

Case C-182/21

Request for a preliminary ruling

Date lodged:

23 March 2021

Referring court:

Landgericht Düsseldorf (Germany)

Date of the decision to refer:

26 November 2020

Applicant:

Nokia Technologies Oy

Defendant:

Daimler AG

[...]

Landgericht Düsseldorf (Regional Court, Düsseldorf, Germany)

Order

In the civil proceedings

Nokia Technologies Oy, [...] Espoo, Finland,

applicant,

[...]

v

Daimler AG, [...] Stuttgart, Germany

defendant,

[...]

Interveners in support of the defendant:

1. **Continental Automotive GmbH**, [...] Regensburg, Germany
[...] [Or. 2]
2. **Continental Automotive Hungary Kft.**, [...] Veszprem, Hungary,
[...]
3. **BURY Sp. z.o.o.**, [...] Mielec, Poland,
[...]
4. **TomTom Sales BV**, [...] Montrouge, France,
[...]
5. **Peiker acoustic GmbH**, [...] Friedrichsdorf, Germany
[...]
6. **Robert Bosch GmbH**, [...] Gerlingen Schillerhöhe, Germany
[...]
7. **Huawei Technologies Deutschland GmbH**, [...] Düsseldorf, Germany
[...]
8. **TomTom International B.V.**, [...] Amsterdam, the Netherlands, [Or. 3]
[...]
9. **Sierra Wireless S.A.**, [...] ISSY LES MOULINEAUX [...], France,
[...]

Civil Chamber 4c of the Regional Court, Düsseldorf [...]

has made the following order:

[...]

II. The following questions are referred to the Court of Justice of the European Union for a preliminary ruling:

A. Is there an obligation to license suppliers on a priority basis?

1. Can an undertaking at a downstream stage in the economic process rely on the plea of abuse of a dominant position within the meaning of Article 102 TFEU to dismiss a patent infringement action for a prohibitive injunction brought by the proprietor of a patent essential to a standard established by a standardisation body ('SEP') who has irrevocably undertaken to that body to grant a licence to any third party on FRAND terms, where the standard for which the patent at issue is essential, or parts thereof, are already implemented in an upstream product procured by the defendant in the patent infringement action, whose suppliers which are willing to obtain a licence are refused, by the patent proprietor, their own unrestricted licence for all [Or. 4] types of use relevant under patent law on FRAND terms in respect of products implementing the standard?
 - (a) Is this the case in particular if it is customary practice in the relevant industry of the final product distributor for the intellectual property right situation in respect of the patents used by the supplier part to be clarified by way of licensing through the suppliers?
 - (b) Is there licensing priority for suppliers at every stage of the supply chain or only for the supplier immediately upstream of the distributor of the final product at the end of the value chain? Do customary trading practices also play a decisive role in that regard?
 2. Does the prohibition of abuse under antitrust law require that the supplier be granted its own, unrestricted licence for all types of use relevant under patent law on FRAND terms for products implementing the standard in the sense that the end distributors (and, where relevant, the upstream customers) in turn no longer require their own, separate licence from the SEP holder in order to avoid patent infringement in the case of use of the supplier part concerned in accordance with its intended purpose?
 3. If Question 1 is answered in the negative: Does Article 102 TFEU lay down specific qualitative, quantitative and/or other requirements for the criteria according to which the proprietor of a standard-essential patent decides the potential patent infringers at different levels of the same production and value chain against which it is to bring an action for a prohibitory injunction?
- B. More precise clarification of the requirements established by the decision of the Court of Justice in the *Huawei v ZTE* case (judgment of 16 July 2015, C-170/13):

1. Irrespective of the fact that the **[Or. 5]** obligations to act (notice of infringement, licensing request, FRAND licence offer; licence offer to the supplier to be licensed on a priority basis) to be reciprocally complied with by the SEP holder and the SEP user must be discharged *prior to any litigation*, is it possible for obligations to act not fulfilled prior to any litigation to be discharged subsequently in the course of court proceedings in a manner that preserves the rights of the party concerned?
2. Can a meaningful licensing request by the patent user be assumed only if, on the basis of a comprehensive assessment of all the circumstances surrounding the matter, it is clearly and unequivocally apparent that the SEP user is willing and prepared to enter into a licensing agreement with the SEP holder on FRAND terms, irrespective of what form such FRAND terms (which, in the absence of a licence offer drawn up at that time, are not at all foreseeable yet) may take?
 - (a) Is it generally the case that an infringer that remains silent on a notice of infringement for several months thereby indicates that it is not interested in obtaining a licence, such that – despite the existence of a licence request expressed orally – there is no such request, with the consequence that the SEP holder’s action for a prohibitory injunction must be allowed?
 - (b) Can a lack of a licence request be inferred from licence terms presented by the SEP user by way of a counter-offer, with the result that the action for a prohibitory injunction brought by the SEP holder is subsequently allowed without first assessing whether the SEP holder’s own licence offer (which preceded the SEP user’s counter-offer) complies with FRAND terms in the first place?
 - (c) Is such an inference precluded in any event if the licence terms of the counter-offer from which a lack of a licence request is to be inferred are terms in respect of which it is neither manifestly apparent nor established at the highest judicial level that they are incompatible with FRAND terms? **[Or. 6]**

Grounds:

I.

- 1 The applicant brought an action seeking a prohibitory injunction, the provision of information, the rendering of accounts and a declaration establishing liability for damages in principle against the defendant for infringement of the German part of its European patent EP 2 087 629 B1 (‘patent at issue’). [...].

- 2 The patent at issue relates to a method of transmitting data within a telecommunications system, which, according to the findings of the present Chamber, is essential for the Long-Term Evolution (LTE) standard. The LTE standard is a fourth-generation mobile telecommunications standard that was standardised by the consortium 3GPP (3rd Generation Partnership Project), of which the European Telecommunications Standards Institute (ETSI) is a member.
- 3 On 17 September 2014, the applicant's parent company and original applicant of the patent at issue, Nokia Corporation, notified ETSI of the application of the patent at issue and declared that it considered the latter to be essential to the LTE standard. At the same time, it made a FRAND commitment to ETSI, undertaking to grant licences to third parties on fair, reasonable and non-discriminatory terms ('FRAND').
- 4 The defendant, which is based in Stuttgart, is a manufacturer of passenger cars and commercial vehicles that are advertised and brought to market under, inter alia, the Mercedes Benz brand. In addition, it offers various mobility and financial services. The defendant's vehicles are equipped with, inter alia, TCUs (telematic control units), which enable the vehicles to be connected to the internet (connected cars), in particular via the LTE network. The users of the vehicles can thus use internet-based services such as music/data streaming and/or have their vehicles receive 'over-the-air' updates from the defendant without having to visit a workshop. Furthermore, the TCUs are mandatory [Or. 7] for the registration, operation and distribution of the vehicles, as the legally required emergency call system (eCall) is provided via those modules.
- 5 The TCUs are not produced by the defendant itself, but in a multi-stage production chain. The defendant procures ready-to-install TCUs from its direct suppliers (referred to as Tier 1 suppliers). The Tier 1 suppliers in turn obtain the NADs (network access devices) required for the production of the TCUs from other suppliers (Tier 2 suppliers). The chips needed for the NADs are in turn obtained by the Tier 2 suppliers from further suppliers (Tier 3 suppliers).
- 6 The applicant first drew the defendant's attention to the infringement of, inter alia, the patent at issue in March 2016. The defendant responded to that information by letter of 10 June 2016. The applicant offered the defendant a licence to, inter alia, the patent at issue on 9 November 2016 and 27 February 2019 and brought an action for infringement of the patent at issue in March 2019. The defendant sent the applicant a counter-offer on 19 May 2019 and 10 June 2020. In response to licensing requests from the defendant's Tier 1 and Tier 2 suppliers, the Tier 1 suppliers were offered, prior to any court proceedings, a contractual arrangement called the Tier 1 Model on 17 May 2017. Under the Tier 1 Model, Tier 1 suppliers are to provide their customers with a licence to the applicant's portfolio, that is to say, Tier 1 suppliers are to pay for a licence granted only to car manufacturers. The CWCL (Connected Vehicle Value Chain Licensing Model), dated 27 July 2019, provides, as a supplement to the Tier 1 Model, that the suppliers are to be granted their own limited licence for research and development and in respect of

the production of a connected car, but, moreover, are to provide a licence to their customers, who in turn are to be entitled to produce a TCU via a ‘have-made’ right provided (upstream) to them by the car manufacturer.

- 7 Following the oral hearing held before the present Chamber on 3 September 2020, the applicant made a further licence offer (‘Automotive Licence Agreement’, ‘ALA’ licence offer) to the Tier 1 suppliers Continental, Bosch, Bury, TomTom, Peiker, Renault, Harman and Fico Mirrors, which provides for its own unrestricted licence to manufacture and distribute TCUs for the Tier 1 suppliers, as well as a licence in respect of the car manufacturer’s customers and any other customers of the suppliers. Huawei also received the same offer. The Tier 2 supplier Sierra **[Or. 8]** Wireless, which had applied for a licence, was not offered a licence by the applicant.
- 8 The applicant takes the view that, as SEP holder, it is free to decide at which stage of a complex production and supply chain licences are granted on FRAND terms. It states that there is thus no obligation to license suppliers on a priority basis. The selection of licensees must take account of efficiency aspects and the value of the technology. Licensing at an upstream production stage also does not lead to exhaustion, with the result that subsequent participants would not be able to benefit from such a licence. An SEP holder must also be able to establish its own, non-discriminatory licensing practice – and to do so independently of any existing industry practice. This is also not precluded by the prohibition of abuse of a dominant position pursuant to Article 102 TFEU, which is of relevance to standard-essential patent holders. Not every stage of a multi-stage production chain is entitled to its own, full licence, since – taking into account the antitrust obligations incumbent on the standard-essential patent holder – it is sufficient if and as long as the individual stages are each provided with access to the standardised technology. Furthermore, the defendant is not willing to obtain a licence, as it has always referred to licensing through its suppliers.
- 9 The defendant takes the view that it follows from Article 102 TFEU and from the FRAND commitment made to ETSI by the applicant, or its legal predecessor, that an SEP holder must offer each licence applicant willing to obtain a licence its own unlimited licence to the SEP for all types of use relevant under patent law. The suppliers that have applied for a licence must therefore be granted a licence on a priority basis, which is also in line with the standard approach in the automotive industry. Rules from other industries are not transferable, because it is customary and efficient in the automotive industry for vehicle manufacturers to receive their suppliers’ components free of any third-party rights. It is not sufficient if the supplier is only given access to the protected technology, for example via so-called ‘have-made’ rights having upstream effect in a supply chain. This is because, in this respect, a supplier cannot act in an economically independent manner, as it is dependent on the (contractual) good faith of its customer vis-à-vis the SEP holder. Therefore, it (the defendant) is entitled to its own antitrust-law defence as well as that **[Or. 9]** raised by each of its suppliers as interveners.

- 10 The interveners take the view that the applicant breached its obligation under antitrust law to offer such a licence on FRAND terms to any party seeking its own unrestricted licence on FRAND terms. They submit that they themselves are willing to obtain a licence and had approached the applicant to request that it make a FRAND licence offer. The Tier 1 and CWCL models do not discharge the applicant's obligation under antitrust law because the interveners, as suppliers, were not granted their own unrestricted licences. The development of the free market for TCUs is not possible with the abovementioned models. The majority of Tier 2 suppliers that applied for a licence have not received a licence offer. The defendant is also entitled (by inference) to rely on the mandatory nature of the grant of the licence under antitrust law, since it is abusive within the meaning of Article 102 TFEU for the applicant to refuse to grant a licence to its SEP portfolio to potential licensees at an upstream stage in the production chain, while at the same time bringing an action for an injunction against companies at the final stage of the same production chain owing to patent infringement. This applies all the more so given that licensing in respect of the upstream production stage no longer makes it possible to make use of the final stage in the case of comprehensive contractual arrangements.

II.

- 11 The Chamber's decision on the action hinges on the answers to the questions regarding the application of the prohibition of abuse under antitrust law that are set out in the operative part of the order.

A.

- 12 The applicant is in principle entitled to the patent infringement claims asserted against the defendant, in particular the claim for injunctive relief under Article 64 EPC and Paragraph 139(1) of the Patentgesetz (Law on patents; 'the PatG').
- 13 It is common ground that the motor vehicles manufactured and distributed by the defendant (connected cars) are LTE-capable by virtue of the connectivity modules (TCUs) installed in them and therefore (also) operate according to the LTE standard widely implemented in Germany. Owing to the fact that the patent at issue is standard-essential for the LTE standard, this automatically leads to the use of the patent at issue by the defendant or its customers. The use is unlawful. **[Or. 10]**

- 14 [...]

B.

- 15 However, the defendant and those intervening in its support (suppliers) might be able to rely on the mandatory nature of the grant of the licence under antitrust law in order to dismiss the action for a prohibitory injunction on the basis of

Paragraph 242 of the Bürgerliches Gesetzbuch (Civil Code; ‘the BGB’) in conjunction with Article 102 TFEU. This would be the case if, by its action for a prohibitory injunction against the defendant, the applicant were to be regarded as abusing its indisputably dominant position in the licensing market.

1.

- 16 The Court of Justice has already ruled, in the *Huawei v ZTE* case (judgment of 16 July 2015, C-170/13; ‘the CJEU judgment’), that the user of a standard-essential patent who is the subject of an action for a prohibitory injunction can rely on the mandatory nature of the grant of the licence under antitrust law, irrespective of whether or not he or she contests the use of the patent, and irrespective of the fact that he or she has already started using the SEP before the grant of a licence.

2.

- 17 In the present case, it is necessary to apply the principles of the Court of Justice in a case which is characterised by the fact that the technical teaching of the SEP is already fully embodied in components (semiconductor chips, NADs, TCUs) supplied in a multi-stage chain to the distributor of the end product (passenger car), which is faced with the SEP holder’s action for a prohibitory injunction, thereby raising the question of whether, and, if so, under what circumstances and with what legal consequences, the SEP holder abuses its dominant position within the meaning of Article 102 TFEU if it brings an action for a prohibitory injunction against the distributor of the end product owing to patent infringement without first having complied with the licensing request of its suppliers that use the patent. This is the subject of the questions referred in Part A of Section II of the operative part of the order.

- 18 The referring court takes the following **[Or. 11]** view on the questions raised:

a)

- 19 In view of the fact that the FRAND commitment does not contain any restrictive conditions, apart from the need for the licence applicant to have expressed its desire to obtain a licence, it obliges the SEP holder vis-à-vis all persons to grant them a licence on FRAND terms. In that respect, the granting of a licence must not grant merely any access to the standardised market, but, rather, it must grant the licence applicant a share in the standardised technology to such an extent that enables it to compete freely on all product markets envisaged by it now and in the future.
- 20 There is a public interest in preserving free competition both in a market already weakened by the qualification of a right as standard-essential and in other markets

that may be affected by the exploitation of the right and/or are still under development. The selection of the party to whom the SEP holder offers a licence to its SEP portfolio determines who can participate in the competition on the product markets downstream of the technology market. The licensing practice of an SEP holder is therefore a key factor in the determination of the level in a production chain at which a free market on competitive terms can emerge. This is shown by the facts of the present case. With their own unrestricted licence to the applicant's SEP, the suppliers that applied for the licence are able to further develop, manufacture and distribute to any car manufacturer, independently and in a legally secure manner, TCUs and the components required for them. It is only with such a licence that suppliers can further develop the patented technology for potential uses outside the automotive industry and open up new markets. If, on the other hand, they are entitled only to a limited right derived from the car manufacturers, this significantly hinders the research, development and distribution of TCUs and their components. The reason for this is that, with derived rights, suppliers can manufacture TCUs and their components and sell them to the contractually envisaged buyers only within the scope of the instructions given to the suppliers by third parties. They would be denied a market presence of their own and independent of the respective customers, resulting in an unjustified restriction of their economic activity. **[Or. 12]**

- 21 The possibility for suppliers to have their own full right to a licence cannot be precluded by the fact that, even then, there is still a need for the SEP holder to grant the further manufacturers their own licence. It is true that even unrestricted licensing does not result in exhaustion outside the EU and exhaustion of process claims, and such exhaustion does not occur even if the claim contains device features that are not yet present in the component distributed by the licensed supplier.
- 22 It should be noted, however, that as a result of the confidence-building promise given by the SEP holder, licensing must take place on FRAND terms. This requires that the licence agreement provides for terms that lead to the exhaustion of the patent rights in the event that the licence is exercised. In accordance with its purpose, the FRAND commitment serves to enable everyone to participate fairly and in a non-discriminatory manner in the economic exploitation of the standardised technology in the product market. If the exploitation of the technical standard also takes place outside the EU or if, for example, process claims are involved, the FRAND commitment made by the SEP holder must also be congruent with this by virtue of the granting to any interested party of a right to a licence that is geographically unlimited and/or includes the exhaustion of process claims. Accordingly, the manufacturer of upstream products that make use of the patent can request a FRAND licence from any SEP holder, which allows the manufacturer to distribute its products without restrictions and which thereby releases any user of the invention at a later stage of exploitation from the obligation to seek, in turn, a licence from the SEP holder (Kühnen, GRUR 2019, 665, 670 and 671).

- 23 The limitations of the exhaustion principle in both substantive and territorial terms can therefore be overcome by including clauses in the licence agreement that lead to comprehensive exhaustion irrespective of territory and also with regard to any process claims. The contractual granting of a limited right to sub-licence, for instance, may be useful in that respect. In view of the fact that the licensed TCUs and NADs are intended precisely to establish a mobile telephony connection in accordance with the 2G to 4G standards, an SEP holder is therefore expected to provide a licence that enables both the supplier and **[Or. 13]** its customer to use the technology in accordance with its purpose.
- 24 This is especially true if the customs in the industry served by the exploitation chain are taken into account. In the automotive industry, it is standard practice for car manufacturers to obtain their products from suppliers free of any third-party rights. This takes account of the circumstance that each level is responsible for the legal conformity of the technical solution that it develops itself and therefore knows best. Since up to 30 000 components are installed in a motor vehicle, it would entail considerable effort for a car manufacturer to check whether the technical solutions installed in its car and supplied by third parties make use of third-party property rights. The more complex the supplier part is and the further away the technology concerned is from the actual field of activity of the car manufacturer, the more acute the problem is, as is the case with the TCUs and NADs at issue here. The supplier which opts for a particular technical solution within the tiered supply chain is best placed to check whether that solution infringes third-party property rights. In addition, suppliers invest considerable expenditure in the research and development of new innovations and are thus independent of the purchasers of the end product in their activities and require, for those activities, the economic and legal freedom that can be guaranteed only by way of an unrestricted licence in their favour.
- 25 No reasons of efficiency militate against an obligation to license suppliers on a priority basis. It is true that it is generally acknowledged that efficiency gains are in principle capable of justifying the anticompetitive conduct of a company with a dominant position. In that respect, technical improvements to increase quality and reduce costs in production or distribution are, as indispensable conduct, to be regarded as an efficiency gain (see the Communication from the Commission setting out the EU approach to standard essential patents of 29 November 2017, COM [2017]). The efficiency gains must outweigh any negative effects in the markets concerned and the conduct must not eliminate effective competition. This cannot be ascertained in the present case. The view that licensing is made easier for the applicant because it can identify the end product manufacturers more easily than it can their suppliers is incorrect purely from a factual perspective, because the number of suppliers is **[Or. 14]** far smaller than that of the car manufacturers. Only licensing the baseband chip producers, of which there are no more than ten worldwide, would make sense from the point of view of efficiency. Irrespective of that, the possible simplification of licensing does not represent a justifying efficiency gain in the sense described above.

- 26 The amount of transaction costs and the risk of double payment when concluding several licence agreements for the same rights conferred by the licences do not preclude an obligation to license suppliers on a priority basis either. Both issues can be reliably countered by contractual arrangements.
- 27 An SEP holder's interest in committing to a particular licensing programme must therefore not be considered without having regard to an SEP holder's obligations under antitrust law. It follows that although an SEP holder may invite, on a preferential basis, final manufacturers of a particular product to obtain a licence, it may not ignore or reject a supplier's legitimate licence requests/offers. If any interested third party is to be granted a licence on FRAND terms, this therefore also includes those suppliers which require a licence for their business operations. Moreover, it is also not possible to ascertain that the applicant had such a licensing programme, by which final product manufacturers were licensed. In the past, the applicant concluded a contract with a car manufacturer that no longer exists today. Furthermore, there is a licence agreement not concerning the present 4G patent portfolio with the intervener Sierra and another car manufacturer. The Avanci patent pool, of which the applicant is a member, has to date concluded licensing agreements with three car manufacturers and refuses to license the suppliers. By contrast, Sharp, also a member of the Avanci pool, recently concluded an unrestricted licensing agreement with Tier 2 supplier Huawei [...]. The defendant subsequently also concluded a licensing agreement with Sharp. Other Avanci pool members are in licensing negotiations with various Tier 1 and Tier 2 suppliers.
- 28 A licensing obligation in respect of a supplier applying for a licence does not **[Or. 15]** give rise to a disadvantage for the SEP holder in terms of its remuneration for the use made of the invention. This is because the royalty is not linked to the profit that the respective licensee actually generates via the licensed invention; rather, only the profit that appears to be achievable from the use of the invention from the point of view of the parties is decisive. In that respect – irrespective of the level of licensing – the SEP holder should receive via the FRAND licence a fair share of that profit which is generated at the end of the exploitation chain, which is based on the division of labour, by virtue of the sale of the end product created in accordance with the patent. This means that if the SEP holder is obliged to license the supplier, the licence corresponding to the economic value of the SEP also arises already at the upstream exploitation stage. The manufacturer must therefore accept that licence which the SEP holder could otherwise require of the distributor of the end product without any exploitative abuse. In that respect, the orientation towards third-party profit generated by exploitation may not be in line with how matters are handled in normal licensing cases. However, this is characterised by the fact that the patent proprietor is free to choose the stage of exploitation of the use of the invention at which he or she grants a right of use. The SEP holder is not in such a situation, as it is legally obliged to grant a licence to anyone who applies for one. However, that compulsion must not result in the inventor being excluded from participating in the revenue from the use of the

invention at the final stage of the value chain or in his or her participation being unduly impeded (Kühnen, GRUR 2019, 665, 670 and 671).

- 29 It follows from all the foregoing considerations that the right of every supplier to demand an unrestricted FRAND licence for itself exists as a matter of principle and unconditionally, with the result that a request for a FRAND licence is an act constituting a permissible exercise of rights which, in the event of a refusal by the SEP holder, entails an abuse of a dominant position, which can be invoked both by the infringer at the end of the exploitation chain, against whom an action has been brought, and the supplier seeking a licence.

b)

- 30 If it is found that there is no such abuse, and the applicant is therefore justified in bringing legal proceedings against the defendant in the present case, further questions arise that are material to the decision to be given in the main proceedings.
- 31 In accordance with the case-law of the Court of Justice in the *Huawei v ZTE* case, **[Or. 16]** before bringing proceedings with a view to obtaining a prohibitive injunction or the recall of products, the SEP holder must, as a first step, alert the alleged infringer of the patent infringement (headnotes and paragraph 61 of the CJEU judgment). In response to having been alerted of the infringement, the patent user must then, at the second stage, request a licence. If this happens, it is for the SEP holder to present to that alleged infringer a specific, written offer for a licence on fair, reasonable and non-discriminatory terms, setting out, in addition, the way in which the royalty charged is to be calculated (paragraph 63 of the CJEU judgment). At the fourth stage, the infringer must respond to that offer in good faith and, in particular, without any delaying tactics (paragraph 65 of the CJEU judgment). Should the infringer not accept the SEP holder's offer, it must submit, promptly, a licence counter-offer that complies with FRAND requirements (paragraph 66 of the CJEU judgment). If the SEP holder in turn rejects that counter-offer, the infringer must render an account of the acts of use of the SEP from the point at which it was rejected and provide security for the payment of the royalties, this also applying to past acts of use (paragraph 67 of the CJEU judgment).
- 32 The Court of Justice thus makes it clear that the steps described – notification of infringement, request for licensing and submission of a FRAND-compliant licensing offer – must be taken before the proceedings for a prohibitive injunction are brought. This therefore gives rise to the question – which is largely answered in the affirmative in German case-law – as to whether those stages can take place retroactively during the ongoing legal dispute. In the present dispute, that issue is of significance against the background that it was not until well after the action had been brought that the applicant made various contractual offers to the Tier 1 suppliers. In that connection, the present Chamber is aware that the contractual

offers did not concern the defendant itself, but rather those intervening in its support. However, the enforcement of the order for a prohibitory injunction has the same consequences for the interveners as it does for the defendant: they are all no longer able to distribute their products. If the defendant can no longer sell motor vehicles, the suppliers are also no longer able to sell their products to the defendant. In that respect, it cannot make any difference whether the steps set out in *Huawei v ZTE* were not duly taken vis-à-vis the defendant or vis-à-vis the interveners.

- 33 The Chamber takes the view that it is possible, in principle, for those steps to be taken retroactively during the trial, and that view will be justified in greater detail in respect of the necessity of a FRAND-compliant licence offer [Or. 17]. The question of whether a licence offer is FRAND (which the Chamber understands in the sense of the principles of non-exploitation and non-discrimination in accordance with Article 102 TFEU) in a specific case often raises difficult and largely unresolved questions of assessment, the treatment of which by the court is practically impossible for the parties to predict. Without an SEP holder being to blame, it is often not until the legal proceedings that it becomes apparent whether the previous offer was inadequate and, if so, for what reason. Where the SEP holder is prepared to rectify any deficiencies retroactively, it makes sense for the relevant discussion to take place during the ongoing proceedings. The situation is similar if the patent proprietor has complied with its pre-trial obligation to give notice of infringement and has brought an action after having waited for a reasonable period of time for an explanation from the infringer without success. If the infringer subsequently declares its willingness to license in the course of the proceedings and if the possibility of retroactive rectification were denied, this would have the consequence that the court would have to order the infringer to cease and desist, with the result that, in practice, it would no longer be possible for the infringer to engage in fair FRAND negotiations with the SEP holder (with the infringer being under pressure from an enforceable instrument for a prohibitory injunction).
- 34 Furthermore, the requirements to be met by the licensing request or the conduct of the licence seeker after having been alerted of the infringement by the SEP holder are material to the decision to be given in the present dispute. The Chamber takes the view that the licensing request must not be subject to excessive requirements. The request for licensing can be made in a general and informal manner, and can therefore also be implied, whereby the willingness to obtain a licence must be clearly apparent to the other party from the conduct in question. Statements on the content of the licence are not required; on the contrary, they may be harmful if they give the SEP holder the impression that licensing exists only under certain conditions which are not FRAND and which the SEP holder therefore does not have to accept. Whether or not the licence seeker subsequently proves to be willing to license is not relevant for the assessment of the existence of a licensing request at the time when it is expressed. Rather, the further conduct of the licence seeker is to be appraised only when assessing the SEP holder's offer, after it has been made.

- 35 According to one view expressed in the literature (Kühnen, *Handbuch der Patentverletzung*, 13th Ed., Chapter E, paragraphs 393 and 394), the licence request required of the infringer is merely intended to ensure that the **[Or. 18]** SEP holder goes to the trouble of making a substantiated FRAND licence offer only where the infringer has requested it. It is not necessary to make any statements of any kind regarding the content of the licence. They can be detrimental only if they necessarily give the patent proprietor the impression, on reasonable assessment, that, despite a verbal request, a willingness to obtain a licence exists *conclusively and irrevocably* only on very specific, non-negotiable conditions which are *manifestly* not FRAND and which the property right holder therefore clearly does not have to accept. In such circumstances, the verbal request to be granted a licence in fact contains a genuine and definitive refusal to enter into a use agreement on FRAND terms, rendering any FRAND licence offer by the patent proprietor redundant from the outset (because it would no longer serve any purpose).
- 36 Since the more detailed licence conditions have not yet been formulated at that point in time, because it is not until the next step that they are to be specified by the SEP holder via its licence offer, strict requirements are to be imposed on the assumption that, although the infringer verbally expresses a licence request, it is in fact ultimately not willing to obtain a licence. This is because, in engaging in such conduct, the infringer essentially waives the submission of a licence offer required of the SEP holder, a circumstance which – as always in the case of a waiver of a legal position favourable to the declarant – can be assumed only in very specific circumstances, if at all. Caution is required above all if the circumstances on which the assumption that, contrary to the declaration made, a willingness to obtain a licence does not in fact exist is to be based are circumstances the justifiability of which has not yet been clarified in the case-law and on which different views are therefore possible in principle.
- 37 If the patent proprietor has actually taken the licence request expressed, even if it may have been ‘insufficient’ in the sense described above, as an opportunity to make a licence offer to the infringer, the licence request has fulfilled its intended purpose and it is necessary to assess – progressively, in the usual procedure – whether the patent proprietor’s licence offer complies with the FRAND terms promised and required of it. It is then only with regard to the infringer’s response to the licence offer that the question of the infringer’s willingness to license arises again: If it is ‘non-FRAND’, a willingness to license is not relevant. If the licence offer is FRAND, **[Or. 19]** on the other hand, the infringer’s willingness to obtain a licence is material to the decision to be given. There is no such willingness if (and only if) the infringer rejects the patent proprietor’s FRAND-compliant licence offer or if it does not counter such an offer with a counter-offer that in turn meets FRAND requirements. If the patent proprietor makes a FRAND licence offer in response to a licence request expressed by the infringer, that offer – and only that offer! – constitutes the touchstone for determining whether or not the infringer is willing to obtain licence. This is because it is the patent proprietor that has to honour its confidence-building FRAND promise by virtue of a licence offer that

complies with those very terms, whereas the infringer first has to prove its willingness to licence by accepting such an offer or formulating other FRAND terms.

- 38 A distinction must therefore be made between the infringer's preparedness in principal (general willingness) to obtain a FRAND licence and its willingness to enter into concrete licensing terms that have been found to be FRAND (concrete willingness to obtain a licence). At the stage of the licence request, it is only its general willingness to become a licensee that is significant and must be verified. In contrast, its concrete willingness to obtain a licence is only at issue once the patent proprietor's licence offer has been identified as being FRAND.
- 39 The Chamber therefore does not share the view (Landgericht München (Regional Court, Munich), judgment of 10 September 2020, 7 O 8818/19; Landgericht Mannheim (Regional Court, Mannheim), judgment of 18 August 2020, 2 O 34/19) that the counter-offer must also be taken into account in the examination of the patent infringer's willingness to conclude a licence agreement on FRAND terms and, in particular, that the licence fee offered in that counter-offer must be used as a measure of the licence applicant's willingness to obtain a licence.

III.

- 40 The present Chamber is aware of the fact that it is not obliged pursuant to the third paragraph of Article 267 TFEU to request a preliminary ruling. However, in exercising its discretion under the second paragraph of Article 267 TFEU, the Chamber took particular account of the fact that Article 102 TFEU reasonably allows for several interpretations which are equally possible from the perspective of a well-informed jurist and that the questions material to the decision to be given in the main proceedings have not already been the subject of an interpretation given by the Court of Justice, and, in particular, were not conclusively answered by the ruling [Or. 20] in *Huawei v ZTE*.
- 41 Moreover, the answers to the questions referred have far-reaching significance. A large number of patent infringement actions, in which a more or less complex value chain consisting of a large number of suppliers is located behind the alleged patent infringer, are currently being brought on the basis of standard-essential patents in Europe, and particularly in Germany. The question of what antitrust requirements are to be imposed on the SEP holder in such cases, especially to what extent or to whom it must grant FRAND licences, is currently a matter of dispute. The European Commission has also sent requests for information and orders to provide information to the parties following the complaints made by the defendant and a number of suppliers. Only a ruling from the Court of Justice can provide definitive clarity. The early requesting by a court of first instance of a preliminary ruling on the questions on the interpretation of Article 102 TFEU will bring about clarification of the matter by the Court of Justice at an early stage in the proceedings, which is in the interests of all parties.