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## **Injunctive relief for infringement of standard-essential patents – first German judgements after CJEU decision on FRAND –**

### **SISVEL successfully asserts SEPs with ARNOLD RUESS**

On 3 November 2015, the Düsseldorf Regional Court has issued two judgments against Haier Deutschland GmbH und die Haier Europe Trading SRL, entities of Chinese Qingdao Haier Group, and ordered them to cease and desist from, render account on and to pay damages for past infringements (Cases 4a O 93/14 and 4a O 144/14). The judgments are based on the German parts of the patents EP 0 852 885 and EP 1 264 504 and belong to the SISVEL Wireless Patent Portfolio. The judgements can be, but have not yet been appealed.

#### ***First decisions after Huawei v ZTE***

The judgments are the first decisions of a German court after the landmark decision by the CJEU on FRAND and the obligations of both the patent holder who wants to assert his standard essential patents and the alleged infringer who wants to rely on the FRAND defense (Huawei v ZTE case, 16 July 2015, Case C- 170/13). As the CJEU only set out the general principles, the first national decisions applying those principles have been eagerly awaited.

#### ***Confirmation of infringement***

The Düsseldorf Regional Court held that Haier's distribution of GRPS and UMTS compatible mobile devices was infringing SISVEL's patents as the teachings of these patents were implemented in the 2,5G and 3G mobile telecommunication standards.

#### ***Limitations of FRAND defense***

The Court further held that the FRAND defense raised by Haier was not successful as it had not complied with the CJEU's requirements. It therefore did not need to decide on the preliminary question whether the FRAND defense was applicable at all as, according to the CJEU, this would only be the case if the SEPs in suit actually conferred SISVEL with a market dominant position.

Furthermore, the Court explicitly confirmed that the FRAND defense in any case would not be relevant for the claims on information and damages.

***Requirements for the infringer for relying on FRAND***

The Court firstly summarizes the requirements set forth by the CJEU for claim for injunction:

1. The patent holder must inform the alleged infringer about the patent infringement.
2. If the infringer is willing to take a license, the patent holder must provide a specific written license offer on the SEP on FRAND conditions.
3. The infringer must react in good faith and without procrastination.
4. If the infringer does not accept the offer, he must make a counter-offer in reasonable time on FRAND conditions.
5. If the patent holder does not accept the counter-offer, infringer must – also for past use of the patent – render account and provide security for the payment of royalties.

The Court found that SISVEL had complied with point 1 (information on patent infringement). In cases where the action was filed before the CJEU judgment was rendered, it is sufficient that the infringer gains knowledge about the infringement via the statement of claims.

The Court also confirmed that SISVEL had made a suitable license offer to Haier. It is sufficient if the license offer is addressed to the mother company of the alleged infringer in order to initiate negotiations. It would be a mere formality if a patent holder had to address all affiliates of a group separately.

The Court did not have to dwell on the details of whether SISVEL's offer was FRAND and also left open whether Haier was already excluded from the FRAND defense as it had not reacted in a timely manner. In any case, Haier had not satisfied point 5 of the CJEU requirements. When Sisvel rejected the counter-offer, Haier would have been obliged to render account and provide a bond.

The rendering of account and provision of a bond are considered to be the minimal requirements which have to be complied with independent of the specific details of the offer and the counter-offer. The Court in addition held that such rendering of account and the provision of a bond has to take place within a month after the rejection of the counter-offer by the patent holder.

As a further defense, Haier had filed nullity actions with the German Federal Patent Court. Nevertheless, the court did not grant a stay of the proceedings as it did not find a sufficient likelihood that these actions would be successful. Also, it rejected Haier's request regarding the enforcement of the judgments. Therefore, the judgments are enforceable once SISVEL has provided the usual security.