

Landmark Decision in German FRAND Case

Article By:

Dr. Henrik Holzapfel

Christian Dölling

On May 5, 2020, an oral hearing in Germany's most recent landmark case on standard-essential patents (SEPs) and fair, reasonable and non-discriminatory (FRAND) licensing (*Sisvel v. Haier*, docket no. KZR 36/17) took place before the German Federal Court of Justice (FCJ).

Key takeaways from the oral hearing

- According to the provisional view of the FCJ, as expressed during the oral hearing, a SEP holder is obliged to provide the information that an implementer needs for making a FRAND offer or for assessing FRAND compliance of an offer that the SEP holder made. This includes information on existing licenses and, if applicable, on why the SEP holder feels it may treat the implementer differently from certain existing licensees.
- An implementer must not delay negotiations and must constructively work together with the SEP holder in FRAND negotiations. In particular, it is important for an implementer to clearly declare that it is willing to take a FRAND license on whatever terms are in fact FRAND.

IN DEPTH

Background

In the relevant proceedings, the Sisvel patent pool sued Chinese consumer electronics manufacturer Haier for infringement of a SEP.

In the lower instance, the Düsseldorf Appeal Court had found the relevant patent to be infringed and essential for the 2G/GPRS mobile telecommunication standard. However, the Appeal Court had found that SEP holder Sisvel violated its FRAND obligations by granting significant benefits (exorbitant discounts) to its existing licensee Hisense while not offering equivalent benefits to Haier. The Appeal Court had found that Sisvel had no sufficient justification for treating Haier differently from Hisense. Through this discrimination, Sisvel abused a dominant position it held on the licensing market.

The hearing

In the hearing on May 5, 2020, the FCJ discussed and confirmed infringement and standard essentiality of Sisvel's patent, and then moved on to discuss FRAND law.

Presiding Judge Peter Meier-Beck clarified the FCJ's position that FRAND law was about controlling an SEP holder's dominant market position, and he made the following points on the FRAND negotiation procedure that the Court of Justice of the European Union (CJEU) established in its *Huawei v. ZTE* decision:

- A SEP holder could violate its FRAND obligations by not accepting a FRAND offer that an implementer may have made, or by not providing the information that an implementer needs for either making a FRAND offer or assessing FRAND compliance of an offer that the SEP holder made. In particular, the SEP holder should provide information on existing licenses and, if applicable, on why the SEP holder feels it may treat the implementer differently from certain existing licensees.
- An implementer could violate its obligations by not negotiating in a constructive way and in good faith, *g.*, by delaying negotiations or by not clearly declaring that it seeks a license at FRAND terms. In this respect, Judge Meier-Beck cited and affirmed what Judge Birss said in the UK High Court judgment in *Unwired Planet v. Huawei*: "*a willing licensee must be one willing to take a FRAND license on whatever terms are in fact FRAND.*"

Another issue that the hearing covered was whether Sisvel had justification for offering less favorable terms to Haier than to Hisense. The FCJ appears to apply a generous standard in this particular case, since there were indications that Sisvel was under pressure by a foreign government to offer favorable terms to Hisense. If such act of state caused the favorable terms offered to Hisense then these terms may not be regarded as result of negotiations and may therefore not set any standard for FRAND licensing. In short, Sisvel may have sufficient justification for treating Haier differently from Hisense.

According to the judgment that the FCJ orally pronounced on May 5, 2020, it appears that Sisvel was successful either in convincing the FCJ that Haier had not clearly enough declared that it seeks a license at FRAND terms, or in convincing the FCJ that Sisvel had sufficient justification for treating Haier differently from Hisense. The written decision with full reasoning should become available within weeks and will then yield additional insights that are likely to shape the future behavior of parties engaged in FRAND negotiations.

© 2025 McDermott Will & Emery

National Law Review, Volume X, Number 132

Source URL: <https://natlawreview.com/article/landmark-decision-german-frand-case>