

# **ANALYSIS OF CONFIDENTIALITY CLUBS – MEANING, PURPOSE AND ITS IMPORTANCE IN LITIGATION PERTAINING TO STANDARD ESSENTIAL PATENTS**

Written by *Munesh Kumar Sharma*

*Advocate, Delhi High Court, New Delhi, India*

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## **INTRODUCTION**

A confidentiality club, as the name suggests, consists of a group of people having access to confidential information and data to the exclusion of others. It is a tool used by the Courts which sets up a club of usually advocates and external experts who have access to the confidential documents of the party which requests establishing such a club. Setting up of confidentiality clubs is an exception to the general rule of recordal of evidence in a legal proceeding in open court, all parties having access to the evidence, documents and information presented to the Court.

Upon establishment of a confidentiality club, the information and documents disclosed therein are accessible exclusively by the duly named and identified members of the club, upon their undertaking to maintain the confidentiality of the documents and/or information shared by them. Constituting confidentiality clubs is vastly popular in patent disputes globally and have found recent footing in Indian litigation as well, especially in patent infringement cases.

The members of the club are specified external counsel and technical experts, along with advocates of the parties. However, no person who is a party to the dispute or is in the employment of the parties or is its agent can be a member of the confidentiality club. Each member of the club gives an undertaking not to disclose the information it is privy to as the member of the club by signing a Non-Disclosure Agreement or a Confidentiality Agreement. The documents/information for which request has been made to set up the confidentiality club is exclusively available only to the members of the club and no third person.

## **DELHI HIGH COURT (ORIGINAL SIDE) RULES, 2018**

In India, the Delhi High Court has been the flagbearer in developing jurisprudence on confidentiality clubs and propriety thereof. This can also be evidenced from the fact that in 2018, recognizing the legitimacy of the same, a provision<sup>1</sup> relating to confidentiality clubs was inserted in the Delhi High Court (Original Side) Rules, 2018, which govern the civil and commercial cases heard on the original side of the Court. As per Rule 17 of Chapter VII, during the course of litigation, parties may wish to rely on documents/information which is commercially or otherwise confidential, the Court has the discretion to set up a confidentiality club to allow limited access to such information. This ensures a balance between safekeeping of the confidential data of the parties and also allows the Court to meet the ends of justice, as it has access to all relevant facts of the case.

The protocol and procedure for setting up such confidentiality clubs, upon receipt of an application for the same, is provided under Annexure F of the Delhi High Court (Original Side) Rules, 2018, which has the following salient features:

- All confidential documents/information shall be filed in a sealed cover with the Registrar General of the Court;
- Not more than three advocates, who have not been in-house counsels for them, and not more than two external experts, may be nominated by each party to be part of the confidentiality club;
- Members alone have access to the information and/or documents disclosed in the confidentiality club;
- Members are allowed to inspect the documents in the presence of the Registrar General and are prohibited from making copies of the same. They are also precluded from disclosing the information and/or documents disclosed in the confidentiality club;
- During recordal of evidence in respect of the information and/or document disclosed in the confidentiality club, only the members of the same are allowed to remain present;
- The Court may, at its discretion, allow making copies of the confidential document, after redacting the confidential information;

- Any evidence by way of affidavit relating to confidential information shared in the club would be kept in a sealed cover by the Registrar General of the Court. A copy of the same, may still be provided to the opposite party after taking leave of the Court by redacting the confidential information contained in such affidavits;

From the above, it is clear that the confidentiality club is constituted by a Court only upon an application being made for its constitution and only if it feels that information sought to be filed is actually confidential. It is not a norm of litigation to set up confidentiality clubs for all information relevant to the dispute. It is an exceptional mode of recordal of evidence of information, the disclosure of which, is deemed by the Court to be detrimental to the business secrets and commercial secrets of the parties.

Further by way of Annexure F to the Rules, 2018, it is clear that guidelines have been put in place to safeguard the confidential documents of one of the parties. It is also clear that the confidentiality club does not contemplate making concessions but is an exercise conducted merely for appreciating evidence and information that cannot be disclosed openly. In circumstances that warrant it, the Delhi High Court also has the discretion to share certain information part of the confidentiality club with the Defendant, after duly redacting the confidential information from the said agreements. An example of this can be seen from the case of *Lava International Ltd. v. TLM Ericsson*<sup>ii</sup> whereby the Ld. Counsel appearing for the patentee made a statement before the Court that it is willing to share the details of the license agreements with the Defendant by redacting confidential information, including names of the parties. However, the rate of royalty being paid were not redacted. By taking the above statement on record, the petitioner withdrew the petition and the Hon'ble Supreme Court dismissed the case.

Recently, the Hon'ble Delhi High Court, in *Transformative Learning Solutions Pvt. Ltd. & Anr. v. Pawajot Kaur Baweja & Ors.*<sup>iii</sup>, keeping the above principles in mind, held that depending on the facts and circumstances of a case, even the Defendants/opposite parties can be permitted to be members of a confidentiality club, if the Court so deems fit. Such Defendants/opposite parties, then become bound by the terms of the club and cannot disclose any information shared with them as members of the club. In the event the Court is of the opinion that the information proposed to be confidential must be shared with the Defendant, it is still open to the Plaintiff to refuse sharing of the information with the Defendant, subject to

any legal consequences thereof. From the above, it is clear that no party can be forced to participate in the confidentiality club, and it is established with the consent of all parties concerned. However, in the same judgment, the Ld. Single Judge observed that in *lis* involving patent infringement or copyright infringement in the source code of a computer program, the need for the Defendant to see the confidential documents does not arise, as the opinion with respect thereto is to be given by an expert only<sup>iv</sup>.

## **SEPS AND CONFIDENTIALITY CLUBS**

Historically, in India, the most common cases where Courts have constituted confidentiality clubs are cases pertaining to infringement of Standard Essential Patents (SEPs). SEPs are a class of patents which form part of an industry standard for a particular product. Thus, manufacture of the product conforming to that standard would invariably lead to infringement of the patent<sup>v</sup>. These standards are prescribed by various Standard Setting Organizations (SSO) around the world. If a patent forms part of the standard as prescribed by an SSO, then the patentee is obligated offer it for a license to all stakeholders at Fair, Reasonable and Non-Discriminatory (FRAND) terms<sup>vi</sup>.

In a case for infringement of an SEP, in addition to the questions of infringement and validity of the patent, additional issues of essentiality of the patent (to the concerned standard) and whether the same was offered at FRAND rates to the defendant, also arise for adjudication. It is for the latter issue that constitution of confidentiality clubs becomes important.

The most common way to determine whether the license offered by the patentee for its SEPs was FRAND or not is to analyze other licensing agreements entered into by the patentee with other industry stakeholders and/or similarly placed parties. To determine the amount of royalty payable, the defendants often demand production of such licensing agreements before Court.

Due to the sheer scale and volume of the patents along with the fact that the patents are deemed to be necessary for the manufacture of the product, such as a mobile phone, more often than not, the patentee often enters into licensing arrangements with over 100 stakeholders, ranging from the end-product manufacturer to the software developer. Further, a license agreement negotiated between two parties is peculiar to them and may contain clauses that each party may

not wish to disclose in open court. As an illustration, a license agreement may contain the following confidential particulars:

- i. Technical know-how and trade secrets on how to best operate the patent/patent portfolio and manner of manufacture of the device, which does not form part of the patented document. This enables the licensees to make best use of the patent.
- ii. Cross-licensing of patents – Often the licensee also offers its portfolio of patents in a cross license to the SEP holder to enable both parties to reap the maximum benefit from the agreement. Since this cross-licensing arrangement is dependent not only the concerned IP part of the portfolio of the licensee, but also on the nature of business of the licensee, disclosure of the same in open court may put the party in breach of its obligations under the agreement.
- iii. The rate of royalty payable for such cross-licensing agreements is also less as compared to that which is being offered to a potential licensee from whom the patentee gets no technological advantage, as the amount payable for the cross-license is set-off against the amount payable for the SEP portfolio.
- iv. Often the goodwill and reputation of the licensee is also a factor which comes into play at the time of determination of royalty payable.

The above is an illustrative list of terms which may form part of the licensing arrangement between two parties and have been recognized as such by the Hon'ble Delhi High Court in *TLM Ericsson (Publ) v. Xiaomi Technology and Ors.*<sup>vii</sup> . Every licensing agreement, in addition, has a confidentiality clause which obligates each party to not disclose the terms and conditions of the agreement thereof. Directing disclosure of the same openly before Court would make the patentee liable for breach of the agreement. Thus, placing an onerous obligation to produce these licensing arrangements openly before a defendant, who may prove to be a competitor to both the patentee and licensee, may prove detrimental to the commercial interests of both parties.

Since the object of producing the license agreements before Court is to determine the rate of reasonable royalty payable by the defendant to the patentee, there is no need to disclose all the above-mentioned particulars forming part of the said agreement in open court and to the defendant.



## **NO ADVERSE EFFECT ON THE DEFENDANT**

As can be seen from the above, the purpose of setting up a confidentiality club is to ensure that the commercial secrets of the patentees and any other confidential information is not disclosed openly, more so to its competitors.

The argument, more often than not, set up by the Defendants in cases involving constitution of Confidentiality Clubs is that prejudice that would be caused to its interests it is not able to verify the contents of the license agreements. The apprehension often quoted is that the Defendant is coerced to agree to a rate of royalty payable without verifying on its own if that is actually the rate being paid by a party similarly placed as it. Discomfort is also expressed on the fact that its advocates, upon examining the documents, would bind the Defendant to a particular rate of royalty, without due verification and obtaining instructions from the client.

This concern of the Defendant and the need for keeping certain information confidential has adequately been addressed by the Hon'ble Delhi Court in *M. Sivasamy v. Vestergaard Frandsen A/S & Ors.*<sup>viii</sup>, whereby documents pertaining to the production of the products, manufacturing process, contents and other confidential information (which duly form part of any license agreement) while material to the dispute are to be safeguarded in the event the claim of the disclosing party is proven to be true as against the opposite party. Thus, in such an event, disclosing the confidential information of one of the parties to the other, who is a competitor of the same, can be extremely detrimental to the commercial interests of the disclosing party. Further, recognizing the technical nature of such agreements, the Court held that it may need expert assistance to decipher the relevance of such documents to the agreement. Thus, the Court held that before ordering production of such documents, the Court has to devise a procedure to protect the sensitive information contained in the same, before requiring it to produce the documents before Court<sup>ix</sup>.

Based upon the need to establish procedure to safeguard the confidential information of a party concerned, the Hon'ble Delhi High Court in *Roche Products (India) Pvt. Ltd. & Ors. v. Drugs Controller General of India and Ors.*<sup>x</sup> has held that under no circumstances can documents relevant to the dispute not be produced before the Court and for due appreciation of the opposite party which has to set up its own defense in relation to such documents. Thus, acknowledging that complete access cannot be denied to either party to documents playing a pivotal role to the

outcome of the case, the Ld. Single judge stated that the said documents would be produced in a sealed cover and would be shared the advocates of the parties and duly selected external experts. The members of the club were to be bound by confidentiality, and upon inspection parties were permitted to amend their pleadings in response thereof<sup>xi</sup>.

Further, the argument of Defendant that prejudice would be caused to its interests if it is excluded from the confidentiality club was addressed by the Hon'ble Delhi High Court in *Ericsson v. Xiaomi (supra)*. Taking note of the concerns of the Defendant, the Ld. Single Judge held that despite the same, in today's world, a trade secret may make or break the business of a company and needs to be protected. Especially, in patent infringement cases, it was acknowledged that information needs to be restricted. Thus, by putting in place certain safeguards access may be allowed to the defendant party to certain details of the information disclosed by the patentee. However, complete, unfettered access cannot be given<sup>xii</sup>.

In England, constitution of confidentiality clubs has become a common feature of patent and trade secret disputes and are often referred to as 'external eyes-only clubs. Recently, the Chancery Division of the England and Wales High Court, in *TQ Delta LLC v. Zyxel Communications UK Ltd.*<sup>xiii</sup>, the Court was concerned with the propriety and restrictive nature of the terms of such clubs. Keeping in mind the principles of 'natural justice', Justice Carr stipulated 6 points of guidance for constitution of confidentiality clubs:

1. Parties may choose to agree to an external eyes-only club<sup>xiv</sup>.
2. Confidentiality clubs' agreements are often essential in intellectual property disputes, as they require disclosure of confidential information. In such cases, a regime for disclosure which limits access to sensitive documents to specific individuals has become commonplace.
3. Redactions of confidential data irrelevant to the dispute should be permitted to be made.
4. Disclosure of documents of peripheral relevance, the disclosure of which would be damaging may be justified in specific cases<sup>xv</sup>
5. At the interim stage, in certain exceptional circumstances, establishing a confidentiality club of members external to each party may be justified.

6. However, in the absence of exceptional circumstances, each party much have access to and discuss with their advocated the relevant parts of the documents.

As per the said judgment, the Courts must be satisfied that “exceptional circumstances” warrant constitution of the confidentiality clubs. This safeguard has already been acknowledged by the Courts in India from the authorities cited above and has duly been taken care of under the Delhi High Court (Original Side) Rules, 2018.

## **INSTRUCTIONS GIVEN TO COUNSEL**

From the above law in place, it is clear the confidentiality club system in place is merely for appreciation of evidence produced by the patentee. Under no circumstances are the defendants put to the disadvantage of making a concession before the Hon’ble Court. The argument that the advocate is acting without instructions does not hold water, as the advocate may, as a member of the club, look at the agreements in place, and thereafter, without disclosing the details of the license agreements, may advise the Defendant to agree to a rate of royalty payable by it, comparable to that being received by the patentee. For example, if a company such as A and B are paying USD 1 to patentee X, then company C, having similar market share and resources as company A and B may be instructed by its counsels to pay an amount to comparable to the same either greater or lesser than USD 1.

Insofar as the argument that the advocates cannot verify whether the license agreements shared are those of similarly placed parties is concerned, as per the accepted norm of establishing confidentiality clubs, each party can appoint external experts to be members of the club. Thus, the factum of verification of royalty rates payable vis-à-vis similarly placed parties can get verified by the experts of the Defendant and accordingly, the Defendant may be advised to agree to the royalty rate payable. At any rate, the evidence in this respect of whether a party is similarly placed as the Defendant is procured from an expert only and not the Plaintiff or Defendant. Thus, there is no requirement to include the Defendant to determine whether a party to a license agreement is similarly placed as it or not.

The exercise of constitution of a confidentiality club is not for the purposes of making concessions or arguments before the Court. The objective is to be procure information. No member of the club, even while giving evidence is bound to state the rate of royalty acceptable



to it on behalf of the Defendant. The scope of the evidence could at best be in respect of the nature of agreement in place and rate of royalty being received by the patentee to assist the Hon'ble Court in proper adjudication of the dispute. The acceptable rate of royalty is submitted with the due consent of the Defendant, and thus, no prejudice is caused to the Defendant by being excluded from the club. Conversely, extreme prejudice may be caused to the patentee if the license agreements, containing sensitive business information, fall into the hands of the Defendant.

**INTERPRETATION OF THE SHIFT IN THE REGIME OF CONFIDENTIALITY CLUB AS BEING LAID DOWN BY HON'BLE DELHI HIGH COURT IN THE MATTER INTERDIGITAL TECHNOLOGY CORPORATION & ORS. VS. XIAOMI CORPORATION AND ORS. BEARING (CS(COMM)295/2020)**

The Single Bench of Hon'ble Delhi High Court *vide* its Judgement dated 16.12.2020 in the matter of *Interdigital Technology Corporation & Ors. vs. Xiaomi Corporation and Ors. bearing (CS(COMM)295/2020)* has passed a Judgements wherein it took a different/contrary view from the existing jurisprudence as mentioned above and allowed the internal representatives of the Company to be a part of the Confidentiality Club. The Hon'ble Court in this present matter constituted the Confidentiality Club keeping in mind the objection, of Xiaomi, to a "two-tier" Confidentiality Club, as sought by Interdigital.

By allowing above constitution, the Hon'ble Court in my view changed the settled Jurisprudence and brought the complete SEP industry to a line wherein the business sensitive commercial information was on the verge of leaking to the Chinese phone makers. In view of the same, the said Judgement was challenged by the third-party (not a party to the dispute) Philips in the Division Bench of Delhi High Court wherein one of the Hon'ble Judges has orally observed that Confidential Information must be kept confidential as it is like a fire. If leaked it is gone forever and no coming back from that point. Later on, the dispute between the parties got settled and Appeal was disposed of. The special leave petition was also withdrawn post the settlement of the dispute between the parties. The said Judgment and Supreme Court Order are attached as part of this dissertation for the reference.

## **RECOGNITION BY THE HIGH COURT OF DELHI RULES GOVERNING SUIT, 2022**

The Hon'ble Delhi High Court in 2022 only has constituted an Intellectual Property Division to deal with all the cases pertaining to intellectual property rights. The High Court of Delhi Rules Governing Patent Suits, 2022 were issued through a gazette notification on February 24, 2022. The Rules are in addition to CPC as amended by Commercial Courts Act, 2015, and also the Indian Evidence Act 1872.

After disbanding of the IPAB, about 3000 pending cases were transferred from the erstwhile IPAB to the High Court of Delhi. In order to dispose-off the cases in a time-bound manner, a committee was formed by the Chief Justice of the High Court of Delhi and on the recommendations of the committee, an IP Division (IPD) was created in the High Court of Delhi, the first such division in the country. IPD shall deal with all the matters relating to IP including fresh and pending infringement suits, appeals against the decision of a Controller, revocation/cancellation actions, and rectification of applications of patents/trademarks. Thus, all the patent suits shall be listed before the IPD except those that are to be dealt with by the Division Bench of the High Court.

The Rules, inter alia, specify what all a plaint or a brief should include. It also lays down that a brief should not exceed 10 pages. In case of longer briefs involving multiple patents, then the leave of the Court shall be taken with justification. The Rules also prescribe procedures regarding case management hearings, summary adjudication, and mediation. The Rules further lay down that mediation can go on concurrently along with legal proceedings before the Court. The consent of the parties for mediation is not required.

It is apparent that the procedures and mechanisms proposed under The High Court of Delhi Rules governing Patent Suits – 2022 are directed at the speedier disposal of the cases.

*A quick summary of the terms defined by the Rules:*

**Claim construction brief:** Claims to be broken down so that each term is defined and the overall scope and the effect of the claims are clear.

**Invalidity brief:** Invalidity brief should contain prior art references quoting relevant Para no, Page No, or column in a page which allegedly anticipates or renders the claims obvious and

analysis should be provided to show how the novelty or inventiveness is destroyed. In case of non-patentability under section 3 or 4 of the Act, an explanation with reasons is to be provided. Case laws relied upon can also be specified. In case invalidity is pleaded on the grounds of 64 (h) and 64 (i), the brief should clearly specify the claims that have not been sufficiently disclosed or are not supported by or enabled in the specification. Insufficiency with respect to each claim may be specified with an explanation for the same. In case, the invalidity is based on any other ground, the provisions and grounds for the same should be specified in a simple manner. If any of the grounds of invalidity have been dealt with by the patent office, reference to the same should be included.

**Infringement brief:** The plaintiff shall give a claim construction brief and compare elements of each claim with that of the defendant's product /process and state the manner in which it infringes the claims relied upon. In case infringement involving Standard Essential Patents (SEP), the infringement brief shall map the patent claims with the standard and state the manner in which the Defendant infringes the patent claims. In other words, a comparison of patent claims, the standard, and the defendant claims need to be mapped and analysis provided with respect to infringement.

**Non-infringement brief:** A party claiming non-infringement, can draw a comparison of the suit patent claims with its product/process, showing non-infringement. In the case of SEP, Defendant shall first disclose whether its product complies with a standard / alternate technology. A party is also free to provide its own interpretation of the claim construction of the suit patent.

**Technical Primer:** A basic document either in text or electronic form, including a presentation for explaining basic science or technology covering a patent.

***The Rules lay down contents of pleadings and are as under:***

Content of pleadings (Rule 3)

**Plaint:** A plaint in an infringement action should begin with a brief of the technology, description of the suit patents along with details of the priority and other relevant information. The following information also needs to be included in the plaint:

- Brief details of the corresponding international application, if any, and prosecution history;
- Any other patent application filed, withdrawn or pending, including a divisional application related to the suit patent or the priority date application;
- Any order passed by Indian / International Court or tribunal rejecting or upholding the validity of the suit patent;
- Details of licenses granted or Plaintiff's relevant portfolio;
- Correspondence between the parties relating to the suit patent;
- Preliminary list of experts, if any;
- Details of sales by a Patentee and or statement of royalties wherever feasible; and
- The remedy or relief including quantification of damages which the Plaintiff seeks,

**Written Statement:** A written statement of a Defendant shall include the following, to the extent possible:

- Explanation of non-infringement and or the grounds on which a suit patent is held to be invalid;
- Response to the claim chart of a Plaintiff and also a technical analysis and if possible, include a technical report;
- In case of revocation, a separate counter-claim is to be filed;
- Details of the challenge at pre-grant / post-grant stage or by way of revocation, if any;
- If the defendant is willing to take a license, the quantum of royalty is to be specified. This shall be without any prejudice to the Defendant's stand on non-infringement and invalidity;
- In case a Defendant claims non-infringement, the product/process used by a Defendant shall be disclosed. However, the onus of proving non-infringement shall be decided in terms of Section 104A of the Act;
- Details of sales of the Plaintiff with respect to the allegedly infringing products;

- Details of any relevant communication between the parties;
- Details of any regulatory approval of infringing product/process and status thereof; and
- Details of any licenses or cross-licenses entered into by the Defendant and its group companies in respect of suit patent.

**Counter Claim:** The counterclaim shall be precise and as per the grounds available under section 64 of the Act. The grounds related to lack of novelty / inventive step shall be appropriately supported by prior art documents and a reference drawn to the specific extracts from the prior art documents. The counterclaim should be supported by a chart drawing a comparison of the claims and clearly showing which claims are hit by prior documents either alone or in combination allegedly destroying novelty or inventive step of the claim(s).

If a counterclaim is filed under Section 105 for seeking relief on the grounds of non-infringement, then the requirements under the section shall have to be followed. It may be mentioned that Section 105 allows any person to institute a suit for declaration that the use by him of any process /product does not or would not constitute an infringement of a claim of a patent against a patentee or the holder of an exclusive license.

**Replication:** Replication is to be filed, summarizing briefly first the Plaintiff's case and the Defendant's case. It shall be followed by a para-wise reply to the written statement. If any of the prior art documents cited by the defendant have also been considered during the prosecution process of the patent or during opposition proceedings, details of the same shall be included in the Replication.

Written statement to the counterclaim and replication in the counterclaim shall follow a similar pattern as given hereinabove under Written Statement or Counter Claim as applicable.

If a counterclaim is filed under Section 105 for the declaration of non-infringement, the Plaintiff shall specify the scope of the invention and describe the technical or legal basis on which the Defendant is claiming non-infringement. A claim construction brief and a non-infringement brief shall accompany the suit patent along with a technical report. Details regarding any proceedings filed shall also be incorporated.



### ***Injunction sought on groundless threats***

A plaint, in case of groundless threats of a patentee, can be filed under Section 106 of The Act and shall contain the following:

- Nature of threat, whether oral or written;
- If the threat concerns a granted patent but whose validity is being challenged, an invalidity brief should accompany the plaint. If any correspondence has been exchanged in this context, the same needs to be shared.

Petition for revocation of a patent under section 64 of the Act

Original petition for revocation of a patent under Section 64 of the Act shall follow a similar pattern as a plaint for a counterclaim as described hereinabove.

### ***Documents to be filed with a plaint (Rule 4)***

1. Certified copies of a granted patent along with an annual renewal fee paid for the same. In case certified copies are not filed, an undertaking may be submitted to furnish the same before the date of the First Case Management Hearing;
2. A copy of the complete application including drawings, if any;
3. A list of the corresponding application in major jurisdictions of the world. If a decision has been given by any patent authority or a court, a link to the same may be provided in the standard table format given below:
4. Details of related patent applications/patents to the suit patents including divisional application/patent of addition in India shall also be furnished in a tabular form along with their current status;
5. A summary of the patented invention and alleged infringement shall be annexed as a note or a PowerPoint presentation printed with two slides per page;
6. Copies of all relevant correspondence;
7. Copies of license agreements, FRAND pricing (under sealed cover), if any;
8. Note on the justification of license fee, if claimed;

9. Laboratory reports if any; and
10. Any other document material to the issue of infringement.

***Documents to be submitted with counterclaims:***

1. Copies of any decisions of a Court or any patent authority relating to the suit patent or a corresponding patent application in any jurisdiction;
2. Expert or technical report relied upon;
3. Analysis for non-infringement or invalidity;
4. Copies of prior art documents. In case of commentaries, technical papers extract from the books, internet retrieved documents and the like, details regarding author, title, date, and the like along with the date of the printout of these documents;
5. In the case of a pharmaceutical product, the specific formula/molecule/composition in the prior art documents which destroys the novelty or inventive step;
6. Laboratory analysis report if any;
7. Statement of accounts of quantum and sales of the allegedly infringing products;
8. Documents relied upon for each of the grounds of Section 64; and
9. Any other document material to the issue of infringement.

***First Hearing of the Suit (Rule 5):***

A patentee may seek an injunction at the first hearing and also request for the appointment of a Local Commissioner for inspection. The Court can also direct inspection of manufacturing facilities. The commissioner may be accompanied by technical experts from both sides and any confidential information may be shared in a sealed envelope. The defendant may get two working days' notice to be ready with any document to oppose the grant of interim relief on the first hearing.

In exceptional cases, when the infringement is prima-facie established, the Court may pass an order for monetary compensation instead of injunction on the terms and conditions specified by the Court.

In case of interim injunction, the Court may direct the Plaintiff to give an undertaking of a security if it loses at the trial stage or if the patent is held invalid.

***First Case Management Hearing (Rule 8):***

Taking into consideration pleadings, claim construction briefs, invalidity, infringement, and damages/accounts of profit briefs, the court may identify the actual issues and pinpoint disputes between the parties. The court may seek the assistance of a technical expert from among the panel of Advisors maintained by the Court or call an expert of the parties to assist the court. Hot-tubbing may also be resorted to, if necessary. In case evidence is considered necessary, the Court shall direct the parties to file their list of witnesses including the names of expert witnesses and filing of affidavits. The Court shall direct the order in which the trial is to be conducted, i.e., the court shall direct whether the trial of infringement or trial of invalidity shall be taken up first. The Court may direct the leading of evidence regarding any issue that is likely to expedite the case.

***Second Case Management Hearing (Rule 9):***

After considering and perusing the affidavits submitted, the Court shall fix time, venue, and duration for the cross-examination of witnesses. Video conferencing of evidence can also be directed. The hot-tubbing technique may also be used. Recording of evidence by the Local Commissioner may also be directed.

***Third Case Management Hearing (Rule 10):***

Taking into consideration the evidence recorded thus far, the Court may settle some of the preliminary issues or direct the parties to go to trial on the remaining issues. The Court may pass directions as can be passed in the second management Hearing case.

***Confidentiality Club and redaction of confidential information (Rule 11):***

In order to preserve confidential information filed and exchanged during the trial, the Court may constitute a confidentiality club consisting of lawyers and experts and nominated representatives of the parties. The members of the club may not be involved in the day-to-day management and business operations of the parties. The confidential information may be redacted as and when necessary and an application in this context can be submitted to the court for redaction.

***Mediation or Early Neutral Evaluation (Rule 12):***

The Court, at any stage of the trial, may appoint a mediator or a panel of mediators or a qualified independent evaluator for exploring amicable resolution. The proceedings of such a resolution can occur concurrently with the legal proceedings before the court and the court does not require the consent of the parties for the mediation.

***Panel of Advisors (Rule 13):***

The Delhi High Court shall draw up a panel of Advisors in order to assist the Judges in patent suits. The Adviser may be a scientist, academician, economist, accountant, legal expert, qualified patent with subject expertise, an officer of an IPO, and the like.

***Final Hearing (Rule 15):***

The Court shall direct the parties to present a summary of pleadings and evidence and refer to specific page numbers of the files. The Court may direct at least one technical witness from each side to assist the court during the final hearing. Timelines may be fixed for oral submissions.

***Summary adjudication in Patent Cases (Rule 16):***

Provisions for summary judgment are contained in Commercial Courts Act 2015. However, the Court may adopt Summary Adjudication in cases falling in any one of the following categories:

- the remaining term of the patent is 5 years or less than 5 years;
- certificate of validity upheld by erstwhile IPAB, High Court or Supreme Court;
- the defendant is a repeat infringer of the same patent or related patent; and
- validity of the patent is admitted and only infringement is denied.

## CONCLUSION

From a reading of the law and principles in place, it can be concluded that Courts have duly acknowledged that in patent infringement cases, there is a need to safeguard the confidential information of the patentee. However, in order to balance the rights of the Defendant to access the said information, Confidentiality clubs may be established to appreciate the information provided by the patentee, which limits access to the representatives of the Defendants. This not only ensures that all evidence is rendered before the Hon'ble Court for effective adjudication of the dispute, but also allows to maintain secrecy and protect the commercial secrets of the patentee. This has been considered the best possible way to safeguard interests of both parties and has found global recognition.

## ENDNOTES

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<sup>i</sup> Rule 17 in Chapter VII – inserted by way of Notification No.722/Rules/DHC dated 16.10.2018 amending the Delhi High Court (Original Side) Rules, 2018.

<sup>ii</sup> SLP(C) 7595/2016 decision dated 01.04.2016

<sup>iii</sup> AIR 2019 Del 197

<sup>iv</sup> Ibid at para 22.

<sup>v</sup> A Standard Essential Patent (SEP) is a patent that claims an invention that is used to comply with a standard. These standards frequently refer to technologies which protected are under the Patent regime. A patent that protects a technology that defines standards to be followed by technologies of that field is called Standard Essential Patent. In *Microsoft Corp. v. Motorola Mobility, Inc.* US court defined SEP as "A given patent is 'essential' to a standard if the use of the standard requires infringement of the patent, even if acceptable alternatives of that patent could have been written into the standard". A patent is also essential "if the patent only reads onto an optional portion of the standard". Thus, it is impossible to manufacture standard-compliant products without using technologies covered by one or more SEPs. Patents and standards serve common objectives of encouraging innovation and diffusion of technology. Standard organizations, require members to disclose and grant licenses to their patents and pending patent applications that cover a standard that the organization is developing. If a standard organization fails to get licenses for all patents that are essential to comply with a standard, owners of the unlicensed patents may demand or sue for royalties from companies that adopt the standard

<sup>vi</sup> The relevant standard set out by Standard Setting Organizations gives birth to a body inclusive of essential features that must be fulfilled by any device to be in conformity with a particular standard. When a device is found to be in conformity with an essential standard it is allowed to bear a mark to indicate to the public that the product is compliant with the set standards. In order to produce a standard-compliant device, use of certain patents is required. The main requirement for using a patent is obtaining a license from the owner of the patent concerned. Many SSOs require their members to undertake that they will grant binding licenses to companies that wish to use the standard. If a member does not provide such an undertaking, the standard may not be adopted. To promote the application of the standard and to avoid any competition concerns, such licenses must be made available under Fair, Reasonable and Non-Discriminatory (FRAND) terms. Thus, this patent right is not absolute like the rest of the patent rights. Here the owner of SEP is under an obligation to license its patented technology which sets a standard for the industry and such license must be granted on FRAND terms. Licensing of Standards Essential Patents (SEPs) on Fair, Reasonable, and Non-Discriminatory (FRAND) terms is a foundation of the standards development process. The idea behind FRAND is to provide the benefit of such patent terms to the market at large and prevent the patent holder of such SEPs from abusing his dominant position in the market.



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- vii CS(COMM) 434/2016 decision dated 24<sup>th</sup> October, 2017.  
viii 2009 (113) DRJ 820 (DB)  
ix Ibid at para 18.  
x 2016 SCC OnLine Del 2358  
xi Ibid at para 152.  
xii CS(COMM) 434/2016 decision dated 24<sup>th</sup> October, 2017 – at para 10 and 11.  
xiii [2018] EWHC 1515 (Ch.)  
xiv Unwired Planet [2017] EWHC 3083 (Pat)  
xv ICom v. HTC Europe [2013] EWHC 52 (Pat)

