



The bringing of an action for a prohibitory injunction against an alleged infringer by the proprietor of a standard-essential patent which holds a dominant position may constitute an abuse of that dominant position in certain circumstances

In particular, where the proprietor of the patent has undertaken in advance to grant third parties a licence on fair, reasonable and non-discriminatory terms, that proprietor must, before it brings such an action for an injunction prohibiting the infringement of its patent or for the recall of products for the manufacture of which that patent has been used, present to the alleged infringer a specific offer to conclude a licence

EU law seeks to safeguard the exercise of exclusive rights linked to an intellectual-property right, such as a patent, while at the same time maintaining free competition. As regards the relationship between those two objectives, the Court has already clarified that the exercise of such exclusive rights (such as the right to bring an action for infringement) forms part of the rights of the proprietor, with the result that the exercise of that right, even if it is the act of an undertaking holding a dominant position, cannot in itself constitute an abuse of a dominant position. It is only in exceptional circumstances that the exercise of the exclusive right may give rise to such an abuse.¹

However, the situation at issue in the present case can be distinguished from that case-law. First, it concerns a 'patent essential to a standard' (a 'standard-essential patent' or 'SEP'), that is to say, a patent the use of which is indispensable to all competitors who envisage manufacturing products that comply with the standard to which it is linked (the standard being established by a standardisation body). Secondly, the patent obtained SEP status only because its proprietor gave an irrevocable undertaking to the standardisation body that it is prepared to grant licences to third parties on fair, reasonable and non-discriminatory terms (FRAND terms).

Huawei Technologies, which is a multinational company active in the telecommunications sector, is the proprietor of a European patent,² which Huawei notified to the European Telecommunications Standards Institute (ETSI)³ as a patent essential to the 'Long Term Evolution' standard. At the time of that notification, Huawei undertook to grant licences to third parties on FRAND terms.

Huawei brought an action for infringement before the Landgericht Düsseldorf (Regional Court, Düsseldorf, Germany) against two companies belonging to the multinational group ZTE. That group markets products in Germany that operate on the basis of the 'Long Term Evolution' standard⁴ and thus use Huawei's patent without, however, paying Huawei a royalty. By its action, Huawei is seeking an injunction prohibiting that infringement, the recall of products, the rendering of accounts and an award of damages. Previously, Huawei and ZTE had engaged in discussions

¹ [C-418/01](#) IMS Health, Press Release No [32/04](#).

² European patent registered under the references EP 2 090 050 B 1, bearing the title 'Method and apparatus of establishing a synchronisation signal in a communication system', granted in the Federal Republic of Germany, a Contracting State to the Convention on the Grant of European Patents.

³ ETSI is a body which has as its objective to create standards which meet the technical objectives of the European telecommunications sector and to reduce the risk to ETSI, its members and others applying ETSI standards, that investment in the preparation, adoption and application of standards might be wasted as a result of the unavailability of an essential intellectual-property right for the standards in question.

⁴ This standard is composed of more than 4 700 essential patents. Both Huawei and ZTE are holders of numerous patents essential to that standard, and those companies have undertaken to grant licences to third parties on FRAND terms.

concerning the infringement and the possibility of concluding a licence on FRAND terms, without, however, reaching an agreement.

The Landgericht has requested the Court of Justice to clarify the circumstances in which an undertaking in a dominant position such as Huawei⁵ abuses that position by bringing an action for infringement.

In today's judgment, the Court distinguishes actions seeking a prohibitory injunction or the recall of products from those seeking the rendering of accounts and an award of damages.

With regard to the first type of actions, the Court holds that the proprietor of a patent essential to a standard established by a standardisation body, which has given an irrevocable undertaking to that body to grant a licence to third parties on FRAND terms, **does not abuse its dominant position by bringing an action for infringement seeking an injunction prohibiting the infringement of its patent or seeking the recall of products** for the manufacture of which that patent has been used, **as long as:**

- prior to bringing that action, the proprietor has, first, alerted the alleged infringer of the infringement complained about by designating the patent in question and specifying the way in which it has been infringed, and, secondly, presented to that infringer, after the alleged infringer has expressed its willingness to conclude a licensing agreement on FRAND terms, a specific, written offer for a licence on such terms, specifying, in particular, the royalty and the way in which it is to be calculated, and
- where the alleged infringer continues to use the patent in question, the alleged infringer has not diligently responded to that offer, in accordance with recognised commercial practices in the field and in good faith, this being a matter which must be established on the basis of objective factors and which implies, in particular, that there are no delaying tactics.

The Court has held, inter alia, that the alleged infringer which has not accepted the offer made by the proprietor of the SEP may invoke the abusive nature of an action for a prohibitory injunction or for the recall of products only if it has submitted to the proprietor of the SEP, promptly and in writing, a specific counter-offer that corresponds to FRAND terms.

With regard to the second type of actions, the Court holds that **the prohibition of abuse of a dominant position does not**, in circumstances such as those in the main proceedings, **prevent** an undertaking in a dominant position and holding a patent essential to a standard established by a standardisation body, which has given an undertaking to that body to grant licences for that patent on FRAND terms, **from bringing an action for infringement** against the alleged infringer of its patent **with a view to obtaining the rendering of accounts** in relation to past acts of use of that patent **or an award of damages** in respect of those acts of use. Such actions do not have a direct impact on standard-compliant products manufactured by competitors appearing or remaining on the market.

NOTE: A request for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of EU law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

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⁵ According to the Landgericht Düsseldorf, the fact that Huawei occupies a dominant position is not in dispute. The questions referred therefore concern only whether an abuse has occurred.