

FRAND and compulsory license defense - District Court Düsseldorf refers questions on the available remedies for owners of standard essential patents to the Court of Justice of the European Union (CJEU)

Kluwer Patent Blog
April 2, 2013

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Please refer to this post as: Thomas Musmann, 'FRAND and compulsory license defense - District Court Düsseldorf refers questions on the available remedies for owners of standard essential patents to the Court of Justice of the European Union (CJEU)', Kluwer Patent Blog, April 2 2013, <http://patentblog.kluweriplaw.com/2013/04/02/frand-and-compulsory-license-defense-district-court-duesseldorf-refers-questions-on-the-available-remedies-for-owners-of-standard-essential-patents-to-the-court-of-justice-of-the-european-union-cjeu/>

by Hetti Hilge

The District Court Duesseldorf stayed a case between Huawei and ZTE concerning mobile and base stations within the LTE standard and referred five question to the CJEU (docket No. 4b O 104/12). The court wants to clarify under what circumstances an infringement court has to consider a compulsory license defense in a patent dispute concerning a standard essential patent (SEP).

In its stay order the District Court notes a discrepancy between the Orange-Book-Standard-decision of the German Federal Supreme Court (BGH) and the preliminary opinion indicated by the European Commission. According to the clear, yet strict criteria established by the BGH and the subsequent German case law, a party seeking a FRAND license has to make an unconditional license offer that the patentee cannot refuse without being in breach of its obligations under competition law and has to act like a decent licensee. That means that the alleged patent infringer inter alia has to render account about its acts of use and put into escrow a sufficient amount for the license fee. Other courts in Europe applied different criteria. The European Commission even posed the question whether it would be sufficient if the party seeking a license has only shown itself to be willing to negotiate a FRAND license for a SEP. While the judges at the Duesseldorf Court criticize this concept and express the opinion that a defendant cannot avoid any liability by a potentially only tactical, dilatory and not necessarily serious conduct to the detriment of the patent owner who makes use of its granted patent right and other decent licensees, they made use of their discretion and referred the matter to the CJEU for clarification.

The German text of the District Court Duesseldorf decision of 21 March 2013 is available [here](#).