Bureau. (2022, April 12). *For the first time in 11 years, the number of domestic patent filings surpasses international filings in India during Jan-Mar 2022* [Press release]. <https://pib.gov.in/PressReleasePage.aspx?PRID=1815852>

⁴³ Greenhalgh, C. (2013). *Science, technology, innovation and IP in India: New directions and prospects*. Melbourne Institute Working Paper No. 37/13. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2346567

holder. Indian courts have also asserted that patents are a matter of sovereign control and that foreign governments and judicial bodies cannot have control over Indian patent litigation.

A couple of insights emerge from collectively viewing the key litigations. The majority of the enforcement activity in respect of SEPs in India has been undertaken by large multinational corporations against similarly large entities. While it is clear that the Indian judiciary is arriving at judgements based on a thorough examination of the ground realities and a detailed assessment of the legal principles involved, the duration of the two cases that have reached final judgement indicate that SEP litigation in India is a long-drawn and expensive matter. Large multinational firms may be able to engage in such litigations; however, small startups or solo innovators may not be able to enforce their IP rights, which might discourage small startups and solo innovators from engaging with the IP ecosystem. Therefore, it is important to evaluate the possibility of enacting mandatory resolution timelines for SEP disputes, similar to those binding several regulatory and quasi-judicial bodies in India.

In the context of above-mentioned challenges in India's IP enforcement landscape, especially for smaller entities, certain legal reforms could help create a more inclusive and efficient ecosystem for IP monetization. These recommendations:

- Amend the High Court of Delhi Rules Governing Patent Suits, 2022 to make summary adjudication available to all startups, SMEs, and educational institutions, regardless of the patent term left.
- Establish clear and mandatory timelines for cases involving startups, small entities, and educational institutions, recognizing that transaction costs and delayed damages significantly impact their operations and innovation potential.

In order to develop a better understanding of the issues faced by Indian innovators and implementors we are carrying out a series of stakeholder consultations spanning the spectrum of industry, academia and government, with a special emphasis on Indian startups. Based on our preliminary findings we have identified a few measures that span across procedural reforms, institutional capacity building, and creation of new support mechanisms to foster a stronger IP and innovation ecosystem in India. These preliminary recommendations will be revisited and their implementation will also be discussed in the third policy brief in this series.

Institutional Strengthening

- Overhaul the National Intellectual Property Awareness Mission (NIPAM) to expand beyond basic IP awareness and include practical training on IP monetization and commercialization strategies.
- Create a dedicated pool of professionals under the Startup India scheme to provide guidance not just for IP filing but also support IP monetization activities and strategic portfolio management.

Technical Expertise Enhancement

- Expand the Patent Office's list of Scientific Advisors to include legal experts who can guide innovators on essentiality of patents to technical standards and how the same can be a substantial revenue source;
- Develop a roster of Economic Experts and Chartered Accountants, who could guide innovators in tasks such as damages computation and royalty rate determination
- Mandate Continuing Techno-Legal Education Programs for such Advisors to ensure they remain updated on evolving trends in the Legal, Technical and IP licensing ecosystem

Collective Management Mechanisms

- Establish a National Entity to pool and administer patents from startups, SMEs, and educational institutions of India and even SAARC Countries
- Enable collective enforcement and administration to unlock the untapped potential at the bottom of the patenting pyramid

Strategic Integration

- Actively engage IP professionals in the new technological missions such as the National Quantum Mission and Bharat 6G Alliance to ensure strategic patent filing accompanies technology development
- Focus on establishing India's leadership in emerging fields while fostering a strong innovation culture
- Revamp the Production Linked Incentive schemes to have an innovation component within them, so that manufacturing sector is not limited to replication of components and devices, but innovation is also rewarded.

Current trends in SEP licensing and enforcement would require an Indian policy that factors in past and current jurisprudence as well as policy debates in the international context. International developments also have other underlying drivers, such as geopolitics, protecting national champions, and strategic interests, and need to be understood in a nuanced manner. A comparison between the developments in India and other jurisdictions would enable us to understand the challenges faced by other countries and how responses vary by context. This will be the topic of the next policy brief.



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