FRAND in Germany
recent case law and perspective

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Recent Decisions in Germany

• 10 March 2015: Regional Court Mannheim, 2 O 103/14
• 26 March 2015: Regional Court Düsseldorf, 4b O 140/13
• 23 April 2015: Higher Regional Court Karlsruhe, 6 U 44/15 (stay of enforcement of the decision of Regional Court Mannheim of 10 March 2015, 2 O 103/14, see above)
• 3 November 2015: Regional Court Düsseldorf, 4a O 93/14
• 27 November 2015: Regional Court Mannheim, 2 O 106/14, 2 O 107/14 and 2 O 108/14
• 13 January 2016: Higher Regional Court Düsseldorf, I-15 U 56/15 (stay of enforcement of the decision of Regional Court Düsseldorf of 3 November 2015, 4a O 93/14, see above)
• 29 January 2016: Regional Court Mannheim, 7 O 66/15
• 4 March 2016: Regional Court Mannheim, 7 O 23/14, 7 O 24/14 and 7 O 96/14
• March 2016: Regional Court Mannheim, 7 O 26/14
• 31 March 2016: Regional Court Düsseldorf, 4a O 73/14 and 4a O 126/14
• 3 May 2016: Higher Regional Court Düsseldorf, I-15 U 36/16 (regarding the decisions of Regional Court Düsseldorf of 31 March 2016, 4a O 73/14 and 4a O 126/14, see above)
• 31 May 2016: Higher Regional Court Karlsruhe, 6 U 55/16 (stay of enforcement of the decision of Regional Court Mannheim of 4 March 2016, 7 O 96/14, see above)
• 1 July 2016: Regional Court Mannheim, 7 O 209/15
• 28 October 2016 Regional Court Mannheim, 7 O 241/15
• 17 Nov 2016: Regional Court Mannheim, 7 O 199/16
• Nov 2016: Higher Regional Court Düsseldorf, guidance to the parties; 30 March 2017: appeal decision, I-15 U 55/15, 15 U 65/15 (not yet published)
• 14 December 2016: Higher Regional Court Düsseldorf, guidance to the parties; 17 January 2017: partly revision of order of 14 December, I-2 31/16 (re confidentiality of third party agreements)
SEP-owner's Duties

1. Infringement Alert
   a) Infringed Patents
   b) Infringing Actions
   c) Claim Charts?

2. Written License Offer
   a) Precise royalty amount
   b) Royalty calculation grounds

SEP-user's Duties

2. Declaration of Willingness to License
   a) Unconditional as such
   b) Infringement/validity challenge

4. „Diligent and Serious“ Reaction
   a) Accept offer, or
   b) Make counteroffer (substantiated)

German perspective: How to determine FRAND conditions? (1)

Option 1: Submitting relevant prior licensing agreements with third parties

- Duties for the SEP-owner: degree of substantiation?

- **Sticking point: Confidentiality**
  - Limited possibilities of confidentiality according to German procedural law
  - Obligation for the SEP-user to enter into NDA?

- Issue: Deviating third-party agreements
  → Are to be justified by the SEP-owner

- Open issue: How to deal with third-party agreements on the SEP-user’s part when preparing the counteroffer?

- Respective consequences in case of violation of duties
German perspective: How to determine FRAND conditions? (2)

Option 2: Analogy to similar or related portfolios / pools

- Duties for the SEP-owner: Criteria to be demonstrated
  - Scope of the portfolio to be licensed
  - Quality of the patents in the portfolio:
    - Technical value
    - Validity

- Possible challenges by the SEP-user

German perspective: How to determine FRAND conditions? (3)

Option 3: Abstract estimation

- Exception: Typically, one of the two prior options will apply

- Proposal by Judge Kühnen:
  - Count asserted/offered patents
  - Sort into two "tier" groups
  - Calculate respective shares of asserted portfolio
  - Multiply shares with respective "acceptable burden"
  - Caveat: Not yet adjudicated!

- Side note: Dutch approach
Especially in case of a portfolio license, generally, the following adjustment clauses may have to be included:

- Adjustment clause in case the scope of the licensed portfolio changes
- Adjustment clause re exhaustion
- Adjustment clause re scope of used patents in separate territories
- Adjustment clause with regard to maximum license load

**German perspective:**

A fellowship of FRANDs

FRAND as an "Area"

- Not a „point"
- Not even a „line"
- Instead: „Area“
- Open issue: How to deal with conflicting but (respectively) FRAND offers?
Thank you!

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