



**GERMAN FEDERAL COURT OF JUSTICE
IN THE NAME OF THE PEOPLE
JUDGMENT**

KZR 36/17

Pronounced on:
May 5, 2020 Anderer
Court employee as Clerk
of the court office

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In the litigation of

SISVEL International S.A., represented by the Board of Directors, 6 Avenue Marie-Thérèse, Luxembourg (Luxembourg),

Plaintiff, Appellant and
Respondent in the cross appeal on points of law

- Attorneys of record: Attorneys Prof. Dr. Rohnke and
Dr. Winter -

versus

1. Haier Deutschland GmbH, represented by its managing director, Hewlett-Packard-Straße 4, Bad Homburg, Germany
2. Haier Europe Trading SRL, Avenue Charles de Gaulle 115-123, Neuilly-sur-Seine (France),

Defendant, Respondent and
Plaintiffs in the cross appeal on points of law

- Attorneys of record: Attorneys Dr. Baukelmann and Tretter -

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In response to the oral hearing on May 5, 2020, the Antitrust Senate of the German Federal Court of Justice sitting with Presiding Judge Prof. Dr. Meier-Beck and Judges . Dr. Berg, Dr. Tolkmitt, Dr. Rombach and Dr. Lindner

held:

In response to the Plaintiff's appeal on points of law, the judgment of the 15th Civil Senate of the Higher Regional Court of Düsseldorf dated March 30, 2017 is reversed under rejection of the Defendant's cross appeal on points of law as regards the costs and to the extent that the Appellate Court held to the Plaintiff's disadvantage and the reason for the judgment of the 4a Civil Chamber of the Regional Court of Düsseldorf dated November 3, 2015 being ineffective does not lie in the matching declarations of termination of the parties (dictum to cease and desist). In the scope of the revocation, the Defendant's appeal against the judgment of the 4a Civil Chamber of the Regional Court of Düsseldorf dated November 3, 2015 was revoked with the proviso that in the text further specifying the mobile stations (I.1.), the words "during call set-up" be added after "user data rate negotiation" and that the order to destruction (I.4.) is limited to those products that are in direct or indirect possession of Defendant 1), which Defendant 1) has been possessing or owning until September 25, 2016, as well as that the order to recall (I.5.) is limited to those products that have been manufactured and delivered until September 25, 2016.

The costs of the litigation in the first and second instance shall be offset against each other, the Defendants bear the costs for the proceedings regarding the appeal on points of law.

As a matter of law

Facts of the case

1 Since August 8, 2012, the Plaintiff has been registered in the register of the German Patent and Trademark Office as the proprietor of the German part of European patent 852 885 (patent-in-suit), which has been applied for on September 25, 1996 by claiming the priority of a Finnish application dated September 25, 1995 and lapsed due to expiry during the appeal proceedings. Applicant and initially registered proprietor was Nokia Oy. Incidentally, by rejecting the complaint, the Patent Court (judgment dated October 6, 2017 – 6 Ni 10/15 EP) declared the patent-in-suit to be null and void in the scope of patent claim 12 relevant here, to the extent that it extends the following version (amendments with respect to the granted version as highlighted):

"A mobile station (MS) for a digital mobile communication system, characterized by comprising

at least one data call bearer service which covers several user data rates and which is determined for the mobile subscriber at the subscriber database of the mobile communication network,

means for carrying out a user data rate negotiation during call set-up for setting the user data rate to be used in a data transfer with the mobile communication network (BTS, BSC, MSC) and for establishing the data call with radio channel resources allocated according to the user data rate negotiated."

2 The appeal against this filed by the Defendants was unsuccessful (German Federal Court of Justice, judgment dated March 10, 2020 – X ZR 44/18, juris).

3 The Defendants are part of the same group. Defendant 1) distributes mobile telephones and tablets in Germany. In September 2014, Defendant 2) was offering mobile telephone and tablets at the Internationale Funkausstellung (International radio exhibition) in Berlin. The mobile telephones and tablets attacked by the Plaintiff support GPRS (General Packet Radio Service). This is an extension of the GSM standard (Global System for Mobile Communications Standard). The European Telecommunication Standard Institute (ETSI) is responsible for both standards.

- 4 On April 10, 2013, the Plaintiff made the declaration of commitment towards the ETSI, which in detail can be gathered from Exhibit AR 3, according to which it is willing to license, *inter alia*, the patent-in-suit under fair, reasonable, and non-discriminatory (hereinafter FRAND) conditions.
- 5 The Plaintiff considers offering the attacked mobile telephones and tablets to be an infringement of its rights in the patent-in-suit. It asserted claims against the Defendants for discontinuance, information, rendering of accounts, destruction and recall as well as for determination of their obligation to pay damages. The Regional Court ordered the Defendants in accordance with the request.
- 6 In the appeal proceedings, the parties declared the demand for injunctive relief as being terminated due to the expiry of the period of protection of the patent-in-suit in agreement. The Plaintiff defended the Regional Court judgment under the proviso that the further requests for acts of infringement be limited until September 25, 2016. The Appellate Court limited the determination of the obligation to pay damages to damage caused by acts committed until September 25, 2016. The Appellate Court also rejected the requests directed at the provision of information and rendering of accounts in the scope of information on costs and profits being demanded, as currently unfounded, just as the claim for relief directed at destruction and recall.
- 7 By means of its appeal on points of law, which was granted by the Appellate Court, the Plaintiff challenges the judgment in the appeal proceedings and desires, as the Appellate Court held at the Plaintiff's disadvantage, the restoration of the Regional Court judgment with regard to the part of the litigation that was not declared terminated, with the Plaintiff having made clear in the oral hearing before the Senate that the requests are only pursued according to the proviso of the limited version of the patent-in-suit and with regard to the desired destruction, are limited to products that Defendant 1) has been possessing or owning until September 25, 2016 as well as with regard to the desired recall are limited to products that have been manufactured and delivered until September 25, 2016. By means of their cross appeal on points of law, the Defendants oppose them being ordered.

Grounds for the decision

- 8 In the scope desired by the Plaintiff, the granted appeal on points of law leads to the restoration of the Regional Court judgment, to the extent that the parties did not declare the litigation as being terminated with regard to the main proceedings in agreement; the Defendants' cross appeal on points of law remains unsuccessful.
- 9 I. The Appellate Court assumed without any error in law that the Defendants use the technical teaching of patent claim 12 by offering and distributing the attacked mobile-radio enabled devices and thus infringe the patent-in-suit.
- 10 1. The patent-in-suit concerns a method for setting up a data call in a mobile communication system and a mobile station for such a system.
- 11 a) According to the statements in the patent-in-suit, modern mobile communication systems enable data calls in addition to voice calls. It states that in this regard, the data transmission rate, meaning the amount of data that is transmitted per time unit, may vary. It also mentions that for processing such calls, specific telecommunications services are needed, with a differentiation being made between tele services and bearer services. It continues that a bearer service is to be understood to mean a telecommunications service for the transmission of signals between the user-network interfaces. It further states that modem services are an example for this (paragraph 2).
- 12 It also specifies that in the prior art, each user data rate requires its own bearer service (paragraph 3).
- 13 It continues that a mobile subscriber may be enabled to use tele or bearer services in different scopes. It also mentions that, for example, they may have access to different data services, the use of which requires different bearer services. It further states that this requires that the network is informed about the specific bearer service that is required for a data call. It continues that, for example, in accordance with the mobile radio standard GSM, the signal from a mobile station to the mobile communication network for setting up a call comprises information

regarding the required bearer service in a bearer capability information element (BCIE, paragraph 4).

- 14 The patent also describes that such information regarding the service required for the call is, however, missing, if the call originates from the public switched telephone network (PSTN) or is routed via the latter. It also mentions that in this case, the mobile communication network has to be informed about the service required for the call in a different manner.
- 15 It continues that in the prior art, a multi numbering scheme for solving the problem was known, in case of which one mobile subscriber was allocated the same amount of directory numbers as the amount of desired services for the reception of incoming calls they had access to. It further states that the caller selects the directory number of the mobile subscriber that corresponds to the desired service. The patent-in-suit also explains that in the GSM system, the subscribers' services regarding the subscriber are stored in a home location register (HLR) in addition to other information. It further mentions that this register is also used to store information regarding the allocation of the directory numbers to the subscriber's services. It also states that in the home location register, a specific BCI element, which states the type of a call and the network resource necessary for the call, is also connected to the directory number (mobile subscriber ISDN number, MSISDN).
- 16 It continues that the involved number of services has disadvantages both for the network operators and the mobile subscribers. It also explains that in order to be able to make data calls with different data rates, the mobile subscriber has to subscribe several bearer services of the network operator. It concludes that therefore, it is disadvantageous from the network operator's point of view that number space and database capacities are used in a considerable scope.
- 17 b) Just as the Patent Court, the Appellate Court assumed, based on paragraph 8 of the description, in its judgment dated October 6, 2017 that the patent-in-suit is based on the technical problem of providing a digital mobile communication system in which a determined bearer service is able to handle the highest number of data rates possible.

18 This assumption cannot be concurred with. The determination of the technical problem serves the purpose of determining the starting point for the person skilled in the art's efforts to determine an improvement of the prior art without being aware of the invention, in order to assess whether the suggested solution was anticipated or rendered obvious by the prior art during the subsequent and separate examination of patentability. Considering this, elements that are part of the solution in accordance with the patent must not be taken into consideration during the determination of the technical problem (German Federal Court of Justice, judgment dated November 11, 2014 – X ZR 128/09, GRUR 2015, 356, marginal no. 9 - Repaglinid).

19 According to this, the patent-in-suit is based on the technical problem of providing a mobile station for a digital mobile communication system, in which the use of different data bearer services with different data rates is enabled in a simple and effective manner (German Federal Court of Justice, judgment dated March 10, 2020 – X ZR 44/18, juris marginal no. 16).

20 b) According to the invention, this problem is to be solved by a system, the features of which can be – in factual correspondence to the Appellate Court – analyzed as follows (feature added in the nullity proceedings highlighted):

21

<i>A mobile station (MS) for a digital mobile communication system, comprising</i>
<i>at least one data call bearer service, which</i>
<i>covers several user data rates and</i>
<i>is determined for the mobile subscriber at the subscriber data base of the mobile communication network,</i>
<i>Means</i>
<i>for carrying out a user data rate negotiation during call set-up for setting the user data</i>
<i>rate to be used in a data transfer with the mobile communication network (BTS,BSC, MSC) and</i>
<i>for establishing the data call with radio channel resources allocated according to the user data rate negotiated.</i>

- 22 2 The Appellate Court (Higher Regional Court of Düsseldorf, GRUR 2017, 1219) assumed that the Defendants use the technical teaching in contradiction to Sec. 9 German Patent Act (*PAtG*) and substantiated this as follows.
- 23 Feature group 1 is realized in the literal sense. The patent-in-suit understands a mobile station “comprising” at least one data call bearer service to mean that the mobile station comprises means for carrying out a data call bearer service and is able to use this service for signal transmission with different user-network interfaces. According to the necessary stipulation of the GPRS standard, the information element (IE) regarding the quality of service (QoS) comprises several selectable data rates. It also states that further, Release 4 of the GPRS standard, with which the attacked devices are compatible, provides a storing of the user-related packet data protocol (PDP) context and the QoS profile generated from the information element regarding quality of service in the home location register. It further mentions that as the bearer service carries out the transmission of data packets on basis of the PDP context, it is intended for the mobile subscriber in a database in accordance with the patent. It is of the opinion that it is irrelevant whether the attacked embodiments actually use bearer services comprising several user data rates. It continues that it is just as irrelevant that at the time the offer was made and the putting into circulation, there was no entry for the mobile subscriber in the home location register in the attacked embodiments yet.
- 24 It also states that the patent-in-suit understands means in the sense of feature group 2 to mean that the mobile station is able to accept a changed data rate communicated in the answer to its request from the mobile communication network, as long as it supports it. It concludes that a mobile station, which in case of a data rate that is not supported does not change the data rate or drops the data call.
- 25 3. This assessment proves to be free of any errors in law and also applies to the version of patent claim 12, which in the patent nullity proceedings was supplemented by the additional feature of negotiation during call set-up.
- 26 a) The question on how claim 12 of the patent-in-suit is to be construed is a legal question and can be reviewed by the court handling the appeal on points of law as a whole (cf. German Federal Court of Justice, judgment dated

September 7, 2004 – X ZR 255/01, German Federal Court of Justice in Civil Matters 160, 204, 212 – Bodenseitige Vereinzelungseinrichtung; judgment dated May 20, 2008 – X ZR 180/05, German Federal Court of Justice in Civil Matters 176, 311 marginal no. 19 – Tintenpatrone I). The Appellate Court’s construction withstands the legal review.

- 27 aa) Under consideration of the technical knowledge of the person skilled in the art, who, according to the undisputed statements of the Appellate Court, has a university or technical college degree in the field of electrical engineering and detailed knowledge about transmission technology as well as several years of professional experience in the development of mobile communication systems, a data call bearer service within the meaning of feature 1 is, in accordance with paragraph 2 of the specification of the patent-in-suit, to be understood to mean a communication service that affects that data transmission at the user-network interfaces of a telecommunication system.
- 28 (1) In contrast to the opinion of the cross appeal on points of law, the data call is not necessarily a circuit-switched call, but can also be a packet-switched call, as the Appellate Court took as a basis for the infringement without explicitly stating it, by making reference to a corresponding section of the standard. It may be correct that the problem that is solved by the technical teaching of the patent-in-suit was caused by the data transmission in circuit-switched calls and is also described accordingly in the description of the patent-in-suit. However, this does not justify a corresponding limitation of the meaning of the patent claim, with regard to which nothing else can be gathered from the description either. The cross appeal on points of law does not show any indications in this respect either. Their construction, which does not construe the patent-in-suit as such and under consideration of the prior art explained in the description, but on basis of the standard (published after the priority date) and which intends to compare the paragraph concerning the circuit-switched data calls described in the description of the patent-in-suit, which, in their opinion, are the only ones according to the invention, to the section of the standard comprising the stipulation for packet-switched services, is incorrect due to this erroneous starting point.

- 29 (2) Several user data rates within the meaning of feature 1a are comprised by the data call bearer service, if a set bearer service is able to handle several data rates (cf. description of the patent-in-suit, paragraph 8).
- 30 (3) The Appellate Court correctly assumed that feature 1 only requires that the mobile station comprises means for carrying out a data call bearer service and is able to use this service for signal transmission with other user-network interfaces. According to feature 2b, the use of this service depends on radio channel resources being allocated to the mobile station. As also follows from the description of the patent-in-suit, bearer services are provided by the mobile communications network and not the mobile telephone and ought to effect the data transmission at the user-network interfaces. Accordingly, the network has to be informed about which bearer service is required by an incoming or outgoing call (paragraph 4 “*A mobile terminating or originating call may therefore require any of aforementioned tele and bearer services, or combinations thereof, for which reason the correct service must be addressed to the mobile communication network*”). The Appellate Court rightly pointed out that in accordance to this, the embodiments in the specification of the patent-in-suit describe a request of a bearer service that is initiated by a call. Thus, the check whether it supports the requested service in the embodiments is up to a mobile switching center (MSC) provided in a GSM system (“*In the compatibility check, the MSC checks whether it is able to support the service requested*”, paragraph 29).
- 31 Thus, feature 1 describes a communication function, which the mobile station has to be able to execute due to its spatial-physical configuration and programming. The fact that the mobile station’s suitability to use a data call bearer service (feature 1) comprising several user data rates (feature 1a), cannot be determined independent from a cooperation of the mobile station with the other components of the communications network, in particular the telephone switch, does not lead to a limitation of the subject matter of the patent-in-suit to the use of the mobile station in a mobile communications system. The mobile station is claimed as a product. The protection of a product is not basically limited to its use for a specific purpose, even if it follows directly from the claim. If specifications of purpose, effect or function are part of a protective claim, they usually participate in its object to determine and likewise limit the protected subject matter if they

define the system element to which they refer as an element that has to be adapted in a way that it can fulfill the relevant function (cf. German Federal Court of Justice, judgment dated May 20, 2008 – X ZR 180/05, German Federal Court of Justice in Civil Matters 176, 311, marginal no. 17 – Tintenpatrone I, with further references), and this is also the case here. For this purpose, however, it is sufficient if the mobile station's spatial-physical configuration and programming were configured in that in cooperation with the other components of a mobile communication system, it can use at least one data call bearer service with several user data rates.

32 This applies analogously for feature 1b. The Appellate court rightly assumed that this feature does not require that the mobile station is allocated to a subscriber database of the mobile communications network; rather, it is to be understood in that the mobile station has means that make such an allocation if the data call bearer service is carried out.

33 bb) According to feature 2a, the mobile station has to comprise means for carrying out negotiations regarding the user data rate to be used in case of a data call. For this it is not sufficient that after the desired data rate was communicated by one side, the other side only has the possibility to accept this offer and that otherwise, the connection is not established. According to the invention, a termination of the establishing of a connection only comes into consideration if this counter-offer is not accepted either (German Federal Court of Justice, judgment dated March 10, 2020 – X ZR 44/18, juris marginal no. 28). As follows from the insofar corresponding embodiments (paragraphs 28 through 44), which according to paragraph 27 describe the establishment of a connection according to the teaching of the invention, a negotiation in the sense of feature 2a requires that a desire for a specific data rate that is indicated by one party can be responded to by the adversary by means of a diverting suggestion. Among others, this understanding is also expressed in the description in that a differentiation is made between recognized and negotiated (handshaken) data rate (paragraph 26, line 47; paragraph 33, right column, line 49). However, there is further no negotiation either, if the bearer capacity information element BCIE does not state a specific data rate, but different user data rates and if the adversary can choose from them. This is due to the fact that also in this case, the user data rate, with which the

bearer service is to be carried out, is not already set by means of its first signaling, for example by the BCIE, but an additional decision by the addressee is necessary.

34 cc) As according to the established case law, the fact that the patent-in-suit was declared null and void in parts has to be taken into consideration in the proceedings concerning an appeal on points of law, the negotiation on user data rate understood in this manner, has to be carried out during call set-up.

35 dd) In contrast to the construction of further features of patent claim 12 by the Appellate Court, the appeal on points of law does not raise any objections; no errors in law can be recognized.

36 b) The Appellate Court arrived at the conclusion that the attacked embodiments realize claim 12 in the granted version, which was taken as a basis in the appeal proceedings, without any error in law.

37 aa) The Appellate court rightly confirmed the realization of features 1 and 1a. Due to the established reasons, the finding that the attacked mobile stations comprise means for carrying out a bearer service covering several pieces of user data made by the Appellate Court, is sufficient in this regard. This is due to the fact that a patent infringement is also at hand if a device is regularly operated in that the characteristics and effects in accordance with the patent are not achieved (German Federal Court of Justice, judgment dated December 13, 2005 – X ZR 14/02, GRUR 2006, 399, marginal no. 21 – Rangierkatze).

38 It is further irrelevant for the established reasons (marginal no. 28) that a PDP context, which the Appellate Court took as a basis, does not concern circuit-switched, but only packet-switched calls.

39 bb) Accordingly, feature 1b is also realized. According to the undisputed findings of the Appellate Court, the attacked embodiments comprise means that contribute to the allocation of the mobile subscriber to the home location register (HLR). It is irrelevant that the international mobile subscriber identity (IMSI) of a mobile subscriber is needed to identify them in the HLR, so that a mobile

station can only connect to the network when a SIM card, on which the IMSI is stored, is inserted into the mobile station.

40 cc) As according to the result of the construction, a negotiation can also be assumed for the case that no specific data rate, but different user data rates are stated in the information element and that the adversary can chose from these (marginal no. 33), the Appellate court also correctly confirmed the partial feature of negotiation according to feature 2a.

41 According to its undisputed findings, which in addition refer to the statements of the Regional Court judgment, the packet data protocol comprises a quality of service information element (QoS IE). By making reference to Table 10.5.138 of the GPRS standard, the Appellate Court found that by means of the QoS IE, a bandwidth of data rates (namely from 0 kbps up to the maximum data rate) can be requested, from which the bearer service – obviously, the network providing it is meant – can chose. This also follows from the finding of the Regional Court, which the Appellate Court took as a basis, according to which section 10.5.156 of the standard document (Regional Court judgment 23; Exhibit AR 27a, p. 404) provides that the maximum bit rate is binary coded into 8 bits and, depending on the coding, refers to a range of maximum bit values, for example between 1 and 63 kbps.

42 dd) The Appellate court further found in an undisputed manner and without any error in law that the attacked embodiments correspond to the further partial features of feature group 2a and the further features of claim 12 of the granted version to be evaluated in the appellate proceedings.

43 c) The Appellate Court did not yet discuss the new partial feature of negotiation during call set-up that was added during the nullity proceedings. However, it follows from its findings that the attacked devices also realize patent claim 12 in this regard.

44 The cross appeal on points of law primarily questions this because it assumes that the patent-in-suit requires a negotiation regarding the user data rate of a circuit-switched call. Since this, as established, is not correct, it is sufficient that the mobile radio devices in the sense of the patent-in-suit comprise a bearer service for

packet-switched data calls, in which a negotiation regarding the user data rate according to the invention is possible during call set-up.

- 45 The fact that this is the case follows from the findings of the Appellate court regarding the use of the PDP context in the activation process described in section 9.2.2.1 of standard document TS 23.060. It may be possible that the activation of the packet data protocol can also be carried out independent from establishing a connection, meaning automatically after signing-in with the network. This does not change anything about the fact that in a PDP context that was previously inactive, the negotiation is carried out during call set-up.
- 46 To the extent that the cross appeal on points of law appears to be assuming that a possible activation independent from a call set-up contradicts the meaning of limited patent claim 12, as the Patent Court did not consider a “subject matter construed more broadly” to be originally disclosed, this misses the mark. The valid patent claim merely requires the possibility of a negotiation during call set-up, but by this does not exclude that in other cases, such a negotiation is already carried out during signing-in with the network.
- 47 II. The Appellate court’s assumption that the claim directed at the Defendants being ordered to destruct and recall patent-infringing products is unsuccessful nonetheless, as in this regard, the Defendants’ defense of compulsory license under antitrust law is effective and that therefore, the claim for damages and information is only justified in a limited scope, does not withstand a legal review with regard to an appeal on points of law.
- 48 1. As ground for its decision, the Appellate court substantially stated in this regard: It states that the Plaintiff has a dominant market position within the meaning of Art. 102 TFEU. It further mentions that a mobile radio device without GPRS access is not competitive. It also is of the opinion that according to the principles set by the European Union in the matter Huawei/ZTE, an assertion of the above claims before court is an abusive exploitation of this dominant market position. It continues that however, the Plaintiff met the obligation to provide an indication following from this already before the start of the proceedings, but despite the Defendants’ willingness to take out a license, which they declared prior to the proceedings and still maintain, it did not make a FRAND offer.

- 49 The Court further explains that however, the willingness to take out a license was only declared about one year after the Plaintiff first issued a notification of infringement. It also states that this, however, is not harmful. It further mentions that a party failing to take a necessary step in time, does not lead to a substantive preclusion, as the step concerned can be taken later before a complaint is filed in any case. It continues that in the subsequent period, no conditions surfaced that give reason to assume that the willingness to take out a license of the Defendants or its parent company had ceased to exist in the meantime.
- 50 It continues that the offers made by the Plaintiff are an evident discrimination against the Defendants. It also is of the opinion that compared to one of its other licensees, a Chinese, state-owned company, the Plaintiff does not treat the Defendant equally with regard to the amount of royalties without any objective reason. It further mentions that compared to the standard license agreement, which the Plaintiff published on its website, the license offers made to the Defendants do not provide a discount, neither for the past nor the future. It further states that in contrast to this, the comparison between the third-party license agreement and the standard license agreement shows a discount, which leads to the Defendants paying royalties for the past and future that are multiple times higher. The Court also mentions that the immensely high differences are neither objectively justified as quantity discounts common in the industry, nor because of the influence of Chinese authorities on the conclusion of the third-party license agreement. It continues that further particularities, such as the third-party licensee's characteristic of being a reference customer, the special distribution of risk in the standard license agreement as well as the deviating procedural situation with regard to the chances of success when enforcing the patent-in-suit, are unable to justify the amount of the granted discount, neither when considered individually, nor when considered as a whole, as was indicated. It also is of the opinion that the Plaintiff further cannot successfully refer to the fact that the Defendants did not show an interest in the conclusion of a license agreement on basis of lump-sum payments either. It further states that there are no sufficient indications for the fact that the Defendants are generally against lump-sum payments. It also mentions that the question whether the Defendants' counter-offers correspond to FRAND terms is irrelevant in view of a missing FRAND offer by the Plaintiff.

51 It also is of the opinion that in contrast to this, the enforceability of the claims for information and rendering of accounts as well as damages, remain unaffected on the merits. The Court continues that the amount of the damages to be paid is, however, limited to what can be derived from an application of the license analogy. It also states that as long as the prospective licensee complies with their obligation, it only owes damages in an amount on basis of a FRAND royalty. It further mentions that therefore, the rendering of accounts only has to include data that is relevant for determining damages according to this method. It continues that information regarding costs and profit is not necessary for this; in this regard, the complaint is also unfounded.

52 2. The appeal on points of law rightly opposes the Appellate Court's assumption that the Plaintiff is guilty of abusing its dominant market position pursuant to Sec. 102 TFEU.

53 a) However, the appeal on points of law unsuccessfully attacks the Appellate Court's confirmation of the Plaintiff's characteristic of being the addressee of the standard pursuant to Art. 102 TFEU.

54 aa) During the term of protection of the patent-in-suit, the Plaintiff had a dominant market position that was derived from the latter.

55 (1) The Appellate Court rightly assumed that the dominant position within the meaning of Art. 102 TFEU refers to the economic position of power of a company, which enables the latter to prevent effective competition being maintained on the relevant market by giving itself the possibility to act independently of its competitors, customers and ultimately of its consumers to a considerable extent (European Court of Justice, judgment dated February 14, 1978, case 27/76, Sig. 1978, 207 marginal no. 63/66 = NJW 1978, 2439, 2440 - United Brands/Kommission; judgment dated April 19, 2012 - C-549/10 P, WRP 2012, 680 marginal no. 38 - Tomra; German Federal Court of Justice, order dated January 16, 2007 - KVR 12/06, German Federal Court of Justice in Civil Matters 170, 299 marginal no. 19 - National Geographic II; judgment dated January 24, 2017 - KZR 47/14, WRP 2017, 563 marginal no. 25 - VBL-Gegenwert II).

- 56 (2) As the Appellate Court did not fail to recognize, the Plaintiff's dominant market position does not already follow from the fact that due to the exclusivity right it was awarded, it was able to exclude any third party from using the technical teaching of the patent-in-suit. The exclusivity rights to which the proprietor of an intellectual property right is entitled, cannot establish a dominant market position alone (European Court of Justice, judgment dated April 6, 1995 – C-241/91, Sig. 1995, 1-743 = EuZW 1995, 339 marginal no. 46 - Magill TV Guide; German Federal Court of Justice, judgment dated July 13, 2004 - KZR 40/02, German Federal Court of Justice in Civil Matters 160, 67, 74 - Standard-Spundfass).
- 57 (3) A dominant position generally is the result of a co-occurrence of several factors, each of which, if considered separately, does not have to be relevant (European Court of Justice, NJW 1978, 2439, 2440 – United Brands/Kommission). In this regard, the determination of the market concerned is of considerable importance (European Court of Justice, judgment dated November 26, 1998 – C-7/97, Sig. 1998, 1-7791 = WRP 1999, 167 marginal no. 32 - Oscar Bronner/Mediaprint; German Federal Court of Justice in Civil Matters 160, 67, 73 - Standard-Spundfass). The determination of the relevant supply market generally follows the demand market concept. According to this, the relevant product and service market includes all products and service that, due to their characteristics, are particularly suitable for satisfying a constant demand and can only be exchanged to a limited extend (cf. European Court of Justice, Sig. 1998, 1-7791 marginal no. 33 - Oscar Bronner/Mediaprint; German Federal Court of Justice in Civil Matters 160, 67, 73 et seq. - Standard-Spundfass). If a standardized configuration protected by intellectual property rights of a product – which from the counter-vailing market's point of view cannot be substantiated by another product – is prescribed by an industry standard (as in the present case) or another set of rules considered a standard by the demanders (de facto standard), the allocation of rights, which only enable the potential provider of a product to launch it, regularly forms its own market, which is upstream of the product market (German Federal Court of Justice in Civil Matters 160, 67, 74 – Standard-Spundfass; cf. ECJ, judgment dated April 29, 2004 - C-418/01, Sig. 2004, 1-5039 = WRP 2004, 717 marginal no. 44 - IMS Health).

- 58 (4) The assumption of such an independent license market thus first of all requires the finding that it is a standard-essential patent, meaning that the use of a teaching protected by the patent is essential for complying with a standard (standardized and enforced on the market by a standardization organization) (German Federal Court of Justice in Civil Matters 160, 67, 74 – Standard-Spundfass), so that it is usually technically impossible to avoid it without losing functions that are important for the product market (cf. ECJ, WRP 2015, 2783 Rn. 49 - Huawei/ZTE; European Commission, order dated April 29, 2014 - C (2014) 2892 marginal no. 52 - Motorola). Moreover, it is a requirement for an independent license market that the technical teaching according to the patent and the standard cannot be substantiated by a different technical configuration of the product (cf. ECJ, Sig. 2004,1-5039 marginal no. 28 - IMS Health; German Federal Court of Justice in Civil Matters 160, 67, 74 - Standard-Spundfass).
- 59 (5) The patent-in-suit is a standard-essential patent. As was stated (marginal no. 36 et seqq.), a mobile station that corresponds to the stipulations of the GPRS standard necessarily uses the features of claim 12 of the patent-in-suit. The stipulations are, as was found by the Appellate Court in a manner undisputed by the parties, mandatory. Thus, it is relevant that the use of the technical teaching in accordance with the patent cannot be substantiated by a different technical configuration of the mobile stations (cf. German Federal Court of Justice in Civil Matters 160, 67, 74 – Standard-Spundfass). According to the undisputed findings of the Appellate Court, it is further mandatory for each mobile station to comply with the GPRS standard. Switching to another technology, especially to the preceding version of GPRS (GSM) or the successor standards (UMTS or LTE), was not possible because the preceding version did not enable fast, competitive data transmission, and in the successor standards, network coverage was not always ensured to a sufficient extent. According to this, a mobile radio device without GPRS is not competitive and, according to the countervailing market's point of view, a device that complies with the standard thus cannot be substituted by a mobile telephone that does not comply with the standard.
- 60 According to the undisputed findings of the Appellate court, this also particularly applies to the technology at issue here. Mobile devices that do not enable a negotiation regarding the data rate in the sense of the patent-in-suit, thus require a

plurality of bearer services. The available higher transmission speeds cannot be used in this manner, so that mobile devices without the standard-essential technology in accordance with the patent are slow when compared to mobile devices comprising this technology.

- 61 bb) The Appellate Court did not fail to recognize that despite the access barrier given by the standard – and the monopoly on the here relevant licensing market following from this – there can be exceptional reasons, which may exclude the market dominance of a proprietor of a standard-essential patent (cf. England and Wales Court of Appeal, judgment dated October 23, 2018, [2018] EWCA Civ 2344 marginal nos. 225 et seq. - *Unwired Planet v Huawei*; Meyer in: 80 Jahre Patentgerichtsbarkeit in Düsseldorf, pp. 377, 389). However, it could not gather any indication for this from the parties' submissions or the circumstances of the case. The appeal on points of law unsuccessfully opposed this by means of the objection that the Appellate Court failed to recognize that a considerable countervailing power of the patent users limits the market.
- 62 (1) What is relevant for the question whether a dominant market position of the Plaintiff can be confirmed, is not its negotiating power with respect to a specific party, but the economic power that the patent-in-suit awards to the Plaintiff with respect to the entire market. In contrast to the opinion of the appeal on points of law, the market power during the granting of patent licenses is not to be determined relatively, namely with regard to the power ratio between a specific demander of the license and the patent proprietor.
- 63 (a) It is correct that the structure of the demand market for patent licenses differs from that for products and services. This is due to the fact that while in case of the latter, the demander depends on the conclusion of an agreement with the provider, who is powerful in the market, in order to be able to access the goods and services, it is possible for the patent user to use the teaching in accordance with the patent disclosed in the patent and the standard even without an agreement with the patent proprietor. However, in contrast to the Plaintiff's opinion, it does not follow from this that the market power of the proprietor of the standard-essential patent can only be at hand if the risk of claims being asserted against the infringer before court is high enough for the infringer to typically be willing to

conclude a license agreement under conditions that are considerably less favorable than would be the case under market conditions. This is due to the fact that the patent proprietor's structurally superior power position does not follow from their negotiation power when negotiating licensing conditions, but from the legal possibility to demand of third parties that no products according to the invention must be launched or remain on the market, to prevent this by a complaint for injunctive relief, recall of the products and destruction if all else fails and to reserve the right to manufacture these products to itself (or a licensee) (cf. ECJ, WRP 2015, 1080, marginal no. 52 – Huawei/ZTE). A barrier regarding access to the market already follows from the fact that due to these legal obstacles, it is an unreasonable burden for every company to act on the market without previous licensing (cf. ECJ, judgment dated April 29, 2004 – C-418/01, Sig. 2004, 1-5039 = WRP 2004, 717 marginal no. 28 - IMS Health).

- 64 (b) It is, however, obvious that the limitation of the claims of the proprietor of the standard-essential patent following from the patent infringement considerably weakens its negotiating position, as it only has limited access to the leverage necessary for equal license negotiations. This may particularly affect cases in which the infringer tries to delay the termination of negotiations until the patent has lapsed (“patent hold-out” or “reverse patent hold-out”, cf. final motions of the Advocate General Wathelet dated November 20, 2014 – C-170/13, juris marginal no. 42). This, however, is unable to question the patent proprietor's dominant market position in general, but is (only) to be taken into consideration during the assessment of the abuse of the patent's assertion before the court during the – always necessary – weighing of interests of both parties' interests. This is due to the fact that only the assessment of a patent proprietor's conduct as abuse, justifies the limitation of its rights and leads to a limitation of the patent's enforceability.
- 65 (2) However, the dominant market position of the proprietor of a standard-essential patent only exists to the extent and for as long as it can prevent, due to its legal position, the products in accordance with the patent being launched on remaining on the market (ECJ, WRP 2015, 1080, marginal no. 52 - Huawei/ZTE). As a rule, this legal position ceases to exist after the term of the corresponding patent has lapsed, since any future claims against patent infringers are ruled out. Lapse of the period of protection does indeed result in the claims for destruction

and recall pursuant to Sec. 140a (1), (3) German Patent Act (*PatG*) ceasing to exist only in case of disproportionality within the meaning of Sec. 140a (4) German Patent Act. Otherwise, the claims are limited to products that the infringer possessed or owned by that time or which were manufactured and delivered by that time (Grabinski/Zülch in Benkard, *Patentgesetz*, 11th ed., Sec. 140a German Patent Act marginal nos. 9, 16, Kühnen, GRUR 2009, 288, 291). This is due to the fact that the purpose of the mentioned claims is not limited to eliminating the consequences of (continuing) patent infringement but that Sec. 140a German Patent Act gives rise to independent claims, which also have a generally and specifically deterring effect and are to function as sanctions (Draft Act on Combating Product Piracy, parliamentary paper 11/4792, 27 et seq.; Kühnen, GRUR 2009, 288, 292.). However, after the lapse of the intellectual property right, the patent proprietor cannot generally prevent products according to the invention from being launched on the market. Thus, the patent proprietor's structurally superior power position ceases to exist.

- 66 cc) Pursuant to Art. 102 TFEU, the dominant market position has to exist on the internal market as a whole or at least on a relevant portion of it – which the appellate court failed to recognize. The market dominance in the territory of the Federal Republic of Germany as a relevant portion of the internal market, which the appellate court correctly found, is sufficient for this (cf. ECJ, judgment dated November 9, 1983 – case 322/81, Sig. 1984, 3461, marginal no. 103 – Michelin vs. the Netherlands; judgment dated November 26, 1998 – C-7/97, WRP 1999, 167 marginal no. 36 – Oscar Bronner vs. Medienprint).
- 67 b) However, the findings of the appellate court do not justify the assumption that the Plaintiff abused this dominant market position.
- 68 aa) The complaint of a patent proprietor that is dominant in the market and has undertaken towards a standardization organization to grant license on FRAND terms may constitute abuse of a dominant market position if and to the extent to which it is suitable to prevent products in accordance with the market from reaching the market or remaining available on the market (ECJ, WRP 2015, 1080, marginal nos. 54 et seqq. – Huawei vs. ZTE; BGHZ 180, 312 marginal nos. 22 et seqq. – Orange-Book-Standard). Thus, demands for relief aimed at

injunctive relief (BGHZ 180, 312 marginal no. 22 - Orange-Book-Standard), recall and removal of the products from the distribution channels (ECJ, WRP 2015, 1080 marginal no. 73 - Huawei vs. ZTE) or at destruction (Higher Regional Court of Düsseldorf, GRUR 2017, 1219 marginal no. 220; Higher Regional Court of Karlsruhe, GRUR 2020, 166 marginal no. 87) may thus be abusive.

- 69 (1) However, even the owner of a standard-essential patent is not absolutely prohibited from enforcing its patent by asserting claims for injunctive relief and other claims on the product market (ECJ, WRP 2015, 1080, marginal no. 46 – Huawei vs. ZTE). After all, a patent being standard-essential does not change the fact that the patent proprietor only has to tolerate its patent being used if they have either permitted the one making use of its technical teaching to do so or if it at least has to permit this in consideration of its obligation not to abuse its market power (cf. ECJ, WRP 2015, 1080 marginal no. 53, 58 – Huawei vs. ZTE).
- 70 (2) The obligation of licensing, in turn, requires the one who intends to use the patent or who already uses it and has launched products according to the patent on the market despite not having a license, to be willing to take out a license in this patent on reasonable and non-discriminatory terms (ECJ, WRP 2015, 1080, marginal no. 54 – Huawei vs. ZTE; BGHZ 180, 312, marginal no. 27 – Orange-Book-Standard). After all, even a patent proprietor who is powerful in the market does not have to push anyone to take out a license and it does not have any legal basis for this either, since while the potential licensee can demand that it conclude a license agreement, the patent proprietor, in turn, is not entitled to such claim, and is rather left with the option of asserting claims for patent infringement against anyone who intends to use the teaching according to the invention but is unwilling to conclude a license agreement on this.
- 71 (3) Thus, it is an abuse of the dominant market position if the patent proprietor asserts claims for injunctive relief, destruction and recall of products despite the infringer having made them an unconditional offer for conclusion of a license agreement on terms that the patent proprietor must not refuse without contravening the prohibition of abuse or discrimination (BGHZ 180; 312 marginal nos. 27, 29 – Orange-Book-Standard).

- 72 (4) Furthermore, assertion of such claims by way of complaint may also prove abusive if the infringer has not (yet) demonstrated willingness to conclude a license agreement on certain reasonable terms, but if the patent proprietor is to be criticized for not having made sufficient efforts to meet the responsibility associated with the dominant market position and enable an infringer generally willing to take out a license to conclude a license agreement on reasonable terms (cf. ECJ, WRP 2015, 1080 marginal no. 54 et seqq.; – Huawei vs. ZTE).
- 73 (a) Consequently, the patent proprietor first has to indicate infringement of the patent-in-suit to the infringer if it is not aware that by implementing the technical solution required by the standard it is unlawfully making use of the teaching of the patent-in-suit (ECJ, WRP 2015, 1080 marginal now. 60-62, Huawei vs. ZTE).
- 74 It is indeed generally up to the infringer to ensure, before initiating manufacture or distribution of a technical product, that this does not infringe any technical intellectual property rights of third parties (German Federal Court of Justice, judgment dated December 19, 2000 – X ZR 150/98, GRUR 2001, 323, 327 – Temperaturwächter). In view of the wide range of patents that may affect a product, especially in the field of information and telecommunication technology, however, getting a complete and reliable overview of all relevant intellectual property rights routinely involves considerable difficulties, especially as this may involve a more detailed consideration of the subject matter and the scope of protection of a wide range of patents in individual cases (cf. ECJ, WRP 2015, 1080 marginal no. 62 – Huawei vs. ZTE). The patent proprietor that intends to assert claims for patent infringement against the (alleged) infringer, in contrast, has already reviewed the infringement allegation. Moreover, the manufacturer of a standard-compatible product may expect that they are allowed to use the teaching of a standard-essential patent anyhow – albeit only on the basis of a license agreement on reasonable terms (ECJ, WRP 2015, 1080 marginal nos. 53, 64 – Huawei vs. ZTE). Therefore, the patent proprietor that is dominant in the market may not assert claims for injunctive relief against an infringer that is unaware of the infringement, without notifying it of the infringement of the patent-in-suit and thus giving it the opportunity to assert its claim for conclusion of a license agreement on reasonable terms and thus averting assertion of the patent proprietor’s claim for injunctive relief (cf. ECJ, WRP 2015, 1080 marginal no. 71 – Huawei vs. ZTE).

- 75 (b) Moreover, the patent proprietor that has a dominant market position may be prohibited from asserting claims for injunctive relief against the infringer that has been notified of the patent-in-suit being infringed based on that patent, if it has declared its willingness to take out a license in the patent-in-suit but is not or at least not readily able to express the conditions itself that the patent proprietor has to grant to it in consideration of the prohibition of discrimination and impairment that is applicable to it (cf. ECH, WRP 2015, 1080 marginal nos. 63 et seq. – Huawei vs. ZTE).
- 76 It is indeed generally up to the company willing to take out a license to object to a license demand of the patent proprietor that it breaches the prohibition of discrimination or impairment. The principles on the onus of presentation and burden of proof in litigation are also applicable to the parties' conduct obligations out of court in this regard. The onus of presentation and burden of proof of unequal treatment and impairment is also borne by the prospective licensee in litigation, whereas the patent proprietor bears a primary onus of presentation and burden of proof for a reason of substance of the unequal treatment (Art. 2 Regulation 1/2003). However, just as in a procedural secondary onus of presentation, the patent proprietor may be obliged to state the detailed reasons for its license demand, so as to enable the party willing to take out a license to review whether the license demand constitutes an abuse of the dominant market position due to the royalty rate or other conditions of the permission of use offered. After all, otherwise, the company willing to take out a license would be forced to either take the risk of injunctive relief being ordered against it upon the patent proprietor's patent infringement complaint or to have to accept royalties being demanded that are at least potentially excessive in an abusive manner or any other contractual conditions that are potentially abusive, so as to rule out with certainty the risk of injunctive relief being ordered against it.
- 77 The obligation of the patent proprietor dominant in the market to explain and justify the license terms considered fair, reasonable and non-discriminatory (FRAND) by it is relevant not only but especially if the patent proprietor is not willing to grant a license only in the patent that it intends to assert by complaint is all else fails, but if it intends to allow use of this patent only as part of a

portfolio license or another license agreement comprising further intellectual property rights.

- 78 Such link with further intellectual property rights is generally no cause for concern under antitrust law at least insofar as it does not involve demands that require the licensee to pay for the use of patents that are not standard-essential and as the remuneration is calculated such that users that intend to develop a product for a specific, geographically limited are not disadvantaged (cf. Communication of the European Commission on the EU approach to standard essential patents of November 29, 2017, COM[2017] 712 final p. 9). After all, the patent proprietor that is dominant in the market also has to accept that the infringer, in order to prevent a complaint for injunctive relief, wants to take out a license only in the patent-in-suit but not in the further patents that it also needs for the lawful manufacture or for lawful distribution of its products in accordance with the standard. Therefore, negotiations on global portfolio licenses are common and, as regards efficiency, also benefit the user of the licensed intellectual property rights (Communication of the European Commission dated November 29, 2017, COM[2017] 712 final p. 9). At the same time, however, including a possibly large number of further patents increases the complexity of the situation, which is relevant for reviewing whether the contractual terms demanded by the patent proprietor are in line with the obligations resulting from its dominant market position. Therefore, the patent proprietor has to make sufficient information available to the infringer willing to take out a license also in this regard.
- 79 (c) The scope, the degree of detail and the time at which the information to be demanded from the patent proprietor is required is a question of the individual case and particularly also depends on the corresponding reaction of the infringer (cf. ECJ, WRP 2015, 1080 marginal no. 65 et seqq. – Huawei vs. ZTE).
- 80 Since the particular conduct obligations imposed on the patent proprietor that is dominant in the market are to enable the infringer to use the patent lawfully by concluding a license agreement on FRAND terms and thus to be able to avert assertion of a claim for injunctive relief, the obligations of the patent proprietor do at least not differ for the infringer's benefit from the ones that the patent proprietor also bears otherwise towards a company willing to take out a license due to its

dominant market position. Otherwise, by making use of the patent without concluding a license agreement, the infringer would be able to obtain an advantage in competition with the companies that use or intend to use the patent on the basis of a license agreement on reasonable and non-discriminatory terms.

81 As a rule, what reasonable and non-discriminatory terms of a license agreement are in the individual case depends on a wide range of facts. Just as in other cases of (possible) abuse of a dominant market position, the patent proprietor that is dominant in the market is not generally required to grant licenses in the form of a “uniform rate” that grants all users equal terms (BGHZ 160, 67, 78 – Standard-spundfass). Such obligation does not arise from the FRAND self-commitment either. It serves the purpose of ensuring actual access to the standardization norm (cf. European Commission, horizontal guidelines, Official Journal EU C 11, 1 marginal nos. 285, 287). This purpose is met, as regards the prohibition of discrimination, if the particular prohibitions of discrimination set down in Art. 102 (2) lit. c TFEU or Sec. 19 (2) no. 3 German Act against Restraints of Competition (GBW) are adhered to. The prohibition of discrimination of the second degree, i.e. of discrimination of the business partners of a company that is dominant in the upstream or (here) downstream market (opinion of the Advocate-General Wahl of December 20, 2017 – C-525/16, juris marginal no. 74) provides protection against competition between business partners being distorted by discriminatory terms (ECJ, judgment dated April 19, 2018 C-525/16, WuW 2018, 321 marginal no. 24 - MEO; BGHZ 160, 67, 79 - Standard-Spundfass; German Federal Court of Justice, judgment dated April 12, 2016 - KZR 30/14, NZKart 2016, 374 marginal no. 48 - Net-Cologne). Furthermore, binding and limitation under antitrust law of the discretion of the one that is dominant in the market in the vertical relationship seeks to enable negotiation results that are not influenced by market dominance and take into account the interests of both contractual parties to a balanced extent. Since, as a rule, reasonable terms for a contractual relationship, and a reasonable price in particular, are not objectively set, but can only be recorded as a result of (possibly similar) market processes that have been negotiated, the serious and purposeful cooperation of the company willing to take out a license in the negotiation of reasonable contractual terms is of key relevance (cf. ECJ, WRP 2015, 1080 marginal nos. 65-68 – Huawei vs. ZTE).

- 82 This is particularly to be taken into consideration when reviewing whether an infringer against whom claims are being asserted by way of complaint may invoke that the patent proprietor did not enable it to take out a license on FRAND terms. After all, in contrast to contractual negotiations sought by a company willing to take out a license before it begins use, the interest of the infringer may also be – solely or primarily – directed at stalling the patent proprietor until the term of protection of the patent-in-suit has lapsed, if possible, since there is then no more risk of a judgment being rendered against it (cf. ECJ, WRP 2015, 1080, marginal no. 65 – Huawei vs. ZTE). Such behavior is economically even more attractive if licensing a range of patents or of a patent portfolio is at issue, whereas, after the patent-in-suit has expired, the patent proprietor will only obtain damages for use of specifically that patent.
- 83 The obligation of the patent proprietor dominant to indicate the elements of infringement and the possibility of taking out a license to the infringer and making a license offer to the infringer willing to take out a license is not an end in itself but is to make it easier for the infringer to negotiate reasonable terms with the patent proprietor for its acts of use. Therefore, after the first notification, in order to substantiate further obligations of the patent proprietor dominant in the market, it is not sufficient for the infringer to then merely demonstrate its willingness to take into consideration conclusion of a license agreement or enter into negotiations as to whether and under which circumstances conclusion of a contract comes into consideration for it (cf. opinion of the Advocate-General Wathelet dated November 20, 2014 – C-170/13 marginal no. 50). Rather, the infringer, in turn, has to clearly and unambiguously declare its willingness to conclude a license agreement on reasonable and non-discriminatory terms with the patent proprietor and subsequently also has to cooperate in the license agreement negotiations in a purposeful manner. The High Court of England and Wales (J. Birss) put this aptly in stating that “*a willing license must be one willing to take a FRAND license to whatever terms are in fact FRAND*” (EWHC, judgment of April 5, 2017, [2017] EWHC 711 (Pat) marginal no. 708 – Unwired Planet v Huawei).
- 84 bb) Thus, the appellate court assumed, free from any errors in law, that the Plaintiff is not guilty of abusing its dominant market position for the reason that it did

not sufficiently inform the Defendant of infringement of the patent-in-suit and its willingness to grant a license in it on FRAND terms.

85 (1) Such information is to notify the infringer of the elements of infringement and the possibility and necessity of taking out a license. In this regard, it is sufficient for the patent to be specified and it to be indicated what specific act is supposed to constitute the infringement. The latter requires – as the appellate court rightly states – designation of the type of the act of infringement as well as of the attacked embodiments. No detailed technical or legal explanations of the infringement allegation are required; the infringer merely has to be enabled to assess whether the patent infringement allegation is justified – possibly with expert aid or by obtaining legal advice. As a rule, establishing the infringement allegation by means of “claim charts”, which is common practice, is sufficient but not mandatory.

86 (2) The appellate court rightly assumed that the Plaintiff’s infringement notifications met these requirements.

87 According to the findings of the appellate court, by letter dated December 20, 2012 as well as two further letters from 2013 to the Defendant’s parent companies, the Plaintiff designated the patent-in-suit with its publication number, among others, and gave notice that the affiliates were infringing the patent-in-suit by manufacturing and selling mobile radio devices that implement the GSM standard, among others. In doing so, the appellate court assumed, free from any errors in law, that the indication to the GSM standard also comprises GPRS extension. No indications were found as to the infringement allegation having to be specified further with regard to the relevant sections in the standard. Moreover, a patent proprietor who has specified the infringed patent and the relevant standard may expect the infringer to communicate at short notice if these indications are not sufficient for it to identify the infringement allegation. This is also true if – as in the present case – a wide range of patents and standards is mentioned.

88 By the first infringement notification in the letter dated December 20, 2012, the Plaintiff further pointed out that it offers licenses on FRAND terms.

- 89 (3) Rightly – and this remained unchallenged by the Respondent – the appellate court furthermore considered the indication to the Defendants’ parent companies to be sufficient.
- 90 cc) In contrast, the following assumption of the appellate court does not withstand review by under the law of appeals on points of law only: it was assumed that by asserting the claims for destruction as well as recall of infringing products (that remained after the request for injunctive relief had been terminated due to the term of protection of the patent-in-suit had expired), the Plaintiff abused its dominant market position since it did not offer the Defendants a license agreement on FRAND terms but rather that the contractual terms offered to the Defendants were discriminatory. It’s finding support neither the assumption that the Plaintiff was obliged to make a specific contractual offer since the Defendants demonstrated their willingness to take out a license nor the further assumption that the contractual terms offered to the Defendants were discriminatory.
- 91 (1) The appellate court wrongly assumed that the Defendants declared their willingness to conclude a license agreement on FRAND terms.
- 92 The appellate court rightly considered that the Defendants’ declaration dated December 12, 2013, and thus more than one year after the first notification of infringement did not meet the requirements with regard to an infringer willing to take out a license in terms of time alone. As a rule, an infringer who does not respond to the notification of infringement for several months indicates by this that it is not interested in taking out a license. Contrary to the Defendants’ understanding, this is not opposed by the Plaintiff only having made the FRAND declaration on April 10, 2013. After all, by the first infringement notification in the letter dated December 20, 2012, the Plaintiff already pointed out that it offers licenses on FRAND terms.
- 93 Nonetheless, the appellate court affirmed willingness to take out a license on the part of the Defendants, since a declaration of willingness to take out a license on FRAND terms made outside the period for a reaction assumed by it but before the complaint was brought did not cause preclusion but rather that the “licensing procedure before the trial” has to be continued and the patent proprietor is required to make an offer on FRAND terms to the infringer.

- 94 It does not need to be determined whether this is to be agreed with. After all, the appeal on points of law only successfully opposes the assumption of the appellate court that the declaration of December 12, 2013 is a sufficient declaration of willingness to take out a license. The further findings of the Defendants and its parent companies determined by the appellate court do not express serious willingness on the part of the Defendants to conclude a license agreement on FRAND terms either.
- 95 (a) Since no further findings for the benefit of the Defendants are to be expected, the Senate may interpret the Defendants' declarations itself. Interpretation of declarations of intent is indeed generally up to the trial judge. However, it is not binding for the court of appeal on points of law only if it violates judicial or generally recognized rules of interpretation, laws of thought or empirical judgment (cf. German Federal Court of Justice, judgment dated October 5, 2006 – III ZR 166/05, MDR 2007, 135). Even in consideration of this limited examination standard, the statements of the appellate court are not free of any errors in law. The letter by email of the IP director to of the Defendants' parent companies dated December 17, 2013 (Exhibit AR 39) does not meet the requirements to be defined for serious and unreserved willingness to take out a license on FRAND terms (marginal no. 83 above). Merely the hope is expressed that formal negotiations will be entered (*"We hope to have a formal negotiation with you"*) and information about a promised discount is requested (*"You mentioned that there will be a discount if we sign the license timely. Please let me know the information such as specific discount amount and the current license royalty arrangement..."*). From the Plaintiff's objective perspective as the recipient, the Defendants did not indicate – and by no means unambiguously – by this that they were willing to conclude a license agreement on FRAND terms.
- 96 (b) The appellate court only reviewed the further letters of the IP Director of the Defendants' parent companies with regard to the aspect of whether they provided any reason to assume that the willingness to take out a license that had existed originally had ceased to exist in the meantime. Since the letter dated January 16, 2016 (Exhibit AR 51) included a declaration that, once German court would finally have found infringement and legal validity of the patent-in-suit as well as of a further patent in dispute in the parallel litigation between the parties,

one would be willing to take out a FRAND license and pay royalties, this declaration did not meet the requirements either, as the appellate court rightly stated. This is true irrespective of the question, which was not reviewed by the appellate court, of, and if so to what extent, the Defendants were allowed to limit the willingness to take out a license substantively and geographically. After all, according to their letter, the Defendants did not only – permissibly (ECJ, WRP 2015, 1080 marginal no. 69 – Huawei vs. ZTE) – want to reserve the right to have a court clarify the question of use of the patent-in-suit and its legal validity in case of a FRAND license agreement being concluded, but they only made the declaration of willingness to take out a license itself only in a conditional manner. Such a declaration of willingness to take out a license is insufficient (BGHZ 180, 312 marginal no. 32 - Orange-Book-Standard).

97 (c) The appellate court gathers from the letter dated March 23, 2016 (Exhibit AR 51) transmitted during the appeal proceedings that the Defendants continued to be willing to take out a license. In this regard, in turn, it does not need to be determined whether and to what extent willingness to take out a license declared after the complaint is filed (and after a judgment against it is rendered at first instance) may affect the assessment of the patent proprietor’s behavior under antitrust law. After all, willingness to take out a license in the above sense cannot be gathered from the findings of the appellate court. It does not follow from the content of the letter either. Indeed, a declaration that one is willing to take out a FRAND license can be found there, but at the same time, it is pointed out that one’s position has not changed (*“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 p. 3). From the Plaintiff’s objective perspective as the recipient, this had to be understood to mean that the inadmissible conditions expressed in the letter dated January 16, 2016 was to be maintained.

98 In view of this, no final assessment is required as to whether there is another regard in which the letter also expresses lacking willingness to enter into an open negotiation process and accept FRAND terms with any content whatsoever. An indication of this is if it insists on its own counter-offer and it is communicated that one is not willing to modify the offer as long as the Plaintiff is unwilling to

indicate in which way the further patents belonging to the portfolio are infringed. (“As long as you remain unwilling to specify the way in which your patents (except EP504 and EP885) could be infringed... we are not able to further amend our offer. From the Plaintiff’s objective perspective, this allowed the conclusion of dilatory tactics on the part of the Defendants at the time. The patent proprietor does indeed have to provide sufficient information on the patents belonging to the portfolio to the infringer when offering a portfolio license. This obligation, however, does not exceed what a party *bona fide* has to establish in contractual negotiations on a portfolio license. Just as in case of the infringement notification, it is sufficient to establish the kind of the act of infringement concerned as well as the attacked embodiments. No detailed technical or legal explanations about use of the patent concerned are required; in this regard as well, the infringer only has to be enabled to assess the infringement allegation – possibly with expert aid or by on legal advice. In case of any unclarities about whether the infringement allegation is justified, *bona fide* negotiation partners can be expected to enter into a discussion. The Plaintiff already met its obligation by letter dated December 20, 2012. With this, it included a list of 450 patents belonging to the patent portfolio. After more than three years, the Defendants insisted on their formal point of view that the Plaintiff was obliged to provide claim charts with regard to all patents. This is at least an indication of the fact that in view of the approaching end of the term of the patent-in-suit, the Defendants were interested less in successful conclusion of the negotiations than in further delaying them. This, in turn, is true irrespective of the question, which was not answered by the appellate court, whether, and if so to what extent, the Defendants were allowed to reject the portfolio license offered, since the patent proprietor may at least expect an infringer that is generally willing to take out a license to invoke factual reasons for this.

- 99 The letter did indeed additionally demand that the Plaintiff has to establish in which way the license offered had been calculated. However, it can be assumed for the Defendants’ benefit that the Plaintiff had not yet fulfilled its corresponding obligation. After all, this only came into existence after the Defendants had declared their serious willingness to take out a license.

100 (d) Finally, it does not need to be determined whether willingness to conclude a FRAND license agreement can be gathered from the Defendants' counter-offer, which was made on January 20, 2017 – and thus four weeks before the hearing date in the appellate proceedings on February 16, 2017. After all, the term of protection of the patent-in-suit had already lapsed at the time of this offer being made. Consequently, due to the fact that the dominant market position ceased, not only was the property of the Plaintiff as the addressee of the norm established by this within the meaning of Art. 102 TFEU and Sec. 19 German Act against Restraints of Competition but it was also no longer able to permit the Defendants to use the subject matter of the patent-in-suit, which was no longer covered by a patent, for the future. It was not obliged to retroactively legitimize the acts of infringement.

101 (2) Although this is no longer relevant, the finding of the appellate court do not support its assumption either that the complaint constitutes an abuse of the Plaintiff's dominant market position since it demanded discriminatory contractual obligations from the Defendants. The appellate court did not determine whether the Plaintiff's submissions allow findings to be made as to it having been forced to grant preferential terms for the third-party licensing company due to intimidations or pressure by a foreign authority. It assumed, in a manner erroneous in law, that this cannot constitute a factual justification for the unequal treatment from the outset.

102 The question of whether there is a factual justification for different prices is to be answered based on a weighing of all interests involved, taking into consideration the aim of antitrust law aimed at freedom of competition (BGHZ 160, 67, 77, BGH, judgment dated August 7, 2010 - KZR 5/10, WRP 2011, 257 marginal no. 23 - Entega II). The fact that a company has a dominant position does not generally prevent it from safeguarding its own business interests if they are attacked. It has to be able to react such an attack in a reasonable manner, provided that the behavior is not aimed at extending the dominant position and abusing it (cf. ECJ, judgment dated September 16, 2008 – C-486/06, Sig. 2008, 1-7139 marginal no. 50 - Lelos/GlaxoSmithKline). If it was economically reasonable, from the Plaintiff's perspective, to accept an offer that was insufficient as such, due to a realistic possibility of judicially enforcing its claims and in view of

impending personal or other economic disadvantages, so as to obtain consideration for use of its intellectual property rights at all and avoid such threats by government bodies, this may, in view of the necessary weighing of all interests concerned, constitute a factual reason for adhering to its usual conditions towards other companies, provided that they are factually reasonable and particularly do not impair competitiveness of the other companies.

- 103 III. In response to the Plaintiff's appeal on points of law only, the appellate judgment is thus to be reversed insofar as the appellate court found for the Plaintiff's disadvantage. The Senate can decide on the case itself, since further statements are neither necessary nor to be expected and since the litigation is thus ripe for final decision. Insofar as the parties have not declared the litigation settled in the principal proceedings due to the lapse of the term of protection of the patent-in-suit, the scope of the claims sought by the Plaintiff is to be reinstated, dismissing the appeal in reaction to the Regional Court judgment, since the Plaintiff is entitled to the claims for information, rendering of accounts, destruction and recall asserted by way of complaint, as well as the claim for damages asserted by the request for declaratory judgment.
- 104 1. As a consequence of the patent infringement, the Plaintiff has a claim for destruction and recall of the attacked products against the Defendants pursuant to Sec. 140a (1), (3) German Patent Act (*PatG*).
- 105 a) As was already elaborated on (marginal no. 65) and rightly assumed by the appellate court, apart from in cases of disproportionality, the lapse of the term of protection merely results in claims being limited to products that the infringer possessed or owned until the lapse of the term of protection or that were manufactured or delivered by then. The Plaintiff accounted for this by clarifying in the oral hearing that it was only continuing to assert its claims to this limited extent.
- 106 b) After the finding of the appellate court were not objected to, the Defendants, which bear the onus of presentation and burden of proof in this regard, did not submit any special circumstances, and neither are any indications apparent, of the assertion being disproportionate here pursuant to Sec. 140a (4) German Patent Act.

- 107 In the case in dispute, such special circumstances do not follow from the fact alone that the patent-in-suit had been expired for approximately half a year when the appellate judgment was passed down (cf. German Federal Court of Justice, order dated September 25, 2018 - X ZR 76/18, GRUR 2018, 1295, marginal no. 6 – Werkzeuggriff).
- 108 2. Moreover, the Defendants are required to pay damages to the Plaintiff pursuant to Sec. 139 (2) German Patent Act and have to provide the necessary information, comprising the rendering of accounts granted by the Regional Court, in order to enable the Plaintiff to estimate its claim for damages. The claims are limited in terms of time due to the lapse of the term of protection. The Plaintiff accounted for this in the appellate proceedings by having made reference to acts of infringement until September 25, 2016 in the requests.
- 109 a) Without any error of law, the appellate court affirmed fault in the form of negligence, which is necessary for a claim for damages, also for the period before the Plaintiff's first notice of infringement was received. After all, the obligation of the proprietor of a standard-essential patent does not change the fact that it is generally up to the infringer to ensure, before initiating manufacture or distribution of a technical product, that this does not infringe any intellectual property rights of third parties (German Federal Court of Justice, GRUR 2001, 323, 327 – Temperaturwächter). In view of the wide range of patents that may affect a product, especially in the field of information and telecommunication technology, getting a complete and reliable overview of all relevant intellectual property rights does indeed routinely involve considerable difficulties (cf. ECJ, WRP 2015, 1080 marginal no. 62 – Huawei vs. ZTE). This deficiency of information, however, is not due to the behavior of the patent proprietor and does therefore not justify deviating from the standard of due diligence that is otherwise applicable.
- 110 b) The assumption of the appellate court that the amount of damages to be paid by the Defendants is limited to what follows from the standard of license analogy would not be applicable without limitation even if the appellate court's stance were correct that the Plaintiff abused its dominant market position by the complaint for injunctive relief.

- 111 As the appellate court does not fail to recognize either, asserting a claim for damages due to patent infringement does, on principle, not constitute an abuse of the dominant market position of the patent proprietor (ECJ, WRP 2015, 1080, marginal no. 74 *Huawei vs. ZTE*). Therefore, to a claim for damages of the patent proprietor the infringer can only oppose a claim for damages of its own that is based on non-fulfillment of its claim for conclusion of a license agreement on reasonable and non-discriminatory terms and due to which it can demand to be put in the same position as it would be in if the patent proprietor had immediately fulfilled this claim. Thus, such counter-claim can only come into existence if the infringer demands conclusion of a license agreement on FRAND terms from the patent proprietor (first of all by demonstrating willingness to take out a license) and if the patent proprietor does not react to this in accordance with the obligations it bears due to its dominant market position, by either unlawfully refusing to conclude such license agreement (cf. BGHZ 160, 67, 82 – *Standard-Spundfass*) or by not making an offer on FRAND terms despite the patent infringer’s willingness to take out a license.
- 112 c) According to this, limitation of the Plaintiff’s claim for damages is ruled out entirely in the present dispute. At least during the term of protection of the patent-in-suit, the Defendants did not sufficiently demonstrate their willingness to conclude an agreement on FRAND terms, as has been elaborated on.
- 113 3 Insofar as the decision on costs does not concur with the decision of the appellate court pursuant to Sec. 91a German Code of Civil Procedure (*ZPO*), which is not subject to review in the proceedings of an appeal on points of law only, it is based on Sec. 97 (1) German Code of Civil Procedure.

Meier-Beck

Berg

Tolkmitt

Rombach

Linder

Lower Courts:

Regional Court of Düsseldorf, decision of November 3, 2015 - 4a O 93/14 -

Higher Regional Court of Düsseldorf, decision of March 30, 2017 - I-15 U 66/15 -