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Regional Court Mannheim

2nd Civil Chamber

2 O 75/21

Judgement of 5 July 2022

Tenor

- I. The defendants are ordered,
  1. to avoid an administrative fine of up to 250,000.00 € or administrative detention, in the case of repeated infringements, up to a total of two years, whereby the administrative detention is to be enforced against the respective legal representatives,  
  
to cease and desist,  
  
Devices comprising [...]  
  
to offer, place on the market or use in the Federal Republic of Germany or to import or possess for the aforementioned purposes;  
  
especially when  
  
[...]
  2. to provide the plaintiff with information on the extent to which they (the defendants) have committed the acts referred to under I. 1 since ...,  
  
stating
    - a) the names and addresses of the manufacturers, suppliers and other previous owners,
    - b) the names and addresses of the commercial customers and the points of sale for which the products were intended,
    - c) the quantity of products manufactured, delivered, received or ordered, as well as the prices paid for the products concerned,whereby copies of the relevant purchase documents (namely invoices, alternatively delivery notes) are to be submitted as proof of the information, whereby classified details outside the data subject to disclosure may be blacked out;
  3. rendering a written account to the plaintiff in an orderly statement of the extent to which they (the defendants) have committed the acts referred to in point I. 1 since ..., specifying
    - a) of the individual deliveries, broken down by delivery quantities, times, prices and type designations as well as the names and addresses of the customers,



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- b) of the individual offers, broken down by offer quantities, times, prices and type designations, as well as the names and addresses of the commercial offerees,
- c) of the advertising run, broken down by advertising medium, its circulation level, distribution period and distribution area, in the case of Internet advertising the domain, the access figures and the placement periods of each campaign,
- d) of the prime costs broken down by the individual cost factors and the profit achieved,

The defendants reserve the right to disclose the names and addresses of the non-commercial purchasers and the offerees instead of the plaintiff to a certified public accountant domiciled in the Federal Republic of Germany to be designated by the plaintiff and bound to secrecy vis-à-vis the plaintiff, provided that the defendants bear the costs thereof and authorise and oblige him to inform the plaintiff upon specific request whether a certain purchaser or offeree is included in the list;

- 4. to destroy at its own expense the products in its direct or indirect domestic possession and/or ownership referred to in item I. 1 above or, at its option, to hand them over to a trustee to be named by it for the purpose of destruction at its - the defendant's - expense;
- 5. to recall the products referred to in No. I. 1 above which have been put on the market since ... from the commercial customers with reference to the patent-infringing condition of the product and with the binding promise to refund any fees and to assume any necessary packaging and transport costs as well as customs and storage costs associated with the return and to take back the products.

II. It is hereby declared that the defendants are jointly and severally liable to compensate the plaintiff for all damages which it has suffered and will suffer as a result of the acts referred to under I. 1 committed since ....

III. The action is dismissed in all other respects.

IV. The defendants shall bear the costs of the proceedings, being jointly and severally liable in the amount of 10% of the reimbursement of costs.

V. The judgment is provisionally enforceable against security in the amount of

- 300,000.00 € with regard to item I. 1 (injunction)

- 10,000.00 € with regard to item I 2 and I. 3 (information/rendering of accounts) - 100,000.00 € with regard to item I. 4 (destruction) in the case of enforcement together with the claim for injunctive relief, otherwise 400,000.00 €, whereby the increase by 300,000.00



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€ in the case of enforcement together with the claim for recall, but without the claim for injunctive relief, only accrues once,

- 100,000.00 € with regard to No. I. 5 (recall) in the case of enforcement together with the injunctive relief, otherwise 400,000.00 €, whereby the increase by 300,000.00 € in the case of enforcement together with the claim for destruction but without the injunctive relief only accrues once,

- 120 % of the amount to be enforced in each case with regard to point IV (costs).

### **Facts:**

The plaintiff claims injunctive relief, information and rendering of accounts, destruction and recall against the defendants for alleged patent infringement and seeks a declaration of liability for damages.

The action is based on the German part of the European patent EP 2 981 103 B1 (hereinafter patent in suit) filed on 2 October 2007, of which the plaintiff is the proprietor. [...]

The plaintiff is reportedly a world leader in the field of mobile telephony and the owner of numerous patents in this field.

The defendant 1) is the German subsidiary, German branch and the "European headquarters" of the parent company defendant 2) based in ... It supports, inter alia, the distribution and support of mobile telephones of the brand .... in Germany.

The patent in suit [...].

[...]

The defendant 2) offers smartphones compatible with the LTE (4G) and NR (5G) mobile radio standard for private and commercial end customers in Germany, distributes them and imports them from abroad into Germany (hereinafter attacked devices of export). [...]:

...



The first defendant supports the second defendant [...].

The plaintiff has declared the patent in suit to the standardisation organisation ETSI, of which it is a member, as being essential to the LTE standard.

[...]

The plaintiff lastly requests:

[...]

The defendants request,

[...]

[...]

In addition, the claim for injunctive relief was disproportionate.

[...]

#### **Reasons for decision:**

The admissible action is largely well-founded.

[...]

A.

[...]

The injunctive relief is not excluded due to disproportionality pursuant to Section [139 \(1\)](#) sentence 3 German Patent Act.

aa)

Accordingly, the right to injunctive relief is excluded insofar as the claim would lead to disproportionate hardship for the infringer or third parties not justified by the exclusive right due



to the special circumstances of the individual case and the requirements of good faith. The exclusion thus constitutes an exceptional case. Whether it exists is to be assessed in consideration of the circumstances of the individual case in weighing the interests of the parties.

As a rule, the infringer bears the burden of presentation and proof for the existence of the ground for exclusion of disproportionality.

bb)

In any case, the defendants have not shown that any hardship would be disproportionate.

(1)

Thus, the fact that the patent in suit concerns only a partial function in a larger overall device is not unusual. In this case, the patent in suit only prohibits the use of the partial function, but not the use of the overall device without the partial function.

(2)

The fact that this partial function is a (small) part of a standard, so that a circumvention solution is remote, does not constitute an exceptional case either. Rather, a standard - especially in the mobile communications sector - naturally combines a large number of separately protected technical functionalities. It is therefore the rule that only a (small) partial function of the standard is affected by the infringement of a standard-essential patent. The infringement of standard-essential patents cannot therefore regularly - only due to the essentiality of the standard - constitute a case of hardship to be assumed only in exceptional cases. In the absence of a workaround, the patent infringer is not particularly in need of protection, as he can always demand a licence on FRAND terms from the SEP holder and, in the event of non-licensing contrary to FRAND, hold this against the SEP holder in the context of the injunctive relief.

(3)

Insofar as the defendants claim that the plaintiff is to be equated with a pure patent exploitation company because it has not been active on the market for end devices for years and is not concerned with excluding the attacked devices from the market, but only with exerting pressure to persuade the defendants to take out a licence on the plaintiff's terms, this in itself is not



sufficient for a finding of disproportionality. On the one hand, the plaintiff cannot be compared to a pure patent exploitation company because, according to its uncontested submission, it develops intellectual property rights itself and, due to the licensing of its trademark ... for smartphones, it also continues to have an economic interest in the market for end devices. On the other hand, the mere fact that it is a patent exploiter would not lead to the injunctive relief being excluded.

It is true that the defendants further claim that - while the plaintiff can at most claim a small part of the profit - the defendants' damage would be incomparably greater through a ban on distribution, since the enforcement of the total ban would lead to a quasi complete stop of distribution by the defendants and they would in fact no longer be present with mobile phones on the German market. However, the defendants do not present any concrete facts on the basis of which the evaluative allegations could be examined. For example, they do not submit a quantified estimate of the plaintiff's damage in comparison to the loss of revenue or profit to be expected from the defendants.

(4)

An overall view of all circumstances also does not lead to the injunctive relief being disproportionate. The interests of the defendant or third parties do not outweigh the plaintiff's interests in enforcing its exclusive right.

[...]

B.

Contrary to the defendant's view, the enforceability of the claims for injunction, destruction and recall is not precluded by the antitrust compulsory licence/FRAND objection.

It can be assumed that the plaintiff has a dominant position on the relevant licensing market and is the norm addressee of Article [102](#) TFEU. Even if a corresponding dominant position of the plaintiff is assumed, it fulfilled its negotiation obligations (see I). In contrast, the defendants did not prove their willingness to take a licence (see II).

I. [...]



The purpose of the infringement notice is that, in view of the large number of SEPs that have to be used to implement standards such as the present one, the infringer may not be aware of making unlawful use of the teaching of the standard-essential patent by implementing a technical solution required by the standard (cf. FCJ, GRUR 2020, [961](#) para. [73](#) f. - FRAND-Einwand I, GRUR 2021, [585](#) para. [55](#) - FRAND-Einwand II; ECJ, judgment of 16 July 2015 - [C-170/13](#) - Huawei/ZTE, paras. 60-62). The patent proprietor only fulfils this function of pointing out the infringement of the patent in suit, as it concretises the infringement in both factual and spatial terms and only in this way enables the infringer to form a picture of the justification of the allegation of patent infringement (see FCJ, GRUR 2020, [961](#) para. [85](#) - FRAND-Einwand I).

[...]

II.

The plaintiff is not abusing its dominant position if it is not willing to conclude a licence agreement on terms other than those it proposes because the defendants are not willing to take a licence.

1.

As a rule, it is not sufficient for the user of the protected technical teaching to have the requisite intention to conclude a licence agreement on FRAND terms if, in response to the infringement notice, the infringer merely indicates his willingness to consider concluding 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 licence seeker must clearly and unambiguously declare his willingness to take a licence agreement on FRAND terms, whatever FRAND terms may actually look like, and must also subsequently participate in the licence negotiations in a targeted manner (see FCJ, GRUR 2020, [961](#) para. [83](#), [95](#) - FRAND Einwand I referring to the apt formulation: 'a willing licensee must be one willing to take a FRAND licence on whatever terms are in fact FRAND' (Birss, J) EWHC, Judgment of [5 April 2017](#), [2017] EWHC 711 (Pat) para. 708 - Unwired Planet v. Huawei; FCJ, GRUR 2021, [585](#) para. [57](#) - FRAND Einwand II).

The willingness of the infringer to take a licence is not a static position, 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 the willingness of the infringer to cooperate in the conclusion of such a contract, without which a "refusal" by the patentee would be futile (FCJ, GRUR 2021, [585](#) para. [66](#) - FRAND Einwand II). Accordingly, the continued willingness to take licence is an indispensable prerequisite for a successful licence negotiation and thus also for the accusation of abuse of market power against the patent proprietor in the event of its failure (FCJ, GRUR 2021, [585](#) para. [68](#) - FRAND-Einwand II).

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 mutually beneficial manner would do to promote this plan at a certain stage of the negotiations, the individual requirements to be met cannot be defined in general terms (FCJ, GRUR 2021, [585](#) para. [57](#) - FRAND-Einwand II; ECJ, judgment of 16 July 2015 - [C-170/13](#) - Huawei/ZTE, para. 71). In this context, the negotiation steps of parties interested in concluding a contract build on each other. A duty to promote therefore always exists if and to the extent that the next negotiating step is to be expected according to business practice and the principles of good faith (FCJ, GRUR 2021, [585](#) para. [68](#) - FRAND-Einwand II).

Under which circumstances a lack of willingness to take a license on the part of the patent infringer exists is a question of the individual case (FCJ, GRUR 2021, [585](#) para. [78](#) - FRAND-Einwand II). A statement of willingness to take to license or a willingness to negotiate does not indicate whether this statement is meant seriously. Rather, it may also be the result of a delaying tactic by the patent user (see FCJ, GRUR 2020, [961](#) para. [82](#) - FRAND-Einwand I), which may not be accepted in order to protect the patent proprietor and the competition between the patent users (FCJ, GRUR 2021, [585](#) para. [77](#) - FRAND-Einwand II). The "delaying tactic" 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 (FCJ, GRUR 2021, [585](#) para. [67](#) - FRAND Einwand II).

The assessment of whether a delaying tactic is being pursued, which is to be made on the basis of objective aspects, should also take into account the further conduct of the infringer in response to an infringement notice or an offer by the patent proprietor (FCJ, GRUR 2021, [585](#)



para. [77](#) - FRAND-Einwand II). A bona fide licence seeker who is willing to take a licence would not be interested in postponing taking a licence as long as possible in order to bridge the period until the patent in suit expires or to avoid paying licence fees for as long as possible. Rather, he would have an interest in obtaining a licence as quickly as possible in order to shorten the period during which he uses the patent in suit or the patent portfolio with the patent in suit without authorisation or, in any case, without paying any remuneration. He would not see the negotiation obligations incumbent on the SEP holder primarily as an effective means of successfully defending himself procedurally against a patent infringement action, but would press for their fulfilment because he needs them in order to obtain a licence agreement on FRAND terms and thus be able to act in a substantively lawful manner in the future (Higher Regional Court Karlsruhe, GRUR-RS 2022, [9468](#) para. [151](#)).

Accordingly, it is also incumbent on the licence seeker to react to an offer of the patent proprietor which, from his point of view, appears to be contrary to FRAND (Higher Regional Court Karlsruhe, GRUR-RS 2022, [9468](#) para. [152](#)). At least in complex circumstances such as those typically encountered in the licensing of standard-essential patents, it is regularly not obvious which contractual terms in a specific case meet the requirements for an appropriate balance of interests and at the same time do not infringe the prohibition of discrimination under antitrust law. Moreover, as a rule there is not one licence agreement that satisfies the FRAND conditions, but a bandwidth of possible appropriate solutions. As a rule, the patent proprietor is only able to take into account any legitimate interests of the user once he is aware of them (FCJ, GRUR 2021, [585](#) para. [70](#) - FRAND-Einwand II). It is therefore precisely the task 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 up for discussion factual and legal aspects which, from the point of view of at least one party to the negotiations, may be of importance for this result (FCJ, GRUR 2021, [585](#) para. [71](#) - FRAND-Einwand II). In this context, the licence seeker must generally inform the SEP holder of any objections at an early stage and may not save them for later use in a legal dispute (Higher Regional Court Karlsruhe, GRUR-RR 2021, [203](#) para. [254](#)). Accordingly, dilatory 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 he 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) to make a concrete counter-offer in



writing within a short period of time that complies with FRAND conditions (FCJ, GRUR 2021, [585](#) para. [77](#) - FRAND Einwand II).

Even if a licence offer obviously does not comply with FRAND conditions, it does not completely release the licence seeker from his obligation to participate in the negotiation process (Higher Regional Court Karlsruhe, GRUR-RS 2022, [9468](#) para. [153](#)). It is sufficient, but at the same time also necessary, to inform the patent proprietor of the reason why the offer, in the opinion of the licence seeker, 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 (see FCJ, GRUR 2021, [585](#) para. [71](#) - FRAND-Einwand II). If the licence seeker considers the offer to be manifestly non-FRAND for several reasons, he is then obliged to give all reasons for this to the patent proprietor. The licence seeker is not allowed to retreat to a single obvious violation of the offer against the FRAND criteria and remain silent on other aspects which, from his point of view, are also contrary to FRAND. Instead, it is in good faith in participating in the licence negotiations alone that the licence seeker promptly reports back any objections to the offer, so that all issues that are material at that time are "on the table" for the patent proprietor's further dispute. If the licence seeker considers a clause to be manifestly contrary to FRAND, he may not be obliged to conduct an in-depth examination of the rest of the offer. However, circumstances that are obvious to him, for example, because they concern the basic structures of the licence calculation, must be taken into account during the first dispute and reported back to the patent proprietor if he considers them to be contrary to FRAND (Higher Regional Court Karlsruhe, GRUR-RS 2022, [9468](#), para. [153](#)).

The licence seeker is only completely released from the obligation to react and thus also from the obligation to name all obvious objections at the same time if an offer is contrary to FRAND to such an extent that, when objectively assessed, it appears not to be meant seriously and thus as a refusal to conclude a licence agreement on FRAND terms (see FCJ, GRUR 2021, [585](#) para. [71](#) - FRAND-Einwand II). However, it is not sufficient in all cases that a single clause of an offer is obviously contrary to FRAND, even if the entire offer does not appear to be FRAND as a result, but rather an overall assessment of all the circumstances at hand is required (Higher Regional Court Karlsruhe, GRUR-RS 2022, [9468](#), para. [154](#)).



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2.

By these standards, the defendants are not willing to take a licence.

[...]

C.

[...]