



Regional Court Mannheim

7 O 115/16

Decision of 04 September 2019

Facts

In the Federal Republic of Germany, Defendants 1 and 2 distribute mobile telephones which support the LTE standard (hereinafter referred to as the "attacked embodiment"). Defendant 3 was Managing Director of Defendant 1 until 18 September 2018 and President of Defendant 2 until 12 December 2017.

Plaintiff as the administrator of the YYY pool approached the WWW Group via its British subsidiary NNN (hereinafter referred to as FFF) on 1 June 2016 in the form of all companies of the group accessible to it, including Defendant 1 and Defendant 2, prior to filing an action and offered to conclude a portfolio license agreement for the YYY pool, which also included the patent (see Annex K 4a).

On June 23, 2016, Plaintiff offered the Defendant 2 a bilateral license to its "wireless program", which includes Plaintiff's LTE patents as well as the 2G and 3G patents, which Plaintiff contributed to the YYY pool (Annex K 4b).

TTT had already drawn the attention of the WWW Group to the patents of the YYY pool in June 2015. Invitations to a meeting at the International Consumer Electronics Fair (IFA) in September 2015 were rejected by Defendant, pointing out that the original term of one month was too short and that too little information had been received. After further correspondence, TTT handed over a letter on 1 February 2016 in which all patents of the YYY pool were explained and individual patents were explained in claim charts with a view to their standard essentiality. TTT also offered to explain any technical details in this regard. The WWW group did not respond to the offer, but left it to individual enquiries, which the Plaintiff answered.

In a letter dated November 11, 2016, Defendants 1 and 2 submitted a counteroffer (Annex KR B 7) to Plaintiff regarding the licensing of the "Wireless Program".



In its complaint lodged with the Court on 22 June 2016, Plaintiff initially only asserted claims for information and damages, but in its submission of 4 October 2016, it extended the action to include injunctive relief, destruction and recall claims and, in its submission of 22 December 2017, extended it to Defendants 2 and 3.

In a written submission dated 16 February 2017, Defendant 1 informed a few days before the date for the oral hearing on 20 February 2017 that it had provided information in accordance with its counter-offer and had provided security in the amount of EUR XXX by filing an application for deposit with the Mannheim District Court dated 15 February 2017 (Annex KR B 14). Defendant did not provide any further information pursuant to the counteroffer prior to the conclusion of the oral hearing on June 7, 2019 nor did it pay any further amounts for its continued use of the patented technology.

On 8 November 2017, Plaintiff submitted to the XXX-Group a modified license offer for its "wireless program" with reduced license rates (Annex KR B 28). After Defendant had not responded to this offer for more than three months, Plaintiff sent a reminder on 9 February 2018 (Annex K 10). Subsequently, on 16 February 2018, Defendants sent an e-mail to Plaintiff requesting further claim charts and announcing that they would need more time to examine the patents mentioned in the patent brochure.

By submission of 22 December 2017, Plaintiff applied – before the Federal Patent Court had issued a preliminary notice under Sec. 83 (1) of the German Patent Act – for the proceedings to be stayed until the nullity proceedings at first instance had been concluded or for the proceedings to be put to rest or, in any event, for the hearing date before the Chamber to be annulled. The parties agreed to the request of the Chamber for consent to an amicable suspension (AS 432). The Chamber then stayed the proceedings by order of 30 January 2018 in accordance with the parties' requests (AS 447 et seq.). By written submission dated 6 November 2018, Plaintiff requested that the proceedings be reopened after the (chair) decision of the Federal Patent Court of 17 October 2018 (initially without grounds) had upheld Plaintiff's patent with limitations. In their brief of 4 December 2018, Defendants pointed out that the FRAND complex had not yet been discussed before the Chamber. In its written brief of 12 March 2019, Plaintiff referred to the



need to discuss the FRAND issue, which the Chamber reiterated clarified in the hearing order of 9 April 2019.

On 26 June 2018, Plaintiff submitted a new licence offer to the XXX-Group, including Defendants 1. and 2., for its newly designed 'Mobile Communication (MCP)-Programme' (Exhibits K 10a and b) during the period of the stay. The new offer was based on a fundamental restructuring of Plaintiff's license programs and included a single license on all patents managed by Plaintiff for the 3G and 4G standards, with license fees reduced by XXX EUR in the Compliant Rate and XXX EUR in the Standard Rate compared to the predecessor programs on the previous license programs merging into the MCP program. The following figure illustrates the layout of the new license program:

[...]

With the offer, Plaintiff referred to a link to two patent brochures (on the 3G and 4G standards) listing all patents of the MCP program. The respective patent claims of the patents listed in the brochure are assigned to the areas of the standards which, in Plaintiff's opinion, result in an infringement of these patents (Exhibit K 10e) as well as a link to explanations on the method of calculating the license fees on the basis of a comparison with other license programs established on the market (Exhibit K 10d) together with a "Proud list" of 20 patents of the MCP program including claim charts, a list of in Plaintiff's opinion, products infringed by Defendant's, and an anonymous overview of the existing license agreements for the MCP program as well as the LTE Licensing and 3G Licensing program, including the date on which the respective agreement was concluded and the agreed license fee (Exhibit 10p). The licensees not named by name accepted the standard rates provided for the respective program as shown in the list.

In the letter, Plaintiff requested feedback by 27 July 2018. After it did not receive a reply, Plaintiff sent a reminder letter on 15 September 2018 with 15 October 2018 as the deadline for submission to Defendant 2. Defendant 2 responded on the last day of the deadline, 15 October 2018, only 2 days before the nullity proceedings took place and referred to its counteroffer from November 2016 without addressing the content of the Plaintiff's offer



and criticised Plaintiff's failure to disclose the names of licensees. On 22 October 2018, Plaintiff sent a draft "Non-Disclosure Agreement (NDA)" (Exhibit K 10g and h) to Defendant 2. On 15 November 2018, Plaintiff explained its programme to Defendants at a meeting in XXX. Despite repeated demand in the months November 2018 to January 2019 (Exhibits K 10j, k and l), Defendants did not sign the NDA in the subsequent period and did not initially submit a counteroffer. Defendants did not make such a counteroffer until after the conclusion of the oral hearing on 7 June 2019, just as they did not provide further information until after that date and claimed that the security already deposited in fulfilment of their first counteroffer in 2017 was sufficient to cover the fees incurred since 2017, and submitted first on this matter in the brief of 5 July 2019.

[...]

Plaintiff submits that Defendant's objections under antitrust law do not preclude the assertion of its claims.

With regard to the initial offer of a licence for its 'wireless programme' - before the time of the mutually agreed stay -, it had made the calculation transparent by indicating the Compliant Rate and the Standard Rate. On its website sufficient information on the pool patents and their standard essentiality as well as the standard contracts are available. The FRAND moderation of this request is already apparent from the letter according to Exhibit K 4b and additionally from the circumstances set out in the reply. In particular, a per-unit licence treats all licensees equally and is not discriminatory per se as Defendants argue. What is decisive is an average approach that takes the value of the portfolio equally across all relevant countries in view of the significance of the standard. An adjustment clause to the portfolio royalty would not be necessary as long as there was no dramatic change in the portfolio and is also unusual in the contracts used in comparable technology licensing programmes. Such averaging, as practised by Plaintiff, is in line with normal practice in the licensing business. Regardless of whether the top- down method or the comparative market concept is applied - as Defendant was also informed in the letter pursuant to Exhibit K 4b - the fee demanded by Plaintiff proves to be in accordance with FRAND. In



comparison with the licence rates of Philips, Saint Lawrence, the Via LTE pool and the licence amounts apparent from the publications of Stasik and Armstrong (Exhibits K 9a and (b)), Plaintiff's offer is significantly more favourable and therefore reasonable. The licence agreement offered to Defendant is also used in practice. In so far as there are deviations, these are justified.

With regard to the MCP programme submitted during the suspension phase, as well as the wireless programme, Plaintiff equally argues that the transmission of confidential information is only recognised after the signing of an NDA by Section 4.4 of the 'ETSI Guide on IPRs' and takes account of the fact that FRAND allows a range of different conditions to be considered to comply with antitrust law. Therefore, there would also be scope for the recognition of SEP holders' confidentiality interests. For example, the solvency of the contracting party, the significance for the sales market, the reasons for granting a one-off payment, such as the creation of rapid liquidity, may concern legitimate confidential and worthy interests or business strategies. In addition, the confidentiality concerns of third parties must also be taken into account, such as their desire not to appear externally as licensees.

In view of the fact that all licensees of the MCP programme and the other new programmes had already accepted the standard contractual conditions, Defendant has no interest whatsoever in communicating the names without signing a NDA, since they do not need to know those facts in order to be able to assess the FRAND compliance of Plaintiff's offer. Defendant's refusal to sign the NDA must - if Defendants are not judged to be unlicensed anyway - result in no further information being expected from Plaintiff. By offering a licence in the MCP programme, information on the licence agreements under the bilateral 'wireless programme' of Plaintiff outdated in procedural terms. Defendant's counteroffer was delayed, the calculation of the licence fee far below the market rate. The necessary correction of the assumptions used by Defendant to calculate an appropriate license amount per patent family leads to an amount of XXX EUR which proves the MCP license to be FRAND compliant, as it consists of X 3G patent families and X LTE families, resulting in a fee of XXX EUR for the 3G pool patents per device and XXX EUR for the 3G pool patents per device and XXX EUR for the MCP license or XXX for the



LTE pool patents, so that the MCP rates of XXX EUR for the 3G compliance rate and XXX EUR for the LTE compliance rate are even lower. Furthermore, Defendant's objections to the clauses contained in the bilateral wireless programme are for the most part no longer relevant because they are no longer contained in the MCP programme, or they are in any event no reason to characterise the offer as contrary to antitrust law. In addition, the fact that all licensees had accepted the standard terms of the MCP programme without any changes was disputed as to the FRAND conformity of this offer.

In particular, Defendant's conduct during the almost one-and-a-half-year phase following the submission by Plaintiff in November 2017 of an improved licence offer for its "wireless programme", during which the present proceedings were stayed by mutual agreement, characterises Defendant as unwilling to obtain a licence and pursuing a mere delay tactic, as was its tactical concealment of the entire history of the negotiations during that period in the brief of 8 April 2019.

[...]

Defendants raise objections under antitrust law to the fact that they are allowed to have objections under antitrust law to the claims asserted by Plaintiff because at no time did Plaintiff submit a licence offer in accordance with FRAND. Defendants have declared their intention to take a licence on FRAND terms. Plaintiff's offer to licence its 'wireless programme' was not FRAND compliant. Already an explanation from Plaintiff as to why that offer is FRAND-compliant is missing. For this a mathematically exact calculation is necessary. References to old fee rates of other patentees are not sufficient. It would, if paid accordingly, also result in a charge of several hundred per cent of the net sales price for all other SEPs using a mobile telephone and would exceed the appropriate maximum rate, based on X % of the net sales price as the maximum charge limit, by more than X times if Defendants accepted these conditions. The scope and conditions of the contract also violated the FRAND offer. In addition, it is insufficient to want to disclose information on other licensees only after the conclusion of an NDA (see Exhibit KR B 3), which shows that Plaintiff has no real interest in the non-discriminatory granting of licenses. The selection



of only five allegedly representative licence agreements for the "wireless programme" in a partially blackened form is insufficient to fulfil the transparency obligation incumbent on the SEP holder. Overall, the technical explanations prior to the filing of the action were, in any event, inadequate with regard to the patent in suit, and the application, which initially only addressed claims relating to the past, was not relevant on legal grounds in this respect.

Defendant repeats its previously summarized fundamental objections, which it had submitted before the mutual stay, in a written statement dated 8 April 2019 after Plaintiff had revoked the proceedings. Defendant submits, in particular, that Plaintiff has still not provided any reliable information on the specific licensing conditions which it grants to third parties. The offer in Exhibit K 4b continues to discriminate against Defendant. There is a lack of submission of third-party licence agreements, some of which have already been regarded by other courts as evidence of abuse of market power by Plaintiff. The required mathematically exact calculation of the license fee has still not been carried out so far. In contrast to the cases of the XXX pool, in which the Regional Court Düsseldorf had to decide on a situation in which there were more than 1,400 licence agreements and thus an established licensing practice, there was no such situation in the present case. Furthermore, Plaintiff's further improved contract offer of 8 November 2017, due to the considerably reduced licence amounts compared with the offer in Exhibit K 4b, already shows that that offer was obviously not FRAND-compliant.

To the extent that Defendants had not initially made any further statements on Plaintiff's MCP offer regarding the further course of the negotiations after the suspension of the proceedings, but only made such statements for the first time in the exercise of their right to replenishment, Defendants are of the opinion that they had previously not been obliged to make further statements. It was first for Plaintiff to demonstrate that it complied with the FRAND-procedure. In addition, Defendants were prevented from responding promptly to Plaintiff's proposals for reasons of capacity [REDACTED] and the French summer holidays. There was also no pressureless negotiation situation due to the mutual suspension, because Plaintiff had already appealed to the current proceedings again before the meeting in XXX on 15 November 2018 with brief of 6 November 2018 in order to



build up pressure. As regards the FRAND conformity of its new offer, Plaintiff did not introduce anything substantial into the procedure; its submission in the brief of 17 May 2019 was delayed. The MCP pool is unfairly compiled because a large number of obviously non-standard essential patents have been included. In that regard, it has already been pointed out that spot checks in the X patent families which were the subject of Plaintiff's bilateral 'Wireless Programme' have shown that at least X patent families are not standard relevant. Since these X patent families are also the subject of the MCP offer, this also applies to the MCP offer. It can be assumed that at least X % of the patents in the pool are in fact not standard relevant. The licence fees for the MCP offer are excessive because the portfolio comprises a large number of patents which Defendants would never use because they would sell their mobile devices exclusively in Europe. Furthermore, the rules on exhaustion are discriminatory because they provide for an unjustifiable reversal of the burden of proof to the detriment of Defendant. In addition, the licence is objectionable because it is not irrevocable, does not contain an adjustment clause, justifies the risk of double payments for 5G devices and demands excessive bank guarantees.

The provision of information and payment of damages are owed at most to the extent that the damage is to be calculated according to the calculation method of the licence analogy.

The application for protection against enforcement was justified by imminent irreparable damage arising from enforcement of the injunction. Defendant's distribute the attacked embodiment via large resellers of electronic devices such as X and X as well as via the shops of network operators such as Deutsche Telekom, Vodafone and O2. It is difficult to be listed by these companies at all and very important that the smartphones offered are also available. All these resellers invested in the advertising of the products distributed, i.e. television advertising, flyers, newspaper and magazine advertising, etc. Against this background, the impossibility of delivering to X, X and the X shops, their investments in advertising and in the selection of their smartphone range, is frustrating. Consequently, the inability to supply these German resellers with the products they have ordered inevitably leads to substantial and long-term damage to Defendant's business. Losing a listing with a major reseller could mean losing the customer forever. The German market



would no longer trust Defendants if it turned out that they were unable to deliver what they had promised. Therefore, the enforcement of an injunction prohibiting the marketing in Germany of the attacked embodiment would cause damage which could not be compensated for by compensation payments. In addition, it is almost impossible to quantify the losses suffered as a result of the enforcement of the injunction because it is extremely difficult to establish what turnover would have been achieved if the injunction had not been enforced.

[..]

Grounds

The admissible action is predominantly well-founded.

A.

The attacked embodiment makes direct use of the teaching of claim 13 of the patent in suit (see I.) in the literal sense (see II.). This justifies the applications in the tenor scope (see III.), to which even an objection of abuse under antitrust law cannot be successfully countered (see IV.).

[..]

IV.

The enforcement of the asserted claims does not conflict with any reasons under antitrust law in application of the decision of the CJEU in the Huawei vs. ZTE case (CJEU, judgment of 16 July 2015 - C-1 70/13, GRUR 2015, 764 = ECLI:EU:C:2015:477 as amended by the amending decision of 15 December 2015, ECLI: EU:C:2015:817).



1.

The Chamber set out its fundamental understanding of the judgment of the CJEU in the Huawei Technologies vs. ZTE case, in particular in its judgments of 29 January 2016 - 7 O 66/15 (published by juris) and 19 August 2016 - 7 O 238/15 (published by juris), and then in its judgments of 19 January 2016 - 7 O 238/15 (published by juris) and August 2016 - 7 O 19/16 (published by juris) of 10 November 2017 - 7 O 28/16 (published by juris), 2 March 2018 - 7 O 18/17 (currently unpublished) and most recently in the judgment of 28 September 2016 - 7 O 165/16 (published by juris). In view of the factual circumstances relating to the individual case in question, the Chamber maintains its fundamental features of the understanding developed in these decisions and bases its decision on the following guidelines, some of which have been substantiated:

2.

From the point of view of the Chamber, the Court emphasises that the exclusive right flowing from a patent can only in very special circumstances not be enforced with the infringement action. It follows from this that the corresponding factual circumstances from which the suspension of the patent right is to result must be presented by the claimed (alleged) infringer and, if the circumstances are in dispute, must also be proved. From the point of view of the Chamber, the CJEU in its judgment develops a concept which is intended to enable the court called upon to give a ruling to assess the conduct of the SEP holder on the one hand and the alleged infringer on the other hand in terms of whether the enforcement of the injunction and recall applications based on the SEP is to be assessed as unjustified market abuse and the build-up of pressure in the negotiating situation to be prevented in this respect or as a justified reaction to a delaying tactic pursued by the (alleged) infringer (see BVerfGE 2, 286 (3), also Haedicke, GRUR Int. 2017, 661, 662). On the other hand, the Chamber is convinced that the Court's decision is not intended to burden the infringement courts with the mathematically exact determination of the FRAND conditions if the injunction and recall claim is to be enforced in the proceedings and the payment of a FRAND licence fee in the amount proceedings is not precisely at issue.



a)

For this purpose, the Court considers it necessary that, as a first step before filing an action for recall or forbearance, which builds up considerable bargaining pressure for the alleged infringer, the patent proprietor draws the attention of an alleged infringer to the patent infringement alleged against him, thereby designating the SEP and the manner in which it should be infringed. In any case, the patentee must designate the patent claimed in the action and declared by him to be standard essential with his patent number and state that this patent has been declared to be standard essential by the relevant standardisation organisation. Where the patentee is also required to indicate how the patent is to be infringed, the notice must make clear to the infringer the standard for which the patent is essential and the circumstances on the basis of which the patentee assumes that the alleged infringer makes use of the patent's teaching. In any case, it is necessary for the patent proprietor to specify which technical functionality of the attacked embodiment makes use of the standard, so that the alleged infringer is put in the position of being able to independently examine (have examined) the property right situation by means of the reference. The level of detail of this information can only be determined on a case-by-case basis. In principle, the submission of the claim charts, which are also customary in the context of licence contract negotiations in accordance with business practice, is sufficient for this purpose (cf. 7 O 238/15 in detail). As a rule, the SEP holder already sufficiently complies with his duty to provide information if the information is provided to the parent company of the (alleged) infringer (cf. in detail on this point): Higher Regional Court Düsseldorf Judgment of 30 March 2017 - I 15 U 66/15, para. 146).

b)

The same applies accordingly to the SEP holder's further obligation to the alleged patent infringer before filing an action - insofar as the infringer has expressed his will in principle to want to take out a license at all (on licensing willingness, see the comprehensive description at the Higher Regional Court Düsseldorf judgment of 30 September 2006, I-15 U 66/15 para. 151 et seq.) - to submit a concrete written offer for a licence under FRAND conditions, which is acceptable and contains the essential terms of the contract and, in



particular, must indicate the licence fee and how it is to be calculated. To the extent that the Court states that the patentee must submit a concrete written offer of a licence on FRAND terms, this does not mean that, in the event that the (alleged) infringer denies - as is usually the case - that this offer meets FRAND criteria, the infringement court is now required to decide on the basis of objective criteria whether or not the SEP holder's offer alone is FRAND. This would burden the infringement process with the determination of the exact licence amount and other contractual conditions that meet these criteria. From the point of view of the Chamber, this is not the concern of the CJEU. An offer is only contrary to antitrust law and not FRAND-compliant if it presents itself as an expression of exploitative abuse, taking into account the concrete negotiating situation and in particular the market situation. In particular, it should be included in this examination that not only is a concrete offer FRAND-compliant, but that there is a corridor of FRAND-compliant offers in this respect, all of which may prove to be legitimate conduct in the enforcement of the exclusive right and not an abuse of exploitation in the event of deviations in the individual contractual provisions.

This understanding was also shared by the Court of Appeal of England and Wales in the decision *Unwired Planet vs Huawei* ([2018] EWCA Civ 2344 as of 23 October 2018 at para. 119 et seq.) and the did not consider the determination of a single, quite concrete FRAND licence necessary (see para 121: "We have come to a different conclusion from that of the Judge on the question whether there can be only one set of FRAND terms for any given set of circumstances. Patent licences are complex and, having regard to the commercial priorities of the participating undertakings and the experience and preferences of the individuals involved, may be structured in different ways in terms of, for example, the particular contracting parties, the rights to be included in the licence, the geographical scope of the licence, the products to be licensed, royalty rates and how they are to be assessed, and payment terms. Further, concepts such as fairness and reasonableness do not sit easily with such a rigid approach. In our judgment it is unreal to suggest that two parties, acting fairly and reasonably, will necessarily arrive at precisely the same set of licence terms as two other parties, also acting fairly and reasonably and faced with the



same set of circumstances. To the contrary, the reality is that a number of sets of terms may all be fair and reasonable in a given set of circumstances." per Lord Kitchin).

Conversely, this does not mean that the infringement court should leave it to a very superficial examination. Rather, it has to be assessed whether the overall structure of the concrete offer is such that an honest licence seeker would be required to react to the content of the offer in the case of an initial divergence of negotiating positions, which is typical in negotiations. For this purpose, it is at least sufficient if the patentee indicates the method of calculation of the royalty in such a way that it becomes clear for which reasons he assumes that the FRAND criteria will be fulfilled. In the view of the Chamber, the SEP holder may, at least in individual cases, have to enable the alleged infringer to understand, on the basis of objective criteria, why the SEP holder comes to the conclusion that the offer submitted by him complies with FRAND criteria, if there are objective indications that give rise to doubts. Such indications may in particular be present where a third undertaking which is at the same economic level or is otherwise similar to the licence-seeking undertaking is granted conditions which give reasons to believe that it is significantly more advantageous and lacks any objective justification. Such evidence may be furnished, for example, by reference to a standard licence programme used in contract practice and accepted by third parties, or by reference to other parameters from which the required licence fee is derived, such as a pool licence fee paid in practice for a third-party patent pool which also includes patents relevant to the standard in question. On the other hand, the Chamber did not consider a mere indication of the multipliers of a unit licence to be sufficient in those decisions (see 7 O 238/15, 7 O 18/17). For this purpose, it has pointed out that the transparent explanation of the license agreement conditions, which is incumbent upon Plaintiff within the framework of a fair trial, generally requires further reliable information on the specific license conditions granted elsewhere and the factual grounds for any unequal treatment of the licensees/license seekers for the purpose of their intersubjective comprehensibility as FRAND. In order to enable the alleged patent infringer to verify that the SEP patent holder meets his obligation to equal treatment, it was not only the Chamber that stated that it was necessary to make a specific submission on the license agreements concluded with third parties (see Chamber



7 O 165/16; Higher Regional Court Düsseldorf, judgment of 30 March 2017 - I-15 U 66/15 para. 22; Kühnen, Handbuch der Patentverletzung, 11th edition, para. 311; European Commission, Communication on the EU's handling of standard essential patents, COM (2017) 712 p. 12). In the event of a dispute, the scope of the extrajudicial obligations to provide explanations does not have to be conclusively stated. If a pool license program or a standard license program exists, it is in any case sufficient to adequately demonstrate its acceptance on the market, so that in the case of a sufficient number of concluded license agreements, no further information on appropriateness is generally required, provided that the composition of a pool is demonstrated by the submission of a sufficient number of claim charts for reference patents (e.g. Regional Court Düsseldorf, judgment of November 9, 2018 - 4a O 63/17 - MPEG LA Pool). This may be reasonable for the SEP holder, at least in the case of litigation, and should be demanded because, with regard to the prohibition of discrimination under antitrust law pursuant to Art. 102 (1), (2) lit. c TFEU, it imposes a secondary burden of disclosure with regard to equal treatment of license seekers and the (primary) burden of disclosure and burden of proof for a sufficient objective reason for unequal treatment (see Higher Regional Court Düsseldorf judgment of 30 March 2017 - I-15 U 66/15, para. 178 as well as to the Chamber's case law 7 O 28/16 and Regional Court Düsseldorf judgment of 9 November 2018 - 4a O 63/17 - MPEG LA Pool).

In clarification of the Chamber's decision in the judgment of 2 March 2018 - 7 O 18/17, the extent of the disclosure to be requested from the SEP holder will not always require an increased level of disclosure in the sense of comprehensive transparency, at least for legal reasons. Such complete transparency cannot always be justified by the fact that the SEP holder must in principle be denied any interest in confidentiality worthy of legal protection. For even if the SEP holder's obligation under antitrust law restricts him in determining the licence amount, he still has a wide range of design possibilities under antitrust law which are free of objections and to this extent he may also have an interest in confidentiality worthy of protection under the circumstances of the individual case. It is true that the SEP holder may not be able to free himself from a burden of presentation simply by referring to confidentiality agreements contained in third-party license agreements (for a substantiated burden of presentation also Kühnen, Hdb. der



Patentverletzung, 11. A., Chapter E, para. 454 and Higher Regional Court Düsseldorf - Decision of 25 April 2018 - I-2 W 8/18), however, with regard to the extent of the circumstances to be presented by the SEP holder on the individual terms of the license agreements, it must be decided in each individual case, taking into account the submissions of both sides, to what extent the SEP holder may be required to present its submissions against the background of its antitrust obligations. Conversely, the alleged infringer must be asked to explain why he needs the information requested in order to be able to assess whether the offer submitted to him by the SEP holder is FRAND-compliant and requires him to respond. If, for example, the SEP holder points out that, according to the contractual provisions in third-party license agreements, he can only disclose the conditions on the basis of a court order, it will have to be examined in each individual case whether the court enables the SEP holder who is willing to disclose this by issuing an order based on Sec. 142 of the German Civil Procedural Code (hereinafter: ZPO). In the opinion of the Chamber, there are no fundamental reservations about applying Sec. 142 ZPO in this respect. Admittedly, the document to be submitted must in principle be specifically designated within the framework of Sec. 142 ZPO in order to prevent research (cf. Ceph/Voß/Nielen, Prozesskommentar ZPO, A., Sec. 142 ZPO para. 9). However, in the context of Art 102 TFEU, which is at issue here and is determined by EU antitrust law, Sec. 142 ZPO must be interpreted as meaning that no excessively precise designation of the document to be submitted is necessary. Because of the SEP holder's duty of transparency under antitrust law, there is not a risk of investigation against which the standard wants to protect anyway. A nullity verdict resulting from antitrust law therefore does not make corresponding confidentiality agreements without further ado and in all cases, but only if and when no legally observable confidentiality interests - to be explained by Plaintiff - can be identified (clarification on 7 O 18/17). Conversely, it will also be necessary to examine in individual cases whether the information which the alleged infringer requests to be disclosed is information which the alleged infringer needs in order to be able to assess the classification of the offer submitted to him by the SEP holder as FRAND-compliant and to be able to trigger a reaction obligation on his part or not. For example, the alleged infringer will for his part have to present concrete circumstances which he



has as indications of an unequal treatment abusing the market, the justification for which he wants to obtain certainty. Depending on the circumstances of the individual case, the court may therefore issue a corresponding order in accordance with Sec. 142 ZPO if the SEP holder is willing in principle to ensure the necessary transparency, but sees itself prevented from doing so by circumstances that can be legally taken into account. If the SEP holder then fails to comply with this order or, conversely, if the alleged infringer refuses to agree to put the proceedings to rest or a mutual stay of the proceedings after disclosure in order to enter into negotiations out of court on the basis of the now improved information situation, conclusions can be drawn from this for the assessment of whether the infringer is a SEP holder abusing his market power on Plaintiff's side or an infringer on Defendant's side who is only pretending to be willing to license.

c)

The infringer must at least respond to such an offer based on specific facts, even if, in his opinion, as it is usually the case, it does not meet the FRAND criteria. This counteroffer must be made as soon as possible, as the CJEU does not wish to allow the alleged infringer to use delaying tactics. Therefore, the alleged infringer must react to the SEP holder's concrete written offer as quickly as can be expected from him under the circumstances of the individual case, applying business practices recognised in the area and the principle of good faith. Under the circumstances of the individual case, it can also be inferred that the licence seeker is fundamentally willing to license from actions carried out only after the filing of an action, such as the deposit of a considerable amount with a court which covers the worldwide turnover with standard products (cf. 7 O 19/16, 7 O 28/16).

d)

If the SEP holder rejects this offer and the alleged infringer has already used the SEP before a licence agreement has been concluded, the CJEU requires to provide adequate security from the time of the rejection of the counteroffer, for example by providing a bank guarantee or by depositing the SEP. The calculation of the security must include, inter alia, the number of past acts of use in relation to the SEP for which the alleged infringer must



be able to submit a statement of account. This security shall also be in accordance with the practices recognised in the area concerned.

e)

From the point of view of the Chamber, these standards also correspond to the approach of the Higher Regional Court Karlsruhe, which considers a mere evidence check of the SEP holder's offer to be insufficient, but allows the SEP holder a margin of discretion in assessing what FRAND is (order of 31 May 2016 -6 U 55/16).

3.

To the extent that the Chamber initially took the view that the SEP holder must provide the relevant explanations prior to bringing an action in order to fulfil the intention of the CJEU to be able to conduct the negotiations unencumbered by the bringing of an action for injunction, recall, removal and destruction (see 7 O 238/15), this view - as already addressed in the decision 7 O 28/16 obiter - will not be upheld after further examination. The pressure-free negotiation situation desired by the CJEU can be achieved by suitable procedural solutions, such as requesting the suspension of proceedings (see 7 O 165/16), even after the action has been brought. Under this provision, the SEP patent holder is obliged to apply for the suspension of the infringement litigation or to create space for pressure-free negotiations through other procedural conduct if he has to make up for his information obligations. In this situation, the (alleged) infringer will join Plaintiff's dormant petition if he is willing to license to return to "pressure-less" license negotiations. The Chamber considers the mutual stay of the legal dispute to be equivalent with regard to a pending case. While in pending proceedings Plaintiff has the power at all times to recall the proceedings, the mutual suspension until the decision on the legal status provides the parties with a clearly defined time window for the continuation of their negotiation talks (cf. below for details). On the other hand, a moderation by the infringement court alone should not ensure a pressure-free negotiation situation (different: Kühnen, Handbuch der Patentverletzung, 11. edition, Chapter E, para. 371). This is because the parties are best placed to reach an agreement in serious negotiations on



what fair and market- appropriate licensing conditions and fee rates are (European Commission loc. cit. p. 7).

In this direction, the Chamber also understands the statements of the Federal CJEU in its decision *Raltegravir* (FCJ - X ZB 2/17, FCJZ 215, 21 4, see para. 19 there) concerning a compulsory licence under Sec. 24 Patent Law and the decision *Alirocumab* (FCJ, judgment of 4 June 2019 - X ZB 2/19 para. 20), which continues the decision. Pursuant to Sec. 24 (1) No. 1 Patent Act, it is necessary that the licence seeker has made unsuccessful efforts within a reasonable period of time to obtain the consent of the patent proprietor to use the invention under customary commercial conditions. In this regard, the Federal CJEU has stated that this prerequisite does not necessarily have to be fulfilled at the time the compulsory license action is filed. On the contrary, it is sufficient, in accordance with general principles, if it is fulfilled at the end of the oral procedure. However, it follows from the requirement that the effort must have been stretched over a reasonable period of time that it is not sufficient for the licence seeker to agree to pay a reasonable licence at the last minute during the procedure. Rather, he must have tried over a certain period of time, in a manner appropriate to the situation, to reach an agreement with the patentee on the granting of a licence. Which period of time and which measures are necessary for this is a question of the individual case.

These statements can also be applied to the present legal question, so that here too it is possible to make up for any deficits in the presentation of the SEP holder, who is initially obliged to make an offer, and they must be taken into account if they are not made at the last moment.

The observations of the Court of Appeal of England and Wales in the decision *Unwired Planet vs Huawei* ([2018] EWCA Civ 2344 as of 23 October 2018 at para 282) are also to be understood in that direction. The CJEU has ruled that a deviation from the programme must therefore not necessarily constitute an abuse of market power but requires consideration under the circumstances of the individual case in question.

It is also on this line that the grounds of the judgment of the Court of Appeal of The Hague of 7 May 2019 (Case number 200.221.250/01) in the *Philips/Asus* case (Exhibit K 10m., section 4. 171) are found.



4.

The enforceability of the claims for information and accounting as well as damages in principle remains unaffected even in the event of a successful antitrust objection to compulsory licensing (see Huawei Technologies/ZTE: CJEU, decision of 16. July 2015 - C-170/13, GRUR 2015. 764 para. 72 ff. = ECLLEU:C:2015:477 as amended by the order of amendment of 15 December 2015, ECLLEU:C:2015:817; Higher Regional Court Düsseldorf, judgment of 30 March 2017 - I-15 U 66/15, para. 226 - juris, see in detail Chamber judgment 7 O 28/16 and subsequently Regional Court Mannheim, judgment of 5 December 2017 - 2 O 27/17 and judgment of 6 March 2018 - 2 O 171/16). In particular, in the context of the only modest determination of the liability for damages, it may (in principle) be left to the discretion whether in the concrete case constellation the amount of damages - in particular for all periods to be considered - is actually limited to that which results from the application of the damage compensation methodology "license analogy" on the basis of a FRAND license fee. This also applies in particular to the information on profits achieved, since it can be of indirect relevance for the assessment of a FRAND-compliant licence fee in order to be able to adjust the usual return on sales for the licence analogy (see in detail Chamber judgment 7 O 28/16).

5.

These principles also apply in particular if the SEP holder presents its offer as FRAND-compliant by reference to a pool license program in which it is a participant or a pool license agreement that it offers itself. An offer to take a pool licence is also not already per se to be classified as antitrust law, but conversely takes into account precisely the guidelines on the application of Art 101 TFEU to technology transfer agreements (Kühnen Hdb. Patentverletzung, edition 11. A. Chapter E para. 258). In that regard, the Chamber agrees with the case-law of the Regional Court Düsseldorf (judgment of 9 November 2018 - 4a O 63/17 - MPEG LA Pool), which correctly takes no delimitation criterion for the scope of application of the principles established in the decision from paragraph 64 of the decision of the CJEU. In so far as the CJEU considers that there is an information asymmetry between SEP holders and licence seekers, in particular where neither a



standard licence agreement has been published nor licence agreements already concluded with other competitors, this does not necessarily mean that there will not be an information gap in pool or standard licence situations. It may therefore not be justified in this situation to consider the licence seeker in the first step to be obliged to approach the SEP holder from his side and submit a FRAND-compliant offer to him in accordance with the principles established by the Federal CJEU in the Orange Book Standard decision (judgment of 6 May 2009 - KZR 39/06, FCJZ 1 80, 312 = GRUR 2009, 858). There may indeed be situations in which the principles of the Orange Book Standard decision can be applied even after the decision of the European CJEU (cf. Kellenter/Verhauwen, GRUR 2018, 761 et seq. in this regard in the literature and the Chamber in the judgment of 23 March 2018 - 7 O 79/17 in the obiter dictum affirming obiter dictum). However, this may not necessarily be the case in a pool license or standard license agreement situation. In the Chamber's view, the Court merely states in paragraph 64 that, if neither a standard licence agreement nor licence agreements already concluded with other competitors have been published, there is a particular need for the SEP holder to explain in the first step why he considers his offer to be FRAND-compliant, without excluding the possibility that he would have to do so even in the case of a standard licence programme or published agreements. Moreover, such a delimitation could also be difficult to handle in practice, because the dispute would then shift to the question of whether the alleged standard agreement or the published license agreements is actually a sufficiently lived licensing practice, which can eliminate an objection of abuse by virtue of its establishment on the market.

6.

Applying those principles to the present case, the Chamber concludes that, in the present case, Defendant cannot raise objections under antitrust law to the claims asserted by Plaintiff.



a)

It is true that Plaintiff in the present case is a norm addressee under Art. 102 TFEU and is subject to the antitrust law obligation to take account of the granting of licences under FRAND conditions.

Defendants, who in principle were burdened with arguments and evidence in this respect, argued in their response that the (correct) view of Plaintiff that the technology in line with the patent was essential for the LTE standard and then conclusively claimed that a use of the patent assumed with Plaintiff virtually created a prerequisite for market entry, which gave Plaintiff a dominant market position. Plaintiff has not denied this - although it is at least subject to an increased burden of explanation in view of the standard essentiality of Plaintiff's patent as declared by it to the standardisation organisation and the ETSI-FRAND declaration issued in this connection. Rather, it considers Plaintiff's patent itself (applicable, see above) to be standard essential. Thereafter, Defendant's submission can be accepted as undisputed (Sec. 138 (3) ZPO).

Accordingly, in the event of a dispute it is not necessary to decide whether findings on market power are dispensable because the existence of a FRAND declaration gives rise to a presumption of standard essentiality and market dominance, or whether Plaintiff's FRAND declaration to the standardisation organisation itself as a contract in favour of third parties under French law gives rise to a claim to licensing under FRAND conditions (see McGuire, GRUR 2018, 128, 135).

b)

However, Defendants did not respond to Plaintiff's MCP offer within a reasonable period of time in the manner of a negotiating partner who was in principle willing to license. On the contrary, it is apparent from the course of discussions on possible licensing, which were not disputed between the parties, that the defendants pursued a delaying tactic and, in any event, did not respond to the applicant's MCP offer, which it had submitted at the time of the agreed suspension of the present proceedings and which could have been negotiated in a non-pressurised situation, in the manner of a licence seeker which, according to commercial practice, is to be expected from a licensee who is genuinely



interested in obtaining a licence. All of the defendant's pre-trial and judicial conduct is characterised by the fact that it was designed to delay the negotiations.

Whether the bilateral licence initially offered by Plaintiff before the mutual suspension of the proceedings was FRAND-compliant for its "wireless programme" and, in particular, whether the submission of only a selection of individual blackened licence agreements with third parties deviating from the standard licence conditions was sufficient can be left open in this case. In any event, the MCP offer submitted after the suspension of the proceedings triggered an obligation on the part of Defendants to react which they did not sufficiently comply with. Defendant initially did not respond in any way to the MCP offer of 26 June 2018 for more than three months, although Plaintiff, as can be seen from Exhibit K 10e, again amended it in September 2019. Nor can this be justified by reference to French school holidays and the staffing of Defendant. Defendants are part of an internationally active group of companies, which is at any rate intensively active on the European market. Therefore, it is not business practice not even to assume in the form of its business activities during national school holidays that staff bottlenecks are communicated on the basis of holiday-related information that an extended processing time is to be expected. Defendant addressed such a circumstance for the first time more than six months after submission of the MCP offer. In addition, the argument that Defendants only had X responsible employees who controlled the licensing business cannot be overturned. In this respect, Defendants, as members of an internationally active group of companies, had to make appropriate personnel resources available. If this argument were allowed, the alleged infringer could systematically understaff his reaction obligations to FRAND-compliant offers by systematically fleeing. In this respect, too, the conduct of the alleged infringer must stand up to comparison with customary practices in the business sector. In a market not governed by antitrust law, no international company interested in the business would be able to afford such a personnel structure. In the present case it is added that the submission of the MCP offer is not the first offer with which Plaintiff approached Defendants. The communication channels were already established. Even if the previously submitted bilateral offer, which was subsequently rectified, did not prove to be FRAND-compliant and therefore would not have triggered



any direct reaction obligations on the part of Defendants, it must nevertheless be stopped, with regard to the time to which Defendant was entitled to react, that Defendants had already been involved in an exchange with Plaintiff and that it was therefore to be expected that further proposals would be put forward concerning a possible licensing or other settlement of the disputes.

The further course of the negotiations also shows that Defendant did not seriously want the talks to continue. Thus, Defendant filed an application on the last day of the deadline stated in the reminder letter, 15 October 2018, which was two days before the nullity hearing on the patent in suit (17 October 2018). It also referred to its counteroffer of November 2016 without addressing the content of Plaintiff's MCP offer and complained about Plaintiff's failure to disclose the names of licensees. On 22 October 2018, Plaintiff sent a draft NDA (Exhibit K 10g and h) to Defendant on 2 October 2018 and explained its programme to Defendant group at a meeting in XXX on 15 November 2018. Defendant did not sign the NDA despite repeated requests by Plaintiff in the months November 2018 to January 2019 (K10j, k and i) in the subsequent period. Consequently, Plaintiff voluntarily offered to disclose further information if Defendant had signed the NDA. However, Defendants did not initially enter into a substantive dispute about any objections to the NDA. On the procedural level, any backgrounds of the Chamber were vaguely indicated for the first time in the course of the oral hearing (see minutes on the oral hearing) and were then specifically explained only in the brief of 5 July 2019, although a right to replenishment had not been granted with regard to the circumstances of the NDA complex, but a corresponding application had been expressly rejected by Chamber order. Concrete submissions on all circumstances relating to the FRAND complex of the case were, however, already indicated immediately after the revocation of the proceedings by Plaintiff in November 2018. The minutes of the oral hearing of 17 February 2017 had already made it clear by the Chamber that a reopening of the hearing would be necessary if the discussion of the FRAND issue, which had not taken place at that time, turned out to be relevant. After partial maintenance of the patent in suit to a technical extent which had already been mentioned by Plaintiff in the reply - there still as an example of the initially broader doctrine in accordance with the invention - it would have corresponded



solely to proper conduct of the proceedings to revert to the MCP offer submitted in the suspension phase even without further objection in the proceedings, instead of accepting this obviously significant circumstance in the brief of 8 April 2019 after a generously measured period of several months in which to make a statement, only to firstly react to the brief of Plaintiff of 17 May 2019 to demand to give a lecture and demanding a further right to supplies at the oral hearing [REDACTED]. In its brief of 12 March 2019, Plaintiff had referred to the already evident necessity of discussing the FRAND problem, which the Chamber clarified by repeating in the order of 9 April 2019 and thus one day after receipt of Defendant's statement of 8 April 2019 and almost two months before the date for the oral hearing on 7 June 2019. To the extent that the statement of 5 July 2019 therefore contained further factual submissions on the question of the NDA and thus indirectly also on this facet of the FRAND complex, the facts were in any event delayed by gross negligence and, in view of the disputed statements made between the parties under witness evidence concerning the communication of any factual reasons for which the NDA had not been signed, would have to be rejected pursuant to § 296 (2) ZPO. In that regard, the taking of evidence would be necessary for the purpose of clarification after Plaintiff had contested the relevant factual submission as evidenced by the minutes of the oral proceedings at the hearing. However, for the reasons set out below, it is irrelevant whether or not Plaintiff was entitled to demand the signing of an NDA from Defendants in the present case.

In accordance with the guidelines set out above, it must be acknowledged in principle that even in the present situation determined by antitrust law there may be information requiring confidentiality which the SEP holder does not have to disclose without further ado in the course of negotiations with an alleged infringer. If, on the one hand, the SEP holder may not withdraw behind confidentiality agreements in license agreements with third parties and/or a blanket reference to confidentiality interests that have not been further stated and thereby prevent a transparent presentation of those circumstances that allow the offer to be classified as FRAND in accordance with the license seeker's terms in the first place, the license seeker is required, on the other hand, to explain in concrete terms that and why he requires the disclosure of certain circumstances that



were previously held back in order to be able to assess the FRAND conformity of the SEP holder's offer. It is true that the previous case law of the chambers of the Regional Court Düsseldorf and the Higher Regional Court Düsseldorf has stated that all licence agreements with third parties must be submitted. The SEP holder may have to enable the licence seeker (at least in the process) to classify himself within the conditions granted to other competitors if he has not exclusively concluded licence agreements which are unchanged from the standard agreements available, for example, on a website. At least if the SEP holder states that he has exclusively concluded standard license agreements with publicly available terms and conditions. Without significant differentiations having occurred with regard to the respective contractual partners, the SEP holder does not have to formally maintain a large number of identical terms and conditions or disclose contracts. In any event, in this case it is sufficient to indicate the number of contracts in order to be able to assess whether it is a licensing programme which is lived in practice and accepted in the business field or not. With regard to the number of contracts required to characterise a licence programme as established on the market, it will be necessary to determine whether it is a programme which has been on the market for a long time or a recently launched programme which, by its very nature, does not yet have as many licensees as an established programme. It will be necessary to assess on a case-by-case basis whether a frequent restructuring of the programmes, for example, is a systematic approach, whether it is necessary to overcome minor hurdles in demonstrating FRAND conformity and whether it can be concluded that there has been an abuse of market power. This question, as well as the question of whether the composition of a pool is objectionable under antitrust law in individual cases, must be left to the decision of the individual case.

If the SEP holder submits a list of licensees whose names he has blacked out with the submission of the MCP program, as in the present case, and it is evident from this list, as in the present case, that all licensees without exception have accepted the instalments provided for under the standard terms and conditions - here either of the new MCP program or of the old license programs from which the MCP program arose - the license seeker must provide concrete facts as to why he is requesting further information on



these licensees. If all licensees have accepted the standard terms, the licensees will naturally differ in their economic importance within the market environment known to the license seeker anyway. In this case, further information on which specific companies are affected is not necessary for the licence seeker to check whether the SEP holder's standard offer, which is widely accepted irrespective of the different corporate structure of the licensees, is FRAND-compliant. There is a lack of such a concrete presentation by Defendant in the present case.

Defendants were also not allowed to ignore Plaintiff's MCP offer because it would not have been FRAND-compliant. Irrespective of the dispute between the parties about the correct calculation of the FRAND-compliant license fee on the basis of either just under 18,000 or only slightly more than 4,000 patent families, Plaintiff can in any case rely on a sufficiently established license program. The MCP program has X licensees as of 17 May 2019 as evidenced by Exhibit K 10q. In addition, the facility also identifies X licensees in the LTE pool and X licensees in the 3G Joint Licence Program. The standard conditions were accepted in each case. In this respect, there is a lack of concrete submission by Defendant, which could even suggest that there might nevertheless have been a further need for clarification regarding the different treatment of licensees.

In addition, it must be taken into account in the present case that Plaintiff did not completely disregard a disclosure of facts requiring confidentiality, but would have disclosed them independently of a statement of a concrete interest in information on the part of Defendant if Defendants had signed the NDA. However, Defendants initially did not respond at all to Plaintiff's proposal and only decided to sign a modified NDA after the oral hearing had concluded. With the case-law of the Regional Court Düsseldorf (judgment of 13 July 2017 - 4a O 154/15) and the Higher Regional Court Düsseldorf (order of 17 January 2017 - I-2 U 31/16), the refusal to conclude an appropriate NDA must be taken into account in the assessment of the FRAND conformity of the offer, unless the infringer must therefore already be regarded in principle as unwilling to license. Whether the latter is the case here can be left open. In any event, in the present situation, in which Plaintiff has on several occasions followed up the confidentiality agreement with Defendants and Defendant does not respond to that offer at all and then does not respond to it by putting



forward specific arguments as to why it considers itself prevented from signing it, Plaintiff suffices its burden of proof. Defendant put forward concrete arguments for the first time after the conclusion of the oral proceedings in its written submission of 5 July 2019, which was not abated in this respect. In this respect, it did not limit itself to the repetition of factual submissions from the oral hearing, but rather, on the one hand, legally argued - to the extent that it was permissible - that a SEP holder could in principle not demand an NDA, that the definition of the term 'confidential information' in the agreement was too far-reaching and that submission in the proceedings was only permitted by court order, and, on the other hand, held new factual submissions with regard to the circumstances of the talks in XXX on 15 November 2018.

c)

Plaintiff has therefore satisfied the lower burden of substantiation, at least in the present circumstances, by submitting the list of licensees for the MCP programme and its predecessor programmes.

In particular, contrary to their opinion, Defendants were not released from their obligation to react simply because the submission of a license application for the MCP program would have taken place in a pressure situation. Submission took place during the phase in which the present procedure was suspended by mutual agreement. As stated in the guidelines, a mutual agreement of suspension equals comparable situations already applied by the Chamber (7 O 165/15). Whether or not it can be argued that the SEP holder decided in favour of the suspension solely on the basis of a dubious legal situation does not need to be decided here, even though this does not seem to convince the Chamber in principle of the counterargument, because even then the pressure situation of a pending legal dispute is alleviated. In the present case, Plaintiff has, even before a notice under Sec. 83 (1) Patent Law has been issued, voluntarily submitted the proposal either to suspend the proceedings or to suspend them by mutual agreement or, in any event, to set aside the deadline. In the subsequent order, the court then only took up the option of a mutual suspension and asked Defendants for their consent, which they then granted.



In the present case, Defendants cannot object to the fact that Plaintiff had already reopened the proceedings before the meeting on 15 November 2018 in ZZZ on 6 November 2018, thereby exerting undue pressure. Defendants were confronted with the MCP offer on 26 June 2018 and did not act on it for months thereafter. This is at their expense in the present case, especially since they have also reacted to the improved bilateral wireless licence programme alone with an incomprehensible demand for further claim charts, although the patent families concerned were the same. That does not document any serious interest in obtaining a licence in accordance with commercial practice and cannot argue in favour of Defendants when it comes to determining the degree of substantiation of FRAND conformity by Plaintiff.

d)

The MCP offer does not prove to be FRAND-compliant for any other reason whatsoever, given the sufficient depth of the examination by the Chamber for FRAND conformity in the present circumstances.

aa)

Already in the beginning, the Chamber appears to have missed Defendant's request for a mathematically exact derivation of what FRAND is, as stated in the guidelines. In the international environment, the Chamber also sees itself following a line which rejects such an obligation, because the SEP holder bound by antitrust law also has a discretionary scope in the assessment (see above).

In particular, in the view of the Chamber, the decision of the Federal CJEU on "Water prices" *Calw II* (order of 14 July 2015 - KVR 77/13, NJW 2015, 3643), which Defendants have repeatedly sought, does not show that Defendants have infringed antitrust law by more than exceeding a material surcharge (which may be set at a low level in the case of monopolies) on an exactly derivable FRAND price. When examining an abuse of price levels by a monopolistic water supplier on the basis of a price calculation (oriented in particular towards efficient costs) using, for example, economic principles which have also been reflected in the regulatory provisions for gas or electricity network charges of



monopolistic network operators, an upper limit of the price still analogous to competition is determined (so-called cost control). The national, European or worldwide licensing market, on the other hand, is not regulated in a way comparable to the German electricity and gas transmission markets, nor is it demonstrated by Defendants or otherwise presumed that recognised economic or cost-based calculation principles exist for the calculation of the patent licence fee that would be charged by the licensor for solving the same standard relevant problem in hypothetical competition between several patent holders. The approach of cost control and, in particular, economic theories based on (marginal) costs cannot therefore easily be transferred from the market for water supply - which is cost-intensive in terms of operating costs and naturally monopolised for reasons of public interest (avoidance of double supply structures) - to the licensing agreement market. In addition, by granting a license, the patent holder exploits a monopoly position assigned to him by law to reward an inventive achievement. According to this, the antitrust appraisal of an abuse of price levels in the case of royalty claims depends less on the (marginal) costs of licensing than on the economic significance of the protected technology, which depends on technical, economic and entrepreneurial assessments. This is one of the reasons why the hypothetical competition licence does not permit a mathematically exact calculation of a single FRAND price, which Defendants primarily demand. Whether, on the other hand, an overshoot of the top price, which could still be found within the range of reasonable FRAND charges, is abusive only if it also exceeds a materiality threshold does not need to be discussed further here.

bb)

Defendant's objections to the MCP program are not caught by the MCP program either. When assessing the overall contractual framework, it is important to take an overall view, so that a breach of antitrust obligations cannot normally be demonstrated by objections to individual clauses alone, unless the individual clause already has an unacceptable effect independently of the other contractual structure. However, the individual complaints at hand do not catch on in substance either.



(1)

Insofar as Defendants objected to a large number of points in the bilateral wireless license program in the statement of 8 April 2019, an examination of all objections is obsolete after Plaintiff in the MCP program cleared up a large number of the objections in the brief of 17 May 2018.

(2)

If Defendants object to the provisions of the MCP Programme, in particular the distribution of the burden of proof and presentation for an exhaustion of the patent rights of the SEP holder, the Chamber is unable to follow the case-law of the Regional Court Düsseldorf cited by Defendants (judgment of 11 July 2018 - 4c O 81/17). In the present context, it must also remain with the usual distribution of the burden of proof, according to which the alleged infringer leading the objection of exhaustion must conclusively substantiate the licensing chain and, in the event of a dispute, must also prove it. On this point, the considerations of the Regional Court Düsseldorf that the SEP holder had better access possibilities and therefore had to bear the corresponding burdens does not convince the Chamber. On the one hand, the user's licence chain and, on the other hand, the user had to ensure that he and his suppliers were involved in the license chain. Conversely, this is more difficult for the SEP holder in particular because he cannot know whether the alleged infringer has purchased components from third licensed companies or produced them himself without a licence.

(3)

Insofar as Defendants complain that Plaintiff's pool license program is improperly composed, Defendant's submission is exhausted in its assertions. To the extent that X of X of the patent families contained in the wireless program is allegedly identified as non-essential to the standard by way of random sampling, this is not sufficient to identify the pool license offer as abusive, even if this is the case. In this respect, there will be patents for every licensing program about which the parties disagree as to whether they are actually essential to the standard or not. Only when substantiated circumstances have



been presented which allow the conclusion to be drawn that the composition of the pool is abusive can the offer in the individual case for this reason be subject to the verdict of anticompetitive conduct. For this, the lecture on allegedly X non-essential patent families of the LTE (4G), UMTS (3G) and thus X patent families comprehensive MCP program is not sufficient. In particular, however, Defendant's submission is completely unsubstantiated in so far as it leads to the assumption that in reality X % of the pool does not concern standard essential patents.

(4)

Furthermore, Defendants cannot argue for abuse that Defendants, by limiting their current business to Europe, would co-pay for a large number of patents which they did not specifically need for their activities. The essence of pooling is that not all patents are equally relevant to each licensee. However, this circumstance initially has an indiscriminate effect and therefore an abuse can only be derived from this in exceptional cases for which no evidence has been provided.

(5)

Insofar as Defendants further complain about the absence of an adjustment clause in the event of the expiry of pool patents, such an adjustment clause can in principle contribute to establishing FRAND conformity of the offer over the term of the licence agreement by means of variances in the portfolio of industrial property rights. If, on the other hand, however, the absence of this one mechanism is objected to, as is the case here, it would have been necessary to make a concrete submission as to why this absence leads to a violation of antitrust law in the present case, for example because the pool consists predominantly of intellectual property rights which are about to expire. Defendants did not give such a lecture substantiated, but only abstract legal statements. Defendants have not substantially disputed Plaintiff's submission that its pool offer is balanced because, conversely, the judicial confirmation of the legal status and the infringement of individual patents does not lead to an increase either, nor does a grant of mere applications previously covered by the pool lead to an increase. In addition, it is to be stated in the



present case that in the event of an unexpectedly significant change in the portfolio, which affects the basis of the transaction, the possibility of a contract adjustment pursuant to Section 313 (1) BGB is open. Such an adjustment is also not excluded by contractual provisions in the licence agreement in such a way that the obligation to pay the full fee would continue even if only one single property right were maintained (see Regional Court Mannheim, judgment of 23 May 2017 - 2 O 98/16, unpublished).

(6)

Finally, the limitation of the term of the licence agreement to five years is not to be objected to either, since, to the Chamber's knowledge, this term is customary in the mobile telephony licence market in view of the rapidly advancing technological development. This is also confirmed by the fact that Defendants themselves, in their amended counteroffer submitted after the conclusion of the oral hearing, consider a term of only 3 years with a renewal option of a further 3 years for the licensee to be in accordance with FRAND.

(7)

Similarly, the offer cannot be regarded as FRAND-infringing because it provides for an extraordinary right of termination in the event of a breach of reporting obligations or for a delay of more than 30 days in payment (clauses 4.3 and 4.4 of the MCP License Offer, Exhibit K 10b). The same applies to the double remuneration for 5G technology licence packages, which is purely conceivable under the current circumstances, for intersections between the technologies of the standard generations and the required bank guarantees.

e)

Defendants did not submit a counteroffer until the end of the oral hearing, but instead submitted it for the first time - not covered by the right to replenishment - in the statement of 5 July 2019.

Even if that argument were still taken into account, it would not in the present case alter the fact that Defendants did not comply with FRAND as regards Plaintiff's offer. Neither



did Defendants then continue to live on with the counteroffer submitted by them - shortly before the first hearing - through accounting and filing, nor is the counteroffer in conformity with the MCP offer of Plaintiff FRAND. It was clearly not sufficient to consider only the amount deposited in connection with the first counteroffer to be sufficient. The new counteroffer concerns a worldwide portfolio license. When calculating the royalties, however, Defendants believe that they can withdraw from paying only the fees due under domestic intellectual property law, which would be covered by the amount already deposited. Consequently, Defendants do not seriously live their own counteroffer themselves - just as they have not seen any reason to further fill in their first counteroffer by accounting and filing. The Chamber is unable to accept the contrary view of Kühnen (Hdb. Patentverletzung, 11. Aufl. , Kap E Rn. 397).

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