



**[Redacted version as per order dated 21<sup>st</sup> February, 2024]**

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**IN THE HIGH COURT OF DELHI AT NEW DELHI**  
*Reserved on: 13<sup>th</sup> December, 2023*  
*Date of Decision: 21<sup>st</sup> February, 2024*

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**CS(COMM) 692/2021, I.As. 11485/2022, 21356/2022 & 4065/2023**  
**INTERDIGITAL TECHNOLOGY**  
**CORPORATION & ORS. .... Plaintiffs**

Through: Mr. Pravin Anand, Ms. Vaishali Mittal, Mr. Siddhant Chamola, Ms. Pallavi Bhatnagar, Ms. Gitanjali Sharma, Advs.

versus

**GUANGDONG OPPO MOBILE**  
**TELECOMMUNICATIONS CORP. LTD. & ORS..... Defendants**

Through: Mr. Saikrishna Rajagopal, Ms. Julien George, Ms. Anu Paarcha, Mr. Aniruddh Bhatia, Mr. Arjun Gadhoke, Ms. N. Parvati, Mr Avijit Kumar, Mr. Vivek Ayyagiri, Advs.

AND

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**CS(COMM) 707/2021, I.As. 11484/2022 & 4066/2023**

**INTERDIGITAL VC HOLDINGS INC & ORS. .... Plaintiffs**

Through: Mr. Pravin Anand, Ms. Vaishali Mittal, Mr. Siddhant Chamola, Ms. Pallavi Bhatnagar, Ms. Gitanjali Sharma, Advs.

versus

**GUANGDONG OPPO MOBILE**  
**TELECOMMUNICATIONS CORP. LTD & ORS..... Defendants**

Through: Mr. Saikrishna Rajagopal, Ms. Julien George, Ms. Anu Paarcha, Mr. Aniruddh Bhatia, Mr. Arjun Gadhoke, Ms. N. Parvati, Mr Avijit Kumar, Mr. Vivek Ayyagiri, Advs.



**CORAM:  
JUSTICE PRATHIBA M. SINGH**

**JUDGMENT**

**Prathiba M. Singh, J.**

1. This hearing has been held through hybrid mode.

**I.As. 21356/2022 (for recall of directions), 4065/2023 (for directions) in CS(COMM)-692/2021**

**I.A. 4066/2023 (for directions) in CS(COMM)-707/2021**

2. *I.A. 21356/2022* has been filed by the HSBC India, seeking recall of directions contained in paragraphs 8 and 9 of the order dated 9th November, 2022. On that date, this Court noted that HSBC India was unwilling to send an official to confirm the certificates and the bank guarantees issued by HSBC Paris, as directed in the order dated 6th October, 2022. The Court directed that since the Defendants relied on these certificates, officials from the corresponding branch of HSBC in India must appear before the worthy Registrar General of this Court to confirm the issuance of the bank guarantees.

3. Additionally, *I.A.s 4065/2023 & 4066/2023* have been filed by the Defendants-Oppo et. al. seeking directions to submit bank guarantees from an Indian bank. It is averred that initially, this Court directed HSBC India to confirm the bank guarantees issued by HSBC Paris. However, HSBC Paris failed to appear, prompting the Defendants to file another application seeking directions to issue notice to HSBC India. As per the Defendants, they were unaware of HSBC Paris' inability to appear before the worthy Registrar General at the time of the initial order dated 9<sup>th</sup> November, 2022. By way of the present applications, they propose providing bank guarantees from an Indian bank, stating their willingness to do so in five instalments, based on a



percentage of their Indian sales. They also suggest adjustments to previous bank guarantees provided in Germany. The Defendants propose to provide bank guarantees from an Indian bank amounting to [REDACTED], based on the Defendants' India sales as reported by InterDigital.

**Background of the present suits**

4. These are two suits seeking enforcement of patent rights by the Plaintiffs- InterDigital Technology Corporation, and its associated companies (*hereinafter, 'InterDigital'*) against the following Defendants- Oppo et. al.:

<b>CS(COMM) 692/2021</b>	
<b>GUANGDONG OPPO MOBILE TELECOMMUNICATIONS CORP. LTD.</b> <b>Also known as:</b> <b>Oppo Mobile Telecommunications Co. Ltd.</b>	<b>Defendant No.1</b>
<b>OPPO MOBILES INDIA PRIVATE LIMITED</b>	<b>Defendant No.2</b>
<b>ONEPLUS TECHNOLOGY (SHENZHEN) CO. LTD.</b>	<b>Defendant No.3</b>
<b>ONEPLUS TECHNOLOGY INDIA PVT. LTD.</b>	<b>Defendant No.4</b>
<b>REALME MOBILE TELECOMMUNICATION (INDIA) PRIVATE LIMITED</b>	<b>Defendant No.5</b>
<b>CS(COMM) 707/2021</b>	
<b>GUANGDONG OPPO MOBILE TELECOMMUNICATIONS CORP. LTD.</b> <b>Also known as:</b> <b>Oppo Mobile Telecommunications Co. Ltd.</b>	<b>Defendant No.1</b>
<b>OPPO MOBILES INDIA PRIVATE LIMITED</b>	<b>Defendant No.2</b>
<b>ONEPLUS TECHNOLOGY (SHENZHEN) CO. LTD.</b>	<b>Defendant No.3</b>
<b>ONEPLUS TECHNOLOGY INDIA PVT. LTD.</b>	<b>Defendant No.4</b>
<b>REALME MOBILE TELECOMMUNICATION (INDIA) PRIVATE LIMITED</b>	<b>Defendant No.5</b>

5. The patents, of which enforcement is sought in these two suits, are as under:



A. **CS(COMM) 692/2021**– involve 5 Standard Essential Patents (*hereinafter*, ‘SEPs’) that relate to wireless communication technology standards. Suit patents are as follows:

<b>Sr. No.</b>	<b>Patent</b>	<b>Indian App. No.</b>	<b>PCT App. No.</b>
1.	IN 262910	8446/DELNP/2007	PCT/US2006/015275
2.	IN 295912	1233/DELNP/2009	PCT/US2007/018440
3.	IN 313036	6660/DELNP/2008	PCT/US2007/002571
4.	IN 319673	2730/DELNP/2009	PCT/US2007/022759
5.	IN 320182	4977/DELNP/2009	PCT/US2008/001344

B. **CS(COMM) 707/2021**– involve 3 SEPs that relate to H.265 high efficiency video coding (*hereinafter*, ‘HEVC’) standard. Suit patents are as follows:

<b>Sr. No.</b>	<b>Patent</b>	<b>Indian App. No.</b>	<b>PCT App. No.</b>
1.	IN 242248	142/DELNP/2005	PCT/US2003/021735
2.	IN 299448	1137/DELNP/2009	PCT/US2003/021735
3.	IN 308108	2576/DELNP/2009	PCT/US2007/022795

6. In **CS(COMM) 692/2021**, InterDigital's case is that it is the owner/holder of more than 31,000 patents and applications worldwide, constituting more than 1,000 patent families. In India, the plaintiff asserts that InterDigital has more than 470 granted patents and pending patent applications. In **CS(COMM) 707/2021**, the plaintiff avers that InterDigital stands as a global leader in video research, significantly contributing to advancements in video technology, and it claims to have made over 1,000 contributions to international video standards. With a portfolio of approximately 28,000 patents and applications globally, including over 1,800



related to HEVC, the plaintiff avers that InterDigital is committed to research and development.

7. Apart from being a global leader in video research, InterDigital claims that it is a pioneer in wireless technology, and carries out extensive research and development in respect of various standards including 2G, 3G, 4G (GSM standards), IEEE 802, etc. According to InterDigital, it maintains a share of 10% of SEPs relating to 3G technologies and 7% to 10 % of SEPs for 4G technologies. InterDigital's research and development is claimed to extend even to 5G standards. Thus, it is InterDigital's case it is one of the top four wireless SEP innovators in the world, and has been awarded several global awards for such innovations. InterDigital claims that since it owns/holds various SEPs, mapped on to 3G, 4G and 5G standards, these standards cannot be implemented without using InterDigital's patented technology.

8. InterDigital's SEPs extend to not only cellular technology, but also other technologies, such as video codecs, as are the subject matter of *CS(COMM) 707/2021*.

9. The Defendants—Oppo et al.—are companies that manufacture, assemble, import, and sell telecommunication devices under the brand names OPPO, Realme, and OnePlus. As evidenced by the brands of products sold by the Defendants, they are among the leading handset manufacturers and enjoy a considerable market share in India.

10. Owing to the fact that the Defendants were selling devices compliant with 3G, 4G, and 5G standards from 2014 onwards, InterDigital called upon the Defendants to obtain licenses and pay appropriate royalties. Negotiations between the parties began sometime in October 2014, and a Non-Disclosure Agreement was signed in 2017. According to InterDigital, several rounds of



meetings took place over a period of eight years, from 2014 until the filing of the current suit. Initially, negotiations were held separately with OnePlus, OPPO, and Realme. These discussions commenced with OPPO in 2014, with OnePlus in 2018, and with Realme in May 2021. However, from September 2021 onwards, joint negotiations were conducted between the parties. Various monetary offers were made over time, and numerous offers and counteroffers were exchanged. Yet, as of 2021, no settlement had been reached between the parties, which led InterDigital to initiate litigation against the Defendants in the UK, Germany, and India.

11. As per InterDigital, in Germany, a bank guarantee for [REDACTED] was offered by the Defendants, which is still stated to be in their possession. In the UK, the matter is pending consideration. In India, detailed submissions were initially made regarding the application under Order XXXIX Rules 1 & 2 of the Civil Procedure Code (*hereinafter*, 'CPC'). InterDigital insisted on *pro tem* payments, considering the large volume of sales by the Defendants. Some of the factors emphasized by InterDigital for the purpose of *pro tem* payments include—

- (i) That in response to the offers made by the InterDigital, counter offers were completely insufficient and abysmal.
- (ii) That the market share of the Defendants in the smartphone market till Q2 of 2021 is as under:

**OPPO: 10%**

**Realme: 15%**

**OnePlus: 34%**

- (iii) In effect, therefore, the Defendants, in both the suits, together own market share of almost 60% in the premium smart phone market in India.



- (iv) That the Defendants' financial condition in India is quite precarious. Raids have been conducted by the Directorate of Revenue Intelligence, tax authorities, etc. against the Defendants.
- (v) The affidavits filed by Defendants on 25th May, 2022 demonstrate that, except for OPPO India, none of the other entities possess any assets in India. The value of the immovable property is approximately Rs. 1,290 crores, which is also encumbered.
- (vi) The Defendants are habitual unwilling licensees, as evidenced by the number of litigations pending against them from various SEP holders, including Nokia, Dolby, Philips and others, in addition to InterDigital. However, there have been settlements after litigation, as exemplified by the case with Dolby, Philips and Nokia.
- (vii) That the Defendants have also obtained licenses from other SEP license owners including Nokia and Philips.

12. In the both the suits, the number of devices sold by the Defendants during the period of negotiations are as under:

<i>Timeline</i>	<i>Type</i>	<i>Models</i>	<i>Units</i>
2014 - 22	Oppo		
2017 - 22	OnePlus		
2018 - 22	Realme		

13. The total revenue earned by the Defendants in India is to the tune of



██████████ during these years.

14. As per InterDigital, considering the significant volume of sales and the amount that would be due, which is jeopardized by the Defendants' precarious financial condition, no amount would be recoverable, even if the trial were to conclude successfully in favor of InterDigital. The Defendants opposed the request for any *pro tem* payments on the following grounds:

- (i) Without establishing a *prima facie* case of infringement, no *pro tem* payment can be made.
- (ii) That a confidentiality club would have to be constituted between the parties so that license and other agreements can be exchanged and actual license rates can be ascertained.
- (iii) That 3 out of the 5 patents been invalidated by foreign Courts<sup>1</sup>.
- (iv) There has been no determination by any Court in the world in favour of InterDigital.
- (v) That the *pro tem* deposit, if any, would have to be restricted to the patents asserted.
- (vi) Out of the global sales, only 23% of the Defendants' sales are from India.
- (vii) InterDigital has already been given a bank guarantee of ██████████ ██████████ in Germany.
- (viii) Out of more than 50 licenses, which InterDigital claims, only 19 licenses have been produced before this Court. In the UK, in

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<sup>1</sup> As per the Defendants' pleadings, it has been disclosed that the Chinese counterpart patents for three out of the five suit patents have been invalidated. These include ZL201310157169.3 (the Chinese counterpart of IN 262910), CN 200780031049 (the Chinese counterpart of IN 295912), and ZL200780004185 (the Chinese counterpart of IN 313036). Additionally, the European counterpart of IN 262910, identified as EP 3355537 B1, was invalidated by the Chancery Division of the Patents Court in the UK vide order dated 6th January 2022.





contrast, 70 licenses were disclosed, out of which 26 were held to be comparable licenses.

15. In the context of the presented submissions, two experts, Dr. Johnathan Putnam and Dr. David Yukerwich, appeared before the Court to provide their analysis on the effective rates per device. InterDigital proposed mediation, which was accepted, but the Defendants preferred adjudication on merits, indicating they had no instructions for concurrent mediation or for a trial for fixing Fair, Reasonable, and Non-Discriminatory (*hereinafter, 'FRAND'*) terms. Detailed discussions also took place regarding the various email correspondences, offers, counteroffers, and the justifications provided by both parties.

16. During the ongoing hearing, Mr. Saikrishna Id. Counsel for the Defendants made a submission on 12th September, 2022, revealing that two new bank guarantees had been issued by HSBC Continental Europe, Paris, replacing the previous ones from a Chinese Bank. These new guarantees were to secure the counteroffer made by the Defendants during negotiations. Consequently, on 12th September 2022, the following order was passed in response to these developments:

*“3. In these proceedings, one of the primary contentious issues between the parties was that despite a counter-offer having been made during negotiations, adequate security in respect of the said counter-offer of [REDACTED] for the global license of the Plaintiffs patents, was not provided by the Defendants. The parties are also in litigation in other jurisdictions including in Germany and U.K., apart from India. One of the submissions on behalf of the Defendants was that a bank guarantee was furnished by the Defendants pursuant to proceedings in Germany to the tune of USD*



**However, the said bank guarantee was objected to by the Plaintiffs on several grounds being, inter alia, that the bank guarantee was offered by a bank located in China and was encashable only in China. In view of this position, the pro tern applications were being heard on merits by this Court.**

4. Today, at the commencement of the hearing, Mr. Saikrishna, Id. Counsel appearing for the Defendants, submits that the Defendants – loosely referred to as 'OPPO' - through their principal company Guangdong Oppo Mobile Telecommunications Corp. Ltd., No. 18 Haibin Road, Wusha, Chang'an Dongguan, People's Republic of China, have furnished two bank guarantees in favour of the Plaintiffs, dated 8th September, 2022 issued by HSBC Continental Europe, 38 avenue Kleber, 75116, Paris for the following amounts:

- i. Bank Guarantee [REDACTED] for an amount of [REDACTED]; and
- ii. Bank Guarantee [REDACTED] for an amount of USD [REDACTED].

5. Mr. Saikrishna, Id. Counsel, submits that these bank guarantees ought to satisfy the Plaintiffs, who also has offices in France, as the objection taken by the Plaintiffs is fully overcome by these bank guarantees. They secure the entire counter-offer of [REDACTED], made to the Plaintiffs during the course of negotiations including the Defendants' devices sold in India. He submits that these Bank Guarantees are agnostic of any jurisdiction i.e., UK, Germany or India where disputes are pending.

6. Mr. Anand, Id. Counsel for the Plaintiffs, submits that as per his instructions, the bank guarantees have not been received by the Plaintiffs and he wishes to seek further instructions in the matter. The two



*relevant clauses, which are similar in both the bank guarantees read as under:*

*"TO SECURE IDT'S CLAIM TO BE COMPENSATED IN THE MOUNT OFFERED BY OPPO IN THE OFFER DATED 20TH. MAY. 2022. OPPO UNDERTAKES TO PROVIDE TWO BANK GUARANTEES UP TO A TOTAL AMOUNT OF USD [REDACTED]*

*THE AMOUNT OF ONE BANK GUARANTEE IS USD [REDACTED]*

*IN THIS CONTEXT. HSBC CONTINENTAL EUROPE. WITH OUR REGISTERED ADDRESS AT 38 A VENUE KLEBER 75116 PARIS FRANCE. ISSUE AN IRREVOCABLE. UNCONDITIONAL AND DEMAND GUARANTEE UP TO A MAXIMUM AGGREGATE AMOUNT OF*

*UNDER THIS GUARANTEE. WE UNDERTAKE TO PAY TO THE ACCOUNT OPENED IN YOUR NAME AND DESIGNATED BY YOU. ANY SUM OR SUMS YOU MAY CLAIM FROM US UP TO BUT NOT EXCEEDING THE ABOVE AMOUNT WITHIN 7 WORKING DAYS UPON OUR RECEIPT OF YOUR ORIGINAL FIRST DEMAND IN WRITING. THE PLEA OF ANTICIPATORY*



*ACTION IS WAIVED.*

*THE GUARANTEE EXPIRES AS SOON AS THE ORIGINAL OF THIS GUARANTEE IS RETURNED TO US BUT IRRESPECTIVE OF A RETURN OF THE ORIGINAL LATEST ON 30 JANUARY 2028. IF WE DON'T RECEIVE ANY COMPLYING DEMAND UNDER THE GUARANTEE BY THAT DATE AT ADDRESS MENTIONED BELOW:*

*HSBC CONTINENTAL EUROPE GTRF,  
INTERNATIONAL GUARANTEES DEPARTMENT*

*38, AVENUE KLEBER, 75116 PARIS, FRANCE*

*THIS GUARANTEE IS SUBJECT TO THE UNIFORM RULES FOR DEMAND GUARANTEES (URDG) 2010 REVISION ICC PUBLICATION NO. 758. IN CASE OF ANY SUBJECT MATTER NOT COVERED BY THE RULES, GERMAN LAW SHALL APPLY."*

7. *Notably, one of the above clauses provides that the bank guarantee would expire upon the original being returned to the Defendant, or latest on 30th January, 2028, irrespective of a return of the original. The other clause also notes that the Uniform Rules for Demand Guarantees 2010 and German law shall apply.*

8. *In light of the submissions made today and a perusal of the copies of the bank guarantees handed over in Court today. Id. counsel for the Plaintiffs and the Defendants to seek instructions, by the next date, on the following questions:*

- i. *Whether the originals of these bank guarantees have been given to the Plaintiffs and, if so, who*



*is the individual to whom the Defendants have given the same and in which jurisdiction or forum?*

- ii. *Ld. counsel for the Plaintiffs to seek instructions as to the terms of these bank guarantees and whether the same are acceptable to the Plaintiffs?*

*9. The copies of the bank guarantees provided by the Defendants today, are taken on record.”*

17. As per the above order, the status of the original bank guarantees was to be confirmed by Id. Counsel for the Defendants and copies of the same were taken on record. On the next date i.e. on 15<sup>th</sup> September, 2022, counsels for both the parties, upon instructions stated as under:

**“4. At the outset, Mr. Saikrishna, Id. Counsel appearing for the Defendants, submits that the originals of the said bank guarantees were handed over to the Id. Counsel for the Plaintiffs in Germany, on 13<sup>th</sup> September, 2022. These are irrevocable bank guarantees for a total sum of [REDACTED]. He assures the Court that the said bank guarantees cannot be cancelled, so long as the originals are retained by the Plaintiffs and are not returned to the Defendants. He further submits that the main argument of the Plaintiffs for seeking a pro tern arrangement was that the Defendants' financial condition is not good and there is no security for the counter offer made by the Defendants i.e., [REDACTED]. In view of the bank guarantees furnished on 13th September, 2022, that position has changed. Thus, the pro tem application ought to be disposed of, in view of the furnishing of these bank guarantees by the Defendants.**

**5. Mr. Anand, id. Counsel appearing for the Plaintiffs, confirms that the original bank guarantees have been handed over to Dr. Marina Wehler, counsel at M/s Arnold Ruess, which is a law firm representing the**



*Plaintiffs in Germany. However, insofar as the terms of the bank guarantees are concerned, he relies upon the Opinion of a Id. Senior Counsel, handed over to the Court today, to submit that safeguards need to be incorporated if such bank guarantees were to be accepted by the Court, so as to ensure that the said bank guarantees act as security for the proceedings which are pending before this Court and are not frustrated because of any other proceedings, in India or outside, against the Defendants. Thus, he has handed over a proposed list of safeguards which the Plaintiffs wish to place before the Court.*

*6. In response, Mr. Saikrishna, Id. Counsel, submits that he would require a short adjournment to enable him to take instructions on the safeguards proposed by the Plaintiffs.*

*7. This Court has heard the submissions of the parties and has also perused the bank guarantees and proposed safeguards. This Court notes that the bank guarantees have been furnished and shown to the Court at this stage, when the submissions in the pro tern application are almost at the stage of conclusion. Even so, the terms of the bank guarantees have been set out in the previous order dated 12th September, 2022. A perusal of the bank guarantees would show that the terms state that the amount would be payable to the Plaintiffs by HSBC Continental Europe, 38 avenue Kleber, 75116, Paris, upon receipt of demand from the Plaintiffs.*

**8. However, considering the fact that the bank guarantees do not refer specifically to the disputes currently being adjudicated in India, i.e., the two suits before this Court, in order for these bank guarantees to act as security qua the amounts contained in the counter-offer, as also for securing the Plaintiffs for sales made by the Defendants in India, both in the past and going forward, the said bank guarantees would be subject to the following conditions which would be**



required to be agreed to by the Defendants:

- i) That the said bank guarantees shall not be cancelled by the Defendants during the pendency of the present proceedings;
- ii) That the said bank guarantees would act as security for any orders passed by this Court in these proceedings, for payment of monetary sums by the Defendants to the Plaintiffs;
- iii) That the furnishing of the said bank guarantees shall not be deemed to be a determination of FRAND rates or rates payable by the Defendants to the Plaintiffs;
- iv) The said bank guarantees shall be subject to the jurisdiction of this Court and no proceedings in any jurisdiction, in respect of the said bank guarantees shall be initiated by the Defendants for seeking return of the same, while the present suits are pending, without the permission of this Court;
- v) The bank guarantees shall not be construed as a liability of the Defendants to pay any amount to the Plaintiffs and the same shall only be considered as a pro tern arrangement.
- vi) If the said bank guarantees stand encashed or discharged due to orders passed in any other jurisdiction where the parties are contesting against each other, the parties would be free to approach this Court at that stage including for furnishing of adequate security.

Upon the above terms being agreed to by the Defendant, the Plaintiff would not press for grant of any interim injunction or for any other security//pro tern arrangement and the trial in the suits shall be expedited. An endeavour shall be made for conclusion



**of trial within one year.”**

18. In terms of the above order, certain conditions were to be agreed by the Defendants, for which instructions were to be sought by Id. Counsels for the parties. On 6<sup>th</sup> October, 2022, after hearing Id. Counsel for the Defendants, the following order was recorded:

*“14. As per the above order, considering that the Bank Guarantees would expire only when the originals are returned, clarity was required as to who was in possession of the said Bank Guarantees. On the next date, the Court was informed that the originals of the said bank guarantees had been handed over by the Defendants to Dr. Marina Wehler, counsel at M/s Arnold Ruess, which is a law firm representing the Plaintiffs in Germany, and that these are irrevocable bank guarantees for a total sum of [REDACTED]. It was also assured that the said bank guarantees cannot be cancelled so long as the originals are retained by the Plaintiffs.*

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*17. The terms captured in the above order were to be considered by the Defendants and the Court was to be informed today as to whether the Defendants are agreeable to the conditions set out in paragraph 8 as extracted above. Id. Counsel for the Defendants had sought an adjournment to seek instructions.*

**18. Today, Ms. Julien George, Id. Counsel appearing for the Defendants, submits that the Defendants are broadly agreeable for the conditions which were specified in the previous order dated 15th September, 2022. However, she proposes that in place of point number (iii) contained in paragraph 8 of the said order, the following language maybe used:**

**"The amount of the said bank guarantees shall**





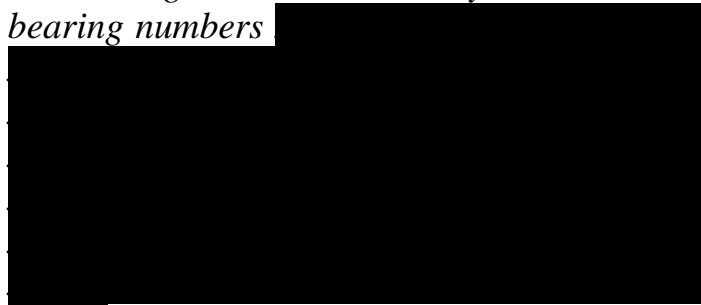
**not be deemed to be a final determination of applicable FRAND rates."**

**19. This modification is acceptable to the Id. Counsel for the Plaintiffs."**

19. In view of the broad agreement between the parties, a consent order was passed on 6<sup>th</sup> October, 2022 to the following effect.

"20. Accordingly, in view of the above discussions and the background of the matters as discussed above, with the consent of parties, the following directions are issued:

i. The bank guarantees issued by HSBC, Paris, bearing numbers



are taken on record. The originals of the same shall remain in the custody and control of the Plaintiffs.

ii. The said bank guarantees, the originals of which have been handed over by the Defendants to Id. Counsel for the Plaintiffs in Germany - Dr. Marina Wehler, counsel at M/s Arnold Ruess, shall remain valid and renewed during the pendency of the present two suits and shall not be cancelled by the Defendants, without permission of this Court.

iii. The said bank guarantees would act, as the security for any orders passed by this Court, in these proceedings, including for the payment of monetary sums by the Defendants to the Plaintiffs, if any;



- iv. *The said bank guarantees shall be subject to the jurisdiction of the Delhi High Court and no proceedings in any jurisdiction in respect of the said bank guarantees shall be initiated by the Defendants, whether for seeking return of the same or cancellation, withdrawal, etc., during the pendency of the present suits, without permission of this Court;*
- v. *The amount of the said bank guarantees shall not be deemed to be a final determination of applicable FRAND rates;*
- vi. *The bank guarantees shall not be construed as a liability of the Defendants to pay any amount to the Plaintiffs and shall only be considered as a pro tern arrangement to secure the Plaintiffs during the pendency of these suits;*
- vii. *If the said bank guarantees stand encashed or discharged due to orders passed in any other jurisdiction where the parties are contesting against each other, the parties would be free to approach this Court at that stage for appropriate orders, including for furnishing of adequate security.*
- viii. *Upon the above conditions being complied with by the Defendants and the relevant affidavits being submitted as below, the Plaintiffs would not press for grant of any interim injunction or for any other security//pro tern arrangement, and the trial in the suits shall be expedited. An endeavour shall be made for conclusion of trial within one year.*

21. *In order to ensure that the above conditions are duly operative upon the Defendants, a competent official who is duly authorized by all the Defendants, as also an official of HSBC, India shall appear before the worthy Registrar General of this Court for acceptance of these bank guarantees, to the satisfaction of the*



*worthy Registrar General. A duly authorized competent official of the Plaintiffs shall also be present on the said date for recordal of the statements on behalf of the Plaintiffs.*

*22. In this regard, the affidavit of the duly authorized official of the Defendants shall be filed within a period of two weeks, along with an affidavit / certificate from the duly authorized / competent official of HSBC, India.”*

20. In terms of the specified conditions, two bank guarantees furnished by the Defendants would serve as security for InterDigital in respect of any orders passed by this Court, including the payment of monetary sums. These bank guarantees, amounting to a total of [REDACTED], were to be subject to the jurisdiction of the Delhi High Court and could not be cancelled or withdrawn during the pendency of these suits without this Court's permission. To verify compliance with these conditions regarding the bank guarantees, instructions were issued for a competent official from HSBC India to appear before the worthy Registrar General of this Court.

21. Subsequently, the matter took a curious turn on hearing. The crux of the said developments is summarised below:

- a) As noted, vide order dated 9<sup>th</sup> November, 2022, the Defendants filed affidavits of Mr. Harvinder Singh, Mr. Adit Suneja and Mr. Gaurav Sachdeva on behalf of all the five Defendants dated 1<sup>st</sup> November, 2022, 28<sup>th</sup> October, 2022 and 1<sup>st</sup> November, 2022 respectively.
- b) The Defendants also filed confirmations from HSBC Paris dated 26<sup>th</sup> October, 2022. However, the Court was informed on 9<sup>th</sup> November, 2022 by the Id. Counsel for the Defendants Mr.



Saikrishna that HSBC India did not consent to send an official to confirm the certificate and the bank guarantees issued by HSBC Paris.

- c) HSBC India was issued notices by the Court and directed the officials from HSBC Paris to join virtually.

22. HSBC India then moved an application being *I.A. 21356/2022*, seeking modification of the order dated 9<sup>th</sup> November, 2022. In this application, Applicant-HSBC India avers that it is an independent entity, structurally distinct from HSBC Continental Europe and HSBC Bank PLC, UK. The Applicant operates under its own legal and regulatory framework, separate from the entities that issued the bank guarantees. The Applicant is a branch of HSBC Hong Kong, conducting banking business in India under the Reserve Bank of India's regulations, unlike HSBC Continental Europe, which is a subsidiary of HSBC Bank PLC, UK. Thus, the Applicant avers that given its independence and the specific corporate structure within the HSBC group, it lacks the authorization and capacity to act on behalf of HSBC Continental Europe. It further emphasizes that it neither has access to information regarding the guarantees issued by HSBC Continental Europe nor the authority to make representations about them. As an alternative, the Applicant suggests that it can only seek confirmation from HSBC Continental Europe via email and then present such communication to the Court.

23. Thus, HSBC India seeks the directions to recall the directions to the Applicant-HSBC India as contained in paragraph nos. 8 and 9 of the order dated 9<sup>th</sup> November, 2022. HSBC India also sought discharge from the notice dated 21<sup>st</sup> November, 2022, issued by the worthy Registrar General.



**Submissions of parties in I.A. 21356/2022.**

24. On behalf of the Defendants, Mr. Saikrishna, Id. Counsel contends that the Defendants have undertaken the compliance of the order dated 6<sup>th</sup> October, 2022. The undertakings have been given that the bank guarantees would not be cancelled and that the HSBC, Paris has issued certificate. The bank guarantees are valid till 30<sup>th</sup> January, 2028 and the originals of the bank guarantees are with InterDigital, hence, the bank guarantees cannot be cancelled in any case. It is, thus, submitted that InterDigital's fear mongering is completely baseless. Since, InterDigital is fully secured, in terms of Hague Convention on the Service Abroad of Judicial or Extra-Judicial Documents in Civil or Commercial Matters, 1965, HSBC Continental Europe, Paris ought to be served through Ministry of Law and Justice.

25. On behalf of HSBC India, Mr. Amol Sharma, Id. Counsel, submits that HSBC India and HSBC Paris are completely distinct entities and are not connected to each other. He also mentions that the communication received from HSBC Paris by HSBC India indicates that HSBC Paris has not been properly served; it may face criminal proceedings if it discloses any information. Furthermore, he submits that HSBC Continental Europe, Paris, has communicated that it is bound by the French Blocking Statute, which prevents it from transmitting any information unless both parties consent to such disclosure. At this stage, Mr. Saikrishna, the Id. Counsel for the Defendants, submits that the Defendants have no issue in giving their consent to HSBC Continental Europe, Paris.

26. On the other hand, Mr. Pravin Anand, Id. Counsel argued that the bank guarantees ought to be subject to the jurisdiction of this Court, otherwise there is no 'guarantee' regarding the said bank guarantees. The stand of HSBC Paris



before the worthy Registrar General, is that in terms of the Mutual Legal Assistance Treaty (*hereinafter, MLAT*) between India and Paris, unless HSBC Paris is served through Ministry of Law and Justice, India, it would not appear. This stance, it is argued, shows the unreasonable stand of HSBC India. As per the MLAT, under Article 10 Rule 13, service via email could not have been refused.

27. Orders were subsequently reserved in the said application on 14<sup>th</sup> February, 2023. However, thereafter, fresh applications were moved by the Defendants being *I.As. 4065/2023 & 4066/2023*, and consequently, judgement in *I.A. 21356/2022* was de-reserved vide order dated 1<sup>st</sup> March, 2023. As per these applications, the Defendants' stand is that they are willing to secure InterDigital by issuance of bank guarantees of IDBI India in favour of the Registrar General.

28. Mr. Saikrishna, the ld. Counsel for the Defendants, submitted that the entire India share of the counteroffer would be secured by these bank guarantees. However, Mr. Anand opposed this, arguing that the Defendants have grossly abused the legal process. He highlighted that the consent order of 6th November, 2022 was passed after the Defendants had obtained instructions, and the bank guarantees would only secure 22% of the original amount. He further argued that the Defendants are not willing to pay any license fee and are, therefore, unwilling licensees. Consequently, Mr. Anand contended that the Defendants should be directed to deposit the amount, not merely submit the bank guarantees. It is further submitted that after the initial order was passed on 6th October, 2022, the suits were expected to proceed to trial, which was intended to conclude within a year. However, due to the Defendants' failure to provide bank guarantees in accordance with the said



order to a satisfactory level, there currently exists no security in favor of InterDigital, and the interim injunction has been disposed of. Therefore, he proposes that an interim arrangement regarding the bank guarantees, which is now required to be furnished by the Defendants, should be established, or the Defendants should be directed to make a deposit.

29. On the other hand, it has been argued on behalf of the Defendants that since there have been no *prima facie* findings by the Court, InterDigital can only be properly secured by the bank guarantees and no *pro tem* deposit ought to be ordered.

30. Thus, these three applications one filed by HSBC India being *I.A. 21356/2022* and other two applications being *I.A.4065/2022* and *4066/2022* are taken up for consideration together.

### Analysis

31. The applications being *I.A.4065/2022* and *4066/2022* by the Defendants have been filed after orders were reserved in *I.A.21356/2022*. These three applications seek modification of the consent orders dated 6<sup>th</sup> October, 2022. Following the decisions of the Supreme Court in *Compack Enterprises India (P) Ltd. v. Beant Singh [2021 INSC 97]*, *Gupta Steel Industries v. Jolly Steel Industries Pvt. Ltd., [(1996) 11 SCC 678]* and *Suvaran Rajaram Bandekar v. Narayan R. Bandekar, [(1996) 10 SCC 255]* it is the settled position that consent orders/decrees can only be modified by consent of all the parties.

32. InterDigital is not consenting to the said modification. Hence, while passing orders in these three applications, the Court has to balance the interests, and also weigh the conduct of the parties.

33. Firstly, the Court notes that the stance of both HSBC Paris and HSBC



India is completely unacceptable. As a bank operating within India under Indian laws, HSBC was duty-bound to comply with the orders issued by this Court. A substantial amount of judicial time and effort has been expended solely because HSBC has been unwilling to assure this Court that the bank guarantees for approx. [REDACTED] would be subject to the orders of this Court.

34. The Defendants also had a duty to ensure that their bankers, HSBC—whether from Paris or India—appear and subject the bank guarantees to the jurisdiction of this Court. However, the Defendants have miserably failed to fulfil this obligation. It was not the Court's responsibility to assist the Defendants in securing the appearance of HSBC. The acceptance of the bank guarantees from HSBC Paris by the Court was based on the Defendants' offers and not otherwise. It is clear to the Court that the original bank guarantees, which may be in possession of InterDigital and are subject to the jurisdiction of German courts or other Courts, cannot serve as security for InterDigital in India.

35. The Defendants command a substantial market share of almost 60% in India. Documents reveal that the Defendants are facing severe financial difficulties. This Court does not need to delve into any defaults in the Defendants' annual reports and other documents. It suffices to say that the financial condition of the Defendants does not inspire confidence whatsoever, and there is considerable doubt whether InterDigital's rights can be safeguarded or not by way of a bank guarantee.

36. Further, after the consent order dated 6<sup>th</sup> October, 2022 was passed, trial was to be completed within a year, which has been delayed due to the applications filed by HSBC India and the Defendants.





37. Throughout this entire period since November 2022, the Defendants have continued to sell their products in India and generate profits. Despite claiming to have incurred losses in India, their sales, amounting to lakhs of crores of rupees, have led to investigations by various authorities. To date, the Defendants have been in negotiations with InterDigital for almost 10 years. The Court is unable to understand the reasons why the Defendants and InterDigital cannot conclude an agreement. In fact, the Munich Regional Court I in Germany recently found that the Defendants were infringing and have been subjected to an injunction<sup>2</sup>. The said decision has already been placed on record vide *I.A. 1122/2024*.

38. InterDigital's stance is reasonable: it consented to a secured bank guarantee pending the final adjudication of the suits, which obviously, did not transpire due to the Defendants' own follies. The suit patents are scheduled to expire within the next 3 to 5 years. Furthermore, the Id. Division Bench of this Court has in the following judgments reaffirmed the necessity of *pro tem* deposits:

- *Xiaomi Technology v. Ericsson [(2015) 61 PTC 282]*,
- *Intex Technologies (India) Ltd. Versus Telefonaktiebolaget L.M. Ericsson (Publ) (2023: DHC:2243-DB)*
- *Nokia Technologies OY v. Guangdong Oppo Mobile Telecommunications Corp Ltd. (2023:DHC:4465-DB)*.

39. The Plaintiffs are insisting that the entire sum of [REDACTED] be deposited before this Court, as that was the agreed amount in the consent order to be secured. However, on the other hand, the Defendants submitted

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<sup>2</sup> Decision of the Munich Regional Court I dated 21<sup>st</sup> December, 2023, bearing number 7 O 17302/21.



proposals to the Court dated 1st March, 2023, which are as follows:

“ 1. *OPPO's latest counteroffer dated 01.12.2022 for global license of IDC's patent portfolio is for [REDACTED],*

*2. As per IDC's document filed under index dated 16.08.2022, OPPO's Indian sales are [REDACTED] of the global sales. Thus, the Indian apportionment of royalty payable would be [REDACTED]*

*3. Since, the above-mentioned offer was for 5 years, OPPO offers to make the payment of [REDACTED] by way of 5 yearly instalments, [REDACTED]*

*4. The structure of payment would be as follows:*

*a. The first part of payment will include 3 instalments for 2021, 2022 & 2023, respectively, which will collectively be for USD [REDACTED]*

*b. Second part will be made in 2024 for USD [REDACTED]*

*c. Third part will be made in 2025 for [REDACTED]*

*5. The first part of payment will be made in 3 weeks by way of a Bank Guarantee issued by IDBI Bank. We have a letter dated 28.02.2023 issued by IDBI Bank which states that they can issue the BG in one week, pursuant to documents being filed by OPPO and margin money being paid. OPPO will require 2 weeks to complete these formalities.*



6. This BG will be issued by OPPO India in favour of the Registrar General of Delhi High Court.

7. Oppo China has already provided three Bank Guarantees for the amount [REDACTED] [REDACTED] to IDC in Germany in the following terms:

A. Bank Guarantee No. [REDACTED] dated 08.09.2022 for the amount [REDACTED]

B. Bank Guarantee No. [REDACTED] dated 08.09.2022 for the amount [REDACTED]

C Bank Guarantee No. [REDACTED] dated 17.01.2023 for the amount [REDACTED].

Therefore, Oppo has already provided BG for the amount [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] which was the OPPO's counteroffer (offer dated 01.12.2022).

8. In order to address the issue of double payment, we request that the Court may direct IDC to return the BG being Bank Guarantee No. [REDACTED] [REDACTED] dated 17.01.2023 for the amount [REDACTED] so that OPPO can set off the above-mention Indian amount and re- issue the BG for the remaining amount.”

40. As can be seen from the above, initial bank guarantees of [REDACTED] [REDACTED] have now been replaced by [REDACTED] to InterDigital in Germany. However, this appears to have been based upon the counter offer by the Defendants on 1<sup>st</sup> December, 2022 for [REDACTED].

41. Based on the submissions made by the Id. Counsel for the Defendants, it is clear to the Court that India's share of the Defendants' global sales, ranges between 23 to 25%. As per the proposal extracted above given by the



Defendants, they are willing to pay a sum of [REDACTED], in various tranches. The initial bank guarantee which Interdigital had consented to as a security was for approximately [REDACTED]. The said bank guarantee has now been replaced in Germany with a bank guarantee for [REDACTED]. Despite this position, Munich Court I in Germany has granted an injunction against the Defendants, holding them to be an unwilling licensee. The relevant observations of the Munich Court I are set out below:

*161 The defendant's lack of response or delayed response to the plaintiffs offers shows that the defendants were not really willing to participate in license negotiations in good faith. This is all the more true as the defendants' first counter-offer of February 8, 2021, for its part, has exactly the same shortcomings that the defendants criticize in the plaintiffs offers, namely the lack of detailed explanation of the license terms offered (see Exhibit AR-KAR 35). The fact that the defendants took or waited until February 8, 2021 with this uninformative counter-offer underlines their lack of willingness to license. They apply double standards.*

*162 In addition, the defendants contradict themselves when they claim that only the sixth offer of 21.12.2021 is capable of being replied to, but they already submitted an initial counter-offer on 08.02.2021.*

xxx xxx xxx

163 .....

*Furthermore, the defendants complained for the first time in the court proceedings (statement of 05.06.2022, para. 31) that the plaintiff's license offers had no adjustment clause. They did not complain about this before the court. This conduct also demonstrates that the defendant's conduct was solely tactically motivated and lacked any genuine*



*intention to license.*

164 *In the oral hearing on March 2, 2023, the Chamber also pointed out to the defendants that, according to the current assessment of the factual and legal situation, the FRAND objection is not successful and gave detailed reasons for this assessment. Nevertheless, the defendants did not subsequently make a further, improved counteroffer. This is also evidence of their lack of willingness to license.*

xxx xxx xxx

166 *The defendants in the present case have impressively demonstrated how patent infringers practically operate a hold-out by constantly demanding settlement license agreements and at the same time try to conceal their unwillingness to license.*

xxx xxx xxx

168 *In conjunction with the defendant's other conduct, the Chamber is convinced that the demand for settlement license agreements is not an expression of honest willingness to negotiate, but merely an instrument to dilute the negotiation process. On the one hand, the disclosure of all - even the obviously irrelevant - contracts is demanded: "Nevertheless, the defendants have requested the submission of all contracts in order not to expose themselves to the accusation of "cherry-picking", but rather - in line with the plaintiff's position in other jurisdictions - to analyze a large number of comparative contracts to determine the conditions granted to competitors".*

42. In this background, in the opinion of this Court, the Defendants cannot be better positioned than what they were in the consent order dated 6<sup>th</sup> October 2022. Vide the said order the application for *pro tem* payment was disposed of with consent, which is now being re-looked in view of the breaches by the



Defendants of not furnishing a proper bank guarantee. Recently the 1d. Division Bench, in *Nokia Technologies OY (supra)* has observed on *pro tem* payments as under:

“ ...

53. *This Court in Intex. vs. Ericsson (supra) relying on the Delhi High Court Rules governing patent suits, 2022 has recognized the concept of protem security and has held that the Courts have the power to pass deposit orders even on the first date of hearing, if the facts so warrant.*

54. *This Court is of the view that it may not be necessary for a Standard Essential Patent holder to seek any pro-tem order in foreign jurisdictions/other jurisdictions because proceedings elsewhere are significantly faster than in India. In Germany, for instance, Nokia had pressed for final relief and had attained final decisions in several cases in short time.*

55. *Trial and final arguments take time in India. This Court in Intex Vs. Ericsson (supra) has recognized this reality and has attributed this to the low Judge-population ratio. In fact, this Court in Intex Vs. Ericsson (supra) after considering the foreign law and Indian realities has held that the Standard Essential Patent holder is not remediless till the final disposal of the suit.*

...

58. *Consequently, to balance the equities between the parties, this Court has the power, if the facts so warrant, to pass a pro-tem order being a temporary arrangement without a detailed exploration of merits. This view, according to the Court, promotes a modernized and fair patent system, encourages ingenuity, creativity and intellectual activity as well as provides for a conducive environment for knowledge transfer. Needless to state that the nature of pro-tem security/deposit order as well as interim order will necessarily depend on the factual matrix of each case.*

.....



**101. Further, though German Courts have not expressly assessed the sufficiency or adequacy of the bank guarantee, yet insufficiency of the past bank guarantee is evident from the fact that despite a bank guarantee having been furnished, the German Court has found Oppo to be an unwilling licensee and has permanently restrained it from manufacturing and selling its devices in that country.**

**102. It is also interesting to note that pursuant to the order of the German Court, Oppo has chosen to suspend its operations in the German market, rather than take a licence for Nokia's Standard Essential Patents. Consequently this Court is of the prima facie view that Oppo is an unwilling licensee."**

43. Considering the above facts and the amount that was to be secured by the consent order dated 6<sup>th</sup> October, 2022 as also the financial conditions of the Defendants, this Court is of the opinion that, in order to balance the equities between the parties, the Defendants are required to secure InterDigital for a sum, of [REDACTED]. The total sum of [REDACTED] [REDACTED] [REDACTED] represents approximately [REDACTED], which is the amount of the latest bank guarantee submitted by the Defendants before the German Court. This proportion also aligns with the Defendants' approximate share of global sales attributed to India. Accordingly, it is directed as under:

- a) The Defendants shall deposit a sum of [REDACTED] [REDACTED] covering all past sales for the years 2021-22, 2022-23, 2023-24, with the worthy Registrar General of this Court, within a period of three months. The said amount shall be kept in an interest-bearing fixed deposits on auto-renewal mode.
- b) The trial in the suits shall now be concluded in 2024 itself. Should the trial not conclude for any reason, by December, 2024, the



Defendants shall deposit an additional sum of [REDACTED] with the worthy Registrar General by 31<sup>st</sup> March 2025.

- c) Failure to deposit the amount would entitle InterDigital to move an application before the Court for seeking an injunction/restraint order from sale of any further devices by the Defendants in India, due to non-compliance of Court orders.

44. The above applications are disposed of in the above terms.

45. Due to the substantial delays caused in these matters and due to the Defendants' conduct, costs of Rs.5 lakhs is imposed on the Defendants payable to the Delhi High Court Legal Services Committee within one week.

**I.A. 11485/2022 (seeking confidentiality club) in CS(COMM)-692/2021**

**I.A. 11484/2022 (seeking confidentiality club) in CS(COMM)-707/2021**

46. These are applications filed by the Defendants seeking constitution of a confidentiality club for exchange of confidential information including agreements between InterDigital and the Defendants.

47. On the constitution of the confidentiality club, both parties have made their submissions. As per the ld. Counsel for InterDigital, there are four options, agreeable to it:

- i) A temporary club in terms of order dated 16th August, 2022 passed in the present cases where external expert, counsels and foreign counsels have been permitted;
- ii) The confidentiality club should consist of only attorneys of the parties and if persons who are employees of the parties are to be included, they should not be persons who are dealing with





- licensing negotiations;
- iii) The model as was approved by the Supreme Court in the Lava v. Ericsson litigation where except royalties, all other details were redacted;
  - iv) An order dated 6th July 2023 was passed by the U.K. High Court (Patents Court) in the case titled '*Interdigital Technology Corporation v. OnePlus Technology*' [Claim No: HP-2021-000047]. This order was issued in litigation between the same parties, where summaries of the license agreements were provided. Additionally, a two-year embargo was placed on the litigation person involved in the negotiation, preventing them from engaging in licensing activities with the parties whose agreements were disclosed during the confidentiality club proceedings.

48. As far as Mr. Saikrishna, Id. Counsel, is concerned regarding the establishment of the confidentiality club, he proposes that the U.K. model could be adopted. However, instead of merely presenting summaries, the actual agreements should be disclosed to the members of the club. He refers to similar rulings by a Co-ordinate Bench in *CS(COMM) 581/2019* titled '*Nokia Technology v. Lenovo Group Ltd.*', where no such restriction was imposed. Mr. Saikrishna, Id. Counsel, notes that in the U.K., initially, only summaries were shared with the employees of the Defendants under a two-year embargo, leaving open the possibility of disclosing the full agreements at a later stage if necessary. His client is agreeable to this approach.

### Analysis

49. The basic rule in adversarial litigation is that all documents and



pleadings have to be exchanged between the parties. However, this rule is diluted in certain types of litigations due to the sensitive and the confidential nature of the information. One may pose a question as to what can be confidential between the parties in a litigation. This is because, with the increasing complexities in trade and commerce, the necessity for mechanisms to share confidential information has become apparent.

50. There are several situations in which confidentiality clubs may be required to be constituted. Some such illustrative examples are set out below:

- a) When an employee is working in an organization, he or she may be privy to various sensitive/confidential information. Such an employee may join a competitor or another business where an allegation could be relating to violation of confidentiality. In such circumstances, both the new employer and the old employee would not want their sensitive or confidential information to be shared with one and all. Hence, the need for a confidentiality club.
- b) In the context of Trade Secrets, such clubs are required to be constituted for the purpose of ensuring that even within the organizations/entities which are parties to the litigation, information is not freely disseminated but is restricted only to a relevant few.
- c) In the context of IP licensing, owners/holders of SEPs often license their patented technologies to a wide array of entities and companies, including competitors. The common link among these entities is their licensing agreement with the SEP owner/holder. In litigation between a market player and the SEP owner/holder, disclosing third-party agreements—especially to a competitor—could jeopardize the competitive advantage of such third parties.



Moreover, interests of such third parties could be significantly affected, and without their consent, disclosure of information might be prohibited under the agreements executed by the SEP owner/holder. In some jurisdictions, the consent or non-objection of the third party is required to disclose such agreements. To ensure that documents and information related to third parties remain confidential and do not become public, thus protecting the interests of third parties, the establishment of a confidentiality club is resorted to.

- d) In patent cases involving manufacturing processes used by the parties, it is necessary to establish a confidentiality club. Such requirement arises not only because the Plaintiff's processes might be compromised, but also because of the Defendant's processes. In such cases, it is noticed that the Defendants also claims confidentiality over its process, use of raw material, conditions of manufactures, etc., which might be subject to inspection, and thus their interests could also be at risk. The establishment of such a confidentiality club ensures that sensitive information is protected for both parties involved in the litigation.

51. In the context of SEPs such confidentiality clubs should ideally only consist of external counsel and external experts. It obviously should not consist of those persons, who can take advantage of information in deriving benefit for their own employers/entities, whom they represent, during negotiations so as to get a competitive edge. The entire purpose of constituting a confidentiality club would be completely defeated if employees engaged in



negotiations with those very parties, whose agreements have been disclosed, are permitted to view those agreements and utilize information to derive competitive advantage in future negotiations, either with the same party or other unconnected parties. It could also result in disclosure of such information consciously or unconsciously to third parties, in the course of negotiations.

These factors ought to be borne in mind while constituting a confidentiality club, in the context of SEPs.

52. In such cases, the confidentiality club merely involves employees or experts of those parties and no third party is involved. The information dissemination is limited to those individuals alone.

53. In the context of SEPs when global agreements are sought to be disclosed, the mechanism has to be such that it can be ensured that the members of the club are either counsel for both the sides, and external experts. If internal officials of both companies are to be made members of the club, it has to be in such a manner so as to ensure that such persons do not compromise the integrity of the information in any manner or utilize the same for third party negotiations. Thus, some reasonable conditions would have to be imposed on such in-house employees, who may be part of the club. This would be not only in the interest of both the parties, but also to those third parties who are not before the Court and whose information is being exchanged between the parties in the present litigation.

54. The constitution of confidentiality clubs has various protocols, which have been followed internationally by different Courts. Insofar as the Delhi High Court is concerned, Chapter VII Rule 17 and Annexure F of the Delhi



High Court (Original Side) Rules, 2018 prescribe the protocol of constitution of confidentiality club. Chapter VII Rule 17 of the Delhi High Court (Original Side) Rules, 2018 reads as follows:

*“17. Confidentiality Club. – When parties to a commercial suit wish to rely on documents/information that are commercially or otherwise confidential in nature, the Court may constitute a Confidentiality Club so as to allow limited access to such documents/information. In doing so, the Court may set up a structure/protocol, for the establishment and functioning of such Club, as it may deem appropriate. An illustrative structure/protocol of the Confidentiality Club is provided in Annexure F. The Court may appropriately mould the structure/protocol of the Club, based upon the facts and circumstances of each case.”*

Annexure F of the Delhi High Court (Original Side) Rules, 2018

**“ANNEXURE F**

**CHAPTER VII RULE 17**

**PROTOCOL OF CONFIDENTIALITY CLUB**

***Procedure to be followed in dealing with confidential documents/ information***

*Upon hearing of an application, the Court may allow constitution of a Confidentiality Club in the following manner:-*

*a) All documents/ information considered as confidential (“Confidential Documents/ Information”) by the Court shall be permitted to be filed in a sealed cover to kept in the safe custody of Registrar General.*

*b) Each party shall nominate not more than three Advocates, who are not and have not been in-house lawyers of either party, and not more than two external experts, who shall constitute the Confidentiality Club. Members of the Confidentiality Club alone shall be entitled to inspect the Confidential Documents/*



*Information.*

*c) Members of the Confidentiality Club shall be allowed to inspect the Confidential Documents/ Information before the Registrar General, without making copies thereof. After the inspection, the Confidential Documents/ Information shall be resealed and kept in the custody of the Registrar General.*

*d) Members of the Confidentiality Club shall not make copies of, or disclose, or publish the contents of, the Confidential Documents/ Information to anyone else in any manner or by any means, or in any other legal proceedings and shall be bound by the orders of the Court in this behalf.*

*e) During recordal of evidence with respect to the Confidential Documents/ Information, only members of the Confidentiality Club shall be allowed to remain present.*

*f) During proceedings of the Court, when the Confidential Documents/ Information are being looked at or their contents discussed, only members of the Confidentiality Club shall be permitted to be present.*

*g) The Court may in its discretion and in an appropriate case, permit copies of the Confidential Documents to be given to the opposite party after redacting confidential information therefrom, if such redaction be possible and not otherwise.*

*h) Any evidence by way of affidavit or witness statement containing confidential information derived from the Confidential Documents/ Information shall be kept in a sealed cover with the Registrar General and would be accessible only to the members of the Confidentiality Club. However, a party filing such evidence by way of*



*affidavit shall, if so directed by the Court, give to the opposite party, a copy of such affidavit after redacting therefrom the confidential information, if such redaction is possible and not otherwise.*

*i) The Confidential Documents/ Information shall not be available for inspection after disposal of the matter, except to the Party producing the same.*

*j) In cases where the Confidentiality Club is constituted or documents are directed to be kept confidential, the Court may consider extending the time for filing of pleadings. However, the same shall be within the overall limits prescribed by the applicable provisions.”*

55. As can be seen from the above provisions, they do not contemplate the appointment of in-house employees or lawyers, and the reason is not far to seek. In-house employees, including legal managers and general counsels, are bound by their contracts with their employers, which may dictate specific operational roles within the company. The conditions of service for such employees could effectively be modified or amended by the terms prescribed by the Court when establishing the confidentiality club. Therefore, the usual practice is to exclude any in-house employees. Furthermore, even if in-house lawyers are included, they possess a certain measure of understanding in terms of how Court orders should be implemented. However, such an expectation cannot be held for employees who are directly involved in commercial licensing negotiations for licenses. Thus, in-house employees actively engaged in negotiations ought to ideally be excluded from the constitution of the confidentiality club to maintain the integrity of confidential information and third party information.

56. In the present case, the Court had, initially, vide order dated 16<sup>th</sup>



August, 2022, constituted a confidentiality club consisting of the following members:

<b>Category of Members</b>	<b>Plaintiffs</b>	<b>Defendants</b>
<b>External Experts</b>	Dr. Jonathan Putnam	1. Mr. David Yurkerwish 2. Mr. Matthew Sepe
<b>Counsels</b>	1. Mr. Pravin Anand 2. Mr. Vaishali Mittal 3. Mr. Siddhant Chamola	3. Mr. Saikrishna Rajagopal 4. Ms. Julien George 5. Ms. Anu Paarcha
<b>Foreign Counsels</b>	1. Mr. Cordula Schumacher 2. Mr. Tim Smentkowski	1. Mr. Tobias J. Hessel 2. Ms. Franca Pollwolbeck

57. However, thereafter, the Defendants have now moved these two applications seeking the inclusion of various members into the confidentiality club. The names of internal representatives suggested by InterDigital and the Defendants are as follows:

<b>S.No</b>	<b><i>InterDigital's Internal Representatives</i></b>	<b><i>Defendants' Internal Representatives</i></b>
1.	Mr. Scott Clark, Associate General Counsel, Litigation	Mr. Jack Peng
2.	Mr. Jim Harlan, Senior Director, Licensing	Mr. Yori Xiao

58. In the present case, as recorded in the background of facts and submissions, a significant number of third party licenses and agreements from





both InterDigital and the Defendants are likely to be exchanged between the parties. The interests of such third parties cannot be compromised by either InterDigital or the Defendants, as they are not involved in the confidentiality club discussions or proceedings. The terms under which such third parties may have entered into licenses with either InterDigital or the Defendants could be very specific to the facts or customized in a manner that suits the purpose and circumstances prevailing at the time the agreement was made. Furthermore, the agreements may reveal sensitive business-related information pertaining to these third parties. Therefore, after reviewing the members suggested by both sides for the establishment of a confidentiality club and considering the purpose of such a club in the context of this case, the following confidentiality club is hereby constituted:

<i>S.No</i>	<i>InterDigital's Representatives</i>	<i>Defendants' Representatives</i>
<b><i>Internal Representatives</i></b>		
1.	Mr. Scott Clark, Associate General Counsel, Litigation	Mr. Jack Peng
2.	Mr. Jim Harlan, Senior Director, Licensing	Mr. Yori Xiao
<b><i>Counsels</i></b>		
3.	Mr. Pravin Anand	Mr. Saikrishna Rajagopal
4.	Mr. Siddhant Chamola	Ms. Julien George

59. If the parties wish to add further members to the above confidentiality club, they are free to move an application in this regard.

60. The mandate of the confidentiality club as constituted above, shall be in terms of the following provisions:

- Chapter VII, Rule 17 of the Delhi High Court (Original Side) Rules, 2018



- Annexure -F of the Delhi High Court (Original Side) Rules, 2018.
  - Rule 19 of the Delhi High Court Intellectual Property Rights Division Rules, 2022
  - Rule 11 of the High Court of Delhi Rules Governing Patent Suits, 2022
61. The conditions to be imposed on the members of the Club and the information that is to be disclosed shall be dealt with in *I.A.s 11485/2022* and *11484/2022*. List for that purpose on 23<sup>rd</sup> February, 2024.
62. List for framing of issues in *CS(COMM)-692/2021 and CS(COMM)-707/2021* and on all pending applications on 23<sup>rd</sup> February, 2024, the date already fixed.

**PRATHIBA M. SINGH**  
**JUDGE**

**FEBRUARY 21, 2024/dk/dn**

**[Redacted version as per order dated 21<sup>st</sup> February, 2024]**