KATHER · AUGENSTEIN
RECHTSANWÄLTE

Higher Regional Court Düsseldorf

I-15 U 41/17

Order of 29 June 2017

[...]

Grounds

[...]

II.

[...]

b)

When - as it is here – it comes to the enforcement of a patent in respect of which, the applicant has made a so-called FRAND declaration to a standardization organization and has consequently undertaken to grant licenses to third parties under FRAND conditions ("fair, reasonable and non-discriminatory"), the fulfilment of the urgency requirement is linked to additional conditions in comparison with the general legal situation described above:

As the Senate has already decided and explained in detail in the appeal decision of 30 March 2017 (I-15 U 65/15), the patentee has to lead the way on the basis of his FRAND declaration, i.e. in particular he has to submit a FRAND offer to a user who is sufficiently willing to license, while the user is only then obliged to react with a FRAND counteroffer and to provide security.

Because of the details involved, reference is made to the corresponding statements in the appeal decision of 30 March 2017 to avoid unnecessary repetitions. In the context of interest here, it is merely to be emphasized: The effective FRAND objection does not lead to a permanent loss of rights, which is why the Senate (with a corresponding partial amendment of the first instance decision) explicitly (only) rejected the action for injunctive relief, destruction and recall from the distribution channels as "currently unfounded". For the successful FRAND objection constitutes a mere dilatory obstacle to

enforcement (comparable to a lack of maturity) and not an obstacle to or annulment of the right.

Accordingly, the patentee is not denied (on the contrary: this even remains the subject of his continuing antitrust obligations) the right to fulfil the relevant requirements even after a decision that rejects the injunction claim as currently unfounded and, thus, to bring forth the substantive legal prerequisites for the enforceability of the injunction claim. This applies all the more if the decision in question is not yet legally valid.

A completely different topic is, however, whether it is then (still) possible for him to enforce this claim by way of interim legal protection. In this respect, the present case gives no cause for the clarification of the fundamental question of whether and, if so, under what conditions in a FRAND constellation there is any room at all for clarification of such disputes in interim legal proceedings. In this situation, which is characterized by the fact that the injunctive relief was previously rejected in the main action, due to lack of current enforceability, a corresponding request regularly fails, due to the urgency requirement. In contrast to "usual" cases (i.e. those which do not relate to a FRAND constellation), the urgency requirement has been modified so that the patentee has to fulfil the specific substantive legal obligations in such a way, that it cannot be concluded that the enforcement of his claim was not urgent: The requirement of urgency here includes (cumulatively to the criteria which must always be complied with beyond the FRAND constellation anyway) that the patentee, after becoming aware of acts of infringement, must push on with the licensing procedure as far as he is able to under his own power. The patentee must, therefore, not only promptly notify the other party of the infringement after discovering an infringing act – as established by the European Court of Justice – but must also react just as promptly to a subsequent (timely) declaration of willingness to license, by submitting a FRAND offer. A FRAND license offer made in a dilatory manner excludes the required urgency; as does the omission of a FRAND license offer.

[...]

2.

[...]

a)

The core of the applicant's argumentation is, uncontested, her new license offer submitted 14 April 2017 (i.e. after the pronouncement of the Senate decision of 30.03.2017

in the main proceedings) to the defendant, together with the accompanying letter (Annexes AR eV 2a, b and c as well as Annexes AR eV 3a, b and c), which she assumes - in contrast to the defendant - to be FRAND in every aspect. Whether the relevant substantive-law evaluation of her new license offer deserves support, does not (here) require an assessment by the Senate. The applicant is mistaken, at least in her legal assessment, regarding the impact of this new offer on the assessment of urgency:

Even if the new offer were in fact FRAND, the urgency would by no means be "newly created" or "revived" as a result of a reaction by the defendant not having been "in conformity with the ECJ" (as the applicant argues). In particular, the applicant argues in vain, that the Senate decision in question - as the first higher court decision on the complex in question - was decisive for the submission of her new offer, following the announcement of the appeal decision in view of the legally highly controversial and largely unresolved issues relating to "FRAND".

To the extent that the applicant argues, that the urgency cannot be doubtful despite many years of knowledge of the infringement, as a claim previously has not existed for reasons of substantive law (on the basis of the opinion of the Senate in the main action proceedings), she is subject to a fundamental misunderstanding: Substantive law reasons, which stand in the way of the arising of a claim for a preliminary injunction, may – in principle – lead to the fact that an urgency period has not yet been set in motion. However, they must constitute obstacles (e.g.: previous acts of use have only taken place abroad; so far no registration of industrial property rights, see Ahrens/Singer, Der Wettbewerbsprozess, ed. 7, Chapter 45 para. 38 with further evidence) that do not have their (attributable) cause in the sphere of the applicant herself. However, if - as here - the (alleged) claim for injunctive relief is only unenforceable because the applicant herself has violated substantive legal obligations, the time of the commencement of the urgency period is to be set correspondingly earlier, i.e. to the point in time, in which it would have been possible for her to bring about enforceability if she had acted dutifully in every respect. Anyone who behaves in a manner contrary to his duties (in particular discriminates against potential licensees contrary to his FRAND commitment) may not expect a "reward" in the sense that his subsequent, now (allegedly) dutiful, action leads to a "renaissance" of urgency.

b)

It may be agreed with the applicant, that she did not act hesitantly in procedural terms, but was always anxious to exhaust the remedies available to her (starting with the preliminary injunction proceedings before the Berlin courts, followed by the main action proceedings before the Düsseldorf courts, up to the now pending appeal before the Federal

Court of Justice). In view of the above-mentioned special features of the enforcement of an injunction claim under a patent linked to a FRAND commitment, when assessing the urgency, it is not sufficient to purely assess the urgency from a procedural point of view, it is, on the contrary, imperative to consider the substantive level as well and consequently to take into account whether the SEP holder in question has timely fulfilled its antitrust obligations in view of his FRAND declaration.

In this context, the applicant's presentation, that she legitimately assumed, in particular in the absence of established higher or even supreme court jurisdiction, that "her accepted standard terms" would also be classified by the Senate as FRAND-compliant, must be contradicted. It is true that a turning point, which should have led to a corresponding rethinking on the part of the applicant, did not already occur at the beginning of 2016 due to the (partial) suspension of the enforcement from the first instance decision in the main action. For the Senate, the decisive factor for this - far-reaching - measure was the fact, that the Regional Court had rejected the defendant's objection of compulsory licensing under antitrust law on the grounds that the defendants had in any event not acted in accordance with FRAND and that the Court, therefore, a priori did not examine the license offer of the plaintiff (= current applicant) regarding its FRAND quality. However, it had to become clear to the applicant upon receipt of the Senate's comprehensive indicative court order of 17 November 2016 that, among other things, the right to an injunction was in concrete danger of being dismissed by the Senate (as currently unfounded), with an alteration of the decision of the first instance, since all the offers submitted to the opposite side, up to then, had been classified by the Senate as not being FRAND.

Insofar as the applicant apparently wishes to argue that she first received the "notification" that her license offer of 20 December 2016, submitted in reaction to the aforementioned indicative court order, was also regarded by the Senate as not FRAND, with the decision of 30 March 2017, the Senate opposes the accusation - at least implicitly - of a "surprise decision". The Senate conducted the main proceedings in a transparent manner at all times and in all respects, especially against the background that it was the first (German) higher court to be faced with the task of implementing the "ZTE/Huawei Technologies" principles of the ECJ into national law in main proceedings. The procedure was guided by indicative court orders and orders for discovery on all aspects (in particular on those aspects which are ultimately relevant to the decision).

In the context of her statements in the written application (in particular p. 24 para. 2), which distort the actual course of the proceedings, the applicant submits, inter alia, that the Senate "created a completely new factual or legal situation" with its appeal decision by allegedly assuming, contrary to the case-law of the Cologne Regional Court and the

Mannheim Regional Court, that "individual outliers must always be taken into account [when examining discrimination]". In connection with the explanations already given in the main proceedings, these remarks give the Senate reason to clarify, once again, the following with regard to the "outlier argument" which the applicant has once again attempted to put forward: With regard to the substantive requirements of the prohibition of discrimination enshrined in Art. 102 TFEU, which correspond in substance to the "AND" element of a FRAND commitment, neither the ECJ decision nor the appeal decision of the Senate have uncovered any findings that led to a "completely new factual or legal situation". To the extent that the applicant apparently assumes that, as a dominant undertaking, she is not prevented, despite Article 102 TFEU and despite her FRAND undertaking vis-à-vis the standardization organization D, from granting one or even a few of its licensees exorbitant preferential terms in comparison with all other licensees, without having to be accompanied (to a sufficient extent) by appropriate objective justification, this can only be surprising. The assumption of such a "free shot" permitting discrimination is (which is not surprising) not supported by any evidence in the entire case law and literature on Art. 102 TFEU. This applies in particular to the case-law of the Regional Courts of Cologne and Mannheim cited by the applicant, into the decisions of which the applicant attempts to read such a general principle of law. As the Senate explained in detail in the appeal decision of 30 March 2017, the ban on discrimination does not contain a most-favoured-nation clause obliging the market leader to grant all customers the same - favourable - prices / conditions. However, arbitrary unequal treatment which distorts competition and disrupts market activities is prohibited (cf. in full only Lübbert/Schöner, in: Wiedemann, Kartellrecht, ed. 3 2016, Sec. 23 para. 137 with further evidence). The interpretation of the case-law, cited by the applicant, suffers from the fact, that it ignores the necessary careful differentiation between unequal treatment on the one hand and its justification on the other. Although an "outlier" can be quite harmless with regard to pure unequal treatment as such, this can only be the case if it is (essentially) compensated by considerable justification. The decisions cited by the applicant, which the Senate has already taken into account in its appeal decision and from which it has by no means deviated with regard to the question of law relevant here, say nothing to the contrary. Rather, the Senate explained in detail why the justifications cited by the applicant in the main proceedings were by no means sufficient to legitimize the exorbitant unequal treatment. Insofar as the applicant claims to be "surprised" and that the Senate's indicative court order of 17 November 2016 did not contain any (more) explanations on the aspect of discrimination (cf. submission of the applicant of 12 July 2016, p. 11 para. 1), the following is to be recalled: Until the relevant Senate's indicative court order, the applicant has not seen any obligation, and certainly not any obligation on her part, to give the other party and the Senate even a rudimentary picture of her concrete

licensing practice. In reaction to the aforementioned Senate's court order, she then granted a rather cursory insight into its licensing practice (within the framework of a - at least - secondary burden of disclosure advocated by the Senate). Above all, - and this alone bears the rejection of the injunction claim, among other things - the applicant did not submit the contract with C, which entitles to the assumption of discrimination, until February 2017 after the Senate imposed a corresponding condition pursuant to Sec. 142 German Code of Civil Procedure (ZPO). In November 2016, therefore, it would have taken almost clairvoyant powers on the part of the Senate if it had already wanted to make the (albeit ex post evident) reservations resulting from this, subject of the aforementioned indicative court order. The accusation of a surprising and intransparent procedure, therefore, ultimately falls back on the applicant herself, since she left the court and the other party unclear about this essential component of her licensing practice and only submitted this decision-relevant contract under a corresponding order. The Senate issued the order for reference without delay after the defendants had pointed out appropriate connecting factors which made discrimination appear sufficiently probable. In any event, with the order for reference, the applicant was sufficiently warned and had to expect objectively that the FRAND objection could be successful from the point of view of discrimination. The applicant, however, in the knowledge that (referred by the indicative court order of 17 November 2017), according to the legal opinion of the Senate (also known by the applicant), she was obliged to make a FRAND offer to the other party willing to license, taking into account her license agreement with C, she preferred to refrain from making a new, concrete written (lump sum license) offer to the defendants - despite the Senate's tendency, also known to her, to consider new license offers in principle until the end of the last oral hearing.

How untenable the (implicit) reprimand of a "surprise decision" by the Senate is, becomes apparent to an impartial "trial observer" not least on the basis of a look at the protocol for the oral hearing before the Senate of 16 February 2017, in the context of which the public was repeatedly excluded at the request of the plaintiff/applicant. It says there, among other things, verbatim (p. 3 para. 3):

"The plaintiff's representatives explained in detail, in particular on the basis of the passages marked red in the appendix AR 50 141 submitted today, why, in their opinion, due to special circumstances, the license offers submitted to the defendants do not contain any discrimination in comparison with the contractual conditions granted to C.".

It is incomprehensible why the applicant nevertheless saw a reason for her "assured opinion" that she would win in any case and therefore would not have to consider submitting a further improved license offer until the conclusion of the appeal in main

action.

[...]

d)

The applicant rightly concedes - after all - that the affirmation of a temporal urgency due to a "first-time decision on the FRAND conformity of an offer in the main proceedings", could only result in a flood of injunction proceedings in "FRAND cases", which could hardly be handled by the infringement courts. Without success, she tries to distinguish herself from this scenario by complaining about a "rare special case" which is the subject of this decision: she claims that a number of courts have already ruled on the facts without commenting on the FRAND quality of her licensing policy. This is not the case as the Senate undoubtedly denied the "AND" quality of her offer of 20 December 2016. In this constellation, it is not the task of an infringement court, to meticulously explain to a dominant market player who obviously discriminates against the respective defendant and simply refuses to remedy this deficiency (here: in the form of (essentially) equal treatment with C) in the main proceedings, with a legal opinion, that does not at all support the concrete court decision, what would be "FR" ("fair and reasonable") in the concrete case.

e)

Contrary to the applicant's assumption, it is therefore in every respect reasonable for her (also on the basis of the usual duration of appeal proceedings cited by her) to wait for the result of her appeal against the appeal decision - and in fact irrespective of whether the Cartel Senate of the Federal Court of Justice can and will at all consider her new submission (in particular her new license offer) in the appeal proceedings (see in general on the question of the possible consideration of new undisputed facts in the appeal proceedings: Federal Court of Justice, decision of 2 March 2017 - docket no. I ZR 273/14). That the applicant, as she argues, would suffer considerable damage if she waited, essentially due to the fact that she would no longer be able to conclude any license agreements in the meantime, if the uncertainty of the FRAND conformity of the license conditions remained with potential licensees, is self-inflicted by the applicant for the reasons set out above. Even the indication that the term of her license portfolio is limited in time and that claims for damages are difficult or even impossible to enforce retroactively does not have the desired effect: It is the applicant who made the fundamental decision for herself not to take into account the legal opinion of the Senate on decision-relevant legal issues by submitting a revised bid, at least until the end of the appeal proceedings. She may therefore (which is her good right) try to convince the

Federal Court of Justice of her legal opinion on the classification / meaning of the license agreement with C, among other things. Opposite side of whole, however, is (at least) corresponding time delay.

f)

Finally, as a precautionary measure, the Senate points out that the applicant is also mistaken in assuming, that a possible positive decision of the Federal Patent Court at the beginning of September 2017 on the validity of the patent in suit (which, however, is extremely distant in view of the BPatG's indicative court order under Sec. 83 Patent Act) would create "a new urgency of time anyway". This is by no means the case, because the affirmation of urgency here - quite independently of the question of the secured legal validity of the patent in suit - is ruled out once and for all for the reasons mentioned above. The applicant has in fact reproachable refrained from ensuring in good time that its injunctive relief claim is enforceable under substantive law. Although there is (in substantive-law) the possibility to make good for missed acts; this can no longer lead to enforceability being created with regard to time in such a way that its function as one of the cumulative prerequisites for urgency could still be maintained.

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Kather Augenstein Rechtsanwälte

Bahnstraße 16

40212 Düsseldorf

P: +49 211 5135360

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