



KATHER · AUGENSTEIN
RECHTSANWÄLTE

Munich Regional Court I
7th Civil Chamber
7 O 14091/19
Final judgement 25.05.2022

Tenor

- I. The Defendant is ordered,
 1. to avoid an administrative fine of up to EUR 250,000 for each infringement, or alternatively up to 6 months' administrative detention or up to 6 months' administrative detention, or in the case of a repeat offence up to 2 years' imprisonment, with the administrative detention
 - a) EVS-enabled mobile phones
to offer, place on the market and/or use, or to import and/or possess for the aforementioned purposes, mobile telephones in the Federal Republic of Germany [...];
(direct infringement claim 10)
 - b) EVS-enabled mobile phones
to offer and/or supplying for use in the Federal Republic of Germany to third parties who are not entitled to use the teaching of the patent in suit in the Federal Republic of Germany,
which are set up to do so [...];
(indirect infringement claim 29)
 2. to provide the Plaintiff with information as to the extent to which the Defendant has committed the acts referred to above since 27 September 2019, indicating
 - a) the names and addresses of manufacturers, suppliers and other previous owners,
 - b) the names and addresses of the professional buyers and the points of sale for which the products were intended,
 - c) the quantity of products delivered, received or ordered and the prices paid for the products concerned,
 3. rendering an account the Plaintiff in chronological order, of the extent to which the Defendant has committed the acts referred to in point I.1 since 27 September 2019, specifying:
 - a) the individual deliveries, broken down by delivery quantities, times, prices and type designations as well as the names and addresses of the customers,



- b) of the individual offers, broken down by offer quantities, times, prices and type designations as well as the names and addresses of the offerees,
- c) the advertising carried out, broken down by advertising medium, its circulation, distribution period and distribution area as well as, in the case of internet advertising, the internet addresses, the placement periods and the access figures,
- d) of the prime costs broken down by the individual cost factors and the profit generated,

whereby the Defendant reserves the right, at its discretion, to disclose the names and addresses of the non-commercial purchasers and the offerees instead of the Plaintiff to a certified public accountant domiciled in the Federal Republic of Germany to be designated by the Plaintiff, who is bound to secrecy vis-à-vis the Plaintiff, provided that the defendant bears their costs and authorises and obliges him to inform the Plaintiff upon specific request whether a certain delivery or a certain purchaser or offeree is included in the list;

- 4. to recall the products referred to in point I.1 a) above which have been in the possession of commercial costumers since 27 September 2019;
 - 5. to destroy the products in the direct or indirect possession or ownership of the Defendant in the Federal Republic of Germany in accordance with item I. 1 a), or to hand them over to a bailiff to be commissioned by the Plaintiff for the purpose of destruction at the expense of the Defendant;
- II. It is hereby determined that the Defendant is obliged to compensate the Plaintiff for all damage which they have suffered and will suffer as a result of the acts referred to in point I.1. committed since 27 September 2019.

III. The action is dismissed in all other respects.

IV. The Defendant shall bear the costs of the proceedings.

V. The judgment is provisionally enforceable against security in the amount of

uniformly € 700,000 for items I. 1., I. 4. and I. 5,

uniformly €50,000 for sections I.2 and I.3 and - 110% of the respective amount to be enforced for section IV. Order The amount in dispute is finally set at € 150,000.00 for the period until the extension of the action of 19 February 2021 and at € 850,000.00 for the period thereafter.



Facts:

The Plaintiff is the registered proprietor of the German part of the European patent EP 619 B1, Exhibits WKS (A) 1 and WKS (A) 2, (hereinafter: patent in suit) and claims the Defendant for direct and indirect patent infringement. XZ Corporation has declared the patent in suit to the standard-setting organisation ETSI as standard essential for the EVS standard (TS 26.455) and has made a corresponding FRAND declaration.

The patent in suit was filed on October 24, 2007 and claims the priority of the US application US ...P of 24 October 2006. The notice of grant of the patent was published on March 22, 2017. Claims 10 and 29 of the patent in suit read as follows in the English original:

[...]

The plaintiff attacks the UMTS (3G)- and LTE (4G)-capable mobile terminals offered and distributed by the Defendant in Germany, which have implemented a coder for the "Codes for Enhanced Voice Services (EVS)" (hereinafter: EVS coder).

[...]

The parties have so far unsuccessfully negotiated a licensing of the Plaintiff's patent portfolio, which includes the patent in suit. On May 8, 2020, the Defendant provided the Plaintiff with information about the mobile phones sold in Germany in the period from July 1, 2018 to February 2020 and the turnover achieved with them, and deposited an amount of ... EURO with the Mannheim District Court. In its written statement of June 28, 2021, the Defendant also provided information on the number of mobile telephones sold and the turnover achieved with them for the period from January 1, 2021 to May 31, 2021.

By decision of the Chamber of September 09, 2021 in proceedings 7 O 15350/19, the Defendant was ordered to cease and desist from marketing the mobile phones at issue due to infringement of the Plaintiff's patent EP 443 B1, inter alia.

By action dated September 10, 2019, received by the court on September 11, 2019, the Plaintiff first requested,



[...]

The 4th Senate of the Federal Patent Court issued a qualified notification on October 14, 2021 and another legal notification on March 09 , 2022. [...]

[...]

The Defendant requests,

[...]

The Defendant considers the asserted injunctive relief to be disproportionate, as individual patents from the portfolio were about to expire and as a whole only covered a small area of a larger whole.

In addition, it raises the antitrust compulsory license objection because the Plaintiff is abusing its dominant position. Among other things, the Plaintiff is acting in breach of FRAND because they refuse to grant the Defendant, who is willing to take a licence, a licence for the mobile telephones it sells, since the licence offer first sent by the Plaintiff does not cover any of the products sold by the Defendant. Moreover, the licence rates demanded in the various licence offers were evidently excessive and, in particular, the licence offer of October 25, 2019 contained clauses that were incompatible with a licence offer that satisfied FRAND requirements. The Defendant, on the other hand, was prepared to conclude a licence on FRAND terms. For further details, please refer to the grounds for the decision.

Moreover, the patent in suit was obviously not legally valid. [...]

The Plaintiff replies to this,

[...]

Grounds for decision:

The admissible action is quite predominantly substantiated. The FRAND objection raised by the Defendant does not succeed. The proceedings are not to be stayed,

A.



The action is admissible. [...]

B.

The Plaintiff has the right to sue as the registered patent proprietor. [...]

C.

I.

The patent in suit relates to devices (coding device) and a method for coding transition frames and frames after a transition in speech signals. [...]

II.

[...]

III.

The EVS standard and the attacked devices make use of the subject-matter of claim 10 and claim 29 of the patent in suit as narrowly asserted. [...]

[...]

The claim for injunctive relief is not disproportionate. Due to the special circumstances of the individual case and the requirement of good faith, the Defendant's claim for an injunction does not lead to disproportionate hardship not justified by the exclusive right, Section [139 \(1\)](#), sentence 3 German Patent Act.

In the statement of grounds to the draft amendment of Section [139 \(1\)](#) German Patent Act, the legislator emphasised that the explicit consideration of the principle of proportionality in Section [139 \(1\)](#) German Patent Act must not lead to a devaluation of patent rights. Continued strong injunctive relief was indispensable for the enforcement of patents for German industry. The new regulation therefore provides that the limitation of the injunction is restricted to exceptional cases ("Sicherheitsventil ") of an absolutely unacceptable disadvantage for the alleged infringer. The cease-and-desist order is to remain a strong weapon in patent law, which must be granted in the case of



infringement in principle and irrespective of fault (cf. in this respect BeckOK PatR/Pitz German Patent Act § 139 para. [90](#) f/90 g).

The objection under Section [139](#) (1) sentence 3 German Patent Act, which is not to be taken into account ex officio, requires a weighing of interests in which all circumstances of the individual case must be taken into account as well as the requirements of good faith.

In the necessary balancing of interests, the interests of the right holder must be taken into account on the one hand. In particular, it must be taken into account that the right holder usually needs the threat of injunctive relief in order to induce possible users of the invention to enter into licensing negotiations at all. On the other hand, there are the interests of the infringer. He must live with the normal consequences of the exclusive right. The fact alone that a claim for injunctive relief causes considerable conversion costs and, in extreme cases, can even endanger the existence of a business and jobs, is not in itself decisive. The objection of disproportionality can only be successful if the negative consequences of the injunction are exceptionally high due to special circumstances of the individual case. In this context, it may be significant that the infringer has made extensive investments in the development and production of a product, which cannot be amortised in the case of an injunction and which are completely disproportionate to the request for an injunction (Ohly/Stierle, Unverhältnismäßigkeit, Injunction Gap und Geheimnisschutz im Prozess, GRUR 2021, [1229](#)).

Furthermore, it may have to be taken into account whether the patent proprietor is a NonPractising Entity and has a primary interest in monetising the patent, whether alternative non-patent solutions are lacking, whether the value of the invention is completely disproportionate to possible damage by immediate omission, whether complex products are involved which are covered by many patents if only some of them are infringed, and whether the subject matter of the infringement concerns only a small but functionally essential component of a complex device which cannot be replaced in a reasonable time.

Accordingly, despite the Defendant's objection that individual patents from the portfolio were about to expire and that the patents as a whole only covered a small area of a larger totality (cf. Protocol of 29 April 2022), the Chamber is convinced that a limitation of the injunctive relief is not justified.

Taking into account the interests of both parties, the Chamber cannot see that the enforcement of the injunctive relief would lead to disproportionate, unjustified hardship. The consequences of a claim for



injunctive relief do not go beyond the normal consequences of the exclusive right for the Defendant. In this respect, the Defendant itself submitted that it had not sold any EVS-capable devices in Germany for two months and had found a workaround. The fact that the negative consequences of the obligation to cease and desist for the Defendant in the concrete individual case are therefore extraordinarily high due to special circumstances of the individual case is therefore not evident already on the basis of the Defendant's own submission.

2.

[...]

E.

The antitrust compulsory licence objection raised by the Defendant is not valid for lack of willingness to take a licence.

I.

A dominant patent proprietor who has undertaken vis-à-vis a standardisation organisation to grant licences on FRAND terms cannot only abuse his market power by refusing to conclude a corresponding licence agreement with an infringer who is willing to take a licence and claiming against him an action for injunction, recall and Removal from distribution channels or for destruction of infringing products. Rather, an abuse may also be present if the patent proprietor is to be blamed for not having made sufficient efforts to fulfil the special responsibility associated with the dominant position and to make it possible for an infringer who is basically willing to take a licence to conclude a licence agreement on reasonable terms (BGH, judgement of 24.11.2020 - [KZR 35/17](#) - FRAND-Einwand II, GRUR 2021, [585](#) para. [53](#)).

In both cases, the action is abusive because - and only because - the infringer who is willing to take a licence has a claim that the patent proprietor contractually allows him to use the protected technical teaching on FRAND terms. An abuse of the dominant position of a patent proprietor does not, in principle, result from contractual terms offered by the patent proprietor before or at the beginning of negotiations as such, which, if contractually agreed, would unfairly hinder or discriminate against the licensee. Rather, the abuse of market power only follows from the refusal of a requested access to the invention per se or from unreasonable conditions for a requested access, from which the patent



proprietor is not prepared to deviate even at the end of negotiations, i.e. the refusal to offer the licensee seeking the conclusion of a licence agreement on FRAND terms, as a result of a negotiation process, those fair, reasonable and non-discriminatory contractual terms and conditions which the licensee can claim and to which it, for its part, is prepared to conclude with the patent proprietor (BGH, loc. cit, para. 54).

1.

It follows from the obligation to refrain from such abuse and the special responsibility of the dominant patent proprietor that he must first draw the infringer's attention to the infringement of the patent in suit if the latter is (possibly) not aware of making unlawful use of the teaching of the standard-essential patent by implementing a technical solution required by the standard (BGH, loc. cit. para. 55; ECJ, WRP 2015, [1080](#) paras. [60-62](#) - Huawei/ZTE).

2.

Further duties of conduct on the part of the dominant patent proprietor arise only and only if the user of the protected technical teaching expresses his will to conclude a licence agreement on FRAND terms (BGH, loc. cit, para. 56; ECJ, WRP 2015, [1080](#) para. [63](#) - Huawei/ZTE) by clearly and unambiguously declaring its willingness to enter into a licence agreement with the patent proprietor on reasonable and non-discriminatory terms and subsequently participating in the licence negotiations in a targeted manner (BGH, loc. cit., para. 57).

a)

For this purpose, the infringer, for his part, must clearly and unambiguously declare his willingness to enter into a licence agreement with the patent proprietor on reasonable and non-discriminatory terms, because the licence readiness of the infringer is of fundamental importance, because the patent proprietor must only grant a FRAND licence to a user of the invention who is willing to do so and can only grant such a licence at all (BGH, loc.cit. para.59).

A conditional declaration of willingness to take a licence is insufficient in this context, because a conditional willingness to take a licence cannot lead to an unconditional conclusion of a contract; however, the patent proprietor is only obliged to do so (BGH loc. cit., para. 95).



It is also not sufficient that the infringer expresses its willingness to license once, because the abuse of market power arises from the dominant undertaking's refusal to fulfil the claim of a company of the opposite market party to lawful access to the invention and to grant a licence on FRAND terms for this purpose. Abusive conduct on the part of the patent proprietor is therefore only present if he does not comply with the infringer's continuing request to conclude a contract on FRAND terms, because the continuing licence readiness is a sine qua non of successful licence negotiations and thus also of the accusation of abuse of market power against the patent proprietor if they fail (BGH, loc. cit., paras. 66, 68).

Moreover, it is not sufficient for the infringer's licence readiness to be established that a serious and final refusal by the infringer to conclude a licence agreement on FRAND terms cannot be established. This is because the "delaying tactic", which the infringer may not engage in, typically consists precisely in not simply rejecting a licence agreement on FRAND terms, but rather in ostensibly striving for it, but in pushing back the finding of an appropriate solution in detail or at least postponing it as long as possible (BGH, loc.cit. para. 67).

The licence readiness of the infringer continues to be relevant even if the patent proprietor has made a licence offer to the infringer (BGH, loc. cit., para. 69), because the offer of the patent proprietor is not the end point but the starting point of the licence negotiations (BGH, loc. cit., para. 70).

b)

In addition, the infringer must also purposefully cooperate in the licensing negotiations. This cooperation is the indispensable counterpart to requiring the patent proprietor to accept the infringement of the patent in suit as long as the infringer, for his part, makes the efforts that are required and possible and reasonable under the given circumstances to conclude a licence agreement on FRAND terms in order to be able to continue to use the patented teaching on this basis. The decisive factor for assessing whether the party has taken the necessary, possible and reasonable measures is what a reasonable party interested in the successful conclusion of the negotiations in a manner that is in the interests of both parties would do to actively promote this plan at a certain stage of the negotiations (BGH, loc. cit., para. 57).

(1)



The negotiation steps of parties interested in concluding a contract build on each other. A obligation to advance therefore always exists if and to the extent that the next negotiating step is to be expected according to business practice and the principles of good faith. The requirements to be placed on the obligation to advance must be considered in each individual case and are not subject to a general definition (BGH, loc. cit., para. 68).

If, however, one party has initially failed to cooperate as required in the conclusion of a licence agreement on FRAND terms, this is generally to their expense. Depending on the circumstances, they may be obliged to compensate for the omissions as far as possible. This corresponds to the usual practice of persons interested in concluding a contract who, in the event of a delayed reaction to a corresponding offer to negotiate, must normally expect that the other party is no longer interested in concluding a contract (BGH, loc. cit. as above).

If the user who has been made aware of the infringement has failed over a longer period of time to express his interest in a licence agreement on FRAND terms, he must therefore be expected to make additional efforts to help ensure that, notwithstanding this failure, a corresponding licence agreement can be concluded as soon as possible (BGH, loc. cit. as above).

(2)

If the patent proprietor has made an offer to the infringer who is willing to take a licence or who is not yet willing to take a licence, even if it does not meet the requirements of FRAND conditions in all respects, it is incumbent on the infringer to respond to the patent proprietor's offer with diligence, in accordance with accepted business practices in the field and in good faith, which is to be determined on the basis of objective factors and implies, inter alia, that no delaying tactics are being pursued (ECJ, WRP 2015, [1080](#) para. [65](#) - Huawei/ZTE). The assessment of whether a delaying tactic is being pursued, which is to be made on the basis of objective aspects, is thus also to be made on the basis of the infringer's reaction to the offer, and is thus not limited to the declaration of the desire to license. The statement of a wish to license or of a willingness to negotiate does not say anything about whether this statement is meant seriously. Rather, it can also be the result of a delaying tactic by the patent user, which must not be accepted in order to protect the patent proprietor and the competition between the patent users. Therefore, the infringer's further conduct must be taken into account. Accordingly, delaying tactics can be considered in particular - but not exclusively - if the patent user does not react to the patent proprietor's explanations within a reasonable period of time, in particular if he rejects the



patent proprietor's offer, but nevertheless fails to make a concrete counter-offer in writing within a short period of time that complies with FRAND conditions. This is the reason why the infringer cannot rely on the abusive nature of an injunction or recall action in this case (ECJ, WRP 2015, [1080](#) para. [66](#) - Huawei/ZTE). The same applies if the infringer continues to use the patent despite the rejection of its counter-offer, but fails to provide adequate security in accordance with accepted practice in the relevant field (BGH, loc. cit., para. 77; ECJ, WRP 2015, [1080](#) para. [67](#) - Huawei/ZTE).

cc)

However, if the infringer has not expressed any willingness and has not shown the unconditional will to conclude a licence agreement with the Plaintiff on FRAND terms, the patent proprietor has not abused their dominant position either by bringing the action or by pursuing the claims. The licence conditions offered by the patent proprietor at that time are irrelevant. A fortiori, the content of subsequent contractual offers is irrelevant in this respect (BGH, loc. cit., para. 107).

II.

According to these principles, the Plaintiff did not abuse their dominant position, which the Chamber assumed in favour of the Defendant.

1.

In this respect, it can be left open whether the Plaintiff - about which there are considerable doubts based on the Defendant's submission that they have found a workaround - holds a dominant position and whether the FRAND declaration submitted by XZ Corporation also binds the Plaintiff does not need to be decided in the present case, as the Chamber is convinced that the Defendant is not willing to take a licence within the meaning of the principles outlined above (see below under 3).

2.

As the Chamber has already ruled in proceedings 7 O 15350/19, the Plaintiff fulfilled their obligation to give the Defendant sufficient notice of the infringement of the patent in suit before extending the action for injunction, recall and destruction.

a)



Such notification shall draw the infringer's attention to the infringement and the possibility and necessity of taking a licence. It is sufficient in this respect that the patent is designated and the specific act of infringement is indicated. The latter requires the designation of the type of infringing act as well as the attacked devices. Detailed technical or legal explanations of the allegation of infringement are not required; the infringer must only be enabled - if necessary with expert assistance or by obtaining legal advice - to form a picture of the justification of the allegation of patent infringement (BGH, WRP 2020, [1194](#) para. [86](#) et seq. - FRAND Einwand).

b)

Contrary to the defendant's view, the Plaintiff had already sufficiently pointed out the infringement of the patent in suit before filing the action for information, rendering of accounts and damages by letters dated August 21, 2019 and September 16, 2019.

(1)

The letter of August 21, 2019 satisfies the requirements of an infringement notice, because the Defendant is made aware of the possibility and necessity of a licence name by this letter and the reference to the Plaintiff's homepage. In addition, the Defendant is informed about the patents considered to be infringed and that a patent infringement occurs through the use of the EVS standard.

By letter of 21 August 2019, the Plaintiff "invited" the Defendant's parent company (hereinafter uniformly: Defendant) to learn more about the licensing opportunities regarding its patent portfolio essential for the EVS standard and pointed out that 14 patent families of the portfolio had been classified by independent examiners as standard essential for the EVS standard. In addition, the Plaintiff informed the Defendant that further information could be found on the Plaintiff's homepage and that it would be possible to obtain further information on the licensing conditions offered after concluding a non-disclosure agreement (Exhibit WKS KAR 1).

On the Plaintiff's homepage, there was a list of the patents classified as standard essentials in the patent portfolio of the Plaintiff or its parent company (hereinafter uniformly: Plaintiff). Via a link, the declaration of the International Patent Evaluation Consortium (hereinafter: IPEC declaration) on the standard essentiality of the respective patent could be accessed for each of these listed patents, explaining in each case which claims of the respective patent were standard essential for the EVS



standard and from which sections of the EVS standard this resulted (cf. for the patent in suit Exhibit WKS KAR 2.1).

On its homepage, the Plaintiff also indicated that they were willing to license its EVS patent portfolio on fair, reasonable and non-discriminatory ("fair, reasonable and non-discriminatory") terms and made model license agreements available for download.

Insofar as the Defendant is of the opinion that the Plaintiff's letter of August 21, 2019 does not constitute sufficient information for the Defendant about the infringement and the possibility and necessity of taking out a licence, as the abstract reference to the Plaintiff's homepage is not sufficient, they fail to recognise that the Plaintiff's letter, even if it is kept polite in tone, as is usual in business dealings, clearly indicates that the Plaintiff is of the opinion that the Defendant infringes the patents of the EVS patent portfolio, at least in part, by implementing the EVS standard. In this respect, the general reference that there is further information on the Plaintiff's homepage is sufficient, since it is obvious to the objective recipient that this information relates to the accusation of patent infringement addressed by the Plaintiff. An additional or clearer reference to the information on the homepage was therefore not necessary.

The Defendant's view that it could not be inferred from the Plaintiff's cover letter which specific act was regarded as infringing the patent is also incorrect. The reference to the standard essentiality of the EVS patent portfolio for the EVS standard shows that the Plaintiff regards the implementation of the EVS standard in the Defendant's devices as an infringing act.

(2)

For the above reasons, the Plaintiff's letter of September 16, 2019, which is identical in content, is also a sufficient infringement notice within the meaning of the above case law.

c)

In addition, the Defendant was specifically made aware of the infringement of the patent in suit at any rate with the service of the action for information rendering of accounts and damages on November 27, 2019 before the action was also extended to injunction, recall and destruction (Plaintiff's written statement of 19 February 2021).



3.

The Chamber is convinced that the Defendant lacked the necessary licensing willingness both in the period before the action was extended to include claims for injunctive relief, recall and destruction in the written statement of February 19, 2021 and in the period thereafter. The Chamber is unable to establish that the Defendant was and is outwardly recognisably willing to conclude a licence agreement with the Plaintiff on "whatever terms are in fact FRAND". The Defendant did not submit the required unconditional declaration of willingness to license in due time, nor did it subsequently participate in the licensing negotiations in a targeted manner, as required by the Federal Court of Justice in its judgment of November 24, 2020 (BGH, loc. cit., para. 57).

In the absence of the Defendant's willingness to take a licence, the Plaintiff was therefore not subject to any further duties of conduct. Whether the Plaintiff's licence offers comply with FRAND conditions is therefore irrelevant for the present decision (BGH, loc. cit., para. 56, 107). Irrespective of this, the Chamber can state in the present case that the Plaintiff's last offer is not unacceptable per se. In any case, as the comparison with the submitted settlement agreements shows, it is a suitable starting point for reaching a licence agreement between willing parties to a licence agreement in the course of negotiations.

a)

The Defendant - as the Chamber has already found in proceedings 7 O 15350/19 - neither expressed their unconditional and unequivocal willingness nor showed an unconditional will to conclude a licence agreement with the Plaintiff on FRAND terms prior to the extension of the action to include the claims for injunction, recall and destruction, which took place on 19 February 2021.

(1)

The Defendant failed - despite the Plaintiff's infringement notice - to state clearly and unconditionally that it was willing to take a licence and to enter into a licence agreement with the Plaintiff on "whatever terms are in fact FRAND" before extending the action on February 19, 2021 to include the claims for injunction, recall and destruction relevant here.

(a)



Contrary to the Defendant's view, a corresponding statement cannot be inferred from the letter of November 26, 2019 (Exhibit HRM K 3), because in this letter the Defendant does state that they are willing to protect the intellectual property of third parties and to conclude a licence agreement on FRAND terms, but only if the Plaintiff's patents are legally valid and the claims derived from the patents are enforceable in court ("Therefore, we remain and will remain willing to take licenses on (F)RAND terms to any of your patents that are: (...) valid and enforceable"). Furthermore, the Defendant limited their licensing willingness to patents that were essential to standards supported by the Defendant's products.

From the point of view of an objective recipient, this statement by the Defendant must be understood to mean that the Defendant was only prepared to conclude a licence agreement for the patents in the Plaintiff's patent portfolio whose validity and infringement by the Defendant are undisputed between the parties or have been established in court. Thus, the Defendant's statement is to be understood, on the one hand, as meaning that they are not prepared to conclude a licence agreement for the patent portfolio offered by the Plaintiff to the extent offered, but only with regard to certain (selected) patents that meet the criteria it has established. Secondly, it can be inferred from the Defendant's statement that the Defendant is not prepared to conclude a licence agreement on FRAND terms until the validity of the patents in the Plaintiff's patent portfolio and the question of whether it infringes the asserted patents have been clarified by mutual agreement or in court. That the Defendant, on the other hand, was clearly absolutely prepared to conclude a licence agreement on FRAND terms and merely wished to reserve the right to have legal assistance or infringement of the patents judicially reviewed cannot, however, be inferred from its statement.

Thus, the conditional declaration of willingness to license declared by the Defendant is insufficient (BGH, WRP 2020, [1194](#) para. [96](#) - FRAND Einwand). Although the patent infringer is free to challenge the validity of the patents to be licensed or to contest or reserve the right to use them, this does not change the fact that the user of a patent, if he is not its owner, must in principle obtain a licence before each use and acts at his own risk if he believes that he can waive this due to lack of validity or infringement. A conditional licensing willingness cannot lead to an unconditional conclusion of a contract; however, the patent proprietor is only obliged to do so (BGH, judgement of [24.11.2020](#) - FRAND-Einwand II -, juris).

(b)



The Defendant's letter of March 17, 2020 (Exhibit HRM K 10), in which they submitted a licence counter-offer to the Plaintiff, also does not clearly state that the Defendant is absolutely willing to conclude a licence agreement. Although the Defendant emphasises that they are still willing to conclude a licence agreement on FRAND terms, they restricted this in turn to the effect that the prerequisite for this is that the patents are legally valid, standard essential and the claims derived from them are enforceable by legal action ("YYY remains willing to take a licence on FRAND terms to any XZ patents that are valid, actually essential and enforceable").

(c)

The Defendant's own licence offer of March 17, 2020 (Exhibit HRM K 10), which they sent with the letter of March 17, 2020, does not change this either. Although the licence offer is not formally limited to patents that are legally valid, standard-essential and infringed, it cannot be inferred from this licence offer that the Defendant is necessarily willing to conclude a licence agreement with the Plaintiff on "whatever terms are in fact FRAND". Rather, the cover letter sent with the licence offer and the restrictions made there indicate that the Defendant is only willing to (exclusively) conclude the licence agreement sent. In view of the fact that, as a rule, there is not one licence agreement that satisfies the FRAND conditions, but a bandwidth of possible adequate solutions (BGH, loc. cit., para. 70), it cannot be inferred from the sending of this licence agreement together with the covering letter of the same day that the Defendant is in principle prepared to conclude a licence agreement on FRAND conditions that deviates from its licence offer. Such willingness would, however, be a basic prerequisite for the negotiation of a licence agreement between two contracting parties willing to take a licence, the terms of which correspond to FRAND requirements.

(d)

The Defendant's letter of August 17, 2020 (Exhibit WKS KAR 6) does not contain an unconditional and unambiguous declaration of willingness to take a licence. It is true that the Defendant reaffirms its intention to adhere to the licence offer of March 17, 2020 and again declares its willingness to conclude a licence agreement on FRAND terms. Nevertheless, they restricted this to patents that are standard-essential, legally valid and enforceable in court.

(e)



The same applies to the email from the Defendant's managing director dated September 30, 2020 (Exhibit WKS KAR 8). In this email, too - in accordance with the previous statements - only a conditional license readiness of the Defendant is stated.

(f)

The email of the Defendant's managing director of November 11, 2020 (Exhibit WKS KAR 9) also does not clearly indicate an unconditional wish for licensing. In this letter, the Defendant also states that it is only prepared to conclude a licence agreement on FRAND terms with regard to the relevant standard-essential patents and refers to the offer of March 17, 2020. However, the Defendant thus clearly expresses that they are still only prepared to conclude a licence agreement on the terms set out in the letter of March 17, 2020 and is still not prepared to negotiate the conclusion of an unconditional licence agreement without reservations.

(2)

Irrespective of the lack of a declaration of willingness to take a licence, the Defendant did not sufficiently express their will to conclude a licence agreement on FRAND terms and did not fulfil their obligation to advance negotiations before extending the action to include the relevant claims of injunction, recall and destruction. As the Federal Court of Justice stated in its decision FRAND-Einwand II (para. 68), the infringer - in addition to the clear and unconditional expression of licensing willingness - is obliged to participate in the licensing negotiations in a targeted manner, whereby the decisive factor for assessing whether the party has taken the required, possible and reasonable measures is what a reasonable party interested in the successful conclusion of the negotiations in a manner that is in the interests of both parties would do to actively promote this plan at a certain stage of the negotiations.

However, the Chamber is not convinced by the Defendant's conduct that they were prepared to cooperate purposefully in the licensing negotiations before extending the action for injunction, recall and destruction. Rather, the Chamber assesses the Defendant's conduct as an attempt to delay the negotiation process. This is because the Defendant neither reacted to the infringement notices of August 21, 2019 and September 16, 2019 in a reasonable time, nor to the plaintiff's various licence offers in a sufficient manner, and also otherwise failed to take the necessary measures to purposefully promote the conclusion of a licence agreement.



(a)

The Defendant did not initially respond at all to the Plaintiff's infringement notices of 20 August 2019 and 16 September 2019. Rather, the Defendant did not take a negative position on the infringement notices until the email of 26 November 2019 (Exhibit HRM K 3), i.e. almost two months after receipt of the first infringement notice, but only after the Plaintiff had proactively and overobligingly submitted a licence offer for a current licence fee to the Plaintiff through its legal representative by letter of 25 October 2019 and set a deadline for acceptance of this licence offer until 5 December 2019.

In terms of content, the Defendant's email of November 26, 2019 also failed to take all the required, possible and reasonable measures that would have been expected of a reasonable party interested in a successful conclusion of the negotiations in the interests of both parties. It is true that the Defendant has expressed their conditional willingness to conclude a licence agreement on FRAND terms and have both emphasised their interest in negotiating the conclusion of a licence agreement and invited the Plaintiff to a first meeting. But they have emphasised that they are only willing to conclude a non-disclosure agreement. In view of the fact that the Defendant had already sent a draft non-disclosure agreement to the Plaintiff a month earlier by letter of 25 Oktober 2019 (see Exhibit HRM K 2.1), it would, however, have been expected and reasonable that the Defendant would either sign the non-disclosure agreement sent or notify the Plaintiff of specific requests for changes by 26 November 2019. This would have allowed the negotiations to continue. The mere statement of wanting to sign a non-disclosure agreement does not promote the progress of the negotiations if a draft non-disclosure agreement is already available.

(b)

The Defendant also failed to respond to the Plaintiff's offer of 25 October 2019 within a reasonable time, as it failed to submit a written counter-offer within a short period of time.

The Federal Supreme Court left open which period of time meets the requirements of a short period of time within the meaning of the case law of the Federal Supreme Court. Instead, the Federal Supreme Court emphasised that the negotiating parties' duties of conduct defy a general definition. Nevertheless, the Chamber is convinced that a counter-offer almost five months after the patent proprietor's offer was sent is no longer made within the short period of time required by the Federal Court of Justice, especially if - as in the present case - the licence rate calculated by the Defendant



depends on only a few factors. In this context, the Chamber does not fail to recognise that the preparation of a counteroffer may take a certain amount of time, since the information and data required for this, e.g. the number of devices sold that make use of the EVS standard, must first be collected or procured from an infringer who has not yet taken care of the patent situation, and the text of the agreement must be drafted and agreed. If, as in the present case, the calculation of the counteroffer depends only on an estimated total licence burden of the device to be licensed in each case, an estimated portion of the total licence burden of the 4G functionality and the portion of the patent portfolio in the total number of patents designated as standard essential, and if the licence agreement is essentially a "standard agreement", it does not seem comprehensible that the drafting of the counteroffer takes almost five months. In the Chamber's view, it must be taken into account in particular that it is incumbent on the infringer to remedy the unlawful condition of the patent infringement as quickly as possible. Accordingly, the Federal Court of Justice also ruled in its FRAND Einwand - II decision that the assumption of dilatory tactics can be considered in particular if the patent user do not react to the patent proprietor's explanations within a reasonable period of time or if he rejects the patent proprietor's offer but nevertheless fail to make a concrete counter-offer in writing within a short period of time that complies with FRAND conditions (BGH, loc.cit., para.71). Thus, the written counter-offer submitted only on March 17, 2020, i.e. almost five months after the Plaintiff's offer was sent, was no longer made within the short period required by the Federal Court of Justice.

The question of whether this counter-offer complies with FRAND conditions is no longer relevant. However, in view of the licence agreements concluded by the Plaintiff in the meantime, the Chamber has considerable doubts as to whether the counter-offer made by the Defendant complies with FRAND conditions.

(c)

In the Chamber's view, a sufficient licensing willingness on the part of the Defendant also does not result from the fact that the Defendant, after the Plaintiff had rejected the Defendant's offer of March 17, 2020 by letter of May 6, 2020 (Exhibit HRM K 11), the Defendant provided the Plaintiff with information on the attacked devices sold only in Germany in accordance with the meanwhile annulled instructions of the Regional Court Munich I on the handling of the antitrust compulsory license objection despite a global counteroffer and deposited an amount only for Germany in the amount of ... € with the District Court Mannheim (Exhibit HRM K 12). This is because the Defendant did not respond within a reasonable period of time to the Plaintiff's two new licence offers (ongoing licence



payments and lump sum licence), which the Plaintiff sent with the rejection of the counter-offer on May 6, 2020, nor to the Plaintiff's offer to inspect the licence agreements concluded with third parties in the meantime following the conclusion of a non-disclosure agreement.

Only in a letter dated June 26, 2020, i.e. only eight months after the Plaintiff had sent the first non-disclosure agreement (letter dated October 25, 2019), and more than seven weeks after the Plaintiff had again pointed out that it was possible - after concluding a non-disclosure agreement - to inspect the licence agreements concluded with third parties, did the Defendant send the Plaintiff requests for amendments to the non-disclosure agreement. This does not correspond to the negotiating behaviour of a reasonable party interested in concluding a licence agreement on FRAND terms. Rather, the Chamber is convinced that this behaviour again shows that the Defendant is trying to drag out the negotiation process and are not themselves actively helping to speed up the process. This is also shown by the fact that only four days after being informed of the change requests, the parties were able to agree on a modified non-disclosure agreement and conclude it under June 03, 2020/July 03, 2020. Had the Defendant, as would have been expected of a reasonable contracting party, communicated its amendment requests to the Plaintiff immediately after the non-disclosure agreement was sent in October 2019, the Defendant would have had the opportunity to inspect the licence agreements concluded by the Plaintiff much earlier. That the Defendant, on the other hand, was not interested in a speedy progress of the negotiations is also clear from the fact that they took a further two weeks and a request from the Plaintiff before the Defendant informed the Plaintiff of the persons to be appointed to inspect the licence agreements.

The Defendant also failed to respond within a reasonable period of time to the new licence offers sent by the Plaintiff on 6 May 2020, in particular the offer to conclude a blanket licence. For, as already explained, due to the Defendant's sluggish conduct of negotiations, it took more than two months until the Plaintiff were able to submit to the Defendant the licence agreements they had concluded with third parties under July 15, 2020 (Exhibit HRM K 17). Nevertheless, the Defendant needed another month to comment on the Plaintiff's licence offers of June 05, 2020 on August 17, 2020.

In view of the fact that the Defendant had neither made a clear and unconditional declaration of willingness to license nor had it sufficiently cooperated in the progress of the negotiations between the parties, a period of three months for the rejection of a further offer by the Plaintiff no longer appears to be reasonably prompt. If one party initially failed to cooperate as required in the conclusion of a



licence agreement on FRAND terms, it may be required to compensate for the omissions as far as possible (BGH, loc. cit.).

Furthermore, it cannot be inferred from the Defendant's letter of August 17, 2020 (Exhibit WKS KAR 6) that the Defendant is necessarily willing to take a licence, because although it deals in detail with the licence agreements concluded by the Plaintiff with third parties and shows why these licence agreements are not transferable to the Defendant, they failed to make constructive proposals for the conclusion of a licence agreement - which it would have been obliged to do to compensate for its previous hesitant behaviour. Instead, it merely referred to the licence offer it had already made under March 17, 2020 for a current licence payment.

In addition, the Defendant explained for the first time in its letter of August 17, 2020 the reasons why the clauses on the products to be licensed in the Plaintiff's licence offer of October 25, 2019 were not acceptable to it. The Chamber is convinced that this also shows that the Defendant was not interested in purposefully bringing about the conclusion of a licence agreement. In the Chamber's view, it is not usual practice between negotiating parties to keep the other party in the dark for more than eight months as to why individual wordings of the draft agreement submitted by the other party needed to be corrected. Instead, requests for changes and criticism of the other party's draft licence agreement must be made without delay.

Insofar as the Defendant is of the opinion that it had already rejected the Plaintiff's licence offer of May 6, 2020 with the undated letter submitted as Exhibit HRM K 12, the Chamber does not follow this view. The Plaintiff's offer of May 6, 2020 is not the subject of this letter. Rather, the Defendant refers to their own letter of March 17, 2020 and provides information on the sales figures of the attacked device in Germany and explains the amount of the security deposit paid for this. Irrespective of this, however, this is also irrelevant, because the Defendant should in any case not have left it at rejecting the offer, but should have dealt with the offer in a timely manner and taken further targeted steps towards concluding a licence agreement. However, it again failed to do so (cf. above).

(d)

The Chamber is convinced that the Defendant also subsequently lacked the necessary will to conclude a licence agreement on FRAND terms.



After the parties had spoken to each other on October 14, 2020 and the Defendant had expressed its interest in concluding a blanket licence (cf. Exhibit WKS KAR 12, para. 4), the Defendant did provide the Plaintiff with the necessary information on the business development and geographical distribution of the sales of the attacked device by e-mail of 30 October 2020 (Exhibit WKS KAR 9), whereupon the Plaintiff - in accordance with the Plaintiff's wish - submitted a new offer to the Defendant on November 03, 2020 for the conclusion of a blanket licence. However, although this offer, which was based on the data submitted by the Defendant to the Plaintiff, was significantly lower than the Plaintiff's previous lump sum offer, the Defendant rejected this offer in an e-mail from the Defendant's managing director dated November 11, 2020 on the grounds that they were now no longer interested in concluding a lump sum licence, but rather in a licence with ongoing licence payments (Exhibit WKS KAR 9). This behaviour of the Defendant also shows once again that they were not interested in the swift conclusion of a licence on FRAND terms, but rather only attempted to delay the conclusion of a licence agreement in which a licence with ongoing licence payments was requested without justification instead of a lump sum licence.

(3)

All in all, the Chamber is therefore not convinced that the Defendant was materially willing to take a licence before the action was extended to include the claims for injunction, recall and destruction relevant here on February 19, 2021.

b)

The Defendant has neither timely expressed its unconditional and unequivocal willingness nor shown the unconditional will to conclude a licence agreement with the Plaintiff on FRAND terms even after the claim was extended on February 19, 2021 to include the claims for injunction, recall and destruction.

(1)

Even after the action was extended on February 19, 2021 to include the relevant claims for injunction, recall and destruction, the Defendant failed to declare in a timely, unequivocal and unconditional manner that they were willing to take a licence and to enter into a licence agreement with the plaintiff on "whatever terms are in fact FRAND".



(a)

Insofar as the Defendant claims to have made an offer for a one-off payment of USD ... on March 26, 2021 at the oral hearing on a parallel dispute between the parties before the Regional Court Mannheim, this does not mean that it has thereby also unconditionally and unambiguously declared its willingness to conclude a licence agreement on FRAND terms. Against the background that regularly not only a concrete licence agreement offer complies with FRAND conditions, it cannot be inferred from the Defendant's concrete licence offer that they are generally prepared to conclude a licence agreement on possibly deviating FRAND conditions. Moreover, the Defendant's offer only corresponds to a fraction of the Plaintiff's offer due to the choice of a different reference figure. In view of the fact that the Plaintiff prepared its lump sum offer on the basis of a calculation method that was already the basis of a majority of concluded licence agreements and that the Defendant's offer contained a significantly lower amount compared to the amount demanded by the Plaintiff, the submission of the counteroffer cannot be adapted to the effect that the Defendant was generally willing to conclude a licence agreement with the Plaintiff on "whatever terms are in fact FRAND".

(2)

Nor can the Chamber infer from the Defendant's letter of April 16, 2021, in which the Defendant's managing director extensively points out why the licence terms offered by the Plaintiff are not acceptable to the Defendant, an unconditional declaration that they want to conclude a licence agreement on FRAND terms. The Defendant again refers to their previous letters and makes it clear that they are only prepared to conclude a licence agreement for the patents it considers relevant ("for the relevant XZ patents"). In view of the fact that the Defendant has made it clear in its previous letters that only those patents of the Plaintiff are relevant to it that are legally valid, standard-essential and enforceable in court, the defendant thus continues to make it unmistakably clear that they are only prepared to conclude a licence agreement on the terms already stated in the letter of March 17, 2020 and is not prepared to negotiate the conclusion of a licence agreement without fail.

(3)

Insofar as the Defendant - as is known to the Chamber and the parties - most recently declared before the recognising Chamber for the first time in the oral proceedings of the parallel legal dispute 7 O 15350/19 of 24 June 2021 that they were absolutely prepared to conclude a licence agreement on



FRAND terms, this does not lead to the further prosecution of the action being abusive of the law. This declaration was made solely for tactical reasons, as the Defendant's conduct after the oral proceedings in the parallel case 7 O 15350/19 shows. In this respect, the Defendant stated at the hearing that they had doubled its licence offer following the order to cease and desist in the parallel proceedings, but they failed to provide information about the sales that had taken place in the meantime until the end of the hearing and to adjust the security deposit accordingly. Moreover, the Defendant did not submit that they had made any efforts to conclude a licence agreement with the Plaintiff.

(b)

Moreover, the Defendant's statements and conduct after the extension of the action do not justify the assumption that the Defendant had sufficiently expressed its will to conclude a licence agreement on FRAND terms and had fulfilled its duty to promote the negotiations.

(1)

Insofar as the Defendant made a lump sum offer to the Plaintiff in the proceedings before the Regional Court Mannheim and also in the present proceedings, this is not sufficient to prove the Defendant's willingness to take a licence. This is because the lump-sum counter-offer was made for the first time in the oral proceedings of a parallel legal dispute in which claims for injunction, recall and destruction were also asserted due to the infringement of standard-essential patents, i.e. under the pressure of legal proceedings. The Chamber assesses this conduct as purely tactical for the purposes of litigation and not as a serious counter-offer, because the lump-sum licence payment offered by the Defendant corresponds to only a fraction of the Plaintiff's offer and what the Plaintiff receives from the Defendant's competitors, due to the choice of a different reference figure, and thus relates to such a significantly lower amount than that demanded by the Plaintiff that the rejection of this counter-offer by the Plaintiff - which the Defendant must also have been aware of due to its knowledge of the licence agreements concluded with the competitors - had to be logical and could also not be regarded by the Defendant as the starting point of targeted negotiations.

Furthermore, after the Plaintiff rejected the counter-offer, the Defendant failed to adjust the deposited security in the amount of ... € to the new offer. Also on the basis of the figures submitted by the



Defendant it is not comprehensible and evident that the deposited amount of ... € could be appropriate and sufficient for a contract term of 11 years.

(2)

Thus, the Chamber is convinced that the Defendant is not necessarily willing to grant a licence, but has only participated in the negotiations as a sham under the pressure of the legal proceedings for tactical reasons, without ever actively trying to advance the negotiations itself. Consequently, it cannot be established that the Plaintiff denied the Defendant access to the technology protected by the patent in suit that was seriously and unconditionally requested.

The action for injunction, recall and destruction is therefore not contrary to antitrust law.

[...]