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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\+ CS(COMM) 533/2018 & I.A. 19406/2022

KONINKLIJKE PHILIPS N.V. ..... Plaintiff

Through: Mr. Pravin Anand, Ms. Prachi Agarwal, Ms. Elisha Sinha and Mr. Kumar Abhishek, Advocates.

versus

M. BATHLA & ANR. ..... Defendants

Through: Ms. Swathi Sukumar, Sr. Adv. with Mr. Naveen Nagarjuna, Mr Ritik Raghuwanshi, Mr. Rishubh Agarwal, Mr. Kartik Malhotra, Ms. Rishika Agarwal and Ms. Pratibha Singh, Advs.

**CORAM:**
**HON'BLE MS. JUSTICE MINI PUSHKARNA**

**JUDGMENT**

**% 13.10.2025**

***INTRODUCTION:***

1. The present suit, initially filed as *CS(OS) 635/2004*, has been instituted seeking an order for permanent injunction restraining the defendants from manufacturing, selling and offering for sale Video Compact Disc **("VCD")** systems and media, amounting to infringement of the plaintiff's Indian Patent No. 175971 dated 28th May, 1990 for a *'Digital Transmission System'* **("suit patent")**, along with rendition of accounts and damages.

2. By way of the order dated 31st May, 2004, this Court had directed that the defendants would not use the patented process claimed in the suit patent in the manufacture/production of its VCDs, without obtaining the necessary license. Subsequently, the said interim direction of this Court was modified *vide* order dated 05th October, 2004, wherein, the parties had handed over an application recording a settlement governing the interim relief claimed in the suit. Accordingly, *vide* order dated 05th October, 2004, the interim order dated 31st May, 2004 was modified in the following manner:

> *"xxx xxx xxx*
>
> *"1.* ***The defendant claims that it is not infringing Patent No. 175971 of the plaintiff and will not do so till the disposal of the suit****.*
>
> *2. The trial of the suit will be completed within six months from the date of the order and both the parties will assist the Local Commissioner and the Court in adhering to this schedule.*
>
> *3. In the meantime the defendant will file three monthly accounts of the production and sales of VCDs.* ***The defendant will make sure and undertake that in case they are found to be infringing the patent of the plaintiff they will pay the royalty*** *and will not encumber or alienate properties of appropriate value to ensure this.*
>
> *4. The evidence in the case will be recorded before a Local Commissioner. The parties shall be at liberty to use technical experts. The defendant No. 2 will disclose the figures of VCD production and sales on affidavit from date of commencement of production till September, 2004 on affidavit."*
>
> ***This order will govern the proceedings during the pendency of the suit.***
>
> *The application stands disposed of accordingly.*
>
> *The application for interim relief being IA No. 3784/2004 also stands disposed of accordingly.*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

3. Based upon the pleadings of the parties, the following issues were framed by the Court *vide* order dated 07th January, 2005:

*"xxx xxx xxx*

1. *Whether the plaint has been instituted, signed and verified by a duly authorised person -- O.P.P.*
2. *Whether the suit is bad for non-joinder of necessary parties, if so, to what effect -- O.P.D.*
3. *Whether the plaintiff is the proprietor of Patent No. 175971 and whether the same is a subsisting patent -- O.P.P.*
4. *In case issue No. 3 is proved in the affirmative, whether the technique used by the defendant infringes Indian Patent No. 175971 -- O.P.P.*
5. *Whether there are already different and better-known techniques available that do digital transmission of data and, therefore, negate Indian Patent No. 175971 -- O.P.D.*
6. *Whether the defendant is using a unique technique as claimed by him, if so, to what effect -- O.P.D.*
7. *Whether the plaintiff is entitled to claim Rs. 20 lakhs as damages as claimed by it -- O.P.P.*
8. *To what other relief, if any, is the plaintiff entitled.*

*xxx xxx xxx"*

4. This Court notes that the suit patent expired during the course of present proceedings on 28th May, 2010, and it was recorded in this Court's order dated 17th July, 2023, that the only surviving issues relate to infringement and damages.

5. Furthermore, two Local Commissioners were appointed by this Court, *vide* order dated 31st May, 2004, to visit and inspect the premises of the defendants at *BCI Optical Disc Ltd., 2, S.S.I. Industrial Area, G.T. Karnal Road, Delhi – 110033* and *163, HSIDC Industrial Complex, Kundli, Haryana* and to take samples of infringing VCDs, prepare inventory of equipment, replicators, etc.

6. Pursuant thereto, two local commissions were conducted at the respective premises on 05th June, 2004. The details of materials found at the

premises during the course of execution of the local commissions, are as under:

i. ***At BCI Optical Disc Limited, 2, SSI Industrial Area, G.T. Karnal Road, Delhi-110033:*** Two replication lines/machines of 'Emolded Fanuc Series' 180 IS - IB of Singulus Emould Test Type No. S2000 A039P1891 11-0-2-2004 Mould type AXXSA - Mould AXX 3607 Stamper holder Type P000 861/IS A 6956 were found; audio Compact Disc **("CD")** of 'Mukesh Ki Yaad Mein' was found in offset printer HS - 260 F making Audio and two audio CD samples of 'Mukesh Ki Yaadein' and 'Bichua' Re-mix were found.

ii. ***At 163, HSIDC Industrial Complex, Kundli, Haryana:*** Plant I - consisting of moulding machine and metalizing plant manufactured by M/s Singulus Technologies (**"Singulus"**); Plant II - consisting of moulding machine - Make ARBURG - manufactured by Singulus Offset Printing Machine - manufactured by KAMMAN. Further, Mr. Nithin Bathla, son of defendant no. 1, and the defendant no. 1 himself informed the Local Commissioner that defendants manufacture CD-ROMs, Audio CDs, and that VCDs are manufactured only on order basis.

7. It is pertinent to note that the plaintiff herein had filed a contempt petition, i.e., *CCP No. 135/2004*, before this Court against the defendants, alleging that they had acted in utter disregard and in disobedience of this Court's orders during the local commissions, by refusing to handover certain documents pertaining to the production and sale of the infringing VCDs, and thereby, thwarting the orders of this Court passed in the present suit.

8. Subsequently, the aforesaid contempt petition came to be disposed of *vide* order dated 10th January, 2012, in the below mentioned terms:

> *" Present contempt petition has been filed by the petitioner primarily on the ground that when the Local Commissioner appointed by this court vide order dated 31.05.2004, visited the office of respondents, they refused to produce the register, invoice books and stampers.*
>
> *Perusal of the report of the Local Commissioner shows that Mr. Bathla had informed the Local Commissioner that the register, invoice books and stampers would be produced before the Court.* ***Mr. Pravin Anand, counsel for the petitioner does not press the contempt petition, however, he submits that court should draw an adverse inference for non-producing the register, invoice books and stampers. He further submits that effect of non-production of these documents be considered by the Court at the time of final hearing of the matter. The stand of counsel for the petitioner is fair, which is not opposed by the other side.*** *Accordingly, the contempt petition stands disposed of, in above terms."*
>
> *(Emphasis Supplied)*

## ***FACTUAL MATRIX OF THE CASE:***

9. The facts, as setup by the plaintiff in the plaint, are as follows:

9.1. The plaintiff herein is a company incorporated under the laws of Netherlands and has its principal place of business at *Groenewoudseweg 1, 5621BA Eindhoven, the Netherlands*. The plaintiff was known as N.V Philips Gloeilampenfabrieken, prior to changing its name to Philips Electronics N.V. Subsequently, the plaintiff underwent another name change to Koninklijke Philips Electronics N.V. At present, the official name of the plaintiff is Koninklijke Philips N.V.

9.2. The plaintiff is a world leader in digital technologies for television and displays, wireless communications, speech recognition, video compression, storage and optical products, as well as the underlying semiconductor technology.

9.3. The plaintiff has made substantial investment in Research and Development **("R&D")**, resulting in inventions such as, Compact Cassette system and the laser based optical disc systems such as CD-Audio, CD-ROM, Video-CD, CD-R/RW, SACD and various DVD formats.

9.4. The plaintiff, during the years 1999 to 2003, has made substantial expenditures on its R&D activities, the details of which, are as follows:

| Year | Amount Spent on R&D (in EURO million) | Percentage of Plaintiff's Sales (in %) |
|---|---|---|
| 1999 | 2,284 | 7.3 |
| 2000 | 2,766 | 7.3 |
| 2001 | 3,312 | 10.2 |
| 2002 | 3,043 | 9.5 |
| 2003 | 2,617 | 9.0 |

9.5. The plaintiff holds key patents in various technologies, such as, optical recording technology (CD/DVD players/recorders and discs), digital compression technology (MPEG audio/video encoding and decoding, JPEG (Joint Photographic Experts Group), MP3, DAB, video conferencing, and DVB).

9.6. At the time of filing the suit, the plaintiff held about 1,00,000 patent rights, 22,000 trademark registrations, 6,000 design registrations and some 2,000 domain name registrations, as created and managed by the Philips Intellectual Property and Standards Organization, being a business group of the plaintiff company.

9.7. Due to the concurrent R&D going in the field of optical disc technology, several leading manufacturing companies had collaborated on the research results and created a 'pool of patents'. This pool of patents not only included technology for the media but also for the disc player. The

plaintiff has also made significant contribution to this pool. One such achievement is a VCD using MPEG (Moving Picture Experts Group) coding with better audio coding technique, and the plaintiff, being a part of the patent pool, has the right to license and sub-license the same.

9.8. The plaintiff is the owner of the suit patent, i.e., Indian Patent No. 175971 dated 28th May, 1990 for a *'Digital Transmission System'*, which covers an efficient audio signal compression and transmission system. This system is used in the MPEG-1 and MPEG-2 audio compression systems standardized in ISO/IEC 11172-3: 1993 (E) (**"ISO/IEC 11172-3"**) and works for different sample frequencies and transmission bit rates and has the objective of transmitting digital wide-band audio signals in a flexible and highly versatile transmission system.

9.9. The objective, as aforesaid, is achieved by having an efficient distribution of information packets in a frame with the flexibility of having variable number of information packets in one frame. This method, thereby, enables synchronization to be maintained on an 'information packet' basis, which is simpler and more reliable than maintaining synchronization on a 'bit' basis.

9.10. The versatility of the transmission system, as claimed in the suit patent, lies in the fact that the invention can be applied to any audio coding and compression scheme. More specifically, the suit patent is able to convert differently sampled formats of wide-band digital audio signal that are packed as information packets, which are further packed in the form of frames and written onto a transmission medium.

9.11. As per the invention, the number of information packets in one frame is 'P', and in that, if 'P' is not an integer, the number of information packets

in a number of frame is P', P' being the next lower integer following 'P', and the number of information packets in the other frames is equal to P' + l, so as to exactly comply with the requirement that the average frame rate of the second digital signal, be substantially equal to *Fs/ns* (i.e., sample frequency/number of samples), and that a frame should comprise at least a first frame portion including synchronizing information.

9.12. Owing to the plaintiff's right in the suit patent, plaintiff along with its group partners, had licensed the patent technology to a number of companies in India, including:

- Moser Baer India Limited, New Delhi
- Super Cassettes Industries Limited, New Delhi
- KRCD (India) Pvt. Limited, Mumbai
- Jet-Speed Audio Pvt. Limited, Mumbai
- Sagarika Acoustronics Pvt. Limited, Mumbai
- Multimedia Frontiers Limited, Ahmedabad
- Anant Electronics Pvt. Ltd., Mumbai
- Siddharth Optical Disc Pvt. Ltd., New Delhi
- Futuristic Concepts Media Ltd., Mumbai
- PentaMedia Graphics Limited, Chennai

9.13. Defendant no. 2 is a company located at *2, S.S.I. Industrial Area, G.T Karnal Road, Delhi-110033*, and also having premises at *163, HSIDC Industrial Complex, Kundli District, Haryana*, whereas, defendant no. 1 is the director of defendant no. 2 company. As per the knowledge of the plaintiff, the defendants are engaged in manufacture/replication and sale of, *inter alia*, VCDs using MPEG-1 coding audio compression/expansion system, which infringes the suit patent.

9.14. On 04th June, 2001, the plaintiff, through its business group - Philips System Standards and Licensing, reached out to the defendants and forwarded a Questionnaire Form, along with the details of plaintiff's Video CD Disc License Program, to defendant no. 1.

9.15. Thereafter, on 31st August, 2001, another letter was addressed by Mr. F.N. Bhiwandiwalla of Philips India Limited to the defendants, requiring them to return the duly filled Questionnaire Form so that appropriate license agreement papers could be forwarded to the defendants. Consequently, a meeting was arranged to take place between Mr. Bhiwandiwalla and defendant no. 2 at New Delhi on 29th August, 2001, however, the same did not materialize on account of some preoccupation on the part of defendants.

9.16. On 30th April, 2003, Mr. Bhiwandiwalla, on behalf of the plaintiff, addressed defendant no. 1 regarding the standard royalty rate payable per VCD, offering reduced rates, subject to the condition that the defendants complied with plaintiff's licensing requirements by 30th June, 2003.

9.17. Subsequently, on 29th August, 2003, defendant no. 1 requested the plaintiff to depute a representative to discuss the matter. Pursuant thereto, by communication dated 08th September, 2003, the plaintiff once again requested return of the Questionnaire/Application Form and expressed readiness to meet the defendants.

9.18. On 17th September, 2003, the plaintiff proposed a meeting for 22nd September, 2003, which proposal was confirmed by defendant no. 1 through facsimile of the same date. In the meeting so held, it was agreed that the defendants would complete the Application Form by supplying particulars, including, past production details and a proposal regarding the timeframe required to tide over the past-use issue.

9.19. By way of the letter dated 24th September, 2003, the plaintiff confirmed the understanding reached in the aforesaid meeting. This was followed by reminder letters dated 03rd October, 2003 and 20th October, 2003, requiring submission of the Application Form and past production details by 31st October, 2003, failing which, the plaintiff would assume disinterest on the part of the defendants in obtaining the plaintiff's VCD license agreements.

9.20. Thereafter, the plaintiff, by a letter dated 12th December, 2003, once again pressed for immediate compliance, to which, defendant no. 1, by its reply dated 18th December, 2003, assured readiness to pay royalty, furnish information, while seeking reduction of royalty rates.

9.21. In response, by way of the letter dated 29th December, 2003, the plaintiff clarified that no distinction could be made between licensees based on their size as licensing was on standard terms worldwide, and further that the correct royalty rate was US $0.03 cents per VCD, with the higher rate of US $1.75 cents being applicable only to fully compliant licensees.

9.22. On 12th January, 2004, defendant no. 1 reiterated its willingness to obtain the licenses, but sought reduction of royalty rates. By its letter dated 15th January, 2004, the plaintiff granted last opportunity to the defendants to supply the required information by 31st January, 2004. The defendants responded *vide* letter dated 27th January, 2004, and again attempted to seek reduction in royalty rates.

9.23. Finally, on 25th February, 2004, the plaintiff once again sought compliance with its intellectual property protection regime. However, there was no response from the defendants.

9.24. Thereafter, on 13th April, 2004, a representative of the plaintiff obtained six VCDs belonging to the defendants from *'Planet M'*, a music store in New Delhi. From a perusal of the inlay cards in the aforesaid VCDs, it was apparent that the defendants continued to manufacture as well as sell VCDs, which were infringing the suit patent.

9.25. Thus, it became clear to the plaintiff that defendants were not interested in taking any license from them and therefore, the present suit was instituted by the plaintiff, seeking permanent injunction and damages against the defendants with respect to defendants' infringing use of the suit patent.

***SUBMISSIONS ON BEHALF OF THE PLAINTIFF:***

10. The submissions, put forth by the plaintiff, are as follows:

10.1. The suit patent was valid and subsisting when the suit was filed and expired on 28th May 2010, during which period, all renewal fees was paid, and the same was being infringed till its expiry. No pre-grant/post-grant opposition or revocation had been filed against the suit patent. The suit patent was granted after 07 years of scrutiny by the Indian Patent Office and on the date of institution of the present suit, the patent was 14 years old.

10.2. The defendants have not challenged the validity of the suit patent either by filing a counter-claim before the Court or by way of a revocation proceeding before the Intellectual Property Appellate Board **("IPAB")**, thereby, not disputing the validity of the suit patent.

10.3. Even otherwise, defendants' defence of invalidity is untenable, as defendants have merely averred that the suit patent is not patentable under Section 3(k) of the Indian Patents Act, 1970 **("Patents Act")**. However, the same is incorrect since patents, as technical measures and medium are protected, and not formula. Moreover, previously as well, the plaintiff has

been successful in obtaining *ex-parte ad interim* injunction orders in other suits filed against third parties for the same patent before this Court in *Suit No. 1306/2003* and *Suit No. 1307/2003*.

10.4. The plaintiff engaged in a series of correspondence spanning over three years, i.e., 04th June, 2001 to 25th February, 2004, wherein, plaintiff requested the defendants to take appropriate licenses. However, the defendants engaged in the said correspondences only with the aim of prolonging the matter without having any intention to obtain the appropriate licenses from the plaintiff for the suit patent.

10.5. A perusal of the series of correspondence between the parties clearly shows that the defendants themselves have admitted using the technology covered under the suit patent and were aware of the need to take requisite licenses from the plaintiff. The said series of correspondence, from 2001 till 2004, proves that the defendants recognized the rights of the plaintiff in the technology and did not themselves, claim any right in it.

10.6. Defendants have admitted in their letter dated 18th December, 2003 that the plaintiff's patent is an essential patent by stating that *"...for the use of essential patents of Philips..."*. Therefore, the defences raised by the defendants are merely an afterthought as the defendants had evidently accepted the patent rights of the plaintiff and proceeded to negotiate the license terms. Defendant no. 1's contention that the defendants were merely making inquiry is incorrect, as no such indication can be gathered from the series of correspondence on record.

10.7. Even subsequent to the aforesaid correspondence, plaintiff's representative obtained certain VCDs of the defendants from *'Planet M'* in New Delhi on 13th April, 2004, and a perusal of inlay cards of the said VCDs

clearly shows that the defendants continued to manufacture and sell VCDs according to the suit patent held by the plaintiff.

10.8. The VCDs of the defendants are played on the VCD players (VCD Decoders) specifically meant for decoding the audio stream compressed according to the suit patent, being Indian Patent No. 175971. The fact that the defendants' VCD is compatible with the VCD Decoders, specifically meant for decoding the audio stream compressed according to the suit patent, is *prima facie* evidence that the defendants use the compression technique disclosed in the said patent.

10.9. Application of audio content to any VCD using the patented process/system of the plaintiff, would amount to an infringement of the suit patent. Additionally, any person/entity indulging in the replication of VCDs using the patented process of the plaintiff, or for that matter, selling, offering for sale or even stocking infringing VCDs, would infringe the exclusive rights of the plaintiff.

10.10. Furthermore, an examination of the frame lengths by Mr. K.R. Ramakrishnan, Professor, Indian Institute of Science, Bengaluru, whose technical affidavit has been filed by the plaintiff, shows that the defendants were infringing the suit patent.

10.11. Moreover, it was also discovered during the technical examination that the defendants' audio coding was such that the average of number of packets transmitted using the two different types of frames came out to be substantially equal to 'P', which was also in accordance with Claim 1 of the suit patent.

10.12. Additionally, the padding bit in the frame in defendants' VCD was set to *'on'* only in Type II frames, thereby, indicating that the frame contained

padding bits. This is explained in Claim 2 of the plaintiff's suit patent. Thus, it is clear that the audio streams of the defendants' VCDs are compressed according to the scheme as disclosed in the plaintiff's Patent No. 175971, and thereby, clearly infringes the suit patent.

10.13. The aforesaid analysis is indicative of the infringement of the suit patent, and therefore, the plaintiff has discharged its burden of proof under the Patents Act. The defendants have failed to rebut the results of the technical affidavit and have merely stated that technique of production on the basis of the selected data copied from the end product to hard disc for analysis is wrong. This is incorrect as it is not the technique of manufacture of the VCD, but the digital data on the VCD that plays a role.

10.14. Defendants' claim that suit patent claims rights in a system, not method, and therefore, plaintiff cannot claim infringement as anyone can use the method, is completely baseless. Defendants have themselves failed to provide any cogent proof or evidence in support that the process and the technology used by them is different from the plaintiff's technology under the suit patent, which is also evident from the cross-examination of defendant no. 1, wherein, he has given vague responses in respect of the raw material used by them and the technology employed to replicate VCDs.

10.15. It is settled law that if the defendants refuse to furnish the particulars of the process, the Court can draw adverse inference and invoke Section 104A of the Patents Act and in case of a process patent, the Court can direct the defendants to disclose the process used by it, in order to prove that there is no infringement.

10.16. The claim of the defendants that there is presence of better compression technology is also irrelevant as the suit patent covers a part of

ISO/IEC 11172-3 standard which is mandatorily used while replicating VCDs and the same makes the suit patent a Standard Essential Patent **("SEP")**. The ISO/IEC standard, which defines rules of compression and decompression, has not changed since 1992. Therefore, even if better technology is available, it cannot be used.

10.17. Furthermore, the specifications for the VCD have been defined in the year 1992, *vide* Video CD specification version 1.0, and have been updated in 1995 *vide* Video CD specification version 2.0. Both versions 1.0 and 2.0 refer to the ISO/IEC 11172-3 standard and define the rules for compression and decompression of audio. The subject matter of the suit patent is identical to certain parts of the ISO/IEC 11172-3 and therefore, the contention of the defendants that the suit patent is obsolete, is incorrect.

10.18. The suit patent is used in the MPEG-1 and MPEG-2 audio compression/expansion systems standardized in the ISO/IEC 11172-3 standard. A VCD manufactured by using an audio compression technology outside the scope of these standards will not play on a VCD player.

10.19. There is no other way permitted to pack data. The ISO/IEC 11172-3 standard (*Ex. PW1/45*) incorporates the plaintiff's technology of the suit patent, in the following manner: -

- Clause C.1.5.1.10 of ISO/IEC 11172-3 states that each frame consists of 384 samples and so frame rate is Fs/384. As indicated in the specification, number of samples ns of the wide-band signal is 384.
- The length of a slot as mentioned in ISO/IEC 11172-3 in Layer I is 32 bits. As indicated in the specification, N is the number of bits in each information packet and N =32.

- As per ISO/IEC 11172-3 standard, the number of slots in a frame can be compounded by the formula:

$$\text{Number of slots/frame (N)} = \frac{\text{bitrate}}{F_s} \times \frac{12}{}$$

12 is actually ns/N, i.e., 384/32 and thus can also be written as: -

$$\text{Number of slots/frame (N)} = \frac{\text{bitrate}}{Fs} \times \frac{n_s\,(384)}{N(32)}$$

This formula matches the formula indicated in the specification being:

$$P = \frac{BR}{N} \times \frac{n_s}{F_s}$$

- As per ISO/IEC 11172-3, if this does not give an integer, the result is truncated and padding is required. This means that the number of slots may vary between 'N' or 'N+1'. The same is the core of the invention of the suit patent and is indicated in the specification.

10.20. The defendants have infringed the rights of the plaintiff vested in the suit patent, firstly, by sourcing/arranging for the manufacture of infringing stampers, being discs from which at least 25,000 CDs can be manufactured. The said stampers are all encoded based on the technology flowing from the suit patent. Secondly, by manufacturing/replicating VCDs based upon the said stampers and selling the said VCDs to various parties.

10.21. The action of the defendants to use the replication machinery for manufacturing the VCDs also amounts to infringement. The same is clear from the fact that the manufacturers of the replication equipment, while selling replication equipments to parties/replicators such as the defendants, clearly put them on notice that separate license may be required under patents *"covering the signal format for the information stored on the discs"*.

Therefore, the defendants would be aware being put to notice of the requirement of sourcing licenses from patent holders such as the plaintiff.

10.22. Singulus, from which the defendants had licensed the technology for replication, had put the defendants on notice that a separate license may be required for the patents covering the signal format for the information stored in the discs. Even Clause 17 (i) of the sample agreement from Optical Disc Mastering Eindhoven ("**ODME**"), is clearly evident of the aforesaid.

10.23. Furthermore, in terms of a letter dated 14th September, 2004 from Singulus to the plaintiff, the company has clarified that in all its sales contracts with respect to replication machines, Singulus specifies to its customers, that all approvals/third-party consents are necessary prior to use of the said machinery, as Singulus does not guarantee that the use of the said machinery will not cause infringement/damage to a third-party. Additionally, when a question in relation to the aforesaid was put to the defendant no. 1 in his cross-examination, he had stated that he did not have a copy of the agreement with Singulus and, at the same time, had denied that any clause of the separate license or letter was written to the defendants by Singulus.

10.24. Even if the defendants are using replication technique licensed by Singulus, the same is immaterial as replication technique has nothing to do with the audio compression or decompression. However, what is material is that the replication of the VCDs unavoidably results in discs which comprise audio that has been compressed using the plaintiff's patented technology.

10.25. The reference of defendants to the list of equipment for replication to make discs to state that they are not infringing, is irrelevant as any type of pre-recorded disc, such as, CD-Audio, several types of CD-ROMs and VCDs, can be made on this replication line.

10.26. Reading of the suit patent makes it apparent that the suit patent has a system claim, which includes a transmitter, a transmission medium and a receiver. The transmission medium can be amongst a broadcast signal, a magnetic tape, an optical disc, as in the present case, etc.

10.27. In cases where the transmission medium is an optical disc, the transmitter is the chain of professional mastering equipment, which makes Master Discs upon receipt of a master tape or disc recorded with digital data input, including, audio files prepared by electronics for audio compression, or stamper manufacturing equipment, which make stampers by use of the Master Disc and replication equipment to replicate video and audio files on a VCD. Whereas, the receiver in case of an optical disc is a VCD player, which includes electronics for audio decompression. Thus, manufacture of VCDs is nothing but the transmission of compressed audio files.

10.28. Defendants have already admitted that the plaintiff's activities are based on standard terms worldwide in their letter dated 12th January, 2004, by noting that, *"We do not dispute that your licensing activities are based on standard terms and conditions worldwide."*

10.29. The fact that plaintiff's licensing activities have been questioned in a Court in the United States is irrelevant.

10.30. The stand of the defendants that the plaintiff is subjecting defendants into unjustified compulsory licensing and allowing the burden of the increased prices of the VCD to fall upon the Indian consumers, is also unjustified as the license is voluntary and price is fixed at standard rates worldwide.

10.31. Apart from compensatory damages, defendants are also liable to pay punitive damages, keeping in mind not just their infringing use of plaintiff's

patented technology, but also their conduct of refusing to hand over documents during the local commission, in terms of the order passed in *CCP No. 135/2004*.

***SUBMISSIONS ON BEHALF OF THE DEFENDANTS:***

11. The submissions, put forth by the defendants, are as follows:

11.1. The present suit deserves to be dismissed at the outset under the provisions of Order I Rules 3 and 9, read with Order VII Rule 11(d) of the Code of Civil Procedure, 1908 **("CPC")**. The technique of replication employed by the defendants, in no way, involves the mechanism given in Claim 1 or Claim 2 of the suit patent. It is the producers of the movies, or the manufacturers of the stampers, who are the necessary parties and without whom the process of infringement of the suit patent cannot be ascertained.

11.2. The film producers give a prior undertaking/bond that they are the legal owners of the CD/VCD and have all the requisite licenses associated with it. The defendants cannot make, alter, add, delete or modify the Master CDs supplied by the producers. Thus, it becomes an admitted fact that the transmission of information to the original Master CD, from which the VCDs are made, is not done at the end of the defendants, rather, the infringement, if any, takes place at the end of the film producers. Accordingly, the film producers are a necessary party in the present suit.

11.3. Therefore, being an admitted fact that no mechanism of infringement of suit patent is being followed by the defendants, the necessary party in the suit has to be the producer with whom it is alleged that a mechanism of infringement of the suit patent exists.

11.4. The suit, as filed, is nothing but an attempt of the plaintiff to legally blackmail and fleece manufacturers in developing countries, like the defendants.

11.5. The Master Discs are provided by the film producers who give undertaking that the said VCDs are their exclusive property and that the defendants had the license to replicate the film in the VCDs provided by the film producers and the VCDs sold by the defendants complied with all the requisite permissions. Furthermore, the technique of replication does not involve any system of transmission or digital compression, and the defendants did not use any technique to convert the signal format for the information stored on the discs.

11.6. The technology suggested for signal compression by the suit patent is absolutely obsolete and far superior technologies are available for the manufacture, transmission and compression of data and for synchronisation of the information signals. Plaintiff and its pool have developed far superior technologies for digital transmission. Additionally, some of the leading companies in the market are Seagate Technologies, LLC (US Patent No. 6,564,292), Cirrus Logic, Inc. (US Patent No. 6,754,618), Pioneer Corporation (US Patent No. 6,742,062), Sony Corporation (US Patent No. 6,658,056), Hitachi Ltd. (US Patent No. 5,903,704), etc., and all the said technologies are compatible with the VCD players available in the market.

11.7. Defendants, in the whole process of replication, do not use any software or hardware for digital transmission and compression of information and the technique used by the defendants for replication is licensed from the German company – Singulus. The defendants use their machine called "Automatic CD manufacturing system Skyline with one

moulding machine" **("Skyline")**. The Skyline is controlled through one Siemens PLC type S7 and one software of Mitsubishi and interfaces with a Singulus proprietary visualization package based on Microsoft Windows 2000 as a man-machine interface.

11.8. The suit patent relates to a digital transmission system comprising of a transmitter and a receiver, for transmitting a wide-band digital signal. However, the technology used by the defendants for replication of CD/VCD does not involve any such mechanism. Additionally, in the entire process, no external software/technique for digital compression is involved.

11.9. The plaintiff has relied upon a technical affidavit of one Mr. K.R. Ramakrishnan for evidencing the factum of infringement, however, the very base of the report relied upon is defective and erroneous as the whole process is based on the data copied from a VCD to a hard disc. Therefore, to judge the technique of production on the basis of the selected data copied from the end product to hard disc and to comment on its source itself, is scientifically incorrect.

11.10. Instead of analysing the allegedly infringing equipment that was readily available, the plaintiff chose to adopt a circuitous argument that since the defendants' equipment created VCDs, and VCDs were covered by an alleged standard, and further, since the plaintiff's patent corresponds to those standards, the patent has been infringed. None of the facts sought to be established by the plaintiff, even by its own circuitous logic, demonstrate the presence of a transmitter or a receiver, both of which are critical components to establish infringement of the suit patent.

11.11. Merely because the format of the data analyzed in the VCD is as per the suit patent, there is no *prima facie* evidence that the defendants use the

compression technique disclosed in the suit patent. Even the report of Mr. K.R. Ramakrishnan does not mention whether it is the VCD or the data therein that infringes Claims 1 or 2 of the patent.

11.12. To arrive at the conclusions pertaining to the 'transmitter' and the 'receiver' used for recording, on the basis of the storage medium, is scientifically incorrect and subject to high errors. Plaintiff has failed to show even on a reading of the Court record that the suit patent for a 'system' which has a 'transmitter' and 'receiver', is contained in the relevant standard, let alone mapping the suit patent to the ISO/IEC 11172-3 standard.

11.13. Further, the plaintiff has failed to plead in its plaint or lead evidence based on a *'Claim Versus Product'* analysis. The plaintiff has deliberately avoided pleading or leading evidence on the construction of the claims of the suit patent, even though such an analysis is fundamental to a suit for infringement.

11.14. Correct test for patent infringement is to map the defendant's product against the plaintiff's patent claims. Accordingly, Claim 1 of the suit patent must have been mapped by the plaintiff to the defendants' product, in order to establish infringement. However, the plaintiff has not carried out the said exercise.

11.15. Furthermore, the concluding part of the report of Mr. K.R. Ramakrishnan has been very clearly worded as the said conclusion does not mention that there exists any system/article/hardware that infringes Claim 1 of the suit patent. Nowhere does the conclusion talk about any infringing system/article that may have been used by the defendants. The conclusion only says that the method/scheme for compression is the same as disclosed in the suit patent. Patent specifications may contain several methods, or even

prior art, and what ultimately gets protected is the claim in the patent. Therefore, even if it is assumed that the scheme of packing data is same in VCDs, it does not mean that any system/apparatus exists with the defendants, that infringes Claim 1 and Claim 2 of the suit patent.

11.16. Since, the process of replication does not require any transmission or compression mechanism, particularly, with an old patent pertaining to the year 1990, therefore, plaintiff is not entitled to charge any royalty for the alleged infringement of the suit patent. However, plaintiff, along with its pool of companies, indulges in such malpractice to pressurize the manufacturers like the defendants to pay hefty royalty fee irrespective of whether such manufacturers use the plaintiff's technique or not.

11.17. Furthermore, the entire alleged E-mail correspondence between the plaintiff and the defendants never mentioned the rights pertaining to the infringed patent in the suit and was referring to the pool of patents held by the plaintiff and other companies.

11.18. While there is no issue framed on SEPs, the plaintiff relies on some alleged standards and claims to establish the alleged infringement by way of the indirect method. In the present case, the plaint is based on a single patent, whereas, in most SEP cases, there are a 'handful of representative patents'. Admittedly, the plaintiff has not produced in evidence any such voluntary Fair, Reasonable and Non-Discriminatory **("FRAND")** declaration to any Standard Setting Organization **("SSO")**.

11.19. In order to prove that the plaintiff's rates are FRAND and that the royalty rates offered by them are genuine, no comparative licenses have been placed on record. In the cross-examination, one of the witnesses of the plaintiff stated that royalty rates and other license agreements are available

on their website. It is an admitted case that the plaintiff has more than one patent in relation to VCDs and it offers a pool of patents for licenses. Further, there is no known principle of law that permits a plaintiff to avoid proving its case by relying on materials not proved. As per Section 57 of the Indian Evidence Act, 1872 **("Evidence Act")**, the Court can refuse to take judicial notice of the documents which are not produced before the Court. Therefore, the failure of the plaintiff to prove the royalty rate is fatal to its claim for damages.

11.20. The plaintiff is barred under Section 23 of the Evidence Act from relying upon the settlement correspondence between the parties. On a perusal of the correspondence, it is clear that the defendants were entertaining the correspondence only because of the repeated threatening communications, and to buy peace. The negotiation that took place on the rate of royalty, occurred with respect to the patent pool, and without the defendants actually knowing which patent or patents was/were being offered to license and what were the terms of the license agreement. Therefore, the evidence of the correspondence is both inadmissible and irrelevant to the issue of infringement of the suit patent.

11.21. Moreover, the plaintiff is not entitled to the relief of rendition of accounts and damages as it has admitted that several patents exist in the VCD technology.

***PROCEEDINGS BEFORE THE COURT:***

12. The present suit, which was initially filed in the year 2004, was subsequently renumbered in the year 2018, as a commercial suit. Issues were framed on 07th January, 2005 and the cross examination in the matter was concluded on 17th July, 2010.

13. During the pendency of the present proceedings, the plaintiff company underwent a change of name from Philips Electronics N.V. to Koninklijke Philips Electronics N.V. on 15th May, 2013. Accordingly, upon an application filed on behalf of the plaintiff, order dated 27th August, 2014 was passed allowing amendment in the Memo of Parties, pursuant to which, amended Memo of Parties recording the change of name of the plaintiff, was brought on record.

***ISSUE-WISE FINDINGS AND ANALYSIS:***

**Issue No. 1: Whether the plaint has been instituted, signed and verified by a duly authorised person -- O.P.P.**

14. The present suit has been instituted by Mr. Farokh N. Bhiwandiwalla on behalf of the plaintiff, who has signed and verified the plaint. He has been examined as a witness in the present suit and has tendered his affidavit in evidence on 31st October, 2006, exhibited as *Ex. PW2/A*, wherein, he has identified his signature on the plaint.

15. As regards the authority of Mr. Farokh N. Bhiwandiwalla, in para 1 of the plaint, it has been stated as follows:

> *"1. The Plaintiff is a company incorporated under the Laws of Netherlands and has its principal place of business at Groenewoudseweg 1, 5621BA Eindhoven, the Netherlands. The Plaintiff was formerly known as N.V Philips Gloeilampenfabrieken prior to changing its name to Philips Electronics N.V. Subsequently, the Plaintiff underwent another name change to Koninklijke Philips Electronics N.V.* ***Mr. Farokh N Bhiwandiwalla is the constituted attorney of the Plaintiff. Mr. Bhiwandiwalla is authorized by and under a power of attorney executed in his favour to sign & verify the pleadings and institute the present suit.****"*
>
> *(Emphasis Supplied)*

16. The aforesaid fact is also reiterated in para 2 of *Ex. PW2/A*, i.e., Evidence Affidavit of Mr. Farokh N. Bhiwandiwalla, as follows:

> *"2.* ***I state that I have been handling the Plaintiff's licensing activities in India since 1999. I state that I have access to the relevant records of my company and am fully familiar and conversant with the facts of this case and thus am able to depose this affidavit. I state that I am the constituted attorney in this matter and am duly authorized to institute the proceedings as well as to sign and verify the pleadings in this matter. I state thus that I have signed the Plaint in this matter which signatures I identify as being my signatures on the Plaint, which are, indicated as marks A & B. A power of attorney authorizing me i.e. Farokh N. Bhiwandiwalla to act for the Plaintiff Company i.e. to institute legal proceedings as well as to sign and verify pleadings is already filed in the proceedings and the same may be exhibited accordingly as ExPW-2/1. A copy is attached herewith for convenience's sake. I say that my power to institute the instant proceedings, sign and verify the pleadings may be traced to the powers accruing in favour of Mr. Ruud J. Peters of the Plaintiff Company. I say that the appropriate authorization flowing from the Plaintiff Company to Mr. Peters is already filed in the proceedings and may also be exhibited accordingly as ExPW-2/2****. A copy is attached herewith for convenience's sake."*
>
> *(Emphasis Supplied)*

17. Thus, as per the documents on record, the aforesaid Mr. Farokh N. Bhiwandiwalla is duly authorised to institute, sign and verify the present suit by virtue of legalized and notarized Power of Attorney dated 03rd May, 2004 executed in his favour by Mr. Rudd J. Peters, *Ex. PW1/1*. Further, Mr. Rudd J. Peters has been authorized on behalf of the plaintiff to represent the plaintiff at law by way of substitution. Reference in this regard may be made to *Ex. PW1/2*.

18. In view of the aforesaid, Issue No. 1 is decided in favour of the plaintiff.

**Issue No. 2: Whether the suit is bad for non-joinder of necessary parties, if so, to what effect -- O.P.D.**

19. The present suit has been filed by the plaintiff alleging infringement of its suit patent by the defendants. It is the case of the defendants that the

defendants are only replicating from the Master Discs. Therefore, as per the defendants, the producers of the movies or the manufacturers of the stampers, are the necessary parties, who ought to have been impleaded in the suit. Further, the defendants also raised the objection that they had purchased the device for replicating the VCDs from the company Singulus, which has not been made a party to the present suit.

20. The plaintiff, in order to establish infringement by the defendants, was required to show that the original Master Discs, from which the replication was being done, packed information as per the suit patent, i.e., were packed with compressed audio using the system protected by the suit patent. The plaintiff could have done so by leading independent evidence, for which, impleadment of the producers of the movies or the manufacturers of the stampers, was not necessary.

21. As regards the act of replication being done by the defendants, the plaintiff has taken contradictory stands. One case put forward by the plaintiff is that the act of replication by the defendants did not involve the act of compression/decompression of data/audio signals. On the other hand, it is the case of the plaintiff that infringement is in the manufacture and replication of VCDs and that by using the Singulus machine and creating the VCDs, the defendants have caused infringement. However, the plaintiff was in its full authority to establish by means of independent evidence that the defendants' act of replication of VCDs, led to infringement of the suit patent. Therefore, the impleadment of the company Singulus, was not necessary.

22. Furthermore, the onus to prove the non-joinder of necessary parties was on the defendants. Such onus has to be discharged not in a vague manner, but with specific averments and cogent evidence for the Court to

reach the conclusion that the parties, as claimed by the defendants, are necessary parties. In the present case, the defendants have not discharged the said burden. Reference in this regard may be made to the decision of the Supreme Court in the case of ***Laxmishankar Harishankar Bhatt Versus Yashram Vasta (Dead) By LRs***[1], as under:

> *"xxx xxx xxx*
>
> *11.* ***A careful reading of above clearly discloses that there is no clear averment as to who are the co-owners and what exactly is the nature of right claimed by them. A vague statement of this character, in our considered opinion, could hardly be sufficient to non-suit the appellant on the ground of non-joinder of parties.*** *We are unable to comprehend as to how the trial court had come to the conclusion that the executants of the sale deed dated February 12, 1968 could not pass a full title when it itself points out that the shares of the other co-owners were not known.* ***Maybe the appellant took the stand that it was not necessary to implead others but that does not mean the appellant is liable to be non-suited. The stand of the appellant is consistent with his case that he has come to acquire the entire ownership of the suit property. Therefore, the courts should have insisted on some material or record as to the existence of other co-owners and their rights pertaining to suit properties. In juxtaposition to revenue record, there must be some worthwhile evidence for the court to conclude that there are other co-owners. Genealogical tree filed along with the written statement cannot point to the existence of co-owners without specific evidence in this regard. Such an evidence is totally lacking in this case. Therefore, we find it equally impossible to accept the finding of the High Court when it endorsed the view of the trial court in this regard. Accordingly, we conclude that in the absence of a specific finding as to whether there are other co-owners and how they are necessary parties, the suit could not have been dismissed for non-joinder of necessary parties.*** *On this conclusion, we think it is unnecessary to go into the legal aspect as to whether in the absence of other co-owners, one co-owner could maintain a suit.*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

23. Accordingly, Issue No. 2 is decided against the defendants.

[1] (1993) 3 SCC 49.

**Issue No. 3: Whether the plaintiff is the proprietor of Patent No. 175971 and whether the same is a subsisting patent -- O.P.P.**

24. As per the documents on record, the suit patent dated 28th May, 1990, was granted to the plaintiff on 12th September, 1997 and was in force at the time of filing of the present suit. Certified copy of the patent registration certificate for Indian Patent No. 175971 and its complete specification, are on record as *Ex. PW1/6*, which state that the plaintiff is the grantee. Certified copy of the entry of suit patent in the Register of Patents is on record, as *Ex. PW1/7*.

25. The suit patent was subsisting through its term, which has already expired on 28th May, 2010, during the course of the present proceedings. The defendants have not challenged the validity of the suit patent and the same is not an issue before this Court.

26. The present issue is decided accordingly in favour of the plaintiff.

**Issue No. 4: In case issue No. 3 is proved in the affirmative, whether the technique used by the defendant infringes Indian Patent No. 175971 -- O.P.P.**

**Issue No. 5: Whether there are already different and better-known techniques available that do digital transmission of data and, therefore, negate Indian Patent No. 175971 -- O.P.D.**

**Issue No. 6: Whether the defendant is using a unique technique as claimed by him, if so, to what effect -- O.P.D.**

27. The suit patent pertains to a single patent bearing No. IN175971 for a 'Digital Transmission System', which is dated 28th May, 1990, and expired on 28th May, 2010. The bibliographic details of the suit patent, are as follows:

BIBLIOGRAPHIC DETAILS



| **SUIT PATENT – 175971** [EX. PW1/6 pg. 98-160; claims @ pg. 144] | |
|---|---|
| Indian Patent No. | 175971 |
| Patent application number | 438/CAL/90 |
| Title | Digital Transmission System |
| Date of filing | May 28, 1990 |
| Date of Publication | December 9, 1995 |
| Date of grant | September 12, 1997 |
| Date of expiry of patent | May 28, 2010 |

***Claim Construction:***

28. For determining infringement of the suit patent, the Court is primarily required to construct the relevant claims of the suit patent to understand the scope of the suit patent and, thereafter, to determine whether the impugned product of the defendants is covered by it.

29. For the construction of the claims of a patent, consideration of the complete specification of the patent is paramount. The detailed description of the invention, as provided in the complete specification of the patent, underscores the features of a patent. In this regard, reference may be made to the judgment of the Supreme Court of India in the case of ***Bishwanath Prasad Radhey Shyam Versus Hindustan Metal Industries***[2], wherein, on the aspect of claim construction, it has been held as follows:

> *"xxx xxx xxx*
>
> *43. **As pointed out in Arnold v. Bradbury [(1871) 6 Ch A 706] the proper way to construe a specification is not to read the claims first and then see what the full description of the invention is, but first to read the description of the invention, in order that the mind may be prepared***

[2] (1979) 2 SCC 511.

***for what it is, that the invention is to be claimed, for the patentee cannot claim more than he desires to patent. In Parkinson v. Simon [(1894) 11 RPC 483] Lord Esher, M.R. enumerated that as far as possible the claims must be so construed as to give an effective meaning to each of them, but the specification and the claims must be looked at and construed together.***

*44. The learned trial Judge precisely followed this method of construction. He first construed and considered the description of the invention in the provisional and complete specifications and then dealt with each of the claims, individually. Thereafter, he considered the claims and specifications as a whole, in the light of the evidence on record.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

30. The law is settled that claims have to be given their ordinary and general meaning from the perspective of a person of ordinary skill in the art. In case of any doubt as to what a claim means, resort can be had to the specification, which would aid in ascertaining the true intent and meaning of the language employed in the claims. Thus, in the case of ***F. Hoffmann-La Roche Ltd. & Anr. Versus Cipla Ltd.***[3], it has been held as follows:

*"xxx xxx xxx*

*33. Before we apply the aforenoted legal position to the facts of the instant case we need to discuss the legal position concerning construction of claims. In the decision reported as AIR 1969 BOMBAY 255 FH & B v. Unichem Laboratories it was held that specifications end with claims, delimiting the monopoly granted by the patent and that the main function of a Court is to construe the claims without reference to the specification; a reference to the specification being as an exception if there was an ambiguity in the claim. Claims must be read as ordinary English sentences without incorporating into them extracts from body of specification or changing their meaning by reference to the language used in the body of the specification. In a recent decision in FAO (OS) No. 190/2013 Merck v. Glenmark the Division Bench held that claim construction to determine the coverage in the suit patent has to be determined objectively on its own terms with regard to the words used by the inventor and the context of the invention in terms of the knowledge existing in the industry. Abandonment of an application cannot remove*

[3] 2015 SCC OnLine Del 14738.

*what is patented earlier nor can it include something that was excluded earlier and that a patent is construed by the terms used by the inventor and not the inventors subjective intent as to what was meant to be covered. Merely because an inventor applies for a latter patent that is already objectively included in a prior patent, but which inventor subjectively feels needs a separate patent application, doesn't mean it is to be taken at face value and therefore neither Section 3(d) or abandonment of subsequent patent application can be used to read into terms of prior application, which has to be construed on its own terms.* ***In the decision reported as 415 F. 3d 1303 Edward H. Phillips v. AWH Corporation it was held that claims have to be given their ordinary and general meaning and it would be unjust to the public, as well as would be an evasion of the law, to construe a claim in a manner different from plain import of the terms and thus ordinary and customary meaning of the claim term is the meaning of the term to a Person of Ordinary Skill in the Art as of effective date of filing of the patent application. In case of any doubt as to what a claim means, resort can be had to the specification which will aid in solving or ascertaining the true intent and meaning of the language employed in the claims and for which the court can consider patent prosecution history in order to understand as to how the inventor or the patent examiner understood the invention.*** *The Court recognized that since prosecution is an ongoing process, it often lacks clarity of the specification and thus is less useful for claim construction. The Court also recognizes that having regard to extrinsic evidence such as inventor testimony, dictionaries and treaties would be permissible but has to be resorted to with caution because essentially extrinsic evidence is always treated as of lesser significance in comparison with intrinsic evidence. In the decision reported as 457 F.3. 1284 (United States) Pfizer v. Ranbaxy the Court held that the statements made during prosecution of foreign applications are irrelevant as they are in response to unique patentability requirements overseas. The Court also held that the statement made in later unrelated applications cannot be used to interpret claims of prior patent. In the decision reported as 1995 RPC 255 (UK) Glaverbel SA v. British Coal Corp the Court held that a patent is construed objectively, through the eyes of a skilled addressee. The Court also held that the whole document must be read together, the body of specification with the claims. But if claim is clear then monopoly sought by patentee cannot be extended or cut down by reference to the rest of the specification and the subsequent conduct is not available to aid the interpretation of a written document.*

*34. For the above conspectus, pithily put,* ***principles of claim construction could be summarized as under*** *: -*

*(i) Claims define the territory or scope of protection (Section 10(4)(c) of the Patents Act, 1970.*

*(ii) There is no limit to the number of claims except that after ten claims there is an additional fee per claim (1st Schedule of the Act).*
*(iii) Claims can be independent or dependent.*
*(iv) The broad structure of set of claims is an inverted pyramid with the broadest at the top and the narrowest at the bottom (Manual of Patents Office - Practice and procedure).*
*(v) Patent laws of various countries lay down rules for drafting of claims and these rules are used by Courts while interpreting claims.*
*(vi) One rule is that claims are a single sentence defining an invention or an inventive concept.*
***(vii) Different claims define different embodiments of same inventive concept.***
***(viii) The first claim is a parent or mother claim while remaining claims are referred to as subsidiary claims.***
*(ix) If subsidiary claims contain an independent inventive concept different from the main claim then the Patent office will insist on the filing of a divisional application.*
*(x)* ***Subject matter of claims can be product, substances, apparatus or articles; alternatively methods or process for producing said products etc.*** *They may be formulations, mixtures of various substance including recipes. Dosage regimes or in some countries methods of use or treatment may also be claimed.*
***(xi) Where claims are 'dependent' it incorporates by reference 'everything in the parent claim, and adds some further statement, limitations or restrictions'. (Landis on Mechanics of Patent Claim Drafting).***
***(xii) Where claims are 'independent' although relating to the same inventive concept this implies that the 'independent claim stands alone, includes all its necessary limitations, and is not dependent upon and does not include limitations from any other claim to make it complete …. An independent Claim can be the broadest scope claim. It has fewer limitations than any dependent claim which is dependent upon it'. (Landis on Mechanics of Patent Claim Drafting)***
*(xiii) For someone wishing to invalidate a patent the said person must invalidate each claim separately and independently as it is quite likely that some claims may be valid even while some are invalid.*
*(xiv) At the beginning of an infringement action the Courts in the United States conduct what is known as a 'Markman hearing' to define the scope of the claims or to throw light on certain ambiguous terms used in the claims. Although this is not technically done in India but functionally most Judges will resort to a similar exercise in trying to understand the scope and meaning of the claims including its terms.*

*xxx xxx xxx*

*79.* ***It is therefore left to the Court to study the specification and claims of the suit patent*** *and note that as they are in relation to Erlotinib Hydrochloride and are not restricted to any specific Polymorph, they would be infringed by any manufacture of Polymorph B by a third party as the same would use the subject matter of IN '774 as its basic starting point.* ***The Learned Single Judge has correctly applied the principle in the decision reported as AIR 1969 Bom 255 F.H & B v. Unichem, in stating that in case of any ambiguity of the Claim of the suit patent then resort can be taken to the specification of the said suit patent and nothing else. He correctly recognized that a Purposive Construction of the claims is necessary in order to not construe claims too narrowly.*** *Yet we find that neither of these tests have been applied in the present case to construct the claims themselves and hence a conclusion that the IN '774 patent covers Polymorphs A+B itself is erroneous.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

31. Furthermore, the High Court of Justice, Chancery Division, Patents Court, United Kingdom, in the case of ***Pozzoli S.P.A. Versus B.D.M.O S.A. and Others***[4]*,* has elucidated upon the concept of claim construction, in the following manner:

*"xxx xxx xxx*

*14.* ***There is no dispute about the approach to the construction of the patent.*** *The principles were conveniently summarised by Jacob LJ in Technip France SA's Patent [2004] RPC 46. The principles, slightly modified by Pumfrey J in Halliburton Energy Services Inc v. Smith International (North Sea) Ltd [2006] R.P.C. 2 at paragraph [68], are as follows:*

> *"(a) The first, overarching principle, is that contained in Art 69 itself. Sometimes I wonder whether people spend more time on the gloss to Art 69, the Protocol, than to the Article itself, even though it is the Article which is the main governing provision.*
> *(b) Art 69 says that the extent of protection is determined by the terms of the claims.* ***It goes on to say that the description and drawings shall be used to interpret the claims. In short the claims are to be construed in context****.*

[4] [2006] EWHC 11398 (Ch) – Decision dated 21st June, 2006.

*(c)* ***It follows that the claims are to be construed purposively -- the inventor's purpose being ascertained from the description and drawings****.*
*(d)* ***It further follows that the claims must not be construed as if they stood alone -- the drawings and description only being used to resolve any ambiguity. The Protocol expressly eschews such a method of construction but to my mind that would be so without the Protocol. Purpose is vital to the construction of claims****.*
*(e) When ascertaining the inventor's purpose, it must be remembered that he may have several purposes depending on the level of generality of his invention. Typically, for instance, an inventor may have one, generally more than one, specific embodiment as well as a generalised concept. But there is no presumption that the patentee necessarily intended the widest possible meaning consistent with his purpose be given to the words that he used: purpose and meaning are different.*
*(f)* ***Thus purpose is not the be-all and end-all. One is still at the end of the day concerned with the meaning of the language used****. Hence the other extreme of the Protocol--a mere guideline--is also ruled out by Art 69 itself.* ***It is the terms of the claims which delineate the patentee's territory****.*
*(g)* ***It follows that if the patentee has included what is obviously a deliberate limitation in his claims, it must have a meaning. One cannot disregard obviously intentional elements.*** *Hoffmann LJ put it this way in STEP v. Emson [1993] RPC at 522:*
*"The well known principle that patent claims are given a purposive construction does not mean that an integer can be treated as struck out if it does not appear to make any difference to the inventive concept. It may have some other purpose buried in the prior art and even if this is not discernible, the patentee may have had some reason of his own for introducing it."*

*(h) It also follows that where a patentee has used a word or phrase which, acontextually, might have a particular meaning (narrow or wide) it does not necessarily have that meaning in context. A good example of this is the Catnic case itself -- ' vertical' in context did not mean 'geometrically vertical', it meant 'vertical enough to do the job' (of supporting the upper horizontal plate).* ***The so-called 'Protocol questions' (those formulated by Hoffmann J in Improver v Remington [1990] FSR 181 at p.189) are of particular value when considering the difference of***

***meaning between a word or phrase out of context and that word or phrase in context. At that point the first two Protocol questions come into play. But once one focuses on the word in context, the Protocol question approach does not resolve the ultimate question -- what does the word or phrase actually mean, when construed purposively? That can only be done on the language used, read in context***.

*(i) It further follows that there is no general 'doctrine of equivalents.' Any student of patent law knows that various legal systems allow for such a concept, but that none of them can agree what it is or should be. Here is not the place to set forth the myriad versions of such a doctrine. For my part I do not think that Art. 69 itself allows for such a concept -- it says the extent of protection shall be determined by the terms of the claims. And so far as I can understand, the French and German versions mean the same thing. Nor can I see how the Protocol can create any such doctrine.*

*(j) On the other hand purposive construction can lead to the conclusion that a technically trivial or minor difference between an element of a claim and the corresponding element of the alleged infringement nonetheless falls within the meaning of the element when read purposively. This is not because there is a doctrine of equivalents: it is because that is the fair way to read the claim in context.*

*(k) Finally purposive construction leads one to eschew what Lord Diplock in Catnic called (at p.243):*

*'the kind of meticulous verbal analysis which lawyers are too often tempted by their training to indulge.'*

*Pedantry and patents are incompatible. In Catnic the rejected 'meticulous verbal analysis" was the argument that because the word 'horizontal' was qualified by 'substantially' whereas 'vertical' was not, the latter must mean 'geometrically vertical.'"*

*xxx xxx xxx*

*16. Mr. Mitcheson suggested that, having construed the claim, the court could then ask itself whether a product which did not fall within the claim because of some immaterial variant nevertheless infringed. In my judgment this is not how the principles work. Whether a variant is or is not immaterial is relevant to construing the claim. But once the claim has been construed it defines the scope of the monopoly and cannot be extended to cover things that do not fall within it. The question of immaterial variants arises in the context of the so-called Protocol*

*questions. Lord Hoffmann discussed these in his speech in Kirin-Amgen Inc v Hoechst Marion Roussel [2005] RPC 9. At para 34 he said:*

> ***"Purposive construction" does not mean that one is extending or going beyond the definition of the technical matter for which the patentee seeks protection in the claims. The question is always what the person skilled in the art would have understood the patentee to be using the language of the claim to mean."***

*xxx xxx xxx"*

*(Emphasis Supplied)*

32. In the present case, the suit patent has been described in the complete specification, i.e., *Ex. PW1/6*. Upon perusal of the detailed description of the complete specification of the suit patent, the following teachings of the suit patent can be discerned:

32.1 The suit patent relates to the field of a digital transmission system formed by a transmitter and a receiver, for transmitting a wide-band digital signal of a specific sample frequency '$F_s$'. The suit patent also relates to a transmitter and a receiver for use in the transmission system, and also to the record carrier obtained from the system. The same is described in the detailed description of the complete specification in the following manner:

*"xxx xxx xxx*

> ***Digital transmission system, transmitter and receiver for use in the transmission system, and record, carrier obtained by means of the transmitter in the form of a recording device.***
>
> ***The invention relates to a digital transmission system comprising a transmitter and a receiver, for transmitting a wide-band digital signal of a specific sample frequency Fs, for example a digital audio signal, via a transmission medium, and for receiving said signal, the transmitter having an input terminal for receiving the wide-band digital signal, which input terminal is coupled to an input of a signal source which forms part of the transmitter and which is constructed to generate a second digital signal and supply said signal to an output, which second digital signal comprises consecutive frames, each frame comprising a plurality of***

***information packets, each information packet comprising N bits, N being larger than 1, the receiver comprising a decoder having an input for receiving the second digital signal, which decoder has an output coupled to an output terminal to supply the wide-band digital signal. The invention also relates to a transmitter and a receiver for use in the transmission system, to a transmitter in the form of a device for recording the second digital signal in a track on a record carrier, to a record carrier obtained by means of the transmitter, and to a receiver in the form of a device for reading the second digital signal from the track on the record carrier….***

*xxx xxx xxx"*

*(Emphasis Supplied)*

32.2 The problem identified in the prior art (Krasner, 1980[5]) is that the transmission system in the said prior art comprises a transmitter and a receiver which employs subband coding system and subband decoding system, respectively. This system, dependent on psychoacoustic critical-band division, has limited applications and is not suitable for using in high-quality, wide bandwidth music signals. The said problems in the prior art are described in the complete specification of the suit patent as follows:

*"xxx xxx xxx*

*...A transmission system of the type defined in the opening sentence is known from the article "The Critical Band Coder - Digital Encoding of Speech signals based on the Percentual requirements of the Auditory System" by M.E. Krasner in Proc. IEEE ICASSP 80, "Vol. 1, pp. 327-331, April 9-11, 1980. This article relates to a* ***transmission system in which the transmitter employs a subband coding system and the receiver employs a corresponding subband decoding system, but the invention is not limited to such a coding system, as will become apparent hereinafter.***

*In the system known from said publication the speech signal band is divided into a plurality of subbands whose bandwidth approximately corresponds to the bandwidths of the critical bands of the human ear in the respective frequency ranges (cf. Fig. 2 in the article of Krasner).* ***This division has been selected because on the ground of psycho-acoustic experiments it is forseeeable that the***

[5] "The Critical Band Coder - Digital Encoding of Speech signals based on the Percentual requirements of the Auditory System" by M.E. Krasner in Proc. IEEE ICASSP 80, Vol. 1, pp. 327-331, April 9-11, 1980.

***quantisation noise in such a subband will be masked to an optimum extent by the signals in this subband if in the quantisation allowance is made for the noise-masking curve of the human ear (this curve gives the threshold value for noise masking in a critical band by a single tone in the centre of the critical band, cf. Fig. 3 in the article by Krasner).***

***In the case of a high-quality digital music signal, which in conformity with the Compact Disc Standard is represented by 16 bits per signal sample in the case of a sample frequency of 1/T = 44.1 kHz, it is found that with a suitably selected bandwidth and a suitably selected quantisation for the respective subbands the use of this known subband-coding system yields quantised output signals of the coder which can be represented by an average number of approximately 2.5 bits per signal sample, the quality of the replica of the music signal not differing perceptibly from that of the original music signal in substantially all passages of substantially all kinds of music signals.***

***The subbands need not necessarily correspond to the bandwidths of the critical bands of the human ear. Alternatively, the subbands may have other bandwidths, for example they may all have the same bandwidth, provided that allowance is made for this in determining the masking threshold.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

32.3 The objective of the suit patent is to solve these problems in the prior art and provide a highly versatile transmission system. This system contains a transmitter capable of converting wide-band digital signals of different formats into the second digital signal. Similarly, the system also contains a receiver capable of deriving a wide-band signal of the correct format from said second digital signal as described in the complete specification of the suit patent extracted below:

*"xxx xxx xxx*

***It is an object of the invention to provide a number of steps for the transmission system, in particular a very specific choice for the format with which the digital wide-band signal, after conversion into the second digital signal, can be transmitted via the transmission medium, in such a way that a flexible and highly***

***versatile transmission system is obtained. This is to be understood to mean that the transmitter should be capable of converting wide-band digital signals of different formats (which formats differ inter alia in respect of the sample frequency $F_s$ of the wide-band digital signal, which may have different values such as 32 kHz, 44.1 kHz and 48 kHz, as laid down in the digital audio interface standard of the AES and the EBU) into the second digital signal. Similarly, the receiver should be capable of deriving a wide-band signal of the correct format from said second digital signal. …***

*xxx xxx xxx"*

*(Emphasis Supplied)*

32.4 The objectives of the invention are achieved by the suit patent through the digital transmission system, which is flexible, synchronised and achieves slight signal delay, as detailed in the description of the complete specification of the suit patent below:

*"xxx xxx xxx*

***…To this end the transmission system in accordance with the invention is characterized in that if P in the formula***

$$P = \frac{BR}{N} \times \frac{n_s}{F_s}$$

***is an integer,*** *where*
*BR is the bit rate of the second digital signal, and $n_s$ is the number of samples of the wideband digital signal whose corresponding information, which belongs to the second digital signal, is included in one frame of the second digital signal, the number of information packets B in one frame is P,* ***and in that, if P is not an integer, the number of information packets in a number of the frames is P', P' being the next lower integer following P, and the number of information packets in the other frames is equal to P'+1 so as to exactly comply with the requirement that the average frame rate of the second digital signal should be substantially equal to FS/ns and that a frame should comprise at least a first frame portion including the synchronising information. The purpose of dividing the frames into B information packets is that for a wide-band digital signal of an arbitrary sample frequency $F_s$ the average frame rate of the second digital signal transmitted by the transmitter is now such that the duration of a frame in the second digital signal corresponds to the duration occupied by $n_S$ samples of the wide-band signal. Moreover, this enables the synchronisation to be maintained on an***

***information-packet basis, which is simpler and more reliable than maintaining the synchronisation on a bit basis. Thus, in those cases where P is not an integer, the transmitter is capable, at instants at which this possible and also necessary, to provide a frame with P'+1 instead of P' information blocks, so that the average frame rate of the second digital signal can be maintained equal to $F_s$/ns. Since in this case the spacing between the synchronising information (synchronising signals or synchronising words) included in the first frame portion of succeeding frames is also an integral multiple of the length of an information packet it remains possible to maintain the synchronisation on an information packet basis preferably, the first frame portion further contains information related to the number of information packets in a frame. In a frame comprising B information packets this information may be equal to the value B. This means that this information corresponds to P' for frames comprising P' information packets and to P'+1 for frames comprising P'+1 information packets. Another possibility is that this information corresponds to P' for all frames, regardless of whether a frame comprises P' or P'+1 information packets. The additionally inserted (P'+1)th information packet may comprise for example merely "zeros". In that case this information packet does not contain any useful information. Of course, the additional information packet may also be filled with useful information. The first frame portion may further comprise system information. This may include the sample frequency Fs of the wide-band digital signal applied to the transmitter, copy-protection codes, the type of wide-band digital signal applied to the transmitter, such as a stereo-audio signal or a mono-audio signal, or a digital signal comprising two substantially independent audio signals. However, other system information is also possible, as will become apparent hereinafter. Including the system information makes it possible for the receiver to be also flexible and enables the received second digital signal to be correctly reconverted into the wide-band digital-signal. The second and the third frame portions of a frame contain signal information. The transmitter may comprise a coder comprising signal-splitting means responsive to the wide-band digital signal to generate a second digital signal in the form of a number of M subsignals, M being larger than 1, and comprising means for quantising the respective sub signals. For this purpose an arbitrary transform coding, such as the fast Fourier transform (FFT) may be used. In that case the transmission system is characterized in that the second frame portion of a frame contains allocation information which, for at least a number of sub signals, indicates the number of bits representing the samples of the quantised subsignals derived from said subsignals, and in that the third frame portion contains***

***the samples of at least said quantised subsignals (if present). At the receiving end it is then necessary to apply an inverse transform coding, for example an inverse Fourier transform (IFFT), to recover the wideband digital signal. The transmission system, in which the signal-splitting means take the form of analysis-filter means responsive to the wide-band digital signal to generate a number of M subband signals, which analysis-filter means divide the signal band of the wide-band digital signal, using a sample-frequency reduction, into successive subbands having band numbers m increasing with the frequency, and in which the quantisation means are adapted to quantise the respective subband signals block by block, is a system employing subband coding as described above. Such a transmission system is characterized further in that for at least a number of the subband signals the allocation information in the second frame portion of a frame specifies the number of bits representing the samples of the quantised subband signals derived from said subband signals and in that the third frame portion contains the samples of at least said quantised subband signals (if present. This means in fact that the allocation information is inserted in a frame before the samples. This allocation information is needed to enable the continuous serial bit stream of the samples in the third frame portion to be subdivided into the various individual samples of the correct number of bits at the receiving end. The allocation information may require that all samples are represented by a fixed number of bits per subband per frame. This is referred to as a transmitter based on fixed or static bit allocation. The allocation informaion may also imply that a number of bits variable in time is used for the samples in a subband. This is referred to as a transmitter based on the system of adaptive or dynamic bit allocation. Fixed and adaptive bit allocation are described inter alia in the publication "Low bit-rate coding of high quality audio signals. An introduction to the MASCAM system" by G. Theile et al, EBU Technical Review, No. 230 (August 1988). Inserting the allocation information in a frame before the samples in a frame has the advantage that at the receiving end a simpler decoding becomes possible, which can be carried out in real time and which produces only a slight signal delay. As a result of this sequence it is no longer necessary to first store all the information in the third frame portion in a memory in the receiver. Upon arrival of the second digital signal the allocation information is stored in a memory in the receiver. Information content of the allocation information is much smaller than the information content of the samples in the third frame portion, so that a substantially smaller store capacity is needed than in the case that all the samples would have to be stored in the receiver. Immediately upon arrival of the serial data stream of***

***the samples in the third frame portion this data stream can be divided into the various samples having the number of bits specified by the allocation information, so that no previous storage of the signal information is necessary. The allocation information for all the subbands can be included in a frame. However, this is not necessary, as will become apparent hereinafter.***

***The transmission system may be characterized further in that in addition the third frame portion includes information related to scale factors, a scale factor being associated with at least one of the, quantised subband signals contained in the third frame portion, and in that the scale factor, information is included in the third frame portion before the quantised subband signals. The samples can be coded in the transmitter without, being normalised, i.e. in without the amplitudes of a block of samples in a subband having been divided by the amplitude of the sample having the largest amplitude in this block. In that case no scale factors have to be transmitted. If the samples are normalised during coding scale factor information has to be transmitted to provide a measure of said largest amplitude. If in this case the scale factor information is also inserted in the third frame portion before the samples it is possible that during reception to the scale factors to be derived from said scale information are first stored in a memory and the samples are multiplied immediately upon arrival, without a time delay, by the inverse values of said scale factors. The scale factor information may be constituted by the scale factors themselves. It is obvious that a scale factor as inserted in the third frame portion may also be the inverse of the amplitude of the largest sample in a block, so that in the receiver it is not necessary to determine the inverse value and consequently decoding can be faster. Alternatively, the values of the scale factors may be encoded prior to insertion in the third frame portion as scale factor information and subsequent transmission. Moreover, it is evident that if after quantisation in the transmitter the subband signal in a subband is zero, which obviously will be apparent from the allocation information for the subband, no scale factor information for this subband has to be transmitted. The transmission system, in which the receiver comprises a decoder comprising synthesis-filter means responsive to the respective quantised subband signals to construct a replica of the wide-band digital signal, which synthesis-filter means combine the subbands applying sample-frequency increase to form the signal band of the wide-band digital signal, may be characterized in that the samples of the subband signals (if present) are inserted in the third frame portion in a sequence corresponding to the sequence in Which said samples are applied to the synthesis-filter means upon reception in***

***the receiver. Inserting the samples in the third frame portion in the same sequence as that in which they are applied to the synthesis-filter means in the receiver also results in fast decoding, which again does, not require additional storage of the samples in the receiver before they can be further processed. Consequently, the storage capacity required in the receiver can be limited substantially to the storage capacity needed for the storage of the system information, the allocation information and, if applicable, the scale factor information. Moreover, a limited signal delay is produced, which is mainly the result of the signal processing performed upon the samples. The allocation information for the various quantised subband signals is suitably inserted in the second frame portion in the same sequence as that in which the samples of the subband signals are included in the third frame portion. The same applies to the sequence of the scale factors. If desired, the frames may also be divided into four portions, the first, the second and the third frame portion being as described hereinbefore. The last (fourth) frame portion in the frame may the contain error-detection and/or error-correction information. Upon reception of this information in the receiver it is possible to apply a correction for errors produced in the second digital signal during transmission. As already stated, the wide-band digital signal may be a monophonic signal. Alternatively, the wide-band digital signal may be a stereo audio signal made up of a first (left) and a second (right) channel component. If the transmission system is based on a subband-coding system the transmitter will supply subband signals each comprising a first and a second subband-signal component, which after quantisation in the quantisation means are converted to form first and second quantised subband signal components. In this case the frames should also include allocation information and scale-factor information (if the samples have been scaled in the transmitter). The sequence is also important here. Such a transmission system is therefore defined in the appended Claims 11 to 15. It is obvious that the system can be extended to handle a wide-band digital signal comprising more than two signal components.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

33. In light of the teachings from the complete specification of the suit patent, this Court shall now proceed to construct the sole and broadest independent claim of the suit patent. The novel features of the suit patent are characterized in the independent Claim 1 and are further narrowed using the

dependent Claims 2 to 17. For brevity, independent Claim 1 of the complete specification of the suit patent, is reproduced as under:

> *"xxx xxx xxx*
>
> ***CLAIM 1:***
>
> *"1. A digital transmission system comprising a transmitter and a receiver, for transmitting a wide-band digital signal of a specific sample frequency F, for example a digital audio signal, via a transmission medium, and for receiving said signal, the transmitter having an input terminal for receiving the wide-band digital signal, which input terminal is coupled to an input of* ***a first converter circuit which forms part of the transmitter*** *and which is constructed for generating a second digital signal and supply said signal to an output, which second digital signal comprises consecutive frames, each frame comprising a plurality of information packets, each information packet comprising N bits, N being larger than 1,* ***the receiver comprising a second converter circuit having an input for receiving the second digital signal****, which second converter circuit has an output coupled to an output terminal to supply the wide-band digital signal,* ***characterized in that the first converter circuit comprises a frame generator for generating frames including a number (B) of information packets, the number of information packets in the frames having a relation to a parameter P such that the number of information packets in the frames is equal to P if P is an integer, or, if P is not an integer, the frame generator being adapted to cyclically generate a first number of frames and a second number of frames, the first number of frames having a number (B) of information packets that is equal to P' where P' is the next lower integer preceding P, and the second number of frames having a number of information packets that equals P'+1, the first and the second number being such that the average frame rate of the second digital signal should be substantially equal to F, /n, and where the value P equals***
>
> $$P=BR \times n_s/N \times F_s$$
>
> ***where BR is the bit rate of the second digital signal, and n, is the number of samples of the wideband digital signal whose corresponding information, which belongs to the second digital signal, is included in one frame of the second digital signal, the arrangement further comprising a synchronization information generator for generating synchronization information and a signal combining circuit for inserting synchronization information into a first frame portion of the frame.*** *"*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

34. The independent Claim 1 of the suit patent is in a two-part claim format where the part followed by the term 'characterised' is considered to be the novel features of the Claim. In this regard, a reference can be made to the Chapter 9 of the book, ***Terrell on the Law of Patents***[6], titled as "Construction of the Specification and Claims". The relevant paras of the said chapter are extracted below for clarity:

> *"xxx xxx xxx*
>
> *The two-part claim format: "characterised by"*
>
> ***The structure of the claim itself may provide indications as to which features are important and which might be replaced by variants. One way in this may be done is the use of the two-part claim format preferred by the European Patent Office.*** *As explained by Laddie J in Merck & Co Inc v Generics (UK) Ltd:*
>
> > *"**Furthermore, the patentee may choose a form of language which emphasises which features of an invention are important and which are not. For example it is common to find claims which start with general description followed by 'characterised in' followed by a list of features. The addressee would appreciate that the latter features are particularly important but the features before the words 'characterised in' are less so. If there is a variant to the latter which obviously does not affect the way in which the invention works, the notional reader may be reasonably confident that the inventor wanted to cover this variant as well. In these types of cases, the monopoly is likely to extend to the new variant.**"*
>
> *Thus it is more likely that the patent requires strict adherence to the integers that follow the word "wherein", than to the integers that precede it. However, it is important not to take this principle too far, especially when considering amendments made post grant."*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

35. The said rationale, that the portion of the claim following the term 'characterised' is considered to be the novel features of the claim, has been

[6] 20th Edition (2020), Thomson Reuters.

followed by a Coordinate Bench of this Court in ***Jay Switches India (P) Ltd. v. Sandhar Technologies Ltd.***[7]

36. Thus, upon constructing the independent Claim of the suit patent along with the complete specification as a whole, it is clear that, even though the field of the suit patent relates to the transmission system, its components and the record carrier obtained from the system, the claims granted are restricted to a 'Digital Transmission System', which comprises a 'transmitter' and a 'receiver', having specific structural and functional features, such as converter circuits, frame generator and synchronization generator. The focus of the suit patent is on the arrangement/architecture of the components, as named above, for converting a wide-band digital signal into frames of information packets, and as detailed in Claim 1 of the suit patent, to achieve the claimed mode of transmission.

37. It is pertinent to note that, as per Claim 1 of the suit patent, the characterized features to which the protection extends are to any 'Digital Transmission System' that contains: -

I. A frame generator in the first converter circuit of the transmitter that generates frames with a specific number of information packets (B) depending upon the parameter P. Where $\boldsymbol{P = BR \times n_s / N \times F_s}$, (BR: bit rate of second digital signal, $n_s$: Number of samples of the wide-band signal per frame, N: Number of bits per information packet, $F_S$ = sampling frequency of the wideband signal.)

II. A synchronisation information generator that inserts synchronisation information into the first frame portion.

[7] 2024 SCC OnLine Del 8434

III. A signal combining circuit which inserts synchronisation information into the first frame portion. This component embeds sync into the first portion of each frame (the "syncword").

38. Thus, considering the law with regard to claim construction, it is seen that the suit patent is a single patent being IN175971 for a 'Digital Transmission System' with specified frame-generation logic, synchronization and formula-based packet structure. A bare perusal of the suit patent demonstrates that the 'Digital Transmission System' covered in the suit patent contains 17 Claims, each of which are for a 'Digital Transmission System'. Thus, what falls from perusal of Claim 1 is that the suit patent has three components which are integral for the working of the claimed invention, i.e., a transmitter, a receiver and a transmission medium, that are indispensable for performing the claimed function. Further, the modified transmitter-receiver arrangement/framework, as described in Claim 1 and constructed hereinabove, is essential for the working of the suit patent. Claim 1 of the suit patent clearly describes that the first converter circuit forms part of the transmitter and the second converter circuit forms part of the receiver.

39. Since the suit patent is essentially a system patent, this raises the question of what system claims are, and how infringement of these claims can be determined. These aspects have been dealt hereinafter.

***System Claims and Infringement Analysis:***

40. As to what a system claim means, the book titled ***Words and Phrases***[8], defines the term as follows:

[8] Permanent Edition, Volume 40F, Thomson Reuters - Page 476.

*"xxx xxx xxx*

***SYSTEM CLAIM***

*N.D.Ill. 2018.* ***A "machine claim" in a patent, often referred to as an "apparatus" or "system claim," covers a concrete thing, consisting of parts, or of certain devices and combination of devices.*** *35 U.S.C.A. 101. –Lecat's Ventriloscope v. MT Tool and Manufacturing, 351 F.Supp.3d 1100. –Pat 447.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

41. The Manual of Patent Examining Procedure, issued by the United States Patent and Trademark Office (**"USPTO"**), U.S. Department of Commerce, Government of United States of America, with regard to claim interpretation of a system, elucidates as under:

*"xxx xxx xxx*

***2111.04 "Adapted to," "Adapted for," "Wherein," "Whereby," and Contingent Clauses [R-10.2019]***

*xxx xxx xxx*

***II. CONTINGENT LIMITATIONS***

*xxx xxx xxx*

***The broadest reasonable interpretation of a system (or apparatus or product) claim having structure that performs a function, which only needs to occur if a condition precedent is met, requires structure for performing the function should the condition occur. The system claim interpretation differs from a method claim interpretation because the claimed structure must be present in the system regardless of whether the condition is met and the function is actually performed.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

42. In India, though the Patents Act does not *per se* define what a system claim is, the recent **Guidelines for Examination of Computer Related Inventions** (**"CRIs"**), 2025, published by the Office of the Controller General of Patents, Designs and Trademarks, Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry,

Government of India, elucidate on the concept of system claims, in the following manner:

> *"xxx xxx xxx*
>
> ***4.4 Sufficiency of Disclosure:***
>
> *xxx xxx xxx*
>
> ***Fully and particularly (What):***
>
> ***If the patent application relates to apparatus/system/device, i.e., hardware-based inventions, each and every feature of the invention shall be described with suitable illustrative drawings. If the invention relates to "method", the necessary sequence of steps shall clearly be described so as to distinguish the invention from the prior art with the help of the flowcharts and other information required to perform the invention together with their implementing mechanism. The specification shall describe the working relationship of different components together with connectivity. It shall also describe the desired result/output or the outcome of the invention as envisaged and any intermediate applicable components/steps.***
>
> *xxx xxx xxx*
>
> ***4.5 Determination of excluded subject matter relating to CRIs:***
> *xxx xxx xxx*
>
> ***4.5.1 "Mathematical Method":***
> *Mathematical methods are a particular example of the principle that purely abstract or intellectual methods are not patentable. Mathematical methods like method of calculation, formulation of equations, finding square roots, cube roots and all other similar acts of mental skill are therefore, not patentable. Similarly mere manipulations of abstract idea or solving purely mathematical problem/equations without specifying a practical application also attract the exclusion under this category.* ***However, mere presence of a mathematical formula in a claim, to clearly specify the scope of protection being sought in an invention, may not necessarily render it to be a "mathematical method" claim. Also, such exclusions may not apply to inventions that include mathematical formulae and resulting in systems for encoding, reducing noise in communications/ electrical/electronic systems or encrypting/ decrypting electronic communications.***
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

43. Therefore, it is clear that the suit patent claims/covers a product in the form of a system, i.e., a system for digital transmission.

44. In order to prove infringement of the said product/system, the plaintiff is required to map the claims in the suit patent with the product of the defendants. In this regard, a reference may be made to a recent judgment of the Division Bench of this Court in ***Mold Tek Packaging Limited Versus Pronton Plast Pack Pvt. Ltd.***[9], wherein, the Division Bench has observed as follows:

> *"xxx xxx xxx*
>
> *39.* ***Whether infringement has, or has not, taken place in a particular instance, has to be decided on the basis of a mapping between the product of the defendant and the complete specifications of the suit patent****. Mr. Mehta is correct in his submission that the comparison has to be product to patent and not product to product. What is prohibited, by Section 48, is the making, using, offering for sale, selling or importing of the product which forms "subject matter of" the patents held by another. In order to ascertain whether this right has been breached, therefore, the Court has to first ascertain the subject matter of the suit patent. This subject matter is to be found in the complete specifications of the suit patent.* ***In other words, the Court as to compare the goods of the defendant with the subject matter of the suit patent, as is contained in the complete specifications of the suit patent, in order to ascertain whether infringement has taken place. The comparison has, therefore, to be product-to-patent, and not product-to- product****.*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

45. However, the plaintiff has failed to construct the suit patent and has not done a '*Claim Versus Product*' comparison/mapping, in the manner as required. Though, an attempt has been made by the plaintiff to map the product of the defendants with the Claims of the suit patent in the technical report by the technical expert of the plaintiff, *PW3*, however, in the same, the

[9] 2025 SCC OnLine Del 4883.

plaintiff has failed to identify the characterised features of the independent Claim 1 of the suit patent, as has been discussed by this Court in the preceding paragraphs. The relevant extract from the technical report analysing the suit patent, as done by the technical expert of the plaintiff, *PW3*, Professor K.R. Ramakrishnan, Department of Electrical Engineering, Indian Institute of Science, Bengaluru, attached with the Evidence Affidavit of the aforesaid technical expert, is reproduced as under:

*"xxx xxx xxx*

**2.2 CLAIMS**

Following are the kernels of the claims made in Philips' Indian Patent 175971 related to computation of MPEG Audio Frame Length, the transmission of the Frames with lengths according to the computations and representation of the same on a VCD disc

*Claim1.* The number of slots per MPEG Audio Frame depends on the computed value of P. It is equal to the value of P if P is an integer, or it is equal to [P] for a first number of Frames and [P]+1 for a second number of Frames if P is not an integer. [P]+1 is a whole number just above P and [P] is a whole number just below P. A Frame has a first Frame portion, which comprises synchronisation information (= syncword).

*Claim2.* Each of the MPEG Audio Frames contains a bit (known as Padding Bit) for indicating whether a Frame contains [P] slots or [P]+1 slots, which is set to one if the Frame contains [P]+1 slots and which thus is information about the number of slots in a Frame. The Padding_bit is in the first Frame portion of a Frame.

*xxx xxx xxx"*

46. The plaintiff has failed to show that each aspect of the defendants' product is covered by the features of the Claim of suit patent. Rather, the plaintiff has straightaway compared the product of the defendants, i.e., the VCD with the end result which is achieved in the suit patent, i.e., the frame length of the audio frame of the VCD of the defendants, which as per the plaintiff, matches with the audio frame length achieved through the system described in the suit patent. The Evidence Affidavit of Professor K.R. Ramakrishnan, *PW3*, the technical witness of the plaintiff, with regard to the analysis of the VCD of the defendants, is reproduced as under:

*"xxx xxx xxx*

19. In my report I have looked at frames length in the selected portion of the audio data file of the Defendants' VCDs and my finding is that owing to the fact that the CD in question is a VCD (with standard sampling frequency and number of samples to be included in a frame), the value of P is a fraction. The Defendants are tackling this problem using two different lengths of frames as explained in Claim 1 of Plaintiff's Patent No. 175971. One (Type I) having the number of packets equal to the next lower integer preceding the fraction 'P' and the other (Type II) having the number of packets, equal to the next integer following the fraction 'P'. Further the defendants' audio coding is such that the average of the number of packets transmitted using the two different types of frames comes out to be substantially equal to "P", which is also in accordance with Claim 1 of the Patent No. 175971. I also noticed that the padding bit in the frame is set to 'on' only in Type II frames, thereby indicating that the frame contains an additional packet, when compared to a Type I frame. This is explained in Claim 2 of the Plaintiff's Patent No. 175971.

20. As an example in the particular case of Defendants' VCD titled "BOLLYWOOD HOLLYWOOD", the value of P comes out to be 731.428589. There are two different lengths of frames on this VCD. One having 731 number of packets and the other having 732 packets. Similarly, in the case of VCD titled "BEND IT LIKE BECKHAM", the value of P comes out to be 731.428589. There are two different lengths of frames on this VCD. One having 731 number of packets and the other having 732 packets. In both the aforesaid VCDs the padding bit is set to 'on' only in the second type of frame.

21. Looking at these two examples I arrive at the conclusion that the audio stream of these VCDs are compressed and packed according to the scheme as disclosed in the Plaintiff's Patent No. 175971.

*xxx xxx xxx"*

47. From a bare perusal of the Claims, it is clear that the suit patent covers a product or a system having particular components, and it is not a patent over a method/process or a technique. System claims are product claims, and there is no dispute on this position of law. However, neither in the Evidence Affidavit of the technical expert, nor in his technical report, the essential features of the suit patent are disclosed or analysed in order to map them with the system used by the defendants. The claim mapping, as done by the plaintiff, is faulty, and does not establish that the suit patent covers the defendants' product, or that the product of the defendants infringes the system patent of the plaintiff.

48. Thus, it is to be noted that the system claims are product claims which encompass the machine that is used to work and implement a technology. Accordingly, system claims are distinct and separate from a method claim, which are essentially process claims. However, as noted above, system claims are not process claims, but rather product claims.

49. On the aspect that system claims are product claims, as in the present case, reference may be made to the judgment of the United States Court of Appeals, Federal Circuit in the case of ***Jazz Pharmaceuticals, Inc. Versus Avadel CNS Pharmaceuticals LLC***[10], wherein, it has been held as follows:

> *"xxx xxx xxx*
>
> *Claim construction is a question of law that we review de novo. Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1454 (Fed. Cir. 1998) (en banc).* ***"It is a 'bedrock principle' of patent law that 'the claims of a patent define the invention[,] which the patentee is entitled . . . to exclude.'"*** *Phillips v. AWH Corp., 415 F.3d 1303, 1312 (Fed. Cir. 2005) (en banc) (quoting Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc., 381 F.3d 1111, 1115 (Fed. Cir. 2004)); see also Vitronics Corp. v. Conceptronic, Inc., 90 F.3d 1576, 1582 (Fed. Cir.*

[10] 60 F.4th 1373 (Fed. Cir. 2023) – Decision dated 24th February, 2023.

*1996)* ***("[W]e look to the words of the claims themselves . . . to define the scope of the patented invention.")***.

***The district court determined that the '963 patent claims recite systems, not methods***. *Decision at-,2022 WL 17084371, at *2−3. Jazz contends that the word "system" as it appears in the '963 patent claims is, essentially, a synonym for "method." Appellant's Br. at 56−58.* ***But method claims require the performance of steps; claims that describe physical components of a whole are system, or apparatus, claims***. *See Finjan, Inc. v. Secure Computing Corp., 626 F.3d 1197, 1204 (Fed. Cir. [*1380] 2010); In re Kollar, 286 F.3d 1326, 1332 (Fed. Cir. 2002) (noting the* ***"distinction between a claim to a product, device, or apparatus, all of which are tangible items, and a claim to a process, which consists of a series of acts or steps***").

***Each of the '963 patent's three independent claims describe a "computer-implemented system" that comprises "one or more computer memories" and a "data processor."*** *'963 patent at col. 8 1. 39−col. 9 at 1. 13 (independent claim 1); id. col. 10 1. 27−col. 11. 1. 6 (independent claim 23); id. col. 11 1. 7−col. 12 1. 10 (independent claim 24).* ***As the district court correctly analyzed in its Markman Order, these claims recite "an assemblage of components," defining a system. J.A. 5723. Jazz has not identified any description in the patent specification or prosecution history to alter that conclusion. The claims to a system comprising computer memories and a data processor are not claims to a method.***

*xxx xxx xxx*

*…… See MasterMine Software, Inc. v. Microsoft Corp., 874 F.3d 1307, 1315−16 (Fed. Cir. 2017)* ***(finding that the inclusion of active verbs and other functional language describing the capabilities of a claimed system does not transform a system claim into a method claim)****; see also HTC Corp. v. IPCom GmbH & Co., 667 F.3d 1270, 1277 (Fed. Cir. 2012).* ***We therefore find that the claims of the '963 patent were properly construed by the district court as system claims, not method claims.***

*xxx xxx xxx*

*CONCLUSION*

*We have considered Jazz's remaining arguments and find them unpersuasive. For the foregoing reasons,* ***we affirm and lift our stay of the injunction requiring Jazz to ask the FDA to delist the '963 patent*****.....**"

*xxx xxx xxx"*

*(Emphasis Supplied)*

50. In order to prove infringement of the suit patent, the plaintiff would have to establish the presence of each of the components of the system described in Claim 1 of the suit patent, in the product of the defendants. In this regard, reference may also be made to the "*High Court of Delhi Rules Governing Patent Suits, 2022*", wherein, under the "Infringement brief", it has been stated as follows:

> *"xxx xxx xxx*
>
> *2.* ***Definitions***
>
> *xxx xxx xxx*
>
> *e.* ***'Infringement brief'***
>
> ***Brief to be filed by the Plaintiff, along with the claim construction brief, that compares the elements of each of the claims, and the manner in which the Defendant's product/process infringes the claims relied upon. In the case of Standard Essential Patents (SEPs), the infringement brief shall contain claim charts, mapping the patent claims to the standards, and the manner in which the Defendant infringes the same****.*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

51. Additionally, the aforesaid "*High Court of Delhi Rules Governing Patent Suits, 2022*" also enumerate the content of pleadings, which, in case of a "Plaint", also include the following:

> *"xxx xxx xxx*
>
> *3.* ***Content of Pleadings***
>
> *A.* ***Plaint***
>
> *The Plaint in an infringement action shall, to the extent possible, include the following aspects:*
>
> *xxx xxx xxx*
>
> ***(ix) Precise claims versus product (or process) chart mapping or in the case of SEPs, claim chart mapping through standards;***
>
> ***(x) Infringement analysis explained with reference to the granted claims in the specification. Details of the allegedly infringing product or process, the manner in which***

***infringement is being alleged*** *including, if available, a description of the defendant's process;*

*xxx xxx xxx"*

*(Emphasis Supplied)*

52. Considering the aforesaid discussion, it is apparent that the plaintiff has been unable to precisely map its Claims to the product of the defendants, as mandated by the "*High Court of Delhi Rules Governing Patent Suits, 2022*".

53. Accordingly, since the transmitter-receiver arrangement/framework, as claimed in Claim 1 of the suit patent, is essential and integral to the working of the invention claimed, the plaintiff was required to show that the system used by the defendants, with a transmitter-receiver arrangement/framework, physically performs the claimed functions, and not merely that its end product, i.e., VCD contains compliant frames. The plaintiff was aware that the defendants were using a machine by the name of Singulus, and the Local Commissioners, appointed by this Court, had specifically identified the model of the machine used by the defendants. Despite this, the plaintiff has not analyzed the identified machines.

54. Plaintiff has categorically admitted that the machine used by the defendants, as identified by the Local Commissioners, has not been examined. Hence, the plaintiff has failed to establish, in any manner, the nature of the machine used by the defendants to replicate the VCDs, in order to establish that the same infringed upon the suit patent. In this regard, the cross-examination of *PW3*, Professor K.R. Ramakrishnan, the technical expert witness of the plaintiff, may be referred to. The relevant portions of the cross-examination of *PW3*, are reproduced as under:

*"xxx xxx xxx*

*Q.50 Is it correct that for the purposes of your report, you examined only Annexure C of your affidavit?*
*A. Yes.*

*Q.51 Did you examine the machine, which is used for the manufacture of VCDs, filed as Annexure C to your report?*
*A. No.*

*Q.52 Do you know of any machine, which is used for the purposes of manufacture of VCDs, filed as Annexure C?*
*A. I know that the machines exist, but I don't know the brands of the machines.*

*xxx xxx xxx*

*Q.54 Have you ever heard of the machines, as are used for the manufacture of VCDs and their technology?*
*A. I am not knowledgeable about what goes on in the manufacturing of the VCDs, as I am not a device technologist.*

*xxx xxx xxx*

*Q.66 Did you examine the nature of the machine, used by the defendants for the transmission of digital signals on CD?*
*A. I have never seen the machine for duplicating CD or manufacturing VCD.*
*I cannot say as to which machine, the defendants are using for the manufacture of CDs or VCDs. As I understand they manufacture only VCDs and not CDs.*

*xxx xxx xxx"*

55. Furthermore, there is not a single question or a suggestion given to the defendants' witness *DW1*, that the defendants used a 'transmitter' or a 'receiver'. The technical expert witness of the plaintiff, i.e., *PW3*, has conducted his infringement analysis based on the data that has been *"grabbed from the disc of the defendants"* and his conclusions are in relation to *"compression and packing of audio stream of the defendants' VCDs"*. In other words, the infringement analysis done by the plaintiff's expert witness is only with respect to the audio already packed on the defendants' VCD.

Thus, the plaintiff's entire case on infringement of the patent has proceeded *de hors* the granted Claims, i.e., without mapping of all the elements of its Claims onto defendants' product.

56. The plaintiff has failed to construct the suit patent and has not done a *'Claim Versus Product'* comparison, in the manner as was required, as per the detailed discussion hereinabove. As aforesaid, from a bare perusal of the Claims, it is clear that the suit patent covers a product or a system having particular components. Systems claims are product claims. Thus, the onus of proof vested squarely on the plaintiff to construct the Claims of the suit patent and thereby, to prove the infringement of the constructed claims.

57. Rather, the plaintiff has compared the product of the defendants with selected portions/elements of its Claims pertaining to only the end result, i.e., compressed data, in order to submit that the VCDs being manufactured and sold by the defendants use the compression technique disclosed in the said patent. This approach is totally fallacious. In this regard, reference may be made to the judgment in the case of ***F. Hoffmann-La Roche Ltd. & Anr. Versus Cipla Ltd.***[11], wherein, it has been held as follows:

> *"xxx xxx xxx*
>
> *76.* ***It is an incorrect analysis of product patent infringement in a case like the present, to use methodologies like X-Ray diffraction to ascertain whether the competing products are identical in nature. The correct test of infringement in this case is to map Cipla product against the Roche's patent claims, which we find has not been done by the learned Single Judge, and this is the third infirmity on this aspect of the dispute.***
>
> *xxx xxx xxx*
>
> *78. Thus the question at hand is really whether Cipla's Polymorph B (Erlocip) was subsumed in the claims of IN '774. We find the answer in*

[11] 2015 SCC OnLine Del 14738.

*the decision reported as [2008] EWHC Civ 445 Servier v. Apotex. Servier's attempt to secure a patent for the α-form of the t-butylamine salt of perindopril failed both before the Patents Court and the Court of Appeals which observed that the crystal form could easily be obtained by carrying out the process disclosed in the basic patent. In refusing to 'evergreen' the basic patent it was clear that the Court of Appeals was not denying Servier the right to enforce the basic patent against a third party attempting to manufacture the α-form crystals.* ***In the present case too, the correct analysis that the Learned Single Judge ought to have employed was a construction of the IN '774 claim to understand whether it encompassed the manufacture of Polymorph B of Erlotinib Hydrochloride. By focusing on evidence involving the analysis of X-Ray diffraction data, the Learned Single Judge has erroneously compared the products of Roche and Cipla when he ought to have mapped the claims of the suit patent against Cipla's product.*** *Counsels for both the Appellant and the Respondent have not been able to assist the court with authorities to support their stand on the test of infringement required to be employed and much of the arguments have been on first principles.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

58. The Courts have consistently ruled that for a patent infringement claim to succeed, the defendant's product must meet all the conditions of the plaintiff's patent claims. Infringement is only established when the defendant's product falls within the scope of the plaintiff's patent claims. A patent infringement is not established unless there is a direct overlap in the claimed features of the patent and the defendant's product. (***See: Arumugam Rajendra Babu Versus Ashok Leyland Limited and Ors.***[12]***)***

59. As noted above, the suit patent is a system/product patent. Hence, the onus of proof was unambiguously on the plaintiff to demonstrate that the system used by the defendants, maps to the system claim of the suit patent. The onus of proof rested squarely on the plaintiff to construct the suit patent and to prove the infringement of the suit patent. The failure of the plaintiff in

[12] MANU/TN/6663/2024.

this regard is evident, as the plaintiff has failed to construct the suit patent as per the Claims and has further, failed to show the overlap of the essential features of its Claims on the defendants' product.

60. In this regard, this Court notes that the reliance of the plaintiff on Section 104A of the Patents Act is misplaced, as the suit patent is not a process patent. The plaintiff, to further its submissions on Section 104A of the Patents Act, has relied upon the judgments in the cases of ***Natural Remedies Pvt. Ltd. Versus Indian Herbs Research and Supply Co. Ltd. and Others***[13] and ***Shogun Organics Ltd. Versus Gaur Hari Guchhait and Others***.[14] However, the aforesaid judgments do not come to the aid of the plaintiff in any manner and submissions of the plaintiff in this regard cannot be sustained, in view of the fact that the suit patent is a system/product patent.

61. It is also to be noted that the defendants did not manufacture the VCDs, but only replicated the same by use of the replication machinery acquired from Singulus. As such, the process of replication does not involve any transmission or compression mechanism. The *Merriam-Webster Dictionary* defines replication as *copy/reproduction* or *the action or process of reproducing or duplicating*. Even the *Collins English Dictionary* defines replication, *inter alia,* as the *act of repeating, duplicating, copying, and reproducing*.

62. This Court takes note of the submission of the defendants that in the whole process of replication, defendants do not use any software or hardware for digital transmission and compression of information. In this regard,

[13] 2011 SCC OnLine Kar 4561.
[14] 2019 SCC OnLine Del 9653.

reference may be made to submission of the defendants in their written statement, as follows:

> *"xxx xxx xxx*
>
> *5. That the* ***technique used by the Defendant for replication is licensed from Singulus technologies AG, a Germany based company. Defendants use their machine called "Automatic CD manufacturing system Skyline with one molding machine****". The Skyline is controlled through one Siemens PLC type S7 and one software of Mithsubishi and interfaces with a Singulas proprietary visualization package based on Microsoft Windows 2000 as man machine interface.* ***It is strongly submitted that Defendant do not use the alleged infringed technique or any technique for compression****.*
>
> *6.* ***The alleged infringed patent relates to a digital transmission system comprising a transmitter and a receiver, for transmitting a wideband digital signal. It is strongly submitted that technology used by Defendant for replication of CD/VCD do not involve any such mechanism****. Following features characterize the Skyline II concept used for Replication:*
>
> *a) Injenction Moulding Machine equipped with special CD molds that are specially designed for molding of CD's from Polycarbonate of adequate quality.*
>
> *b) Cooling Conveyor with 13 positions between each delivery point from the take out robot of the molding machine to the transfer position to the sputter module.*
>
> *c) High Rate Sputter Station for Metallization of the information side of the active disc.*
>
> *d) Focus Splutter Cathode and Masking Units with one energy saving high performance FOCUS Cathode achieving the specified layer characteristics for the metalization of CD.*
>
> *e) Bonding unit: the bonding unit consisting of a spin of bowl and an I Bond system guaranteeing prevention of generation of bubbles during the bonding process.*
>
> *f) Spin off units to rotate the disc while dispensing the lacquer or bonding resin.*
>
> *g) UV curing station where the CD is exposed to the UV radiation source for curing.*

***As can be seen from the above steps, the entire process does not involve any transmitter or receiver of digital signals.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

63. At this stage, it would be useful to refer to the steps involved in the process of replication. In general, the method of replication of a CD involves transferring information from a disc, by use of a 'glass master', to several other discs. This 'glass master method' first helps in creation of a 'stamper' which is then put into an injection moulding machine whereon new CDs are made by stamping molten polycarbonate.

64. More specifically, it is noted that the glass master or the 'Master Disc' has to necessarily contain the information/data that is required to be copied onto the other discs/VCDs. In order to feed the said information into the Master Disc, the same is reacted with the digital audio file, also known as the master audio file, which is in binary, i.e., made up of a series of *1s* and *0s*. The pattern can be transferred onto the Master Disc, whenever there is a *1* in the audio master. From the above Master Disc, a final product is made, known as the stamper, which acts as a negative for the content that has to be copied to the other discs. As noted above, the said stamper is put in the mould cavity of the injection moulding machines. Using these machines, a disc is made by injecting molten polycarbonate onto the stamper and the data which is then produced on the created disc will be the complement of the stamper and positive replica of the glass master.

65. Thus, it is evident that the process of replication of VCDs does not involve transmission of digital signals. Whereas, the whole inventive concept of suit patent is based upon putting the entire system to use and benefitting from it. In this regard, reference may be made to the decision of United

States Court of Appeals, Federal Circuit, in the case of ***CloudofChange, LLC Versus NCR Corporation***[15], wherein, it has been held as follows:

> *"xxx xxx xxx*
>
> *Because this case turns on the application of Centillion and principles of vicarious liability, we begin by discussing our precedent and the relevant legal framework.*
>
> *This court first addressed the issue of infringement for "use" of a system claim that includes elements in the possession of more than one actor in Centillion.* ***We held that a party "uses" a system for purposes of infringement when it "control[s] the system as a whole and obtain[s] benefit from it."*** *Centillion, 631 F.3d at 1284.* ***The control contemplated is not direct or physical control over each individual element of the system, but rather the ability to make the system elements "work for their patented purpose" and thus use "every element of the system by putting every element collectively into service." Id.***
>
> *xxx xxx xxx*
>
> *Specifically, the district court's analysis conflates use of a method claim (which was at issue in Akamai) with use of a system claim (which was at issue in Centillion). "Under section 271(a)****, the concept of 'use' of a patented method or process is fundamentally different from the use of a patented system or device****." NTP, Inc. v. Rsch. In Motion, Ltd., 418 F.3d 1282, 1317 (Fed. Cir. 2005). "****[T]he use of a process necessarily involves doing or performing [*1342] each of the steps recited," while the "use of a system as a whole" involves putting that entire system to use and benefitting from it.*** *Id. at 1318.*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

66. Another important fact to be noted here is that VCD replication is done from the original Master Disc, which is neither produced nor manufactured by the defendants. As per the defendants, the manufacture and production of the original Master Disc, from which replication is carried out by the defendants, is done at the end of the producers of movies/producers of the VCDs. It is to be noted that the plaintiff has also admitted that replication

[15] 123 F.4th 1333 (Fed. Cir. 2024) – Decision dated 18th December, 2024.

as such did not involve compression of information. If that be the case, in order to prove infringement, the plaintiff was required to prove and establish that the original Master Discs, received from third parties, from which replication was done by the defendants, used the patented technology of the plaintiff. However, the plaintiff has not established that the original Master Discs, as supplied by third parties to the defendants, employed the patent of the plaintiff in order to produce such Masters. In absence thereof, it cannot be stated that the replicated VCDs of the defendants infringed the patent of the plaintiff in any manner. If the plaintiff had established that the original Master Disc used by the defendants had been produced and manufactured by using the patented system of the plaintiff, then such act of replication by the defendants could have been said to infringe the plaintiff's patent.

67. On the aspect of infringement, the plaintiff in its plaint has submitted as follows:

> *"xxx xxx xxx*
>
> *16.* ***The Plaintiff submits that the application of audio content to any VCD using the Patented process/system of the Plaintiff would amount to an infringement of the Plaintiff's patent No. 175971. Additionally, any person/entity indulging in the replication of VCDs using the Patented process of the Plaintiff, or for that matter selling, offering for sale or even stocking infringing VCDs would infringe the exclusive rights of the Plaintiff and be liable accordingly*** *……..*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

68. A reading of the aforesaid submissions, as made in the plaint by the plaintiff, clearly shows that it is the plaintiff's own case that the application of audio content to any VCD using the patented process/system of the plaintiff would amount to infringement of the plaintiff's suit patent. Meaning thereby, that the plaintiff has itself stated that the actual infringement of the

VCD takes place at the end of the manufacturer of the Masters, i.e., producers of the movies/third parties. Thus, in order to prove infringement by the defendants, the plaintiff was required to show that the original Master Discs, as provided to the defendants by the producers of the movies/other third parties, were made using the machine or system as per the suit patent and infringed the suit patent. In absence thereof, the replication of the VCDs done by the defendants, cannot be said to be infringing the suit patent, especially, when it has not been shown by the plaintiff that the technique of replication used by the defendants, in any way, involves the mechanism given in Claims of the suit patent.

69. When the transmission of information to the original VCD is not done at the end of the defendants, the plaintiff was required to show that the original Master Disc itself infringed the suit patent by using the system of the suit patent. Therefore, in the absence of any evidence, it cannot be presumed that any system, as defined in the suit patent, was being used in producing the original VCD or while replicating the VCD by the defendants.

70. At this stage, it would be useful to refer to the written statement filed by the defendants, wherein, it is categorically stated that the process of replication does not require any transmission or compression mechanism. It has further come to the fore that the defendants do not use any software or hardware for digital transmission and compression of information. Relevant portions of the written statement of the defendants in this regard, read as under:

> *"xxx xxx xxx*
>
> *3.* ***It is a well-known fact that the process of Replicators does not require any transmission or compression mechanism associated as such, particularly with an old patent based on an invention of***

***the year 1990.*** *Plaintiff is not entitled to charge any royalty for the alleged infringed patent (which is very old and not in use) in the suit. However, Plaintiff and its pool of companies often indulge in malpractices to pressurize the manufacturers like Defendants to pay hefty royalty fee irrespective of the fact whether they use their techniques or not. The problem is so acute that a special worldwide organization, "International Optical Disc Replicators Association" (www.iodra.com) having its head quarter at Switzerland has been formed. The aim of the said association is to protect replicators from patently strong royalty seekers like Plaintiff and to ensure level playing field for them. The said association has members from various countries in Asia, Africa, Australia, Europe and North America.*

***II. Defendant is using a unique technology independent of any transmitter or receiver***

*4. That the present suit is not maintainable as the alleged patent is obsolete and not in use any more. Worldwide a far superior technology is used for the manufacture, transmitting and compressing data.* ***Further in the whole process of replication, Defendants do not use any software or hardware for digital transmission and compression of information.***

*xxx xxx xxx*

*12. .....* ***The Plaintiff alleges in paragraph 36 (on page 16 & 17 of the suit) that the actual infringement of the VCD takes place at the end of the Manufacturer of the Masters (i.e. the producer of the movie). The technique of replication (by the Defendant) in no way involves the mechanism given in Claim I or Claim II of the patent no. 175971. It is the producers of the movies (or the manufacturers of the stampers) who are the necessary parties and without whom the process of infrangibility of the patent no. 175971 cannot be ascertained****.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

71. Additionally, the plaintiff itself in its replication to the written statement, states as under:

*"xxx xxx xxx*

***9.*** *……* ***The Plaintiff herein emphasizes that the replication technology as such has nothing to do with audio compression or decompression but for the fact that replication of Video CDs unavoidably results in discs, which comprise audio that has been compressed according to the rules of the audio standard ISO/IEC***

> ***11172 -3.*** *The Plaintiff states that it does not matter whether other patents may cover far better technologies, the point that really counts is that the Plaintiff registered Patent No. 175971 covers a part of the ISO/IEC 11172-3, which is mandatory to be used when replicating VCDs. Therefore the Plaintiff Patent No. 175971 is used. The existence of other patents does not change these facts or alter the liability of the defendant for infringing the Patent Rights of the Plaintiff herein. ……*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

72. Thus, the plaintiff itself has recognized and admitted the fact that replication technology has nothing to do with the audio compression or decompression. This fact is reiterated by the plaintiff in para 14 of its replication, in the following manner:

> *"xxx xxx xxx*
>
> *14. ……**The Plaintiff herein emphasizes that the replication technology as such has nothing to do with audio compression or decompression but for the fact that replication of Video CDs unavoidably results in discs, which comprise audio that has been compressed according to the rules of the audio standard ISO/IEC 11172 -3.** The Plaintiff states that It does not matter whether other patents may cover far better technologies, the point that really counts is that the Plaintiff registered Patent No. 175971 covers a part of the ISO/IEC 11172 - 3, which is mandatory to be used when replicating VCDs. Therefore the Plaintiff Patent No. 175971 is used. The existence of other patents does not change these facts or alter the liability of the defendant for infringing the Patent Rights of the Plaintiff herein. Additionally, it is pertinent to note that the Plaintiff's Patent No.175971 has a validity of 20 years, as provided by the Patents Act, 1970, and is thus valid till May 28, 2010. ……*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

73. In this regard, reference may also be made to the Evidence Affidavit of *PW1*, wherein, admitting that replication technology has nothing to do with the audio compression or decompression, the plaintiff has tried to justify its averments by contending that the ISO/IEC 11172-3 is an international

standard, which would essentially be contained in a VCD which plays on a VCD player. Thus, *PW1* in his Evidence Affidavit, has stated as follows:

> *"xxx xxx xxx*
> *49. I state that the defendant is manufacturing / replicating Video CDs, which are playable on any Video CD Player worldwide. I state that the specifications for Video CD have been defined in the year 1992, vide Video CD Specification Version 1.0, and have been updated in the year 1995 vide Video CD Specification Version 2.0. The Video CD Specification Version 1.0 and Video CD Specification Version 2.0 are enclosed herewith and marked as* ***Exhibit P-1/43*** *&* ***Exhibit P-1/44.*** *I state I state that a Video CD contains a number of tracks, of which track 2 and higher are MPEG Audio/Video Tracks. This is set out at Chapter 11.2.4 titled MPEG Audio/Video Tracks. I say that Chapter IV.1 titled General of the said standard specifies that the Motion Pictures (as also Video) and their associated Audio are coded according to the Video and Audio part of the MPEG standard ISO 11172. Chapter I.1 of the specification specifies ISO 11172 as: Information Technology - Coding of moving pictures and associated audio for digital media up to about 1,5 Mbit/s (which is the "MPEG standard"). Ref. No. ISO DIS 1172:1992 (E).* ***The ISO/IEC 11172-3: 1993 (E) is part 3 of the total ISO 11172 Standard and defines the rules for compression and decompression of Audio. I state that the Plaintiff has made contributions to the said standard, especially in the area of Audio data compression and packaging. I state that Philips applied for patents in many countries, including in India on the basis of its contribution. I say that the rules for audio-data compression and packaging as specified in the ISO standard have not been changed since 1993. I say that it is thus clear that both the Video CD Specifications Version 1.0 and 2.0 refer to the ISO IEC 11172 - 3. I also state that it has clearly been demonstrated at claim chart for PHN 13241 IN i.e. the Plaintiff Registered Patent No. 175971, that the subject matter of the patent is identical of certain parts of the ISO IEC 11172 -3.*** *The ISO/IEC 11172-3:1993 (E) is enclosed and may be marked as* ***Exhibit P-1/45.*** *I say that therefore the patent is not obsolete and is still used by all Video CD disc manufacturers. I state that the ISO/IEC Standard has not been changed since its definition in 1992 and thus even if superior technologies are available, those technologies are not used and cannot be used in Video CD disc or in Video CD players. A Video CD disc manufactured by using technologies for Audio compression, which are outside the scope of ISO/IEC 11172 - 3, will not play on a Video CD Player. The statements of Defendant, that the patent is obsolete and that for Video CDs superior technologies for audio*

*compression or decompression are used, are thus false and misleading.* ***I assert and emphasize that the replication technology as such has nothing to do with audio compression or decompression but for the fact that replication of Video CDs unavoidably will use master discs, father discs, mothers discs and moulds, which comprise audio that has been compressed and packaged according to the rules of the audio standard ISO/IEC 11172 -3. I say that it does not matter whether other patents may cover far better technologies, the point that really counts is that the Plaintiffs registered Patent No. 175971 covers a part of the ISO/IEC 11172 -3, which is mandatory to be used when replicating VCDs.*** *I therefore say that the Plaintiffs registered Patent No. 175971 is used. I say that the existence of other patents does not change these facts or alter the liability of the defendant for infringing the Patent Rights of the Plaintiff herein. Additionally, I am advised to say that it is pertinent to note that the Plaintiffs Patent No.175971 has a validity of 20 years, as provided by the Patents Act, 1970 (as amended by the Patents (Amendment) Act 2002), and is valid till May 28, 2010. The Defendant's statement that the patent is 15 years old has no relevance in the face of law and the statute of the land. I am advised to state that in fact the fact that the Plaintiff's Patent No. 175971 is a tried and tested patent by virtue of its use over the years and in such respect this Hon'ble Court will be inclined to treat the defendants claims with circumspection as the said claims are clearly wrong and erroneous.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

74. While on the one hand, the plaintiff has admitted that the VCD replication technology has nothing to do with audio compression, on the other hand, it has admitted that replication of VCDs would involve use of Master Discs containing audio that has been compressed and packed according to the rules of the audio standard ISO/IEC 11172-3. However, the plaintiff has failed to establish that the Master Discs used by the defendants, themselves, employed the compression technology of the system patent of the plaintiff or the ISO/IEC 11172-3 standard. In absence of any cogent evidence led by the plaintiff to establish that the Master Discs used by the defendants used the patented system of the plaintiff, there cannot be any

presumption in favour of the plaintiff that the Master Discs used by the defendants infringed the suit patent and consequently, that the defendants' VCDs infringed the suit patent.

75. Furthermore, it is not the plaintiff's case that the defendants were making the Master Discs. Besides, no evidence has been led to prove that the Master Discs used by the defendants for replication, infringed the suit patent. Relevant portions of the replication filed on behalf of the plaintiff in this regard can be referred to, which read as under:

> *"xxx xxx xxx*
>
> ***15.*** *The contents of paragraph 12 of the preliminary submissions of the written statement are denied. The Plaintiff has already demonstrated that the Defendants uses the said patent of the Plaintiff, without due authorization and thus is liable for the said infringing activity. The actions of the defendants are fundamental to the act of infringement i.e. the acts pertaining to:*
>
> *a. Sourcing / arranging for the Manufacture of infringing 'stampers' being Discs from which at least 25,000 CD can be manufactured. The said stampers are all encoded on the basis of technology flowing from Patent No.175971. The stampers are made from Discs colloquially referred to as 'Mothers' which are in turn replicated from discs referred to as 'Fathers'. The discs referred to as Fathers are manufactured from Glass Discs known as 'Masters';*
>
> *b. Manufacturing/Replicating VCD's based upon the said stampers;*
>
> *c. Offering for sale / selling the said VCD's to various parties*
>
> ***The Defendants' use of Replication machinery in order to manufacture infringing VCDs amounts to infringement of the rights of the Plaintiff in the Patent No.175971.***
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

76. As noted above, the plaintiff has not been able to establish in any manner, in the absence of any evidence in that regard, that the Master Discs used by the defendants for replication, infringed the suit patent. Besides, as

per plaintiff's own admission, the Master Discs were not being manufactured by the defendants.

77. Moreover, the entire suit of the plaintiff is based on results derived from copied data from VCD to a hard disc. Claim 1 of the suit patent is about the system having a specific arrangement/framework of receiver and transmitter. However, no such infringing system has been identified in the technical report of *PW3*, the technical expert of the plaintiff. As regards the technology used by the defendants for replication, in their written statement, defendants have stated as follows:

> *"xxx xxx xxx*
>
> *13. The contents of paragraph no. 13 are denied for want of knowledge and Plaintiff should be put to strict proof of the same.* ***It is further submitted that the technology used by the Defendant for replication is licensed from Singulus technologies AG, a Germany based company. Defendants use their machine called "Automatic CD manufacturing system Skyline with one molding machine". The Skyline is controlled through one Siemens PLC type S7 and one software of Mithsubishi and interfaces with a Singulas proprietary visualization package based on Microsoft Windows 2000 as man machine interface. It is strongly submitted that Defendant's do not use any of the patented products of the Plaintiff.***
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

78. The plaintiff has only relied upon the technical affidavit of its witness, who has based his analysis on the basis of data copied from VCD to a hard disc. The technical expert of the plaintiff has not been able to establish that the defendants used the digital transmission system of the plaintiff, which is the suit patent. As noted above, as per Claim 1 of the suit patent, there exists a transmission system, comprising of a transmitter and a receiver for transmitting a wide-band digital signal of a specific sample frequency (F).

The transmitter should have an input terminal for receiving the wide-band digital signal, which input terminal is coupled to an input of 'a first converter circuit', which forms part of the transmitter and which is for generating a second digital signal and supply said signal to an output. Accordingly, the suit patent is a system claim where the essential features are the existence of a transmitter and receiver, as characterised in Claim 1. Whereas, the VCD used for arriving at the conclusion pertaining to infringement, is the storage medium, on which the compressed signals can be stored. Thus, the plaintiff has not established, in any manner, that the VCD containing the compressed signals, has used the system patent of the plaintiff for compressing such information in the VCD. Therefore, even if the scheme of packing data is the same in VCDs, it does not mean that any system/apparatus exists with the defendants, which infringes Claim 1 and Claim 2 of the suit patent, as alleged by the plaintiff.

79. On the aspect of 'use' by the defendants of the suit patent, the plaintiff seeks to rely upon the judgment in the case of ***Monsanto Technology LLC and Ors. Versus Nuziveedu Seeds Limited & Ors.***[16] to submit that the defendants' use of the replication machinery, in order to manufacture infringing VCDs, amounts to infringement of the suit patent under Section 48 of the Patents Act. However, it is pertinent to note that the aspect of 'use' of the system claimed by the suit patent, in the replication process undertaken by the defendants, has not been established by the plaintiff, and therefore, the aforesaid judgment does not aid the case of the plaintiff.

[16] 2017 SCC OnLine Del 7652.

80. It is also to be noted that the format of data, as per Claim 1 and Claim 2, is such that the second digital signal (output) is substantially equal to $F_s/n_s$ and where the value of P equals $\boldsymbol{P = BR\ X\ n_s/N_x\ F_s}$.

81. It is pertinent to note that the subject matter of the suit patent is a 'system' of transmission and not the format of transmitted data, as available on a VCD. Merely because the format of packed data is similar in the VCD, it cannot be concluded that the system that has embedded that data is the one described in Claims 1 and 2 of the suit patent. This Court concurs with the analogy put forth by the defendants that *"the plaintiff has stated that because defendants' ice cream has the same taste/ingredients as that mentioned in the suit patent; and therefore, it must have been manufactured by the same system/machine as is claimed in the suit patent"*.

82. The reliance by the plaintiff on the affidavit of its technical expert and the results therein is flawed, as the same is based on results derived from copied data from VCD to a hard disc. Evidently, the results are based from the data captured on a VCD. However, no infringing system has been identified in the technical report. Further, the results only mention that the data compressed in the VCD is as per the format given in the suit patent, which fact, as such by itself, does not establish infringement, in view of the detailed discussions hereinabove.

83. As noted above, the process of replication does not involve any process of compression of information, or data. Thus, merely because the format of the data analyzed in the VCD is as per the suit patent, there is no evidence on record that the defendants used the compression system/technique disclosed in the said patent.

84. It is pertinent to note that the plaintiff acknowledges that there is no single patent governing the storage of information on transmission media. In this regard, reference may be made to the stance of the plaintiff, as contained in the plaint as follows:

> *"xxx xxx xxx*
>
> *8. One such achievement of their R&D efforts has been a Video Compact Disc (VCD) using MPEG coding with better audio compression technique. Being a part of this patent pool, the Plaintiff has the right to license and sub-license the patents in the pool to the manufacturers of such systems and media.*
>
> *xxx xxx xxx"*

85. Likewise, *PW1* in para 9 of his Evidence Affidavit, deposes as under:

> *"xxx xxx xxx*
>
> *9. I say that one such achievement of their R&D efforts has been a Video Compact Disc (VCD) using the worldwide standard i.e. the MPEG coding with better audio compression technique. Being a part of the VCD patent pool, the Plaintiff has the right to license and sub-license the patents in the pool to the manufacturers of such systems and media.*
>
> *xxx xxx xxx"*

86. Admitting that the audio compression/decompression technique is subject matter of a larger patent pool in para 3 of his Evidence Affidavit, *PW2* has deposed as under:

> *"xxx xxx xxx*
>
> *3. I say that the Plaintiff Company is a world leader in optical disc technology. I am advised that the Plaintiff has substantially contributed in perfecting an audio compression/decompression technique, which forms part of a worldwide standard i.e. the MPEG Audio coding/decoding technique and which is applied in Video Compact Discs and Video Compact Disc Players. This technique is subject to a larger Patent pool and is protected under Patent Laws in India and in many other countries. Thus the Plaintiff Company thus retains the right to license and sub-license the patents in the pool to the manufacturers of such Video Compact Discs and Video Compact Disc Players.*
>
> *xxx xxx xxx"*

87. The plaintiff has not been able to establish that the Master Discs used by the defendants use the system covered in the suit patent for compression of audio signal. This becomes all the more material since the plaintiff has admitted that replication does not, in any manner, pertain to the compression of information. Thus, when it is the clear case of the defendants that they had used the technology employed by the Singulus machine for replication, and in the light of the admission of the plaintiff that replication, as such, does not use the process of compression, the plaintiff has failed to establish any infringement on the part of the defendants, when it is not even established that the Master Discs, from which the defendants replicated VCDs, infringed the independent and broadest Claim 1 of the suit patent, in any manner.

88. It is settled law that if infringement of the independent claim is not proved, then the infringement *qua* the dependant claims of the suit patent cannot be established. In other words, infringement of dependant Claim 2, as alleged by the plaintiff, cannot be said to be established unless it is shown by the plaintiff that the defendants' product/system was covered by the independent Claim of the suit patent, i.e., Claim 1. Reference in this regard may be made to the judgment of the United States Court of Claims in ***Teledyne McCormick Selph Versus United States***[17], wherein, it has been observed as follows:

> *"xxx xxx xxx*
>
> *The patent in suit issued with 10 claims and Plaintiff charges Defendant with infringing all 10 claims. Moreover, claim 1, which follows, is the only independent Claim:*
>
> *xxx xxx xxx*
>
> ***It, of course, has long been established that a dependent claim, such as claims 2-10 of the Allen patent, cannot be infringed unless the***

[17] 558 F.2d 1000, 214 Ct.Cl. 672 (Fed. Cl. 1977) – Decision dated 08th July, 1977.

> ***accused device is also covered by the independent Claim, claim 1. Dresser Industries, Inc. v. United States, 432 F.2d 787, 193 Ct.Cl. 140, 167 USPQ 473 (1970). Since, as will be shown hereinbelow, the evidence of record conclusively establishes that the acts of Defendant do not infringe claim 1 of the patent in suit, no purpose is served by considering or reproducing dependent claims 2 through 10.***
>
> *xxx xxx xxx"*
>
> *(Emphasis supplied)*

***Plaintiff's Claim of Suit Patent being an SEP***

89. This brings us to the issue of SEP, as raised by the plaintiff to claim that ISO/IEC 11172-3, which defines the rules for compression and decompression of audio, is the standard upon which the suit patent is based. It is pertinent to note that no issue has been framed regarding the suit patent being an SEP. Nevertheless, this Court is considering the said issue on account of the vehement submissions of the plaintiff in that regard.

90. At this stage, it would be relevant to allude to the concept of SEPs. Elucidating upon the concept of 'Standard' and 'Essentiality' in respect of SEPs, ***Pratibha M. Singh on Patents Law***[18], has stated as under:

> *"xxx xxx xxx*
>
> ***WHAT ARE STANDARDS?***
>
> *16-002* ***Standards are parameters/features which are fixed with respect to a type of product. All products adhering to a standard have uniformity in basic functions, consistency in performance, possess minimum technical features, provide compatibility, and are interoperable****. Products which adhere to standards also have lower manufacturing costs as uniformity also increases the consumer base for such products. Even the costs for consumers to switch from one product to the other is easier, with standards. Standards are of two kinds, namely mandatory standards (also known as normative standards) and optional standards."*
>
> *e of two kinds, namely mandatory standards (also known as normative standards) and optional standards."*

[18] First Edition (2024), Volume 1, Thomas Reuters, Legal.

*xxx xxx xxx*

***WHAT IS A "STANDARD ESSENTIAL PATENT"?***

*16-014 Developers of technologies are not very many in number. They undertake continuous research in their respective fields and usually own a portfolio of patents which read on the standards.* ***In order to understand how to determine if an SEP is in fact part of the standard and essential to such standard, the process of fixing of standards needs to be understood. The SSOs seek presentations from various technology owners as to what are the features that ought to be included in the standard. Once a particular feature is identified, various owners make their respective presentations on how the feature should be incorporated into the standard. The manner in which such features get incorporated into the standard which are then implemented into the product is the process of standardisation. When two or more owners have made their respective presentations and the technology of one of the owners is accepted as part of a mandatory standard, the said company's role is acknowledged by the SSO in the development of the standard in a general manner.*** *The patent specification relating to the said feature can then be mapped onto the standard to argue that the said feature complies with the standard and hence the patent relating to the feature is an SEP.*

***HOW TO DETERMINE ESSENTIALITY AND INFRINGEMENT?***

*xxx xxx xxx*

*• Is testing required to establish Essentiality? – No testing would be required to establish the essential nature of a patent because, the process of standardisation is quite well-accepted globally.* ***There are many experts including persons from techno-legal background, who are able to map the contents of a specification to a standard*** *and after taking the additional factors set out above into consideration, are capable of giving an opinion as to the essential nature of a patent.* ***Moreover, whenever the technology of a particular owner is accepted to be part of a standard, the SSO's or other peer reviewed material which would be contemporaneously available would in most cases, acknowledge the contribution of the owner. The relevant trade and industry would, due to the widely accepted role of the owner of the technology, be fully aware of the contribution to the standard.*** *Thus, though several implementers tend to question the standard and essential nature of the patent, such a challenge is usually, to support the non-payment of royalty or to seek reduction in payment of royalty.* ***Though testing would not be required, the SSOs documentation at the time of preparation of the standard, the contemporaneous technical publications, the technical reports acknowledging the***

***owner's contribution, recognition given to the owner for the said contribution, along with mapping of the claims would clearly establish a patent is in fact a Standard Essential Patent. The strongest corroborative evidence of the standard and essential nature of the technology owned by the entity would be the large-scale licensing arrangements which the owner would have entered into with various implementers for the said technology.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

91. Likewise, the World Intellectual Property Organisation ("WIPO") website[19] defines SEP as:

*"xxx xxx xxx*

***A standard essential patent (SEP) is a patent that protects an invention essential to the implementation of a particular technology standard. These standards are critical for ensuring safety, interoperability and compatibility of different products and services made available by various companies.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

The website further clarifies:

*"xxx xxx xxx*

*Standards and SEPs*

*Technology standards can be complex.* ***Often, there are numerous SEPs that correspond to a particular standard. Some products may rely only on parts of a standard to carry out a certain function, and some others may implement multiple standards at once.*** *This is particularly the case in the field of information and communication technologies (ICT), where there is a greater need for interoperability.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

92. Furthermore, while discussing the concept of SEP, ***Terrell on the Law of Patents***[20], has stated as follows:

[19] Official website of WIPO - https://www.wipo.int/en/web/patents/topics/sep.
[20] Nineteenth Edition (2020), Thomson Reuters.

*"xxx xxx xxx*

***18-07***

*xxx xxx xxx*

*The key word in para.4.1 is* ***"essential". This is defined in para.15(6) of the IPR policy as:***

***"'ESSENTIAL' as applied to IPR means that it is not possible on technical (but not commercial) grounds, taking into account normal technical practice and the state of the art generally available at the time of standardization, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL."***

***Thus a patent is "essential" to a standard if it is not possible on technical grounds to comply with the standard without infringing the patent.*** *This is considered further below.*

*xxx xxx xxx*

*5.WHAT DOES ESSENTIAL MEAN?*

***18-40*** *The concept of essentiality is an important one in the context of FRAND* ***because it is the fact that a patent is essential in the first place which gives rise to the need to prevent a patent holder holding to ransom undertakings wishing to make, sell and use equipment in accordance with that standard.*** *The definition of the term ESSENTIAL in the currently applicable ETSI IPR Policy (para.15(6)) is set out above.* ***In summary the definition means that a patent is essential to a standard if it is not possible on technical grounds to comply with the standard without infringing the patent.*** *This simple definition is adequate in many circumstances but not all. Although this discussion will focus on the ETSI definition, the issues are likely to be inherent in any attempt to define what a patent essential to a standard is.*

*xxx xxx xxx*

***18-45 As stated above, the simple definition of essential (not possible to comply with the standard without infringement) is often adequate for all purposes but the scope of the concept of essentiality is not limited to that simple definition.*** *Many standards contain optional features. A patent may relate to that option. From a standard setting point of view, the SSO will want any patents on optional features to be subject to FRAND licences. However, by definition it will be possible to comply with the standard without implementing such options and so, by definition, a patent covering that option*

*cannot be one which has to be infringed in order to comply with the standard.* ***It is submitted that the better view is that a patent which covers an option expressly provided for in a standard is to be regarded as a standard essential patent****. The fact it is essential to an optional feature may well affect what a FRAND royalty rate would be for that patent (and other terms) but that is different question from whether it is subject to a FRAND obligation.*

*xxx xxx xxx*

***18-47*** *The current ETSI definition seeks to address a problem related to options in the last sentence of para.15(6) which starts with the words "for the avoidance of doubt" and "in exceptional cases".* ***This sentence provides that "where a STANDARD can only be implemented by technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL."****……..*

*xxx xxx xxx"*

*(Emphasis Supplied)*

93. Further on the concept of SEP, reference may also be made to the European Telecommunications Standards Institute (**"ETSI"**), which is a French association formed in 1988 and recognised as the SSO in the European Union telecommunications sector. The ETSI IPR Policy is a contractual document, governed by French law, which speaks of patents that are inevitably infringed by the sale, lease, use, operation, etc., of components complying with a standard as "Essential IPR". The relevant Article of the ETSI IPR Policy, for the understanding of the issue at hand, is reproduced as under:

*"**15. Definitions***

*xxx xxx xxx*

*6.* ***"ESSENTIAL"*** *as applied to IPR* ***means that it is not possible on technical (but not commercial) grounds****, taking into account normal technical practice and the state of the art generally available at the time of standardization****, to make, sell, lease, otherwise dispose of, repair, use or operate EQUIPMENT or METHODS which comply with a STANDARD without infringing that IPR. For the avoidance of doubt in exceptional cases where a STANDARD can only be implemented by***

***technical solutions, all of which are infringements of IPRs, all such IPRs shall be considered ESSENTIAL.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

94. The Division Bench of this Court in the case of ***Intex Technologies (India) Ltd. Versus Telefonaktiebolaget L.M. Ericsson (Publ)***[21], has defined SEP and laid down tests for infringement in an SEP matter. Thus, it has held as follows:

*"xxx xxx xxx*

***60.*** *Keeping in view the aforesaid as well as the fact that TRAI has directed telecommunication companies to comply with ETSI standards, this Court is of the view that* ***the term 'Essential' in the facts of the present case means that a patent is essential to a standard i.e. it is not possible on technical grounds to comply with the standard without infringing the patent. This Court is of the opinion that this simple definition is adequate in many circumstances like the present one but not all. Consequently, a Standard Essential Patent is "a patent claiming technology that is essential to an industry standard's use".***

***61.*** *Standard Essential Patents are treated differently from non-Standard Essential Patents-in at least in one respect i.e., the rights of a patentee in case of a Standard Essential Patents are circumscribed by its contractual commitment made to a SSO/SDO to make the patent available to all those who are willing licensees while the term of the patent is subsisting. Consequently, Intellectual Property Rights Policies of SDOs usually impose at least the following obligations on Standard Essential Patent holders:*

***(i) The duty to disclose relevant patents as being Standard Essential Patents.***
***(ii) The duty to make available the Standard Essential Patents to all those who are willing to use it, and not to withhold access.***
***(iii) The duty to offer licences to all willing licensees on FRAND terms.***

*xxx xxx xxx*

[21] 2023 SCC OnLine Del 1845.

***75.*** *The Delhi High Court's Rules Governing Patent Suits 2022 have formally recognized Standard Essential Patents and the different legal tests that are involved in their adjudication. Some of the Rules specific to Standard Essential Patents are reproduced hereinbelow:—*

*"**2. Definitions…***

***(e) 'Infringement brief -** '…. **In the case of Standard Essential Patents (SEPs), the infringement brief shall contain claim charts, mapping the patent claims to the standards, and the manner in which the Defendant infringes the same**'*

***(f) 'non-infringement brief** '…as also in the case of SEPs, the Defendant shall disclose whether its products comply with the standard or the alternate technology/patent being implemented by it. The said party is also free to furnish its own Claim construction brief or claim mapping, if it so chooses, to support the plea of non-infringement'*

***3. Contents of pleadings***

***A. Plaint -** The plaint in an infringement action shall, to the extent possible, include the following aspects:*

*(ix) "**Precise claims v. product (or process) chart mapping, or in the case of SEPs, claim chart mapping through standards**"*

***B. Written Statement-** The Written Statement in an infringement action shall, to the extent possible, include the following aspects:…..*

*(vi) If the Defendant raises a case of non-infringement, the products/process/technology being used by the Defendant would also be specified. Onus of proving infringement would, however, be in terms of Section 104A of the Act;*

***4. Documents to be filed by either party…***

***C Any other documents to be filed by either party…***

***(ii) Details of licensees, royalty, FRAND pricing (under sealed cover) may be filed.***

***5. First hearing of the suit**……*

*(v) Upon infringement being prima facie established, the court may pass directions for monetary payments instead of an injunction, in exceptional situations, and on such terms and conditions as the Court may deem fit"*

*xxx xxx xxx*

*WHAT IS THE TEST OF INFRINGEMENT IN A STANDARD ESSENTIAL PATENT MATTER?*

***92.*** *Since the SSOs do not check which patents are actually essential and the declarants do not provide any proof of essentiality, there is a possibility of a lot of blanket declarations being made which can be*

*misleading. Consequently, the test for infringement in the case of an unwilling licensee of a Standard Essential Patent would have to be satisfied at the prima facie stage.*

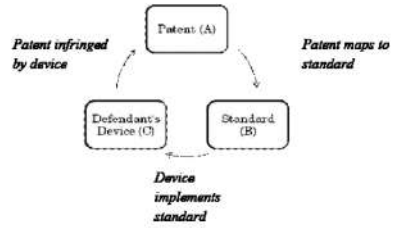
***93.*** *There is the direct test of infringement which is applied in all standard patent cases. The other is the indirect method which involves proving the following steps:*

***(i) Mapping patentee's patent to the standard to show that the patent is a Standard Essential Patent.***

*(ii) Showing that the implementer's device also maps to the standard.*

***94.*** *This is akin to the Law of Transitivity, i.e., if A=B and B=C, then A=C, where*

**A= Patent ; B = Standard ; C = Defendant's device**




***95.*** ***To show that the patent maps on to the standard (A=B), courts take into consideration "claim charts", which show that the claims of a patent are also present in the technical features of a standard.***

***96.*** *To show that the implementer's device conforms to the standard (B=C), courts can either consider authentic sources like test reports which show that the device conforms to the standard. However, this is not a necessary requirement, as most devices declare their compliance with a given standard. For instance, all mobile phones declare that they are 3G/4G/5G compliant.*

***97.*** *The indirect test for proving Standard Essential Patent infringement is decades' old. For instance, the US Court of Appeals for the Federal Circuit in Fujitsu Ltd. v. Netgear Inc., (620 F.32 1321) held:*

> *"We hold that a district court may rely on an industry standard in analysing infringement.* ***If a district court construes the claims and finds that the reach of the claims includes any device that practices a standard, then this can be sufficient for a finding of infringement****. We agree that claims should be compared to the accused product to determine infringement However,* ***if an accused product operates in accordance with a standard, then comparing the claims to that standard is the same as comparing the claims to the accused product."***

*xxx xxx xxx"*

*(Emphasis Supplied)*

95. It would also be apposite to refer to the judgment of the United States Court of Appeals for the Federal Circuit in the case of ***Fujitsu Limited and Others Versus Netgear Inc.***[22], wherein, the Court has laid down in categorical terms that claims ought to be construed and compared to the accused product to determine whether the same practices a standard in order to determine infringement. A patent owner must compare the claims to the accused products and prove that the accused products implement the standard. Thus, it has been held as follows:

> *"xxx xxx xxx*
>
> *We hold that a district court may rely on an industry standard in analyzing infringement.* ***If a district court construes the claims and finds that the reach of the claims includes any device that practices a standard, then this can be sufficient for a finding of infringement. We agree that claims should be compared to the accused product to determine infringement. However, if an accused product operates in accordance with a standard, then comparing the claims to that standard is the same as comparing the claims to the accused product. We accepted this approach in Dynacore where the court held a claim not infringed by comparing it to an industry standard rather than an accused product. An accused infringer is free to either prove that the claims do not cover all implementations of the standard or to prove that it does not practice the standard.***
>
> *xxx xxx xxx*
>
> ***We acknowledge, however, that in many instances, an industry standard does not provide the level of specificity required to establish that practicing that standard would always result in infringement****. Or, as with the '952 patent, the relevant section of the standard is optional, and standards compliance alone would not establish that the accused infringer chooses to implement the optional section.* ***In these instances, it is not sufficient for the patent owner to establish infringement by arguing that the product admittedly practices the standard, therefore it infringes. In these cases, the patent owner must compare the claims to the accused products or, if appropriate, prove that the accused products implement any relevant optional sections of the standard. This should alleviate any concern about the***

[22] 620 F.3d 1321 (Fed. Cir. 2010) – Decision dated 20th September, 2010.

***use of standard compliance in assessing patent infringement. Only in the situation where a patent covers every possible implementation of a standard will it be enough to prove infringement by showing standard compliance.***

*xxx xxx xxx*

*We agree with the district court that Philips failed to establish a genuine issue of material fact regarding direct infringement for all but the four models with corresponding customer service records.* ***Unless the claim language only requires the capacity to perform a particular claim element, we have held that it is not enough to simply show that a product is capable of infringement; the patent owner must show evidence of specific instances of direct infringement.*** *Intel Corp. v. U.S. Int'l Trade Comm'n, 946 F.2d 821, 832 (Fed. Cir. 1991) (holding that the claim term "programmable selection means" only required that the infringing product be capable of infringing); Acco Brands, Inc. v. ABA Locks Mfg. Co., 501 F.3d 1307, 1313 (Fed. Cir. 2007) (holding that the patent owner must show actual infringement, rather than just the capability to infringe).*

*The cases cited by Philips are distinguishable from the present case.* ***In Vita-Mix, there was expert testimony that certain testing and demonstrations conducted by the defendant constituted direct infringement. Id. at 1325. There is no equivalent testimony or evidence here, the manuals and expert testing only show that the products are capable of infringing, they do not provide evidence of direct infringement.*** *Further, Ricoh is distinguishable because it dealt with the presence of non infringing uses rather than direct infringement. These are two separate requirements for contributory infringement and Philips must establish both. We hold that Philips failed to establish a genuine issue of material fact regarding direct infringement for all but the four accused models identified by the district court as being the subject of the relevant customer service records.*
*xxx xxx xxx"*

*(Emphasis Supplied)*

96. In another case of ***Dynacore Holdings Corp. Versus U.S. Philips Corp.***[23]**,** the United States Court of Appeals for the Federal Circuit has discussed the steps for determination of patent infringement in reference to an SEP, in the following manner:

[23] 363 F.3d 1263 (Fed. Cir. 2004) – Decision dated 31st March, 2004.

*"xxx xxx xxx*

***A determination of patent infringement requires a two-step analysis. The court must first interpret the claims to determine their scope and meaning.*** *Cybor Corp. v. FAS Techs., Inc., 138 F.3d 1448, 1454 (Fed.Cir.1998) (en banc).* ***It must then compare the properly construed claims to the allegedly infringing device.*** *Id.* ***The first step, claim construction, is a matter of law*** *that we review de novo. Id. at 1451.* ***The second step is a factual question*** *that we review following a trial for clear error. Bai v. L & L Wings, Inc., 160 F.3d 1350, 1353 (Fed.Cir.1998). When conducting a de novo review of a district court's grant of summary judgment, however, we construe the facts in the light most favorable to the non-movant. Mazzari, 323 F.3d at 1005.* ***To prove infringement, the patentee must show that the accused device meets each claim limitation, either literally or under the doctrine of equivalents****. Deering, 347 F.3d at 1324. See also Cole v. Kimberly-Clark Corp., 102 F.3d 524, 532 (Fed.Cir.1996).*

*In order to prove vicarious liability for indirect infringement, a plaintiff who demonstrates direct infringement must also establish that the defendant possessed the requisite knowledge or intent to be held vicariously liable. Hewlett-Packard Co. v. Bausch & Lomb, 909 F.2d 1464, 1469 (Fed.Cir.1990); Moba v. Diamond Automation, 325 F.3d 1306, 1318 (Fed.Cir. [*1274] 2003).5 Determinations of knowledge or of intent relevant to patent law issues pose challenging factual determinations that we review after a trial to ascertain whether the trial court misapplied the law, made clearly erroneous findings of fact, or abused its discretion. See Molins PLC v. Textron, 48 F.3d 1172, 1182 (Fed.Cir.1995). When we review such factual determinations de novo following a summary judgment, we construe all facts in the light most favorable to the non-movant. Mazzari, 323 F.3d at 1005.*

*G. Claim Construction*

*Dynacore is collaterally estopped from challenging the Special Master's claim construction that we affirmed in Datapoint, 31 Fed.Appx. at 687. Del Mar Avionics, 836 F.2d at 1324.* ***The entire analysis of direct infringement therefore rests on the factual comparison of each of the claim limitations to the accused device****. See Bai, 160 F.3d 1350; Deering, 347 F.3d at 1324.*

*H. Vicarious Liability and Indirect Infringement*

***To prevail under a theory of indirect infringement, Dynacore must first prove that the defendants' actions led to direct infringement of the '732 Patent****. Met-Coil Sys. Corp. v. Korners Unlimited, Inc., 803 F.2d 684, 687 (Fed.Cir.1986). Dynacore's briefs evince confusion about how to demonstrate direct infringement as the first step towards*

*establishing a defendant's vicarious liability. Dynacore asserts, for example, that "[t]he district court's decision rests on one network configuration. That configuration is a non-optimum configuration where a common node may rest between enhanced nodes[.]" Appellant Br. at 39. Dynacore similarly complains that "[t]he district court disregarded a configuration where all nodes are enhanced or where the common node is at the end of the physical network." Id. at 39 n. 3.* ***Dynacore thus seeks to establish the defendants' broad vicarious liability by showing that a particular configuration of the defendants' products, compliant with the IEEE 1394 Standard, would directly infringe the '732 Patent. In other words, Dynacore alleges that a hypothetical direct infringement suffices to establish the defendants' broad vicarious liability across the entire category of IEEE 1394 compliant networks.***

*This argument conflates two distinct requirements for establishing vicarious liability for indirect infringement.* ***A defendant's liability for indirect infringement must relate to the identified instances of direct infringement.*** *Plaintiffs who identify individual acts of direct infringement must restrict their theories of vicarious liability — and tie their claims for damages or injunctive relief — to the identified act. See, e.g., Dow Chem. Co. v. Mee Indus., 341 F.3d 1370 (Fed.Cir.2003) (plaintiff alleged direct infringement of its method patent by defendant Florida Power Corp., and induced or contributory infringement by defendant Mee Industries, who supplied the equipment used in the direct infringement); RF Del., Inc. v. Pac. Keystone Techs., Inc., 326 F.3d 1255 (Fed. Cir.2003) (holding that if plaintiff could establish, on remand, that defendant's customers had used defendant's products to directly infringe plaintiff's method patent, defendant could be held liable for either inducement to infringe or contributory infringement). Plaintiffs who identify an entire category of infringers (e.g., the defendant's customers) may cast their theories of vicarious liability more broadly, and may consequently seek damages or injunctions across the entire category. See, e.g., Anton/Bauer, Inc. v. PAG, Ltd., 329 F.3d 1343 (Fed.Cir.2003) (plaintiff whose patent* ***[*1275]*** *covered a two-component system who sold the components separately alleged that the vendor of a single unpatented component was vicariously liable under either § 271(b) or (c) for direct infringement by consumers who assembled the patented system from one of the plaintiff's components and one of the defendant's components); Alloc, Inc. v. ITC, 342 F.3d 1361 (Fed.Cir.2003) (domestic producers filed an ultimately unsuccessful complaint under 19 U.S.C. § 1337 asserting that the importation of goods allegedly without a substantial non-infringing use constituted contributory infringement and/or inducement to infringe).*

*xxx xxx xxx*

***Of more direct relevance to Dynacore, however, was the Supreme Court's explanation that the statutory theories of indirect patent infringement, as developed through case law, "deny the patentee any right to control the distribution of unpatented articles unless they are unsuited for any commercial non-infringing use**," id. at 441, 104 S.Ct. 774 (citation omitted), **because the "sale of an article which though adapted to an infringing use is also adapted to other and lawful uses, is not enough to make the seller a[n indirect] infringer. Such a rule would block the wheels of commerce**." Id. at 442, 104 S.Ct. 774 (citations omitted).*

*The Sony standard for vicarious infringement liability, which the Supreme Court imported into copyright law from the narrow patent law reference to "a staple article or commodity of commerce suitable for substantial non-infringing use," 35 U.S.C. § 271(c) (emphasis added), remains a valid articulation of patent law even beyond staple articles and commodities: The mere sale of a product capable of substantial non-infringing uses does not constitute indirect infringement of a patent. See, e.g., Jansen, 342 F.3d at 1332; Anton/Bauer, 329 F.3d at 1349.*

***Dynacore must therefore either demonstrate that LANs compliant with the IEEE 1394 Standard necessarily infringe [*1276] the '732 Patent, or point to a specific instance of direct infringement and restrict its suit to liability stemming from that specific instance. We must therefore determine whether all LANs compliant with the IEEE 1394 Standard directly infringe the '732 Patent, or whether there may also be substantial non-infringing configurations of IEEE 1394 compliant networks. We do not reach the defendant's liability under § 271(b) or (c) if there are substantial non-infringing uses of the defendants' products and there is no evidence of active and willful inducement**.*

*xxx xxx xxx*

***There is nothing in the IEEE 1394 Standard implying that compliant networks will meet the "equal peers" limitation that is central to every claim in the '732 Patent.** To the contrary, the requirements of the IEEE 1394 Standard suggest that most if not all compliant networks will not meet the "equal peers" limitation. **Dynacore has not pointed to even a single network that both complies with the IEEE 1394 Standard and meets the "equal peers" limitation, nor has Dynacore presented anything other than speculation that such a network might actually exist. Dynacore has raised little other than "a theoretical possibility or `metaphysical doubt,' which is insufficient to create a genuine issue of material***

***fact**." Jansen, 342 F.3d at 1334 (citing Anderson, 477 U.S. at 261, 106 S.Ct. 2505; Matsushita Elec. Indus. Co. v. Zenith Radio Corp., 475 U.S. 574, 106 S.Ct. 1348, 89 L.Ed.2d 538 (1986)).*

***Dynacore's failure to prove direct infringement by any IEEE 1394 compliant network necessarily dooms its allegations of indirect infringement, because "[a]bsent direct infringement of the claims of a patent, there can be neither contributory infringement nor inducement of infringement." Met-Coil, 803 F.2d at 687. Dynacore therefore cannot even reach the question of the defendants' vicarious liability for indirect infringement because the defendants have shown that their products will allow LAN designers to configure a substantial number of non-infringing networks. We hold that the defendants are not liable for direct infringement of the '732 Patent because their products are not LANs with at least three connected devices, and are not vicariously liable for indirect infringement of the '732 Patent under either § 271(b) or § 271(c) because their products are all capable of substantial non-infringing uses.***

*Finally, Dynacore argues that the affidavits of its two experts, Kendyl Roman and Stephen Verderese, create a material factual dispute that renders summary **[*1278]** judgment inappropriate. As the district court noted, however, these experts contribute little other than a conclusory opinion that nodes that receive a meaningless "data prefix" signal stripped of message content actually "hear" the communication, thereby meeting the "equal peers" limitation. **It is well settled that an expert's unsupported conclusion on the ultimate issue of infringement is insufficient to raise a genuine issue of material fact, and that a party may not avoid that rule simply by framing the expert's conclusion as an assertion that a particular critical claim limitation is found in the accused device**. Arthur A. Collins, Inc. v. N. Telecom Ltd., 216 F.3d 1042, 1046 (Fed.Cir.2000); Zelinski v. Brunswick Corp., 185 F.3d 1311, 1317 (Fed.Cir.1999); Phillips Petroleum Co. v. Huntsman Polymers Corp., 157 F.3d 866, 876 (Fed. Cir.1998). **Dynacore's expert's opinions are precisely conclusory assertions, reached using words in ways that contradict their plain meaning, that a critical claim limitation is found in the accused device. The district court was correct in ruling that they did not create a material factual dispute for trial.** See, Arthur A. Collins, 216 F.3d at 1046. Summary judgment of non-infringement was fully warranted.*

*CONCLUSION*

***Because the district court correctly identified limitations inherent in the '732 Patent's parallel architecture that are not met in the IEEE***

***1394 Standard, we affirm its summary judgment of non-infringement***.

*xxx xxx xxx"*

*(Emphasis Supplied)*

97. In another case of ***Godo Kaisha IP Bridge 1 Versus TCL Communication Technology Holdings Limited and Others***[24], the United States Court of Appeals for the Federal Circuit has held that the fact that a patent's claims cover an industry standard, does not necessary establish that all standard-compliant devices implement the standard in the same way. Further, only where a patent covers mandatory aspects of a standard can infringement be proved by showing standard compliance, not otherwise. Thus, it has been held as follows:

*"xxx xxx xxx*

*……We recognized in Fujitsu that* ***the fact that a patent's claims cover an industry standard does not necessarily establish that all standard-compliant devices implement the standard in the same way. And we noted that an asserted patent claim might not cover all implementations of an industry standard. In such cases, we guided, infringement must be proven by comparing the claims to the accused products, or by proving that the accused devices "implement any relevant optional sections of the standard."*** *Id. at 1328. Thus,* ***Fujitsu teaches that where, but only where, a patent covers mandatory aspects of a standard, is it enough to prove infringement by showing standard compliance.***

*xxx xxx xxx*

*Determining standard-essentiality of patent claims during claim construction, moreover, hardly makes sense from a practical point of view.* ***Essentiality is, after all, a fact question about whether the claim elements read on to mandatory portions of a standard that standard-compliant devices must incorporate. This inquiry is more akin to an infringement analysis (comparing claim elements to an accused product) than to a claim construction analysis (focusing, to a large degree, on intrinsic evidence and saying what the claims mean)****. As we explained in Fujitsu, one way an accused infringer can successfully defeat allegations of*

[24] 967 F.3d 1380 (Fed. Cir. 2020) – Decision dated 04th August, 2020.

*infringement in the standard essential patent context, is by rebutting a patentee's assertion that its patents are essential to the standard. 620 F.3d at 1327. This statement would make no sense if claim construction were sufficient to resolve the question.*

*xxx xxx xxx"*

*(Emphasis Supplied)*

98. The factors relevant to determine the essentiality of a patent, as culled out from the aforementioned judgments, commentaries and other authorities, are delineated as follows:

I. Filing of claim mapping charts on record by the patentee, and mapping the claims of the suit patent to the international standard. Additionally, it has to be shown that the suit patent corresponds with the mandatory portions/implementations of the said standard.

II. Expert analysis/affidavit (technical reports) mapping the contents of a specification of the suit patent to the international standard, accompanied by a reasoned opinion affirming the essentiality thereof.

III. Large-scale licensing arrangements which the patentee would have entered into with various implementers for the patented technology.

IV. Prior correspondence between the parties, indicating acknowledgment or admission by the implementer regarding the essentiality of the suit patent *vis-à-vis* the relevant international standard.

V. Acceptance of role/contribution of the patentee of the technology by relevant trade and industry, including, SSO documentation at the time of preparation of the international standard

and the contemporaneous technical publications acknowledging the patentee's contribution to the international standard.

VI. Existence of corresponding international patents which have been formally recognized as 'essential' or have been issued with an essentiality certificate by the competent authority.

99. In the present case, the plaintiff has failed to establish the aforesaid principles/factors in order to prove its claim that the suit patent is an SEP. The plaintiff has merely averred that the suit patent corresponds to the ISO/IEC 11172-3 standard, which is mandatory to be used while replicating VCDs, thereby making the suit patent an SEP.

100. The plaintiff has attempted to map the Claims of the suit patent with the ISO/IEC 11172-3 standard, in the following manner:

**PHN 13.241 IN = IN patent 175971**

It should be noted that
(a) the Video CD specification, version 2.0 is identified below as D1, and that
(b) the ISO IEC specification 11172-3, version 1993 is identified below as D2

1. Claimchart on the Transmission System to address Record carriers:

| Content | Explanation |
|---|---|
| **Claim 1:**<br>A digital transmission system comprising a transmitter and a receiver, for transmitting a wide-band digital signal of a specific sample frequency $F_s$ for example a digital audio signal, via a transmission medium, and for receiving said signal, | The Video CD recording and reproducing system, in accordance with D1, which records a digital audio signal of a specific sampling frequency $F_s$ equal to 44.1 kHz, see D1, Chapter IV, Section IV.2-paragraph 2.2 and Section IV.3-paragraphs 3.2; 3.2.3 and 3.2.4, on a Video CD disk and reproduces the audio signal therefrom the Video CD recorder: the Video Mastering and Replication Equipment |
| the transmitter having an input terminal for receiving the wide-band digital signal, which input terminal is coupled to an input of | |
| a signal source which forms part of the transmitter and which is constructed for generating | the MPEG audio encoder |
| a second digital signal and supply said signal to an output, which second digital signal comprises | the MPEG encoded audio signal in accordance with D2 |
| consecutive frames, each frame comprising a plurality of information packets, each information packet comprising N bits, N being lager than 1, | the MPEG frames, see D2, p. 21/22, the said frames having a length equal to a number of slots, which slots are each 16 bits long |
| the receiver comprising a decoder having an input for receiving the second digital signal, which decoder has an output coupled to an output terminal to supply the wide-band digital signal, characterized in that if P in the formula<br>$P = BR \times n_s / N \times F_s$<br>is an integer, where BR is the bit rate of the second digital signal, and $n_s$ is the number of samples of the wideband digital signal whose corresponding information, which belongs to the second digital signal, is included in one frame of the second digital signal, the number of information packets B in one frame is P, and in that, if P is not an integer, the number of information packets in a number of the frame is P', P' being the next lower integer following P, and the number of information packets in the other frames is equal to P'+1 so as to exactly comply with the requirement that the average frame | the DVD Video reproducer provided with an MPEG decoder or decoding the MPEG encoded audio signal into a replica of the digital audio<br>see D2, p. 21/22, under "padding bit" |

| | |
|---|---|
| rate of the second digital signal should be substantially equal to $F_s/n_s$ | |
| and that a frame should comprise at least a first frame portion including synchronising information. | the MPEG audio frame, see D2, p. 20, par. 2.4.2.2 |
| **Claim 3:** A transmission system as claimed in Claim 1, wherein a frame comprises | |
| a first frame portion, a second frame portion and a third frame portion, the first frame portion further including system information and the second and the third frame portion including signal information. | see the Layer II format in D2, p. 75, figure C.3: the first frame portion includes the header, the second frame portion includes the bitallocation information and the third frame portion includes the samples. |

101. However, the aforesaid claim mapping chart filed by the plaintiff of its suit patent with the ISO/IEC 11172-3 standard, fails to show that all the essential elements of the suit patent are covered in the ISO/IEC 11172-3 standard or that the suit patent corresponds to the mandatory portions of the standard. The essential elements of the suit patent, i.e., a transmission system comprising a transmitter having an input terminal for receiving the wide-band digital signal and a receiver comprising a decoder having an input for receiving the second digital signal, which decoder has an output coupled to an output terminal to supply the wide-band digital signal, as constructed in the paragraphs hereinabove, are not identified or demonstrated in the ISO/IEC 11172-3 standard.

102. This Court notes that even though claim mapping was done by the plaintiff herein, it is fundamentally flawed as the same failed to identify or demonstrate the presence of all essential features of the suit patent in the defendants' product. Moreover, it is also to be noted that, in the present case, where the essentiality of the suit patent in respect of the ISO/IEC 11172-3 standard has not been accepted by the defendants, the plaintiff ought to have presented before this Court a standard essentiality report, prepared by an

independent expert, keeping in mind that the present suit is at a post-trial stage. The plaintiff has failed in this regard and has proceeded to rely only on its own claim mapping, as extracted hereinabove, which does not establish that the system claimed in the suit patent maps with the ISO/IEC 11172-3 standard. Thus, the plaintiff has failed to fulfil the basic requirement of establishing infringement of an SEP, in the absence of construction of the suit patent as per the claims and proper claim mapping.

103. Further, the plaintiff has not produced in evidence any voluntary FRAND declaration/terms to SSO. It is also to be noted that the plaintiff has relied upon certain documents, which are alleged to be standards to prove its case. The plaintiff has relied upon *Ex. P-1/43* and *Ex. P-1/44*, both of which are authored by the plaintiff and not by any independent body. It is to be further noted that none of the documents relied by the plaintiff refer to the suit patent or to a system having a 'transmitter' or 'receiver', characterized in the Claim 1, which are essential components of the suit patent.

104. Further, even the plaintiff's witness *PW1* could not identify where the system of the suit patent was described in the ISO/IEC 11172-3 standard. The relevant portion of the cross-examination of *PW1*, is reproduced as under:

> *"xxx xxx xxx*
>
> *Q.53 Have you seen the ISO/IEC 11172.3 standards specifications.*
>
> *A. Yes, I have seen.*
>
> *Q. 54 If you have seen the specifications please tell me whether this patent No. 175971 is mentioned in such specification.*
>
> *A. My answer is two fold. One, a standard is a technical specification and by that definition not a recital of patent numbers. Second, the technical content of the standard specification shows clearly the content of the patent so in that respect the Indian, patent 175971 has been cited in the standard specification.*

*xxx xxx xxx"*

105. Reference to the aforesaid cross-examination clearly exhibits the evasive reply given by the plaintiff's witness with regard to the ISO/IEC 11172-3 standard. The plaintiff has failed to show that the suit patent for a 'system' which consists of a specific 'transmitter' and 'receiver' arrangement/framework, is contained in the relevant standard, let alone mapping the suit patent to the standard.

106. The plaintiff has even failed to place on record any license agreement with regard to its suit patent being an SEP, as being claimed by the plaintiff. Rather, during cross-examination, upon being asked about such license agreements, it was answered that these licenses can be seen on the website of the plaintiff. The plaintiff failed to produce any single executed license agreement in this regard. The relevant portions from the cross-examination of *PW1* are reproduced as under:

> *"xxx xxx xxx*
>
> *Q.1 Have you placed any document on record of this case to show that the eleven companies mentioned in your paragraph 11 of the affidavit are the licensees of the plaintiff.*
>
> *Ans.* ***These licenses can be seen on the website of plaintiff****.*
>
> *Q.2 I again ask you that have you placed any document on record.*
>
> *Ans.* ***Since these licenses are visible by entire world that is why we did not put any document on record****.*
>
> *xxx xxx xxx*
>
> *Q. 18 Is it correct that you have not placed on record any document to show as to what royalty rates the plaintiffs are charging worldwide or from any Indian company?*
>
> *Ans. IN my affidavit I have referred to letters sent to the defendant Exhibit P1/19 where clearly royalty rates have been disclosed for VCD disks and where clearly the statement has been made that the royalty rate is not negotiable and the standard rate are applicable to all concerned meaning to all licensees worldwide.* ***IN addition, the***

***<u>whole world can see the plaintiff applied these royalty rates on a non-discriminatory basis worldwide as shown on Philips Licensing website</u>***.

*xxx xxx xxx"*

*(Emphasis Supplied)*

107. The plaintiff has argued that the defendants have not filed a single document in support of their argument that the suit patent is not an SEP. Thus, as per the plaintiff, on this ground alone the entire defence is baseless and the validity of the suit patent is admitted. In this regard, it is to be noted that the fact that the defendants did not challenge the validity of the suit patent has no bearing on the present case, as the validity of the suit patent is not even an issue before this Court. The defendants have, at no point of time, challenged the validity of the suit patent. The issue before this Court is with regard to infringement of the suit patent by the defendants, which the plaintiff has failed to prove.

108. The fact, that the defendants did not lead any evidence, cannot inure to the benefit of the plaintiff in any manner. The burden to establish the alleged infringement was on the plaintiff and the plaintiff cannot attempt to draw any advantage from the weakness in the evidence adduced on the side of the defendants. (***See: Arumugam Rajendra Babu Versus Ashok Leyland Limited and Ors.***[25]*)*

109. It is manifest from the aforesaid discussion that the plaintiff has failed to establish as to how the suit patent corresponds to the mandatory portions of the ISO/IEC 11172-3 standard, and in what manner. Further, the plaintiff has not claimed monopoly over the process of compression of information in the VCD. Except bald averments that the audio packed on defendants' VCD

[25] MANU/TN/6663/2024 – Para 65.

is as per the ISO/IEC 11172-3 standard, it has not been established by the plaintiff that the data/information packed on the Master Discs, used by the defendants for replication, was as per the aforesaid standard. Thus, the essentiality of the suit patent has not been proved or established by the plaintiff.

110. This Court notes that in a claim of infringement of an SEP, the factum of infringement can also be established by way of 'Indirect Method'. In the present case, the plaintiff has attempted to do so. However, having held that the plaintiff has failed to establish the essentiality of its suit patent, the factum of infringement was required to be proved by the 'Direct Method' or by way of 'Doctrine of Equivalents'.

111. As this Court has already addressed hereinabove that the plaintiff has neither constructed nor mapped its claims onto the product of the defendants, therefore, the plaintiff has not been able to show literal infringement by use of the 'Direct Method' as well.

112. As regards the 'Doctrine of Equivalents', the Supreme Court of United Kingdom in the case of ***Actavis UK Ltd. Versus Eli Lilly and Co.***[26], has held as under:

> *"xxx xxx xxx*
>
> *66. ... While the language of some or all of the questions may sometimes have to be adapted to apply more aptly to the specific facts of a particular case, the three reformulated questions are as follows:*
>
> *(i) Notwithstanding that it is not within the literal meaning of the relevant claim(s) of the patent,* ***does the variant achieve substantially the same result in substantially the same way as the invention*** *i.e. the inventive concept revealed by the patent?*
>
> *(ii) Would it be obvious to the person skilled in the art, reading the patent at the priority date, but knowing that the variant achieves*

[26] [2017] Bus LR 1731 : [2018] All ER 171 : [2017] UKSC 48.

*substantially the same result as the invention,* ***that it does so in substantially the same way as the invention****?*

*(iii) Would such a reader of the patent have concluded that the patentee nonetheless intended that strict compliance with the literal meaning of the relevant claims of the patent was an essential requirement of the invention?*

***In order to establish infringement in a case where there is no literal infringement, a patentee would have to establish that the answer to the first two questions was 'yes' and that the answer to the third question was 'no'."***

*xxx xxx xxx"*

*(Emphasis Supplied)*

113. It is apparent that though the plaintiff has shown that the data packed on the VCD, i.e., the end result, is 'substantially similar', however, it has not been able to show that the said data was packed in a 'substantially similar' way, i.e., as per the system claimed in the suit patent. Thus, the factum of infringement by the defendants has not been established by the plaintiff, in any manner.

***Prior Correspondence between the Parties***

114. As regards the aspect of prior correspondence between the parties, the plaintiff cannot seek to take any advantage of the said correspondence between the parties, as the same cannot be considered as admissible evidence, to show any kind of admission on the part of the defendants. While the plaint is based on a single patent, each and every letter addressed by the plaintiff talks about 'Philips Patents', indicating that there are several patents and not one particular patent, as asserted in the plaint. This Court takes note of the submission made on behalf of the defendants that since the plaintiff represented its patents as being 'essential patents', the defendants *bonafidely* and without prejudice entered into negotiations with the plaintiff. It is the

categorical stand of the defendants that they entered into negotiations 'without prejudice' to their rights and contentions based on the representations made by the plaintiff that its patents are 'essential patents' and the entire correspondence took place in relation to a pool of 'Philips Patents'.

115. It is the case of the plaintiff that the defendants have not used the expression 'without prejudice' in their correspondence with the plaintiff. In this regard, it is to be noted that the Courts have consistently held that even if the word 'without prejudice' is not written, the intention of negotiation correspondence is always 'without prejudice'. Reference in this regard may be made to the judgment of Division Bench of this Court in ***Sonia Magu and Others Versus Commissioner of Income-tax***[27], wherein, it has been held as follows:

> *"xxx xxx xxx*
>
> ***12.*** *A conjoint reading of these two notes clearly demonstrates that the assessee maintained her stand that she had been able to account for the entire jewellery including the source thereof. Notwithstanding the same only with a desire to buy peace and avoid litigation, she had offered 20 per cent. of the excess jewellery i.e., a sum of Rs. 4,59,200. This offer was thus conditional. She would have paid the tax on the aforesaid amount had the Assessing Officer accepted the offer thereby giving a quietus to the matter. Instead as pointed above, the Assessing Officer ignored this offer and proceeded to deal with the matter on the merits and fastened the liability of much higher amount upon the assessee. In these circumstances, the assessee was constrained to take up the matter in detail. She maintained her stand that she had proper explanation for the purchase of the aforesaid jewellery. Her stand was vindicated inasmuch as the Commissioner of Income-tax (Appeals) accepted her explanation in respect of the entire jewellery valued at Rs. 22,96,000. Once the assessee was able to duly explain the source of purchase of the entire disputed jewellery, we are of the opinion that the Commissioner of Income-tax (Appeals) committed an error in falling back on the conditional offer given by the assessee before the*

[27] 2009 SCC OnLine Del 2366.

> *Assessing Officer along with the return in Form 2B.* ***From the language of the offer given, it is clear that it was a without prejudice offer and was not in the nature of "admission on the basis of which she could be fastened with the liability which otherwise did not exceed". The provisions of section 23 of the Indian Evidence Act would clearly be applicable in such a case. This section reads as under:***
>
> > ***"23. Admission in civil cases, when relevant.—In civil cases no admission is relevant, if it is made either upon an express condition that evidence of it is not to be given, or under circumstances from which the court can infer that the parties agreed together that evidence of it should not be given."***
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

116. It is also to be noted that the correspondence between the parties took place between June, 2001, to February, 2004, with a total exchange of 16 letters, between the parties. Of these, 11 letters were addressed by the plaintiff and 5 letters were addressed by the defendants. However, none of the letters written by the plaintiff disclose any patent numbers or details relating to the kind of patents held by the plaintiff.

117. Further, the contention of the plaintiff that in their letter dated 18th December, 2003, *Ex. P1/18*, the defendants have admitted that the patents of the plaintiff are essential patents, cannot be accepted. The said letter by the defendants was in reply to letter dated 12th December, 2003, *Ex. P1/17*, written by the plaintiff to the defendants, wherein, the plaintiff had asserted the requirement of taking the relevant patent license from the plaintiff. Therefore, mere reference by the defendants to the patents of the plaintiff as 'essential', as per the claim of the plaintiff, does not in any manner indicate any admission on part of the defendants that the suit patent asserted by the plaintiff, was an SEP. This fact assumes more importance in view of the fact that the plaintiff did not mention any particular patent in its correspondence

and always referred to 'Philips Patents'. In the absence of any particular patent being referred by the plaintiff, specifically the suit patent, and in the absence of any clear correspondence in that regard, no admission can be presumed in favour of the plaintiff and against the defendants.

118. In this regard, reference may be made to the judgment in the case of ***Peacock Plywood (P) Ltd. Versus Oriental Insurance Co. Ltd.***[28], wherein, adjudging that correspondence will be protected by 'without prejudice' privilege, if it is written for the purpose of settling the dispute, it was held as under:

> *"xxx xxx xxx*
>
> ***43.*** *In Phipson on Evidence, 16th Edn., pp. 655-57, it is stated:*
>
> *"Without prejudice privilege is seen as a form of privilege and usually treated as such. It does not, however, have the same attributes as the law of privilege. Privilege can be waived at the behest of the party entitled to the privilege. Without prejudice privilege can only normally be waived with the consent of both parties to the correspondence. Whilst the rule in privilege is 'once privileged, always privileged', the rule for without prejudice is less straightforward, and at least in three-party cases, this will not always be the position. A third distinction is that in the three-party situation, which is not governed by contract, without prejudice documents are only protected in circumstances where a public policy justification can be provided, namely, where the issue is whether admissions were made. That is not a principle applicable in the law of privilege. Fourthly, whereas legal professional privilege is a substantive right, without prejudice privilege is generally a rule of admissibility, either based on a contractual or implied contractual right, or on public policy. This may have consequences relevant to proper law issues. Finally, if a party comes into possession of a privileged document, subject to equitable relief for breach of confidence, there is no reason why he should not use it and it will be admissible in evidence. But, the mere fact that a party has a without prejudice document does not entitle him to use it without the consent of the other party.*
>
> *(c) When is correspondence treated as within the rule?*

[28] (2006) 12 SCC 673.

***The first question is to determine what communications attract without prejudice privilege. The second stage is to consider when the court will, nevertheless, admit such communications***.

***Correspondence will only be protected by without prejudice privilege if it is written for the purpose of a genuine attempt to compromise a dispute between the parties. It is not a precondition that the correspondence bears the heading without prejudice. If it is clear from the surrounding circumstances that the parties were seeking to compromise the action, evidence of the content of those negotiations will, as a general rule, not be admissible.*** *The converse is that there are some circumstances in which the words are used but where the documents do not attract without prejudice privilege. This may be because although the words without prejudice were used, the negotiations were not for the purpose of a genuine attempt to settle the dispute. The most obvious cases are first, where the party writing was not involved in genuine settlement negotiations, and secondly, where although the words were used, they were used in circumstances which had nothing to do with negotiations. Surveyors' reports, for example, are sometimes headed without prejudice, although they have nothing to do with negotiations. The third case is, where the words are used in a completely different sense. Thus, in Council of Peterborough v. Mancetter Developments, the documentation was admissible because in context the words meant 'without prejudice to an alternative right and without concession to the other application' and had nothing to do with settlement.*

*There are circumstances in which the correspondence is initiated with a view to settlement but the parties do not intend that the correspondence should be without prejudice. It may be that the parties positively want any subsequent court to see the correspondence and always had in mind that it should be open correspondence. It may be a nice point whether negotiations at which no one mentioned the words 'without prejudice' should be admitted in evidence: for example at an early meeting between the parties when the dispute first developed. There is no easy rule here.* ***On the other hand, even when a letter is sent as the 'opening shot' in negotiations, and is not preceded by any previous correspondence, it may be without prejudice. There are authorities in both directions on this and it will depend on the facts.***

*It has been said that if one is seeking to change the basis of the correspondence from without prejudice to open it is incumbent on that person to make the change clear, although that may be more a pointer than a rule. There is no reason why every letter for which without prejudice is claimed should contain an offer or consideration of an offer, so long as the without prejudice correspondence is part of a body of negotiation correspondence."*

*without prejudice is claimed should contain an offer or consideration of an offer, so long as the without prejudice correspondence is part of a body of negotiation correspondence."*

*xxx xxx xxx"*

*(Emphasis Supplied)*

119. Similarly, holding that a mere suggestion for the purpose of arriving at a settlement cannot be considered to be an admission, in the case of ***UTO Nederland B.V. and Another Versus Tilaknagar Industries Ltd.***[29], it was held as follows:

*"xxx xxx xxx*

*65. Dr. Tulzapurkar's reliance on a letter dated 2nd/3rd April 2007 which purports to record what transpired at a meeting between the parties is of no assistance either.* ***These meetings were also held in the course of negotiations between the parties. Thus, the mere fact that it is recorded that at the meeting the defendant came up with a proposal to buy the brands for a fair compensation cannot be considered an admission on the defendant's part that it was not the proprietor of the marks.*** *It is important to note that in the said letter dated 15th December, 2003, and another letter dated 9th June, 2005, the defendant had expressly asserted its title to the said marks. In the communication dated 9th June, 2005, the defendant stated that it was the proprietor of the said marks in India and had generated goodwill therein. The defendant had also made an application for registration of the marks in its name by this time.* ***The suggestion to buy the brands was, therefore, obviously only for the purpose of arriving at a settlement and cannot be considered to be an admission that the defendant had no title to the marks.***

*xxx xxx xxx"*

*(Emphasis Supplied)*

120. Likewise, ruling that the parties are often willing to make admissions for the purpose of affecting a compromise, to which it would be unfair to hold them if the compromise falls through, in the case of ***Sri Bauribandhu***

[29] 2011 SCC OnLine Bom 2127.

***Mohanty and Another Versus Sri Suresh Chandra Mohanty and Others***[30], it was held as follows:

> *"xxx xxx xxx*
>
> ***10.*** *The Opposite Parties have relied on a decision the Division Bench of the Allahabad High Court in the case of Shib Charan Das v. Gulabchand Chhotey Lal AIR 1936 All 157, wherein the High Court has held thus (at page 158):*
>
> > *"xx xx xx.* ***Negotiations were being conducted with a view to settlement, and that being so, we are bound to hold that these negotiations were conducted 'without prejudice'. In such circumstances it is not open for one of the parties to give evidence of an admission made by another. If negotiations are to result in a settlement each side must give away a certain amount. If one of the parties offers to take something less than what he later claims he is legally entitled, such must not be used against him; otherwise could not make offers during negotiations with a view to a settlement.*** *xx xx"*
>
> *The same view was taken by the High Court of Oudh in the case of Kuar Nageshar Sahai v. Shiam Bahadur, AIR 1922 Oudh 231, where a Division Bench of the Court held follows (at page 234):*
>
> > *"xx xx xx.* ***Parties often willing to make admissions for the purpose of effecting a compromise to which it would be unfair to hold them if the compromise falls through.*** *xx xx xx"*
>
> *A similar view was also taken in the case of Smt. Surjit Kaur v. Gurcharan Singh, AIR 1973 Punjab & Haryana 18, in which the Court held thus (at page 19):*
>
> > *"xx xx xx. In any case, this letter, admittedly, was written during the period when the compromise talks going on. The inference drawn by the learned Judge from all these circumstances was that the letter was written at a time when the parties had agreed that no evidence would be given regarding it. That being so, the case will be covered by the second condition laid down in Section 23, quoted above, and as such, the husband could claim privilege regarding the same.* ***It has been ruled in a Bench decision of the Allahabad High Court in Shibcharan Das v. Firm, Gulabchand Chhotey Lal, AIR 1936 All 157, that where negotiations were being***

[30] 1991 SCC OnLine Ori 69.

> ***conducted with a view to a settlement, it should be held that those negotiations were so conducted without prejudice."***
>
> *From this it follows that where the compromise is not binding on the parties, any recital is of no much value as evidence. The parties are often willing to make admissions for the purpose of affecting a compromise to which it would be unfair to hold them if the compromise falls through.*
>
> ***11. In view of the above discussions, there is no doubt in my mind that the statements made in the compromise petition even if treated as valid admissions, were not intended to be treated as evidence by any of the parties because of failure of the compromise petition.*** *In view of this both the orders dated 9-8-89 and 19-8-89 passed by the learned trial Court in the suit rejecting the petitions for recalling P.W. 7 and D.W. 5 for the purpose of getting the compromise petition exhibited and for getting the admissions on the record, as evidence being contrary to Section 23 of the Act, it justified.*
>
> *In the result, the Civil Revisions Nos. 889 and 890 of 1989 are dismissed, but in the circumstances, there shall be no order as to costs.*
>
> *xxx xxx xxx"*
>
> *(Emphasis Supplied)*

121. Thus, it is clear that the defendants never approached the plaintiff to seek a license. On the contrary, the plaintiff approached the defendants for a license, as is evident from the series of correspondence between the parties. Further, as is evident from the correspondence on record, the defendants were never informed which specific patent or patents was/were being offered to be licensed by the plaintiff.

122. The plaintiff's reliance on the judgment in the case of ***Koninklijke Philips N.V. Versus MAJ (RETD) Sukesh Behl and Another***[31], is not applicable to the facts and circumstances of the present case and does not assist the plaintiff in any manner. The entire analysis and reasoning in the said judgment rests on the fact that the suit patent therein covered a process

[31] 2025 SCC OnLine Del 1121.

along with the record carrier obtained from the process. However, in the present case, as noted above, the suit patent covers a digital transmission system, which is not a method/process patent, and does not cover the resultant VCD.

***Conclusion – Issue Nos. 4, 5 & 6***

123. In view of the aforesaid detailed discussion, it is clear that the 'Digital Transmission System' covered in the suit patent is not present/part of the replication process employed by the defendants to make VCDs. The plaintiff has not been able to establish infringement by the defendants. The mapping of the Claims of the suit patent to the ISO/IEC 11172-3 standard done by the plaintiff is flawed, as the same does not identify which mandatory portions of the said standard necessitate the use of the suit patent. In the absence of even bare evidence to prove infringement, the suit has to necessarily fail.

124. Accordingly, Issue Nos. 4 to 6, are decided in the aforesaid terms.

***Issue No. 7 - Whether the plaintiff is entitled to claim Rs. 20 lakhs as damages as claimed by it -- O.P.P.***

125. Since the plaintiff has failed to prove infringement by the defendants, the plaintiff is not entitled to any damages.

***Issue No. 8 - To what other relief, if any, is the plaintiff entitled.***

126. In view of the overall conspectus of the discussion and findings given hereinabove, and the fact that the plaintiff has failed to establish any infringement by the defendants, the plaintiff is not entitled to any relief.

**CONCLUSION**

127. This Court notes the order dated 10th January, 2012, passed in *CCP No. 135/2004,* wherein, the Court had observed that the submissions made therein by the plaintiff on the aspect of contempt by the defendants as

alleged by the plaintiff, would be taken into consideration at the time of final disposal of the present suit. Considering the discussion hereinabove, no directions are required to be passed in that regard.

128. The present suit is without any merit, and is accordingly, dismissed.

**MINI PUSHKARNA**
**(JUDGE)**

**OCTOBER 13, 2025**
Kr/Sk