



# Newsletter Edition 6/2020

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Sisvel vs. Haier – the first FRAND judgment by the  
Federal Court of Justice

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The Federal Court of Justice strengthens the legal  
position of descriptive trademarks

M I C H A L S K I



H Ü T T E R M A N N

P A T E N T A N W Ä L T E

# Sisvel vs. Haier – the first FRAND judgment by the Federal Court of Justice

On 8 July, the newly created Cartel Senate of the German Federal Court of Justice (BGH) published its first judgment pertaining to the area of FRAND patent infringement proceedings, *Sisvel vs. Haier*, KZR 36/17<sup>1</sup>.

FRAND stands for “Fair, Reasonable And Non-Discriminatory” and refers inter alia to the conditions under which a patent holder is obligated to provide access to its technology under a standards organization.

A brief explanation of the background:

A patent holder fundamentally has a claim to injunctive relief. Nonetheless, under German patent law, especially since the “Standard-Spundfass” judgment<sup>2</sup>, it is fundamentally possible when the patent relates to an industry standard, and thus competitors have no other choice than to infringe the patent, that it may be abusive to insist upon the claim to injunctive relief. Instead, a claim for damages or license analogy then comes into consideration.

This abuse of a claim to injunctive relief arising from cartel law is also established and regulated under European law, especially since the *Huawei/ZTE* judgment<sup>3</sup> of the CJEU.

An additional factor is that in the mobile telephone field, where such standards are especially important, all companies that collaborate on a standard have given a commitment to the standards organization (ETSI) to grant all competitors access to their technology under FRAND conditions.

For patent infringements in the mobile telephone field, the objection that the patent holder is not entitled to seek injunctive relief is thus common practice on the part of defendants.

In the aforementioned *Huawei/ZTE* judgment, the CJEU established certain criteria for determining when a claim for injunctive relief is excluded or allowed.

The patent holder is entitled to a claim to injunctive relief when, firstly, *“prior to bringing that action, the proprietor has alerted the alleged infringer of the infringement complained about by designating that patent and specifying the way in which it has been infringed, and, secondly, after the alleged infringer has expressed its willingness to conclude a licensing agreement on FRAND terms, presented to that infringer a specific, written offer for a license on such terms, specifying, in particular, the royalty and the way in which it is to be calculated.”*

On the other hand, however, it must be true that *“where the alleged infringer continues to use the patent in question, the alleged infringer has not diligently responded to that offer, in accordance with recognized commercial practices in the field and in good faith, this being a matter which must be established on the basis of objective factors and which implies, in particular, that there are no delaying tactics.”*

To summarize briefly: Before bringing a complaint, the patent holder must first approach the infringer, and both sides must make serious efforts to arrange licensing. Depending on who is playing foul in this process, the consequences may then be that no claim to injunctive



## In Our Own Affairs

There is still space available in our preparatory courses for parts C and D of the European Qualifying Examination (EQE). The two courses, whose content is identical, will take place in Düsseldorf on Thursday/Friday, 12/13 November, and Saturday/Sunday, 12/13 December 2020, provided that events of this nature are possible at that time.

The course content is primarily aimed at suitable examination techniques and strategies for avoiding errors in order to be able successfully tackle parts C and D of the EQE exam using these skills. It has been our experience that well-prepared examination documents significantly increase the prospects of success. For this reason, we want to provide the participants in this course with the requisite methodological knowledge. In this regard, the course should be viewed as a supplement to your own preparation on the content of the legal fundamentals of the EPC. The participants will learn how to translate their specialized knowledge of the EPC into the maximum number of points to pass parts C

<sup>1</sup> BGH KZR 36/17, [Judgment](#) of 5 May 2020

<sup>2</sup> See BGH, Judgment of 13 July 2004 - KZR 40/02, Mitt. 2005, 36

<sup>3</sup> CJEU, Judgment of 16 July 2015 – C-170/13 (*Huawei Technologies Co. Ltd./ZTE Corp., ZTE Deutschland GmbH*), GRUR 2015, 764

relief is possible – or precisely the reverse, that a claim to injunctive relief applies despite the antitrust situation.

It is a matter of dispute, however, whether this “Huawei/ZTE ping-pong” is mandatory or merely represents a sort of “safe haven” while also allowing for other procedures. The German lower courts tend to assume here that the procedure from “Huawei/ZTE” is mandatory, whereas the courts of first and second instance in Great Britain did not consider this absolutely necessary in their “Unwired Planet” decision<sup>4</sup>, for example.

Even though FRAND infringement proceedings have been carried out in Germany for quite some time now – the Huawei/ZTE decision itself concerned a German proceeding before the Düsseldorf Regional Court – and a great number of lower court decisions existed, the Federal Court of Justice had not yet made any rulings, which naturally endows KZR 36/17 with particular importance.

In this case, the Federal Court of Justice ruled against the patent infringer and allowed the patent holder to seek injunctive relief.

It is not possible to discuss all the details of the very lengthy judgment here, but the following points are worthy of note:

- Although this is not explicitly stated, the Federal Court of Justice appears to follow the approach of the lower courts and to consider the procedure from “Huawei/ZTE” to be mandatory. Paragraphs 73 ff provide a strong indication of this.
- The Federal Court of Justice does not consider it abusive when the patent holder does not wish to license the contested patent individually, but rather as part as a license package, as long as this *“is not associated with requirements that oblige the licensee to pay for the use of patents not essential to the standard, and the compensation is calculated such that users who wish to develop a product for a specific, geographically limited area are not disadvantaged.”*<sup>5</sup>
- The Federal Court of Justice, in contrast to rulings such as the lower-court Unwired Planet decision, does not hold a “unitary tariff” for all licensors to be mandatory; the patent holder has maneuvering room here.<sup>6</sup>
- Following the example of the older Orange Book decision<sup>7</sup>, the alleged patent infringer has the obligation to unambiguously declare its willingness to enter into a license. It is not sufficient *“when the infringer [...] merely indicates willingness to consider concluding a license or to enter into negotiations concerning whether and under what conditions it would consider concluding a license[...] Rather, the infringer for its part must clearly and unambiguously agree to conclude a license agreement with the patent holder under appropriate and nondiscriminatory terms, and subsequently must also participate constructively in the negotiations on the license agreement.”*<sup>8</sup> This aspect of the judgment, and the fact that the lower-court “Unwired Planet” decision is also cited later, has been interpreted as an alignment of German practice with British practice.<sup>9</sup> Nonetheless, it appears to be more of a confirmation of the previous course of requiring a clear and unambiguous course of action by the alleged patent infringer, whereas the requirements in “Orange Book” were even higher, and even demanded the deposit of a license fee.

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<sup>4</sup> [2017] EWHC 711 (Pat) and [2018] EWCA Civ 2344

<sup>5</sup> Paragraph 78 of the judgment

<sup>6</sup> Paragraph 81 of the decision

<sup>7</sup> BGH, decision of 6 May 2009 - KZR 39/06 (OLG Karlsruhe) Orange-Book-Standard, GRUR 2009, 694

<sup>8</sup> Paragraph 83 of the decision

<sup>9</sup> <https://www.lexology.com/library/detail.aspx?g=2f1f97f7-d7fe-4522-8768-8360876a63a9>

and D of the EQE exam. The courses are held in our offices in Düsseldorf and are free of charge. Course instructors are Dr. Torsten Exner, Dipl.-Ing. Andreas Gröschel and Dr. Aloys Hüttermann.

Registrations are being accepted now (please include your full name and your employer) at [eqe@mhpatent.de](mailto:eqe@mhpatent.de).

You can find further information at [www.mhpatent.de](http://www.mhpatent.de)

This aspect in particular was critical to the decision, since the Federal Court of Justice was unable to discern any appropriate response by the defendant here, and thus ultimately granted the claim for injunctive relief.

Ultimately, this decision does not come as a complete surprise. At most, however, a certain strengthening of the position of patent holders and an emphasis on the obligation of the alleged patent infringers to participate seriously in licensing can be deduced from it.

## The Federal Court of Justice strengthens the legal position of descriptive trademarks

In the I ZB 21/19<sup>10</sup> “Injekt/Injex” decision, the Federal Court of Justice (BGH) has strengthened the legal position of descriptive trademarks with respect to the likelihood of confusion.

The basis was an opposition by the “Injekt” trademark to the “Injex” trademark, each for injection systems.

Complicating factors included, firstly, that the holder of the “Injex” trademark had become insolvent in the meantime and that the proceedings were continued with the legal successor, and secondly that there was a dispute as to whether and to what extent the proven use of the “Injekt” trademark would affect the risk of confusion. These aspects of the proceedings are mentioned only in passing, however.

What is important, on the other hand, is that the Federal Court of Justice has abandoned its previous approach with regard to the descriptive portions of trademarks. Previously, the principle – established in the pjur/pure decision<sup>11</sup>, for example – applied here was that descriptive portions were not to be considered in determining the risk of confusion, but instead the features that lend distinctiveness to the trademark were the only important thing:

*“If a trademark relies on a term describing the goods or services and attains its distinctiveness only from elements differing from the descriptive information, the examination of the similarity of the conflicting trademarks must focus solely on those features that lend distinctiveness to the contested trademark. If these features do not find expression in the sound, the appearance, or the meaning of the contested trademark, they cannot form a basis for trademark similarity in this regard (sound, appearance, or meaning).”<sup>12</sup>*

This principle shall now be abandoned, as is explicitly stated in the decision itself.<sup>13</sup> With reference to the corresponding case law of the CJEU, the descriptive aspects of the trademark must instead also be taken into consideration as well:

*“Accordingly, it is not admissible to construe national law so as to exclude a component of a composite mark or a part of a unitary trademark from the evaluation of similarity of trademarks due to its descriptive character or due to its lack of distinctiveness.”<sup>14</sup>*

In trademark opposition proceedings – and presumably also in trademark infringement proceedings by analogy – this consequently results in a strengthening of trademarks relying on descriptive information. However, it remains to be seen whether this ultimately can



### In Our Own Affairs

Our firm is listed as a recommended firm for patent prosecution and nullity proceedings in iam magazine's [ranking](#). Guido Quiram and Dr. Aloys Hüttermann have also been included in the iam 1000, the list of the 1000 best patent attorneys worldwide.

Dr. Aloys Hüttermann will speak at a [webinar](#) held jointly by CIPA and the IPO on the topic of “Brexit and the UPC” on 17 July 2020.

<sup>10</sup> [Judgment](#) I ZB 21/19 Injekt/Index of 6 February 2020

<sup>11</sup> BGH, Judgment of 9 February 2012 - I ZR 100/10, GRUR 2012, 1040

<sup>12</sup> Headnote of the pjur/pure decision

<sup>13</sup> Paragraph 71 of the decision

<sup>14</sup> Paragraph 69 of the decision

satisfy the holders of such trademarks in the long term, since the Federal Court of Justice also immediately explains what the possible consequences might be:

*"Contrary to the opinion of the Federal Patent Court [which had previously ruled differently], this [= including consideration of descriptive components of trademarks] does not lead to a preferential treatment of weak trademarks that is inconsistent with the purpose of the inherent trademark registration obstacles. Marks submitted for registration that consist exclusively of marks or information describing categories of goods or services are fundamentally excluded from registration. If they have nevertheless been registered, they can be declared invalid if a registration obstacle exists, and can therefore be used freely by other business entities."*<sup>15</sup>

In the final analysis, the opposing party in trademark opposition or infringement proceedings may be left with no other option, depending on the circumstances, than to attempt to cancel the opposing or contested trademark in the register.<sup>16</sup>

As a result, even more caution than before will be advisable in an examination of the risk of confusion, since now descriptive components must always be taken into consideration as well. When taken together with the simplified and less costly process<sup>17</sup> before the office, it remains to be seen whether this will lead to increased petitions for cancellation of existing trademarks.

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<sup>15</sup> Paragraph 74 of the decision

<sup>16</sup> The holder of the newer trademark has no other option in opposition cases, either, when the usage grace period does not expire until the case is ongoing, see Hüttermann Mitt. 2019, 62

<sup>17</sup> See our [Newsletter 1/2019](#)

## In Our Own Affairs

We wish all the best to your family, staff members, colleagues, and of course to you yourself, in these difficult times

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