



Higher Regional Court Karlsruhe

6 U 55/16

Order of 31 May 2016

[...]

Grounds

I.

[...]

With regard to such patents which are necessary for the manufacture, sale and/or use of DVD products, the plaintiff submitted a so-called FRAND declaration (Annex K 11) which was addressed to the so-called "DVD Forum", which administers the standard and of which the plaintiff is a member. The declaration was to apply to the past, from 07 August 1997. The plaintiff informed the defendant of this in December 2014. Whether the plaintiff had already made such a declaration when it declared the plaintiff's patent essential to the standard is a matter of dispute between the parties.

[...]

II.

[...]

1.

[...]

a)

In the required summary consideration, it proves to be no longer justifiable that the Regional Court assumed that objections under antitrust law from Art. 102 TFEU could not be held against the enforced claims. The decision contradicts the decision of the European Court of Justice in a substantial point. In accordance with the requirements set



out by the European Court of Justice in the case "Huawei/ZTE" (Decision of the European Court of Justice 16 July 2015 as amended by the amending order of 15 December 2015, C-170/13, GRUR 2015, 764), Art. 102 TFEU is to be interpreted to the effect that the holder of a patent which is essential to a standard, standardized by a standardization organization and who has irrevocably undertaken vis-à-vis that organization to grant to any third party a license on fair, reasonable and non-discriminatory terms (so-called FRAND conditions (fair, reasonable and non-discriminatory)) does not abuse his dominant position within the meaning of this provision by filing a patent infringement action for an injunction or for the recall of those products, for the manufacture of which, that patent was used, if

- he has informed the alleged infringer, prior to bringing the action, of the patent infringement alleged against him, thereby designating the patent in question and indicating the manner in which it is alleged to have been infringed, and, after the alleged infringer has expressed his willingness to conclude a license agreement on FRAND terms, he has submitted to the infringer a concrete written license offer on these terms and conditions and, in particular, has indicated the license fee and the manner in which it is to be calculated, and

- this infringer, while continuing to use the patent in question, does not respond to this offer with care, in accordance with accepted business practices in the field in question and in good faith, which must be determined on the basis of objective considerations and implies, inter alia, that no delaying tactics are being pursued.

b)

[..]

c)

Contrary to the defendant's view, the decision of the Regional Court is not manifestly incorrect because it assumed that, in any event, in transitional cases where the action was brought previous to the decision of the European Court of Justice, the action for injunctive relief and recall is not precluded by the fact that the applicant did not fulfil its obligations before but after the action was brought (LU juris, para. 80). The Regional Court has stated in this regard: If, subsequent to the decision of the European Court of Justice, an action is brought without the patentee having satisfied the obligation to inform and having made a FRAND license offer, that hasty action is to be dismissed as currently unfounded if it is classified as a substantive bar to enforcement and as inadmissible if it is classified as a procedural precondition for bringing an action (Juris para. 81). In both cases, however, the patentee is free to go through the FRAND procedure after dismissal of



the action and, if the patent user does not behave in accordance with FRAND, to bring an action for injunctive relief, recall and destruction again. In the Chamber's view, the requirement laid down by the European Court of Justice 'prior to bringing an action' should not be understood as meaning that the patentee has permanently lost his patent prohibition rights or has forfeited his right to bring an action in the event of non-compliance with his obligations. The decision does not provide any evidence for such a view. Antitrust law is linked to certain types of conduct which it prohibits. If the person concerned were to abandon the conduct contrary to antitrust law, his rights would again be available to him (para. 82 - juris). In any event, in the transitional cases described above, the judgment of the European Court of Justice does not require the action to be dismissed and the patentee to be directed to bring the action again as soon as the patentee has fulfilled the obligations imposed on him (para. 84- juris).

The statements of the Regional Court are not objectionable because rulings of the ECJ pursuant to Art. 267 TFEU in principle take effect *ex tunc*, which has the consequence that the interpretation of Union law by the ECJ has to be applied by the Member State courts to legal relationships established prior to the preliminary ruling (see Federal Constitutional Court NJW 2010, 3422, para. 83 - juris). The courts of the member states cannot grant protection of confidence in the previous legal situation (see Federal Court of Justice, NJW 2010, 3422 para. 83), however, the ECJ has so far not taken a position on the consideration which is the fundamental consideration here.

However, with regard to Art. 267 TFEU, the assumption of the Regional Court (LUS. 29, juris para. 88) that a conclusion on a dishonest economic procedural objective pursued with the filing of an action is not justified, because the patentee had no reason prior to the decision of the ECJ to go through the program of conduct established by the ECJ before filing the action, is questionable. The Regional Court stated, that the law-abiding patentee oriented himself, for filing an action before the German courts, to the jurisdiction of the Federal Court of Justice in the Orange Book Standard decision (BGHZ 180, 312). The ECJ was aware of the Orange Book ruling. Nevertheless, it affirmed - without differentiating in this respect - the abusiveness of the filing of an action if the requirements on the plaintiff's side were not complied with, prior to the filing of the action. Moreover, the ECJ has once again emphasized that the term "abuse of a dominant position" in the sense of Art. 102 TFEU is an objective term (*loc. cit.* para. 45). The only decisive factor is, therefore, whether the norm addressee objectively contradicts the objective of the TFEU of undistorted competition. In particular, a culpability is not necessary for the determination of an abuse (ECJ, judgment of 21 February 1973 ECR 215, para. 29; Bulst in Langen/Bunte, Kartellrecht, ed. 12, Art. 102 TFEU, para. 114).



However, in the preliminary view of the Senate, the question of whether the bringing of the action was abusive must be separated from the question of whether the continuation of the legal dispute remains abusive. The ECJ has not dealt with the (only) decisive question here, specifically whether the abusive character of a patent infringement action (to be affirmed due to non-compliance with the requirements of the ECJ) can, in transitional cases at least, still be held against the patentee if the infringer was sufficiently informed of the patent infringement in the statement of claim, the patentee submitted a concrete written license offer under FRAND conditions during the action and if the infringer did not react to it with care, in accordance with the business practices recognized in the relevant field and in good faith. The ECJ merely answered the question under which circumstances the filing of a patent infringement action by a company in a dominant position is abusive (ibid. para. 71), respectively, under which conditions the abusive nature of a refusal by the patentee to grant a license under FRAND conditions, may be held against actions for injunctive relief or recall (para. 54). The latter could imply that the patentee must still refuse at the end of the oral proceedings in order to dismiss the action as currently inadmissible or unfounded. Without success, the defendant asserts that the pre-litigation duties laid down by the ECJ clearly serve to protect the patent user, who must not be put under pressure by the filing of an action. It is true that the ECJ also has the protection of the patent infringer in mind. In view of the large number of SEPs, he should be informed "before the action is brought" because it is not certain that the infringer of a SEP necessarily knows that he is using the teaching of a legally valid and standardessential patent (ECJ loc. cit. para. 61). The requirement that the license offer shall be submitted before an action is brought also serves the interest of the patent infringer. However, it is doubtful whether it can be inferred from this, that a refusal to grant licenses under FRAND conditions can be held against the action for injunction and recall, particularly in transitional cases, if such a refusal on the part of the patentee can no longer be established during the proceedings because he submits a corresponding offer. This could not be assumed even if the infringer were to be protected from agreeing to unfavorable licensing conditions for future uses of a SEP under the pressure of the action. In the event that the offer, made during the proceedings, does not satisfy FRAND conditions (see below), the refusal of the patentee must still be assumed. In addition, the Düsseldorf Higher Regional Court rightly points out that the bona fide defendant himself has the power to withdraw the basis of the injunction request by complying with the obligations applicable to him in the current proceedings (Order of 9 May 2016, docket no. 1-15 U 36/16, p. 9). Irrespective of this, it is not clear from the decision of the ECJ whether a distortion of competition can already be seen in the fact that the action justifies the risk that the patent infringer agrees to unfavorable licensing conditions under the pressure of the action. Whereas for the Commission this might have been a fundamental



consideration for the affirmation of an abuse (cf. Opinion of the Advocate General of 20 November 2014, docket no. C-170/13, para. 102, curia.europa.eu/juris), the ECJ appears to see the only justification for the restriction of competition in the fact that the actions for injunctive relief and recall are likely to prevent products manufactured by competitors which comply with the relevant standard from entering or remaining on the market (ECJ loc. cit. para. 73). He may have been prompted to do so after the Advocate General had pointed out in his Opinion that the threat of an injunction suit could also influence the course of the license negotiations and lead to license conditions which are not FRAND (Opinion of the Advocate General of 20 November 2014, Case C-170/13, marginal 102, Fn. 29 loc. cit.).

Finally, for the question relevant here, nothing can be inferred from the ECJ's order amending the judgment in its German language version from 15.12.2015. However, the ECJ has thus clarified that all obligations affecting the infringer must be fulfilled before the action is brought. However, this again concerns only the question of the conditions under which the bringing of the action is abusive.

d)

The defendant does not contest the Regional Court's finding, that the plaintiff has sufficiently pointed out the patent's infringement and its standard essentiality to the defendant with the statement of claim. However, the defendant claims that the contractual offer made in the course of the infringement proceedings was delayed (to this end see above) and also not FRAND in terms of content.

The Regional Court assumed that the requirement, that the patent proprietor must submit a concrete written offer of a license under FRAND conditions, does not mean that the infringement court, in the event that the (alleged) patent infringer denies - as is customary - that this offer meets FRAND criteria, is now required to decide whether the SEP proprietor's offer is actually FRAND or not on the basis of objective criteria. This would burden the infringement proceedings with the determination which exact amount of the license and which other contractual conditions correspond exactly to these criteria. This, in the opinion of the Chamber, was not the concern of the ECJ. Rather, in summary review, it is only necessary for the SEP holder's offer to contain 'not obviously no FRAND terms'. The ECJ states that an abuse of the dominant position can not already be presumed if the SEP holder's offer is 'not exactly FRAND', but exceeds it (LU juris recital 75). An offer is contrary to antitrust law and manifestly not FRAND only if, taking into account the concrete negotiating situation and in particular the market situation, it presents itself as an expression of exploitative abuse (LU juris-Rn. 75).



In view of the clear remarks made by the ECJ, this view no longer appears justifiable. Both the operative part of the decision and recital 65 of the grounds for the decision make it clear that the offer must be made on FRAND terms (see OLG Düsseldorf, order of 13 January 2016 docket no. 15 U 66/15, GRUR-RS 2016, 01680 para. 16). After the alleged patent infringer has expressed his willingness to license under FRAND conditions, the patent infringer is to be offered a concrete written license offer under these conditions. The considerations put forward by the Regional Court against the wording argument find no clue in the decision of the ECJ. On the contrary: the ECJ sees the actual reason why the patent infringer can oppose an action for injunctive relief and recall with the abusive character, in the refusal of the SEP holder to grant a license under FRAND conditions (*loc. cit.* para. 53). This refusal is also expressed by the fact that, in the words of the Regional Court, the offer is not exactly "FRAND" but exceeds it (LU s. 23 f., *juris-Rn.* 75). In particular, it does not follow from the decision, contrary to the opinion of the Regional Court (LU *juris-Rn.* 73), that its aim was to relieve the infringement proceedings of the determination which conditions - in particular with regard to the wording of individual contractual clauses and in particular with regard to the amount of the license fee, in the specific situation were FRAND. The Regional Court correctly points out that it may be difficult to determine the amount of the FRAND license (LU *juris* recital 72). It may also be conceded that the concept and content of the FRAND conditions are largely unclear (see Opinion of the Advocate General *loc. cit.* para. 9). However, the ECJ - like the Regional Court - has not dealt with these questions. However, contrary to the opinion of the Regional Court (LU *juris-Rn.* 73), this does not mean that the ECJ wanted to exonerate the national courts from their clarification. The questions referred to the ECJ by the national court did not relate to the specific conditions of a FRAND license (see Opinion of the Advocate General *loc. cit.*, para. 40). In view of the fact that the Advocate General has repeatedly stressed in his Opinion that the parties and, where appropriate, the civil courts or arbitral tribunals have exclusive jurisdiction (*ibid.* para. 11 and para. 40) over (the determination of) the FRAND conditions, it would have been to be expected that the ECJ would have clarified that the civil courts are reserved only a summary examination and an evidence check in the infringement proceedings. In particular, this cannot be inferred from the ECJ's reference (*loc. cit.* para. 68) to the possibility of a third party determining the license amount (*loc. cit.* Müller/Henke, *Mitt.* 2016, 62, 65). According to the ECJ, this presupposes an application by mutual agreement between the parties (*ibid.*).

Even if the patentee could be granted a (possibly generous) leeway in decision-making (cf. Grüneberg in Palandt, BGB, ed. 75, Sec. 315 para. 10) - on which the Senate would have to decide in the main proceedings -, it would still have to determine the license amount within this FRAND-compliant room for decision.



The Regional Court has, at least partially, applied the different standard of review regarding the FRAND infringement or abuse of exploitation, as can be seen from the following considerations (juris-para. 127 f.): insofar as the defendant questions the justification of individual steps in the plaintiff's derivation, this merely reflects the different view of the defendant and in any event cannot justify an obvious FRAND infringement of the license fee. The fact that, in the defendant's view, the license fees for DVD patents as a whole are exploitative does not justify any obvious FRAND infringement, either. Especially as the private expert of the defendant also assumed the One-RedA license rate of USD 0.39 as the starting point for his considerations.

Insofar as the defendant criticizes that the license fees are not reduced with the continuous expiration of the patents, this clause cannot be certified as an obvious FRAND violation in the overall assessment, which would relieve the defendant from constructively dealing with the content of the offer and submitting concrete counteroffer regarding this provision.

Since the sole justification for this proves to be unjustifiable, it justifies the suspension of the proceedings. On the basis of the findings cited, the Regional Court held that the plaintiff had fulfilled the obligations incumbent on her (LU juris para. 130) and that the legal consequence was that the defendant was required to respond immediately with a counter offer and - in the event of rejection of the plaintiff's offer - to provide adequate security (LU under 4, juris para. 130). Since, in the opinion of the Regional Court, the defendant did not fulfil these obligations, it considered the defendant's objection based on Art. 102 TFEU to be unfounded. Since it does not follow from the decision of the Regional Court that, even if the plaintiff's offer did not comply with FRAND conditions, it would have regarded the objection based on Article 102 TFEU as unsuccessful, there is no need to examine whether the outcome of the Regional Court proves to be justifiable on any other ground. Alternative factual and legal grounds on which the contested decision was not based cannot support a faith which justifies the provisional enforceability of the judgment at first instance and thus the fundamental primacy of the interests of the successful plaintiff. Whether exceptions are possible when an alternative justification is clearly obvious does not need to be decided (Senate, GRUR-RR 2015, 50 para. 12 – Leiterbahnstrukturen).

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