



Regional Court Mannheim

7 O 28/16

Decision of 10 November 2017

[...]

Facts

The plaintiff claims injunctive relief, recall/removal from the distribution channels, destruction as well as information/rendering account against the defendant for alleged patent infringement and seeks a declaration of the defendant's liability damages.

The action is based on the German part of the European patent EP 1 623 511 relating to radio stations for use in a wireless communication system (patent in suit).

[...]

Grounds

The admissible action is only partially founded.

[...]

II. Patent in suit

1.

The patent in suit concerns a communication system with radio stations. It refers, in the state of the art, to a transmission power control which is supposed to react to a, as insufficient recognized channel quality with an increase of power.

That adjustment could be made in an open or closed loop. For example, a closed power control loop in the uplink direction, i.e. from the mobile station to the network, functions in such a way that the network-side base station receives a signal from the mobile station while monitoring the quality of the transmission channel. The base station then



compares the measured quality of the channel with certain parameters and communicates to the mobile station via a TPC command to either increase or decrease the transmission power. The mobile station reacts to this and transmits with appropriately modified power, which in turn passes through the same control loop.

The disadvantage of this control mechanism is that the transmitter does not operate efficiently because it always reacts by increasing the power level when the channel quality is poor. In addition, it is detrimental that an increase in transmission power entails the risk of interference, which in turn negatively affects the efficiency of data transmission in the network, i.e. the overall system capacity. In the state of the art it is, therefore, also known that the transmission of a mobile station is temporarily suspended if the channel quality deteriorates too much, because the channel quality falls below a prescribed minimum threshold, or an ordered transmission power exceeds a prescribed maximum threshold.

The patent in suit, thus, faces the task of improving the efficiency of data transmission in the network.

[...]

III. Patent infringement

[...]

3.

The defendant, which is burdened with the burden of presentation and proof, did not prove to a considerable extent that exhaustion had occurred with regard to the attacked embodiments which she marketed. To the extent that, in the context of its FRAND license submission on the amount of license fees, she makes a submission on the [...] chips as components of the attacked embodiments and the relevant "Subscriber Unit License Agreement", it is neither shown that these chips themselves fully implement the technical teaching of the patent in suit nor that they have been placed on the market in a Member State of the European Union or in a State, party to the Agreement on the European Economic Area, with the consent of the patent proprietor. Rather, in connection with the discussion of the FRAND license amount, the defendant merely argues that, on the basis of royalties for [...] chips, the use of the patent in suit must be compensated even without exhaustion.



IV. Damages and information/accounting

[...]

1.

[...]

The claim for damages arises from Sec. 139 para. 2 German Patent Act (PatG). The defendant acted culpably, at least negligently. If the defendant had acted with the due care required in trade (Sec. 276 para. 2 German Civil Code (BGB)), the defendant's business operations would have been able to recognize and should have recognized, at the latest, one month after publication of the notification of the grant of the patent, that the patent in suit was infringed by the sale of the attacked embodiments.

[...]

3.

The decision on the applications granted in this respect is not subject to any restriction with regard to the antitrust objection under compulsory licensing law raised by the defendant and the plaintiff's ETSI-FRAND statement. The defendant was correct not to raise any substantive objections in relation to those claims.

a)

The enforceability of the claims for information/rendering account as well as damages on the merits remains unaffected even in the case of a successful antitrust compulsory license objection (see Huawei Technologies/ZTE: CJEU, decision of 16 July 2015 - C-170/13, GRUR 2015, 764 para. 72 et seq. = ECLI:EU:C:2015:477 as amended by the amending order of 15 December 2015, ECLI:EU:C:2015:817; OLG Düsseldorf, decision of 30 March 2017 - I-15 U 66/15, para. 226 - juris).

b)

In the context of the determination of the obligation to pay damages, it can be left open whether, in the concrete case constellation, the amount of damages is actually limited - in particular for all periods of time to be considered - to that which results from the application of the damage compensation method "license analogy" on the basis of a FRAND license fee (otherwise probably: OLG Düsseldorf loc. cit. para. 236). In order for the



action to be successful, it is sufficient to determine that the patent infringing are likely to have caused damage in the first place, without it being necessary to establish its amount.

c)

Unlike the Düsseldorf Higher Regional Court (decision of 30 March 2017 loc. cit. nos. 243 et seq.), the Chamber is of the opinion that, in principle, there are no grounds for limiting the content of the information/rendering account tenor. In this case, it can again be left open whether the amount of the injured party's damages is limited to a FRAND license fee, i.e. whether he cannot liquidate his damage according to the "infringer's profit" method. Even in the case of a limitation of the claim for damages, the injured party can, in the present constellation, demand the data within the framework of rendering account.

[...]

bb)

In the view of the Board, a possible limitation of damages to the payment of a FRAND license fee does not prevent the infringed party from being granted further information on profits, i.e. ultimately information on the attributable production costs, in particular information which goes beyond the purchase price information already required under Sec. 140b para. 3 No. 2 PatG, within the framework of rendering account.

According to the case-law of the Federal Court of Justice (BGHZ 107, 161, 169 - Offenend-Spinnmaschine; BGHZ 176, 311 para. 33 - Tintenpatrone; BGHZ 183, 182 - Türinnenverstärkung), which the Chamber follows, these details are "normally not required" for the assessment of the claim for compensation by way of license analogy, which is why these details are in principle not owed for the preparation and enforcement of such a claim in accordance with Sec. 242 BGB (insofar also applicable OLG Düsseldorf *ibid*). According to these principles, however, it cannot be ruled out that such information may be necessary in a special case, especially since the Federal Court of Justice generally recognizes the possible relevance of the profit, generated by the infringer, for determining the license fee, in particular as the usual return on sales may be taken into account in the license analogy (cf. on the latter: BGH, GRUR 2010, 239, 243 - BTK). In cases such as the present one, in which a limitation of damages to a FRAND license fee would have to be considered, but in which a license system established on the market, which undisputedly or demonstrably satisfies FRAND requirements, is not ascertainable, in particular cannot be presented, and the parties rather argue about the assessment of the FRAND license fee and the circumstances to be set, the infringed party has a legitimate interest in preparing a compensation claim process according to the method of license analogy in order to



obtain the required profit information. In this situation, in which the relevant licensing circumstances are highly controversial and in which there is a risk that an unreasonably low or high license fee will be fixed, the need for profit data to assess the FRAND thresholds and thus to prepare the ground for a process cannot easily be denied from the outset. In this situation the information going beyond the scope pursuant to Sec. 140b para. 3 PatG is in principle reasonable for the infringer.

Since the defendant has not raised any objection to the scope of the request for information/rendering account in the present case, the Chamber may, on the basis of the foregoing considerations, grant information and rendering account to the extent requested without further ado.

V. Currently unfounded further claims

The action must be dismissed as currently unfounded, insofar as the plaintiff requests the defendant to cease and desist, recall and remove from the distribution channels as well as to destroy patent infringing products pursuant to Art. 64 para. 3 EPC in conjunction with Sec. 139 para. 1, Sec. 140a para. 1, 3 PatG. A judicial enforcement of these claims is opposed by antitrust law reasons in application of the decision of the European Court of Justice in the Huawei v. ZTE case (ECJ, judgment of 16 July 2015 - C-170/13, GRUR 2015, 764 = ECLI:EU:C:2015:477 as amended by the amending order of 15 December 2015, ECLI:EU:C:2015:817) as a dilatory objection (see also OLG Düsseldorf loc. cit. no. 221).

1.

The objection of compulsory licensing under antitrust law may in principle be raised against the plaintiff. As the owner of the patent, the plaintiff holds a dominant position in the market and is, therefore, the norm addressee under Art. 102 TFEU.

The defendant, which was in principle burdened with the burden of presentation and proof, argued to the extent that a mobile telephone which does not implement the standard definitions does not function in the current UMTS standard any longer, at least, that it would no longer provide an essential functionality for mobile data traffic, and that for such mobile telephones, there was no prospect of significant sales success. The defendant has, thus, conclusively shown that the use of the patent in suit virtually constitutes a prerequisite for market entry, which means that the plaintiff can enjoy a dominant market position. The plaintiff has merely argued that the HSUPA communication protocol, which presupposes the technical teaching of the patent, is not necessary in order to market UMTS mobile telephones, because today it is still possible to 'do without this fast uplink data channel'. In view of the implementation of the HSUPA



scheme in UMTS as well as in view of the standard essentiality of the patent declared by the plaintiff to the standardization organization and the ETSI-FRAND declaration issued hereafter, the plaintiff is at least subject to an increased burden of substantiation, which is not satisfied by this plaintiff's submission. Thereafter, the defendant's submission can be accepted as uncontested.

2.

Based on the decision of the European Court of Justice in the Huawei Technologies/ZTE case, the Chamber has been assigned file number 7 O 238/15 – as was the case in the parallel infringement proceedings between the parties (judgment of 19 August 2016) – to the conclusion that the current enforcement of the claims for injunctive relief, recall/removal and destruction based on the patent in suit is to be assessed as an unjustified abuse of market power pursuant to Art. 102 TFEU because the plaintiff has so far not sufficiently complied with the FRAND procedural obligations affecting it.

a)

The concept developed by the European Court of Justice primarily sets requirements for a fair procedure between the parties, on the basis of which license negotiations are guaranteed at eye level, at the end of which an agreement can be reached on the entirety of the license conditions in the sense of "FRAND" (see also Haedicke, GRUR Int. 2017, 661, 662). In this context, the SEP patent holder is subject to information obligations designed to ensure that both parties have equal access to information, thereby counteracting any imbalance between the parties. Compliance with or non-compliance with the FRAND procedural requirements ultimately enables the infringement court to assess the conduct of the SEP holder on the one hand and of an (alleged) infringer on the other whether the enforcement of injunctive relief and recall applications based on the SEP constitutes an unjustified abuse of market power and the build-up of pressure to be prevented in the negotiation situation or a justified reaction to a delay tactic pursued by the infringer.

[..]

bb)

If the (alleged) infringer or his parent company has, in principle, expressed the intention to take a license in response to the notice of infringement (for information on the willingness to take a license, see the comprehensive description at OLG Düsseldorf loc. cit. nos. 151 et seq.), the SEP patent holder has the further obligation to submit to the (alleged) infringer a concrete written license offer under FRAND conditions. Formally, this



requires, on the one hand, that the essential contractual conditions are contained, i.e. that the contract offer is acceptable. On the other hand, the offeree must be put in a position, on the basis of objective criteria, to understand why the offer submitted corresponds to FRAND criteria when viewed objectively from the perspective of the patent proprietor. In particular, the license fee must be stated and the way in which it is calculated made transparent, e.g. by presenting a standard license program lived in contractual practice and accepted by third parties or by using other reference figures from which the required license fee is derived, e.g. from a pool license fee paid in practice by third parties for a patent pool which also includes patents relevant to the standard in question. The scope of the explanations required in individual cases will depend on the specific licensing situation. The mere communication of multipliers on which the calculation of the license fee is based is therefore not sufficient if it is not yet possible for the recipient of the offer to assess, on the basis of those parameters, whether the offer is FRAND - within the scope of the decision to be taken on an objective basis - and, if so, to make a FRAND counter-offer, because, as the Court points out, the license seeker regularly lacks precisely the information on the license market which is necessary for that purpose, but which the SEP patent holder possesses.

cc)

The above-mentioned obligations of the SEP patent holder, in particular the requirement of a transparent explanation of the way in which the license fee is calculated, exist (in principle) prior to the filing of an action. According to the Chamber's understanding, the concept developed by the European Court of Justice is based on the intention that the (alleged) infringer, without being exposed to the pressure of an injunction already filed, can decide by negotiation whether he is willing to accept the proposed and made transparent contractual terms as FRAND and to license them on these terms or to seek an agreement between the parties with a FRAND counter-offer.

In its previous case-law - for example in parallel proceedings 7 O 238/15 - the Chamber has not permitted the SEP patent holder to make up for the obligations of the patentee, which are in themselves to be fulfilled prior to litigation, against this background. Whether this ruling practice can be upheld does not need to be decided in this legal dispute.

However, in view of the fact that in procedural law only the point of the conclusion of the last oral hearing is decisive for the existence of the substantive preconditions for a substantive judgment and the facts supporting the merits of a request for performance, as well as in view of the principle of proportionality, which also supports Union law (cf. Art. 6 TEU in conjunction with Art. 52 para. 1 s. 2 CFR), the Chamber will in future have to examine whether the position adopted so far is necessary in order to safeguard the



requirements of the European Court of Justice. In order to give practical effect ("effet utile") to the Union law concretized by the European Court of Justice, which the Member States and their courts are obliged to do (Art. 4 Par. 3 TEU), it will, however, be necessary to ensure that, in the event of the catching-up of pre-litigation unfulfilled obligations in the course of the infringement litigation, the imperative of pre-litigation compliance cannot be circumvented without sanction and that the central idea of being able to conduct license negotiations on an equal footing on the basis of relevant information without the direct pressure of a court procedure is implemented as far as possible in the litigation. The Chamber tends, bearing in mind that the SEP patentee, who intends (for the first time) to make up for his pre-litigation obligations in court, is obliged to restore a "pressureless" negotiation situation with the (alleged) infringer. Such a negotiation situation is offered by procedural law in the context of the suspension of a legal dispute for the purpose of (settlement) negotiations pursuant to Sec. 251 ZPO in conjunction with Sec. 249 para. 1, 2 ZPO. Under this provision, the SEP patent holder would be required to apply for the suspension of the infringement proceedings if he had to make up for his information obligations. In this situation, the (alleged) infringer will support the plaintiff's request for suspension if he is willing to license in order to return to "unpressurized" license negotiations.

b)

On the basis of these standards, the plaintiff is prevented in the present case from asserting the further claims pursued by the action for antitrust reasons.

aa)

The applicant has not fulfilled its pre-litigation obligation to make transparent to the defendant the facts based on which it considers the license rate, which it requested in the offer, to be FRAND within the limits of a discretionary margin to which it is entitled. On the contrary, it confined itself to claiming in its offer that the appropriate license was USD [...] or USD [...] per unit. The Chamber considers that the mere indication of the multipliers is not nearly sufficient, in order to comply with the requirements of the decision of the European Court of Justice. Even the blanket reference to other licensees without further explanation of the license conditions and the blanket reference to Z's portfolio, which was also blanket, as well as an expert opinion from the A-litigation which was not made available, did not enable the defendant, pre-litigation, to validly examine whether the plaintiff's offer was FRAND and did not make it sufficiently plausible why the plaintiff believed that it could be of the opinion that the conditions it demanded corresponded to FRAND.



bb)

With the further explanations provided for the first time in the proceedings, the plaintiff continued to fail to comply with its duty to provide information. Insofar as the plaintiff in this case relies decisively on the private opinion of Prof. [...] and states that he was able to inspect the license agreements concluded by the plaintiff, the defendant ultimately points out in its written statement of 6 September 2016 (page 316 of the file) that in this opinion and also in the plaintiff's submissions there is already a lack of intersubjectively comprehensible information on the license agreement with C.

The applicant, through its representatives at the hearing in the parallel proceedings 7 O 238/15, admitted - as the defendant has argued without objection - that the license agreement concluded with C is based on a lump sum payment which also covers the future use of the applicant's UMTS/LTE portfolio. In view of this situation, the applicant has at least not shown transparently that the level of license fees required in its offer is also FRAND from the point of view of 'non-discriminatory'. Due to the lump-sum settlement made with C, it cannot be ruled out in the present case that the conditions granted to C are considerably more favorable than the license agreement offer to the defendant or its parent company and that the plaintiff will treat its licensees / license seekers unequally without objective justification. The transparent explanation of the license agreement conditions for the purpose of their intersubjective comprehensibility as FRAND-compliant, which is incumbent upon the plaintiff in the context of a fair trial, requires in such a situation further reliable information about the concrete license conditions granted elsewhere and the factual reasons for any unequal treatment of the licensees / license seekers. The SEP holder can be reasonably expected to do so and must be requested to do so because, with regard to the prohibition of discrimination under antitrust law pursuant to Art. 102 para. 1, 2 lit. c TFEU, it is in any case subject to a secondary burden of presentation with regard to equal treatment of license seekers and the (primary) burden of presentation and proof for a sufficient objective reason of unequal treatment (cf. on the burden of presentation and proof: OLG Düsseldorf loc. cit. no. 178). The plain, unspecified indication by the plaintiff's representatives - after the defendant's submission, which remained uncontradicted - that the plaintiff had significantly underestimated C's future sales figures when agreeing the lump sum payment in the parallel proceedings, which was provided by the defendant, in no way satisfies the requirements of a transparent explanation.



cc)

In the present case, the applicant is also not relieved of that obligation because the defendant or its parent company proved to be unwilling to grant a license. Even if, in the course of the negotiations between the parties, a payment of royalties in individual statements to the plaintiff was occasionally refused, in the view of the Chamber the opposing party to the negotiations did not in principle show itself to be unwilling to license, since it discussed a possible license agreement in a large number of meetings. In addition, from the point of view of the Chamber, it must be taken into account that the defendant or its parent company - although only after filing an action - made a counter-offer and deposited a considerable amount, which covers almost three times the amount resulting from the, rendered account and the counter-offer. Although these circumstances lie after the filing of an action, the Chamber considers this conduct to be an indication of the fundamental willingness to license to such an extent that a more detailed explanation of the commercial conditions, in particular the amount of the license fee demanded, would not have been obsolete. The overall conduct of the defendant and its parent company does not allow the conclusion to be drawn that it is an a priori unwilling negotiating partner to whom there is no obligation to explain the actual reasons why the offers of the SEP patentee comply with FRAND principles.

[...]

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