



Munich Regional Court I

File no.: 21 O 4140/21

Judgment of 17 February 2023

Guiding principles

1. Since the FRAND objection is an objection raised by Defendant, patent user as Defendant generally bears the burden of presentation and proof for the merits of its objection according to the usual standards of civil procedure. This also applies to the patent user's complaint that the contractual terms offered to it discriminate against it compared to other licensees. At the very least, it has to present plausible evidence for this. Depending on the individual case, this may lead to the licensor having to provide more detailed information in the context of his secondary burden of proof ("sekundäre Darlegungslast").
2. Willingness to grant a license on the part of the patent proprietor suing for infringement usually involves offering the patent user a license during negotiations and after the patent user has responded substantively on such fair, reasonable and non-discriminatory terms as the patent user can claim. This willingness to grant a license does not usually exist if the patent proprietor insists on discriminatory or arbitrary terms and conditions and is not willing to move away from them even at the end of the negotiations.
3. If a patent user claims that the license offered to it is not FRAND because it is worse than the contractual terms of the competitors, it has to, in order to be considered willing to take a license, be willing to conclude the license agreement at least on these (allegedly significantly more advantageous) terms, and objectively express this willingness by its conduct.
4. When negotiating a FRAND license agreement, both parties are required to contribute in a manner appropriate to the situation and in accordance with the principles of good faith to find a reasonable, fair and appropriate balance. This includes, in particular, negotiating in an expeditious, conducive and constructive manner, articulating one's interests in order to make concrete progress in negotiating the terms of the license agreement.



5. If the patent user is reluctant to negotiate the terms of the license, it usually expresses its unwillingness to take a license (delaying tactics).
6. If a patent user constantly requests further information from the patent proprietor without the information provided resulting in progress in the proceedings, this behaviour may prove the patent user's unwillingness to take a license. It is true that a patent user may in principle demand as much information and may - within the limits of procedural law - procedurally dispute based on lack of knowledge as much as he wishes. However, after several years of negotiation and after repeating this behaviour several times, this is in any case no longer conducive and constructive.

Operative part:

1. Defendants are ordered under penalty of an administrative fine to be imposed by the Court of up to EUR 250,000.00 – or alternatively, administrative detention – for each instance of contravention, or administrative detention of up to six months; in the case of repeated instances of contravention, up to a total of two years, where the administrative detention is to be enforced against Defendant's legal representative,

to cease and desist from,

offering or supplying means for carrying out a video decoding process for use in the Federal Republic of Germany, if the process comprises the following steps: [...]

- indirect infringement of patent claim 11 -
2. Defendants are ordered under penalty of an administrative fine to be imposed by the Court of up to EUR 250,000.00 – or alternatively, administrative detention – for each instance of contravention, or administrative detention of up to six months; in the case of repeated instances of contravention, up to a total of two years, where the administrative detention is to be enforced against Defendant's legal representative,

to cease and desist from,



offering, placing on the market, using or importing or possessing video decoders for the aforementioned purposes in the Federal Republic of Germany if the orders include the following: [...]

- direct infringement of the patent claim 1 -

3. Defendants are ordered to provide [...] with information on the extent to which it has offered or supplied for use in the Federal Republic of Germany since [...], stating [...].
4. It is found that Defendants are jointly and severally obliged to compensate Plaintiff for all damage [...].
5. Defendants 1) and 3) are ordered to recall the [...] products from the distribution channels [...].
6. Defendants 1) and 3) are ordered to destroy at their own expense products in their direct or indirect possession and/or ownership referred to in paragraph 2 [...].
7. Defendants jointly and severally bear the costs.
8. The judgment is provisionally enforceable as follows:
 - Nos. 1, 2, 5 and 6 uniformly against the provision of a security in the amount of EUR 950,000.00,
 - No. 3 against the provision of a security in the amount of EUR 50,000.00 and
 - No. 7 against security in the amount of 110% of the respective amount to be enforced.
9. Defendant's requests for referral are dismissed.

Facts

Plaintiff is the proprietor of the European patent ... B1 (Annex ES3, hereinafter: patent in suit) and claims Defendant for direct patent infringement of claim 1 and indirect patent infringement of claim 11 of the patent in suit.



The patent application was filed on 08 April 2011. The publication of the application took place on 20 February 2013. Publication and announcement of the mention of grant took place on 12 August 2015. The patent in suit was granted with effect for the Federal Republic of Germany.

Claim 1 of the patent in suit, as granted, reads [...].

The following superimposed figures of the patent application (Figures 3a to 4) explain examples of embodiments of the invention [...].

For further details, refer to the patent specification.

Defendant manufactures, offers and distributes HEVC-compatible decoders in the Federal Republic of Germany, namely in particular smartphones, tablets and television sets. These devices work with the H.265/MPEG-H High Efficiency Video Coding (HEVC) standard, Annex ES 3d.

In detail:

First Defendant is a German sales company of the ... Group. On its Instagram account, which it describes as the "official account of ... Germany", it advertises and offers TV sets and smartphones of the brand

Second Defendant is an international sales company of the ... Group. According to the information in the imprint, it is responsible for the (inter alia German-language) ... website Via this website, second Defendant advertises TV sets of the brand ... and provides links to dealers.

Under the trademarks ... and ... third and fourth Defendants offer smartphones and tablet PCs. Third Defendant acts as the German sales subsidiary. Via the Facebook page operated by it, on which customers can find smartphones and tablet PCs of the brand ..., customers can reach the page of fourth Defendant on which customers can order the devices.

Fourth Defendant operates the German website of It also operates the website ..., through which it offers smartphones of the brand Via the pages of fourth Defendant, customers can reach the Amazon page, for example, where they can order devices. Finally, fourth Defendant acts as an importer of smartphones of the ... brand in Germany.



Fifth Defendant has its registered office in It is described on the website ... as a manufacturer of smartphones of the brands ... and ... and is also indicated as a manufacturer on the mobile phones. On the website ... it is stated as the manufacturer of phones of the brand

In the context of a nullity action, Federal Patent Court granted third Defendant here a preliminary notice under Sec. 82 German Patent Act (ES 3g). On 27 January 2023, after the oral hearing in these proceedings, the Federal Patent Court upheld the patent-in-suit in a limited manner according to auxiliary request I (ES 3h).

Plaintiff opines that the attacked embodiments, which are compatible with the HEVC standard (Annex ES 3d), directly infringe the patent-in-suit in claim 1 and literally infringe it in claim 2. Defendant's FRAND objection was unsuccessful, so that the requested injunctive relief must be granted.

[...]

Defendant requests:

1. Dismissal of the action,
2. In the alternative, stay of proceedings until Federal Patent Court has ruled on the nullity action filed by third Defendant against the patent in suit on 15 October 2021,
3. in the further alternative, to allow Defendants to avert enforcement pursuant to Sec. 712 (1) of the Code of Civil Procedure by providing security (bank or savings bank guarantee) or deposit without regard to any security provided by Plaintiff,
4. Plaintiff and Access Advance LLC, 28 State Street, Suite 3202, Boston, Massachusetts, United States of America, are ordered to remove within a period of 10 days all license agreements and/or settlement agreements in their respective possession, concluded as licensors with third parties, which relate to individual or several patents and/or patent applications allegedly essential to the H.265 standard, in particular those listed in Annex VP-Kart 8. essential patents and/or patent applications, in particular those listed in Annex VP-Kart



8, including any side agreements or other agreements concerning the aforementioned contracts and, in the case of oral agreements, the written record of the oral agreements ("Side Letter"), in particular concerning the companies ... as well as all agreements between Access Advance LLC and individual or several licensors of the HEVC Patent Pool administered by Access Advance LLC, and/or corresponding agreements between these licensors concerning this Patent Pool, unrestricted and completely unredacted.

5. in the alternative: Plaintiff and Access Advance LLC, 28 State Street, Suite 3202, Boston, Massachusetts, United States of America, are ordered, within a period of 10 days, to disclose the license agreements and/or settlement agreements in their respective possession, concluded as licensors with the companies ..., which concern individual or several patents and/or patent applications allegedly essential to the H.265 standard, in particular those listed in Annex VP-Kart 8. essential patents and/or patent applications, in particular those listed in Annex VP-Kart 8, including any side agreements or other agreements concerning the aforementioned contracts and, in the case of oral agreements, the written record of the oral agreements ("Side Letter") as well as all agreements between Access Advance LLC and individual or several licensors of the HEVC Patent Pool administered by Access Advance LLC, and/or corresponding agreements between these licensors concerning this patent pool, unrestricted and completely unredacted.

Plaintiff opposes a stay of proceedings and requests that the requests for referral be dismissed.

[...]

Reasons:

The admissible action is well founded.

A. The action is admissible.

I. Regional Court Munich I has jurisdiction (Sec. 143 German Patent Act, Sec. 32 German Code of Civil Procedure in conjunction with Sec. 38 No. 1 BayGZVJu, Art. 7 No. 2 EuGVVO).

II. the required interest in a declaratory judgment is given, § 256 para. 1 ZPO. Plaintiff's claim for damages against Defendants cannot yet be quantified before the information is provided.



B. The patent infringement action is well-founded with regard to the attacked embodiments (see II. and III.).

I. The patent in suit concerns a multi-tree subdivision of images for video coding.

[...]

C. The antitrust objection to compulsory licensing raised by Defendants does not preclude the enforceability of Plaintiffs' claims for injunction, destruction, recall and removal. It does not apply due to the lack of willingness to take a license on the part of Defendants' group of companies. Although this is disputed between the parties, at least for the period before 2018, it can be assumed in Defendant's favour that Plaintiff has a dominant position on the relevant market, so that it is the norm addressee of Article 102 TFEU.

Plaintiff has sufficiently fulfilled the duties and obligations resulting from this special position. In particular, Defendant's group of companies has been made aware of the infringement of the patent in suit. Contrary to Defendant's assumption, there is no abuse of the dominant position. This is because, according to the circumstances of the specific individual case, Defendant's group of companies was not (sufficiently) willing to take a license.

I. A patent proprietor who has undertaken vis-à-vis a standardisation organisation to grant licenses to a standard-essential patent (SEP) on FRAND terms (i.e. fair, reasonable and non-discriminatory terms) may abuse its dominant position conferred by the standard-essential patent by bringing an infringement action if and to the extent that it is likely to prevent products complying with the standard from entering or remaining available on the market (cf. ECJ GRUR 2015, 764 - Huawei Technologies/ZTE; FCJ GRUR 2020, 961 para. 68 - FRAND-Einwand I). In this respect, claims for injunctive relief, recall and removal of products or destruction can generally be considered abusive (see FCJ GRUR 2020, 961 para. 68 - FRAND-Einwand I with further references).

Court of Justice of the European Union has ruled on the FRAND license that the proprietor of a standard-essential patent standardised by a standardisation organisation, who has given an irrevocable undertaking to that organisation to grant a license on FRAND terms to any third party, does not abuse his dominant position, by bringing a patent infringement action for an injunction to stop the infringement of his patent or for a recall of the products for the



manufacture of which that patent has been used, if, firstly, he has, before bringing the action, advised the alleged infringer of the patent infringement of which he is accused, identifying and specifying the patent in question, in which way it is alleged to have been infringed, and secondly, after the alleged infringer has expressed his will to enter into a license agreement on FRAND terms, he has made a specific written offer of a license to the infringer on those terms, indicating in particular the royalty rate and the way in which it is to be calculated, and that infringer, while continuing to use the patent in question, does not respond to that offer with diligence, in accordance with accepted commercial practices in the relevant field and in good faith, which must be determined on the basis of objective factors and implies, inter alia, that no dilatory tactic is being pursued (cf. ECJ loc. cit.). Further, the Court of Justice of the European Union has ruled that the proprietor of a standard-essential patent with a FRAND declaration is in principle not prohibited from bringing an infringement action against the infringer of his patent for an accounting of past acts of use in relation to the patent or for damages in respect of those acts (ECJ loc. cit.).

The assertion of claims for injunction, recall and removal as well as destruction by the patent proprietor by way of action may be abusive if the infringer has not (yet) declared his willingness to enter into a license agreement on certain reasonable terms and conditions in a legally binding manner, but the patent proprietor is to be blamed for not having made sufficient efforts to meet the special responsibility associated with the dominant position and to enable an infringer who is in principle willing to take a license to enter into a license agreement (FCJ loc. cit. - FRAND Einwand I). The abuse of market power follows 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 willing to deviate even at the end of negotiations, i.e. the refusal to offer the licensee seeking the conclusion of a contract on FRAND terms those fair, reasonable and non-discriminatory conditions as a result of a negotiation process which the licensee can claim and on which it is willing to conclude with the patent proprietor (cf. FCJ GRUR 2021, 585 para. 59 - FRAND Einwand II). An offer that does not comply with the FRAND conditions as such does not constitute an abuse of the dominant position of the patent proprietor: An abuse is only constituted by refusing to allow the infringer to negotiate and conclude a FRAND license agreement that is in line with the interests articulated in the negotiation process or making it impossible for the infringer to do so and instead enforcing the



patent or one of the patents to be licensed by taking legal action (FCJ loc. cit., para. 78 - FRAND Einwand II).

The person who wants to use the patent or has already used it and has put products on the market that comply with the patent, although it does not have a license, must be prepared to take a license to this patent on reasonable and non-discriminatory terms (FCJ loc. cit. para. 70 - FRAND-Einwand I). This is because even the patent proprietor with market power cannot impose the taking of a license on anyone; although the potential licensee can demand that it conclude a license agreement, the patent proprietor depends on enforcing claims for patent infringement against anyone who wants to use the patented teaching but does not want to conclude a license agreement in this respect (see FCJ loc. cit. para. 82 - FRAND Einwand I). The infringer must therefore clearly and unambiguously declare his willingness to conclude a license agreement with the patent proprietor on reasonable and non-discriminatory terms and must also subsequently participate in the license agreement negotiations in a targeted manner, because "a willing licensee must be one willing to take a FRAND license on whatever terms are in fact FRAND" (FCJ loc. cit. para. 83 - FRAND-Einwand I). Under which circumstances a lack of willingness to take license on the part of the patent infringer exists is a question of the individual case (FCJ loc. cit. para. 78 - FRAND Einwand II).

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 his willingness to cooperate in the conclusion of such a contract, without which a "refusal" by the patent proprietor would come to nothing (FCJ loc. cit. para. 66 - FRAND Einwand II). The willingness to grant/take a license is indispensable because an appropriate result balancing the opposing mutual interests can usually only be grasped as the result of a negotiation process in which these interests are articulated and discussed in order to arrive at 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. The benchmark of assessment 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 (FCJ, loc. cit., para. 59 - FRAND Einwand II). An objective willingness to conclude a FRAND license agreement is regularly shown by the active promotion of the 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 to the extent that the next negotiating step is to be expected according to business practice and the principles of good faith (FCJ loc. cit. para. 68 - FRAND Einwand II).

If one party initially fails to cooperate as required in the conclusion of a license 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 practice 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 (FCJ loc. cit. para. 60 - FRAND Einwand II).

In particular, the infringer may not delay the negotiations (ECJ loc. cit. para. 66, 71). This is because, unlike in the case of contractual negotiations which a company willing to take a license seeks before commencing use, the interest of the infringer may also be - solely or at least primarily - to delay the patent proprietor as far as possible until the expiry of the term of protection of the patent in suit, because then it is no longer threatened with an order to cease and desist (FCJ loc. cit. para. 82 - FRAND Einwand I). A delaying tactic typically consists in not simply rejecting a license agreement on FRAND terms, but in ostensibly seeking it, but in pushing back the finding of an appropriate solution in detail or at least postponing it as long as possible (FCJ, loc. cit., 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, loc. cit., para. 77 - FRAND Einwand II).

If the patent infringer is not willing to take license, Federal Court of Justice has ruled that it can be left open whether the patent proprietor's offer (in terms of content) complies with FRAND conditions (FCJ loc. cit., paras. 82, 101). The only case in which the license seeker is completely released from the obligation to respond and therefore also from the obligation to state all objections at the same time is if an offer is contrary to FRAND to such an extent that it appears to be utterly unacceptable when assessed objectively, is therefore to be assessed as not being meant seriously and in fact represents a refusal to conclude a license agreement on FRAND terms according to the objective recipient's horizon (objektiver Empfängerhorizont) (cf. FCJ loc. cit. para. 71 - FRAND Einwand II).



II. According to these standards, Defendant's group of companies is not sufficiently willing to take a license, taking into account all the circumstances of the individual case and the relevant overall conduct of the parties.

1. The offers made by Plaintiff are not absolutely unacceptable.

a) Willingness to grant a license on the part of the patent proprietor suing for infringement usually involves offering the patent user a license agreement in the course of negotiations and after the patent user has responded substantively on such fair, reasonable and non-discriminatory terms as the patent user can claim. This willingness to grant a license does not usually exist if the patent holder insists on discriminatory or arbitrary terms and conditions and is not willing to move away from them even at the end of the negotiations.

b) Plaintiff uses the Access Advance Pool (hereinafter: Pool) as a vicarious agent, so that the actions of this pool can and must be attributed to it. Chamber considers the offers of the pool and the bilateral offers of Plaintiff to be serious and directed towards the conclusion of the negotiations in accordance with Plaintiff's interests. In substance, they do not signify a refusal to conclude a license agreement with Defendant's group of companies on FRAND terms.

aa) Above all, Defendant's main objection against Plaintiff does not hold water. The alleged violation of the prohibition of discrimination does not exist. Admittedly, Defendants have asserted this. However, they have not sufficiently substantiated the alleged discrimination.

(1) Since the FRAND objection is an objection raised by Defendant, Defendant as patent user generally bears the burden of presentation and proof for the merits of his objection according to the usual standards of civil procedure. This also applies to the patent user's complaint that the contractual terms offered to it discriminate against it compared to other licensees. At the very least, it must present plausible evidence for this. Depending on the individual case, this may lead to the licensor having to provide more detailed information in the context of its secondary burden of proof.

(2) There is no concrete evidence of the alleged discrimination. According to the prohibition of discrimination, it is prohibited to treat "the same unequally or the unequal equally" without a justifiable reason.



In the course of the settlement discussions here, the pool made more than 60 license agreements, including - where applicable - side agreements, available to Defendants in a virtual data room. Of the more than 260 license agreements concluded in the meantime, the pool initially identified the 43 license agreements submitted in October 2021 that relate to the patent-in-suit and similar product markets to the agreement to be negotiated here. As more and more licensees have joined, the pool has continued to increase the number of contracts in the data room, disclosing a total of 50 contracts and then later 61 contracts to Defendants.

(a) If Defendants criticise on the basis of the contracts that the offers of the pool lack a discussion and explanation of existing third-party license agreements as well as an explanation as to why the offers to Defendants' group of companies are non-discriminatory, in particular in view of the significant deviations in the third-party license agreements regarding effectively paid royalties complained of by Defendants' group of companies, this does not result in discrimination. It may be true that the pool has not explained how the royalties of the existing licensees, in particular the particularly comparable ones, have been determined and how the deviations in the effective royalty burden come about.

However, this is not relevant for the discrimination objection. The "effective license fee" argued by Defendants is not part of the existing license agreements, but a mathematical figure that Defendants alone use to justify the alleged inadequacy of the license fees offered to them. Since this "effective royalty burden" is not included in the existing license agreements, there is no unequal treatment with regard to the offer. This is because the benchmark is the contract. Therefore, the pool does not need to explain the calculation of value any further. It is sufficiently apparent from the contracts.

(b) If Defendants further complain that there can effectively be no question of a standard contract because in a large number of cases the alleged standard terms would be waived in favour of the licensees with regard to a large number of relevant provisions, in particular the payment for "past sales", which applies in particular to relevant competitors, this complaint also comes to nothing.

Chamber is already not convinced that Defendants' group of companies would be entitled to the conditions as it claims and that it can claim them at all. Plaintiff puts forward weighty arguments against this, from which it is said to follow that there can be no question of



discrimination. In particular, it is argued that Defendant's group inflates sales of HEVC-enabled products to other licensees by implying that all of those licensees' products implement HEVC, when this is only true of a certain proportion. However, Defendants claim to constitute such a proportion for their own underlying product sales.

Irrespective of this, however, it is decisive that the alleged discrimination would in any case cease to exist if Defendants' group of companies were to conclude the license agreement on these terms, which had (allegedly) been granted to its competitors. The pool has signalled that it is willing to talk about the amount of compensation for the past and thus to move away from these (allegedly discriminatory) conditions. Defendants have not sufficiently addressed this proposal, even though it would reduce the "effective royalty burden", which is ostensibly so important according to their mathematics. If a patent user claims that the license offered to him is not FRAND because it is worse than the contractual terms of the competitors, it must, in order to be considered willing to be licensed, be willing to conclude the license agreement at any rate on these (allegedly significantly more advantageous) terms, and objectively express this willingness by his conduct.

(3) Irrespective of this, Defendants' discrimination objection is also ruled out because the relevant third party license agreements did not come about through the filing of infringement actions, but were concluded "pre-litigation".

In principle, a distinction can be made between license agreements that have been concluded only after the initiation of patent infringement proceedings and those that have been concluded without judicial infringement proceedings. If the patent user must first be sued for patent infringement in order for the license agreement to be concluded, higher costs and higher risks arise for the patent proprietor than in constellations in which the license is already taken by the patent user before legal action is initiated. These actual differences generally justify differentiating between these two situations to an appropriate extent. This is also the case here.

bb) It also does not follow from Defendants' further complaints (see point 3 et seq. below) that Plaintiff's license offer was absolutely unacceptable and that Defendants were released from any duty to respond (especially from the duty to name all objections at the same time).



2. Defendants' unwillingness to take a license arises from its reluctance to negotiate the terms of the license.

Defendants' group of companies did not conduct the negotiations for the conclusion of the allegedly desired license agreement in a target-oriented manner. It was initially unwilling to take a license in the period up to the filing of the action. It did not respond sufficiently to the pool's contacts (see a) below). Its conduct after the commencement of proceedings does not change this (see b) below). It was neither sufficiently determined nor sufficiently constructive in the negotiations for the conclusion of the allegedly desired license agreement. Rather, the overall behaviour of Defendants' group of companies shows their lack of interest in reaching the conclusion of the license agreement with the pool and Plaintiff in a timely manner. In particular, Defendants did not formulate their objections to Plaintiff's offers sufficiently early and only communicated numerous reasons against the fulfilment of the FRAND conditions in the court proceedings (sometimes even late). Chamber is convinced that Defendants' group of companies is pursuing the goal of wanting to enforce its own (financial) license conditions against Plaintiff. It uses delaying tactics for this purpose. Thus, as a means of exerting pressure, it is prepared to use the patent-in-suit (and other patents from the pool) without authorisation and without payment for as long as possible. This unwillingness to take a license is confirmed by the constant request for further information, without the information provided to it in response having had any constructive or beneficial effect on the cooperation of Defendants' group of companies.

a) Defendants' initial unwillingness to take a license arises objectively essentially from the hesitant and insufficiently conducive behaviour of Defendants' group of companies during the negotiations with the pool, as described below.

In May 2016, the pool approached Defendants' group of companies for the first time in order to contact them about concluding a license agreement. The first preliminary talks were held by the pool first with ... today ..., and then with The latter later declared (see below) that it was only responsible for the TV segment (Annexes ES2a and 2b). Subsequently, the pool then sent nine letters and ten emails to Defendants' group of companies, including in September/December 2017, without receiving a reply (Annexes ES2c and 2d).



In July 2018, Defendants' group of companies replied to the pool that a personal meeting was not desired. Rather, Defendants' group of companies needed further information and therefore requested "claim charts" of all patents and disclosure of all license agreements. The pool then tried seven times unsuccessfully to send the requested set of claim charts to Defendants' group of companies (including sending USB sticks by post). Receipt failed each time because Defendants' group of companies had technical problems.

In September/October 2018, the requested "claim charts" were sent to Defendants' group of companies several times and in different ways. These claim charts contain an explanation of why the pool believes that Defendants' group of companies infringes the pool's HEVC patents and in particular the patent-in-suit (Annex ES-Kart 6a and ES-Kart 6b, translation = Annex ES-Kart 6c).

On 19 September 2019, employees of the pool met personally with Defendants' group of companies at their offices in The conversation was without result. At this meeting, the ... informed for the first time that this company was only responsible for the business with televisions and not for smartphones. Furthermore, Defendants' group of companies did not inform the pool which company from its group was responsible for the smartphone division. Likewise, Defendants' group of companies did not name an employee responsible for licensing for this division.

Since September 2019, the pool has then tried to enter talks with the company that is responsible for smartphones and tablets in Defendants' group of companies. This is the The pool wrote to this company by email on 06 February 2020 (Annex ES2h). In addition to the information resulting from the email, the pool also enclosed copies of its letters to various other companies from Defendants' group, which contained information about the pool programme, in particular links to download the patent list and the standard license agreement, examples of infringing products of Defendants' group of companies as well as information about the possibility of acquiring a bilateral license instead of a pool license. In March 2020, the company responsible for the smartphone division from Defendants' group of companies contacted the pool. The pool then sent a copy of the standard license agreement (Annex ES2i) and 25 claim charts (Annex ES2j).



In July and September 2020 as well as in May and August 2020, two telephone conferences (July and September 2020) and two personal meetings (May and August 2020) took place between the pool and the company from Defendants' group of companies responsible for the smartphone division. The subject of these discussions was that Defendants' group of companies wanted the basic clauses of the offered license agreement to be explained again because they had not yet been able to study them. It was also explained that the patents were still being technically analysed. Finally, the group of companies suggested to Defendant that it would be better to license the chip suppliers instead. In October 2020, the pool sent the standard license agreement to Defendants' group of companies (Annex ES2g).

On 05 January 2021 a telephone conference took place between the pool and the company responsible for the smartphone division within Defendants' group of companies. After the pool informed about the current status and answered questions from Defendant's side about the recently added licensees and licensors, the representatives of Defendants' corporate group informed that they were still analysing the patent portfolio and were not in a position to commit to a next step. It would first have to report to the management and discuss the matter with them.

On 22 January 2021 a similar discussion took place between the pool and the company responsible for the TV division within Defendants' group of companies. The representatives of Defendants' group of companies stated that the group was not yet ready to react to the pool's license offer. Rather, they had only begun to analyse the portfolio, the license conditions and the license fees.

b) Chamber is convinced that the cooperation in the negotiation process undertaken by Defendants' group of companies after service of the complaint is not sufficient to compensate for the failures of the previous five years. Their behaviour contradicts the declared willingness to take a license.

Chamber cannot infer from the circumstances of the individual case that Defendants' group of companies (after the failures of the past) was concerned with a timely and appropriate conclusion of a license agreement in the further negotiations. Rather, its behaviour reveals that it wanted to keep the negotiations in limbo as long as possible and thus deprive Plaintiff of



royalty income, instead of contributing to the conclusion of the license agreement through continued requests and constructive contributions.

When negotiating a FRAND license agreement, both parties are required to contribute in a manner appropriate to the situation and in accordance with the principles of good faith to find a reasonable, fair and appropriate balance. This includes, in particular, negotiating in an expeditious, conducive and constructive manner, articulating one's interests in order to achieve concrete progress in negotiating the terms of the license agreement. If the patent user is reluctant to negotiate the terms of the license, he is usually expressing his unwillingness to take a license (delaying tactics).

Defendants' conduct described below makes it clear that the initial unwillingness to take a license continued even after the action was filed. Defendants' group of companies did not sufficiently promote the negotiations, although it could have done so, but behaved hesitantly and not sufficiently constructively. This applies both to the negotiations with the pool (see aa) and bilaterally to the negotiations with Plaintiff (see bb).

aa) On 15 July 2021, the pool submitted an updated and reduced license offer to the respective contacts of the TV division and the smartphone division of Defendants' group of companies by email (Annex VP Kart 1/2).

One day later, the company responsible for smartphones and tablets informed Defendants' group of companies by email that this new license offer from the pool contained a different license structure. Therefore, a timely meeting was requested to discuss the license offer. The company responsible for the smartphone division of Defendants' group of companies offered concrete dates and the meeting then took place. Following the meeting, the parties concluded an NDA for further negotiations on 16/17 August 2021.

On 25 August 2021, the pool held an online meeting with the company responsible for the TV division in Defendants' group of companies, in which this company criticised in particular the amount of the royalty demanded by the pool. It could not understand why the royalties were exorbitantly higher than those demanded by MPEG LA for both the AVC Pool and the HEVC Pool. During this discussion, the pool indicated that the level of fees for future uses was not



flexible, unlike the level of fees for the past ("past sales"). Following this discussion, the parties concluded an NDA for further negotiations in August.

In September 2021, the pool exchanged information with Defendants' group of companies on sales figures, market data and the amount of royalties in view of this data as well as against the background of license agreements with other companies.

By the beginning of October 2021, the parties have submitted all signed versions of the NDA for the submission of third party license agreements. In order to allow Defendants' group of companies to inspect the contracts concluded with the pool, the pool has set up a data room. Defendants were granted access to the data room a few days before the expiry of the time limit for bringing an action in this case. An email with an invitation to the data room was sent on 12 October 2021 to the persons authorised to inspect the data room from the TV division and the smartphone division of Defendants' group of companies and shortly before that to Defendants' representatives. Originally, 43 license agreements were included in the data room. The scope of the data room has successively increased by 50 contracts to currently 61 contracts out of a total of more than 260 concluded license agreements (partly with blackenings).

On 11 October 2021 Defendants' group of companies submitted a counter-offer to the license agreement through the company responsible for the smartphone division (Annex VP Kart 6). This counter-offer was based on the expert opinion of ... (hereinafter: ... Report) from October 2021 (Annex VP Kart 5). On 12 October 2021, Defendants' group of companies then submitted a similarly structured counter-offer for the TV division (Annex VP Kart 7). On 19 October 2021 the pool rejected these counter-offers by email (Annex VP Kart 11 a/b).

The months of November and December 2021 were essentially spent by the pool and Defendants Group exchanging their respective positions with respect to the Third Party License Agreements in view of the negotiation process.

On 07 January 2022, Defendants' group of companies submitted bank guarantees for both the TV division and the smartphone division (Annexes VP Kart 12/12a and 13/13a).

On 10/11 March 2022, the pool sent the TV Division and the Smartphone Division of the Defendants' Group a press release on the revised "Duplicate Royalty Policy" (hereinafter:



DRP) and explained this DRP. By email dated 11/14 March 2022, both divisions of the Defendants' corporate group informed, inter alia, that the pool had still not substantially addressed the counter-offers from October 2021 and the related submissions in the statement of defense in a FRAND-compliant manner (Annexs VP Cart 18 a/b). Defendants' group of companies proposed dates for further meetings. In emails dated 14/15 March 2022 (Annexs VP Kart 19 a/b), the pool referred, inter alia, to its email of 29 October 2021 regarding the rejection of the counter-offers, but confirmed the dates for the meetings proposed by the Defendant's group of companies on 17/18 March 2022.

On 27 March 2022 the pool submitted improved license offers to Defendants' group of companies for both divisions (Annexes ES Kart 7 and 7a to 7d). These offers contain the lower so-called "in compliance rates" (instead of the previously offered standard rates) for the period from 1 January 2022 if a license agreement is concluded by 30 June 2022. In addition, the pool offered to waive royalties for uses prior to 2018 and proposed a lump sum payment for the rest of the past. The pool has estimated the underlying data and communicated this as such.

In March 2022, Defendants' group of companies also requested the production of the internal contract that the individual members of the pool had concluded with each other, as well as the production of the ancillary agreements to disclosed contracts in an unredacted form.

At the request of Defendants' group of companies, the pool made a further offer on 17 April 2022 providing for a lump sum license for mobile phones and tablets instead of an ongoing license fee for the future (Annexes ES Cart 8 and 8a to 8c). On 26 April 2022, the pool and the company responsible for the TV division in Defendants' group discussed the possibility of a lump sum license for TV sets both for the past and for the future. In this discussion, it was agreed that the pool should submit a corresponding license offer. On 28 April 2022 the pool then submitted this offer (Annexes ES Kart 9 and 9a to 9c).

In the spring and early summer of 2022, there have been several meetings between the negotiating parties by telephone or video, in which in particular the sales figures, market forecasts and the HEVC relevance/penetration rate have been discussed. In addition, Defendants' group of companies has announced that it will prepare further counter-offers.



Accordingly, further discussions and further email exchanges have taken place in July 2022 (for example, Annexes VP Kart 23 a/b).

On 24 August 2022 the smartphone division and on 25 August 2022 the TV division of Defendants' group of companies each submitted a new counter-offer by email (Annexes VP Kart 24 a/b and VP Kart 25 a/b). For the smartphone division, this includes the payment of a lump sum of ... and for the TV division a lump sum of

By email of 06 September 2022, the pool rejected the counter-offers of Defendants' group of companies (Annex VP Kart 29/30). The main reason given was that the figures contained in the most recent counter-offers contradicted Defendants' group's own submission that the amount offered corresponded to only a fraction of the generally accepted rates and that accepting such a counter-offer would discriminate against the other licensees.

On 07 September 2022 a meeting took place between the company responsible for the smartphone division in Defendants' group of companies and the pool, in which Defendants' group of companies once again explained its reasons why the royalties demanded by the pool were too high.

On 27 September 2022, a meeting between the pool and the company responsible for the TV division within Defendants' group of companies took place, in which Defendants' group of companies emphasised, among other things, that they had proposed a significantly increased license fee compared to their first offer.

Subsequently, Defendants' group of companies provided further guarantees (Annexes VP Kart 31/31 a and VP Kart 32/32a).

On 01 November 2022, the TV division of Defendants' group of companies submitted a new counter-offer in which the lump sum payment of ... was increased (Annex VP Kart 34).

bb) After Defendants requested Plaintiff by lawyer to submit a bilateral offer in addition to the pool's license offer, the parties entered into direct contact in October 2021.

On 23 March 2022, the parties held a video conference and Plaintiff held out the prospect of submitting a FRAND offer specifically tailored to Defendants' group of companies as soon as



Defendants' group of companies had submitted its sales figures and additional information on its corporate structure.

By email dated 15 April 2022, Defendants' group of companies stated that they had not yet seen the Plaintiff's bilateral agreements and explained that the existing - trilateral - non-disclosure agreements that the parties and the pool had already entered into would also cover the submission of those agreements.

On 22 April 2022, Plaintiff submitted a bilateral license offer and explained its general bilateral HEVC license rates and offer (Annex ES Kart GEVC4). For the calculation, Plaintiff used figures of Defendants' group of companies available from public sources.

Although Defendants' group of companies did not reply to the email of 22 April 2022, Plaintiff sent a full draft of a bilateral HEVC license agreement with Defendants' group of companies on 25 May 2022 (Annex ES Kart GEVC5).

Subsequently, Defendants' group of companies did not submit a bilateral counter-offer (Annex ES-Kart GEVC 2 updated = entire email correspondence of the parties). Instead, Plaintiff has since been served with a GEVC lawsuit filed by Defendants' group of companies in the People's Republic of China against the pool and Plaintiff in connection with the pool license offer for antitrust infringement.

cc) Defendants' group of companies participated in the license negotiations too late and too little to compensate for the delays and omissions that had previously occurred (see above). A license seeker striving for the successful conclusion of a license agreement would - unlike Defendants' group of companies - have endeavoured to conclude the desired license agreement through continuous negotiation and conducive and constructive cooperation.

(1) In particular, the counter-offers made by Defendant's group of companies show that it was not interested in concluding a contract on FRAND terms as the result of a negotiation process in which interests and objections are articulated and a solution that is reasonable, appropriate and in line with the interests of both sides is worked out.

Defendants have demanded terms that are structurally and legally impossible for the pool. A reasonable license seeker would not, at least not for as long and as insistently as Defendants'



group of companies, try to enforce such conditions to which it is not entitled and which would shake the foundations of the opponent. For their counter-offers are aimed at a content which cannot be accepted by the pool and which Defendants' group of companies cannot claim for its part. Due to the ... Report, the settlement with the AVC Pool and HEVC Pool of MPEG LA, the offers contain royalty payments for the future in such a low amount that - according to Plaintiff's submission - they cannot be accepted by the pool without violating its statutes. Irrespective of this, these demanded conditions are in contradiction to the contracts previously concluded by the pool and submitted to Defendants.

The insistence on this content and the non-cooperative behaviour after the inevitable rejection of their counter-offers show Defendants' unwillingness to take a license. Even if Defendants argued at the oral hearing that they did not adhere to the content of the ... Report, this is not reflected in significant improvements to their offer. The increase of the offered lump sum payment for the TV segment by ... eight days before the oral hearing on the FRAND part is so far removed from the demands of Plaintiff and the pool that its non-acceptance does not result in a refusal of access contrary to antitrust law. Rather, a reasonable licensee who believes he is being discriminated against in relation to another company would have been expected to state specifically that he would be willing to conclude the contract on the terms of that other company. However, this did not happen here.

(2) Irrespective of this, the dispute between the parties about the sales figures on which the counter-offers of Defendants' group of companies from August 2022 are based shows that Defendants are also not prepared to constructively cooperate in the conclusion of a license agreement. After all, they must know these figures and must also have been able to communicate them to the pool without further ado, if only it had wanted to.

(3) The delays in the conduct of Defendants after the filing of the action also prove that they endeavoured to drag out the negotiations. In particular, Defendants' group of companies did not submit its first counter-offer until approximately 1.5 years after the pool's offer from March 2021 and, moreover, did not (sufficiently) advance the negotiation process on several occasions by not reacting, sometimes for months.

(4) If Defendants' group of companies does not want the pool solution, it is possible to conclude a bilateral contract with Plaintiff. Plaintiff has made an offer to Defendants' group of companies.



No counter-offer has been made by Defendants to this offer. At this point the negotiation process came to a standstill, although it would have been Defendants' duty to respond to Plaintiff's offer.

3. This unwillingness of Defendants to take a license is not altered by Defendants' group's objection that Plaintiff and the pool representing it had breached bargaining promotion obligations.

a) Defendants' group of companies basically relies on the fact that the pool charged Defendants' group of companies unreasonable royalties by exploiting a lack of information contrary to FRAND. Defendants first had to clarify the licensing situation. The pool had not cooperated sufficiently in this respect. There was a lack of market transparency. Plaintiff had a considerable information advantage over Defendants, who had no knowledge of the royalties agreed with other licensees. Even after disclosure of the third-party license agreements, the pool had refused to explain them sufficiently. The pool had delayed the negotiations altogether. Defendants had only been able to evaluate the license agreements at a late stage. Shortly before the deadline for filing a statement of defence expired, the first few contracts were posted in the data room. In addition, there were redacted passages, which is undisputed. The particularly relevant contract with ... was only submitted on 19 October 2022, which is also undisputed. It was striking that the sales figures were artificially low and that this could only be explained by discounts, which were not explained.

b) This complaint is not valid.

The decisive factor is the comparison of how a (hypothetical) license seeker would reasonably behave. The third party license agreements made available in a virtual data room in October 2021, which are continuously updated and supplemented, would in principle be sufficient for it to get a first impression of the license situation. Based on this information, it seeking to conclude a license agreement would formulate initial interests and first key points of a possible license agreement, if necessary with a request for further information on the terms and conditions of its most important competitors, and send them to the future contractual partner. Unlike Defendants, it would not have demanded the submission of all patents and all license agreements without, at least pre-trial, dealing with their content.



The handling of the blackenings by Defendants' group of companies also demonstrates their unwillingness to take a license (see IV below). These blackenings have been known to Defendants for a long time and yet they only filed a corresponding request for production approximately 10 months after the disclosure of the redacted documents. These redactions were also not unreasonable. None of the blackened passages - and this applies to all the agreements submitted - contains, according to Plaintiff's substantiated submission, discounts, credits, a waiver or other reductions or refunds relevant to the licensees' payment obligations. On the contrary, Plaintiff, who is obliged to tell the truth, has explained what the redacted passages are about and why there is no reason to disclose these redacted passages.

Furthermore, the constant request for more and more information from Defendants' group of companies demonstrates Defendants' unwillingness to take a license. It would have been expected that the information provided by the pool or by Plaintiff at the request of Defendants' group of companies would be of such importance to Defendants that its existence would have an impact on their negotiating behaviour or be reflected in their (new) negotiating positions. However, this was not the case. After disclosure of the contracts and based on its calculations as well as through its ...-report, Defendants' group of companies merely demanded more and more information and explanations and even more information from the pool (e.g. the internal pool agreement of the pool members), without these being concretely reflected in concessions or demands regarding the content of the license agreement. Defendants' interest in clarification is therefore pretextual and leads to nothing more than delay. In the last pleading on the subject of FRAND alone, Defendant denied Plaintiff's submission based on the lack of knowledge about 15 times.

If a patent user constantly requests further information from the patent proprietor without the information provided resulting in progress in the proceedings, this behaviour may prove the patent user's unwillingness to take a license. It is true that a patent user may in principle demand as much information and may procedurally - within the limits of procedural law - dispute based on the lack of knowledge as much as he wishes. However, after several years of negotiation and after repeating this behaviour several times, this is in any case no longer conducive and constructive.

4. Defendants' objection regarding the new "Duplicate Royalty Policy" does not change the assessment of its willingness to take a license.



This objection was only introduced into the proceedings by Defendants in the rebutter of 02 November 2022. Until then, this issue was irrelevant in the proceedings as well as between the parties' negotiations. Moreover, it is not relevant to the decision. This is because Defendants have already not sufficiently shown that they are licensed by the pool to this patent-in-suit via another route. In particular, this does not result from the alleged license with In this respect, there is a lack of concrete evidence that a license to this patent-in-suit already exists in favour of Defendants' group of companies.

5. Finally, Defendants' objection, raised only after six and a half years, that the pool's admin fees were excessive, proves Defendants' found lack of willingness to take a license.

They formulate this objection for the first time in their last pleading and offer in it to obtain an expert opinion to substantiate the alleged translated fees. Plaintiff countered these allegations at the oral hearing on the merits and in particular complained about the lateness of the submission. If Chamber were to clarify this aspect, as requested by Defendants, the negotiations between the parties and the court proceedings would be further delayed.

III. Defendants' other objections do not show that the antitrust objection of compulsory licensing is well-founded either, taking into account all the concrete circumstances of the individual case.

IV. The admissible applications of Defendants for production of documents are unfounded. This concerns both the main application filed in the written statement of 14 September 2022 (there page 2/4) and the auxiliary application raised in this regard.

1. Having determined Defendants' unwillingness to take a license, Chamber exercises the discretion granted to it under Sec. 142 German Code of Civil Procedure to the effect that there is no need for the requested production of documents. A negotiating partner who is unwilling to take a license needs not be disclosed further information requiring secrecy and the relevant documents need not to be produced if they are not relevant to the proceedings.

That is the case here. From the concrete circumstances of the individual case, there is no relevance for the proceedings if Defendants are to be presented with all license or settlement agreements for the HEVC standard in the possession of Plaintiff (main request) or, in the alternative, the agreements with ..., in the main and auxiliary request in each case including



any ancillary agreements and other agreements as well as all agreements between the pool and its licensors.

The submission is not relevant to the decision. Defendants are not willing to take a license. There are no indications that the requested production of the documents could change this and that they would give up their delaying and unhelpful behaviour. Moreover, the request for production was made very late in the proceedings, shortly before the main FRAND hearing. This proves that Defendants also intend to cause further delays with this request (under the pretext of a necessary clarification of the facts) or at least accept it.

2. An order for production pursuant to Sec 421, 422 German Code of Civil Procedure in conjunction with Sec. 33 GWB in conjunction with Article 102 TFEU is also unfounded. Defendants do argue that Plaintiff has to declare and submit all concluded license agreements on the HEVC standard due to obligations under antitrust law. However, this argument is not valid in the present case.

Defendants are not entitled to the production of all contracts of the pool with third parties (main claim). In principle, only those contracts are relevant for the comparison with other licensees which concern the same product groups as those of Defendants and therefore the same market. Only such contracts are in principle relevant for the assessment of a violation of the prohibition of discrimination. Defendants have in any case not made plausible that in individual cases further contracts are relevant and necessary for the assessment of non-discrimination. The same applies to the pool's contracts with its licensors. It is unclear to Chamber how discrimination against Defendants could result from these. Defendants have not explained this.

The admissible auxiliary request is unfounded. The submission of the contracts with certain named companies serves to remove redactions contained therein. Plaintiff, who is obliged to tell the truth, claims that the blackened passages relate solely to internal regulations of the pool and thus to the position of the respective contracting party as licensor and not to discounts, credit notes, a waiver or other reductions or refunds relevant to the payment obligations of the licensees. Plaintiff has offered evidence in this regard. Defendants have not sufficiently shaken Plaintiff's submission. An evidentiary hearing is thus just as unnecessary as a redaction of the passages. These do not affect Defendants' legal position. They may be interesting, but they are not relevant to the decision and therefore not to be presented.



D.

A stay pursuant to Sec. 148 German Code of Civil Procedure with regard to third Defendant's action for annulment (Annex VP 01) is not required.

[...]

E.

The order as to costs is based on the ratio of the successful to the unsuccessful parties. Plaintiff fully prevails. The adaptation of the claims to the attached embodiments and the specification in the claims for recall and destruction do not lead to a partial dismissal of the action and do not result in any costs.

II. The decision on provisional enforceability is based on Sec. 709 sentence 1 and sentence 2 German Code of Civil Procedure.

The determination of partial litigation values corresponds to the common practice of the infringement chambers at Munich Regional Court I. Chamber estimates the respective partial litigation values according to Plaintiff's interest as stated in the operative part.

Defendants' request under Sec. 712 German Code of Civil Procedure is not to be granted. Defendants have not shown that they would suffer a non-compensable disadvantage as a result of the enforcement.