

Deckblatt Übersetzung

Daten der Übersetzung:

Court/Gericht:

Date of Decision / Datum der Entscheidung:

Docket Number / Aktenzeichen:

Name of Decision / Name der Entscheidung:

Bundesgerichtshof

2020-11-24

KZR 35/17

FRAND-Einwand II



Arbeitskreis
Patentgerichtswesen
in Deutschland e.V.



FEDERAL COURT OF JUSTICE

IN THE NAME OF THE PEOPLE

JUDGMENT

KZR 35/17

Pronounced on:
November 24, 2020
Anderer
Judicial Secretary as
Clerk of the Court
Registry

in the matter

FRAND-Einwand II/
FRAND-objection II

AEUV Art. 102(2) lit. b, c

- a) The proprietor of a standard-essential patent who brings a patent infringement action for injunctive relief, recall and destruction does not abuse his market power if the infringer, who has been made aware of the infringement and the willingness to license, has not unequivocally indicated that he will seek a license on fair, reasonable and non-discriminatory (FRAND) terms.
- b) The willingness to license on the part of the infringer, just like the willingness to license on the part of the patent proprietor, must not be exhausted by the one-time expression of the interest in licensing or the submission of a (counter) offer. Rather, both parties are required to contribute in a manner appropriate to the situation and in accordance with the principles of good faith so that an appropriate balance of the

conflicting interests can be negotiated in the form of a license agreement on FRAND terms.

- c) Outside the scope of application of the protection of succession under Sec. 15(3) Patent Act, objections, which a user of the invention had against the former patent proprietor, cannot be raised against the latter's successor in title. This applies in particular to the objection of patent ambush.

Federal Court of Justice, Judgment of November 24, 2020 – KZR 35/17 –
Higher Regional Court of Düsseldorf
Regional Court of Düsseldorf

The Antitrust Senate of the Federal Court of Justice, following the oral hearing on November 24, 2020, attended by the presiding judge Prof. Dr. Meier-Beck, the judges Prof. Dr. Kirchhoff and Dr. Tolkmitt as well as the judges Dr. Rombach and Dr. Linder ruled that:

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

The defendant's appeal against the judgment of the 4a Civil Chamber of the Regional Court of Düsseldorf of November 3, 2015 is dismissed in its entirety.

The costs of the appeal proceedings are ordered to be borne by the defendants.

By operation of law

Facts of the case:

1 Since October 1, 2012, the plaintiff has been the registered proprietor in the register of the German Patent and Trademark Office of the German part of European patent 1 264 504 (patent in suit), which was filed on February 23, 2001, claiming the priority of Finnish applications dated February 24, and March 24, 2000, by Nokia Oy. The grant of the patent in suit was published on September 12, 2009.

2 In the opposition proceedings patent claim 17 received the following version:

“A communications device of a cellular radio system, comprising means (514, 605) for detecting a failure in a radio connection, said radio connection having a plurality of active radio bearer belonging to a radio resource control connection, characterized in that it comprises

means (511, 515, 605) for determining a first expiry time for a period during which the re-establishment of the lost radio connection in respect of said radio bearers which are used to provide a service or services of a first category is allowable; and

means (511, 515, 605) for determining a second expiry time for a period during which the re-establishment of the lost radio connection in respect of said radio bearers which are used to provide a service or services of a second category is allowable, said second category of services being different to said first category of services and said second expiry time being different to said first expiry time.”

3 The nullity action brought by the defendants, among others, against the patent in suit was unsuccessful (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris).

4 The defendants belong to the Haier Group. For the first time, in a letter dated December 20, 2012, the plaintiff informed the defendants' parent companies, Qingdao Haier Telecom Co. Ltd. and Qingdao Haier Electronics Co. Ltd. ("Haier") that it was offering to license on fair, reasonable, and non-discriminatory ("FRAND") terms a number of patent families that were essential to various telecommunications standards and used by various mobile handsets manufactured by Haier; the listing attached to the letter also included the patent in suit. Subsequently, discussions took place between Haier and the plaintiff, but no license agreement was concluded.

5 The first defendant sells cell phones and tablets in Germany, while the second defendant is the Group's European sales company. In September 2014, it offered cell phones and tablets at the International Consumer Electronics Fair in Berlin. The cell phones and tablets challenged by the plaintiff support UMTS (Universal Mobile Telecommunications System) and comply with the 3GPP TS 25.331 standard, for which the European Telecommunication Standard Institute (ETSI) is responsible. On April 10, 2013, the plaintiff submitted a commitment to ETSI, the details of which can be seen in Annex AR 3, according to which it was prepared to license, among other things, the patent in suit on FRAND terms.

6 The plaintiff considers the offering of the challenged cell phones and tablets to be an infringement of its rights under the patent in suit. It has filed an action against the defendants for injunctive relief, information, accounting, and a declaration of its obligation to pay damages, and against the first defendant for destruction and recall. The Regional Court ruled in favor of the defendants.

7 On appeal by the defendants, the Court of Appeal partially amended the judgment of the Regional Court and dismissed the action as currently unfounded with regard to the claims for injunctive relief, destruction and recall, as well as the claims for information and accounting, insofar as information on costs and profits was requested. The Court of Appeal dismissed the further appeal.

8 In its appeal on points of law, which was allowed by the Court of Appeal, the plaintiff seeks the restoration of the judgment of the Regional Court. In their cross-appeal on points of law, the defendants seek to have the action dismissed in its entirety.

Grounds of the decision:

9 The admissible appeal on points of law of the plaintiff leads to the restoration of the judgment of the Regional Court; the cross-appeal on points of law of the defendants is unsuccessful.

10 I. The Court of Appeal did not err in law in assuming that the defendants made use of the technical teaching of the asserted patent claim 17

by offering and selling the challenged mobile devices and thus infringed the patent in suit.

11 1. The patent in suit relates to the restoration of an interrupted radio connection between a handset and the base station in a cellular communication system (mobile radio network).

12 a) According to the patent in suit, such second and third generation radio systems support real time [RT] services and non-real time [NRT] services. Such services provide the user with the ability to transmit information of a particular type, such as voice, images or other data. Real-time services are used for applications where interruptions or delays in the connection of just a few seconds would be perceived as disruptive; examples of this are the transmission of voice or video. In contrast, non-real-time services are used for applications where longer interruptions are acceptable, such as the transmission of e-mails or the downloading of files (para. 3, para. 9).

13 According to the description of the patent in suit, most systems known in the state of the art provided for quickly restoring an interrupted radio connection between the terminal and the base station.

14 The patent in suit explains this using the example of ETSI's 3GPP specifications for radio resource control (RRC) connections. These stipulate that a re-establishment timer is started when the mobile terminal has detected the loss of the radio link. The value of the expiration time to which the timer is set can range from 0 to 4095 seconds and is communicated to the mobile station by the radio network controller (RNC) with a specific control message. If, within the expiration time, the mobile determines that it is in a service area, i.e., an area where radio link restoration is possible, the timer is stopped and a message is sent to initiate radio link restoration. On the other hand, if the specified time expires before the mobile is in a service area, it enters an RRC idle mode, in which active communication with the base station is not possible. The wide range of possible values, from zero seconds to more than an hour, makes it possible to set the value taking into account the time sensitivity of the service for which the radio bearers of the current radio link are used (paras. 5 to 7, para. 37).

15 According to the patent in suit, this state of the art does not sufficiently take into account the differences in the types of services, such as those between real-time and non-real-time services, if active radio carriers are used for both real-time and non-real-time services at the time the radio link is disturbed. In such a case, the set expiry time for at least one of the services is not appropriate.

16 b) Against this background, the patent in suit is based on the task of making it possible to take better account of the different requirements of different types of service in the event of loss of a mobile radio connection between a mobile station and a network node (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris marginal no. 10).

17 c) To solve this problem, the patent in suit proposes in claim 17 a device, the features of which can be structured as follows (partially deviating structure in the judgment of the X. Civil Senate of the Federal Court of Justice in the nullity proceedings and of the Court of Appeal [*italics*] in square brackets. Civil Senate of the Federal Supreme Court in the nullity proceedings and the Court of Appeal [*italics*] in square brackets):

1. Communication device for a cellular radio system. [17.1]
2. The communication device comprises means for detecting a disturbance of a radio link, [17.1a]
 - 2.1. wherein the radio link comprises a plurality of active radio carriers, [17.2]
 - 2.2. belonging to a radio resource control link. [17.2]
3. The communication device comprises means (511, 515, 605) for determining a first expiration time [17.3]
 - 3.1. for a period of time, [17.3]
 - 3.2. during which the restoration of the lost radio link is permitted with respect to the radio bearers used for services of a first category [3.2]. [17.3, 3.1]
4. The communication device comprises means (511, 515, 605) for determining a second expiration time different from the first [17.4, 17.6; 5]
 - 4.1. for a period of time, [17.4]
 - 4.2. during which the restoration of the lost radio link is permitted with respect to the radio bearers used for services of a second category different from the first [5]. [17.4, 17.5, 4.1; 4.2]

18 The task according to the invention is thus essentially solved by determining two different expiry times for two different categories of services. This makes it possible, for example, to permit restoration of the radio link for time-sensitive services only within a relatively short period and to determine a longer period for less time-sensitive services.

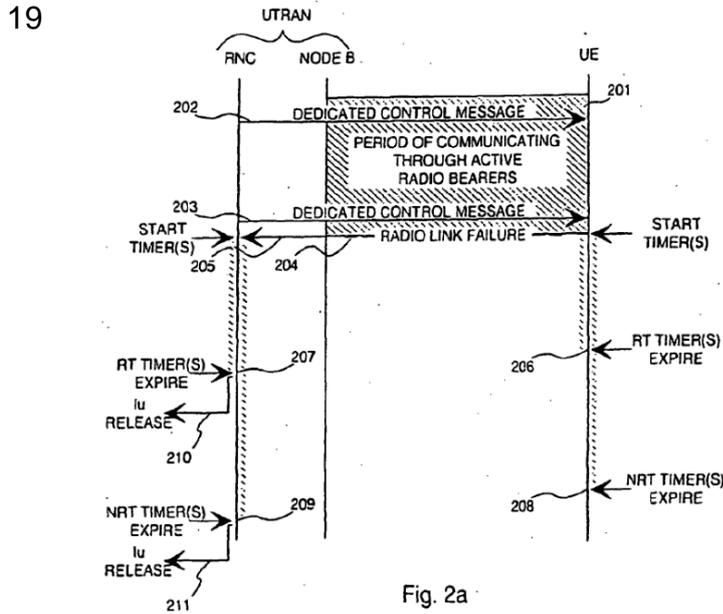


Fig. 2a

Figure 2a shows a communication situation in which one embodiment of the invention is applied: During time period 201, a radio link exists between the base station (left side) and a mobile station (right side). At time 204, the loss of the radio link is detected. Thereupon two timers are started in the mobile station. The first of these is set to a relatively short elapsed time,

which extends to time 206 and is typically only a few seconds (par. 33). The second timer is set to a longer elapsed time, which reaches up to time 208 and can be several minutes (para. 34).

20 With respect to a radio bearer used for a real-time service, efforts to re-establish the radio link are discontinued as soon as the first expiry time has elapsed, i.e. when time point 206 is reached. In contrast, with respect to a radio bearer used for a non-real-time service, such attempts are abandoned only upon reaching time 208. If the mobile device is already back in the service area before reaching time 206, the radio connection is restored with all originally active radio bearers. In the interval between times 206 and 208, the radio link is restored only with respect to radio bearers for a non-real-time service (par. 46).

21 Figure 2b shows another embodiment in which the timers are connected in series (par. 40: "chaining the timers"). In this example, the second timer is activated only after time 206 has elapsed. It then runs until time 208.

22 2. The Court of Appeal assumed that the defendants used this technical teaching contrary to Sec. 9 Patent Act and substantiated this essentially as follows:

23 It was only necessary for the realization of feature group 2 that the communication device had objectively suitable means by which the failure of a radio connection with several active radio carriers could be determined. The use of the device claim is to be affirmed if the features of the patent claim are realized and the attacked embodiment is objectively suitable to achieve the properties and effects according to the patent. The plaintiff had shown for the Haier W858 devices that it was possible – without using VoIP – to maintain an Internet connection and a telephone call simultaneously with the challenged embodiments examined by it. This necessarily requires that the devices are able to establish a radio connection with at least two active radio carriers; otherwise, they would not be able to provide two services of different categories. The defendants had not shown that the plaintiff's assertion was incorrect.

24 Feature groups 3 and 4 do not require first means to determine a first expiration time and separate second means to determine a second expiration time, and the expiration time does not necessarily have to be greater than 0. By means of its test with the Haier W867 device, the plaintiff proved that the challenged embodiments recognize and implement different timekeepers; in this respect, the plaintiff even proved the existence of two timekeepers T314 and T315. The defendants had not substantiatedly countered this factual argument despite judicial notice. This applies irrespective of the fact that the defendants, for their part, have submitted without contradiction that Nokia Siemens Networks (NSN), as one of the largest suppliers of base stations, hard-codes the value $T314 = 0$ and that the Internet providers operating in Germany do not use any other values, if only because they do not want to infringe process claim 20 of the patent in suit. On the one hand, NSN was not the only manufacturer of corresponding base stations, and on the other hand, $T314 = 0$ was an expiry time in accordance with the patent, which the challenged embodiments could indisputably determine. As the private expert opinion of the defendant states, the time values are signaled to the terminal device by the network node. Accordingly, the expiration times are specified by the network without the

manufacturer of the terminal device having any influence on the concrete design of these values. Nevertheless, the terminal devices must be objectively capable of processing the time values specified by the network. These technical conditions were confirmed in the UMTS standard. The defendants' argument that the basic settings of the chips implemented in the challenged embodiments, as installed, offered and sold by the defendants, do not have any "recovery timers", and that these can only be implemented externally by synchronization with a base station, ignores the fact from a legal point of view that at the time of the act of use, only the objective capability to determine an initial expiry time within the meaning of the patent in suit must be present. In this respect, the defendants mixed up the timekeepers according to the invention and corresponding values for the elapsed times; only the latter would be transmitted by the network.

25 Feature 4 requires that the communication device has means, which can process different values for a first and a second elapsed time, which may be specified by the network. It is not required that different values are always and without exception sent by the network. Accordingly, the fact that the means can also process time lapse values, which are set identically for both time takers, even by the value $T = 0$ in each case, does not preclude the allegation of infringement. Even if the passages of the standard referred to were to provide only optional solutions in this respect, the plaintiff had proven the literal implementation of feature 4 by the challenged devices. On the basis of the test with the Haier W867 model, it could be established that the challenged embodiments were objectively capable of processing different values for the first and second expiration time.

26 3. This assessment proves to be free of legal errors.

27 a) The question of how claim 17 of the patent in suit is to be interpreted is a question of law and can be reviewed in its entirety by the Court of Appeal on points of law (see Federal Court of Justice, judgment of September 7, 2004 – X ZR 255/01, BGHZ 160, 204, 212 – *Bodenseitige Vereinzelungseinrichtung*; judgment of May 20, 2008 – X ZR 180/05, BGHZ 176, 311 marginal no. 19 – *Tintenpatrone I*; judgment of May 5, 2020 – KZR

36/17, WRP 2020, 1194 marginal no. 26 – *FRAND-Einwand I*). The interpretation by the Court of Appeal stands up to this review.

28 aa) The device according to claim 17 serves to improve the situation described in feature group 2, in which a radio link is interrupted that has several active radio carriers that belong to a radio resource control link and are used for services of different categories (see Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris, marginal no. 10). The simultaneous use of several radio carriers results in the necessity described in the patent in suit to allow different time periods for recovery attempts in the event of loss of the radio connection depending on the time sensitivity of the respective service.

29 bb) Feature group 2 requires that the communication device has means for detecting a failure of a radio link, which are characterized by features 2.1 and 2.2. This means, as the Court of Appeal correctly assumed and without objection by the parties, that the means characterizing the communication device must be objectively suitable for detecting the interference of such radio links.

30 cc) According to feature groups 3 and 4, the communication device must include means for determining a first expiration time (feature 3) and a second expiration time (feature 4).

31 (1) The first expiry time indicates the time period (feature 3.1) during which the re-establishment of the lost radio link is permissible with respect to radio bearers used for services of a first category (feature 3.2), and the second expiry time indicates the time period during which the re-establishment of the lost radio link is permissible with respect to radio bearers used for services of a second category different from the first (feature 4.2). Unlike patent claims 8 and 14, patent claim 17 does not require a time measurement to determine whether the specified expiry time has been reached and a deactivation of the re-establishment possibility after this time has been reached (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris, marginal no. 23).

32 The cross-appeal on points of law unsuccessfully challenges the opinion of the Court of Appeal as erroneous in law that the respective expiry time does

not necessarily have to be greater than 0. As can be seen from features 3.2 and 4.2, the time periods are to be specified during which the restoration of the lost radio connection is to be permissible with regard to the radio carriers of the different categories. In such an understanding, the value 0 indicates the exclusion of the possibility of restoration. Against the background that the design of the mobile radio device according to feature groups 3 and 4 should make it possible to set the expiry time value taking into account the time sensitivity of the respective service for which the radio bearers of the current radio connection are used, it may be expedient to exclude restoration attempts from the outset in the case of particularly time-critical services. The description of the patent in suit confirms this function-oriented consideration by stating that it is possible to "switch off" the recovery possibility for RT carriers, i.e. to release the RT carriers immediately in case of a loss of the radio link (para. 9 line 53). This understanding is further confirmed by the description of the state of the art in the patent application. According to this, the values of the T314 timer in the 3GPP specifications for RRC links can range from 0 to 4095 seconds (para. 7). As can be seen from Table 13.1 of the cited specification (3GPP TS 25.331 version 3.1.0 Release 1999, Annex NK 3 p. 254), the value 0 is an adjustable value, since, in contrast to T313, the initial value is not specified as 1, but as 0.

33 However, this does not change the fact that in addition to the value 0, it must be possible to set at least one other value for the respective category, since otherwise the expiration times are not determined by the means, but are predefined. This range of possible values allows flexible setting of the value, taking into account the time sensitivity of the respective service (paras. 5 to 7, para. 37).

34 (2) The means for determining the expiration times can be a read/write memory or a register from which the expiration times are read, as can be seen from the description of the patent in suit (para. 49 lines 18 f.). An independent determination of the expiration times by the communication device is not necessary. The expiry value storage described as an embodiment of the invention can rather be coupled to a signaling detector that receives signaling messages with the currently applicable expiry values from the network.

However, the expiry value memory may also comprise fixed expiry time values or a number of fixed expiry time values (par. 49 fig. 30 ff.).

35 (3) As the Court of Appeal correctly assumed, there is no need for separate means for determining the first and the second expiry time. Rather, these can be contained in a single functional unit (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris para. 45). The means must merely be objectively suitable for determining different expiry times for different categories of services. It is not mandatory that this actually takes place (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris marginal no. 25).

36 The protection of a product is generally not limited to its use for a specific purpose, even if this purpose is directly derived from the claim. If indications of purpose, effect and function – as in this case – are part of a claim, they generally participate in its task of defining the protected subject matter and thus at the same time limiting it, if they define the device element to which they refer as such, which must be designed in such a way that it can fulfill the relevant function (cf. Federal Court of Justice, judgment of May 20, 2008 – X ZR 180/05, BGHZ 176, 311 marginal no. 17 – *Tintenpatrone I*; Federal Court of Justice, WRP 2020, 1194 marginal no. 31 – *FRAND-Einwand*). In the case in dispute, it is sufficient if the communication device is designed in such a way that it can determine the expiration times specified in features 3 and 4 – if necessary in cooperation with the network (see above marginal no. 34).

37 It must be borne in mind here that two expiry times are involved, which have different meanings with regard to the permissibility of restoring the interrupted radio link. The means according to feature groups 3 and 4 must therefore also be suitable for taking into account the different significance of the two expiry times – for example, by the fact that not only the expiry time can be stored in a register, but also the information about the significance of the expiry of this period (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris, marginal no. 47). It is therefore required that the mobile station is set up in such a way that, in the event of transmission of the values, it can recognize whether it is a first or second expiry time within the meaning of the patent in suit, i.e. what significance is attached to the stored value (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris marginal no. 80).

- 38 Contrary to the opinion of the cross-appeal on points of law, the Court of Appeal did not misjudge this. For in this respect it required that the communication device provides objectively suitable means by means of which the failure of a radio connection can be determined in such a way that restorations of this radio connection can take place with regard to different service categories with different expiry times to which the radio carriers are specifically related. Contrary to the opinion of the Court of Appeal and the cross-appeal on points of law, this does not require timing and deactivation of the restoration option after reaching this point in time in claim 17 (Federal Court of Justice, judgment of April 28, 2020 – X ZR 35/18, juris marginal no. 23).
- 39 b) The Court of Appeal concluded without error of law that the challenged embodiments realize claim 17. The realization of features 1 and 2 is rightly no longer in dispute in the proceedings on appeal on points of law. The Court of Appeal did not err in law in assuming that the challenged embodiments also have means for determining a first and second expiry time within the meaning of feature groups 3 and 4.
- 40 aa) For this, it is sufficient that the Court of Appeal found that at least during the transition of control from one radio cell to the next (handover) the challenged embodiments must be able to implement standard values (T314 = 12 seconds; T315 = 180 seconds) to be specified by the network. Contrary to the complaint of the cross-appeal on points of law, this finding is not based on a procedural error. The specification of the values by the network is sufficient for the realization of the characteristic for the reasons mentioned (marginal no. 36).
- 41 bb) The Court of Appeal also determined that the challenged embodiments recognized and implemented different expiration times in the tests performed by the plaintiff, in which a radio link fault was simulated and the network specified different values for T314 and T315. The cross-appeal on points of law unsuccessfully complains that the Court of Appeal based its assessment on the plaintiff's tests as a procedural error; no reasons are given in this respect (Sec. 564 Code of Civil Procedure).

42 cc) The complaint of the appeal on points of law that the Court of Appeal failed to establish that the means were also suitable for taking into account the different significance of the two expiry times is also unsuccessful. On the contrary, it is clear from the findings of the Court of Appeal that the challenged terminal equipment has two timekeepers T314 and T315 and is capable of processing the time values specified by the network. This means that the values transmitted by the network are assigned to these timekeepers, which in turn are assigned to the services addressed by the Court of Appeal (telephony and Internet). According to the findings of the Court of Appeal, the communication devices are also suitable for monitoring the expiry times, which, as stated (para. 38), is not even required by patent claim 17.

43 This also corresponds to the requirements of the standard, as can be seen from the expert opinion submitted by the defendants (Annex G2). According to the standard, several connections can be established simultaneously, and these are divided into different categories. The standard also provides for the possibility of a terminal supporting only one carrier (radio access bearer, RAB) at a time. The categories are compared in the standard with connection-oriented and packet-oriented services. Each category is assigned a timekeeper (Exhibit G2 p. 7). Without success, the defendants claim that the described assignment for the radio bearers is already carried out by the network in the standard ("use T314"; "use T315"); the communication device then merely carries out the step of reading out and thus determining these values, without in any way pursuing any meaning information or distinguishing between functions of these values. As stated, this is not important.

44 II. The assumption of the Court of Appeal that the claim for an order to the defendant to cease and desist and to recall patent-infringing products is nevertheless unfounded because the defendant's objection to a compulsory license under antitrust law currently applies does not withstand the attacks of the appeal on points of law.

45 1. In justifying its decision, the Court of Appeal essentially stated: The plaintiff has a dominant market position within the meaning of Art. 102 TFEU. The answer to the question in dispute between the parties, whether the implementation of the standard necessarily requires the use of the patent in suit

or whether the standard merely provides for the implementation of the technical teaching of the patent in suit as an option, can also be left open in this context. The use of the patent in suit was factually inevitable, because UMTS-capable cell phones – in order to be marketable at all – had to be able to detect several radio carriers. According to the principles established by the Court of Justice of the European Union in the Huawei/ZTE case, the judicial assertion of the claims for injunctive relief, destruction and recall constituted an abuse of this dominant position. Although the plaintiff had fulfilled its duty to inform, it had not submitted an offer to the defendants that complied with FRAND conditions, despite the defendants' declared and continuing willingness to license.

46 However, the declaration of willingness to license had only been made about one year after the plaintiff's first infringement notice of December 20, 2012. However, the failure of a party to take a necessary step in due time does not result in material preclusion; the step in question can in any case still be taken before the action is filed. In addition, no circumstances had subsequently come to light that would give rise to the assumption that the defendant's or its group's willingness to license had lapsed again in the meantime.

47 The offers made by the plaintiff constitute an evident discrimination of the defendants. With its license offers, the plaintiff treats the defendants unequally vis-à-vis one of its licensees, a state-owned Chinese company, with regard to the amount of the license fees without a valid factual reason.

48 2. The appeal on points of law unsuccessfully challenges the Court of Appeal's affirmation that the plaintiff is a addressee of the provision under Art. 102 TFEU.

49 a) The plaintiff is dominant on the license market relevant here. As the Senate explained in more detail in its judgment of May 5, 2020 (KZR 36/17, WRP 2020, 1194, marginal no. 54 – *FRAND-Einwand*) between the parties to the proceedings, the assumption of an independent license market requires first of all that it is a standard-essential patent, i.e. that the use of the patent-protected teaching is indispensable for the implementation of a standard (standardized by a standardization organization or enforced on the market) (Federal Court of Justice, judgment of July 13, 2004 – KZR 40/02, BGHZ 160,

67, 74 – *Standard-Spundfass*; WRP 2020, 1194 marginal no. 58 – *FRAND-Einwand*), so that it is generally not technically possible to circumvent the invention without losing important functions for the product market (Federal Court of Justice, WRP 2020, 1194 marginal no. 58 – *FRAND-Einwand*; cf. ECJ, judgment of July 16, 2015 – C-170/13, WRP 2015, 2783 marginal no. 49 – *Huawei/ZTE*; European Commission, decision of April 29, 2014 – C (2014) 2892 marginal no. 52 – *Motorola*). Furthermore, a prerequisite for an independent license market is that the technical teaching corresponding to the patent and the standard cannot be substituted by another technical design of the product (Federal Court of Justice, WRP 2020, 1194 marginal no. 58 – *FRAND-Einwand*; cf. ECJ, [2004] ECR I-5039 marginal no. 28 – *IMS Health*; BGHZ 160, 67, 74 – *Standard-Spundfass*).

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

51 c) The Court of Appeal did not fail to recognize that, despite the legal barrier to access in such a case, there may be exceptional reasons which could preclude market dominance by the proprietor of the standard-essential patent (Federal Court of Justice, WRP 2020, 1194, marginal no. 61 f. – *FRAND-Einwand*). However, the Court of Appeal was unable to find any indications for this either in the submissions of the parties or in the circumstances of the case; this stands up to review under the law of appeal on points of law (Federal Court of Justice, WRP 2020, 1194, marginal no. 62 et seq. – *FRAND-Einwand*).

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

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

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

contractual terms, which the licensee can claim and to which it, for its part, is prepared to conclude with the patent proprietor.

55 b) It follows from the obligation to refrain from such abuse and the special responsibility of the market dominant patent proprietor that he must first point out the infringement of the patent in suit to the patent infringer if the latter is (possibly) not aware of making unlawful use of the teaching of the standard-essential patent by implementing a technical solution required by the standard (ECJ, WRP 2015, 1080 Rn. 60-62 – *Huawei/ZTE*; Federal Court of Justice, WRP 2020, 1194 Rn. 73 f. – *FRAND-Einwand*).

56 c) Since the FRAND commitment does not in principle change the fact that the party wishing to make use of the technical teaching of a patent must obtain a license from the patent proprietor for this purpose (ECJ, WRP 2015, 1080 para. 58 – *Huawei/ZTE*), further obligations of conduct on the part of the market dominant patent proprietor can only arise if and when the user of the protected technical teaching expresses his intention to conclude a license agreement on FRAND terms (ECJ, WRP 2015, 1080 para. 63 – *Huawei/ZTE*).

57 aa) As a rule, it is not sufficient for this purpose if the infringer, in response to the infringement notice, merely indicates his willingness to consider concluding a license agreement or to enter into negotiations as to whether and under what conditions a conclusion of an agreement would be possible for him. Rather, the infringer, for his part, must 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 negotiations in a targeted manner (Federal Court of Justice, WRP 2020, 1194 marginal no. 83 – *FRAND-Einwand*).

58 (1) Not unlike in cases of negotiated access to an infrastructure facility, only the willingness of the user of the invention to place the access to the protected technical solution, which he has already obtained on his own authority through the patent infringement, on a licensing basis for the future can justify the requirement for the market dominant patent proprietor to make an offer to the user in this regard, to explain this offer in a manner and depth appropriate to the circumstances of the individual case and to engage in a

negotiation on this offer and, if applicable, a counter-offer by the infringer, in order to arrive at a license agreement that regulates the use of the infringed and, if applicable, further patents on fair, reasonable and non-discriminatory terms. This cooperation is the indispensable counterpart to requiring the patent proprietor to accept the infringement of the patent in suit as long as the infringer, for his part, makes the efforts that are required and possible and reasonable in the given factual situation to conclude a license agreement on FRAND terms in order to be able to continue to use the teaching in accordance with the patent on that basis (see High Court of England and Wales [J. Birss], Judgment of April 5, 2017, [2017] EWHC 711 [Pat] para. 562).

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

60 If one party initially fails to cooperate as required in the conclusion of a license agreement on FRAND terms, this is generally to its detriment. Depending on the circumstances, it may be obliged to compensate for any 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.

61 In the case of a standard-essential patent, lower requirements do not result from the fact that the patent proprietor, who has submitted a declaration of willingness to license, has only limited means of exerting pressure by

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

62 (3) If the user who has been made aware of the infringement has failed over a longer period of time to express his interest in a license agreement on FRAND terms, he must therefore be expected to make additional efforts to contribute to the conclusion of a corresponding license agreement as soon as possible notwithstanding this failure.

63 bb) Contrary to the view of the defendant, these requirements regarding the patent infringer's willingness to license are in line with Art. 102 TFEU and its interpretation in the case law of the Court of Justice of the European Union (WRP 2015, 1080, para. 71 – *Huawei/ZTE*); they also do not require a new submission.

64 (1) As the Court of Justice has stated, the patent proprietor who has made a FRAND declaration does not in principle abuse its dominant position by bringing an action for injunction or recall of patent-infringing products if, before bringing the action, it has given the required infringement notice to the patent infringer – after the latter has expressed its will to conclude a license agreement on FRAND terms – a concrete offer of a license on such terms, indicating in particular the license fee and the way in which it is to be calculated, and the infringer, although continuing to use the protected technical teaching, does not respond to this offer with diligence, in accordance with accepted business practices and in accordance with the requirements of good faith, which in particular prohibits it from pursuing delaying tactics in its response (ECJ, WRP

2015, 1080 para. 71 – *Huawei/ZTE*). Furthermore, the Court of Justice has considered the infringer to be obligated to ensure the realizability of the patent proprietor's claims under the license agreement to be concluded by providing adequate security as of the time when the patent proprietor has rejected a counteroffer made by it (ECJ, WRP 2015, 1080, marginal no. 67 – *Huawei/ZTE*).

65 (2) The Court of Justice of the European Union thus emphasizes the obligation of both parties to engage in a constructive exchange aimed at achieving a fair balance of the interests involved (ECJ, WRP 2015, 1080 para. 55 – *Huawei/ZTE*; cf. BGHZ 152, 84, 97 – *Fährhafen Puttgarden I*). In this regard, due account must be taken of the particular legal and factual circumstances of the specific case (ECJ, WRP 2015, 1080 marginal no. 56 – *Huawei/ZTE*). This means that compliance with the "negotiation program" outlined by the Court of Justice of the European Union is regularly sufficient to exclude a violation of the prohibition of abuse and thus the plea of abusive litigation. Accordingly, the Court's answer to the questions referred for a preliminary ruling negatively defines the requirements for denying an abuse of market power. However, since the affirmation or denial of an abuse always requires a consideration of all the circumstances of the case and a weighing of the interests of both parties, special circumstances may also justify stricter or less stringent duties of conduct (cf. High Court of England and Wales [J. Birss], judgment of April 5, 2017, [2017] EWHC 711 [Pat] para. 744; UK Supreme Court [Lords Reed, Hodge, Lady Black, Lords Briggs, Sales], judgment of August 26, 2020, [2020] UKSC 37 para. 152 et seq.; Gerechtshof Den Haag, GRUR Int. 2020, 174, 176 para. 4.14). In this respect, the examination of a FRAND objection is no different from other cases of abuse of a dominant position.

66 (3) Without success, the defendants argue that the fact that the EU Court of Justice requires a concrete written license offer by the patent proprietor *after* the patent infringer has expressed its will to conclude a license agreement on FRAND terms (WRP 2015, 1080, para. 71 – *Huawei/ZTE*, emphasis by the Senate) precludes an understanding of the obligation to declare willingness to license as a kind of permanent condition or continuing act. This loses sight of the fact that the abuse of market power in cases of the present kind arises from the dominant company's refusal to fulfill the claim of a company on the opposite

side of the market for lawful access to the invention and to grant a license on FRAND terms for this purpose (ECJ, WRP 2015, 1080, para. 53 – *Huawei/ZTE*). It is the abusive character of this refusal that can be held against the actionable claim from the patent (ECJ, WRP 2015, 1080 marginal no. 54 – *Huawei/ZTE*). An abusive refusal by the dominant patent proprietor necessarily requires a continuing request by the infringer to conclude a contract on FRAND terms and its willingness to cooperate in the conclusion of such a contract, without which a "refusal" by the patent proprietor would be futile.

67 For this willingness to license, it is not sufficient that a serious and final refusal of the patent infringer to conclude a use agreement on FRAND terms cannot be established. For this ignores the principle, also emphasized by the EU Court of Justice, that the party wishing to make use of the technical teaching must obtain a license to do so (ECJ, WRP 2015, 1080 para. 58 – *Huawei/ZTE*). However, the patent infringer has already obtained access to the use of the invention, for which he owes an appropriate fee, on his own authority and thus – in any case initially – free of charge, so that delaying the resolution of the conflict of interest by concluding a contract obliging him to pay consideration, unlike in the case of claims for supply or access to an infrastructure facility, does not benefit the market dominator, but the market opponent. The "delaying tactic", which the infringer may not engage in and which, as the Court of Justice of the European Union has expressly stated (WRP 2015, 1080, para. 71 – *Huawei/ZTE*), excludes an abuse of the dominant position, therefore typically consists precisely in not simply rejecting a license agreement on FRAND terms, but in ostensibly striving for it, but in pushing back the finding of an appropriate solution in detail or at least postponing it as long as possible.

68 (4) Contrary to the view of the defendant, the declaration of willingness to license is thus not a "mere gateway" for the start of the actual negotiations, even according to the case law of the Court of Justice of the European Union. Rather, the continued willingness to license is an indispensable prerequisite for successful license negotiations and thus also for the accusation of abuse of market power against the patent holder in the event of their failure. This is also clear from the context of the *Huawei/ZTE* decision. The guidelines formulated by the EU Court of Justice are based on a proposal

by Advocate General Wathelet. This was based on the assumption that an abuse can only be considered against a patent infringer who is objectively ready, willing and able to enter into a FRAND license agreement (see Opinion of Advocate General Wathelet of November 20, 2014 – C-170/13, *juris paras.* 74-75, 80). The Advocate General did not consider a mere willingness to negotiate, which was considered sufficient by ZTE following a press release of the European Commission of December 21, 2012 (IP/12/1448), nor did he necessarily require an unconditional offer to conclude a license agreement within the meaning of the Orange Book decision of the Senate (judgment of May 6, 2009 – KZR 39/06, BGHZ 180, 312 marginal no. 29) (see Opinion of Advocate General Wathelet of November 20, 2014 – C-170/13, *juris footnote* 19). Incidentally, this is also in line with the Commission's view in a decision preceding the decision of the Court of Justice of the European Union, in which the Commission expresses that the patent proprietor may seek and enforce an injunction against a potential licensee if the latter is unwilling to enter into a FRAND agreement (order of April 29, 2014, COM[2014]2892 final para. 427 [c]). Such an objective willingness to conclude a FRAND license agreement is regularly demonstrated, according to the business practices recognized in all areas of economic life and also emphasized by the Court of Justice of the European Union as decisive, by the active promotion of negotiations oriented towards the common goal of a successful conclusion. The negotiation steps of parties interested in concluding a contract build on each other. A duty to promote therefore always exists if and to the extent that the next negotiating step is to be expected in accordance with business practice and the principles of good faith (cf. on Sec. 203 German Civil Code in the event of negotiations "falling asleep": Federal Court of Justice, judgment of November 8, 2016 – VI ZR 594/15, NJW 2017, 949 marginal no. 16 with further references).

- 69 cc) A willingness to license understood in this way is not dispensable, but retains its meaning even if the patent proprietor has submitted a license offer to the infringer (cf. Kühnen, Hdb. Patentverletzung, 13. Aufl., Kap. E Rn. 394 ff.; Regional Court of Düsseldorf, order of November 26, 2020 – 4c O 17/19, *juris* Rn. 37).

70 (1) The offer with which the patent proprietor fulfills its special responsibility as market dominator to make it possible for the user of the invention to conclude a license agreement on FRAND terms is not the end point but the starting point of the license negotiations. At least in a complex situation, as is typically the case in the licensing of standard-essential patents, it is regularly not obvious which contractual terms in the specific case (cf. *Gerechtshof Den Haag*, GRUR Int. 2020, 174, 179 para. 4.34) meet the requirements of an appropriate balance of interests and at the same time do not violate the prohibition of discrimination under antitrust law. In addition, there is generally not one license agreement that satisfies FRAND conditions, but a range of possible appropriate solutions (see High Court of England and Wales [J. Birss], judgment of October 23, 2018, [2018] EWCA Civ 2344, GRUR Int. 2019, 357 marginal no. 121; Higher Regional Court of Karlsruhe, GRUR 2020, 166 marginal no. 95; cf. on Sec. 19(4) no. 4 GWB old version BGHZ 152, 84, 96 – *Fährhafen Puttgarden I*). As a rule, the patent proprietor is only able to take into account any legitimate interests of the user once he is aware of them.

71 It is therefore precisely the task of the negotiations to produce a fair and reasonable final result and, to this end, to articulate the interests of both parties and to put forward for discussion factual and legal aspects which, from the point of view of at least one party to the negotiations, may be of significance for that result (cf. Communication of the European Commission of November 29, 2017 on the EU's handling of standard-essential patents, COM[2017] 712 final, p. 7). It is therefore incumbent on the user of the invention to check the offer of the patent proprietor as to whether its content requires further information from the patent proprietor and whether and, if so, to what extent the structure of the offer or individual provisions thereof, in particular the property rights to be covered by the agreement and the amount and method of calculation of the license fee, (possibly) do not comply with FRAND conditions from his point of view. If necessary, he shall be obliged to submit a counter-offer; however, when this is the case shall also depend on the individual case and shall also be governed in this respect by customary and recognized business practices and the principles of good faith. In particular, in the case of a license offer of the patent proprietor which obviously does not comply with FRAND conditions and which, when evaluated objectively, appears not to be seriously meant and thus as a refusal

to conclude a license agreement on FRAND conditions (cf. BGHZ 152, 84, 92 – *Fährhafen Puttgarden I*), it may suffice as a reaction of a user of the invention who seriously seeks a license to explain why the offer obviously does not comply with FRAND conditions. It is decisive from which reaction the user of the invention may assume that the conclusion of a license agreement on FRAND terms – provided that the patent proprietor is willing to do so – can be properly promoted.

72 (2) If the patent proprietor has made an (at least essentially complete) offer to license the invention despite the fact that the user of the invention is not willing to do so, the user must therefore deal with the offer in such a way that it becomes apparent that he is now pursuing the goal of reaching a mutually satisfactory result as soon as possible. For this purpose, it is not relevant whether and to what extent the content of the contractual offer of the patentee already complies in all respects with the requirements of the contract to be concluded for fair, reasonable and non-discriminatory conditions of use of the contractual property rights.

73 (a) If the patent proprietor were obliged to always immediately present an offer that anticipates the reasonable and mutually beneficial outcome of license agreement negotiations, there would be no need for negotiations and also no counter-offer by the user who does not want to accept the patent proprietor's offer.

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

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

75 (c) Since regularly only the effort of both parties to find a fair settlement can lead to a contract with FRAND conditions, especially in cases in which – at least until then – an offer of the patent proprietor has been made despite the lack of willingness to license, the will and the declared willingness of the infringer are not dispensable to reach and contribute to a fair and adequate solution of the conflict. The consideration that the patent proprietor is "not in need of protection" because it is possible for him to submit a FRAND-compliant license offer without further ado, which only – if it is indeed fair, reasonable and non-discriminatory – triggers further obligations of conduct of the infringer (according to Kühnen, Hdb. Patentverletzung, chap. E marginal no. 396), is erroneous already because of this dependence of the FRAND-conformity of a certain contract content on the result of the negotiation process.

76 Moreover, it again fails to recognize that even an offer that does not comply with FRAND conditions as such does not constitute an abuse of the patent proprietor's dominant position, which rather consists in refusing or making it impossible for the infringer to negotiate and conclude a FRAND license agreement that is in line with the interests articulated in the negotiation process (and instead to enforce the patent or one of the patents to be licensed by taking legal action).

77 dd) These requirements are also in line with Union law as interpreted by the Court of Justice in *Huawei v. ZTE* and do not require resubmission. Accordingly, it is incumbent on the infringer to respond to the patent proprietor's offer with diligence, in accordance with accepted business practices in the field and in good faith, which must be determined on the basis of objective considerations and implies, inter alia, that no delaying tactics are pursued (ECJ, WRP 2015, 1080, para. 65 – *Huawei/ZTE*). The assessment of whether a delaying tactic is being pursued, which is to be made on the basis of objective aspects, is thus also to be made on the basis of the infringer's reaction to the offer, and is thus not limited to the declaration of the licensing desire. This is also appropriate. The declaration of a wish to license or of the willingness to negotiate does not say anything about whether this declaration is meant seriously. Rather, it may also be the result of a delaying tactic on the part of the patent user (cf. Federal Court of Justice, WRP 2020, 1194 marginal no. 82 – *FRAND-Einwand*), which may not be accepted in order to protect the patent proprietor and the competition between the patent users. Therefore, also according to the case law of the Court of Justice of the European Union, the further conduct of the infringer must be taken into account. Accordingly, a delaying tactic can be considered in particular – but not exclusively – if the patent user does not react to the patent proprietor's explanations within a reasonable period of time, in particular if he rejects the patent proprietor's offer but nevertheless fails (although this can be expected according to the concrete circumstances of the individual case in accordance with the usual practices and the principles of good faith, cf. marginal no. 71) to make a concrete counter-offer in writing within a short period of time that complies with FRAND conditions. This is the reason why – as the Court of Justice of the European Union has expressly stated – the patent infringer cannot rely in this case on the abusive character of an action for injunctive relief or recall (ECJ, WRP 2015, 1080 para. 66 – *Huawei/ZTE*) and that the same applies if the infringer continues to use the patent despite the rejection of its counter-offer, but fails to provide adequate security in accordance with accepted practice in the relevant field (ECJ, WRP 2015, 1080, para. 67 – *Huawei/ZTE*).

78 Under which further circumstances not mentioned by the Court of Justice of the European Union a lack of willingness to license on the part of the patent

infringer exists is a question of the individual case, the assessment of which is incumbent on the national courts (see ECJ, judgment of May 20, 2010 – C - 160/09, [2010] ECR I-4591 para. 24 – *Ioannis Katsivardas/Nikolaos Tsitsikas*; ECJ, WRP 2015, 1080 para. 70 – *Huawei/ZTE*; Opinion of Advocate General Wathelet of November 20, 2014 – C-170/13, juris para. 76; UK Supreme Court, judgment of August 26, 2020, [2020] UKSC 37 para. 157) and is in principle the task of the judge of fact.

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

80 (1) Whether the filing of an action constitutes an abuse of the dominant position of the patent proprietor because it serves to enforce a refusal to license against a company willing to license is to be assessed according to the actual circumstances at the time the action is filed. If the infringer is already unwilling to license at this point in time, the concrete conditions offered by the patent proprietor for a license agreement at this point in time are irrelevant.

81 (2) If the filing of the action is not abusive, the further prosecution of the claims and thus also the defense of a first instance judgment already obtained – as in the case in dispute – against the appeal of the infringer may nevertheless be abusive.

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

83 This does not necessarily mean, however, that the infringer can also plead this licensing claim against the claim for injunctive relief already asserted by way of action or already awarded in the first instance. Rather, it is decisive whether the patent proprietor acts abusively with regard to the subsequently declared willingness to license by further pursuing the claims in suit. This requires careful examination in each individual case. The longer the infringer

has initially waited with the assertion of his licensing claim, the higher the requirements are to be placed on his cooperation in bringing about a license agreement on FRAND terms, as explained (para. 60).

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

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

86 aa) The findings of the Court of Appeal do not justify the assumption that Haier had declared its willingness to conclude a license agreement on FRAND terms.

87 (1) The Court of Appeal correctly saw that the e-mail of December 17, 2013 (AR 41 p. 3/4), i.e. almost one year after the first infringement notice, did not meet the requirements for an infringer willing to license already in terms of time. An infringer who remains silent for several months in response to the infringement notice thus regularly indicates that he is not interested in taking a license (Federal Court of Justice, WRP 2020, 1194 marginal no. 92 – *FRAND-Einwand*). The defendants unsuccessfully argue that the decision of the Court of Justice of the European Union does not clearly define the time requirements for the exchange of the mutual declarations. This is because the infringer's response to the patent proprietor's offer must be made with the due care required by the accepted commercial practices in the relevant field and in accordance with the principles of good faith (ECJ, WRP 2015, 1080, para. 71 –

Huawei/ZTE). Since the infringer's conduct must not be aimed at delaying the negotiations offered – and thus in particular their commencement – the same must apply to the reaction to the infringement notice – and thus the declaration of willingness to license by the infringer (see *Gerechtshof Den Haag, GRUR Int.* 2020, 174, 176 marginal no. 4.14).

88 (2) The appeal on points of law successfully challenges the Court of Appeal's assumption that the declaration of December 17, 2013 nevertheless constitutes a sufficient declaration of willingness to license in terms of content. As the Senate already stated in its judgment of May 5, 2020 (Federal Court of Justice, WRP 2020, 1194 marginal no. 94 et seq. – *FRAND-Einwand*), neither this statement nor the other statements of the defendant and its parent companies found by the Court of Appeal express the will and the serious willingness of the defendant to conclude a license agreement. The Senate adheres to this after a renewed review.

89 The letter merely expresses the hope that a formal negotiation will be entered into and asks for information about a prospective discount. In view of the months of silence in response to the declaration of willingness to license, however, it would have been expected in the case of genuine willingness to license that Haier would now indicate that it wanted to do everything possible to promote the negotiations. As explained (paras. 60, 83), this required additional efforts to contribute to the conclusion of a license agreement as soon as possible, notwithstanding this default.

90 From the further content of the letter, Haier's intention to assert a licensing claim and to advance the clarification of fair, reasonable and non-discriminatory terms of a licensing cannot be inferred either. Rather, the hesitant – and thus delaying – behavior is continued by indicating that they will not find the time to review the matter and make a decision before the New Year (AR 41 p. 3). It is true that, in view of the upcoming turn of the year and the management's involvement with the annual reports and the plans for the new year, an initial examination may not have been possible before the turn of the year. However, an initial referral was not in question. Haier had already been informed of the plaintiff's willingness to license, the use of the patent in suit and the "Wireless Patent Program" by letters dated December 20, 2012, August 22,

2013 and November 11, 2013. In view of this, the plaintiff could not understand Haier's reference to the upcoming turn of the year and the necessity of the examination in the sense of a serious desire to license and the willingness to promote negotiations about the content of a license agreement when taking the required objective view. Against the background of Haier's previous conduct, it was in particular not recognizable to the plaintiff that an audit was announced after the turn of the year for reasons other than further delay. According to the unchallenged findings of the Court of Appeal, the defendants have also not presented objective reasons why and why it should not have been possible or reasonable for Haier to clarify the use of the portfolio patents by its mobile devices earlier.

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

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

August 29, 2014 (AR 50), the plaintiff complains that no substantial progress has been made since February of this year, and the plaintiff's offer was already rejected by Haier on September 1, 2014 without a counter-offer, according to the findings of the Court of Appeal.

93 (4) The Court of Appeal only examined the further letters of the IP Director of the Defendant's parent companies from the point of view of whether they gave rise to the assumption that the original willingness to enter into a license agreement had in the meantime lapsed again. The letter of January 16, 2016 (AR 51 p. 8 f.) does not contain a clear declaration of willingness to conclude a license agreement on reasonable and non-discriminatory terms.

94 (a) This already follows, as the Court of Appeal correctly pointed out, from the fact that it contained the statement that Haier would be willing, if German courts finally found an infringement and the validity of the patent in suit as well as of the further European patent 852 885 asserted in the dispute decided by the Senate's judgment of May 5, 2020, to take a FRAND license and to pay royalties.

95 Such a conditional declaration of willingness to take a license is insufficient (BGHZ 180, 312 marginal no. 32 – *Orange-Book-Standard*; Federal Court of Justice, WRP 2020, 1194 marginal no. 96 – *FRAND-Einwand*). Contrary to the view of the defendant, no further clarification by the Court of Justice of the European Union is required in this respect either. The Court of Justice has clarified that the patent infringer remains free to challenge the validity of the patents to be licensed or to dispute their use or to reserve the right to do so in addition to the negotiations on the grant of licenses (ECJ, WRP 2015, 1080 marginal no. 69 – *Huawei/ZTE*). However, this does not change the fact that the user of a patent, if he is not its proprietor, must in principle obtain a license before any use (ECJ, WRP 2015, 1080 marginal no. 59 – *Huawei/ZTE*), and acts at his own risk if he believes that he can waive this due to lack of validity or lack of infringement. A conditional willingness to license cannot lead to an unconditional conclusion of a contract; however, the patent proprietor is only obligated to do so. This does not necessarily exclude that the patent infringer reserves the right in the license agreement to question the use of the license

(see also Opinion of Advocate General Wathelet of November 20, 2014 – C-170/13 Opinion No. 5).

96 (b) The lack of willingness to license is also shown by the fact that the letter of January 16, 2016, contains the request that the plaintiff specify in more detail with regard to all patents in its portfolio how they should be infringed. In light of the fact that the plaintiff had already named the patents belonging to the "Wireless Patent Portfolio" to Haier in a letter dated December 20, 2012, that Haier thus had more than three years to review the question of infringement and the use of the portfolio, and that the review had been announced, among other things, in a letter dated December 17, 2013, this justifies the conclusion, based on an overall assessment of all the circumstances, that Haier – and thus the defendants – were still not interested in reaching an agreement with the plaintiff.

97 It is true that the patent proprietor, if he does not want to license a single patent but a portfolio, must provide the infringer with sufficient information on the patents belonging to the portfolio. However, this obligation does not go beyond what the proprietor of a portfolio of standard-essential patents has to present in a fair manner in contract negotiations about a portfolio license, if a license is requested from him, with which a company wants to put the use of those property rights, which it needs for the implementation of a standard, on a secure legal basis. Similar to the infringement notice, it is sufficient to describe the nature of the respective standard-relevant functions and their implementation. Detailed technical or legal explanations of the individual patents are not required; the user of the invention must also in this respect only be enabled – if necessary with expert assistance – to form a picture of the significance and scope of the patent portfolio in relation to the standard. Further explanations are not necessary for this reason alone, because the patent proprietor need not assume, at least without concrete indications to this effect, that the licensee intends to impose restrictions on the future use of the functionalities covered and made possible by the standard. In the case of ambiguities in this respect or in other respects, it can be expected of honest negotiating parties to enter into a discussion (see Federal Court of Justice, WRP 2020, 1194 marginal no. 98 – *FRAND-Einwand*).

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

99 The plaintiff had already fulfilled its obligation by letter of December 20, 2012. It had enclosed a list of approximately 235 patents belonging to the patent portfolio. In view of Haier's announcement in the letter of December 17, 2013, that it would examine the patents, the plaintiff was entitled to assume that Haier was at least conducting a superficial examination of the patent subject matter and the standard essentiality. As is evident from Plaintiff's letter of February 15, 2013 (AR 41 p. 9), this had also been communicated to the plaintiff again by Haier's IP Director in a telephone call on the same day. Haier informed Plaintiff by email of February 19, 2013, that the analysis was ongoing because of the large number of patents ("Involved large number of patents, still analyzing, thanks"). The fact that Haier, despite the granting of a sufficient examination period by the plaintiff, later insisted on the formal position that the plaintiff was obliged to submit "claim charts" with regard to all patents, indicated, in particular against the background that Haier had initially not responded at all to the infringement notice and the offer of a portfolio license, that Haier was still less interested in a successful conclusion of the negotiations than in further delaying them (Federal Court of Justice, WRP 2020, 1194 para. 98 – *FRAND-Einwand*), especially since the plaintiff had also referred Haier by letter of December 11, 2015 (AS 9) to its internet pages with information on which technical specifications of the standards mentioned there (indicating the respective sections) were covered by the patent families of the plaintiff's portfolio.

100 (5) To the extent that the Court of Appeal inferred from the letter of March 23, 2016 (K 51 p. 2 et seq.) submitted during the appeal proceedings that Haier was (still) willing to license, this does not follow from the content of the letter. There, the willingness to take a FRAND license is expressed, but at the same time it is pointed out that Haier's own position remains unchanged ("*To make a long story short, we wish to express that our position remains unchanged, namely that we are willing to conclude a FRAND license and we are of the opinion that our offer is FRAND*"; Exhibit AR 51 pp. 3). From the objective recipient viewpoint of the plaintiff, this could only be understood to mean that the impermissible condition expressed in the letter of January 16, 2016 was to remain in place.

101 Contrary to the defendant's view, this understanding does not contradict the explanatory content of the letter in its entirety. In response to a letter from the plaintiff dated March 17, 2016 (AR 51 p. 3 et seq.), Haier asks the plaintiff not to constantly repeat the accusation of delaying negotiations; the information provided by the plaintiff with respect to the portfolio patents not asserted in suit was insufficient. If the plaintiff provided claim charts showing at least that these patents could be standard essential, they could be included in Haier's counteroffer. Furthermore, Haier points out that the plaintiff has never explained the calculation of its proposed fee. While it is true that the letter does not expressly address title and infringement. However, there is also no reason to assume that Haier no longer adheres to the clear statement in the letter of January 16, 2016; this applies all the more as Haier had indicated shortly before in a letter of March 7, 2016 that the question of infringement and the validity of the patent in suit had not yet been confirmed (AR 51 p. 4 et seq.). Rather, the plaintiff had to infer from this that additional information on the further patents of the portfolio, which Haier had in any case not justified with a lack of information, but only with an alleged obligation of the plaintiff according to the principles of the judgment Huawei/ZTE, would not help in the absence of a legally established infringement and legal validity and Haier was not interested in the conclusion of a license agreement, but only in bringing the injunctive relief awarded by the Regional Court to an end with alleged omissions of a market-dominating company in offering a FRAND license.

102 (6) Nor did the intention to conclude a license agreement on FRAND terms emerge from previous license agreement offers made by the first defendant on October 13, 2014 (G 4) and by both defendants on August 12, 2015 (G 19, a few weeks before the date of the oral hearing before the Regional Court on September 29, 2015) and on September 21, 2015. It is not necessary to decide whether these offers in themselves met FRAND criteria. Because the will to seriously deal with the offers of the plaintiff, in particular its demand for a portfolio license, cannot be inferred from these offers. Only the patent families to which the patent in suit and the patent in suit in the parallel proceedings belong were to be the subject matter of the license. In view of the fact that Haier had time to examine the "Wireless Standard" of the plaintiff since receipt of the plaintiff's letter of December 20, 2012 and had announced such an examination, inter alia, by letter of December 17, 2013, the plaintiff was not entitled to take any action against the patent in suit. If the plaintiff had announced such an examination in a letter dated December 17, 2013, the plaintiff could at least expect the defendants to provide substantiated factual reasons why they believed they were entitled to selective licensing of the two patents in suit from which they were threatened with condemnation by the district court and to refuse the worldwide portfolio license at which the plaintiff's efforts since December 2012 were aimed. Instead, as can be seen from the letter of September 21, 2015 (G 15), the defendants continued to take the formal position that the plaintiff could not demand licensing of the entire, apparently arbitrarily compiled patent portfolio "Wireless Licensing Program" without first explaining for each patent how and why it should be infringed.

103 Even if one were to regard the contractual offers as a declaration of willingness to license, it would also have to be taken into account that Haier, at any rate in its letter of January 16, 2016, declared its willingness to license only subject to a condition and thus any willingness to license that had been expressed in the meantime would in any case no longer have existed. Against this background, it is also irrelevant that a large number of further e-mails were exchanged between the parties in the period from November 2015 to April 2016 alone. For these predominantly deal with Haier's or the defendant's demands for a further specification of the patent infringement by the portfolio patents and the calculation of the license fee by the plaintiff. For the reasons explained, it

cannot be inferred from this correspondence that Haier was seriously willing to license.

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

105 (1) According to the findings of the Court of Appeal, with this contractual offer, which they linked to a security deposit totaling €15,000, the defendants responded to a group and worldwide license offer submitted by the plaintiff to Haier in a letter dated December 20, 2016 (AR 63), which was preceded by an earlier offer dated December 9, 2015 (AR 51 p. 14 f.), which Haier had rejected. The Court of Appeal assumed that the counteroffer of January 20, 2017, confirmed the defendants' willingness to license. In doing so, it left open whether the offer contained FRAND conditions; this was irrelevant, as the plaintiff's offer was discriminatory.

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

107 (a) Since neither the parent companies of the defendant nor the defendant itself had by then expressed their willingness and shown the unconditional will to conclude a license agreement with the plaintiff on FRAND terms, the plaintiff did not abuse its dominant position either by filing suit or by defending the judgment of the Regional Court against the defendant's appeal. The license conditions offered by the plaintiff at that time are irrelevant in this respect, as explained (para. 56). The content of subsequent contractual offers is all the more irrelevant in this respect.

108 (b) However, the established facts also do not support the assumption that, following the defendant's offer of January 20, 2017, submitted shortly

before the end of the oral proceedings in the second instance, the further prosecution of the claims for injunctive relief, destruction and recall awarded by the Regional Court would prove to be abusive.

109 Even with this offer of a contract and the statements on this in the written statement of the same date as well as subsequent written statements, the defendants have not expressed a serious willingness to license. Against the background of a lack of willingness to conclude a license agreement on FRAND terms, which had previously been shown for several years and also after the conviction on the basis of the patent in suit by the Regional Court, it would have been necessary, as explained (paras. 60, 83), to make increased efforts to contribute to the achievement of an appropriate solution in accordance with the requirements of good faith. Neither the contractual offer nor its explanation do justice to this.

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

111 In their brief of January 20, 2017, the defendants essentially stated the reasons for this:

112 The opinion of the Court of Appeal that there are in principle no objections to a group-wide and worldwide portfolio unit license is to be contradicted. Since the plaintiff does not offer a group-wide license, but rather belongs to a group whose companies market various license programs, it cannot expect licensing by the Haier Group. The customary nature of group-wide licensing is disputed; in any case, the plaintiff cannot rely on such a practice.

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

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

115 (bb) This reaction and the reasoning given for it do not, as the Senate can judge for itself according to the ascertained content of the contractual offer and in view of the lack of assessment by the Court of Appeal, in any respect constitute a dispute with the plaintiff's offer or an offer of its own, from which a willing infringer could assume to thereby make a contribution to bringing about a license agreement on FRAND terms appropriate to the situation and the time of submission.

116 i. It is already sufficient for this that, notwithstanding the fact that the discussions had been held with the Haier Group since December 2013 at the latest and that the plaintiff was seeking a worldwide licensing of its patent portfolio, only the defendants were to be licensees. The listing of American, Chinese, Japanese and other non-European patents in the patent families

therefore only had significance for the remote case that the defendant European sales companies of the Haier Group supplied to these countries.

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

118 In this context, it is irrelevant whether the defendants, as distributors, had their own licensing claim apart from Haier. In view of Haier's unwillingness to license, they could in any case not reasonably claim a license limited to their own activities, which for the plaintiff would entail the not remote risk of Haier circumventing its own sales companies and, if necessary, the necessity of costly enforcement of its property rights "patent for patent and land for land" (cf. UK Supreme Court [Lords Reed, Hodge, Lady Black, Lords Briggs, Sales], judgment of August 26, 2020, [2020] UKSC 37 para. 166) and thus not only largely failed to achieve the worldwide portfolio license sought by the plaintiff, but did not even reliably protect the plaintiff from further infringements of the patent in suit by Haier.

119 The defendants, nevertheless, could also not assume that with the proposed contractual arrangement they were making the contribution required in view of the unwillingness to license at that time to bring about a license agreement on FRAND terms, which the plaintiff would either have had to accept immediately as offered or which could have served as the basis for promising final negotiations in the short term.

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

121 From the point of view of the defendants, there was all the more reason to give reasons as the plaintiff had already rejected a license offer submitted by both defendants (also a few weeks before the oral proceedings before the Regional Court) in a letter dated August 24, 2015 (G 21) – i.e. almost one and a half years earlier – with reference to the use of the patent in suit by the entire Haier Group, inter alia, because the patent in suit had not been used by the entire Haier Group. The defendant's legal representatives had, according to the defendant's submission in the appeal instance (written statement of December 3, 2015, p. 7, AS 398), recommended the parent company in this context to sign the license agreement offer as well.

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

123 Nor can the denial of the customary nature of a group license be considered a constructive contribution by a bona fide negotiating party to the license agreement negotiations in light of the fact that the Haier Group had already entered into group license agreements with the plaintiff, as the defendants themselves have argued (AR 77, 78; BU 9).

124 ii. The fact that the defendants have not expressed their willingness to compensate for the previous lack of willingness to license with the license offer is also indicated by the proposed royalty provision. Of the patent families included in the offer text, the latter only recognizes four as "probably" standard-essential and thus relevant for the measurement of the royalty, whereby it must be noted in favor of the defendants that they do not reserve the right to doubt the applicability of the royalty provision with respect to these patent families in the offer.

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

126 It can also be left open whether a contractual offer of this content, had it been made by the defendants or Haier at an early stage of the discussions, could have expressed the willingness to conclude a license agreement on FRAND terms. For Haier had not entered into a concrete discussion with the plaintiff about the appropriate scope of a licensing of the mobile devices manufactured by Haier and the appropriate remuneration for this. In view of this, a proposal "at the last minute", which – in line with the proposed restriction of licensing to the defendants – resolved the undiscussed issues almost entirely to the plaintiff's disadvantage, and at most left the plaintiff the future possibility of litigating further claims on this contractual basis, if necessary, could no longer express the defendants' willingness to decisively promote the conclusion of a license agreement on FRAND terms, which was necessary at that point in time. Rather, the plaintiff had to understand it as an attempt by the defendants to secure themselves with a license agreement offer of their own, which they could not seriously expect to be accepted, against a confirmation of the first-instance conviction by the Court of Appeal in the event that the latter would assume that,

due to the fulfillment of the plaintiff's obligations, Haier or the defendants would be required to submit a counteroffer to the plaintiff.

127 III. The decision of the Court of Appeal is also not correct on other grounds with regard to the claims for injunctive relief, destruction and recall. The enforcement of these claims is not precluded by the objection of patent ambush, as the Court of Appeal rightly assumed.

128 1. In justifying its decision, the Court of Appeal essentially stated: It can be assumed in favor of the defendant that the former proprietor should have disclosed the patent in suit in the standardization process, but intentionally failed to do so. It could also be left open whether the plaintiff had to accept responsibility for this conduct and whether the plaintiff's subsequent FRAND declaration was able to remedy the legal infringement. The legal consequence of a "patent ambush" is merely a licensing obligation on the part of the property right holder. A user is only entitled to a license to a deliberately undisclosed patent if, in the case of the required disclosure, an alternative to the patented teaching of the asserted patent would have found its way into the standard. This could not be established with an overwhelming probability by a judge of fact.

129 2. The defendant's cross-appeal on points of law challenges this without success.

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

131 b) A claim for defense or a claim for a license, as the defendants would like to claim, is directed against the company which is charged with the "patent ambush" and, if applicable, its universal successor in title and thus, in the case in dispute, not against the plaintiff. Outside the scope of application of the succession protection under Sec. 15(3) Patent Act, objections against the former patent proprietor cannot be raised against the new patent proprietor.

Sec. 404 Civil Code does not apply in the context of patent assignment. This is because the right to, in and from the patent is an absolute right that knows no debtor (see RGZ 127, 197, 205; Regional Court of Mannheim, judgment of February 27, 2009 – 7 O 94/08, juris para. 106). Sec. 413 Civil Code does provide for the corresponding application of Sec. 404 Civil Code in the event of the transfer of other rights. However, Sec. 404 Civil Code is superseded by Sec. 15(3) Patent Act (Palandt/Grüneberg, German Civil Code, 79th ed., Sec. 413 marginal no. 2). Since the plaintiff's FRAND declaration of commitment ensures that the assertion of the patent in suit does not lead to a restriction of competition that is no longer acceptable from a legal point of view, further obligations of the plaintiff do not arise from its special responsibility resulting from its dominant position in the market.

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

133 The cross-appeal on points of law does not successfully complain that the Court of Appeal wrongly considered the defendants to have a burden of proof in this respect. There is no reason to impose a secondary burden of proof on the plaintiff because the fact to be presented lies outside the defendants' sphere of perception. The assumption of a secondary burden of presentation presupposes that the party making the allegation is unable or cannot reasonably be expected to provide more detailed information, whereas the party disputing the allegation knows all the essential facts and can reasonably be expected to provide more detailed information (Federal Court of Justice, judgment of December 4, 2012 – VI ZR 378/11, DStR 2013, 702 marginal no. 16). With regard to the transactions relevant here, however, both parties are outsiders.

134 IV. Furthermore, the defendants are obliged to compensate the plaintiff pursuant to Sec. 139(2) Patent Act and must provide the plaintiff with

the necessary information, which includes the accounting awarded by the Regional Court, so that the plaintiff can quantify its claim for damages.

135 1. Without error of law, the Court of Appeal found the fault required for the claim for damages in the form of negligence also for the period prior to the receipt of the plaintiff's first infringement notice. As the Senate explained in more detail in its judgment of May 5, 2020 (KZR 36/17, WRP 2020, 1194, marginal no. 109 – *FRAND-Einwand*), the obligation of the proprietor of a standard-essential patent to point out the infringement does not change the fact that it is in principle the responsibility of the infringer to make sure before starting the production or distribution of a technical product that the property rights of third parties are not infringed.

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

137 V. There is no need to refer the matter to the Court of Justice of the European Union for clarification of the questions formulated by the defendants in their brief of October 26, 2020. As stated, the requirements of the Senate regarding the infringer's willingness to license are in line with Art. 102 TFEU and its interpretation in the case law of the Court of Justice of the European Union (paras. 63 et seq., 77 et seq., 87). The questions raised in this context concern the weighing of interests in individual cases that is incumbent on the courts of the Member States (see only UK Supreme Court, judgment of August 26, 2020, [2020] UKSC 37 para. 152).

138 VI. The judgment of the Court of Appeal must therefore be set aside (Sec. 562 Code of Civil Procedure). Since further findings are neither necessary nor to be expected, the Senate can decide on the merits of the case itself and restore the judgment of the Regional Court.

Meier-Beck

Kirchhoff

Tolkmitt

Rombach

Linder

Previous instances:

Regional Court of Düsseldorf, judgment of November 3, 2015 – 4a O 144/14 –

Higher Court of Düsseldorf, judgment of March 30, 2017 – I-15 U 65/15 -