



Regional Court Düsseldorf

4a O 16/16

Decision of 13 July 2017

[...]

Facts

The plaintiff, who has been registered since 1 October 2012 in the Patent Register of the German Patent and Trade Mark Office (cf. extract of the same dated 16 October 2016, Annex AR B-15) as owner of the German part of the European Patent C (hereinafter referred to as "patent in suit"), asserts claims against the defendant for injunctive relief, forbearance, disclosure of information and accounting, recall and destruction as well as determination of liability for damages on the merits based on the infringement of the patent in suit.

[...]

On 01 December 2015 (before filing the action), the plaintiff submitted a (further) license agreement offer to the defendant.

[...]

In its decisions of 30 March 2017 (Ref.: X), the Higher Regional Court Düsseldorf dismissed two infringement actions brought by x (one of which was based on the patent in suit and the other on patent in suit in parallel proceedings) in proceedings R . / . S partially as currently unfounded. The Düsseldorf Higher Regional Court considered the objection of compulsory licensing under antitrust law to be well-founded and found a discriminating licensing practice of the plaintiff on the basis of a license agreement concluded earlier by the plaintiff. The plaintiff had submitted license agreements in the parallel proceeding X. Neither complete nor blackened versions of the two decisions of the Düsseldorf Higher Regional Court have so far been published or submitted in the proceedings here.



At the same time as the statement of 19 May 2017, the plaintiff submitted a further license agreement offer to the defendant in which the license fee is EUR X - EUR X per unit according to the standard rate and EUR X - EUR X according to the compliant rate.

The plaintiff claims to be the substantive owner of the patent in suit and to be entitled to assert the claims under the patent in suit.

[...]

Grounds

The admissible action is partially successful on the merits to the extent apparent from the operative part. Otherwise, to the extent that the claim for injunctive relief and the claims for recall and destruction and the claim for accounting for costs and profits are affected, the action is currently unfounded.

[...]

B.

[...]

IV.

The defendant cannot successfully invoke the objection of exhaustion or licensing (by A against D). Even if such a licensing is assumed, nothing can be inferred from the defendant's submission which could conflict with the plaintiff's claims - outside the FRAND objection.

1.

The defendant does not assert an objection of exhaustion for the territory of the Federal Republic of Germany, but only states that for countries in which exhaustion has occurred (in particular China) no license fees are payable or rather that a consideration has already been paid for the use of the patent in suit. Thus, the defendant herself apparently assumes that a (formal) exhaustion has not occurred in Europe. Even the fact that - assuming an exhaustion in China - from the viewpoint of the defendant double payments would have to be made does not lead to an exhaustion situation in Germany. If necessary, this can be taken into account for the amount of a FRAND license.



An exhaustion fact is also neither presented nor otherwise apparent. It remains to be seen whether A and D have concluded a license agreement under which the defendant is also entitled to use chipsets from D in China which implement the patent teaching. Exhaustion presupposes the placing on the market of the respective product in the EU or the European Economic Area (EEA) through or with the consent of the patentee. The defendant has not argued this for the chipsets in the challenged embodiments. Moreover, the defendant does not show that all the forms of the attacked embodiments have chipsets from manufacturer D. Thus, for this reason too, no exhaustion can occur for some of the attacked embodiments.

[...]

V.

Despite the established patent infringement, the plaintiff is currently not entitled to any claims to cease and desist from the actions infringing the patent as well as to recall and destruction because the defendant has successfully invoked the antitrust compulsory license objection. Contrary to her obligations owed to the defendant, the plaintiff has not submitted any FRAND offer to be taken into account regarding the patent in suit in which she has sufficiently explained the method of calculating the license fee claimed.

1.

The plaintiff is norm addressee of Article 102 TFEU, since the patent in suit conveys a dominant position within the market. In this regard, the question of whether similar obligations already arise from the ETSI-FRAND statement irrespective of a dominant market position is irrelevant.

a)

In this context 'dominant position within the market' means the economic power which allows a company to prevent effective competition on the (temporally, geographically and objectively relevant) market and to behave to a significant extent independently of its competitors, customers and of the consumers (ECJ Slg. 78, 207 para. 65 et seq. - United Brands; ECJ ECR 79, 461 para. 38 et seq. - Hoffmann-La Roche). The necessary exact definition of the market in product and geographic terms is carried out by means of the so-called demanded-side oriented market concept. It is necessary to identify the competitive forces to which the companies concerned are subject. Furthermore, those companies are to be identified which are effectively able to constrain the behaviour of the companies concerned and to prevent withdrawal of competitive pressure. It must be



clarified which products or services are functionally interchangeable from the point of view of the consumers. To the same product market is allocated what cannot be substituted by other products or services from the point of view of the customer due to the respective characteristics, prices and intended uses. A combination of several factors must be taken into account.

In connection with the prohibition rights from the patent asserted here, the demarcation described is to be made with regard to the licensing market (cf. Kühnen, Hdb. der Patentverletzung, 9. Ed. 2017, para. E.206): The supplier is the patentee who is the only one who can grant a license for the respective patent; the user interested in the patent-protected technology is the one who seeks it. The mere ownership of patents alone does not constitute a dominant position. If, however, the patentee is given the opportunity to prevent effective competition on a downstream market by means of his monopoly position due to additional circumstances, then a dominant market position exists (ECJ GRUR Int 1995, 490 - Magill TVG Guide; ECJ WuW 2013, 427 - Astra Zeneca; Federal Supreme Court, NJW-RR 2010, 392 et seq. - Reisestellenkarte). Such a downstream product market exists for goods/services licensed under the patent.

Not every standard essential patent (hereinafter referred to as "SEP") as such establishes market dominance (Regional Court Düsseldorf BeckRS 2016, 08379; Kühnen, loc.cit., para. E.209). If the use of the SEP in question is a prerequisite for market entry, a dominant position can be affirmed even if the technical effect resulting from the SEP in question does not have a decisive influence on market participation, but functions relevant to market entry could not be used for technical reasons, so that general interoperability/compatibility would no longer be ensured. The same applies if a competitive offer would not be possible without a license for the SEP concerned (e.g. because there is only a niche market for non-patented products). However, a dominant position is lacking if the SEP provides a technology that is at best of secondary importance for the majority of consumers on the relevant product market. Conversely, it follows from the foregoing that the lack of standard essentiality of a patent does not necessarily preclude the assumption of dominance. Market dominance may arise even without standard essentiality from the technical or economic superiority of the patented invention.

[...]

2.

In the GG/I case (docket no. C-170/13), the European Court of Justice in the decision of 16 July 2015 in the version of the order of correction of 15 December 2015 (GRUR 2015, 764



para. 45 – GG/I, hereinafter referred to as the „ECJ decision“) imposed conditions as to when the enforcement of the injunctive relief and the recall claim from a standard essential patent (hereinafter also referred to as the "SEP"), which is standardized by a standardization organization and whose owner has undertaken vis-à-vis this organization to grant FRAND licenses to any third party, does not constitute an abuse of a dominant market position within the meaning of Art. 102 TFEU.

Accordingly, the SEP holder must inform the alleged infringer (hereinafter referred to as "infringer") of the patent infringement before asserting his right to an injunction or recall (Guidelines and para. 61 ECJ decision). To the extent that the infringer is prepared to license the SEP, the SEP holder must submit a concrete written offer to license the SEP on fair, reasonable and non-discriminatory terms, including a description of how the license fees will be calculated (para. 63 ECJ decision). The infringer must react to this in good faith and in particular without delaying tactics (para. 65 ECJ decision).

If he does not accept the SEP holder's offer, the infringer must make a counter offer within a short period of time which complies with FRAND requirements (para. 66 ECJ decision). If the SEP holder rejects this counter offer again, the infringer will have to pay for the use of the SEP and provide security for the payment of the license fees from this point on, this also applies to past uses (para. 67 ECJ decision). The infringer must not be reproached for attacking the legal status or standard essentiality of the SEP during the license negotiation or for reserving the right to do so later (para. 69 ECJ decision). The antitrust law restrictions explicitly provided by the ECJ for the injunction and recourse claim also apply to the destruction claim according to the prevailing opinion (cf. Chamber, decision of 31 March 2016 – docket no. 4a O 126/14 - para. 181 juris with further evidence).

The ECJ clearly has in mind the concept of an infringer who wishes to obtain a license and who - as soon as he has been informed of the use of the plaintiff's patent - is striving for a speedy licensing under FRAND conditions. There is no legitimate interest in enforcing the claim for injunctive relief from a SEP against such an infringer. Instead, both parties shall endeavour to conclude a FRAND-compliant license agreement by out-of-court negotiations first (Chamber, decision of 31 March 2016 – 4a O 126/14 – para. 182 juris).

[..]

aa)

According to the ECJ decision, it is incumbent upon the patentee "prior to the judicial assertion" "to inform the alleged infringer of the patent infringement alleged against him



and, in doing so, to designate the SEP in question and indicate the manner in which it is alleged to have been infringed". In this respect, the plaintiff must announce the judicial assertion of the injunction claim and first hear the infringer (para. 60 ECJ decision). The ECJ therefore requires the SEP holder to notify the infringer of an infringement as a precondition for the enforcement of the injunction claim.

Since the notice of infringement "must designate the SEP in question and indicate the manner in which it is alleged to have been infringed" (para. 61 ECJ decision), at least the indication of the publication number of the patent in suit, the attacked embodiment and the alleged act of use (within the meaning of Sec. 9 et seq. German Patent Law (PatG)) is required vis-à-vis the infringer (Chamber, decision of 31 March 2016 - 4a O 126/14 – para. 187). However, the infringement report does not require any detailed (technical and/or legal) explanations - the other part only needs to be put in a position - if necessary with expert assistance - to examine the allegation of infringement (Kühnen, loc. cit., para. E.312; Regional Court Mannheim, decision of 29 January 2016 - 7 O 66/15 – para. 57). The receipt of such an infringement notification by the infringer must be presented by the SEP holder and, if necessary, proven (Kühnen, loc.cit., para. E.334).

bb)

The plaintiff fulfilled that condition. In a letter dated 4 December 2012, it informed the defendant of its portfolio (as mentioned above, the parent company of the actual defendant, I, is (also) to be understood as the "defendant" here; the plaintiff can also fulfil its antitrust obligations unproblematically through actions against the parent company of I, cf. Chamber, decision of 4 November 2015 - 4a O 93/14 - para. 123 juris). It has indicated the publication numbers and that these are standard essential patents for various standards specified in more detail. In addition, some of the defendant's standard-compliant products were cited as examples. As a result, the parties entered into technical discussions before filing an action. It can be assumed that all the information necessary for the infringement report was discussed within this dialogue. The plaintiff also noted that the assignment of patents to different standards is also available on its website. The defendant is sufficiently experienced in this area and does not need further information to examine the infringement allegation, as it is a larger mobile phone company which even holds standard essential patents.

The defendant has not sufficiently demonstrated that there is a lack of a notice of infringement. It has not indicated which information it did not receive before bringing the action.

Ultimately, however, this can remain an open question. Even if one assumes that a



sufficient notice of infringement is given, the compulsory license objection under antitrust law is successful, since the plaintiff has not fulfilled its obligations under antitrust law in regard to the patent in suit (cf. the explanations below).

b)

The defendant has also - as requested by the ECJ (first guiding principle, first indent and para. 63 of the ECJ decision) - indicated its willingness to license FRAND to the plaintiff (hereinafter referred to as "request for licensing or declaration of willingness to license").

aa)

The obligation to make a FRAND offer is subject to the condition that the infringer has first "expressed his intention to conclude a license agreement on FRAND terms" (para. 63 ECJ decision). In terms of content, he only has to declare his willingness to conclude a FRAND-compliant license agreement. Further information or conditions are not required. On the contrary, it can be harmful for the infringer if he imposes conditions with regard to the intended license if it results from these that the patent user is ultimately not prepared to license under fair, reasonable and non-discriminatory conditions (Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 209 juris; Kühnen, loc.cit., para. 315; in this sense also Regional Court Mannheim, decision of 27 November 2015 - 2 O 106/14 para. 214 juris). The statement and receipt of such a request for licensing fall within the burden of presentation and proof of the infringer (Kühnen, loc. cit., para. E.335).

bb)

Such a request for licensing exists. The defendant agreed to license under FRAND conditions, whereupon the plaintiff sent it an offer for a non-disclosure agreement on 29 January 2013, which served as the basis for further negotiations.

The plaintiff's objection that the defendant was unwilling to license because it had used delaying tactics does not, however, apply in this respect.

(1)

A delay tactic of the infringer in the period between the patent user's declaration of readiness to license and the submission of a FRAND license offer by the SEP holder does not in general allow the conclusion that a declaration of readiness to license is not valid. Rather, such considerations must be taken into account when assessing the SEP holder's offer (after it has been submitted). After declaring his willingness to license, the infringer is only forced to take action again after receiving a FRAND offer.



Until the offer has been made, the patent user may, in addition to the declaration of readiness to license, be subject to further obligations to cooperate if such actions are absolutely necessary for the formulation of the FRAND offer and its justification. For example, it may be necessary for the infringer to sign a non-disclosure agreement or provide the SEP holder with information needed to prepare the offer.

However, a delayed or inadequate cooperation of the infringer does not in general lead to the fact that he can be regarded as unwilling to license contrary to his declaration of readiness to license, so that he is denied the compulsory license objection under antitrust law. If the infringer does not cooperate, or only hesitantly or inadequately, the SEP holder must make a FRAND offer as far as possible. According to the declaration of readiness to license, infringements of the patent user's obligations to cooperate or delaying conduct are in principle only of significance when the question is raised as to whether the offer submitted is to be regarded as FRAND-compliant. According to the concept of the European Court of Justice, a FRAND offer must be made in response to the declaration of readiness to license - the infringer must only react to this offer without delaying tactics.

(2)

Furthermore, the plaintiff could have prevented an alleged pre-litigation delay tactic of the defendant by submitting a FRAND offer to the defendant earlier before the action was brought and - if the defendant did not react in accordance with the requirements of the ECJ decision - by subsequently bringing an action. Such an offer could easily have been made earlier by the plaintiff after a non-disclosure agreement had already been concluded in 2013, which also enabled it to explain to the defendant the method of calculating the license fees. It is not apparent that the plaintiff lacked information from the defendant concerning the preparation of a FRAND offer. Thus, all prerequisites for the submission of such an offer were fulfilled prior to the trial.

Apart from that, it cannot be established that a FRAND offer was submitted before the trial and that the defendant reacted to this with a delaying tactic. Although negotiations between the plaintiff and the defendant took place under the confidentiality agreement, it cannot be established that the plaintiff submitted a FRAND offer in this regard. In that regard, the plaintiff has already failed to provide sufficient evidence. The plaintiff makes more detailed submissions on the FRAND conformity of an offer submitted by it only with regard to the offers submitted on 13 January 2017 and 19 May 2017.

(3)

By those standards, the defendant has not infringed its obligations to cooperate in such a



way as to allow it to be regarded as unwilling to license or its declaration of readiness to license to be regarded as void. The defendant's conduct in concluding the second non-disclosure agreement must - as already mentioned - be taken into account with regard to the question of the FRAND conformity of the offer (cf. below), but does not subsequently render the declaration of readiness to license null and void.

c)

Contrary to the antitrust obligations of the defendant, the plaintiff did not make a sufficient FRAND license agreement offer to which the defendant would have had to respond to by the end of the oral hearing.

The plaintiff did not submit a sufficient FRAND offer "prior to the judicial assertion" contrary to the requirements of the ECJ and also did not sufficiently explain the method of calculation of the proposed license fees up to this point in time. Even if one wishes to allow the FRAND offer and its justification to catch up in principle after filing an action, the offer of 19 May 2017 is delayed, also because the defendant was no longer able to react to it until the end of the oral hearing. The offer dated 13 January 2017 was also not submitted in time, in particular because the plaintiff did not sufficiently demonstrate the method of calculating the license fee in time.

aa)

If the infringer has issued a declaration of readiness to license, the SEP holder is obliged, according to the first guiding principle of the ECJ decision, before bringing an action,

"to submit a concrete written license offer under FRAND conditions, specifying in particular the license fee and the method of calculation. (para. 63 ECJ decision).

Thereby, the ECJ determines the time of submission of the license agreement offer on the one hand (cf. (1)) and on the other hand provides both substantive (cf. (2)) and formal requirements (cf. (3)) with regard to the offer. It is the SEP holder's responsibility to present and, if necessary, prove that the offer submitted by him meets these (FRAND) requirements (Kühnen, loc. cit., para. no. 334).

(1)

It is the SEP holder's responsibility to submit an FRAND-compliant license agreement offer to the patent user before the action is filed. If he does not do so, he cannot, in any case, make up for the submission of an offer which fulfils the requirements of the ECJ during ongoing court proceedings without any time restrictions.



(a)

The ECJ requires the SEP holder "prior to filing the action" (or "prior to the judicial assertion of the SEP") not only to inform the infringer of the infringement of the SEP, but also (if the infringer is willing to license) to submit a FRAND offer and to indicate the method of calculating the required license fee.

This is already apparent from the first indent of the first guiding principle of the ECJ decision. Accordingly, the prerequisite for the assertion of the injunctive relief claim is that the SEP holder

"before bringing the action, informed the alleged infringer [...] of the patent infringement alleged against him and, after the alleged infringer had expressed his intention to conclude a license agreement on FRAND terms, submitted a concrete written license offer on these terms to the infringer [...]"

The same can also be found in the grounds of the decision: the words 'prior to the judicial assertion' in para. 61 of the ECJ decision also refer to the obligation to submit an offer and to state reasons. This time limit is related to the notice of infringement by means of the words "on the one hand"; they refer via the introductory words "on the other hand" in para. 63 of the ECJ decision also to the obligation to submit a FRAND offer.

The time of "judicial assertion" is the time when the action has been filed and the advance on costs has been paid, even if service has not yet taken place (cf. Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 192 juris; Kühnen, loc.cit., para. E. 318). This is because with the payment of the advance on costs, the action is inevitably "on the way".

However, this does not require further discussion here, since the offers of 13 January 2017 and 19 May 2017 were made clearly after service of the statement of claim to the defendants.

In this respect, the question arises as to whether the offers can be effectively caught up in the process.

(b)

It is controversial in case law whether a FRAND offer can be made during ongoing court proceedings (i.e. after "judicial assertion").

It is undisputed, and rightly so, that the SEP holder can at least catch up by withdrawing the complaint and filing it again if he has fulfilled his antitrust obligations in the



meantime. In general, a successfully raised antitrust compulsory license objection does not lead to a permanent material loss of rights for the SEP holder - the action must rather be dismissed as "currently unfounded" if the objection is accepted (see explanations below; cf. also Weber/Dahm, GRUR-Prax 2017, 67). In this case, there is no material loss of rights in the event of a delay in fulfilling the obligations because they were not fulfilled prior to the judicial assertion (Kühnen, loc. cit., para. 339). A fundamental, out-of-court catching up is thus given.

In contrast, it is disputed whether catching up is still possible with effect for the ongoing process. The Higher Regional Court of Düsseldorf assumes that the declarations requested by the SEP holder may in principle be made up for because a failure to do so may in principle lead neither to material nor to procedural preclusion (Higher Regional Court of Düsseldorf, order of 17 November 2016 - I-15 U 66/15 - para. 6 juris; Higher Regional Court of Düsseldorf, order of 09 May 2016 - I-15 U 35/16; for the possibility of catching up, at least in transitional cases: Regional Court Karlsruhe, order of 31 May 2016 - 6 U 55/16 - para. 27 juris). Although Kühnen also permits catching up during the process, he points out that due to the procedural delay rules a delayed offer may or may not be taken into account (Kühnen, loc. cit., para. 350 et seq.).

With regard to the notice of infringement, which must also be made before the judicial assertion, the Chamber assumed in the decision of 31 March 2016 (docket no. 4a O 126/14) that catching up during an ongoing injunction action can be considered admissible in individual cases, in particular in "transitional cases", i.e. when an action is filed before the ECJ decision is delivered. However, in the case of "new cases" in which the action was filed after the publication of the ECJ decision, there are grounds for refusing to make up for this (Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 203). The Mannheim Regional Court rejects any possibility of catching up within the trial (Mannheim Regional Court, decision of 01 July 2016 - 7 O 209/15 - para. 119 juris = BeckRS 2016, 18389).

(c)

If there are no special features which, as an exception, make an action before the submission of the FRAND offer appear admissible (such as a "transitional case"), catching up after bringing an action is in any case not unrestrictedly admissible, whereby the general admissibility of catching up does not have to be decided here.

(aa)

The question of whether the notice of infringement and the FRAND offer can be made up for after the judicial assertion is not expressly dealt with in the ECJ decision. However,



the sense and purpose of the system devised by the ECJ would be undermined if an unlimited amount of catching up was allowed. The European Court of Justice's stipulation of the offer "prior to the judicial assertion" would be undermined if a catch-up is permitted without restriction, in particular until the end of the oral hearing before the infringement court. If one were to allow the SEP holder to make up for his pre-litigation unfulfilled obligations in the course of the proceedings without sanction and without restriction, the guiding principle of the ECJ's decision to be able to conduct negotiations unencumbered by a pending case and to have all the information available during the proceedings that would allow an assessment to be made as to whether the license agreement offer submitted is FRAND-compliant or not would be missed (according to Mannheim Regional Court, decision of 1 July 2006 para. 119 juris = BeckRS 2016, 18389). The ECJ's balanced system should enable the parties to negotiate at eye level without the pressure of injunction proceedings. Even though the infringer can reject a license agreement offer that is not FRAND conform even during the proceedings and defend himself with the compulsory license objection under antitrust law, an ongoing injunction action still has a negative effect on his negotiating position.

Due to the uncertainty as to whether the objection will be upheld - in particular, what level of license fees is regarded by the infringement court as (still) FRAND - even an infringer who is willing to license must fear that he will ultimately be sentenced to cease and desist if he does not yield to license fees that are only just permissible. This could tempt him to accept higher license fees during an ongoing infringement proceeding than at the stage prior to the assertion in court.

In addition, the patent user is under time pressure during the negotiations in order to be able to introduce the (interim) results of the negotiations into the process in good time. This is usually to the detriment of the patent infringer: if the SEP holder has fulfilled his obligations, the infringer must, under the time pressure of an impending injunctive relief title, examine the SEP holder's license agreement offer, make a counter offer and prepare the settlement and security deposit if he does not wish to accept the offer.

Insofar as it is pointed out that, even in the case of the possibility of catching up, the filing of an action contrary to antitrust law does not have to remain sanction-free, since in this respect there is a threat of punishment by the antitrust authorities (Higher Regional Court Düsseldorf, order of 09 May 2016 - I-15 U 35/16 - para. 30 juris; Kühnen, loc. cit., para. 345), this does not change the fact that the conduct would remain sanction-free in the injunction proceedings if the possibility of catching up was allowed without restriction. The threat of sanctions at a different level does not allow the infringement court, at least not without further ado, to soften the system prescribed by the ECJ. If the pressure from



the cartel authorities were sufficient, the system devised by the ECJ would probably not have been necessary.

Another argument against unrestricted catching up may be that the ECJ made it clear in its order of correction of 15 December 2015 that the words "prior to filing the action" refer both to the notice of infringement and to the FRAND offer and explanation of the required license fee, thus underlining the importance of this temporal requirement.

(bb)

However, it is not necessary to decide for the present proceedings whether catching up is generally permitted, since even if a generous catch-up opportunity is granted, the plaintiff's offers were too late or explained too late.

Even if one wants to allow a catch-up in principle, an offer made during the process must be critically examined with regard to its timeliness. A catching-up is only conceivable if the parties (in particular the infringer) have sufficient time before the conclusion of the oral proceedings to carry out the procedure provided for by the ECJ. FRAND offers submitted or substantiated so late that this is no longer possible can no longer be considered in the current trial.

(aaa)

If an offer is submitted so late or if the calculation of the license fees is explained so late that the infringer does not have sufficient reaction time, the offer shall not be regarded as FRAND in the current proceedings without its content being of relevance.

Even if a rejection of the offer as belated is not possible due to procedural law (the national procedural law should not be decisive for the requirements of the ECJ anyway), an offer can only be taken into consideration if it is available in sufficient time to enable the other party to react appropriately and to introduce it into the ongoing process without undue time pressure. In its decision of 9 May 2016 (docket no. I-15 U 35/15 - para. 30 juris), the Düsseldorf Higher Regional Court also stated that the SEP holder may not rely on the infringement court scheduling the infringement proceedings in such a way that it can make up for the entire procedure. Conversely, this means that an offer comes too late in any case if the infringer, even with due effort, no longer has sufficient time to examine the offer and formulate a counter offer - which in turn takes time for the SEP holder to examine.

According to the requirements of the ECJ (first guiding principle, second indent and para. 65 ECJ decision), the infringer must react to the SEP holder's offer "in accordance with the



business practices recognised in the area and in good faith". It follows from this that the necessary time must be made available to him. It must be possible for the patent user to examine the offer carefully and to formulate a counter offer.

Against this background, the submission of an offer (possibly satisfying FRAND requirements) only shortly before the oral hearing, on the basis of which a decision is taken on the granting of the injunctive relief, is considered abusive. In this constellation, the infringer is under pressure either to accept the offer without sufficient examination or to reject it before it has been examined and a counter offer has been prepared. In this way, the infringer is put under pressure and the negotiations at eye level between the parties as requested by the ECJ are impeded. The later the offer is submitted by the SEP holder and the shorter the time lag between the offer (or its justification) and the oral hearing, the greater the pressure on the infringer.

It cannot be objected that the court would grant an injunction title only in the case of a noticeably FRAND-compliant offer and that the sued patent user can continue to accept the FRAND offer after the pronouncement of the decision in order to avoid the enforcement of the injunction. This does not take effect solely because the ECJ expressly grants the patent user the right, even in the case of a FRAND-compliant offer by the SEP holder, to reject it and to make a counter offer under FRAND conditions.

Finally, it does not appear unreasonable to dismiss the injunction claim as currently unfounded even if it is established (possibly in a new procedure) that a FRAND offer was submitted by the SEP holder. By submitting this offer late, the SEP holder is disregarding the ECJ's requirement to submit the offer before bringing an action. In the event of such conduct, he bears the risk that the procedure can no longer be carried out (Higher Regional Court Düsseldorf, order of 09 May 2016 - I-15 U 35/15 - para. 30 juris). Moreover, the consequence of not being taken into account in the proceedings is not a final loss of rights, as there is the possibility of a new action after the proceedings have been conducted.

(bbb)

Insofar as the plaintiff argues analogously in the statement of 19 May 2017 that the Higher Regional Court of Düsseldorf in its decision of 17 November 2016 in the case with the docket no. I-15 U 66/15 stated that a FRAND offer could still be submitted until the end of the oral hearing, this is incorrect. In this decision, the Düsseldorf Higher Regional Court only considered it possible to catch up in the current proceedings. Irrespective of whether a catch-up is generally regarded as admissible, this hardly refers to an unlimited catch-up until the end of the oral proceedings.



(d)

The court is not obliged to postpone the oral hearing in order to ensure that the SEP holder can carry out his obligations during the proceedings. It also does not need to require the SEP holder to make a specific FRAND-compliant offer.

(aa)

The court is not obliged to enable the SEP holder to make up for the FRAND offer or to carry out the procedure by rescheduling or the like. The purpose of the duty to inform under Sec. 139 German Civil Procedure Code (ZPO) is to show the parties on which points they still have to declare themselves - but it does not serve to encourage the parties to a certain business conduct (here: to make or accept a certain contract offer or to give them more time for pre-litigation obligations in the process). The ECJ also does not provide for a moderation by the court to create a FRAND-compliant offer. Rather, the parties should reach an agreement before the trial and only if this fails may the injunction claim be asserted in court. Only if both parties fulfil the requirements of the ECJ and no license agreement is concluded, a third party should be allowed to be involved in the FRAND provision. The involvement of a third party in the formulation of the offer or counter offer is not provided for.

(bb)

It is also in the well-understood interest of both parties that the court only evaluates an offer submitted but does not encourage the submission of further offers prior to a decision:

If, on the one hand, the SEP holder is FRAND-compliant and the infringer nevertheless refuses to conclude a license agreement or a sufficient counter offer, the SEP holder has a recognizable interest in a quick cease and desist title.

If, on the other hand, the SEP holder does not submit a (timely) FRAND-compliant offer, the consequences are also acceptable. He can continue to demand FRAND-compliant license fees for his property right. In addition, he receives a title to information and a determination of damages (although limited under antitrust law, cf. below), which he would otherwise have received only with delay. In this way he also receives a judicial confirmation of the standard essentiality of the respective patent and a positive prognosis of the legal status (if it is challenged) - or, depending on the legal system, even a decision on it. Furthermore, there shall be no final loss of rights with regard to claims for injunctive relief, recall and destruction: As already mentioned, the action is dismissed only as currently unfounded, so that the SEP holder can bring another action after fulfilling his



antitrust obligation if the parties do not reach an agreement in the meantime.

(cc)

After all, the court's chances of successfully reaching an agreement by information orders are small and in any case worse than the chances in direct, out-of-court negotiations between the parties. If, however, there is hardly any possibility of an agreement being reached by the court, it seems inappropriate to delay the proceedings by means of additional time limits for the submission of pleadings and/or a postponement of the date for the oral hearing.

(e)

The time until which catching-up is possible depends on the individual case. The patent user must be given sufficient time to respond to the offer. If this is no longer possible within the set deadlines, the offer shall be deemed not to be FRAND. In the present case, no decision is required as to whether an offer with the statement of claim is admissible thereafter or even later. Even after a generous interpretation of the possibility of catching up, the offers of the plaintiff to be discussed are too late (cf. below).

(2)

In addition to the temporal requirements discussed above, the offer must contain FRAND conditions (FRAND = fair, reasonable and non-discriminatory).

(a)

It is disputed whether the infringement court only has to examine the existence of a FRAND offer summarily in the sense of a negative evidence check (e.g. Regional Court Mannheim, WuW 2016, 86 para. 221) or whether it actually has to determine whether an offer is FRAND (cf. Higher Regional Court Düsseldorf, order of 17 November 2016 - I-15 U 66/15 - para. 13 juris; Higher Regional Court Karlsruhe, order of 31 May 2016 - 6 U 55/16 - para. 30 juris - Dekodiervorrichtung). But even if one demands an actual judicial finding and not only an evidence check, there is at least a judicial discretion (Higher Regional Court Karlsruhe, order of 31 May 2016 - 6 U 55/16 - para. 32 juris - Dekodiervorrichtung). This is because, as a rule, there is not a certain level of license fees which is FRAND, but a range of non-exploitative fees (Higher Regional Court Düsseldorf, order of 17 November 2016 - I-15 U 66/15 - para. 13 juris).

Ultimately, the necessary depth of the court's examination can be left open, for here a FRAND offer is not available simply because such an offer was not made in good time and



was sufficiently substantiated. In any case, the infringement court must fully examine such rather formal requirements for the SEP holder's conduct.

(b)

In terms of content, the SEP holder's offer should be fair, reasonable and non-discriminatory (= FRAND) (para. 63 ECJ decision). This includes requirements on the absolute level of license fees, which must be fair and reasonable (cf. (aa)), and on the relative level of license fees compared to other licensees where there is a non-discrimination rule (cf. (bb)). The same applies not only to the amount of the license fees but also to the other contents of the offer (cf. (cc)).

(aa)

The offer must not be exploitative, but must be "fair, reasonable". There is no abuse of a dominant market position if the patentee offers contractual terms which would have come about in this way even without his dominant market position.

(bb)

In addition to the requirement of "fair, reasonable", which refers to the amount of license fees per se, the license agreement offer must also be non-discriminatory. A dominant company must, in accordance with the principle of non-discrimination, grant the same prices and other commercial conditions to trading partners in the same situation. However, this only applies to comparable situations - there is therefore no obligation for schematic equal treatment. A difference of treatment shall be permissible where objectively justified. The burden of presentation and proof of unjustified unequal treatment (discrimination) lies with the infringer, with a secondary burden of presentation on the SEP holder. This includes information on the other licensees and the terms agreed with them, which the SEP holder must present. If there is unequal treatment, the SEP holder is obliged to provide evidence to justify it.

(cc)

The offer must also be FRAND in relation to the other contractual conditions, such as the scope of the licensed rights and the territorial scope. When it comes to the question of whether a portfolio license - possibly worldwide - meets FRAND requirements, the customary practice in the industry is particularly relevant. If, in the relevant market, worldwide group license agreements are usually concluded for entire portfolios of property rights, a corresponding contractual offer does not violate FRAND, unless the circumstances of the individual case make a deviation appear necessary, for instance if



the infringer is only active on a geographical market (cf. Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 220 juris).

(3)

Finally, the ECJ decision places (rather) formal requirements on the offer to be made by the SEP holder in addition to the time and content requirements discussed above: On the one hand, the offer must be concrete and in writing. On the other hand, the way in which the required license fee is calculated must be stated (1. guiding principle, 1. indent and para. 63 ECJ decision), whereby latter can also be stated in an accompanying letter or the like provided it is transmitted at the same time as the offer (Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 252 juris; Higher Regional Court Düsseldorf, order of 17 November 2016 - I-15 U 66/15 - para. 12 juris; Kühnen, loc. cit., para. E.308 / footnote 458).

(a)

The ECJ does not only require the indication of the amount of the license fee and its calculation as "method of calculation". Rather, the SEP holder must explain to the infringer in a concrete and comprehensible manner why the envisaged license fees are FRAND (Higher Regional Court Düsseldorf, order of 17 November 2016 - I 15 U 66/15 = BeckRS 2016, 21067 para. 19; Regional Court Mannheim, decision of 08 January 2016 - 7 O 96/14 - para. 76 juris; Regional Court Mannheim, decision of 17 November 2016 - 7 O 19/16 = BeckRS 2016, 108197 para. 58; Kühnen, loc. cit., para. E.309).

(b)

The information to be provided by the SEP holder on the "manner of its calculation" in the context of the offer corresponds in terms of content to what he, as plaintiff in infringement proceedings, must present in order to sufficiently demonstrate the FRAND conformity of his offer to the court. In particular, it is necessary to give explanations on license agreements that have already been concluded and on relevant court decisions.

(aa)

The method of license fee calculation does not necessarily require a strict mathematical derivation. To the extent that this is possible in the specific case, it is necessary and regularly sufficient to demonstrate the acceptance of the required (standard) license rates on the market via license agreements already concluded (Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 253 juris). If the SEP holder has already concluded license agreements on the patent in suit or a portfolio containing this patent, he must give a concrete account of these agreements (Kühnen, loc.cit., para. E.310). On the one hand, this



is the only way for the infringer to determine whether the offer is actually non-discriminatory. Otherwise, the infringer usually has no possibility of gaining knowledge of license fees paid by other companies. On the other hand, already concluded license agreements can often prove the acceptance of the required license fees on the market and thus that they are fair and reasonable (cf. Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 219 juris with further evidence). Whether the submission of other license agreements alone is sufficient to demonstrate the reasonableness of the license fees depends on the individual case and in particular on the number of license agreements concluded. If there is a sufficient number of license agreements and acceptance on the market (e.g. market share of the products licensed at a certain fee level), no further information on the appropriateness of the license fee level will normally be required.

The presentation of the way in which the FRAND-compliant license fees have been calculated on the basis of license agreements that have already been concluded has priority. It is easier and more certain to establish the FRAND compliance by means of the result of various actual license agreements which have already been concluded than by means of the presentation of the individual factors which could or should play a more or less important role in license agreement negotiations and which the infringer and the court would first have to "assemble" into a license fee amount.

In order to be able to justify the level of license fees, the SEP holder must, in principle, present all essential license agreements - otherwise there is always the risk that only those agreements will be presented which support the required level of license fees. Even freedom from discrimination can only be verified if information is provided on all license agreements.

(bb)

In addition to the license agreements already concluded, the SEP holder must also submit any court decisions dealing with the license agreements concluded in order to prove the manner in which the required license fees are calculated. In any case, court decisions or indications as to the appropriateness of the proposed licensing conditions must be taken into account as neutral and expert opinions. The infringer has a legitimate interest in such decisions, while it is up to the SEP holder to make such relevant aspects transparent.

At least if no license agreements or an insufficient number of license agreements have been concluded, the SEP holder must also submit other decisions on the infringement and validity of the property rights to be licensed.

Whether additional information is required in addition to the license agreements already



concluded and, if applicable, court decisions depends on whether FRAND compliance can already be proven with the submitted agreements, which primarily depends on the number and, if applicable, scope of the license agreements concluded.

If this is not the case, the SEP holder must provide evidence on the appropriate level of license fees by submitting comparable license agreements known to him (preferably in the same or a comparable technical area). Further clarification of the portfolio and its impact on the level of fees is also required if the patent is not licensed individually. What needs to be put forward in concrete terms is a case-by-case issue - ultimately the SEP holder has to explain how he has set the license fees and why the level set is appropriate.

(dd)

As already mentioned, the presentation of all license agreements that have already been concluded shows that the license agreement conditions offered are non-discriminatory. In order to prove a non-discriminatory license agreement offer, a concrete factual presentation on the existing agreements with third parties is required (Higher Regional Court Düsseldorf, order of 17 November 2016 - I-15 U 66/15 = BeckRS 2016, 21067 para. 22).

If no license agreements have yet been concluded on the patent in suit, it is sufficient to demonstrate non-discrimination that the SEP holder announces that he will also demand comparable license terms from other companies for future licensing.

(c)

The above-mentioned time specifications for the submission of the offer also apply to the presentation of the method of calculating the license fees (so expressly: Regional Court Mannheim, decision of 01 July 2016 - 7 O 209/15 - para. 119 juris = BeckRS 2016, 18389). Only when the infringer has received this information there is an offer of which he must sufficiently examine the FRAND compliance and to which he must respond in accordance with the requirements of the ECJ.

(d)

It may be the infringer's responsibility to conclude a confidentiality agreement in order to enable the SEP holder to present other license agreements etc. However, if the infringer refuses the SEP holder's legitimate wish to conclude an appropriate non-disclosure agreement, this does not in principle release the SEP holder from the obligation to explain the manner in which the license fees are calculated and the license agreements concluded (Higher Regional Court Düsseldorf, order of 17 November 2016 - I-15 U 66/15 - para. 24 juris). In detail:



(aa)

In principle, the infringer of a SEP may be required to use the confidential information made available by the SEP holder only for FRAND compliance verification and litigation purposes, but not outside these areas. Furthermore, the infringer may in principle be required to keep such information secret from third parties. This is because the infringer of an SEP is required to promote the FRAND contract negotiations, which also obliges him to deal with the SEP holder's legitimate confidentiality concerns (Higher Regional Court Düsseldorf, decision of 17 January 2017 - I-2 U 31/16 - para. 8 juris). The conclusion of a non-disclosure agreement is common in "free" license negotiations and is regularly made at the beginning of the discussion - as it has also been done here.

(bb)

If the infringer completely refuses to conclude an appropriate non-disclosure agreement, this usually does not result in the infringer being regarded as unwilling to license, but this must rather be taken into account in the assessment of the FRAND conformity of the offer.

As a rule, a lack of cooperation in concluding a confidentiality agreement with an otherwise license-compliant infringer will result in the SEP holder having to explain the method of calculating the license fees somewhat less concretely and actually being allowed to anonymise or omit information requiring confidentiality. The infringer who refuses or deliberately delays the conclusion of an appropriate non-disclosure agreement risks that the SEP holder will sufficiently comply with the burden of disclosure even without complete information on other license agreements.

However, the FRAND-incompatible lack of cooperation on the part of the infringer does not release the SEP holder from the obligation to explain and prove the manner in which the FRAND license fees are calculated, to the extent that this can reasonably be done without a confidentiality agreement. It should be noted that the need for secrecy with regard to the SEP holder's obligation to submit information must be understood more strictly than in the context of a secrecy agreement, which the SEP holder can legitimately demand.

In other words, not all information that would be covered by a market secrecy agreement can be omitted in court without successfully compromising the completeness of the explanation of the way license fees are calculated. Even without participating in the conclusion of a non-disclosure agreement, the burden of presenting that the offer submitted complies with FRAND principles remains with the SEP holder. In the course of



the proceedings, he cannot, in principle, successfully invoke in general terms that a concrete factual presentation on the content of other license agreements is opposed by the confidentiality interests of third parties and/or that it has undertaken to maintain confidentiality vis-à-vis licensees (Higher Regional Court Düsseldorf, order of 17 November 2016 - I-15 U 66/15 - para. 24 juris). Rather, the SEP holder may only omit what is absolutely necessary to maintain confidentiality, stating the reasons for this, but may not refuse to make any blanket statement on other license agreements. A FRAND-compliant behaviour requires a high degree of transparency. The existing and potential licensees of the SEP must be able to determine the non-discrimination of the license agreement. For example, concluded license agreements can be submitted anonymously.

(cc)

If the SEP holder can demand the conclusion of a confidentiality agreement from the infringer, he must initiate this at an early stage. On a regular basis, the SEP holder will have to initiate the conclusion of a confidentiality agreement with the notice of infringement.

It is the SEP holder's responsibility to explain the method of calculating the license fees at the same time as the offer. If the patentee legitimately considers himself to be in a position to do so only if he concludes a confidentiality agreement with the infringer beforehand, he must take care of this and ensure that he can already transmit confidential information to the infringer at the time of the offer. This is, moreover, in line with the customary commercial practice of placing a non-disclosure agreement at the beginning of the license agreement negotiations.

If the infringer delays the conclusion of a non-disclosure agreement - e.g. by unnecessarily slow reactions or new claims - the same principle applies as for the complete refusal of a legitimate non-disclosure agreement: The SEP holder is not released from the burden of presentation, but he may first withhold information requiring non-disclosure and deliver it subsequently as soon as such an agreement has been concluded, whereby this - as seen - does not release him from the obligation of an otherwise comprehensive submission and only occasional blackouts or omissions are allowed.

(dd)

In the case of the information initially withheld by the SEP holder, the infringer cannot rely on a delay or lack of time to examine it, provided that the delay is due to his own conduct. If a confidentiality agreement is concluded too late because, on the one hand, the SEP holder has initiated such an agreement too late and, on the other hand, the



infringer has unreasonably delayed the conclusion of the agreement, this is in general to the detriment of the SEP holder: the latter can only be heard to have been unable to present information requiring confidentiality in good time if he can demonstrate that the relevant agreement would have been concluded too late even if the confidentiality agreement had been initiated early.

bb)

On the basis of the requirements set out above, it cannot be established that the plaintiff made an offer for a license agreement to the defendant in accordance with FRAND.

(1)

In regard to the plaintiff's pre-litigation license agreement offers, it cannot be established that one of the offers met FRAND conditions in terms of content. For these offers, there is no sufficient explanation of how the required license fees are to be calculated. There is a lack of sufficient presentation on the required license fees and their appropriateness. In addition, it is questionable whether these offers are still valid at all in view of the subsequent offers and could be accepted by the defendant.

(2)

With the offer of 13 January 2017, the plaintiff cannot fulfil its FRAND obligations either.

(a)

The plaintiff's offer of 13 January 2017 was made with the replica and only after the judicial assertion of the injunction claim. Effective catching up during the infringement proceedings here fails in any case because the plaintiff failed to explain the method of calculating the required license fees in a timely and sufficient manner. This applies even if it is assumed in favour of the plaintiff that the defendant unlawfully delayed the conclusion of a confidentiality agreement in the FRAND case.

(aa)

The plaintiff's submission in the replica in the partially blackened version filed on 13 January 2017 is not sufficient to justify the manner in which the license fees were calculated.

The presentation that the license rates offered correspond to the Standard Rate or the Compliant Rate is not sufficient in itself to establish FRAND compliance. On that basis,



the defendant has no possibility of verifying the accuracy of the statement. In the replica there is no (unblackened) lecture on the other license agreements which the plaintiff has already concluded.

Due to the incomplete submission on the FRAND compliance of the license amount, the defendant was also unable to comment on this in the context of the rejoinder. In the absence of an identifiable FRAND offer by the plaintiff, the defendant was neither obliged nor sufficiently able to submit a FRAND counter offer, let alone to introduce it into the present proceedings within the time-limits set for the submission of written pleadings.

(bb)

Also, the plaintiff cannot successfully rely on the fact that it was not able to submit a sufficient submission in time because the defendant refused to cooperate in the conclusion of a non-disclosure agreement, which was incumbent upon it. It remains to be seen whether the defendant delayed the conclusion of a non-disclosure agreement due to unreasonable claims. Even if one assumes a delay by the defendant, this does not lead in the present case to the fact that one can assume the FRAND compliance of the offer of the plaintiff or that the defendant would be denied the recourse to the antitrust compulsory license objection as a whole.

(aaa)

The plaintiff cannot successfully excuse the insufficient submission on the calculation of license fees with a delaying tactic of the defendant, at least because it would have been able to submit a more detailed submission on the FRAND conformity of the requested license fees even without a non-disclosure agreement. The court may issue orders for the protection of secrets against third parties. The plaintiff could have presented anonymously the concluded license agreements. In contrast, the plaintiff has largely blacked out the submission on that point. Irrespective of the scope of a confidentiality agreement customary in the market, the plaintiff cannot omit submissions in the court proceedings on the general grounds that its confidentiality interests are affected.

The blackening of the text was to a large extent not justified by secrecy interests, as the replica shows after the release of the blackened passages. It is questionable from FRAND's point of view if the plaintiff withholds, without justification, submissions which do not contain confidential information that require secrecy, so that the defendant can only react to this shortly before the oral hearing.

For example, it is not understandable why the plaintiff blackened its general



"considerations in determining the license fee" (p. 13 et seq. of the replica). These do not contain any confidential information, but only the plaintiff's opinion on how to calculate license fees. Additionally, it is not apparent what the plaintiff's interest in maintaining secrecy is regarding the publicly available prices of tablets. The same applies to a contract concluded between the parties, which is known to the defendant anyway.

The initially blacked out presentation of the standards covered by the portfolio and their brief description are obviously not secret either; the standards covered are also published by the plaintiff on its homepage. Since the standard is public and the property rights are also published, a need for secrecy with regard to claim charts continues to appear questionable - which only link the patent claims to certain standard passages. In any event, the plaintiff would have to provide that information in order to enforce the property rights. On its homepage, the plaintiff also states which patents belong to its portfolio and which standards they cover, including the concrete standard specifications.

(bbb)

Furthermore, the plaintiff cannot rely on the defendant's lack of cooperation in concluding the confidentiality agreement, since it initiated it too late. It is to be assumed that, if it had been initiated in good time, a secrecy agreement would have been concluded which would have enabled the plaintiff to make sufficient submissions. It may be left open whether the defendant made an unreasonable claim and delayed the conclusion of the confidentiality agreement ultimately agreed.

In the end, a confidentiality agreement was concluded which enabled the plaintiff to also release the initially blacked out presentation in the reply justifying the offer of 13 January 2017. It must be assumed that the plaintiff would have been able to do so at the time of expiry of the period for replying if it had initiated the conclusion of the non-disclosure agreement in good time. After all, an agreement to this effect was concluded in less than five months.

In contrast, the plaintiff did not offer the conclusion of a new contract until after conclusion of the pre-litigation confidentiality agreement in a letter dated 5 January 2017. In pre-litigation proceedings, however, the plaintiff initiated the conclusion of a secrecy agreement immediately after the first contact with the defendant in a letter dated 4 December 2012. It was therefore already aware well before the action was brought that, in its view, a confidentiality agreement was necessary for a full FRAND presentation.



(ccc)

The fact that there was no secrecy agreement at the end of the replica period on 13 January 2017 is ultimately the responsibility of the plaintiff. The defendant cannot be accused of not having reacted to the draft confidentiality agreement submitted by letter dated 5 January 2017 within the time limit set by the plaintiff until 12 March 2017. The response of the defendant by letter of 26 January 2017, i.e. three weeks later, should not be objected to as a delaying tactic in terms of time. The legal deadline of one week was clearly too short. The draft of the plaintiff's confidentiality agreement went to the defendant's German attorney. The latter had to inform the defendant as his client, who in turn as the attorney himself - had to examine the draft and internally coordinate it. Even with the quickest possible reaction, at least two to three weeks are acceptable. In addition, the deadline for replies was originally set at 9 December 2016, which is why the plaintiff would have had reason to initiate the conclusion of a non-disclosure agreement even earlier.

(cc)

Finally, the plaintiff also cannot rely on the defendant's lack of cooperation in concluding a non-disclosure agreement because, even if it is assumed that the replica had already been submitted unblackened on 13 January 2017, its submission is not sufficient to justify the method of calculating the required license fees. Even if the secrecy agreement demanded on 5 January 2017 had been concluded within the deadline set by the plaintiff, her submission in the replica would not be sufficient (irrespective of the question of whether it was not already too late at that time anyway).

The plaintiff itself submits that it has concluded a number of license agreements relating to the portfolio at issue here, of which it presents only a selection. Discrimination contrary to FRAND may already exist if a market participant is granted significantly more favourable conditions without any objective reason. In this respect, in order to establish non-discrimination, it is in general necessary to make a submission on all license agreements already concluded that relate to the same SEP and/or the same portfolio. The plaintiff, on the other hand, only explains X already concluded license agreements (X - X) in the replica. In contrast, X license agreements were discussed in the parallel proceedings before the Düsseldorf Higher Regional Court. In any event, freedom from discrimination cannot be established in regard to the plaintiff's submission on the basis of the replica, since it cannot be ruled out that the lack of the license agreement (X) will lead to discriminatory conditions.

Moreover, the plaintiff itself considers that it did not fully explain in the replica the



manner in which the license fees were calculated. For in its pleading of 19 May 2017 the plaintiff again extensively states the FRAND compliance, whereby it also mentions the license agreement X. It thus indicates that its previous presentation is not complete. In this respect, too, it cannot invoke the absence of a confidentiality agreement: it could easily have already stated this in the replica of license agreement X (if necessary, initially blacked out).

(b)

Notwithstanding the discussion on confidentiality and the question of the incomplete presentation of the calculation of license fees, the FRAND compliance cannot be established on the basis of the previous presentation. The plaintiff also only discusses the criticism of various aspects of the offer of 13 January 2017 submitted by the defendant in connection with the offer of 19 May 2017.

The fact that the plaintiff felt compelled to significantly reduce the required license fees in the offer of 19 May 2017 suggests that the original conditions do not even meet FRAND's requirements from the plaintiff's point of view. Since, according to the plaintiff, the offer is "intended to take account of the new developments with regard to the plaintiff's Q" (p. 2 of the statement of 19 May 2017), it must be assumed that the plaintiff itself has doubts as to the FRAND conformity of the offer of 13 January 2017.

(3)

The current license agreement offer dated 19 May 2017 cannot fulfill the FRAND obligations of the plaintiff either. Due to the submission of this offer shortly before the oral hearing on 30 May 2017, the offer is delayed and can no longer be considered. On the contrary, the timing of the offer is an expression of a FRAND-incompatible licensing practice. Furthermore, the plaintiff has not (so far) sufficiently explained the way in which the required license fees are calculated.

(a)

The offer dated 19 May 2017 was made significantly more than one year after the court asserted the patent in suit and thus outside the timeframe specified by the European Court of Justice. With this offer, the plaintiff was no longer able to fulfil its obligation to make a FRAND offer.

(aa)

The defendant has no opportunity to examine the plaintiff's offer of 19 May 2017 in



accordance with business practice and to respond to it before or during the oral hearing scheduled for 30 May 2017. The new offer is connected with an extensive new submission, which is partly blackened. Further claim charts were also presented. Irrespective of whether the plaintiff was obliged to do so in order to prove the FRAND conformity of the offer, the defendant must be given the opportunity to examine the plaintiff's entire submission. Furthermore, according to the ECJ guidelines, the defendant does not have to accept an offer in accordance with FRAND, but may formulate a counter offer. A period of 11 days (including two weekends and a public holiday) is obviously not sufficient for this.

The examination is also complicated by the fact that the plaintiff appears to have submitted two versions of the offer. Also, it does not show how the current offer differs from the previous offer. The plaintiff did not attempt to substantiate the FRAND conformity of its offer of 13 January 2017 in an unblackened version of the replica until the submission of 18 May 2017. Just one day later, she made a new offer. The plaintiff's tactic of submitting new submissions and a new offer shortly before the hearing prevents the defendant from sufficiently examining its offer. As a result of the hearing which followed shortly thereafter, the defendant is put under undue pressure to examine the latest offer and to respond to it.

(bb)

It is also not clear why the plaintiff could not have made the offer of 19 May 2017 earlier.

The decisions of the Düsseldorf Higher Regional Court in the parallel proceedings do not justify the delayed submission of the offer. If the plaintiff had initially submitted an offer which was not FRAND-compliant in that proceeding, which was established by the Düsseldorf Higher Regional Court and gave the plaintiff cause to submit a new offer in the present proceedings, this would be based on the plaintiff's failure to submit a FRAND-compliant offer from the outset. In any event, such a constellation cannot lead to a shortening of the time the defendant is allowed to examine the offer and to react to it. Moreover, the new offer was made only 1.5 months after the pronouncement of the decisions in the parallel proceedings before the Düsseldorf Higher Regional Court.

(cc)

Contrary to the plaintiff's view in the statement of 24 May 2017 (p. 8), it would not have been possible, even if the defendant had concluded a confidentiality agreement immediately, "to conduct the proceedings here within the set time limits without problems". The plaintiff's offer of 19 May 2017 was made outside the deadline regime set



by the Chamber, namely more than four months after the plaintiff's deadline for replies and more than five weeks after the duplication deadline. The parties have already been informed in the decision that the duplicate is for the preparation of the Chamber and cannot therefore be renewed in principle.

(b)

In addition, the offer of 19 May 2017 - irrespective of the fact that it is no longer eligible for consideration due to time reasons - is not FRAND, as the manner in which the license fees are calculated is also not sufficiently described in the statement of 19 May 2017. In this respect, only the submitted, partially blacked out version of the pleading can be assumed. The presentation there is not sufficient to explain how the license fee is calculated.

(aa)

The plaintiff also fails to submit the decision of the Higher Regional Court in the parallel case (R . / . S). In this respect, the simple indication that the current offer differs from the offer which was considered abusive by the Düsseldorf Higher Regional Court is insufficient. It would have been up to the plaintiff to describe in detail why the Düsseldorf Higher Regional Court regarded the plaintiff's offer there as not FRAND and in what concrete way the present offer of 19 May 2017 differs and how these differences overcome the criticism of the Düsseldorf Higher Regional Court. However, she failed to do so. Also, it is not apparent why the plaintiff's confidentiality obligations with regard to such general information preclude the submission. The plaintiff also stated at the hearing that the decision had not yet been published, but she did not make sufficient efforts to show in the proceedings in question, in which she is the plaintiff herself, that she strived for prompt disclosure sufficiently (possibly partially blackened).

(bb)

License Agreement X was presented for the first time in the statement of 19 May 2017. However, the (previous, blackened) presentation does not show any freedom of discrimination.

Rather, the unblackened presentation gives rise to the suspicion that discriminatory conditions can be derived from the license agreement F. The plaintiff's submission that a mere outlier could not lead to inappropriate unequal treatment gives rise to the presumption that one of the license agreements concluded (license agreement X?) contains clearly different license conditions. Contrary to the plaintiff's view, the entire



licensing practice may already be regarded as abusive because of a single, unjustifiably more favourable conclusion of a license agreement. Where unjustifiably lower license fees are offered to a mobile telephone manufacturer, this manufacturer has a lasting advantage over the other market players, who have higher manufacturing costs in this respect.

The plaintiff's argument that a SEP does not create a genuinely dominant position, with the result that it is forced to grant discounts, also raises at least the suspicion that the plaintiff is trying to justify a discriminatory licensing practice here. In any case, with the submission apparent from the (blackened) document, she does not succeed. The fact that in the USA and China the injunctive relief is not necessarily the result of a patent infringement does not justify discriminatory licensing fees. The fact that it is easier to conclude license agreements with favourable license fees and discounts does not seem to allow such good terms to be offered only selectively. It is not clear from the plaintiff's submission why it (possibly) offered very favourable terms to a licensee, but not to others.

Finally, the plaintiff's argument from the FRAND point of view that a higher license fee is justified because it is precisely the purpose of the plaintiff's business to achieve far-reaching licensing of the market seems questionable. Without further (possibly existing but blackened) arguments, it seems problematic to establish the FRAND compliance of license fees based on such an argument.

(cc)

The pleading of 19 May 2017 is not sufficient to explain the method of calculation of the required license fees, since it is largely blacked out. Thus, the plaintiff indicates that further submissions are necessary (and prepared) to justify the FRAND compliance, but are not currently submitted. From the defendant's point of view, it is therefore clear that a final review of the offer is not possible and that a counter offer cannot be prepared. As long as the plaintiff blacks parts of her documents, the procedure simply does not continue.

(dd)

Also, the plaintiff cannot justify the missing or blackened submission with the absence of a non-disclosure agreement. Also with regard to the offer of 19 May 2017, the plaintiff cannot invoke a lack of cooperation of the defendant in concluding a non-disclosure agreement. Even if the defendant had immediately concluded the confidentiality agreement proposed by the plaintiff on 5 January 2017, the submission in the statement of 19 May 2017 would obviously have been too late to examine the FRAND conformity of



the offer before the oral hearing and to submit a counter offer.

Moreover, the plaintiff initiated a confidentiality agreement too late, as has been explained above. The plaintiff also did not initiate an extension of the confidentiality agreement concluded until the day on which the offer was submitted (19 May 2017). It is not clear why the relevant information was not previously the subject of negotiations on the confidentiality agreement and why it was not included in the lists of completed versions.

d)

Even if it were to be assumed - as is not the case - that the offer of 19 May 2017 was in accordance with FRAND requirements and the plaintiff had sufficiently explained the manner in which the license fees were calculated, the antitrust objection to compulsory licensing would be upheld. The submission of a FRAND offer only triggers the obligation of the patent user to make a counter offer in accordance with FRAND if the offer is not accepted. Even if this reaction must take place without delay tactics, the infringer must nevertheless be granted a reasonable period of time to examine and formulate the counter offer. Until the oral hearing on 30 May 2017, the defendant simply did not have sufficient time for this based on the offer on 19 May 2017. However, the time after the conclusion of the oral proceedings cannot be taken into account in the decision.

e)

The successfully raised compulsory license objection leads to the (provisional) rejection of the applications for injunctive relief, recall and destruction (see below). The claim for damages as well as the claim for information and rendering of accounts are subject to a substantive restriction due to the successful objection under antitrust law, but the merits of the claim exist (cf. VII.).

aa)

The plaintiff's right to injunctive relief under Article 64 EPC, in connection with Sec. 139 (1) German Patent Law (PatG) is to be dismissed as currently unfounded. As stated above, the defendant successfully raised the antitrust compulsory license objection. The plaintiff did not fulfil the requirements resulting from the ECJ decision - at least not in time. As long as this is not the case, the right to an injunction is not enforceable (para. 52 and 73 of the ECJ decision). If, however, the plaintiff fulfils its obligations - in good time - while the defendant does not behave in accordance with FRAND, these claims are enforceable again (Higher Regional Court Karlsruhe, Mitt. 2016, 321 -



Informationaufzeichnungsmedium; Kühnen, loc. cit., para. E.300).

bb)

The claim of injunctive relief, Art. 64 (1) EPC in connection with Sec. 140a (3) PatG, is to be dismissed as currently unenforceable. The antitrust restrictions applicable to the injunction claim are also applicable to the recall claim (cf. para. 73 ECJ decision)

cc)

Finally, the claim to destruction under Art. 64(1) EPC in connection with Sec. 140a (1) PatG is to be dismissed as currently unfounded on the basis of the antitrust compulsory license objection successfully raised by the defendant.

The antitrust law restrictions explicitly provided by the ECJ for the injunction and recourse claim also apply to the destruction claim according to the prevailing opinion (cf. Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 181 juris with further evidence). The claim to the destruction of patent infringing objects has a similar effect on market access to corresponding products as an injunction or recall claim. The assertion of the right to destruction is also likely to prevent products manufactured by competitors which meet the relevant standard from entering or remaining on the market.

VI.

The enforceability of the claim for damages as well as the claim for information and accounting, which the FRAND objection does not exclude on the merits, is also not hindered by the objection of a patent ambush. From the point of view of the so-called patent ambush, the defendants have neither a claim to the granting of a license nor does the assertion of the claims at issue constitute a case of the inadmissible exercise of rights under Sec. 242 German Civil Code (BGB) from this point of view.

1.

In this respect, the defendants rely on (alleged) conduct on the part of the original patentee. During standardization, the latter deliberately concealed the filing of the patent application from the standardization organization in order to be able to demand excessive license fees after the standard had been defined and thus committed a so-called patent ambush.



2.

It remains to be seen whether A actually concealed the existence of the patent in suit and whether the plaintiff must also be held responsible for that conduct. Even if these two points were answered in the affirmative, there would ultimately be neither a claim to the granting of a free license nor the objection from Sec. 242 BGB (German Civil Code) to take effect.

a)

In principle, a patent ambush does not mean that the patentee can no longer enforce the injunctive relief under patent law from the concealed patent at all. Rather, the legal consequence is only a licensing obligation under FRAND conditions for this patent (Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 314; Chamber, decision of 03 November 2015 - 4a O 144/14 - para. 171 juris; Regional Court Düsseldorf - decision of 24 April 2012 - 4b O 274/10 - para. 252 juris - FRAND declaration; approving: Regional Court Mannheim, decision of 27 November 2015 - 2 O 106/14 - para. 198 juris). The FRAND licensing obligation correctly places third parties in the same position as if the SEP holder had behaved properly during standardization. Further restrictions of the patentee would mean an unjustified punishment beyond the compensation of the misconduct.

However, there is an obligation on the plaintiff to license under FRAND conditions anyway. It remains to be seen whether this follows without further ado from Art. 102 TFEU without a corresponding FRAND declaration, so that ultimately a patent ambush always remains without consequences. The obligation to grant licenses under FRAND conditions follows here at least from the FRAND declaration of the plaintiff which it submitted to ETSI and which also covers the patent in suit (see Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 315). With the later submission of the FRAND declaration, a possible infringement (patent ambush) is basically cured.

b)

A free license can at best be considered as a consequence of a patent ambush if at least a predominant probability can be established that an alternative technique would have been standardized if the property right had been disclosed in due time. The defendant bears the burden of presentation and proof for this (Chamber, decision of 31 March 2016 - 4a O 126/14 - para. 316 juris; further Korp, Der Patenthinterhalt, Diss., 2014, p. 77, according to which a free license can already be considered if it cannot be ruled out that another solution would have been standardized).



The defendant has not fulfilled this burden of proof in any regard. It does not provide any information as to how the standardisation actually took place and why another technique would have been standardised if the former patentee had disclosed the patent in due time. Rather, the defendant submits only in general terms that in any case "it cannot be ruled out" that the "standardisation bodies, if they were aware of the teaching of the plaintiff's patent, had operated the standardisation procedure differently".

This is clearly not sufficient enough to be able to determine a different result of standardization.

VII.

The established patent infringement justifies the awarded legal consequences as follows, taking into account the successfully raised antitrust compulsory license objection:

1.

The plaintiff is entitled to claim damages from the defendant pursuant to Article 64 (1) EPC in connection with Sec. 139 (2) PatG on the merits.

a)

As a specialist company, the defendant would be obliged to examine whether the products offered and supplied infringe the patent. By failing to carry out an appropriate review, the defendant failed to exercise the care required in trade, Sec. 276 (2) BGB.

aa)

The fault is also not called into question by the fact that this is a standard essential patent. Insofar as the ECJ has stated in para. 62 that "in view of the large number of SEPs of which a standard such as the one at issue in the main proceedings consists, it is not certain that the infringer of an SEP necessarily knows that he is using the teaching of a legally valid and standard essential patent", this affects the liability criterion of Art. 64 EPC in connection with Sec. 139 (2) PatG. Whether a patent infringer does not (inevitably) know a certain patent is to be separated from whether he had to know the corresponding property right. The same liability standards apply here. The fault here also exceeds slight negligence according to Sec. 139 (2) s. 2 PatG in the version of the law valid until 31 August 2008, which continues to be decisive for trials up to this point in time. However, as there is no slight negligence, the defendant shall be liable for damages for this entire period.



bb)

If the SEP holder is not FRAND-compliant - as here - he is entitled to a claim for damages on the merits. Anyway, in this case the claim for damages is, according to the prevailing opinion, limited to a license fee in accordance with FRAND, which is calculated according to the principles of license analogy (Kühnen, loc. cit., para. E. 369; Voß/Fehre, FS 80 Jahre Patentgerichtsbarkeit Düsseldorf, 2016, p. 559, 570; for this reason, antitrust objections do not play a role: Regional Court Mannheim, decision of 04 March 2016 - 7 O 23/14; ultimately left open: Higher Regional Court Karlsruhe, decision of 29 August 2016 - 6 U 57/16 - para. 32 juris, which, however, considers the opinion of the Regional Court Mannheim to be justifiable). If the SEP holder has issued a FRAND declaration, this obliges him to allow anyone to use the protected teaching against an exploitation-free license (Kühnen, loc. cit., para. E.369), so that at least in a case such as the present one, in which FRAND conformity is the subject of examination anyway, it is justified to adhere to his FRAND declaration.

cc)

The amount of such a claim for damages limited to FRAND license fees shall be subject to the amount procedure. In this regard, the determination of damages can be defined in the operative part as usual, since the liability for damages is to be determined only on the merits.

b)

The plaintiff also has the necessary legal interest within the meaning of Sec. 256 (1) ZPO in the sought statement. It is sufficiently probable that the plaintiff will suffer damage. It is not able to quantify this damage because it is unaware, through no fault of its own, of the information which it requests with the petitions for action No. I. 2. and No. I. 3.

2.

The plaintiff is fully entitled to the right to information asserted in the request No. I. 2. pursuant to Art. 64 (1) EPC in connection with Sec. 140b (1), (3) PatG. Circumstances on the basis of which an obligation to provide information would prove to be disproportionate pursuant to Sec. 140b (4) PatG are neither presented nor discernible.



3.

To the extent that the plaintiff further requests accounting in its application No. I. 3., it is entitled to that claim to the extent recognisable from the operative part pursuant to Art. 64(1) EPC in connection with Sec. 242 and 259 BGB, in order to enable it to quantify the claim for damages to which it is entitled. The plaintiff relies on the data, which it does not have at its disposal through no fault of its own. The defendants are also not recognizably and unreasonably burdened by the information requested from them.

The right to information under Sec. 242, 259 BGB does not, however, in the present case include information on costs and profits of the defendant in connection with the patent infringement due to the compulsory license objection under antitrust law. If the SEP holder can only demand an appropriate license fee corresponding to FRAND conditions for the use of the patent-conforming teaching, the principle of good faith requires that the obligation to provide information and render accounts also be limited to the information required for the calculation of this FRAND license fee.

In particular, in this case no interest of the patentee worthy of protection in information on the infringer's profit (cost and profit information) is apparent which could outweigh the legitimate interests of the infringer in maintaining secrecy (Regional Court Düsseldorf, decision of 19 January 2016 - 4b O 123/14 - para. 348 juris).

[...]

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