

# FEDERAL COURT OF JUSTICE

## IN THE NAME OF THE PEOPLE

# **DECISION**

X ZR 123/20 Published on:

24 January 2023 Schönthal

Court clerk as Clerk

of the office

in matters

Reference work: yes FCJZ: yes FCJR: yes

CQI Report II

Sec. 138 para. 4 Code of Civil Procedure

In litigation concerning patent infringement, the party against whom a claim is asserted may in principle be required to respond specifically to opponent's submissions concerning the technical properties of the challenged embodiment.

#### Sec. 14 Patent Act

- a) The question whether and to what extent rights deriving from a patent are exhausted by marketing the products is to be assessed according to the law of the country of protection (supplementary to FCJ, decision of 22 February 2022 X ZR 103/19, GRUR 2022, 1209 marginal no. 42 Bakterienkultivierung).
- b) A covenant not to sue generally leads to the exhaustion of rights with respect to products which are placed on the market on this basis.
- c) With respect to the question whether a covenant to be sued last leads to exhaustion, it is of particular importance whether the contracting party has to fear that the patentee will assert a claim for patent infringement in the course of what is usually to be expected.
- d) The consent to place a product on the market may be deemed to be a consent to place a larger device equipped with it on the market if this is the only commercially reasonable use.
- e) The consent to place a product on the market may lead to exhaustion of rights with respect to a larger device equipped with it if all the properties and functions defined in the patent are fulfilled by the product covered by the consent and the other components of the larger device are of no importance in-so-far.

FCJ, decision of 24 January 2023 - X ZR 123/20 – HRC Karlsruhe RC Mannheim

ECLI:DE:FCJ:2023:240123UXZR123.20.0

The X. Civil Senate of the Federal Court of Justice, represented by Presiding Judge Dr. Bacher, Judges Hoffmann and Dr. Deichfuß, Judge Dr. Marx, and Judge Dr. Crummenerl, decided at the oral hearing on 24 January 2023:

On Defendant's appeal, the decision of the 6th Civil Senate of the HRC Karlsruhe of 25 November 2020 is set aside.

The matter is referred back to the Court of Appeal for a new hearing and decision, including on the costs of the appeal.

By law

### Factual Background:

1

Since 3 July 2014, Plaintiff is registered as the proprietor of European patent 2 294 737 (patent in suit) in the patent register, which was filed on 2 April 2009 and was granted with effect in the Federal Republic of Germany.

2

The patent in suit relates to a method for receiving a control channel signaling from a base station and a mobile terminal for carrying out this method. Claim 1, to which seven further claims refer to, protects a method. Claim 9, to which six further claims refer to, protects a mobile station and reads in the language of the method:

A mobile terminal comprising

a receiver adapted to receive a control channel signal from a base station, wherein the control channel signal comprises a Modulation and Coding Scheme, MCS, Index, information on resource blocks used for the transmission from the mobile terminal to the base station, and a channel quality information trigger for triggering a transmission of an aperiodic channel quality information report to the base station.

characterized in that the terminal further comprises

a processor adapted to determine whether the channel quality information trigger is set and whether the control channel signal indicates a predetermined value of the MCS Index and indicates a number of resource blocks that is smaller than or equal to a predetermined resource block number, and

a transmitter adapted to transmit the aperiodic channel quality information report to the base station without multiplexing the aperiodic channel quality information report with uplink shared channel data, in case the determining step yields a positive result.

3

The nullity action brought against the patent in suit inter alia by Defendant was unsuccessful (FCJ, decision of 18 January 2022 - X ZR 14/20, GRUR 2022, 546 - CQl Report).

4

Defendant sells mobile communications devices in Germany that it describes as compatible with the "Long Term Evolution" (LTE) standard. Plaintiff claims that the sale of these devices infringes the patent in suit.

The Regional Court ordered Defendant to provide information and render account and found Defendant liable for damages. It dismissed the further action for injunctive relief, destruction and recall. On appeal by Plaintiff, the Court of Appeal granted the claims in full. It dismissed Defendant's appeal.

6

In its appeal on points of law, which was allowed by the Court of Appeal, Defendant continues to seek dismissal of the action.

## Reasoning:

7

The admissible appeal on points of law is well-founded. It leads to the contested decision being lifted and to the case being referred back to the Court of Appeal.

8

I. The Court of Appeals reasoned its decision essentially as follows:

9

The attacked devices made use of the teaching of claim 9 of the patent in suit. They operated according to the LTE standard. This standard specified that the information about the allocated resource blocks (NPRB) is not transmitted directly. Instead, the number of resource blocks can be calculated from a resource information value (RIV) transmitted by the base station using a formula specified in the standard. This was sufficient for fulfilment of the features of claim 9. Defendant had not disputed Plaintiff's relevant submission in this regard. Contrary to Defendant's view, the claim did also not exclude that other events were also understood as a command to send a CQI report without multiplexing.

Defendant could not successfully refer to exhaustion. The agreements Plaintiff had concluded with various manufacturers of chipsets did not prevent it from asserting the claims pursued in the action. In the agreements with the two manufacturers of the chipsets used in the attacked mobile devices, Plaintiff had undertaken to file claims against the chipset manufacturers only after all third parties who could be sued for infringement. An agreement not to sue the other party for patent infringement (covenant not to sue) could not be classified as consent to the marketing of patented products. This applies all the more to an agreement of the content in question here (covenant to be sued last), by which an action against the contracting party is not excluded, but only postponed.

11

Finally, the enforcement of the claims arising from the patent in suit was not precluded by the prohibition of abuse of a dominant position under Article 102 TFEU.

12

II. This decision does withstand the legal review in one decisive respect.

13

1 The court of appeal did not err in law in assuming that Defendant was making use of the technical teaching of claim 9 of the patent in suit by offering and marketing the attacked devices which comply with the specifications of the LTE standard.

14

a) The patent in suit deals with the signaling of control signals in a mobile radio system.

15

aa) In such a system, user data and control signals are exchanged between the mobile terminal and the base station via an air interface. By means of the control signals, the mobile station can request the allocation of resources and the base station can allocate such resources. As the patent describes, at least some of the resources are dynamically allocated to the various mobile terminals.

The quality and speed of the transmission depend, among other things, on the coding rate and modulation. The base station informs the mobile station which coding and which modulation is to be selected in each case by informing it of a modulation and coding scheme (MCS) via a control signal. An MCS index can be used for this purpose, the values of which represent a specific combination of modulation and coding.

17

The channel quality is important for the selection of the modulation and coding scheme. If it is high, the coding rate requirements can be reduced and the degree of modulation increased. The mobile terminal informs the base station of the channel quality it has determined in form of a channel quality indication report (CQI report). A CQI report can be transmitted for example via the physical uplink shared channel (PUSCH). This report may be periodic or aperiodic. The patent in suit deals with the aperiodic CQI report.

18

The base station can request an aperiodic CQI report by sending a corresponding control signal (CQI trigger) via the physical downlink command channel (PDCCH). This is to be done with as little effort as possible (para. 44). As the patent states, the aperiodic CQI report is normally transmitted in multiplex, i.e. together with user data (para. 41), unless the data buffer of the mobile terminal is empty. This increases the risk of a transmission error.

19

bb) Against this background, the technical problem is to allow the request for an aperiodic CQI report with low signaling overhead and to reduce the risk of an error in the transmission of such a report.

20

cc) To solve this object, claim 9 provides a mobile terminal whose features can be divided as follows:

9	A mobile terminal comprising				
9.1	a receiver, adapted to receive a control channel signal from a base station, wherein the				
	control channel signal comprises				
9.1.1	a Modulation and Coding Scheme Index,				
9.1.2	2 information on resource blocks used for the transmission from the mobile terminal to				
	base station,				
9.1.3	a channel quality information trigger for triggering a transmission of an aperiodic channel				
	quality information report to the base station;				
9.2	a processor adapted to determine				
9.2.1	whether the channel quality information trigger is set and				
9.2.2	whether the control channel signal indicates a predetermined value of the MCS-Index and				
9.2.3	a number of resource blocks that is smaller or equal to a predetermined resource block				
	number;				
9.3	a transmitter, adapted to transmit the aperiodic channel quality information report to the				
	base station without multiplexing the aperiodic channel quality information report with				
	Uplink Shared Channel data, in case the determining step yields a positive result.				

dd) According to the description of the patent in suit, the resource blocks referred to in features 9.1.2 and 9.2.3 are the smallest units of the resources available for transmitting data via the air interface.

23

The base station allocates a certain number of such blocks to the mobile terminals depending on the available capacities and the prevailing conditions. The mobile terminal checks whether the control channel signal contains a CQI trigger and a specific value for the MCS index and whether the communicated number of resource blocks is less than or equal to a predetermined comparison value. If this check leads to a positive result, the mobile terminal understands this as an instruction to transmit an aperiodic CQI report, regardless of whether the mobile terminal's data buffer is empty and without multiplexing with uplink shared channel data.

24

b) The appeal on points of law challenging the decision of the Court of Appeal that the attacked devices fulfill all features of claim 9 is unsuccessful.

aa) The Court of Appeal rightly decided that Defendant cannot effectively plead ignorance with respect to Plaintiff's submission on the mode of operation of the attacked devices.

26

(1) Pursuant to Sec. 138 (4) Code of Civil Procedure, pleading ignorance is only admissible in respect of facts which are neither the party's own acts nor the subject of the party's own perception.

27

In the case of legal entities, the actions and perceptions of their legal representatives are decisive in this respect. In addition, according to the case law of the Federal Court of Justice, a party has the obligation to obtain the information required for a qualified contesting as far as events in the area of persons are concerned who have acted under the party's instruction, supervision or responsibility (see only FCJ, decision of 8 January 2019 - II ZR 139/17, NJW-RR 2019, 747 marginal no. 34; decision of 19 April 2001 - I ZR 238/98, GRUR 2002, 190, 191 - DIE PROFIS; decision of 15 November 1989 - VIII ZR 46/89, FCJZ 109, 205, 209).

28

(2) Accordingly, it is generally not sufficient if a party who is offering or marketing a product which is attacked as infringing a patent pleads ignorance with respect to opponent's specific arguments regarding its technical properties.

29

A party who offers a product or places it on the market may not evade responsibility for an infringement of rights by failing to take note of the product's characteristics and mode of operation. If such a party does not have the relevant information itself, it is obliged, as far as possible and reasonable, to obtain this information from third parties, for example by asking manufacturers and suppliers or by conducting its own investigations. In infringement litigation, the party against whom a claim is asserted can therefore generally be required to respond specifically to opponent's submissions on the technical properties of the attacked device (HRC Düsseldorf, decision of 20 January 2017 - 2 U 43/12, juris marginal no. 166; decision of 8 December 2016 - 2 U 6/13, juris para. 75 et seq.; decision of 17 December 2015 - 2 U 54/04, juris para. 144; RC Mannheim, decision of 4 May 2010 - 2 O 142/08, InstGE 12, 136, juris marginal no. 214; Kühnen, Handbuch der Patentverletzung, 15th Ed., Chapter B marginal no. 10; Rechtsschutz Cepl/Voß/Nielen, Prozesskommentar Gewerblicher und

Urheberrecht, 3rd ed., § 138 ZPO marginal no. 36; Musielak/Voit/Stadler, ZPO, 19th ed, § 138 marginal no. 17).

30

Contrary to the opinion of the appeal, this does not result in excessive requirements for Defendant. A company must check whether a technical product falls within the scope of protection of third-party technical property rights even before it starts selling it (FCJ, decision of 15 December 2015 - X ZR 30/14, FCJZ 208, 182 marginal no. 114 et seq. - Glasfasern II). If it fulfills this obligation, it is regularly in a position to respond in the required manner to the submission regarding the properties of the product. If it does not fulfill this obligation, this must not be to the detriment of the other party.

31

(3) In the case in dispute, Defendant has merely pleaded ignorance with respect to the argument concerning the calculation of the number of allocated resource blocks on the basis of the resource indicator value (RIV). This contesting is irrelevant for the reasons explained above.

32

The appeal on points of law refers to Defendant's arguments that a calculation of the number of resource blocks from the RIV was not mathematically possible without further ado and that Plaintiff had not sufficiently substantiated its argument on the calculation of NPRB from RIV.

33

This submission does not contain any substantive comments on the specific arguments of Plaintiff. It is limited to casting doubt on Plaintiff's submission, but does not indicate which specific circumstances could give rise to doubts.

34

Contrary to the opinion of the appeal, it is reasonable for Defendant, for the reasons explained above, to obtain more detailed knowledge about the functioning of the chips installed in the attacked devices and about the specifications contained in the LTE standard if it wants to counter Plaintiff's argument. The fact that it and its affiliated companies were not involved in the development of this standard does not speak against this. Rather, the decisive factor is that Defendant sells devices that indisputably comply with the standard.

bb) The appeal does not successfully challenge the Court of Appeal's assumption that the attacked devices are capable of determining whether the transmitted number of resource blocks is smaller or equal to a predetermined resource block number within the meaning of feature 9.2.3.

36

The Court of Appeal explained in detail that the technical specification TS 136.213 (v.8.8.0) of the European Telecommunication Standards Institute (ETSI) provides for an instruction to the mobile station to carry out a corresponding test. The appeal does not identify any legal errors in this respect.

37

cc) Contrary to the opinion of the appeal, the fact that the attacked devices transmit a CQI report without multiplexing not only under the prerequisites defined in feature group 9.2, but also in other situations, such as when the corresponding memory does not contain any user data or when the allocated resources are so scarce that they are only sufficient for the CQI report, does not prevent feature 9.3 from being implemented.

38

The interpretation by the Court of Appeal that claim 9 does not exclude such transmission processes is consistent with the interpretation of the patent developed by the Senate in the nullity proceedings (FCJ, decision of 18 January 2022 - X ZR 14/20, GRUR 2022, 546 marginal no. 33 et seq. - CQI Report). The appeal does not identify any aspects that would lead to a different assessment.

39

2. However, on basis of the reasoning given by the Court of Appeal, exhaustion of the rights deriving from the patent in suit cannot be denied.

40

a) As the Court of Appeal correctly assumed, the question of which effects result from contractual agreements between a patentee with third parties is to be assessed according to the law of the country of protection, i.e. in the case in dispute according to German law (FCJ, decision of 22 February 2022 - X ZR 103/19, GRUR 2022, 1209 marginal no. 42 - Bakterienkultivierung; Busse/Keuken- schrijver/McGuire, PatG, 9th Ed., § 15 marginal no. 17).

41

The same applies to the question of whether and to what extent rights under a patent are exhausted by the marketing of products. In this respect, too, it is a question of the protective effects of the patent vis-à-vis third parties.

b) The considerations made by the Court of Appeal do not support the conclusion that a covenant to be sued last does not lead to exhaustion with regard to products which have been put on the market on the basis of such an agreement.

43

aa) Contrary to the opinion of the Court of Appeal, a covenant not to sue generally leads to the exhaustion of rights with regard to products placed on the market on this basis.

44

(1) According to the established case law of the Federal Court of Justice, the exclusive right deriving from a device patent is exhausted with respect to those copies of the protected device which have been put on the market by the patentee or with his consent by a third party. The lawful purchasers as well as subsequent third-party purchasers are authorized to use these products as intended, to sell them to third parties or to offer them to third parties for one of these purposes (FCJ, decision of 8 November 2022 - X ZR 10/20, GRUR 2023, 47 marginal no. 41 - Scheibenbremse II; decision of October 24, 2017 - X ZR 55/16, FCJZ 216, 300 marginal no. 35 - Trommeleinheit).

45

If the patentee has exercised the powers associated with the exclusive right by placing the patented device on the market by himself or a third party with its consent, there is no longer any reason according to the purpose of patent law to give him any further possibilities to influence the further fate of the protected device. Disposing of this device is now a matter for the purchaser who has lawfully acquired the object in relation to the patentee (FCJ, decision of 26 September 1996 - X ZR 72/94, GRUR 1997, 116, 117 - Prospekthalter; decision of 14 December 1999 - X ZR 61/98, FCJZ 143, 268, 271 = GRUR 2000, 299 - Karate).

46

(2) In the case of products which are put on the market by third parties, the occurrence of exhaustion does not necessarily require that an effective license has been granted to the third party. Rather, exhaustion is also in this constellation a mandatory legal consequence of putting the device covered by the patent into circulation with the consent of the patentee.

Therefore, restrictions agreed upon by a patentee in a license agreement with regard to the right to use products that are put on the market on the basis of the license do not, in principle, have any influence on the occurrence of exhaustion (FCJ, decision of November 21, 1958 - I ZR 129/57, GRUR 1959, 232, 234 - Förderrinne).

48

(3) Against this background, an agreement in which the patentee undertakes not to assert claims against the contracting party based on the patent generally leads to exhaustion with respect to products placed on the market based on this agreement.

49

(a) In this context, it is basically irrelevant whether such an agreement is to be qualified as a license agreement under German law or under the contractual statute relevant for the effects under the law of obligations. The decisive factor is rather that the patentee makes it sufficiently clear that he will not assert any rights deriving from the patent against his contractual partner.

50

With an effective obligation of this content, the patentee expresses in a manner sufficient for the occurrence of exhaustion that he has fully exercised his rights with respect to sales acts of the contracting party, i.e. that the products of the latter enter the market with his consent (cf. also Hauck, ZGE 2013, 203, 218; Busse/Keukenschrijver/McGuire, PatG, 9th edition, Sec. 15, para. 123).

51

(b) If these requirements are met, a caveat nevertheless declared to sue customers of the contracting party for infringement of the patent shall in principle be of no significance in relation to third parties.

52

As explained above, exhaustion has the consequence that the patentee loses its possibilities to influence the further fate of the protected device as conveyed by the patent. This legal consequence cannot be excluded by agreement in relation to third parties.

53

However, an agreement in which the patentee declares that he will not assert any rights under the patent, but expressly reserves the right to assert such rights, may be interpreted in individual cases to the effect that the patentee does not want to give up his rights.

In view of the significance of its effect, the consent must be expressed in a manner that clearly indicates an intention to waive the right to prohibit third parties from making use of the technical teaching of the patent (with regard to trademark law, ECJ, decision of 20 November 20 2001 - C-414/99 and others, GRUR Int. 2002, 147 marginal no. 45 - Zino Davidoff; FCJ, decision of 3 February 2011 - I ZR 26/10, GRUR 2011, 820 marginal no. 21 - Kuchenbesteck-Set). Non-intervention against patent infringing acts or their mere tacit toleration is not sufficient (FCJ, decision of 3 June 1976 - X ZR 57/73, GRUR 1976, 579, 581 - Tylosin). Therefore, it must always be carefully examined whether an agreement contains such consent. This is a question of contractual interpretation, which has to be conducted by the trier of facts.

55

However, if an agreement makes it sufficiently clear that the patentee undertakes not to raise any objections based on the patent against the marketing of products by his contracting party, this is usually sufficient to affirm a consent leading to exhaustion. According to the understanding of the Senate, a declaration of this content is typically associated with a covenant not to sue. A reservation of rights vis-à-vis third parties is then merely an ineffectual attempt to limit the scope of exhaustion.

56

bb) Accordingly, the conclusion drawn by the Court of Appeal that a covenant to be sued last can certainly not cause exhaustion lacks basis.

57

Contrary to the opinion of Appellant, the statements of the Court of Appeal on the effects of a covenant not to sue do not constitute an *obiter dictum*. As the appeal rightly asserts, these considerations rather form the fundamental basis for the Court of Appeal's assumption that a covenant to be sued last could not lead to exhaustion either.

58

In this respect, the Court of Appeal did not distinguish between the two types of agreement mentioned, but attributed the same effect to both. On this basis, exhaustion can also not be denied in case of a covenant not to sue.

59

c) The contested decision does not prove to be correct in its result for other reasons (§ 561 ZPO).

aa) According to the findings of the Court of Appeal, Plaintiff concluded an agreement with each of the two manufacturers of the chipsets with which the attacked mobile devices are equipped, in which it undertook to assert claims for infringement of the intellectual property rights covered by the agreement against these manufacturers only in the event that it had previously asserted claims against all eligible third parties.

61

The Court of Appeals left open whether the patent in suit is covered by the agreement reached with the two chip manufacturers.

62

Therefore, it must be assumed for the purposes of review that the agreement also relates to the patent in suit.

63

bb) The Court of Appeal did not make any determinations regarding time limits of the agreements made.

64

For the assessment under the law of review, it must therefore be assumed that the agreement covers all acts of use challenged in the action.

cc) On basis of the findings made, exhaustion cannot be denied because the chip manufacturers the patentee concluded the agreements with do not sell mobile communications equipment, but only components for it.

66

(1) However, exhaustion is in principle limited to the product which has been put on the market with the consent of the patentee. It does not extend without further ado to devices which contain such a product as one of several components.

67

(2) In the case in dispute, however, a different assessment may result from Defendant's submission - which is to be assumed to be correct for the appellate instance in the absence of deviating findings - that the only economically reasonable use of the chipsets in question is their installation in mobile devices.

68

(a) This circumstance could lead to the fact that Plaintiff's consent to the sale of the chipsets is to be interpreted as implied consent to the sale of mobile devices equipped with them.

This could be supported in particular by the fact that Plaintiff's consent might be largely meaningless for its contractual partners if they were able to distribute the chipsets but had to point out to their customers that they must not be used for their only commercially reasonable purpose. A different assessment might be obvious if the chip manufacturers have excluded liability in this respect vis-à-vis their customers.

70

- (b) Even if the agreements with the chip manufacturers are to be interpreted in such a way that Plaintiff does not agree to an installation of the chipsets in mobile devices, exhaustion is possible, provided that the technical effects of the patent in suit are essentially brought about by the chipsets and all other components of the mobile devices are of no decisive importance in this respect.
- However, such an effect is not already to be assumed if the installation in mobile devices is the only economically reasonable possibility for the use of the chip sets. Rather, it is necessary that the patentee's consent refers to the marketing of the entire device. The consent to place individual components on the market can at most be equivalent to this if these components fulfill all the functions provided for in the patent. In the case of dispute, this could be assumed if all properties and functions defined in claim 9 are fulfilled by the chip sets covered by the agreement with the chip manufacturers and the other components of the attacked mobile devices are of no importance in this respect.
- d) The matter is not ripe for final adjucation (Sec. 563 (3) Code of Civil Procedure).

72

aa) The Court of Appeal has not yet made any determinations on the specific content of the agreements between Plaintiff and the chip manufacturers. This will have to be made up for.

73

bb) On basis of these findings, the court of appeal will have to examine whether the agreements cover the patent in suit.

cc) If the agreement is relevant for the patent in suit, the Court of Appeal will have to deal with the question whether Plaintiff has expressed to its contractual partners that it will not assert any rights deriving from the patent in suit against them.

75

The assessment of this question will not be based solely on theoretically conceivable courses of events. Rather, the main question will have to be whether the contracting parties must fear that Plaintiff will sue them for infringement of the patent in suit in the usual course of events to be expected. Should this question be answered in the negative, exhaustion cannot be denied merely because Plaintiff wanted to reserve the right of action against customers of its contractual partners. As already explained above, such contractual limitations of the exhaustion effects in relation to third parties are irrelevant.

77

dd) If the Court of Appeal then affirms that Plaintiff has consented to the sales activities of the chip manufacturers, it will also have to examine whether this consent also relates to the sale of mobile devices or whether the consent to the sale of the chipsets also leads to exhaustion with respect to mobile devices equipped with them, because all features and functions provided for in claim 9 are fulfilled by the chipsets covered by the agreement with the chip manufacturers and the other components of the attacked mobile radio devices are of no relevance in this respect.

78

ee) Should the Court of Appeal affirm a consent leading to exhaustion, it will finally have to examine whether this consent refers to all distribution acts of the chip manufacturers or whether it is limited in terms of subject matter or time. Should the consent only have been granted with effect from a certain date, it will also have to be clarified whether Plaintiff intended to reserve claims for damages, information, invoicing, destruction and recall with regard to products put on the market before the effective date. It may no longer be possible to derive a claim for injunctive relief from such acts because future acts of distribution are covered by the consent.

ff) To the extent that the claims for injunction, destruction and recall from the distribution channels thereafter prove to be well-founded, the Court of Appeal will, in light of the supplemented findings, once again examine the justification of Defendant's objections under antitrust law in accordance with the standards developed in this regard by the Federal Court of Justice (FCJ, decision of 5 May 2020 - KZR 36/17, FCJZ 225, 269 - FRAND-Einwand I; decision of 24 November 2020 - KZR 35/17, FCJZ 227, 305 - FRAND-Einwand II).

Bacher		Hoffmann		Deichfuß
	Marx		Crummenerl	

Prior instances:

RC Mannheim, decision of 28 September 2018 - 7 O 165/16 -

HRC Karlsruhe, decision of 25 November 2020 - 6 U 104/18 -