

# **International Cooperation and IP Strategy - Recent Developments relating to Standard Essential Patents (SEPs) on EU/DE Level**

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# The Presence and Future of SEP Litigation in DE/EP

On November 26, 2020, the Düsseldorf Regional Court („Landgericht Düsseldorf“) has stayed an SEP-related patent litigation procedure by Nokia (plaintiff) against Daimler (defendant), serial no. 4c O 17/19, and referred a catalogue of questions to the European Union Court of Justice (EUCJ).

The questions referred to the EUCJ according to the decision of the Düsseldorf Regional Court of Nov. 26, 2020, had assumed to be answered/decided by EUCJ before the Düsseldorf Litigation Case 4c O 17/19 would go forward.

By the referral of Nov. 26, 2020, the Düsseldorf Regional Court had followed a recommendation of the German Federal Cartel Agency (FCA), i.e. the „Bundeskartellamt“, of June 22, 2020, to all German courts presently handling SEP-related patent litigation cases and to refer a catalogue of questions to the EUCJ.

The recommendation of BKA first have been more or less ingnored by several patent dispute regional courts in Germany, like at Munich and has now been cancelled.

# Catalogue of Questions recommended by BKA to be put by German Patent Litigation Courts to EUCJ

1. Does it constitute an abuse of a dominant position under EU competition law to pursue injunctive relief against an end-product maker while refusing to fully license its suppliers?
2. Is an SEP holder "entirely free" to choose the target of an infringement action regardless of its position in the supply chain?
3. Third question outlines specific cases in which BKA is inclined to believe that suppliers are entitled to a license.
4. The fourth and final question raises the issue of whether SEP holders are free to offer a license only to a particular level of the supply chain.

BKA's proposal of June 22, 2020, apparently at that time already based on consultation with the EU Commission, pointed to a forthcoming principle to establish that FRAND obligation means that FRAND-obliged SEP-owners are bound to offer/grant FRAND licenses to all kinds of implementers in the supply chain.

# Bullet Points of Referral of Questions by Düsseldorf Court to EUCJ

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1. Is the owner of an SEP obliged to grant, under FRAND conditions, a license to each and every entity in a supply chain, which would e.g. enable the manufacturer/supplier of a chip or other component high-up in the supply chain to manufacture a component under the license and then to sell that license to customers "lower" or even at the end of the supply chain, like a car manufacturer?
  - ① In other words, is the SEP holder under FRAND conditions obliged to „License-To-All“ („LTA-principle“)?
  - ② Or is the FRAND-obliged SEP holder only obliged to give „Access-To-All“ („ATA-principle“)?

# Bullet Points of Referral of Questions by Düsseldorf Court to EUCJ

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2. Is question 1. particularly to be answered in favor of the entity asking for a license "high-up in the supply chain" particularly entitled to get such a license if in the respective industry it is customary that suppliers deliver the components made by them to entities lower in the supply chain, like to end-users patent-free, i.e. with the warranty that no patents of third parties are infringed?
3. Do have FRAND negotiations conducted with a sequence of steps as requested by Huawei ./ ZTE of EUCJ (of July 16, 2015, C-170/13) to take place before a court procedure is started by the SEP owner against the SEP user, or can any steps that have not been properly dealt with before the court procedure still be taken by the parties involved during the litigation?
4. Is the SEP user only to be considered as a "willing licensee" if the licensee has made clear that under all and any circumstances the SEP user is willing to take a license under FRAND conditions, whatever they might be?
5. Is it to be assumed that an infringing user which for several months does not react towards the patent warning of the SEP owner factually is not willing to take a license, so that injunctive request of the SEP owner would be justified?
6. Is a counter-offer of the SEP user (following the sequence requested by Huawei ./ ZTE) to be checked for FRAND-conformity at all without beforehand or simultaneously checking the question as to whether the initial FRAND offer of the patentee is in conformity with FRAND conditions?

# Developments on EU Commission Level

The EU Commission Essentiality Check Pilot Project re SEPs, conducted by Joint Research Center („JRC“) of EU Commission, has been finalized in June 2020

Project report „Landscape Study for Essentiality Assessment of Standard Essential Patents“ published November 25, 2020

„IP Action Plan“ („Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions“), COM(2020) 760 final, published November 25, 2020. Details: [https://ec.europa.eu/info/index\\_en](https://ec.europa.eu/info/index_en)

Further details of EP discussion downloadable from Technical University Berlin („TUB“) website: <https://www.tu.berlin/en/>, relating to a virtual SEP conference of December 10, 2020.

# SEPs/FRAND Case Law Developments in Germany (DE) – I -

On May 5, 2020, landmark decision concerning SEPs/FRAND (Case No. KZR 36/17) issued by newly built XIIIth („Cartel“) Senate of German Federal Court of Justice (GFCJ), i.e. „Bundesgerichtshof“ („BGH“), Presiding Judge thereof being the former Presiding Judge of the Xth Senate („Patent Senate“) of GFCJ

In KZR 36/17 clear statement that enforcing SEPs against FRAND-license-unwilling implementers no abuse of dominant position of patentee

Abuse might, however, be found if patentee did not make it „easy“ for licensing-willing implementer to conclude FRAND license agreement (e.g. by lack of proposing transparent license conditions by SEP-patentee)

Portfolio licensing for SEPs only permitted if licensee has no obligation to pay royalties for non-essential patents contained in portfolio

Portfolio license to avoid disadvantages for implementers wishing to develop products for certain geographically restricted areas – which may mean that royalties have to be region-specific (like China, India ...?)

# SEP-related Developments in DE/EP

EU Commission has announced that in October of this year a Draft Regulation for handling SEPs would issue, consultation process with governments to start then

EU draft Regulation expected/intended to get into force in late 2022, latest, however in 2023

EU Regulation might include recommendation to create an international „Authority“ to determine essentiality, followed by decision on FRAND conditions, for SEPs

Expected Regulation might contain recommendation to use international arbitration for solving FRAND questions

In Germany, according to recent comments by leading judges FRAND obligation of SEP owner considered as basis for requesting FRAND license even by active complaint at Anti-Trust Institutions

Dispute between EU, China and U.S.A. concerning „overreach“ of court decisions into other jurisdictions getting speed. Insofar of importance: Request of EU Commission to China for explaining Anti-Suit-Injunction-Policy of September 7, 2021, under WTO Article 63.3 provisions, of importance (available at WTO: IP/C/W/683).