



Federal Supreme Court

KZR 35/17

Judgement of 24 November 2020

Ruling

On appeal and with rejection of the cross-appeal, the judgement of the 15th Civil Senate of the Higher Regional Court Düsseldorf of 30 March 2017 is set aside on the issue of costs and insofar as the court of appeal found against the plaintiff.

[...]

Grounds

[...]

II.

44 The Court of Appeal's assumption that the claim seeking an order against the defendant for injunctive relief and to recall patent-infringing products is nevertheless unfounded because the defendant's defence of compulsory licensing under antitrust law currently prevails, does not withstand the attacks of the appeal.

1.

45 In justifying its decision, the Court of Appeal essentially stated: The plaintiff had a dominant position within the meaning of Article 102 TFEU. The answer to the question in dispute between the parties, whether the implementation of the standard necessarily required the use of the patent in suit or whether the standard merely provided for the realisation of the technical teaching of the patent in suit as an option, could also be left unanswered in this context. The use of the patent in suit was in fact unavoidable because UMTS-capable mobile phones - in order to be marketable at all - had to be able to detect



several radio carriers. According to the principles established by the Court of Justice of the European Union in the Huawei/ZTE case, the legal assertion of the claims for injunction, destruction and recall constituted an abuse of this dominant position. Although the plaintiff had fulfilled its duty to inform, it had not made the defendants an offer that complied with FRAND conditions, despite the defendants' declared and continuing willingness to take a licence.

46 However, the declaration of willingness to take a licence had only been made about a year after the plaintiff's first infringement notice of 20 December 2012. However, the failure of a party to take a necessary step in due time did not result in material preclusion; the step in question could in any case still be taken before the action was brought. Subsequently, no circumstances had come to light that would lead to the assumption that the defendant's or its group's willingness to take a licence had lapsed again in the meantime.

47 The offers made by the plaintiff constituted evidential discrimination against the defendants. The plaintiff's licence offers treated the defendants unequally vis-à-vis one of its licensees, a Chinese state-owned enterprise, with regard to the amount of the licence fees without a valid factual reason.

2.

48 The appeal unsuccessfully challenges the Court of Appeal's affirmation of the plaintiff's status as an addressee under Article 102 TFEU.

a)

49 The plaintiff is dominant on the licence market relevant here. As the Senate explained in more detail in its judgement of 5 May 2020 between the parties (KZR 36/17, WRP 2020, 1194, marginal no. 54 - FRAND-Einwand), the assumption of an independent licence market first requires a finding that the patent is essential to a standard, i.e. that the use



of the patented teaching is indispensable for the implementation of a standard (standardised by a standardisation organisation or enforced on the market) (FCJ, judgement of 13 July 2004 - KZR 40/02, BGHZ 160, 67, 74 - Standard-Spundfass; WRP 2020, 1194, marginal no. 58 - FRAND-Einwand). July 2004 - KZR 40/02, BGHZ 160, 67, 74 - Standard-Spundfass; WRP 2020, 1194 marginal no. 58 - FRAND-Einwand), so that it is usually technically impossible to circumvent the invention without losing important functions for the product market (FCJ, WRP 2020, 1194 marginal no. 58 - FRAND-Einwand; cf. ECJ, judgement of 16 July 2015 - C-170/13, WRP 2015, 2783 para. 49 - Huawei/ZTE; European Commission, Decision of 29 April 2014 - C (2014) 2892 para. 52 - Motorola). Furthermore, a prerequisite for an independent licensing market is that the technical teaching corresponding to the patent and the standard cannot be substituted by another technical design of the product (FCJ, WRP 2020, 1194 marginal no. 58 - FRAND-Einwand; cf. ECJ, [2004] ECR I-5039 marginal no. 28 - IMS Health; BGHZ 160, 67, 74 - Standard-Spundfass).

b)

50 The Court of Appeal left unanswered whether the standard relevant here only provides for the implementation of the teaching of the patent in suit as an option and whether the use of only one radio carrier corresponds to the standard. However, it found that such a possibly existing non-patent option no longer plays a role in practice, which is why the use of the patent in suit is in any case factually unavoidable within the scope of the implementation of the requirements of the standard. This is sufficient for the assumption of an independent licence market, since a mobile device that does not implement the technical teaching of the patent in suit is not competitive according to it (see ECJ, judgement of 29 April 2004 - C-418/01, [2004] ECR I-5039 = WRP 2004, 717 marginal no. 29 - IMS Health; FCJ, WRP 2020, 1194 marginal no. 59 f. - FRAND-Einwand).



c)

51 The Court of Appeal did not fail to recognise that, despite the legal barrier to access in such a case, there may be exceptional reasons that can exclude market dominance by the proprietor of the standard-essential patent (FCJ, WRP 2020, 1194 marginal no. 61 et seq. - FRAND-Einwand). However, it was unable to find indications for this either in the parties' submissions or in the circumstances of the case; this stands up to review under the law of review (FCJ, WRP 2020, 1194, marginal no. 62 et seq. - FRAND-Einwand).

3.

52 However, the findings of the Court of Appeal do not justify the assumption that the plaintiff abused this dominant position.

a)

53 As the Senate explained in more detail in its judgement of 5 May 2020 (WRP 2020, 1194 - FRAND-Einwand) between the same parties, following the case law of the European Court of Justice (WRP 2015, 1080 para. 54 et seq. - Huawei/ZTE), a dominant patent holder that has committed itself to a standardisation organisation to grant licences on FRAND terms cannot only abuse its market power by refusing to conclude a corresponding licence agreement with an infringer willing to grant a licence and by bringing an action against it for injunctive relief, recall and removal of products from the distribution channels or for destruction of patent-infringing products. Rather, an abuse may also be present if the patent proprietor is to be blamed for not having made sufficient efforts to fulfil its special responsibility associated with the market-dominating position and to make it possible for an infringer who is in principle willing to take a licence to conclude a licence agreement on reasonable terms (FCJ, WRP 2020, 1194 marginal no. 75 et seq. - FRAND-Einwand; cf. FCJ, order of 11 December 2012 - KVR 7/12, WuW/E DE-R 3821 marginal no. 15 - Fährhafen Puttgarden II).



54 In both cases, the action is abusive because - and only because - the infringer willing to take a licence has a claim that the patent proprietor contractually allows him to use the protected technical teaching on FRAND terms. An abuse of the dominant position of a patent proprietor does not, in principle, result from contractual terms offered by the patent proprietor before or at the beginning of negotiations as such, which, if contractually agreed, could unfairly hinder or discriminate against the licensee. Rather, the abuse of market power follows - not unlike in cases of refusal to supply or refusal of access to an infrastructure facility of the market dominator - only from the refusal of a requested access to the invention per se or from unreasonable conditions for a requested access from which the patent proprietor is not prepared to deviate even at the end of negotiations (cf. FCJ, decision of 24 September 2002, KVR 15/01, BGHZ 152, 84, 94 - Fährhafen Puttgarden I), i.e. the refusal to offer the licensee seeking the conclusion of a licence agreement on FRAND terms, as a result of a negotiation process, those fair, reasonable and non-discriminatory contractual terms and conditions which the licensee can claim and on which he, for his part, is prepared to conclude with the patent proprietor.

b)

55 It follows from the obligation to refrain from such misuse and the special responsibility of the dominant patentee that they must first point out the infringement of the patent-in-suit to the infringer if the latter is (possibly) not aware of making unlawful use of the teaching of the standard-essential patent by implementing a technical solution required by the standard (ECJ, WRP 2015, 1080, nos. 60-62 - Huawei/ZTE; FCJ, WRP 2020, 1194, no. 73 f. - FRAND-Einwand).

c)

56 Since the FRAND commitment does not in principle change the fact that anyone who wishes to make use of the technical teaching of a patent must obtain a licence from the



patent proprietor to do so (ECJ, WRP 2015, 1080 para. 58 - Huawei/ZTE), further obligations of conduct on the part of the dominant patent proprietor can only arise if and when the user of the protected technical teaching expresses his intention to conclude a licence agreement on FRAND terms (ECJ, WRP 2015, 1080, para. 63 - Huawei/ZTE).

aa)

57 For this purpose, it is generally not sufficient if the infringer, in response to the infringement notice, merely shows willingness to consider the conclusion of a licence agreement or to enter into negotiations as to whether and under what conditions a conclusion of an agreement would be possible for him. Rather, the infringer, for its part, must clearly and unambiguously declare its willingness to conclude a licence agreement with the patent proprietor on reasonable and non-discriminatory terms, and must also subsequently participate in the licence negotiations in a targeted manner (FCJ, WRP 2020, 1194 marginal no. 83 - FRAND-Einwand).

(1)

58 Not unlike in cases of negotiated access to an infrastructure facility, only the willingness of the user of the invention to place the access to the protected technical solution, which they have already obtained on their own authority through the patent infringement, on a licensing contractual basis for the future can justify the requirement for the dominant patent proprietor to make an offer to the user in this respect, explain this offer in a manner and level of detail appropriate to the circumstances of the case, and engage in a negotiation on this offer and, if appropriate, a counter-offer by the infringer, in order to arrive at a licence agreement governing the use of the infringed and, if applicable, further patents on fair, reasonable and non-discriminatory terms. Such cooperation is the indispensable counterpart to requiring the patentee to accept infringement of the patent in suit for as long as the infringer, for his part, makes such efforts as are required and possible and reasonable in the given factual situation to conclude a licence agreement



on FRAND terms in order to be able to continue to use the patented teaching on that basis (see High Court of England and Wales [J. Birss], judgement of 5 April 2017, [2017] EWHC 711 [Pat] para 562).

(2)

59 The (mutual) willingness to grant/take a licence is not only of fundamental importance because the patent proprietor must only grant a FRAND licence to a user of the invention who is willing to do so and can only grant such a licence at all. It is also indispensable because an appropriate outcome that balances the conflicting interests of both parties can usually only be achieved as the result of a negotiation process in which these interests are articulated and discussed in order to achieve a fair and appropriate balance of interests desired by both parties. The requirements for the conduct of the patent proprietor and the conduct of the user of the invention are mutually dependent. Since the standard of review is what a reasonable party interested in the successful conclusion of the negotiations in a manner that is in the interests of both parties would do to promote this objective at a certain stage of the negotiations, the individual requirements to be met cannot be defined in general terms.

60 If one party initially fails to cooperate as required in the conclusion of a licence agreement on FRAND terms, this is generally to its detriment. Depending on the circumstances, the party may be obliged to compensate for the omissions as far as possible. This corresponds to the usual practices of persons interested in concluding a contract, who, in the event of a delayed reaction to a corresponding offer to negotiate, must normally expect that the other party is no longer interested in concluding a contract.

61 In the case of a standard-essential patent, lower requirements do not result from the fact that the patent proprietor, who has submitted a declaration of willingness to take a licence, has only limited leverage to enforce the IP right, if necessary by taking legal



action (FCJ, WRP 2020, 1194 marginal no. 64 - FRAND-Einwand) and is dependent on concluding licence agreements for the economic exploitation of his patent. On the contrary, the patent infringer may not exploit this structural disadvantage for the purpose of "patent hold-out" (cf. FCJ, WRP 2020, 1194 marginal no. 64 - FRAND-Einwand) without exposing himself to the accusation of dishonest conduct. Otherwise, the restriction of the enforceability of the patent by legal action for the purpose of avoiding an abuse of market power would lead to another distortion of the conditions of competition in that the patent infringer could obtain an unjustified advantage over those competitors who have to seek a licence in due time and therefore pay the appropriate remuneration for the use of standard-essential patents.

(3)

62 If the user who has been made aware of the infringement has failed over a longer period of time to express its interest in a licence agreement on FRAND terms, the user must therefore be expected to make additional efforts to help ensure that, notwithstanding this failure, a corresponding licence agreement can be concluded as soon as possible.

bb)

63 Contrary to the defendant's view, these requirements regarding the patent infringer's willingness to take a licence are in line with Article 102 TFEU and its interpretation in the case law of the Union Court of Justice (WRP 2015, 1080 marginal no. 71 - Huawei/ZTE); they also do not require resubmission.

(1)

64 As the Court of Justice has held, the patent proprietor who has made a FRAND declaration does not in principle abuse its dominant position by bringing an action for an injunction or for the recall of infringing products if, before bringing the action, it has given the infringement notice required, has made a specific offer to the infringer - after



the latter has in turn expressed his intention to conclude a licence agreement on FRAND terms, has made a specific offer of a licence on FRAND terms to the infringer, indicating in particular the licence fee and the way in which it is to be calculated, and the infringer, although continuing to use the protected technical teaching, does not respond to that offer with diligence, in accordance with accepted commercial practices and in good faith, which in particular prohibits him from using delaying tactics in his response (ECJ, WRP 2015, 1080 para. 71 - Huawei/ZTE). Furthermore, the Court of Justice has considered the infringer to be obliged to ensure the realisability of the patent proprietor's claims under the licence agreement to be concluded by providing adequate security from the time when the patent proprietor has rejected a counter-offer made by him (ECJ, WRP 2015, 1080 para. 67Huawei/ZTE).

(2)

65 The Court of Justice of the European Union thus emphasises the mutual obligation to engage in constructive exchanges aimed at achieving a fair balance of the interests involved (ECJ, WRP 2015, 1080, para. 55 - Huawei/ZTE; cf. BGHZ 152, 84, 97 - Fährhafen Puttgarden I). Due account must be taken of the particular legal and factual circumstances of the specific case (ECJ, WRP 2015, 1080 marginal no. 56 Huawei/ZTE). This means that compliance with the "negotiation programme" outlined by the EU Court is regularly sufficient to exclude a breach of the prohibition of abuse and thus the plea of bringing an abusive action. Accordingly, the Court's answer to the questions referred for a preliminary ruling negatively defines the requirements for denying an abuse of market power. However, since the affirmation or denial of an abuse always requires a consideration of all circumstances of the case and a weighing of the mutual interests, special circumstances may also justify stricter or less strict duties of conduct (cf. High Court of England and Wales [J. Birss], Judgement of 5 April 2017, [2017] EWHC 711 [Pat] para 744; UK Supreme Court [Lords Reed, Hodge, Lady Black, Lords Briggs, Sales], Judgement of 26 August 2020, [2020] UKSC 37 para 152 et seq; Gerechtshof Den Haag,



GRUR Int. 2020, 174, 176 para 4.14). In this respect, the examination of a FRAND-Einwand is no different from other cases of abuse of a dominant position.

(3)

66 Without success, the defendants argue that the fact that the EU Court of Justice requires a concrete written licence offer by the patent proprietor after the infringer has expressed its will to conclude a licence agreement on FRAND terms (WRP 2015, 1080, para. 71 - Huawei/ZTE, emphasis by the Senate) precludes an understanding of the obligation to declare willingness to take a licence as a kind of permanent condition or continuing act. This loses sight of the fact that the abuse of market power in cases of the kind at hand results from the dominant undertaking's refusal to fulfil the claim of an undertaking from the opposite side of the market for lawful access to the invention and to grant a licence on FRAND terms for this purpose (ECJ, WRP 2015, 1080 para. 53 - Huawei/ZTE). It is the abusive character of this refusal that can be held against the actionable claim under the patent (ECJ, WRP 2015, 1080 para. 54 - Huawei/ZTE). An abusive refusal by the dominant patent proprietor necessarily presupposes a continuing demand by the infringer for the conclusion of a contract on FRAND terms and its willingness to cooperate in the conclusion of such a contract, without which a "refusal" by the patent proprietor would be futile.

67 For this willingness to take a licence, it is not sufficient that a serious and final refusal of the patent infringer to conclude a use agreement on FRAND terms cannot be established. This ignores the principle, also emphasised by the European Court of Justice, that the party wishing to make use of the technical teaching must obtain a licence to do so (ECJ, WRP 2015, 1080, para. 58 - Huawei/ZTE). However, the patent infringer has already obtained access to the use of the invention, for which it owes an appropriate fee, on his own authority and thus - at least initially - free of charge, so that delaying the resolution of the conflict of interest by concluding a contract obliging him to pay consideration, unlike in the case of claims for supply or access to an infrastructure facility, does not



favour the market dominator but the market opponent. The "delaying tactic", which the infringer may not engage in and which, as the European Court of Justice has expressly stated (WRP 2015, 1080, para. 71 - Huawei/ZTE), excludes an abuse of the dominant position, therefore typically consists precisely in not simply rejecting a licence agreement on FRAND terms, but in ostensibly seeking it, but pushing back the finding of an appropriate solution in detail or at least postponing it as long as possible.

(4)

68 Contrary to the defendant's view, the declaration of willingness to take a licence is thus not a "mere gateway" for the start of the actual negotiations, even according to the case law of the European Court of Justice. Rather, the continued willingness to take a licence is an indispensable prerequisite for successful licensing negotiations and thus also for the accusation of abuse of market power against the patent proprietor in the event of their failure. This is also clear from the context of the Huawei/ZTE decision. The guidelines formulated by the Union Court are based on a proposal by Advocate General Wathelet. This was based on the assumption that an abuse can only be considered against a patent infringer who is objectively ready, willing and able to enter into a FRAND licence agreement (see Opinion of Advocate General Wathelet of 2 - C-170/13, juris paras. 74-75, 80). The Advocate General did not consider a mere willingness to negotiate, which was considered sufficient by ZTE following a press release of the European Commission of 21 December 2012 (IP/12/1448), nor did he necessarily require an unconditional offer to conclude a licence agreement within the meaning of the Senate's Orange-Book decision (Judgement of 6 May 2009 - KZR 39/06, juris para. KZR 39/06, BGHZ 180, 312 marginal no. 29) (see Opinion of Advocate General Wathelet of 20 November 2014 - C-170/13, juris fn. 19). Incidentally, this is also in line with the Commission's view in a decision preceding the decision of the Court of Justice of the Union, in which the Commission expresses that the patent proprietor may seek and enforce an injunction against a potential licensee if the latter is unwilling to enter into a FRAND agreement (decision of 29 April 2014, COM[2014]2892 final, para. 427 [c]). Such an objective willingness to conclude a



FRAND licence agreement is regularly demonstrated, according to the business practices recognised in all areas of economic life and also emphasised by the European Court of Justice as decisive, by the active promotion of negotiations oriented towards the common goal of a successful conclusion. The negotiation steps of parties interested in concluding a contract build on each other. A duty to promote therefore always exists if and insofar as the next negotiation step is to be expected according to business practice and the principles of good faith (cf. on section 203 BGB in case of "falling asleep" of the negotiations: FCJ, judgement of 8 November 2016 - VI ZR 594/15, NJW 2017, 949 marginal no. 16 mwN).

cc)

69 A willingness to take a licence understood in this way is not dispensable, but retains its meaning even if the patent proprietor has submitted a licence offer to the infringer (cf. Kühnen, Hdb. Patentverletzung, 13th ed., chap. E marginal no. 394 et seqq.; Landgericht Düsseldorf, order - 4c O 17/19, juris marginal no. 37).

(1)

70 The offer by which the patent proprietor fulfils its special responsibility as a market dominator to make it possible for the user of the invention to conclude a licence agreement on FRAND terms is not the end point but the starting point of the licence negotiations. At least in a complex situation, as is typically the case in the licensing of standard-essential patents, it is regularly not obvious which contractual terms in the specific case (cf. Gerechtshof Den Haag, GRUR Int. 2020, 174, 179 para. 4.34) meet the requirements of an appropriate balance of interests and at the same time do not violate the prohibition of discrimination under antitrust law. Moreover, as a rule there is not one licence agreement that satisfies FRAND conditions, but a range of possible reasonable solutions (cf. High Court of England and Wales [J. Birss], Judgement of 23 October 2018, [2018] EWCA Civ 2344, GRUR Int. 2019, 357 para. 121; OLG Karlsruhe, GRUR 2020, 166 para.



95; cf. on Section 19 (4) no. 4 GWB aF BGHZ 152, 84, 96 - Fährhafen Puttgarden I). As a rule, the patentee can only take into account any legitimate interests of the user once it is aware of them.

71 It is therefore precisely the purpose of the negotiations to produce a fair and reasonable final result and, to this end, to articulate the interests of both parties and to put forward for discussion factual and legal aspects which, from the point of view of at least one party to the negotiations, may be relevant to this result (cf. Communication from the European Commission of 29 November 2017 on the EU's handling of standard-essential patents, COM[2017] 712 final, p. 7). It is therefore incumbent on the user of the invention to check the patent proprietor's offer to see whether its content requires further information from the patent proprietor and whether and, if so, to what extent the structure of the offer or individual provisions thereof, in particular the IP rights to be covered by the agreement and the amount and method of calculating the licence fee, (possibly) do not comply with FRAND conditions from his point of view. If necessary, the user is obliged to make a counteroffer; however, when this is the case also depends on the individual case and is also governed in this respect by customary and recognised business practices and the principles of good faith. In particular, in the case of a licence offer by the patent proprietor which obviously does not comply with FRAND conditions and which, when assessed objectively, is not meant seriously and thus appears as a refusal to conclude a licence agreement on FRAND conditions (see BGHZ 152, 84, 92 - Fährhafen Puttgarden I), it may suffice as a reaction of a user of the invention who seriously seeks a licence to explain why the offer obviously does not comply with FRAND conditions. The decisive factor is which reaction the user of the invention may assume can properly promote the conclusion of a licence agreement on FRAND terms - provided that the patent proprietor is willing to do so.



(2)

72 If the patent proprietor has made a (at least essentially complete) contractual offer to the user of the invention despite the latter's unwillingness to take a licence the invention, the user must therefore deal with this offer in such a way that it becomes apparent that the user is now pursuing the goal of reaching a mutually equitable result as soon as possible. For this purpose, it is not important whether and to what extent the content of the patent proprietor's contractual offer already complies in every respect with the requirements of the contract to be concluded for fair, reasonable and non-discriminatory conditions of use of the contractual property rights.

(a)

73 If the patent proprietor were obliged to always immediately submit an offer that anticipates the appropriate and mutually beneficial outcome of licensing negotiations, there would be no need for negotiations and no counter-offer from the user who does not want to accept the patent proprietor's offer.

(b)

74 Even more important is the consideration that the content of a complex licence agreement cannot be reviewed, either outside of court proceedings or in court proceedings, in the abstract, as it were, to determine whether all contractual terms and conditions meet the requirements for a fair, reasonable and non-discriminatory structuring of the use of the contractual property rights. Rather, this can regularly only be assessed if the party that does not want to accept a contractual term proposed by the other party, or at least does not want to accept it without further ado, asserts those aspects that, from the point of view of this party, speak against the appropriateness of the contractual term or make this appropriateness appear at least doubtful, and if the other party then either takes these concerns into account by amending or supplementing its proposal or explains why, from its point of view, the concerns do not



prevail (cf. BGHZ 152, 84, 97 - Fährhafen Puttgarden I). It is obvious that arguments and counter-arguments are determined by the conflicting interests of the parties, one of which wants to obtain the highest possible remuneration for the use of the contractual rights and the other wants to pay the lowest possible remuneration for this. Precisely for this reason, however, a negotiation process is required, at the end of which an appropriate balance of interests is sought by both sides. Even if the parties' efforts to find an amicable solution ultimately fail, they can, since they provide indications as to which interests are to be taken into account in detail and how they are to be weighted, form the basis of a court decision, if necessary, as to the extent to which the conflicting views expressed on the individual points in dispute are compatible with the requirement of licensing on FRAND terms (see BGHZ 152, 84, 97 - Fährhafen Puttgarden I).

(c)

75 Since regularly only the efforts of both parties to find a fair balance of interests can lead to a contract with FRAND conditions, especially in cases in which - at least until then - there is no willingness to take a licence on the part of the patent proprietor, the will and the declared willingness of the infringer to reach and contribute to a fair and reasonable conflict resolution are not dispensable. The consideration that the patent proprietor is "not in need of protection" because it is readily possible for him to submit a FRAND-compliant licence offer, which only - if it is indeed fair, reasonable and non-discriminatory - triggers further obligations of conduct on the part of the infringer (according to Kühnen, Hdb. Patentverletzung, chap. E marginal no. 396), already fails because of this dependence of the FRAND-compliance of a certain contract content on the outcome of the negotiation process.

76 Moreover, it again fails to recognise that even an offer that does not comply with FRAND conditions does not in itself constitute an abuse of the patent proprietor's dominant position, which rather lies in refusing or making it impossible for the infringer to negotiate and conclude a FRAND licence agreement that is in line with the interests



articulated in the negotiation process (and instead to enforce the patent or one of the patents to be licensed by taking legal action).

dd)

77 These requirements are also in line with Union law, as interpreted by the Court of Justice in *Huawei v ZTE*, and do not require resubmission. Accordingly, it is incumbent on the infringer to respond to the patent proprietor's offer with diligence, in accordance with accepted commercial practices in the field and in good faith, which must be determined on the basis of objective factors and implies, inter alia, that delaying tactics are not being pursued (ECJ, WRP 2015, 1080, para. 65 - *Huawei/ZTE*). The assessment of whether a delaying tactic is being pursued, which is to be made on the basis of objective aspects, is thus also to be made on the basis of the infringer's reaction to the offer, and is thus not limited to the declaration of the wish to license. This is also appropriate. The declaration of a wish to license or of a willingness to negotiate does not say anything about whether this declaration is meant seriously. Rather, it may also be the result of a delaying tactic by the patent user (see Federal Court of Justice, WRP 2020, 1194 marginal no. 82 - *FRAND-Einwand*), which may not be accepted in order to protect the patent proprietor and the competition between the patent users. Therefore, according to the case law of the European Court of Justice, the further conduct of the infringer must also be taken into account. Accordingly, delaying tactics can be considered in particular - but not exclusively - if the patent user does not react to the patent proprietor's explanations within a reasonable period of time, in particular if the user rejects the patent proprietor's offer but nevertheless fails (although this can be expected according to the concrete circumstances of the individual case in accordance with customary practice and the requirements of good faith, cf. para. 71) to make a concrete counter-offer in writing within a short period of time that complies with FRAND conditions. This is the reason why - as the EU Court of Justice has expressly stated - the infringer cannot rely in this case on the abusive nature of an action for an injunction or a recall (ECJ, WRP 2015, 1080 para. 66 - *Huawei/ZTE*) and that the same applies if the infringer continues to use the patent



despite the rejection of its counter-offer, but fails to provide adequate security in accordance with accepted practice in the relevant field (ECJ, WRP 2015, 1080, para. 67 - Huawei/ZTE).

78 In which further circumstances not mentioned by the European Court of Justice a lack of willingness to take a licence on the part of the patent infringer exists is a question of the individual case, the assessment of which is incumbent on the national courts (see ECJ, Judgement of 20 May 2010 - C -160/09, [2010] ECR I-4591, para. 24 - Ioannis Katsivardas/Nikolaos Tsitsikas; ECJ, WRP 2015, 1080 para. 70 - Huawei/ZTE; Opinion of Advocate General Wathelet of 20 November 2014 C-170/13, juris para. 76; UK Supreme Court, Judgement of 26 August 2020, [2020] UKSC 37 para. 157) and is in principle the task of the trial judge.

ee)

79 Whether the patent proprietor's action for injunction, recall or destruction is abusive according to these standards may have to be assessed differently for different points in time.

(1)

80 Whether the filing of an action constitutes an abuse of the dominant position of the patent proprietor because it serves to enforce a refusal to grant a licence against an undertaking willing to grant a licence is to be assessed according to the actual circumstances at the time the action is filed. If the infringer's willingness to take a licence is already lacking at this point in time, the concrete conditions offered by the patent proprietor for a licence agreement at this point in time are irrelevant.



(2)

81 If the filing of the action is not abusive, the further prosecution of the claims and thus also the defence of a first instance judgement already obtained - as in the case in dispute - against the infringer's appeal may nevertheless be abusive.

82 The claim of the user of the technical teaching of the invention against the dominant patent proprietor for licensing on FRAND terms remains - up to the limit of forfeiture - even if the user does not initially assert it because he is not prepared to conclude a licence agreement on FRAND terms. He can therefore in principle also assert it subsequently.

83 This does not necessarily mean, however, that the infringer can also plead this licensing claim against the injunctive relief already asserted by way of action or already granted in the first instance. Rather, it is decisive whether the patent proprietor is acting abusively with regard to the subsequently declared willingness to take a licence by pursuing the claims in suit. This requires careful examination in each individual case. The longer the infringer initially waited before asserting his licensing claim, the higher the demands on his cooperation in bringing about a licence agreement on FRAND terms, as explained above (para. 60).

d)

84 Accordingly, the Court of Appeal did not err in law in assuming that the plaintiff was not charged with abuse of its dominant position because it had not sufficiently informed the defendants about the infringement of the patent in suit and its willingness to take a licence it on FRAND terms. As the Senate explained in more detail in its judgement of 5 May 2020, the letter of 20 December 2012 and two further letters from 2013 satisfied the requirements to be met by an infringement notice (FCJ, WRP 2020, 1194 marginal no. 86 et seq. - FRAND-Einwand).



e)

85 On the other hand, the Court of Appeal's assumption that the plaintiff abused its dominant position because it did not offer the defendants or their parent companies (hereinafter also: Haier) a licence agreement on FRAND terms despite having previously declared its willingness to take a licence, and that the contractual terms offered to Haier were discriminatory, does not stand up to review by the Court of Appeal.

aa)

86 The findings of the Court of Appeal do not justify the assumption that Haier agreed to conclude a licence agreement on FRAND terms.

(1)

87 The Court of Appeal correctly saw that the email of 17 December 2013 (AR 41 p. 3/4), i.e. almost a year after the first infringement notice, did not meet the requirements of an infringer willing to take out a licence in terms of time. An infringer who remains silent for several months in response to the infringement notice thus regularly indicates that he is not interested in taking a licence (FCJ, WRP 2020, 1194 marginal no. 92 - FRAND-Einwand). The defendants argue unsuccessfully that the decision of the European Court of Justice does not contain any clear provisions on the time requirements for the exchange of the mutual declarations. This is because the infringer's reaction to the patent proprietor's offer must be made with the diligence required by the accepted commercial practices in the relevant field and in accordance with the requirements of good faith (ECJ, WRP 2015, 1080, para. 71 - Huawei/ZTE). Since the infringer's conduct must not be aimed at delaying the negotiations offered - and thus in particular their commencement - the same must apply to the reaction to the infringement notice - and thus the declaration of willingness to take a licence by the infringer (see *Gerechtshof Den Haag*, GRUR Int. 2020, 174, 176 para. 4.14).



(2)

88 The appeal successfully challenges the Court of Appeal's assumption that the declaration of 17 December 2013 nevertheless constitutes a sufficient declaration of willingness to take a licence. As the Senate already stated in its judgement of 5 May 2020 (FCJ, WRP 2020, 1194 marginal no. 94 et seq. - FRAND-Einwand), neither this statement nor the other statements of the defendant and its parent companies found by the Court of Appeal express the defendant's will and serious willingness to conclude a licence agreement. The Senate adheres to this after reconsideration.

89 The letter merely expresses the hope that formal negotiations will be entered into and asks for information about a prospective discount. However, in view of the months of silence in response to the statement of willingness to take a licence, in the case of genuine willingness to take a licence it would have been expected that Haier would now indicate that it wanted to do everything possible to promote the negotiations. This required, as explained (paras. 60, 83), additional efforts to help ensure that, notwithstanding this failure, a licence agreement could be concluded as soon as possible.

90 The rest of the letter also does not indicate Haier's intention to pursue a licensing claim and clarify fair, reasonable and non-discriminatory licensing terms. Rather, the hesitant - and thus delaying - behaviour is continued by pointing out that they will not find the time to examine the matter and make a decision before the New Year (AR 41 p. 3). In view of the upcoming turn of the year and the management's involvement with the annual reports and the plans for the new year, an initial review may not have been possible before the turn of the year. However, an initial referral was not in question. Haier had already been informed of the Applicant's willingness to take a licence, the use of the patent-in-suit and the "Wireless Patent Programme" by letters dated 20 December 2012, 22 August 2013 and 11 November 2013. In view of this, the plaintiff could not, in the required objective view, understand Haier's reference to the upcoming turn of the year and the need for examination in the sense of a serious desire to license and a willingness



to promote negotiations on the content of a licence agreement. Against the background of Haier's previous conduct, it was in particular not recognisable to the plaintiff that an examination after the turn of the year was announced for other reasons than to further delay. According to the unchallenged findings of the Court of Appeal, the defendants have also not presented objective reasons why and why it should not have been possible or reasonable for Haier to clarify the use of the portfolio patents by its mobile devices earlier.

(3)

91 Without success, the defendants argue that in the context of the other correspondence between the parties it is remote to assume that they or their parent companies were unwilling to take a licence. The fact that Haier was already a licensee of various other licence pools of the plaintiff at the time does not change the fact that the plaintiff could not, according to the objective recipient's horizon, assume that Haier was willing to conclude a licence agreement on FRAND terms justifying the use of the technical teaching of the patent-in-suit. The fact that the plaintiff's licensing programme was in the market launch phase at that time is not relevant for the understanding of Haier's statements.

92 The fact that on the same 17 December 2013 the plaintiff still replied to the email of Haier's IP Director inter alia that it could provide the latter with further information on an "early bird discount" after receiving a non-disclosure agreement (AR 41 p. 2), and that such information was subsequently exchanged, does not justify a different view. Similarly, the meeting of the parties on 17 February 2014, in which details of the licensing programme were discussed but which, according to the findings of the Court of Appeal, remained inconclusive, and the licence offer of the plaintiff of 29 August 2014 (AR-B 39) are not capable of justifying the conclusion that Haier was clearly and unambiguously prepared to conclude a licence agreement on FRAND terms. For in this respect, too, only an unspecified willingness to negotiate can be ascertained which, in view of the previous



history, from the plaintiff's point of view appeared to be an expression of delaying tactics on Haier's part. In the cover letter to the offer of 29 August 2014 (AR 50), the plaintiff complains that no substantial progress has been made since February of this year, and according to the findings of the Court of Appeal, the plaintiff's offer was rejected by Haier as early as 1 September 2014 without a counteroffer.

(4)

93 The Court of Appeal only examined the further letters of the IP director of the defendant's parent companies from the point of view of whether they gave reason to assume that the original willingness to take a licence had in the meantime lapsed again. The letter of 16 January 2016 (AR 51 p. 8 f.) does not show a clear declaration of willingness to conclude a licence agreement on reasonable and non-discriminatory terms.

(a)

94 As the Court of Appeal correctly pointed out, this already follows from the fact that it included the statement that Haier would be prepared to take a FRAND licence and pay royalties if German courts finally found infringement and validity of the patent-in-suit and the further European patent 852 885 asserted in the dispute decided by the Senate's judgement of 5 May 2020.

95 Such a conditional declaration of willingness to take a licence is insufficient (BGHZ 180, 312 marginal no. 32 - Orange-Book-Standard; FCJ, WRP 2020, 1194 marginal no. 96 FRAND-Einwand). Contrary to the defendant's view, there is also no need for further clarification by the EU Court of Justice in this respect. The Court of Justice has made it clear that the patent infringer remains free to challenge the validity of the patents to be licensed or to challenge or reserve the right to challenge their use, in addition to negotiating the grant of licences (ECJ, WRP 2015, 1080 para. 69 - Huawei/ZTE). However, this does not change the fact that the user of a patent, if he is not its proprietor, must in principle obtain a licence before any use (ECJ, WRP 2015, 1080 marginal no. 59 -



Huawei/ZTE), and acts at his own risk if he believes that he can waive this due to lack of validity or lack of infringement. A conditional willingness to take a licence cannot lead to an unconditional conclusion of a contract; however, the patent proprietor is only obliged to do so. This does not necessarily preclude the patent infringer from reserving the right in the licence agreement to challenge the use of the licence (see also Opinion of Advocate General Wathelet of 20 November 2014 - C-170/13 Opinion No. 5).

(b)

96 The lack of willingness to take a licence is also shown by the fact that the letter of 16 January 2016 contains the request that the plaintiff specify in more detail how all patents in its portfolio are infringed. In light of the fact that the plaintiff had already named the patents belonging to the "Wireless Patent Portfolio" to Haier in a letter of 20 December 2012, that Haier thus had more than three years to review the question of infringement and the use of the portfolio, and that the review had been announced, inter alia, in a letter of 17 December 2013, this justifies the conclusion, based on an overall assessment of all the circumstances, that Haier - and thus the defendants - continued not to be interested in reaching an agreement with the plaintiff.

97 It is true that if the patent proprietor does not want to license a single patent but a portfolio, he must provide the infringer with sufficient information on the patents belonging to the portfolio. However, this obligation does not go beyond what the owner of a portfolio of standard-essential patents must reasonably present in contractual negotiations on a portfolio licence, if a licence is sought from him with which a company wants to put the use of those IP rights it needs for the implementation of a standard on a secure legal basis. Similar to the infringement notice, it is sufficient to set out the nature of the respective standard-relevant functions and their implementation. Detailed technical or legal explanations of the individual patents are not required; the user of the invention only needs to be enabled - if necessary with expert assistance - to get an idea of the significance and scope of the patent portfolio in relation to the standard. Further



explanations are not required for this purpose because the patent proprietor does not have to assume, at least without concrete indications to this effect, that the licensee intends to impose restrictions on the future use of the functionalities covered and made possible by the standard. In the event of ambiguities in this respect or in other respects, honest negotiating partners can be expected to enter into a discussion (see FCJ, WRP 2020, 1194 marginal no. 98 - FRAND-Einwand).

98 Insofar as the parties unanimously stated in the oral proceedings before the Higher Regional Court on 17 November 2016 that it is customary in the industry for the patent proprietor to submit a list of the 10 to 15 most important IP rights ("Proud List") at the beginning of the negotiations, this does not change the obligation of the company willing to take a licence to form its own picture of the standard essentiality of the IP rights in the portfolio and of the extent to which it is dependent on the use of the portfolio for the lawful production of standard-compatible products. The fact that the submission of a "Proud List" is not mandatory already follows from the fact that it typically covers only a small fraction of the patents and therefore does not enable the infringer to conduct a comprehensive examination of the portfolio.

99 The plaintiff had already fulfilled its obligation with a letter dated 20 December 2012. It had enclosed a list of about 235 patents belonging to the patent portfolio. In view of Haier's announcement in the letter of 17 December 2013 that it would examine the patents, the plaintiff was entitled to assume that Haier was at least carrying out a superficial examination of the patent objects and the standard essentiality. As can be seen from plaintiff's letter of 15 February 2013 (AR 41 p. 9), this was also communicated to the plaintiff again by Haier's IP director in a telephone call on the same day. Haier informed the plaintiff by email of 19 February 2013 that the analysis was taking time because of the large number of patents ("Involved large number of patents, still analysing, thanks"). The fact that Haier later insisted on the formal position that the plaintiff was obliged to submit "claim charts" with respect to all patents, despite the plaintiff granting a sufficient period of time for examination, indicated that Haier was still less interested



in a successful conclusion of the negotiations than in further delaying them, especially in light of the fact that Haier had initially not responded to the infringement notice and the offer of a portfolio licence (FCJ, WRP 2020, 1194 para. 98 - FRAND-Einwand), especially as the plaintiff had also referred Haier by letter of 11 December 2015 (AS 9) to its internet pages with information on which technical specifications of the standards mentioned there (indicating the respective sections) were covered by the patent families of the plaintiff's portfolio.

(5)

100 Insofar as the Court of Appeal inferred from the letter of 23 March 2016 (K 51 p. 2 f.) submitted during the appeal proceedings that Haier was (still) willing to take a licence, this does not follow from the content of the letter. Although the letter states that Haier is willing to take out a FRAND licence, it also points out that Haier's own position *remains unchanged* ("*To make a long story short, we wish to express that our position remains unchanged, namely that we are willing to conclude a FRAND licence and we are of the opinion that our offer is FRAND*"; Annex AR 51 p. 3). 3). From the plaintiff's objective point of view, this could only be understood as meaning that the inadmissible condition expressed in the letter of 16 January 2016 was to remain.

101 Contrary to the Respondent's view, this understanding does not contradict the explanatory content of the letter in its entirety. In response to a letter from the plaintiff dated 17 March 2016 (AR 51 p. 3 f.), Haier asks the plaintiff not to constantly repeat the accusation of delaying negotiations; the information provided by the plaintiff with regard to the portfolio patents not asserted in the action was not sufficient. If the plaintiff provided claim charts showing at least that these patents could be standard essential, they could be taken into account in Haier's counter-offer. Furthermore, Haier points out that the plaintiff never explained the calculation of its proposed fee. While it is true that the letter does not expressly address the body of law and patent infringement. However, there is also no reason to assume that Haier no longer adheres to the clear statement in



the letter of 16 January 2016; this applies all the more as Haier had pointed out shortly before in a letter of 7 March 2016 that the question of infringement and the validity of the patent in suit had not yet been confirmed (AR 51 p. 4 ff.). Rather, the plaintiff had to infer from this that it would also receive additional information on the other patents in the portfolio, which Haier had in any case not justified with a lack of information, but only with an alleged obligation of the plaintiff according to the principles of the Huawei/ZTE judgement, would not help in the absence of a legally established infringement and legal validity, and Haier was not interested in the conclusion of a licence agreement, but only in bringing down the injunctive relief awarded by the District Court with alleged failures of a dominant company to offer a FRAND licence.

(6)

102 Nor did the intention to conclude a licence agreement on FRAND terms emerge from previous licence agreement offers made by the first defendant on 13 October 2014 (G 4) and by both defendants on 12 August 2015 (G 19, a few weeks before the date of the oral hearing before the District Court on 29 September 2015) and on 21 September 2015. It is not necessary to decide whether these offers in themselves met FRAND criteria. Because the will to seriously deal with the offers of the plaintiff, in particular its demand for a portfolio licence, cannot be inferred from these offers. The subject matter of the licence should only be the patent families to which the patent-in-suit and the patent-in-suit in the parallel proceedings belong. In view of the fact that Haier had had time to examine the plaintiff's "wireless standard" since receipt of the plaintiff's letter of 20 December 2012 and had announced such an examination, inter alia, in its letter of 17 December 2013, the plaintiff was entitled to request a portfolio licence. December 2013, the plaintiff could at least expect the defendants to provide substantiated factual reasons why they believed they were entitled to the selective licensing of the very two patents-in-suit from which they were threatened with condemnation by the district court, and to deny that worldwide portfolio licence at which the plaintiff's efforts since December 2012 were aimed. Instead, as can be seen from the letter of 21 September 2015 (G 15), the defendants



continued to take the formal position that the plaintiff could not demand licensing of the entire, apparently arbitrarily compiled patent portfolio "Wireless Licensing Program" without first explaining for each patent how and why it should be infringed.

103 Even if one were to regard the contractual offers as a declaration of willingness to take a licence, it would also have to be taken into account that Haier declared its willingness to take a licence only subject to a condition in its letter of 16 January 2016, so that any willingness to take a licence that had been expressed in the meantime would no longer have existed. Against this background, it is also irrelevant that a large number of further emails were exchanged between the parties in the period from November 2015 to April 2016 alone. For these predominantly deal with Haier's or the defendant's demands for further specification of the patent infringement by the portfolio patents and the calculation of the licence fee by the plaintiff. For the reasons explained, it cannot be inferred from this correspondence that Haier was seriously willing to take a licence.

bb)

104 An abuse of the plaintiff's dominant position by pursuing the claims also does not arise with regard to the licence (counter)offer (G 46), which the defendants submitted through their legal representatives on 20 January 2017 - and thus four weeks before the conclusion of the oral hearing in the appeal proceedings on 16 February 2017.

(1)

105 According to the findings of the Court of Appeal, with this contractual offer, which they linked to a security deposit totalling €15,000, the defendants responded to a group and worldwide licence offer submitted by the plaintiff to Haier by letter of 20 December 2016 (AR 63), which was preceded by an earlier offer of 9 December 2015 (AR 51 p. 14 f.), which Haier had rejected. The Court of Appeal assumed that with the counter-offer of 20 January 2017 the defendants had confirmed their willingness to take a licence. It left



unanswered whether the offer contained FRAND conditions; this was irrelevant as the plaintiff's offer had been discriminatory.

(2)

106 This does not stand up to review by the court of appeal. Even if, as the Court of Appeal assumed, the plaintiff's offer treated Haier worse than another licensee of the plaintiff, in particular with regard to the amount and the calculation of the licence fees, without any objective justification, this did not yet result in an abuse of its dominant position.

(a)

107 Since neither the defendant's parent companies nor the defendant itself had by then expressed their willingness and shown the unconditional will to conclude a licence agreement with the plaintiff on FRAND terms, the plaintiff did not abuse its dominant position either by bringing the action or by defending the district court's judgement against the defendant's appeal. The licence conditions offered by it at that time are irrelevant for this, as explained (para. 56). A fortiori, the content of later contractual offers is irrelevant in this respect.

(b)

108 However, the established facts also do not support the assumption that, after the defendant's offer of 20 January 2017 submitted shortly before the end of the oral proceedings at second instance, the further pursuit of the claims for injunctive relief, destruction and recall awarded by the Regional Court proved to be abusive.

109 Even with this contractual offer and the statements on this in the pleading of the same date and subsequent pleadings, the defendants did not express a serious willingness to take a licence. Against the background of a lack of willingness to conclude a licence agreement on FRAND terms, which had been shown for several years and also after the



conviction on the basis of the patent in suit by the District Court, it would have been necessary, as explained (paras. 60, 83), to make increased efforts to contribute to the achievement of an appropriate solution in good faith. Neither the contractual offer nor its explanation do justice to this.

(aa)

110 The defendant's contractual offer - formulated independently of the text last proposed by the plaintiff - does not provide for the defendant's parent companies or the Haier Group as licensees, but only the defendants themselves. According to Art. 4.2, royalties are only payable for products (manufactured or) marketed by the licensees in states where a licensed patent has been granted. Patent families designated as NKO-02 to NKO-45 are listed as licence protection rights. The royalty shall be calculated according to the formula  $R = A \cdot B \cdot C$  where A corresponds to a royalty rate of 0.012% for each patent family, B corresponds to the number of patent families and C corresponds to the net selling price of a licensed product, taking into account only patent families essential to the performance of the "wireless standards" defined in Art. 1.21. Art. 4.4 states "by way of clarification" that the licensees (only) *consider* patent families NKO-2, 3 (comprising the patent-in-suit of the proceedings KZR 36/17), 5 and 30 (comprising the patent-in-suit of the present proceedings) to *be likely to be essential* in this sense ("*consider ... being likely to be essential*" [sic!]).

111 In their submission of 20 January 2017, the defendants essentially stated the following reasons:

112 The court of appeal's view that there were no objections in principle to a group-wide and worldwide portfolio piece licence was to be contradicted. Since the plaintiff did not offer a group-wide licence, but rather belonged to a group whose companies marketed various licence programmes, it could not expect licensing by the Haier group. The customary



nature of group-wide licensing was disputed; in any case, the plaintiff could not rely on such a practice.

113 Although the plaintiff had not submitted patent specifications and standard documents relating to the submitted "Proud List", they - the defendants - had argued that the plaintiff's portfolio contained 33 standard-essential patent families. "Claim charts had only been submitted for the 13 patent families of the plaintiff's Proud List (NKO-2, 3, 5, 11, 12, 16, 18, 19, 30, 32, 35, 36 and 44). Of these, patent families NKO-3 and 30 (with the patent-in-suit) had been classified as potentially standard-essential in view of the Court of Appeal's observations, with arguments for a lack of standard essentiality in each case. The examination of a further eleven patent families had shown that only the families NKO-2 and 5 were possibly also standard essential; this is explained in more detail. A "Humble List" submitted by them - the defendants - also showed that the other patent families NKO-6, 8, 10, 13 and 26 were not standard essential.

114 The defendants elaborated on this argument in written submissions dated 8 February 2017 and 9 February 2017.

(bb)

115 This reaction and the reasons given for it do not, as the Senate can judge for itself according to the established content of the contractual offer and in view of the lack of assessment by the Court of Appeal, in any way represent a dispute with the plaintiff's offer or an offer of its own, which an infringer willing to take a licence could assume would thereby make a contribution to bringing about a licence agreement on FRAND terms appropriate to the situation and the time of submission.

i.

116 It is already sufficient for this that, notwithstanding the fact that the discussions had been held with the Haier group since December 2013 at the latest and that the plaintiff



was seeking a worldwide licensing of its patent portfolio, only the defendants were to be licensees. The listing of American, Chinese, Japanese and other non-European patents in the patent families therefore only had significance for the remote case that the defendant European sales companies of the Haier group supplied to these countries.

117 From the objective point of view of a negotiating partner interested in concluding a contract, the plaintiff was also entitled to expect that the defendants at least gave factual reasons why they thought such selective licensing was in their interests. There is nothing established or discernible that the defendants could have a legitimate interest in a licence agreement that not only - which in the given factual situation is already remote - instead of a worldwide regulation for the Haier Group, which the plaintiff had been seeking in vain since December 2012, only covered the European distribution activity, but did not even include Haier as the manufacturer of the products merely distributed by the defendants, which was in any case jointly responsible for the delivery of the challenged products to the European Union.

118 It can be left unanswered whether the defendants, as distributors alongside Haier, were entitled to their own licensing claim at all. In view of Haier's unwillingness to take a licence, they could in any case not reasonably claim a licence limited to their own activities, which for the plaintiff would be associated with the not remote danger of Haier circumventing its own distribution companies and possibly the necessity of costly enforcement of its property rights "patent by patent and land by land" (cf. UK Supreme Court [Lords Reed, Hodge, Lady Black, Lords Briggs, Sales], Judgement of 26 August 2020, [2020] UKSC 37 para. 166) and thus not only largely failed to achieve the worldwide portfolio licence sought by the plaintiff, but did not even reliably protect the plaintiff from further infringements of the patent-in-suit by Haier.

119 The defendants could also not nevertheless assume that with the proposed contractual arrangement they were making the contribution required in view of the unwillingness to take a licence at that time to bring about a licence agreement on FRAND terms, which



the plaintiff would either have had to accept immediately as offered or which could have served as the basis for conclusive negotiations promising success in the short term.

120 This is already clear from the fact that the defendants merely invoked the fact that the plaintiff does not actively license group-wide and that the customary nature of group-wide licensing is disputed as justification for the selective licensing sought.

121 From the defendant's point of view, there was all the more reason to state reasons as the plaintiff had already rejected a licence offer made by both defendants in a letter of 24 August 2015 (G 21), i.e. almost one and a half years earlier (also a few weeks before the oral proceedings before the Regional Court), referring to the use of the patent in suit by the entire Haier group, inter alia because the offer did not include the entire Haier group among other reasons, because the offer did not cover the entire Haier group, and according to the defendants' legal representatives in the appeal (written statement of 3 December 2015, p. 7, AS 398), they had recommended to the parent group in this context that it should also sign the licence agreement offer.

122 In contrast, the fact that the plaintiff did not offer the defendants any other portfolios or portfolios of affiliated companies, but which the defendants had not even asked for, obviously could not plausibly make the return to the demand for selective licensing of the defendants.

123 The denial of the customary nature of a group licence cannot be regarded as a constructive contribution of a bona fide negotiating party to the licence agreement negotiations either, against the background that the Haier Group had already concluded group licence agreements with the plaintiff (AR 77, 78; BU 9), as the defendants have referred to themselves.



ii.

124 That the defendants have not expressed their willingness to compensate for the previous lack of willingness to take a licence with the licence offer is also apparent from the proposed royalty provision. Of the patent families included in the offer text, the latter only recognises four as "probably" standard-essential and thus relevant for the assessment of the royalty, whereby it must be assumed in favour of the defendants that they do not reserve the right to doubt the applicability of the royalty provision with regard to these patent families in the contractual offer.

125 In this respect, it is not necessary to clarify whether, as the plaintiff believes and has explained in more detail in its response to the defendant's statement of 20 January 2017, all other patent families are also essential by default. Rather, it is decisive that the purpose of the negotiation process is to clarify, using the technical and patent law expertise available to the parties or, if necessary, which IP rights and families of IP rights are objectively required to be included in the agreement or are only expedient - from the point of view of both parties - because they are essential for the use of the standard or, in any case, are one of several technical possibilities for its implementation. This is all the more significant in the field of information and telecommunication technology, the greater the number of patents involved, since in order to avoid disproportionately high transaction costs, both for the standard essentiality and for the validity of the IP rights, assessments are typically required which take appropriate account of the necessary remaining uncertainties and are therefore made by reasonable negotiating parties where the effort and costs of further clarification would otherwise be manifestly disproportionate to the expected benefits (see UK Supreme Court, Judgement of 26 August 2020, [2020] UKSC 37 para. 5).

126 It can also be left unanswered whether a contractual offer of this content, had it been made by the defendants or Haier at an early stage of the talks, could have expressed the willingness to conclude a licence agreement on FRAND terms. This was because Haier



had not entered into a concrete discussion with the plaintiff about the appropriate scope of a licensing of the mobile devices manufactured by Haier and the appropriate remuneration for this. In view of this, a proposal "at the last minute", which - entirely in accordance with the proposed restriction of the taking of the licence to the defendants - resolved the questions not discussed almost entirely to the plaintiff's detriment, and at most left the plaintiff the future possibility of litigating further claims on this contractual basis if necessary, could no longer express the defendants' willingness to decisively promote the conclusion of a licence agreement on FRAND terms, which was necessary at that time at short notice. Rather, the plaintiff had to understand it as an attempt by the defendants to secure themselves with their own licence agreement offer, which they could not seriously expect to be accepted, against a confirmation of the first instance conviction by the Court of Appeal in the event that the latter would assume that, due to the fulfilment of the plaintiff's obligations, Haier or the defendants were obliged to submit a counter-offer to the plaintiff.

### III.

127 The Court of Appeal's decision with regard to the claims for injunction, destruction and recall is also not correct for other reasons. The enforcement of these claims is not precluded by the objection of patent ambush, as the Court of Appeal rightly assumed.

#### 1.

128 The Court of Appeal essentially stated in support of its decision: It could be assumed in favour of the defendant that the former proprietor should have disclosed the patent in suit in the standardisation process, but deliberately failed to do so. It could also be left unanswered whether the plaintiff had to accept responsibility for this conduct and whether the plaintiff's later FRAND declaration had been able to cure the legal infringement. The legal consequence of a "patent ambush" was merely a licensing obligation on the part of the IP right holder. A user was only entitled to a licence to a



patent that had not been disclosed intentionally if, in the case of the required disclosure, an alternative to the patented teaching of the asserted patent would have found its way into the standard. This could not be established with an overwhelming probability by the court of facts.

2.

129 The defendant's cross-appeal challenges this without success.

a)

130 It can be left unanswered whether and, if so, under which further conditions it can be objected to as abuse of a dominant position or for other reasons by an infringer if a company, which in the standardisation process has not disclosed a patent application relevant for the application of the standard in violation of the rules of the standardisation organisation, enforces a patent resulting from this application or claiming its priority.

b)

131 A defence claim or a claim for a licence, as the defendants would like to claim, was directed against the company charged with the "patent ambush" and, if applicable, its universal successor in title, and thus not against the plaintiff in the case in dispute. Outside the scope of application of succession protection under Section 15 (3) Patent Act, objections against the former patentee cannot be raised against the new patentee. Section 404 of the Civil Code does not apply in the context of patent assignment. This is because the right to, in and from the patent is an absolute right which knows no debtor (see RGZ 127, 197, 205; RC Mannheim, judgement of 27 February 2009 - 7 O 94/08, juris para. 106). It is true that § 413 BGB provides for the corresponding application of § 404 BGB in the case of the transfer of other rights. However, § 404 BGB is superseded by § 15 (3) Patent Act (Palandt/Grüneberg, BGB, 79th ed., § 413 marginal no. 2). Since the plaintiff's FRAND declaration of commitment ensures that the assertion of the patent in suit does



not lead to a restriction of competition that is no longer acceptable under the legal system, the plaintiff's further obligations do not arise from its special responsibility resulting from its dominant position in the market.

c)

132 Furthermore, "patent ambush" requires in any case that the decision-making process within the standardisation body has been distorted by the withholding of relevant information (cf. European Commission, WuW 2010, 719 para. 29). If a patent application relevant to the standard has not been disclosed, there must at least be indications that the standard would have been formulated differently if the patent plaintiff had not withheld this information. The Court of Appeal did not err in law in denying such indications.

133 The cross-appeal complains unsuccessfully that the court of appeal wrongly considered the defendants to have a burden of proof in this respect. There is no reason to impose a secondary burden of proof on the plaintiff because the fact to be presented lies outside the scope of the defendants' perception. The assumption of a secondary burden of disclosure requires that the party making the allegation is unable or cannot reasonably be expected to provide more detailed information, whereas the party disputing the allegation is aware of all material facts and can reasonably be expected to provide more detailed information (FCJ, judgement of 4 December 2012 - VI ZR 378/11, DStR 2013, 702 marginal no. 16). With regard to the events relevant here, however, both parties are outsiders.

IV.

134 The defendants are also obliged to pay damages to the plaintiff pursuant to Section 139 (2) Patent Act and must provide the plaintiff with the necessary information, which includes the accounting awarded by the District Court, so that the plaintiff can quantify its claim for damages.



1.

135 Without error of law, the Court of Appeal affirmed the fault in the form of negligence required for the claim for damages also for the period before the plaintiff's first infringement notice was received. As the Senate explained in more detail in its judgement of 5 May 2020 between the parties (KZR 36/17, WRP 2020, 1194, marginal no. 109 - FRAND-Einwand), the obligation of the proprietor of a standard-essential patent to point out the infringement does not change the fact that it is, in principle, the infringer's responsibility to ensure, before commencing the manufacture or sale of a technical product, that it does not infringe the intellectual property rights of third parties.

2.

136 The limitation of the amount of the plaintiff's claim for damages to that which would result according to the standard of a licence analogy, as assumed by the Court of Appeal, could only be considered if the defendants could counter the plaintiff's claim for damages with their own claim for damages based on the non-fulfilment of a claim for the conclusion of a licence agreement on reasonable and non-discriminatory terms. Since such a claim can only arise if the infringer demands the conclusion of a licence agreement on FRAND terms from the patent proprietor (initially by expressing willingness to take a licence) and the patent proprietor fails to respond thereto in accordance with the obligations incumbent on it due to its dominant position (FCJ, WRP 2020, 1194 marginal no. 111 - FRAND-Einwand), a limitation of the claim for damages in the dispute is completely ruled out. The defendants have not sufficiently indicated their willingness to conclude a contract on FRAND terms.

V.

137 There is no need to refer the matter to the European Court of Justice for clarification of the questions formulated by the defendants in their statement of 26 October 2020. As stated, the Senate's requirements regarding the infringer's willingness to take a licence



are in line with Article 102 TFEU and its interpretation in the case law of the Union Court of Justice (paras. 63 et seq., 77 et seq., 87). The questions raised in this context concern the balancing of interests in individual cases that is incumbent on the courts of the Member States (see only UK Supreme Court, Judgement of 26 August 2020, [2020] UKSC 37 para. 152).

[...]