


**Standard-Essential Patents**

**Case Law in Germany**

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**Federal Court of Justice:**  
**“Standard-Spundfass”** (July 13, 2004)

- Patent Law vs. Anti-Trust Law
- § 139 (1) GPatA:
  - “Valid” patent + use of patent + without consent/license
  - Injunction as a statutory remedy
- Art. 102 TFEU:
  - Patentee shall not abuse a market-dominant position by arbitrarily refusing a license or by requesting abusive conditions for a license
  - Compulsory license under fair, reasonable and non-discriminatory conditions (FRAND)

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**Federal Court of Justice:**  
**“Standard-Spundfass”** (July 13, 2004)



- Patent Law – Anti-Trust Law:
  - Licensing market re Standard-Essential Patent (“SEP”) constitutes its own separate market
  - This market is dominated by the holder of SEP: Due to standard → no market access without license
  - Possible abuse of this market-dominant position
- Third party wanting to use SEP: Right to have compulsory license under FRAND conditions!
- Availability of injunction? Compulsory license defense against injunction? Left open

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**Federal Court of Justice:**  
**“Orange-Book-Standard”** (May 6, 2009)



- Defendant may invoke compulsory license defense / FRAND defense in patent infringement proceedings against holder of SEP seeking injunctive relief
- Two requirements:
  - (1) Defendant must make an “unconditional” offer to enter into a license agreement which the patentee may not refuse without violating its obligations under anti-trust law
  - (2) Defendant must fulfill its obligations under the future agreement in advance: i.e. render accounts regularly, deposit license fee on escrow account

What does this mean ? ...

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**Federal Court of Justice:  
“Orange-Book-Standard” (May 6, 2009)**



- License fee:
  - Defendant may leave the amount of a license fee (base, rate) to the discretion of Plaintiff such that court may review afterwards whether Plaintiff's determination is FRAND
  - Defendant deposits an amount which is in any case sufficient
- “Unconditional” offer - infringement:
  - Defendant must not make a license offer under the contractual condition that infringement court finds patent infringement (which Defendant may deny until signing of the license agreement!)

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**Mannheim District Court:  
Docket-No. 7 O 65/10 (May 27, 2011)**



- Single license vs. Portfolio license:
  - Where portfolio licenses are common, may Plaintiff refuse an “Orange-Book”-offer limited to the patent-in-suit?
  - No. Generally, “Orange-Book”-offer may be limited to the single patent-in-suit
  - Exception: Defendant must offer to take the requested portfolio license if offering a single license was abusive

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**Mannheim District Court:  
“GPRS-Zwangslizenz” (December 9, 2011)**



- Case re patent allegedly essential for GPRS
- “Timing” of license offer:
  - It is not necessary that Defendant / license-seeker makes a sufficient “Orange-Book”-offer prior to the first use of the patent
- “Past damages”:
  - If Defendant has used the patent before making a sufficient “Orange-Book”-offer, Defendant needs to formally acknowledge Plaintiff’s claim for damages for the use of the patent in the past. In principle – not as to the amount.

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**Karlsruhe Court of Appeals:  
“GPRS-Zwangslizenz I” (January 23, 2012)**



- “Nullity action”
  - Reminder: Bifurcation in Germany – parallel delayed nullity suit
  - “Orange-Book”-offer must include the obligation that Defendant withdraws its nullity action as soon as Plaintiff signs offered license agreement
  - “Orange-Book”-offer must include a clause that Plaintiff may terminate the license agreement if Defendant files a new attack against the validity of the patent in the future

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**Karlsruhe Court of Appeals:  
“GPRS-Zwangslizenz II” (February 27, 2012)**



- Dispute: Does an existing license agreement of Plaintiff with a chip supplier have an effect on the amount of a FRAND royalty? Does the “Orange-Book”-offer require a clause that Defendant must drop such all defense arguments in the future with respect to the amount of a FRAND license fee?
- “Unconditional” offer – exhaustion, prior use rights
  - “Unconditional” offer: Defendant must drop all objections relating to the obligation to pay royalties “in principle” → no use of the patent, exhaustion, prior use right
  - However: “Orange-Book”-offer does not have to include the waiver of objections re the “amount” of royalties

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**Critique**



- Withdrawal of nullity action:
  - Bifurcation: Decision on validity significantly later than preliminarily enforceable first instance injunction
  - Pressure to make sufficient “Orange-Book”-offer if injunction was issued / is likely
    - License agreements on SEPs without thorough examination of validity of patent
- “one-bullet-kills”: huge leverage of Plaintiff

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**THANK YOU!**

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