

Munich Higher Regional Court  
80097 Munich

via beA

Berlin, 15 April 2024

6 U 3824/22 Kart

In the matter of

HMD Global Oy  
(Appellant)

v e r s u s

VoiceAge EVS GmbH & Co. KG  
(Respondent)

we hereby submit a statement for the European Commission in its capacity as amicus curiae to the Senate pursuant to Article 15 (3) sentence 3 of Council Regulation (EC) No 1/2003 of 16 December 2002 implementing the provisions for competition provided for in the Articles 101 and 102 of the Treaty (OJ EC No. L 1 of 4 January 2003, p. 1, 'Regulation 1/2003'). At the same time, the European Commission asks the Senate to be allowed to make an oral statement at the hearing.



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## A. Introduction

- 1 The appeal proceedings pending before the Senate are part of a larger legal dispute between the parties. It has already led to two first-instance decisions by the Regional Court Munich I (decision dated 9 September 2021, ref. 7 O 15350/19 and decision dated 25 May 2022, case number: 7 O 14091/19). Appeal proceedings against these decisions are pending before the Senate (case numbers 6 U 3824/22 Kart and 6 U 6804/21 Kart). In addition, parallel proceedings have given rise to four decisions by the Regional Court Mannheim,<sup>1</sup> against which appeal proceedings are pending before the Higher Regional Court Karlsruhe.<sup>2</sup> Some of the legal disputes are also taking place before the Federal Patent Court<sup>3</sup> and the Federal Court of Justice.<sup>4</sup>
- 2 The starting point of the legal disputes is that the Appellant has allegedly used patents of the Respondent without having concluded a license agreement. The Respondent is the proprietor of standard essential patents ("**SEP**") in the field of mobile telecommunications. The Appellant manufactures mobile phones which allegedly make use of the Respondent's patents, among others. The parties were in contact with each other regarding the conclusion of a license agreement but were unable to reach an agreement. In the meantime, the Respondent, as patent proprietor, is seeking an injunction against the Appellant for infringing its patents, among other things.
- 3 The Appellant accuses the Respondent of abusing its dominant market position pursuant to Article 102 TFEU because it brought an action for injunctive relief against the Appellant. The Regional Courts Munich and Mannheim, which dealt with the legal dispute at first instance, therefore had to examine whether the so-called compulsory license defence under antitrust law applied. In particular, they had to assess on the basis of the decision of the Court of Justice of the European Union dated 16 July 2015, case number C-170/13 (Huawei ./ ZTE, ECLI:EU:C:2015:477, hereinafter "**Huawei decision**") whether the parties had complied with

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<sup>1</sup> Case No 7 O 116/19, 7 O 32/20, 7 O 33/20 and 7 O 90/21.

<sup>2</sup> Case No 6 U 239/21, 6 U 287/21, 6 U 121/22 and 6 U 122/22.

<sup>3</sup> Case No 4 Ni 8/21, 4 Ni 11/21 and 4 Ni 12/21.

<sup>4</sup> Case No X ZR 11/22 and X ZR 14/22.



their respective obligations that exist when a SEP holder brings an action for injunctive relief against a party that uses the standard-essential patent without a license agreement.

- 4 It should be noted that the Regional Courts Munich I and Mannheim come to different legal assessments on the same factual basis with regard to some aspects of the mutual obligations of the SEP holder and the patent user. The only actual difference between the various court proceedings before the Regional Courts Munich I and Mannheim is that they relate to various SEPs of the Respondent. The diverging legal assessments may be due to different interpretations of some aspects of the Huawei decision. The European Commission therefore considered it necessary to explain to the Senate its understanding of the legal requirements under Art. 102 TFEU when the SEP holder brings an action for an injunction (or an action for the recall of products) and the reciprocal procedural obligations of the SEP holder and the patent user under the Huawei decision.
- 5 The different views of the Regional Courts Munich I and Mannheim relate primarily to the requirements for a proper infringement notice under the Huawei decision and the assessment of the patent user's declaration of willingness to conclude a license on fair, reasonable and non-discriminatory (**FRAND**) terms (steps 1 and 2 of the Huawei framework, see section D.I.2. below).
- 6 In this amicus curiae statement, the European Commission points out with regard to step 1 of the Huawei framework that it follows from the Huawei decision that the infringement notice must (i) draw the patent user's attention to the patent infringement it is accused of, (ii) identify the SEP in question and (iii) indicate how it is alleged to have been infringed. This information must be included in the infringement notice itself. The European Commission also points out that the Huawei decision requires that the infringement notice be provided before an application for an injunction is made.
- 7 With regard to step 2 of the Huawei framework, the European Commission points out that, according to the Huawei decision, the patent user may reserve the right in its declaration of willingness to license on FRAND terms to review and, if necessary, challenge the validity of the SEP in question and its essentiality for the standard in question. In addition, the willingness to take license on FRAND terms has to be assessed on the basis of the content and



circumstances of the declaration, but not on the basis of subsequent conduct during any negotiations.

8 Finally, the European Commission points out that, according to the Huawei decision, none of the steps of the Huawei framework, in particular the first two steps, can be remedied after the action for injunctive relief has been brought. In addition, the individual steps of the Huawei framework must be assessed in their specified order, so that the second step may only be assessed if the first step has been taken properly and the third step only if the second step has been taken properly. The same applies to the fourth step.

#### **B. Purpose and scope of the European Commission's statement as amicus curiae**

9 According to Article 15(3) of Regulation 1/2003, the European Commission is authorised to submit a written statement to a court of a Member State and, with the permission of the court, to present its position orally if this is necessary to ensure the uniform application of Articles 101 and 102 TFEU.

10 The purpose of this amicus curiae statement is to ensure the uniform application of the procedural and substantive framework laid down by the Court of Justice of the European Union in its Huawei decision, in particular by ensuring the uniform interpretation of that framework and its uniform application by national courts.

11 The European Commission understands that the Regional Courts Munich I and Mannheim have made divergent assessments with regard to certain legal issues. These different legal assessments may be due to divergent interpretations of certain aspects of the Huawei decision.

12 In view of this, this opinion is limited to providing information on how the Huawei decision is to be understood in the opinion of the European Commission in order to facilitate the Senate's legal assessment.

13 We would like to emphasise that the European Commission does not take a position on whether the parties have fulfilled their respective obligations under the Huawei decision. Similarly, the European Commission does not take a position on how the pending appeal should be decided.



14 Finally, it should be noted that the European Commission encourages the Senate, in the event of continuing uncertainties regarding the interpretation of the Huawei decision, even after taking into account this statement to refer the matter to the Court of Justice of the European Union within the framework of a preliminary ruling procedure pursuant to Article 267 TFEU in order to clarify the remaining questions.

## C. Background on the facts

### I. Overview

15 The European Commission understands that the Respondent VoiceAge EVS GmbH & Co KG ("**VAEVS**") is the owner of a portfolio of standard-essential patents required for the Enhanced Voice Services standard ("**EVS**"). VAEVS has made a commitment to the standardisation organisation European Telecommunications Standards Institute ("**ETSI**") to grant licenses on FRAND terms to all interested parties.

16 In 2019, VAEVS brought several court proceedings against the Appellant HMD Global Oy ("**HMD**"), a Finnish manufacturer of smartphones under the "Nokia" brand, before the Regional Court Munich I and the Regional Court Mannheim. In these proceedings, VAEVS is requesting information from HMD about the amount and prices of HMD products that allegedly utilise VAEVS's patents ("**information actions**").

17 At a later date, VAEVS extended these court proceedings and is now seeking injunctive relief against further use of the patents. According to the understanding of the European Commission, all cases concern the same facts and products but relate to different SEPs that are part of the same standard.<sup>5</sup>

18 Between July 2021 and May 2022, the Regional Courts Munich I and Mannheim issued 6 decisions against HMD ("**the Regional Court decisions**") in which the courts ban sales of HMD products in Germany if they use the EVS standard. HMD has appealed these decisions with the Higher Regional Court Karlsruhe and the Higher Regional Court Munich respectively. These appeal proceedings are still pending.

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<sup>5</sup> Case No. 7 O 14091/19 Patent EP ... 619 B1 (patent no. partially blackened), case no. 7 O 15350/19 Patent EP ...443 (patent no. partially blackened).



## II. Details of the license negotiations between the parties

19 The European Commission has not yet been granted access to the file and therefore only knows the wording of the various letters between the parties to the extent that it is reproduced in the first instance decisions of the Regional Court Munich I in cases 7 O 14091/19 and 7 O 15350/19. The European Commission understands from the decisions that the Respondent is, inter alia, the registered proprietor of the German part of the European patent EP ... 619 B1 (patent number partly blackened). Its legal predecessor declared the patent in suit to ETSI as standard-essential for the EVS standard (TS 26.455) and made a corresponding FRAND declaration. It is undisputed between the parties that mobile devices that have implemented an EVS coder use the EVS standard.

20 On 21 August 2019 the Respondent sent a letter to the Appellant.<sup>6</sup> By its letter, the Respondent “invited” the Appellant's parent company to learn more about the licensing opportunities with respect to its patent portfolio essential to the EVS standard and pointed out that 14 patent families of the portfolio were classified by independent examiners as standard-essential to the EVS standard. In addition, the Respondent pointed out to the Appellant that further information could be found on the Respondent's homepage and that it was possible to obtain further information on the license terms offered after concluding a non-disclosure agreement. A list of the patents classified as standard-essential in the patent portfolio of the Respondent or its parent company could be found on the Respondent's homepage. The International Patent Evaluation Consortium's declaration on the standard essentiality of the respective patent could be accessed via a link for each of these listed patents. On its homepage, the Respondent also pointed out that it was prepared to license its EVS patent portfolio on FRAND terms and made its standard license agreements available for download.

21 On 16 September 2019, the Respondent sent the Appellant a letter with the same content.<sup>7</sup>

22 The Appellant initially did not respond to the letters from the Respondent dated 21 August 2019 and 16 September 2019. In a letter dated 25 October 2019, the Respondent sent the Appellant

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<sup>6</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 257.

<sup>7</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 262.



a license offer for an ongoing royalty and set a deadline for acceptance of this license offer of 5 December 2019.<sup>8</sup>

23 In an email dated 26 November 2019, the Appellant stated that it was willing to respect the intellectual property of third parties and conclude a license agreement on FRAND terms, but only if the Respondent's patents were legally valid and the claims derived from the patents were enforceable in court. In addition, the Appellant restricted its willingness to take a license to patents that were essential for standards supported by the Appellant's products.<sup>9</sup>

24 On 27 November 2019, the Appellant was served with an action by the Respondent for information, rendering of accounts and damages.<sup>10</sup>

25 In a letter dated 17 March 2020, the Appellant sent the Respondent a statement with the following content:<sup>11</sup>

„[die Berufungsklägerin] remains willing to take a license on FRAND terms to any [appellee] patents that are valid, actually essential and enforceable“

Dies lässt sich wiedergeben mit:

„[Die Berufungsklägerin] bleibt zum Abschluss einer Lizenz zu FRAND- Bedingungen für Patente [der Berufungsbeklagten] bereit, die wirksam, tatsächlich essentiell und durchsetzbar sind.“

26 On 8 May 2020, the Appellant furnished the Respondent with information on the mobile phones sold in Germany in the period from 1 July 2018 to February 2020 and the turnover generated with them and deposited a certain amount with the Local Court Mannheim.<sup>12</sup>

27 In a letter dated 17 August 2020, the Appellant confirmed its intention to adhere to the license offer dated 17 March 2020 and again declared its willingness to take a license on FRAND terms. However, it again restricted this to patents that are standard-essential, legally valid and enforceable in court.<sup>13</sup>

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<sup>8</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 278.

<sup>9</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 268.

<sup>10</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 263.

<sup>11</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 271.

<sup>12</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 283.

<sup>13</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 273.





- 28 An email from the managing director of the Appellant dated 30 September 2020 had the same content.<sup>14</sup>
- 29 An email from the managing director of the Appellant dated 11 November 2020 also does not express an unconditional request for a license. In this letter, too, the Appellant declares that it is only willing to conclude a license agreement on FRAND terms with regard to the relevant standard-essential patents and refers in this respect to the offer dated 17 March 2020.<sup>15</sup>
- 30 On 6 May 2020, the Respondent sent the Appellant a new license offer. The Appellant replied to this on 15 July 2020 and 17 August 2020.<sup>16</sup>
- 31 The parties spoke to each other on 14 October 2020 and the Appellant expressed its interest in concluding a lump sum license.<sup>17</sup> On 3 November 2020, the Respondent sent the Appellant an offer to conclude such a lump sum license.<sup>18</sup> The Appellant rejected this offer in an email from the Appellant managing director on 11 November 2020, stating that it was no longer interested in concluding a lump sum license, but rather a license with running royalties.<sup>19</sup>
- 32 By a submission dated 19 February 2021, the action served on 27 November 2019 before the Regional Court Munich I was extended to include injunctive relief, recall and destruction.<sup>20</sup>
- 33 On 26 March 2021, the Appellant offered a lump sum payment at the oral hearing in a parallel proceeding between the parties before the Regional Court Mannheim.<sup>21</sup>
- 34 In a letter dated 16 April 2021, the managing director of the Appellant informed the court that the license conditions offered by the Respondent were not acceptable.<sup>22</sup>

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<sup>14</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 274.

<sup>15</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 275; see above marginal 25.

<sup>16</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 285.

<sup>17</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 290.

<sup>18</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 290.

<sup>19</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 290.

<sup>20</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 266.

<sup>21</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 294.

<sup>22</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 295.



35 In a statement dated 28 June 2021, the Appellant also provided information on the number of  
mobile phones sold and the turnover generated with them for the period from 1 January 2021  
to 31 May 2021.<sup>23</sup>

## **D. Re the interpretation of the Huawei decision**

### **I. Legal Background**

#### **1. The legal context of the Huawei decision**

36 The Huawei decision of the Court of Justice of the European Union concerns the question  
under which conditions the owner of an SEP that has committed itself to a standardisation  
organisation to grant licenses on FRAND terms violates Art. 102 TFEU if it brings an action for  
an injunctive relief against a user of such an SEP that does not have a license.

37 In this context, the Huawei decision establishes a framework for license negotiations between  
the SEP holder and the patent user. The decision provides for an ensemble of mutual rights  
and obligations that the parties must observe so that an injunction by the SEP holder is not  
abusive and, conversely, the patent user can successfully invoke the compulsory license  
defence.

38 The decision is based on the established case law of the Court of Justice of the European  
Union. According to this, the exercise of an exclusive right associated with an intellectual  
property right, such as the right to bring an infringement action, is one of the typical rights  
of the proprietor of the intellectual property right and as such cannot constitute an abuse  
of a dominant position. This also applies if the Court has held that the proprietor of an IP  
right holds a dominant position (cf. to that effect decisions in *Volvo*, 238/87, EU:C:1988:477,  
marginal 8, *RTE and ITP v Commission*, C-241/91 P and C-242/91 P, EU:C:1995:98,  
marginal 49, and *IMS Health*, C-418/01, EU:C:2004:257, marginal 34).

39 It is also consistent with the settled case-law of the Court of Justice of the European Union  
that the exercise by the proprietor of an exclusive right associated with an intellectual property  
right may, in exceptional circumstances, constitute abusive behaviour within the meaning of  
Art. 102 TFEU (cf. to that effect decisions *Volvo*, 238/87, EU:C:1988:477, marginal 9, *RTE* and

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<sup>23</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 35.



ITP v Commission, C-241/91 P and C-242/91 P, EU:C:1995:98, marginal 50, and IMS Health, C-418/01, EU:C:2004:257, marginal 35).

- 40 This case law is continued in the Huawei decision for the situation of an SEP holder who has declared its willingness to grant a license to a standardisation organisation on FRAND terms and whose patent is used without a license. In such a case, the SEP holder and the patent user must comply with the conditions set out in section D.I.2. In particular, the SEP holder may not immediately bring an action for injunctive relief but must first send an infringement notice to the patent user. The patent user must then declare its willingness to take a license on FRAND terms.
- 41 The Court of Justice of the European Union recognises the right of the SEP holder to assert claims for injunction or recall of products in court. However, it must be taken into account that if a patent has achieved SEP status, its proprietor can prevent competing products from entering or remaining on the market and thus reserve the right to manufacture these products.<sup>24</sup>
- 42 In addition, the commitment to grant licenses on FRAND terms results in a legitimate expectation among third parties that the SEP holder will actually grant them licenses on these terms. For this reason, a refusal by the SEP holder to grant a license on these terms may in principle constitute an abuse within the meaning of Art. 102 TFEU.<sup>25</sup>
- 43 In such a constellation, the SEP holder must fulfil the conditions set out in the Huawei decision so that an action for injunctive relief or recall cannot be considered abusive. The aim of the Huawei decision is to achieve a balance of interests which, on the one hand, takes appropriate account of the legal position of the patent proprietor and, on the other hand, preserves the licensing option promised by the patent proprietor. The SEP holder is in a powerful position when negotiating licenses precisely because of the injunctive relief to which it is entitled. It must therefore be ensured that the SEP holder cannot, for example, enforce unreasonably high royalties in breach of its obligation to grant licenses on FRAND terms. At the same time, the SEP holder must only tolerate the continued use of its patent if the license negotiations are

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<sup>24</sup> Huawei decision marginal 52.

<sup>25</sup> Huawei decision marginal 53.



not delayed for reasons for which the patent user alone is responsible. This includes, for example, the refusal to pay royalties on FRAND terms or the use of delaying tactics.<sup>26</sup>

44 In light of these considerations, the aim of the framework set out in the Huawei decision is to avoid, on the one hand, the SEP holder bringing an action for injunctive relief without having first given the patent user the opportunity to conclude a license on FRAND terms and, on the other hand, the patent user being able to raise the FRAND objection without having constructively participated in a license negotiation. In other words, by prescribing certain steps, the Court of Justice of the European Union aims to create conditions for negotiations between the SEP holder and the patent user that ensure a fair balance of interests. The ratio of the Huawei decision is stated in marginal 55:

“In such a constellation, for an action for injunctive relief or recall not to be considered abusive, the SEP holder must fulfil conditions to ensure a fair balance between the interests concerned.”

45 The conditions referred to by the Court of Justice consist of compliance with a series of procedural steps. It is not only necessary to comply with the procedural steps themselves, but also to observe the sequence of these procedural steps. Each procedural step must be examined separately and individual procedural steps must not be mixed up. Otherwise, the balance sought by the Court of Justice would not be achieved.

## 2. The procedural steps following the Huawei decision

46 In its Huawei decision, the Court of Justice of the European Union set out a sequence of procedural steps that SEP holders must follow in the established order if they wish to take action against a patent infringement by way of injunctive relief or recall so that they do not abuse their dominant position under Article 102 TFEU. Conversely, patent users must also follow the procedural steps laid down by the Court of Justice of the European Union if they wish to avoid the granting of an injunction for patent infringement.

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<sup>26</sup> Cf. opinion of Advocate General Wathelet dated 20 November 2014 in case no. C-170/13 - Huawei/ZTE, marginal 41/42 and Guidelines on the applicability of Article 101 of the Treaty on the Functioning of the European Union to horizontal cooperation agreements, OJ (EU) No. C 259 of 21 July 2023, marginal 444.



47 As a first step, the SEP holder must inform the patent user of the fact of patent infringement. The Huawei decision contains the following requirement verbatim in marginal 61:

"Before asserting such claims in court, it is therefore incumbent on the owner of the SEP concerned, firstly, to inform the alleged infringer of the patent infringement of which he is accused, designating the SEP in question and stating how it is alleged to have been infringed."

48 The Court of Justice of the European Union justifies this obligation to point out patent infringement by stating that, in view of the large number of SEPs that typically make up a standard, it is not certain that the infringer of an SEP necessarily knows that it is using the teaching of a legally valid and standard-essential patent.<sup>27</sup>

49 After this "advance warning" by the SEP holder, the patent user must in a second step express its willingness to enter into a license agreement on FRAND terms with the SEP holder. In a third step, the SEP holder is then responsible for submitting an offer to the patent user for a license agreement on FRAND terms. The Huawei decision literally specifies these two steps at marginal 63:

"On the other hand, it is incumbent on the patent owner, after the alleged infringer has expressed its intention to enter into license agreement on FRAND terms, to submit a concrete written license offer on FRAND terms to the alleged infringer in accordance with the obligation it has assumed vis-à-vis the standardisation organisation and, in particular, to indicate the royalty and the manner in which it is calculated."

50 The background to this distribution of obligations is that in the absence of a published standard license agreement and if the license agreements concluded with other users are not published, only the patent proprietor regularly knows on which terms it has already concluded license agreements and which terms are therefore non-discriminatory.<sup>28</sup>

51 The patent user must examine the license offer in a fourth step and respond to it within a reasonable period of time. This follows from marginal 65 of the Huawei decision:

"On the other hand, it is incumbent on the alleged infringer to respond to this offer with diligence, in accordance with recognised commercial practice in the field and in good faith, which is to be determined on the basis of objective considerations and implies, inter alia, that no delaying tactics are pursued."

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<sup>27</sup> Huawei decision marginal 62.

<sup>28</sup> Huawei decision marginal 64.



52 If the patent user does not wish to accept the SEP holder's offer, the Huawei decision provides for various response options. Firstly, the patent user has the option of submitting a counter-offer to the SEP holder on FRAND terms. This is provided for in marginal 66 of the Huawei decision:

"If the alleged infringer does not accept the offer made to him, it can only invoke the abusive nature of an action for injunctive relief or recall if it makes the owner of the concerned SEP a specific counter-offer in writing within a short period of time that complies with the FRAND conditions."

53 If the SEP holder does not accept the counter-offer and the patent user wishes to continue using the SEP, it is incumbent on the patent user to deposit a royalty (Huawei decision marginal 67):

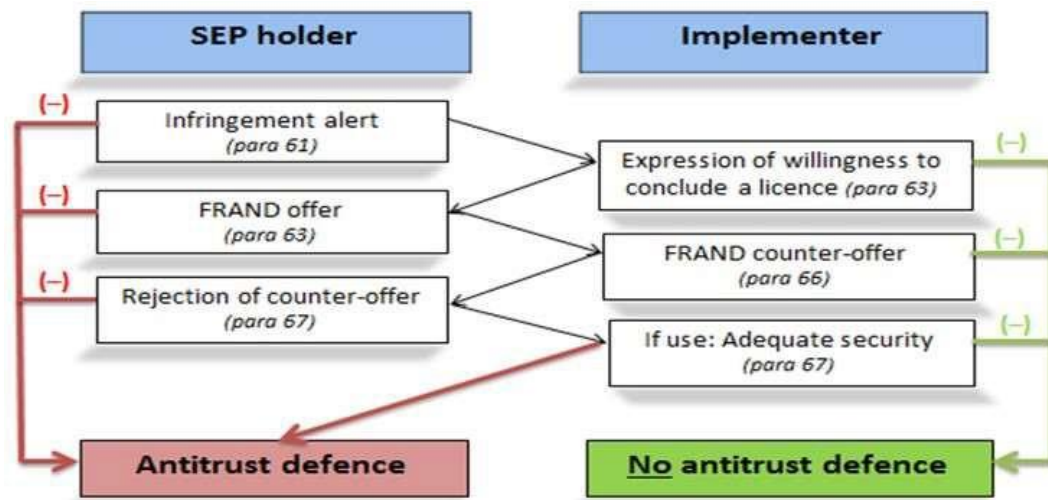
"In addition, if the alleged infringer uses the SEP before a license agreement has been concluded, the alleged infringer shall, from the time its counter-offer has been rejected, provide adequate security in accordance with accepted commercial practice in the relevant field.

For example, by providing a bank guarantee or depositing the required amounts. The calculation of this security must include, among other things, the amount of past use in relation to the SEP for which the alleged infringer must be able to provide an account."

54 It is also possible for the parties to commission a third party to determine the royalty (Huawei decision marginal 68):

"Moreover, if no agreement is reached on the details of the FRAND terms after the alleged infringer's counter-offer, the parties have the option of requesting, by mutual agreement, that the license fees be determined by an independent third party that will decide within a short period of time."

55 The procedural steps defined by the Court of Justice of the European Union in the Huawei decision can be illustrated graphically as follows:



56 If the patent user does not fulfil its obligations under the Huawei decision, the SEP holder may also request injunction of the patent infringement in court. If the SEP holder has not fulfilled its obligations under the Huawei decision, the action for injunctive relief must be regarded as an abuse of a dominant market position pursuant to Article 102 TFEU.

57 The Huawei decision also addresses the question of whether the patent user may challenge the validity and essentiality of the SEP for the standard during the negotiation process described above or reserve the right to such a review. This is affirmed in marginal 69 of the Huawei decision:

'Finally, in view of the fact that a standardisation organisation, such as the one which standardised the standard at issue in the main proceedings, does not examine, in the standardisation procedure, whether the patents are legally valid or whether they are essential to the standard to which they belong, and in view of the right to effective judicial protection guaranteed by Art. 47 of the Charter, it cannot be reproached for challenging, in addition to the negotiations on the grant of licenses, the validity of those patents and/or their essential character for the standard to which they belong and/or their actual use, or for reserving the possibility of doing so at a later stage.'

58 The behaviour of the parties to the initial proceedings must be assessed on the basis of this framework.



## II. First step: Infringement notice

59 With regard to the first step of the Huawei framework, the Regional Court's decisions raise the question of the minimum requirements for the SEP holder's infringement notice, which must draw the patent user's attention to the fact of patent infringement by stating the number of the infringed patent and the infringing act.

### 1. Background of the specific case

60 According to the European Commission's understanding, in the pending proceedings, the Respondent sent the Appellant a one-page letter on 21 August 2019, in which reference was made to licensing options for SEPs for the EVS (Exhibit WKS KAR 1). The letter contained a link to the Respondent's website, which contained a list of the Appellant's SEPs and a link to information on the Respondent's SEP by which the essentiality of the patents should be visible. To the knowledge of the European Commission, the letter did not contain any reference to a specific patent or any specification of an infringing act by the Appellant. The decision of the Regional Court Mannheim relates to the same facts, i.e. the same letter from VAEVS dated 21 August 2019.

61 In its decision, the Regional Court Munich I first refers to its legal opinion, according to which it is sufficient,

"that the patent is designated and the specific act of infringement is indicated. The latter requires the designation of the type of infringing act and the attacked devices. Detailed technical or legal explanations of the infringement allegation are not required; the infringer must only be put in a position to form an opinion on the justification of the patent infringement allegation - if necessary with the help of an expert or by obtaining legal advice." (Regional Court Munich I, decision dated 25 May 2022, case no. 7 O 14091/19, section E II. 2a; decision dated 9 September 2021, case no. 7 O 15350, section E II. 2a)

62 Subsequently, in its decisions, the Regional Court Munich I assessed VAEVS' letter of 21 August 2019 as a notice of infringement because it made sufficient reference to the patent infringement by referring to the website and because HMD could have deduced from the website that the company was infringing VAEVS' SEP. The Regional Court Munich I therefore concluded that the first step of Huawei's framework<sup>29</sup> had been duly completed.<sup>30</sup> Any

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<sup>29</sup> Huawei decision marginal 61.

<sup>30</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 256.





deficiencies in the infringement notice dated 21 August 2019 were in any case cured by the action for information, rendering of accounts and damages served on the Appellant on 27 November 2019, the Regional Court Munich I further concluded.<sup>31</sup>

## 2. Requirements for the content of the infringement report

63 In the Huawei decision, however, the Court of Justice of the European Union states, as explained above in marginal 47, that the SEP holder must expressly inform the patent user of the infringement before bringing an action for an injunction, stating the SEP concerned and the nature and manner of the infringement (Huawei decision marginal 61).<sup>32</sup>

64 As is clear from the wording of the Huawei decision, the Court of Justice of the European Union first requires the SEP holder to send an infringement notice to the alleged patent user which (i) expressly complains of patent infringement, (ii) names the patents concerned by number and (iii) states the nature and manner of the infringement in the letter itself.

65 While the European Commission can still agree with the Regional Court Munich I to the extent that no detailed legal or technical explanations need to be included in the infringement notice<sup>33</sup>, it nevertheless considers that the three elements mentioned above must be explicitly included in the infringement notice itself in order to fulfil the requirements of the Huawei framework and allow the patent user to assess its legal position. According to the European Commission, the lack of clarity regarding these three elements in the infringement notice cannot be replaced by allowing the patent user to infer infringement of certain patents from links to the SEP holder's general website or to claim the assistance of experts or legal advisors. Rather, the SEP holder is in the best position to provide the necessary information on (i) the asserted patent infringement, (ii) the infringed patents and their numbers, and (iii) the act of infringement. In particular, without the explicit indication that the addressee is, in the opinion of the SEP holder, infringing one of the SEPs, the infringement notice will not fulfill the purpose of alerting the patent user to a possible patent infringement. Only if the patent user is expressly made aware of the possible infringement of a particular patent and of the infringing act can

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<sup>31</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 263.

<sup>32</sup> 'Before asserting such claims in court, it is therefore the responsibility of the owner of the relevant SEP, on the one hand, to inform the alleged infringer of the patent infringement of which he is accused and, in doing so, to specify the SEP in question and the circumstances in which it is alleged to have been infringed.

<sup>33</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 254.



the patent user recognise and assess his legal position, pay the necessary attention to the infringement notice and deal with it appropriately.

### 3. Service of the infringement notice before filing an action for injunctive relief

66 The European Commission also considers that the Huawei Framework requires that the infringement notice be served before an injunction is sought.

67 In this respect, the European Commission does not exclude that an action for information or damages may be a sufficient notice of infringement under the Huawei framework. In the European Commission's understanding, the Huawei framework applies only to action for injunctive relief but not generally to any type of court proceedings, such as actions for information or damages. In principle, an SEP holder may not be deprived of access to the judicial enforcement of his rights and the user of a patent must in principle obtain a license before using it. Only with regard to injunctions it is necessary to ensure a balance of interests if the SEP holder has undertaken to grant licenses under FRAND conditions. An action for information or damages, on the other hand, does not prevent the user of the patent from continuing to offer its products on the market, so there is no need for a balancing of interests here. Such an action is therefore less detrimental to the continuation of the patent user's business activities. The need for a balancing of interests is therefore less pronounced. Accordingly, an action for information is not itself subject to the Huawei framework but can be the first step under the Huawei framework towards an injunction, provided that the other requirements set out in section D.II.1 above are met.

68 In contrast, the European Commission is of the opinion that no step of the Huawei framework, including the first step under the Huawei framework, can be cured retrospectively after an injunction has been granted.

69 The purpose of the Huawei decision is to enable efficient, meaningful and informed negotiations between the SEP holder and users of its patent without the pressure of a pending action for injunctive relief or opportunistic behaviour by the parties. Neither the SEP holder nor the patent user can make up defaults under the Huawei framework after an action for injunctive relief has been filed. The possibility of catching up with Huawei steps after an action for injunctive relief has been filed would deprive this procedure of its purpose because the SEP holder would be incentivised to immediately file an action



for an injunction and, conversely, the patent user would be incentivised to invoke the abuse of a dominant market position without having entered into negotiations beforehand. Aspects of procedural economy cannot lead to a different result here.

70 For these reasons, the European Commission considers it necessary that the first step of the Huawei framework, i.e. the service of an infringement notice, must be met before an action for injunctive relief is filed.

#### 4. Mandatory sequence of the procedural steps

71 The European Commission is also of the opinion that the various steps of the Huawei framework must be examined in their respective order. Only if the first step has been properly taken, the second step can be examined. The same applies to all subsequent steps. Mixing is not permitted, however, because the balance between the various interests<sup>34</sup> (see section D.II.3 above) sought by the Court of Justice of the European Union in the Huawei decision would otherwise not be guaranteed.

72 The purpose of the Huawei framework is to create an environment in which the SEP holder and the patent user can enter into a license on FRAND terms without the pressure of an injunction. The SEP holder is obliged to seek an injunction only if the patent user has previously had the opportunity to take a license on FRAND terms. On the other hand, the user of an SEP who does not have a license must express its willingness to take a license on FRAND terms and end the situation of unauthorised use of the SEP. The Huawei framework strikes a balance between the interests of the SEP holder and the patent user and must be strictly adhered to in order to maintain this balance.

#### 5. Limitation to explanation of the legal situation

73 The European Commission does not comment here on whether VAEVS, as the Respondent, has properly taken the first step of the Huawei framework, but leaves this examination to the Senate. The European Commission would only welcome it if the Senate would take into account the principles set out in Section D.II.1 - 4 above in its legal assessment.

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<sup>34</sup> Huawei decision marginal 55.



74 The European Commission encourages the Senate to refer any remaining uncertainties regarding the interpretation of the Huawei decision to the Court of Justice of the European Union within the framework of a preliminary ruling procedure pursuant to Article 267 TFEU, even after taking into account the present opinion, in order to clarify the remaining questions.

### III. Second step: License readiness

75 With regard to the second step of the Huawei framework, the Regional Courts' decisions raise the question of how clearly the patent user must express its willingness to take a license and whether it may reserve the right to challenge both the essentiality of the patent for the standard and its validity. In addition, the Regional Courts' decisions raise the question of whether the patent user's behaviour during the negotiations may be used to assess its willingness to take a license.

#### 1. Background to the relevant case

76 According to the European Commission's understanding, the Appellant HMD expressed in its letter of 17 March 2020 its willingness to conclude license agreements on FRAND terms for all patents which (i) are essential to the standard in question, (ii) are actually used by HMD and (iii) are effective and enforceable.

77 The decisions of the Regional Court differ with regard to the legal assessment of HMD's statements on its willingness to take a license on FRAND terms.

78 In its decision, the Regional Court Munich I appears to have concluded that the Appellant HMD had not sufficiently declared its willingness to take a license because it had not clearly and unconditionally declared its willingness to conclude a license agreement on FRAND terms. Rather, by restricting its willingness to take a license for valid, essential and enforceable patents, it had expressed its intention to conclude a license agreement only for certain patents whose validity and enforceability were undisputed or had been clarified by a court.<sup>35</sup> In the context of this assessment, the Regional Court Munich I does not appear to have limited itself to the content of the Appellant HMD's statement, but appears to have taken into account (i) time delays in HMD's<sup>36</sup> responses and (ii) the (in

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<sup>35</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 268.

<sup>36</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 284.



the court's view insufficient) amount of HMD's counter-offer.<sup>37</sup> On this basis, the Regional Court Munich I came to the conclusion that the second step of the Huawei framework had not been properly completed.

79 According to the European Commission's understanding, the Regional Court Mannheim, on the other hand, came to the conclusion on the same factual basis that HMD had sufficiently expressed its willingness to take a license on FRAND terms. Referring to marginal 69 of the Huawei decision, the Regional Court Mannheim ruled that the patent user may reserve the right to challenge the validity and essentiality of an SEP as well as the fact whether it is used by the patent user at all.<sup>38</sup> According to the Regional Court Mannheim, reserving these rights does not mean that the patent user has not sufficiently expressed its willingness to take a license on FRAND terms and thus does not properly complete the second step of the Huawei framework.<sup>39</sup>

## 2. Requirements for the declaration of willingness to take a license

80 The requirements for the expression of willingness to take a license by the patent user are also set out in the Huawei decision of the Court of Justice of the European Union. In the Huawei decision, the Court of Justice of the European Union ruled that a patent user must express its willingness to take a license on FRAND terms (second step of the Huawei framework, Huawei decision marginal 63).

### a) Declaration of willingness to take a license

81 In its Huawei decision, the Court of Justice of the European Union did not give any specific criteria for the declaration of the patent user's willingness to take a license on FRAND terms. Nevertheless, it is clear that the patent user must declare its willingness to take a license on FRAND terms if the SEP holder has served it with an infringement notice (step 1).

82 The patent user's obligation to declare its willingness to take a license on FRAND terms arises from the fact that the SEP holder, who has committed to the standardisation organisation to grant licenses on FRAND terms, must grant such a license, but the patent user in turn must

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<sup>37</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 294.

<sup>38</sup> Decision of the Regional Court of Mannheim dated 2 July 2021, case no. 7 O 32/20, Section IV.2.b).

<sup>39</sup> Decision of the Regional Court of Mannheim dated 2 July 2021, case no. 7 O 32/20, Section IV.2.b).



pay a FRAND royalty for the SEPs it makes use of. In addition, step 1 (infringement notice) and step 2 (declaration of willingness to take a license) only form the starting point for the parties' negotiations on royalties on FRAND terms. As step 1 and step 2 precede the start of negotiations, in particular the SEP holder's offer (step 3) and the patent user's possible counter-offer (step 4), they cannot be linked to specific license conditions or royalties.

83 In addition, the Huawei decision shows that although the patent user must declare its willingness to conclude a license on FRAND terms, it does not lose its right to challenge the essentiality of the patent for the standard and its effectiveness. In the opinion of the European Commission, a patent user can therefore not be considered an "unwilling licensee" if it expresses an intention to challenge the patents in question as invalid or non-essential to the standard or it reserves this right. The assessment of the patent user's response under step 2 of the Huawei framework must not be so strict as to deprive the patent user of its right to review the validity and essentiality of the SEP holder's patents. This is necessary because the standardisation organisation does not necessarily verify whether the patents are effective and essential to the standard to which they belong (see Huawei decision marginal 69). Moreover, it is not certain that the patent user knows that it is using the teaching of a patent that is effective and essential to a standard. Numerous patents may have been reported to the standardisation organisation and it is possible that some of them are not effective or not essential to the standard.<sup>40</sup> Therefore, a patent user may not be able to verify in advance whether all patents related to a standard that have been reported to the standardisation organisation are valid and essential.<sup>41</sup> A patent user may therefore reserve the right to challenge the validity and essentiality of an SEP and at the same time properly fulfil step 2 of the Huawei framework, i.e. effectively express its willingness to enter into a license on FRAND terms.

b) No consideration of the subsequent behaviour of the patent user

84 The European Commission is of the opinion that the patent user's willingness to take a license under the Huawei decision is to be assessed on the basis of the content of its response, but not on the basis of its subsequent behaviour during the negotiations.

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<sup>40</sup> Opinion of Advocate General Wathelet dated 20 November 2014 in case no. C-170/13 - Huawei/ZTE, marginal 81.

<sup>41</sup> Opinion of Advocate General Wathelet dated 20 November 2014 in case no. C-170/13 - Huawei/ZTE, marginal 82.



85 The Huawei decision does not stipulate any further requirements for the patent user's declaration of willingness to take a license. If the patent user has declared its willingness to take a license, the SEP holder is obliged to submit a specific written offer to the patent user for a license on FRAND terms in accordance with its commitments to the standardisation organisation. This offer on FRAND terms is the starting point for negotiations between the parties on an SEP license on FRAND terms:

"On the other hand, it is incumbent on the patent proprietor, after the alleged infringer has expressed its intention to conclude a license agreement on FRAND terms, to submit a specific written license offer on FRAND terms to the alleged infringer in accordance with the obligation it has assumed vis-à-vis the standardisation organisation and, in particular, to indicate the royalty and the manner in which it is calculated."<sup>42</sup>

86 In its Huawei decision, the Court of Justice of the European Union states that the patent user must respond diligently to the SEP holder's offer for a license on FRAND terms (step 4 of the Huawei framework) and that it must not engage in delaying tactics (Huawei decision marginal 65). However, this criterion does not apply with regard to step 2, in which the patent user merely has to express its willingness to conclude a license agreement on FRAND terms following an infringement notice by the SEP holder (step 1). Step two is merely a formal step as a prelude to negotiations. While the SEP holder must submit a license offer on FRAND terms as step 3, it follows from the Huawei ruling that the patent user must properly respond to the SEP holder's offer (step 4) if it wishes to avoid an injunction. This also applies if the SEP holder's offer does not comply with FRAND conditions.

87 Therefore, in the European Commission's view, mixing steps 2 and 4 would compromise the balance of interests sought by the various Huawei steps and their precise sequencing. In particular, such an approach would allow the court to grant an injunction without having to examine whether the SEP holder has submitted a license offer on FRAND terms. However, this would contradict the Huawei decision.

### 3. No remedy of the second step after filing an action for an injunction

88 Non-compliance with the second step of the Huawei framework cannot be cured after an action for injunctive relief has been filed. It is therefore irrelevant whether the patent user

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<sup>42</sup> Huawei decision marginal 63.



expresses its willingness to take a license on FRAND terms after filing an application for an injunction. Such a cure should not be allowed for reasons of procedural economy either, because it would contradict the intention of the Huawei decision to enable negotiations between the SEP owner and a user of these patents without the pressure of a pending action for injunctive relief. The possibility of such a cure after the filing of an action for injunctive relief would render the entire Huawei framework obsolete because SEP holders would be incentivised to immediately file an action for injunctive relief and because patent users would be incentivised to immediately complain of an abuse of a dominant position under Article 102 TFEU without having previously negotiated a license.

89 In its decisions, the Regional Court Munich I discusses statements made by HMD following the extension of VAEVS's action for injunctive relief by its pleading dated 19 February 2021.<sup>43</sup> After this extension of the action, however, negotiations between the parties that could fulfil the purpose of the Huawei decision could no longer take place. At this point, negotiations could only take place under the pressure of a pending action for injunctive relief. However, the Huawei decision aims to create an opportunity for negotiation outside of this pressure situation.

90 The European Commission is therefore of the opinion with regard to step 2 of the Huawei framework that the patent user must declare its willingness to take a license on FRAND terms before an action for an injunction is filed.

#### 4. Mandatory sequence of the procedural steps

91 As explained above in section D.II.4, the European Commission considers that the different steps of the Huawei framework must be assessed in their respective order. Only if the second step has been properly taken, the third step can be assessed (and the fourth step can only be assessed if step 3 has been properly completed). On the other hand, mixing is not permitted because the balance between the different interests sought by the Court of Justice of the European Union in the Huawei decision would otherwise not be guaranteed.

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<sup>43</sup> Decision of the Regional Court Munich I dated 25 May 2022, case no. 7 O 14091/19, juris para. 294.





## 5. Limitation to explanation of the legal situation

92 The European Commission does not take a position on whether the Appellant HMD has properly completed the second step of the Huawei framework but leaves this assessment to the Senate. The European Commission merely asks the Senate to take into account its considerations in sections D.III.1-4 as part of its legal assessment.

93 The European Commission encourages the Senate to refer any remaining uncertainties regarding the interpretation of the Huawei decision to the Court of Justice of the European Union within the framework of a preliminary ruling procedure pursuant to Article 267 TFEU, even after taking into account the present opinion, in order to clarify the remaining questions.

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