



Higher Regional Court Karlsruhe

6 U 58/16

Order of 08 September 2016

[...]

Grounds

[...]

I.

The plaintiff took the view that she was not prevented from enforcing her rights by antitrust law. She does not already hold a dominant position within the market and is therefore not the addressee of Articles 101 and 102 TFEU. Even assuming the norm addressee status, however, she had also fulfilled all antitrust requirements, in particular by submitting a FRAND offer to the defendant and by informing the defendant sufficiently about the alleged infringing acts. Moreover, she had always been willing to comply with the FRAND declaration she had issued in the past. She is merely unable to produce the original of that statement, which is irrelevant from an antitrust law point of view. Furthermore, she did not have to contact the manufacturer of the DVD software, but was entitled to take action against the defendant on the basis of the patent in suit. In contrast, the license offer submitted by the defendant is clearly not FRAND, since it is limited to the patent in suit and sales in the Federal Republic of Germany. The plaintiff does not need to accept such an offer, since there are numerous parallel foreign patents of the same patent families and the companies of the Acer group market identical computers to the designs challenged in this case in all the countries in which the property rights of that patent family have been granted. The defendant also manufactures the attacked embodiments.

The defendant has argued that the DVD standard does not make use of the technical teaching of the plaintiff's patent in suit. The recall and destruction claims were disproportionate since the pre-installed software could be deleted from the PCs. The plaintiff is also prevented from enforcing the claims asserted in the action on antitrust grounds. She had not issued a FRAND declaration and had nevertheless obtained the inclusion of the patent in suit in the standard. For this reason alone, the plaintiff's patent



in suit was not enforceable. Furthermore, the refusal to grant a FRAND license to the defendant constitutes an infringement both of the prohibition of cartels laid down in Article 101 TFEU and of the prohibition of abuse laid down in Article 102 TFEU, with the result that the plaintiff is also unable to enforce the patent in suit on those grounds. Article 102 TFEU is applicable in the present case since the plaintiff dominates both the product market for 'DVD players' and the upstream technology market for licensing in the DVD sector. The plaintiff abused that dominant position by failing to comply with the requirements of the Court of Justice of the European Union (hereinafter 'the ECJ') in the Huawei Technologies/ZTE decision (C-170/13). In addition, the plaintiff proceeded contrary to antitrust law against the defendant as a mere distributor, although it had to proceed against the manufacturer of the DVD software. In any case, however, the present infringement law dispute should be suspended until the final decision on the nullity action brought by XX GmbH on 22 July 2014 has been reached. In view of the plaintiff's infringements of Article 101 TFEU by failing to submit a FRAND declaration of commitment, the admissible interim declaratory decision is also well founded. The counterclaiming alternative applications were based on Art. 101 TFEU, Section 33 (1) or (3) German Law on Restrictions of Competition (GWB).

[..]

The Regional Court stated that the attacked computers with pre-installed software made use of the technical doctrine of the patent in the literal sense due to their standard conformity. Exhaustion of patent rights did not occur. The defendant could not raise any objections under antitrust law against the claims resulting from the patent infringement. There is no abuse within the meaning of Article 102 TFEU. According to the Regional Court, the plaintiff satisfied the conditions applicable to the judicial assertion of injunctive relief and recall claims in any event in the course of the present proceedings, which was sufficient, according to the Regional Courts's understanding of Decision C-170/13 of the ECJ. The defendant did neither respond to this with a counter offer to conclude a FRAND license agreement in accordance with the requirements, nor did she provide the necessary security. The defendant's other antitrust objections also did not invalidate the enforceability of the pursued claims.

[..]

II.

The defendant's application for provisional suspension of enforcement is successful regarding an order to recall and remove the infringing products from the distribution channels; it is, moreover, unfounded.



Pursuant to Sections 719 (1) s. 1, 707 (1) s. 1 German Civil Procedure Code (ZPO), if an appeal is lodged against a decision declared provisionally enforceable, enforcement of the decision against security may be suspended temporarily. Within the framework of the discretionary decision to be taken accordingly, the court must weigh the conflicting interests of the creditor on the one hand and the debtor on the other. In doing so, it must take into account the value decision of the legislator that, in principle, the interests of the enforcement creditor have priority. It can be inferred from the provision of Section 709 s. 1 ZPO that the enforcement debtor is as a rule already sufficiently protected by the security to be provided by the creditor prior to enforcement. It is therefore settled case-law that in cases where the decision under appeal is provisionally enforceable only on provision of security, suspension of enforcement may be considered only in exceptional cases and in special circumstances. In addition to this general consideration, there is the special feature in the field of patent law that the term of the patent and thus the injunctive relief it mediates is limited in time, which is why any postponement of the enforcement of the property right in the event of a timely expiration of the property right can lead to the injunction claim running completely empty (Federal Supreme Court, GRUR 2000, 862 - Spanschraube; Higher Regional Court Düsseldorf, GRUR-RR 2010, 122, 123; Senate, InstGE 11, 124 - UMTS Standard I; InstGE 13, 256 - UMTS Standard II; GRUR-RR 2015, 326 para. 17 juris - Mobiltelefone). However, it is recognised that the suspension of enforcement may be considered if it can be established, already at the time of the decision on the application for suspension, during the summary examination required in the proceedings under Sec. 719 and 707 ZPO, that the decision under appeal is unlikely to be upheld, or if the debtor can demonstrate and substantiate the risk of special damage which goes beyond the general effects of enforcement (cf. Higher Regional Court Düsseldorf, loc. cit.; Senate, loc. cit., Mobiltelefone; Mitt. 2016, 321, para. 17).

[...]

1.

In the present dispute, the conviction to recall and remove patent infringing objects from the distribution channels is unlikely to be sustained on the basis of the substantiating reasons given by the Regional Court. The considerations with which the Regional Court considered the defendant's objection, that the assertion of the recall claim constituted an abuse of a dominant market position to be unfounded, prove to be unsustainable on one decisive point in the required summary examination. In addition, it cannot be established in the context of the summary examination to be taken here that the injunction order can be based on an alternative statement of reasons in this respect.



a)

According to the ruling of the ECJ (C-170/13, GRUR 2015, 764 - Huawei v. ZTE), in cases in which injunctive relief and recall claims are asserted by the holder of a standard essential patent (SEP) who has undertaken to grant licenses to this SEP to the standardization organization under FRAND conditions, there are a number of reciprocal obligations from the point of view of the prohibition of abuse under Art. 102 TFEU:

- (1) In principle, the SEP holder must inform the alleged infringer of the alleged patent infringement before asserting the claim in court and, in doing so, must designate the SEP in question and indicate how it is alleged to have been infringed (ECJ, loc. cit., para. 61).
- (2) If the alleged infringer expresses his intention to conclude a license agreement on FRAND terms, the SEP holder must submit to him a concrete written license offer on these terms and conditions and, in particular, indicate the license fee and the method of its calculation (loc. cit. para. 63).
- (3) The alleged infringer must respond to this offer, while continuing to use the patent in question, with care in accordance with accepted business practices in the relevant field and in good faith, which must be determined on the basis of objective considerations and implies, inter alia, that no delaying tactics will be pursued (loc. cit. para. 65).
- (4) If the alleged patent infringer does not accept the offer submitted to him, he must - if he wants to successfully invoke the abusive character of an injunction or recall action - submit a concrete counter offer in writing to the SEP holder within a short period, which complies with FRAND conditions (loc. cit. para. 66).
- (5) If the alleged infringer continues to use the standard essential patent prior to the conclusion of a license agreement, he must, from the time when the patent holder has rejected his counter offer, provide adequate security and a statement of account including past acts of use (loc. cit. para. 67).

[..]

c)

As already stated in docket no. 6 U 55/16 (Mitt. 2016, 321 = NZKart 2016, 334 juris para. 30 et seq.), the Senate is unable to follow the opinion of the Regional Court to the extent that it assumed that the FRAND license offer submitted by the SEP holder in the infringement proceedings was only to examine as to whether it was an acceptable offer (i.e. containing all *essentialia negotii* of a license agreement) and was not manifestly contrary to FRAND.



aa)

The Regional Court interpreted the decision of the European Court of Justice as developing a programme of negotiation obligations with the aim of relieving the infringement process of the decision which conditions - in particular with regard to the formulation of individual contractual clauses and in particular with regard to the amount of the license fee - are FRAND in the concrete situation, provided that it is not a question of the payment of a FRAND license fee in the amount proceedings. Therefore, the only requirement is that the offer must be acceptable and contain the essential terms of the contract; in the event of a dispute concerning the FRAND compliance, the infringement court is not required to decide, on the basis of objective criteria, whether or not the SEP holder's offer is actually FRAND. This takes into account the fact that economically thinking parties rarely make the attempt to actually let courts decide which license fee and which license agreement conditions are FRAND-compliant, but instead negotiate a solution which is economically acceptable for both sides in accordance with the accepted business practices referred to several times by the Court of Justice. In the opinion of the Regional Court, the SEP holder only exercises its bargaining power based on the SEP in a manner contrary to antitrust law by filing an action for recall and injunctive relief if the manner in which the negotiations are conducted presents itself as an abuse of the dominant position; however, this is not already the case if the SEP holder's offer is not exactly FRAND, but moves beyond it. An offer which is contrary to antitrust law is only then deemed to be not FRAND if, taking into account the concrete negotiating situation and in particular the market situation, it presents itself as an expression of exploitative abuse.

bb)

The acceptance of such an examination of the FRAND license offer, which is limited to a "negative evidence check", is not only incompatible with the wording ("on these conditions"), but also with the meaning of the requirements laid down by the ECJ, in the opinion of the Senate, to which it adheres after further examination. The ECJ sees the actual reason why the infringer of a patent can raise the objection of abusive conduct pursuant to Art. 102 TFEU against an action for injunctive relief and recall in the refusal of the SEP holder to grant a license under FRAND conditions; the FRAND declaration of readiness to license gives third parties the legitimate expectation that the SEP holder will *actually grant licenses under these conditions* (op. cit. para. 53). In the opinion of the Senate, it is therefore necessary to examine the content of the objections raised to the FRAND conformity of the offer.



The Senate does not share the view on which the decision under appeal is based, namely that the requirement of a substantive review of the FRAND moderation requires the impossible from the infringement court. It should not be a question of identifying those contractual terms which are 'exactly FRAND'. On the contrary, as the Senate has already considered in the Order cited above (Order of 31 May 2016, 6 U 55/16, juris para. 32), the SEP holder should be granted a generous margin of discretion in determining the FRAND conditions, because and to the extent that there can be a large number of contractual arrangements that can be regarded as fair, reasonable and non-discriminatory under the conditions prevailing in the respective license market.

Contrary to the opinion of the Regional Court, the other obligations imposed by the ECJ do not become obsolete in the approach represented here; rather, they retain their meaning even if a substantive examination of the FRAND conformity of the SEP holder's license offer is required: Both parties cannot know at the time of their possible license agreement offers - according to the model case considered by the ECJ: before filing an action - which conditions the court will regard as FRAND-compliant in the event of a dispute. Both parties must therefore be aware of the risk that their offer may be considered no longer FRAND-compliant if they 'overstep the mark'. The SEP holder risks that the claims for injunctive relief and recall will be rejected; the alleged infringer risks that the claims will be awarded. The latter applies in any case if it is assumed - which cannot be decided here (cf. below) - that the balancing of interests to be carried out can lead to the result that an infringer who makes a counter offer which is clearly not FRAND-compliant has not reacted with the care of the business practices recognised in the relevant area and in good faith and can therefore not invoke the lack of FRAND-compliance within the scope of the balancing of interests. *In this respect*, the criteria established by the ECJ do indeed contribute to the promotion of the conclusion of a license agreement by inducing the parties to submit offers which are not only formally acceptable but also economically acceptable.

cc)

The contested decision is based on the application of the different standard of review limited to 'negative evidence'. The defendant denied the FRAND conformity of the license agreement offer submitted by the plaintiff, among other things, because the required license fees were not reduced with the expiration of the - predominantly "old" - portfolio property rights (pleading of 29 October 2015, p. 17 ff. = AS I 525 ff.). She has substantiated that this will have a significant impact on the economic relationship between performance and consideration during the planned contract period of 5 years. The plaintiff merely countered these statements by stating that the fact that individual



patents had expired after three years of negotiations was priced into the plaintiff's offer (statement of 20 November 2015, p. 55). The Regional Court has stated in this regard:

"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 adversity in the overall assessment to be made, which would relieve the defendant from constructively dealing with the content of the offer and making concrete counterproposals to this regulation. (Regional Court decision p. 47 top)

Thus, in the opinion of the Regional Court, a substantive justification for the fact that the defendant's objection to the FRAND compliance of the license offer is not accepted is not given. In the opinion of the Senate, however, such a justification would have been necessary; the justification is not to be provided, as explained above, as a matter of procedure under Sec. 707, 719 ZPO. Insofar as the plaintiff submits that an alternative justification for the result found by the Regional Court is clearly evident (leaving open Senate GRUR-RR 2015, 50 para. 12 – Laderbahnstrukturen juris) because the SEP holder is to be granted a generous margin of discretion, this cannot be accepted. An alternative justification would only exist if the offer (including the abovementioned provision) remained within the scope of such a margin of discretion; this assessment cannot be made for the first time in proceedings concerning the provisional suspension of enforcement.

The abovementioned paragraph is, on the basis of the grounds of the decision, the sole basis for the decision. The Regional Court assumed that the plaintiff had fulfilled the obligations incumbent upon her and attached the legal consequence that the defendant was required to react immediately with a counter offer and - in the event of rejection of the plaintiff's offer - to provide adequate security. 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. In particular, it cannot be inferred from the decision under appeal that the objection based on Article 102 would also have been unsuccessful in the event that the plaintiff's offer of a contract - after examination of the content - did not comply with FRAND conditions (against such a possibility, Higher Regional Court Düsseldorf NZKart 2016, 139). This question, too, cannot be decided for the first time in proceedings under Sec. 707, 719 ZPO. The same applies to the question whether the defendant's conduct leads to the conclusion that she cannot be regarded as 'willing licensee' on the basis of an objective assessment taking into account the commercial practices recognised in this field.



2.

Then again, the request for suspension is unfounded regarding the order to provide information and accounts (para. 2 of the operative part of the decision under appeal). The conviction is neither manifestly vitiated by an error of law, nor does the balancing of interests show that a discontinuation of compulsory enforcement would be necessary.

a)

Contrary to the opinion of the defendant, the opinion of the Regional Court that Article 101 TFEU does not preclude the enforcement of the pursued claims proves to be justifiable on summary examination. The Regional Court has stated in this regard:

"Even if the plaintiff had not made a substantial FRAND declaration and the standardisation and/or incorporation of the teaching of the plaintiff's patent into the standard would thereby violate Article 101 TFEU, this would not lead to an enforcement ban on the pursued claims, in particular the injunctive relief and the recall claim. An infringement of Art. 101 TFEU would first result in the invalidity of the standardisation agreement. In addition, third parties would be entitled under national law to civil law claims aiming in Germany, under Sec. 33 GWB, at injunctive relief, removal and damages. The reference point for the injunctive relief is the antitrust infringement, namely the determination of the standard. Accordingly, neither the right to injunctive relief nor the right to removal are directed against the enforcement of the patent in question. The obligation to grant a compulsory license exists only in the event of a violation of Art. 102 TFEU and can only justify a compulsory license objection under antitrust law from this point of view. (...) Nothing else shall apply to any claim for damages. This claim shall not be aimed at the grant of a license either." (Regional Court decision p. 54)

In any event, this view is justifiable (also: Regional Court Düsseldorf, decision of 19 January 2016 - 4b O 123/14 para. 322 with further evidence juris). Whether and under what conditions the filing of an action by the SEP holder infringes Art. 101 TFEU has not yet been clarified by the highest court and is in dispute. Insofar as it is occasionally argued in the literature that Art. 101 TFEU could lead to an obstacle to the enforcement of a claim by the patentee, this opinion relates only to the injunction claim (Barthelmeß/Gauß, WuW 2010, 626, 634), but not to the claims for damages and information at issue here (Senate decision of 28 September 2016, 6 U 57/16, para. 28-30 juris).



b)

According to the case law of the European Court of Justice, typical patent infringement actions on accounting for past acts of use have no direct effect on whether products manufactured by competitors and complying with the relevant standard enter or remain on the market. Therefore, they cannot be regarded as abusive within the meaning of Art. 102 TFEU, so that the requirements mentioned under 1.a) do not apply in principle to the assertion of this claim (cf. ECJ, loc. cit., para. 72-75).

The decision of the ECJ does not deal with the calculation of the claim for damages and with the question of whether the preparatory accounting can also include the profit achieved with the acts of infringement as well as the relevant factors. It is partially stated that the obligation assumed by the owner of the property right to allow anyone to use his market-dominant patent for an exploitation-free license reduces the claim for damages to this FRAND license and the accompanying accounting claim to such details that are necessary for a license calculation (Kühnen, Handbuch der Patentverletzung, 8. Ed., Chap. E para. 313; Regional Court Düsseldorf, decision of 19 January 2016 - 4b O 123/14 para. 348). However, such a limitation of the accounting claim is made subject to further conditions. For example, it is partly demanded that the patent user has informed himself about the existing patent situation before using the patent and has tried to obtain a license (Regional Court Düsseldorf, decision of 19 January 2016 - 4b O 123/14 para. 348). According to another view, the restriction should only apply as long as the patentee does not fulfil his obligations to conclude a FRAND license agreement (Kühnen op. cit. para. 313) or as long as the willingness of the user to license can be established at all (Kühnen op. cit. para. 314). If this view would be followed, there would in particular be no claim to information about the infringer's profit, i.e. about costs and profit details (Regional Court Düsseldorf loc. cit.) as well as about the advertising carried out (cf. Federal Supreme Court, GRUR 2008, 254, 258 - THE HOME STORE), provided that the aforementioned conditions were met.

One argument in favour of limiting the right to damages to the FRAND license could be the fact that the proprietor of a standard essential patent has, by his FRAND declaration, taken himself of the market opportunity which arises from the fact that only the proprietor of the property right can prevent any third party on the basis of his exclusive right, to place on the market a product (technically) identical to his product covered by the property right and that in the case in which all products make use of the standard it can no longer be assumed that the technical advantages of the invention caused the buyer to purchase products of the infringer instead of products of the patentee (cf. on this objective of the infringer profit calculation method: Federal Supreme Court, GRUR 2012, 1226 para. 30 - Flaschenträger).



As the question has not yet been clarified by the Supreme Court and, in particular, a corresponding restriction cannot be inferred from Sec. 139 (2) German Patent Act (PatG), which provides for the consideration of the infringer's profit in the assessment of the damage, it cannot be assumed from the required summary examination that the opinion of the Regional Court is not justifiable. In addition, based on the summary examination, the possibility that the information requested by the plaintiff on the supply and offer prices is necessary for the determination of a FRAND license to be determined by way of license analogy, because an appropriate license cannot be determined independently of the achieved or achievable selling price is not excluded (cf. Senate order of 28 September 2016, 6 U 57/16, para. 32-34 juris).

c)

Therefore, the mere fact that the FRAND conformity of the license offer submitted by the plaintiff has not yet been established in the manner which the Senate considers appropriate does not mean that the enforcement of the claim of accounting would have to be suspended for the time being regarding all aspects other than quantities and dates of delivery. Rather, the question to the extent of the right to information and accounting must be decided in the appeal decision.

Enforcement does not lead to any damage beyond the general effects of enforcement either. The risk of having to provide information and to render account on the basis of the provisionally enforceable decision of the first instance - including the infringer's profit and the factors relevant to it - is rather the same in all patent infringement proceedings; the fact that the consequences of the accounting cannot be reversed if the appeal is successful also lies in the nature of the matter. Unsuccessfully, the defendant claims that the cost and profit data relate to the core area of legitimate corporate secrecy interests. This is because the fact that the information to be provided is internal business information which must be kept secret from the plaintiff in view of the competitive situation of the parties does not in itself justify the assumption that enforcement of the order to provide information would result in irreplaceable disadvantages for the debtor (cf. Federal Supreme Court, NJWE-WettbR 1999, 138; Higher Regional Court Düsseldorf, order of 07 April 2008 - I-2 U 116/07, BeckRS 2012, 13680). There is no reason to deviate from this rule (cf. Senate decision of 29 August 2016, 6 U 57/16, para. 41 et seq. juris). The fact that the consequences of the accounting would be exceptionally serious in the event of a dispute cannot be inferred from the party's submission.

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KATHER · AUGENSTEIN
RECHTSANWÄLTE

Kather Augenstein Rechtsanwälte

Bahnstraße 16

40212 Düsseldorf

P: +49 211 5135360

E-Mail: augenstein@katheraugenstein.com / info@katheraugenstein.com