Reports of Cases

JUDGMENT OF THE COURT (Fifth Chamber)

16 July 2015*

(Competition — Article 102 TFEU — Undertaking holding a patent essential to a standard which has given a commitment, to the standardisation body, to grant third parties a licence for that patent on fair, reasonable and non-discriminatory terms ('FRAND terms') — Abuse of a dominant position — Actions for infringement — Action seeking a prohibitory injunction — Action seeking the recall of products — Action seeking the rendering of accounts — Action for damages — Obligations of the proprietor of a patent which is essential to a standard)

In Case C-170/13,

REQUEST for a preliminary ruling under Article 267 TFEU from the Landgericht Düsseldorf (Germany), made by decision of 21 March 2013, received at the Court on 5 April 2013, in the proceedings

Huawei Technologies Co. Ltd

v

ZTE Corp.,

ZTE Deutschland GmbH,

THE COURT (Fifth Chamber),

composed of T. von Danwitz, President of the Chamber, C. Vajda, A. Rosas, E. Juhász and D. Šváby (Rapporteur), Judges,

Advocate General: M. Wathelet,

Registrar: K. Malacek, Administrator,

having regard to the written procedure and further to the hearing on 11 September 2014,

after considering the observations submitted on behalf of:

— Huawei Technologies Co. Ltd, by C. Harmsen, S. Barthelmess and J. Witting, Rechtsanwälte, D. Geradin, avocat, and M. Dolmans, advocaat,

— ZTE Corp. and ZTE Deutschland GmbH, by M. Fähndrich, Rechtsanwalt,

— the Netherlands Government, by M. Bulterman, C. Schillemans and B. Koopman, acting as Agents,

* Language of the case: German.

— the Portuguese Government, by L. Inez Fernandes and S. Oliveira Pais, acting as Agents,

— the Finnish Government, by J. Heliskoski, acting as Agent,

— the European Commission, by F.W. Bulst, A. Dawes and F. Ronkes Agerbeek, acting as Agents,

after hearing the Opinion of the Advocate General at the sitting on 20 November 2014,

gives the following

Judgment

1 This request for a preliminary ruling concerns the interpretation of Article 102 TFEU.

2 The request has been made in proceedings between Huawei Technologies Co. Ltd ('Huawei Technologies'), on the one hand, and ZTE Corp. and ZTE Deutschland GmbH ('ZTE'), on the other hand, concerning an alleged infringement of a patent which is essential to a standard established by a standardisation body ('standard-essential patent' or 'SEP').

Legal context

International law

3 The Convention on the Grant of European Patents ('EPC'), which was signed in Munich on 5 October 1973 and entered into force on 7 October 1977, in the version applicable to the facts in the main proceedings, establishes, as Article 1 states, a 'system of law, common to the Contracting States, for the grant of patents for invention'.

4 Apart from common rules relating to the grant of a European patent, a European patent remains governed by the national law of each of the Contracting States for which it has been granted. In that regard, Article 2(2) of the EPC states:

'The European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State …'

5 With regard to the rights conferred on the proprietor of a European patent, Article 64(1) and (3) of that convention provides:

'(1) A European patent shall … confer on its proprietor from the date of publication of the mention of its grant, in each Contracting State in respect of which it is granted, the same rights as would be conferred by a national patent granted in that State.

…

(3) Any infringement of a European patent shall be dealt with by national law.'

EU law

6 Recitals 10, 12 and 32 of the preamble to Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual-property rights (OJ 2004 L 157, p. 45) state the following:

'(10) The objective of this Directive is to approximate legislative systems so as to ensure a high, equivalent and homogeneous level of protection in the Internal Market.

…

(12) This Directive should not affect the application of the rules of competition, and in particular Articles 81 and 82 of the Treaty. The measures provided for in this Directive should not be used to restrict competition unduly in a manner contrary to the Treaty.

…

(32) This Directive respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union [("the Charter")]. In particular, this Directive seeks to ensure full respect for intellectual property, in accordance with Article 17(2) of th[e] Charter.'

7 Article 9 of that directive, entitled 'Provisional and precautionary measures', states, in paragraph 1:

'Member States shall ensure that the judicial authorities may, at the request of the applicant:

(a) issue against the alleged infringer an interlocutory injunction intended to prevent any imminent infringement of an intellectual-property right …

…'

8 Article 10 of that directive, entitled 'Corrective measures', provides, in paragraph 1:

'Without prejudice to any damages due to the rightholder by reason of the infringement, and without compensation of any sort, Member States shall ensure that the competent judicial authorities may order, at the request of the applicant, that appropriate measures be taken with regard to goods that they have found to be infringing an intellectual-property right and, in appropriate cases, with regard to materials and implements principally used in the creation or manufacture of those goods. Such measures shall include:

(a) recall from the channels of commerce;

(b) definitive removal from the channels of commerce; or

(c) destruction.'

German law

9 Under the heading 'Performance in good faith', Paragraph 242 of the German Civil Code (Bürgerliches Gesetzbuch) lays down that an obligor has a duty to perform the obligation in accordance with the requirements of good faith, with due regard for customary practice.

10 Paragraph 139(1) of the Law on Patents (Patentgesetz, BGBl. 1981 I, p. 1), as amended most recently by Paragraph 13 of the Law of 24 November 2011 (BGBl. 2011 I, p. 2302), states:

'The injured party may, where there is a risk of recurrence, bring an action for an injunction against any person who uses a patented invention in breach of Paragraphs 9 to 13. The injured party shall also have that right if an infringement is liable to be committed for the first time.'

11 Paragraphs 19 and 20 of the Law against Restrictions of Competition (Gesetz gegen Wettbewerbsbeschränkungen) of 26 June 2013 (BGBl. 2013 I, p. 1750) prohibit the abuse by one or more undertakings of a dominant position on a market.

The ETSI rules

12 The European Telecommunications Standards Institute ('ETSI') is a body the objective of which, according to Clause 3.1 of Annex 6 to the ETSI Rules of Procedure, which annex is entitled 'ETSI Intellectual-Property Rights Policy', is to create standards which meet the technical objectives of the European telecommunications sector and to reduce the risk to ETSI, its members and others applying ETSI standards, that investment in the preparation, adoption and application of standards could be wasted as a result of an essential intellectual-property right for those standards being unavailable. To that end, Annex 6 seeks a balance between the needs of standardisation for public use in the field of telecommunications and the rights of the owners of intellectual-property rights.

13 Clause 3.2 of that annex provides that owners of intellectual-property rights should be adequately and fairly rewarded for the use of their intellectual-property rights.

14 Under Clause 4.1 of Annex 6, each of the members of ETSI is required to use reasonable endeavours, in particular during the development of a standard in the establishment of which it participates, to inform ETSI of that member's intellectual-property rights which are essential to that standard, in a timely fashion.

15 Clause 6.1 of Annex 6 to the ETSI Rules of Procedure provides that, when an intellectual-property right essential to a standard is brought to the attention of ETSI, the Director-General of ETSI must immediately request the owner of that right to give, within three months, an irrevocable undertaking that it is prepared to grant licences on fair, reasonable and non-discriminatory terms ('FRAND terms') in relation to that right.

16 Under Clause 6.3 of that annex, for so long as such an undertaking has not been given, ETSI is to assess whether work on the relevant parts of the standard should be suspended.

17 Clause 8.1 of Annex 6 provides that, if the owner of the intellectual-property rights refuses to give that undertaking, ETSI is to seek an alternative technology and, if no such technology exists, to stop work on the adoption of the standard in question.

18 Under Clause 14 of Annex 6 to the ETSI Rules of Procedure, any violation of the provisions of that annex by a member of ETSI is deemed to be a breach of that member's obligations to ETSI.

19 Clause 15.6 of that annex provides that an intellectual-property right is regarded as essential where, in particular, it is not possible on technical grounds to make equipment which complies with the standard without infringing the intellectual-property right ('essential patent').

20 However, ETSI does not check whether the intellectual-property right, the use of which an ETSI member has brought to its attention as being necessary, is valid or essential. Nor does Annex 6 define the concept of a 'licence on FRAND terms'.

The dispute in the main proceedings and the questions referred for a preliminary ruling

21 Huawei Technologies, a multinational company active in the telecommunications sector, is the proprietor of, inter alia, the European patent registered under the reference EP 2 090 050 B 1, bearing the title 'Method and apparatus of establishing a synchronisation signal in a communication system', granted by the Federal Republic of Germany, a Contracting State of the EPC ('patent EP 2 090 050 B 1').

22 That patent was notified to ETSI on 4 March 2009 by Huawei Technologies as a patent essential to the 'Long Term Evolution' standard. At the same time, Huawei Technologies undertook to grant licences to third parties on FRAND terms.

23 The referring court states, in the order for reference, that that patent is essential to that standard, which means that anyone using the 'Long Term Evolution' standard inevitably uses the teaching of that patent.

24 Between November 2010 and the end of March 2011, Huawei Technologies and ZTE Corp., a company belonging to a multinational group active in the telecommunications sector and which markets, in Germany, products equipped with software linked to that standard, engaged in discussions concerning, inter alia, the infringement of patent EP 2 090 050 B 1 and the possibility of concluding a licence on FRAND terms in relation to those products.

25 Huawei Technologies indicated the amount which it considered to be a reasonable royalty. For its part, ZTE Corp. sought a cross-licensing agreement. However, no offer relating to a licensing agreement was finalised.

26 None the less, ZTE markets products that operate on the basis of the 'Long Term Evolution' standard, thus using patent EP 2 090 050 B 1, without paying a royalty to Huawei Technologies or exhaustively rendering an account to Huawei Technologies in respect of past acts of use.

27 On 28 April 2011, on the basis of Article 64 of the EPC and Paragraph 139 et seq. of the German Law on Patents, as amended most recently by Paragraph 13 of the Law of 24 November 2011, Huawei Technologies brought an action for infringement against ZTE before the referring court, seeking an injunction prohibiting the infringement, the rendering of accounts, the recall of products and an award of damages.

28 That court considers that the decision on the substance in the main proceedings turns on whether the action brought by Huawei Technologies constitutes an abuse of that company's dominant position. It thus observes that it might be possible to rely on the mandatory nature of the grant of the licence in order to dismiss the action for a prohibitory injunction — in particular, on the basis of Article 102 TFEU — if, by its action, Huawei Technologies were to be regarded as abusing its dominant position. According to the referring court, the existence of that dominant position is not in dispute.

29 The referring court states, however, that different approaches may be taken in order to determine the point at which the proprietor of an SEP infringes Article 102 TFEU as a result of bringing an action for a prohibitory injunction.

30 In this connection, the referring court observes that, on the basis of Article 102 TFEU, Paragraph 20(1) of the Law of 26 June 2013 against Restrictions of Competition and Paragraph 242 of the Civil Code, the Bundesgerichtshof (Federal Court of Justice, Germany) held, in its judgment of 6 May 2009 in *Orange Book* (KZR 39/06), that, where the proprietor of a patent seeks a prohibitory injunction against a defendant which has a claim to a licence for that patent, the proprietor of the patent abuses its dominant position only in certain circumstances.

31 First, the defendant must have made the applicant an unconditional offer to conclude a licensing agreement not limited exclusively to cases of infringement, it being understood that the defendant must consider itself bound by that offer and that the applicant is obliged to accept it where its refusal would unfairly impede the defendant or infringe the principle of non-discrimination.

32 Secondly, where the defendant uses the teachings of the patent before the applicant accepts such an offer, it must comply with the obligations that will be incumbent on it, for use of the patent, under the future licensing agreement, namely to account for acts of use and to pay the sums resulting therefrom.

33 In the light of the fact that ZTE's offers to conclude an agreement could not be regarded as 'unconditional', inasmuch as they related only to the products giving rise to the infringement, and that ZTE did not pay Huawei Technologies the amount of the royalty that it had itself calculated or provide to Huawei Technologies an exhaustive account of past acts of use, the referring court observes that it ought to preclude ZTE from being able validly to rely on the compulsory nature of the grant of the licence and, accordingly, ought to uphold Huawei Technologies' action for a prohibitory injunction.

34 However, the referring court notes that, in the press releases No IP/12/1448 and MEMO/12/1021 of 21 December 2012, concerning a Statement of Objections sent to Samsung and relating to patent-infringement proceedings brought by Samsung in the field of mobile telephony, the European Commission appears to regard the bringing of an action for a prohibitory injunction as unlawful, under Article 102 TFEU, where that action relates to an SEP, the proprietor of that SEP has indicated to a standardisation body that it is prepared to grant licences on FRAND terms and the infringer is itself willing to negotiate such a licence. Accordingly, it may be irrelevant that the parties in question cannot agree on the content of certain clauses in the licensing agreement or, in particular, on the amount of the royalty to be paid.

35 In the present case, if those criteria alone are to be applied by the referring court, the latter court observes that it ought to dismiss Huawei Technologies' action for a prohibitory injunction as constituting an abuse within the meaning of Article 102 TFEU, since it is common ground that the parties in the main proceedings were willing to negotiate.

36 The referring court takes the view that, in the case in the main proceedings, the fact that the infringer was willing to negotiate and the proprietor of patent EP 2 090 050 B 1 was prepared to grant licences to third parties ought not be sufficient to constitute an abuse of a dominant position.

37 The referring court takes the view that, in assessing whether the conduct of the proprietor of an SEP is abusive, an appropriate and fair balance has to be struck in relation to all the legitimate interests of the parties, which, it must be recognised, have equivalent bargaining power.

38 Thus, the referring court considers that the positions of the proprietor of an SEP and of the infringer ought not to make it possible for them to obtain excessively high royalties (a 'hold-up' situation) or excessively low royalties (a 'reverse hold-up' situation), respectively. For that reason, but also on the grounds of equality of treatment between the beneficiaries of licences for, and the infringers in relation to, a given product, the proprietor of the SEP ought to be able to bring an action for a prohibitory injunction. Indeed, the exercise of a statutory right cannot, in itself, constitute an abuse of a dominant position, for characterisation as such requires other criteria to be satisfied. For that reason, it is not satisfactory to adopt, as a criterion of such an abuse, the notion of the infringer's 'willingness to negotiate', since this may give rise to numerous interpretations and provide the infringer with too wide a freedom of action. In any event, if such a notion is to be held to be relevant, certain qualitative and time requirements must be imposed in order to ensure that the applicant for the licence is acting in good faith. Accordingly, a properly formulated, acceptable, 'unconditional' request for a licence, containing all the provisions normally found in a licensing agreement, ought to be required to be submitted before the patent concerned is used. As regards, in particular, requests for a licence from

operators which have already placed products using an SEP on the market, those operators must immediately comply with the obligations to render an account of use of that SEP and to pay the corresponding royalty. In addition, the referring court considers that an infringer ought, initially, to be able to provide security instead of paying the royalty directly to the proprietor of the SEP in question. The possibility of the applicant for a licence leaving the determination of a fair royalty amount to the proprietor must also be envisaged.

39 In those circumstances, the Landgericht Düsseldorf decided to stay the proceedings and to refer the following questions to the Court of Justice for a preliminary ruling:

‘(1) Does the proprietor of [an SEP] which informs a standardisation body that it is willing to grant any third party a licence on [FRAND] terms abuse its dominant market position if it brings an action for an injunction against a patent infringer even though the infringer has declared that it is willing to negotiate concerning such a licence?

or

Is an abuse of the dominant market position to be presumed only where the infringer has submitted to the proprietor of the [SEP] an acceptable, unconditional offer to conclude a licensing agreement which the patentee cannot refuse without unfairly impeding the infringer or breaching the prohibition of discrimination, and the infringer fulfils its contractual obligations for acts of use already performed in anticipation of the licence to be granted?

(2) If abuse of a dominant market position is already to be presumed as a consequence of the infringer’s willingness to negotiate:

Does Article 102 TFEU lay down particular qualitative and/or time requirements in relation to the willingness to negotiate? In particular, can willingness to negotiate be presumed where the patent infringer has merely stated (orally) in a general way that it is prepared to enter into negotiations, or must the infringer already have entered into negotiations by, for example, submitting specific conditions upon which it is prepared to conclude a licensing agreement?

(3) If the submission of an acceptable, unconditional offer to conclude a licensing agreement is a prerequisite for abuse of a dominant market position:

Does Article 102 TFEU lay down particular qualitative and/or time requirements in relation to that offer? Must the offer contain all the provisions which are normally included in licensing agreements in the field of technology in question? In particular, may the offer be made subject to the condition that the [SEP] is actually used and/or is shown to be valid?

(4) If the fulfilment of the infringer’s obligations arising from the licence that is to be granted is a prerequisite for the abuse of a dominant market position:

Does Article 102 TFEU lay down particular requirements with regard to those acts of fulfilment? Is the infringer particularly required to render an account for past acts of use and/or to pay royalties? May an obligation to pay royalties be discharged, if necessary, by depositing a security?

(5) Do the conditions under which the abuse of a dominant position by the proprietor of a[n SEP] is to be presumed apply also to an action on the ground of other claims (for rendering of accounts, recall of products, damages) arising from a patent infringement?’

Consideration of the questions referred

40 A preliminary point to note is that the present request for a preliminary ruling has arisen in the context of an action concerning infringement of a patent between two operators in the telecommunications sector, which are holders of numerous patents essential to the 'Long Term Evolution' standard established by ETSI, which standard is composed of more than 4 700 SEPs, in respect of which those operators have undertaken to grant licences to third parties on FRAND terms.

41 In the context of that dispute, the referring court raises the question whether the action for infringement seeking an injunction prohibiting that infringement, the rendering of accounts, the recall of products and damages, brought by the proprietor of an SEP — in this case, Huawei Technologies — against the alleged infringer of that SEP — ZTE, which requested the conclusion of a licensing agreement — is to be characterised as an 'abuse of a dominant position', within the meaning of Article 102 TFEU, and, accordingly, whether the action must be dismissed.

42 For the purpose of providing an answer to the referring court and in assessing the lawfulness of such an action for infringement brought by the proprietor of an SEP against an infringer with which no licensing agreement has been concluded, the Court must strike a balance between maintaining free competition — in respect of which primary law and, in particular, Article 102 TFEU prohibit abuses of a dominant position — and the requirement to safeguard that proprietor's intellectual-property rights and its right to effective judicial protection, guaranteed by Article 17(2) and Article 47 of the Charter, respectively.

43 As the referring court states in the order for reference, the existence of a dominant position has not been contested before it by the parties to the dispute in the main proceedings. Given that the questions posed by the referring court relate only to the existence of an abuse, the analysis must be confined to the latter criterion.

Questions 1 to 4, and Question 5 in so far as that question concerns legal proceedings brought with a view to obtaining the recall of products

44 By Questions 1 to 4, and Question 5 in so far as that question concerns legal proceedings brought with a view to obtaining the recall of products, which questions it is appropriate to examine together, the referring court asks, essentially, in what circumstances the bringing of an action for infringement, by an undertaking in a dominant position and holding an SEP, which has given an undertaking to the standardisation body to grant licences to third parties on FRAND terms, seeking an injunction prohibiting the infringement of that SEP or seeking the recall of products for the manufacture of which the SEP has been used, is to be regarded as constituting an abuse contrary to Article 102 TFEU.

45 First of all, it must be recalled that the concept of an abuse of a dominant position within the meaning of Article 102 TFEU is an objective concept relating to the conduct of a dominant undertaking which, on a market where the degree of competition is already weakened precisely because of the presence of the undertaking concerned, through recourse to methods different from those governing normal competition in products or services on the basis of the transactions of commercial operators, has the effect of hindering the maintenance of the degree of competition still existing in the market or the growth of that competition (judgments in *Hoffmann-La Roche* v *Commission*, 85/76, EU:C:1979:36, paragraph 91; *AKZO* v *Commission*, C-62/86, EU:C:1991:286, paragraph 69; and *Tomra Systems and Others* v *Commission*, C-549/10 P, EU:C:2012:221, paragraph 17).

46 It is, in this connection, settled case-law that the exercise of an exclusive right linked to an intellectual-property right — in the case in the main proceedings, namely the right to bring an action for infringement — forms part of the rights of the proprietor of an intellectual-property right, with the

result that the exercise of such a right, even if it is the act of an undertaking holding a dominant position, cannot in itself constitute an abuse of a dominant position (see, to that effect, judgments in *Volvo*, 238/87, EU:C:1988:477, paragraph 8; *RTE and ITP* v *Commission*, C-241/91 P and C-242/91 P, EU:C:1995:98, paragraph 49; and *IMS Health*, C-418/01, EU:C:2004:257, paragraph 34).

47 However, it is also settled case-law that the exercise of an exclusive right linked to an intellectual-property right by the proprietor may, in exceptional circumstances, involve abusive conduct for the purposes of Article 102 TFEU (see, to that effect, judgments in *Volvo*, 238/87, EU:C:1988:477, paragraph 9; *RTE and ITP* v *Commission*, C-241/91 P and C-242/91 P, EU:C:1995:98, paragraph 50; and *IMS Health*, C-418/01, EU:C:2004:257, paragraph 35).

48 Nevertheless, it must be pointed out, as the Advocate General has observed in point 70 of his Opinion, that the particular circumstances of the case in the main proceedings distinguish that case from the cases which gave rise to the case-law cited in paragraphs 46 and 47 of the present judgment.

49 It is characterised, first, as the referring court has observed, by the fact that the patent at issue is essential to a standard established by a standardisation body, rendering its use indispensable to all competitors which envisage manufacturing products that comply with the standard to which it is linked.

50 That feature distinguishes SEPs from patents that are not essential to a standard and which normally allow third parties to manufacture competing products without recourse to the patent concerned and without compromising the essential functions of the product in question.

51 Secondly, the case in the main proceedings may be distinguished by the fact, as is apparent from paragraphs 15 to 17 and 22 of the present judgment, that the patent at issue obtained SEP status only in return for the proprietor's irrevocable undertaking, given to the standardisation body in question, that it is prepared to grant licences on FRAND terms.

52 Although the proprietor of the essential patent at issue has the right to bring an action for a prohibitory injunction or for the recall of products, the fact that that patent has obtained SEP status means that its proprietor can prevent products manufactured by competitors from appearing or remaining on the market and, thereby, reserve to itself the manufacture of the products in question.

53 In those circumstances, and having regard to the fact that an undertaking to grant licences on FRAND terms creates legitimate expectations on the part of third parties that the proprietor of the SEP will in fact grant licences on such terms, a refusal by the proprietor of the SEP to grant a licence on those terms may, in principle, constitute an abuse within the meaning of Article 102 TFEU.

54 It follows that, having regard to the legitimate expectations created, the abusive nature of such a refusal may, in principle, be raised in defence to actions for a prohibitory injunction or for the recall of products. However, under Article 102 TFEU, the proprietor of the patent is obliged only to grant a licence on FRAND terms. In the case in the main proceedings, the parties are not in agreement as to what is required by FRAND terms in the circumstances of that case.

55 In such a situation, in order to prevent an action for a prohibitory injunction or for the recall of products from being regarded as abusive, the proprietor of an SEP must comply with conditions which seek to ensure a fair balance between the interests concerned.

56 In this connection, due account must be taken of the specific legal and factual circumstances in the case (see, to that effect, judgment in *Post Danmark*, C-209/10, EU:C:2012:172, paragraph 26 and the case-law cited).

57 Thus, the need to enforce intellectual-property rights, covered by, inter alia, Directive 2004/48, which — in accordance with Article 17(2) of the Charter — provides for a range of legal remedies aimed at ensuring a high level of protection for intellectual-property rights in the internal market, and the right to effective judicial protection guaranteed by Article 47 of the Charter, comprising various elements, including the right of access to a tribunal, must be taken into consideration (see, to that effect, judgment in *Otis and Others*, C-199/11, EU:C:2012:684, paragraph 48).

58 This need for a high level of protection for intellectual-property rights means that, in principle, the proprietor may not be deprived of the right to have recourse to legal proceedings to ensure effective enforcement of his exclusive rights, and that, in principle, the user of those rights, if he is not the proprietor, is required to obtain a licence prior to any use.

59 Thus, although the irrevocable undertaking to grant licences on FRAND terms given to the standardisation body by the proprietor of an SEP cannot negate the substance of the rights guaranteed to that proprietor by Article 17(2) and Article 47 of the Charter, it does, none the less, justify the imposition on that proprietor of an obligation to comply with specific requirements when bringing actions against alleged infringers for a prohibitory injunction or for the recall of products.

60 Accordingly, the proprietor of an SEP which considers that that SEP is the subject of an infringement cannot, without infringing Article 102 TFEU, bring an action for a prohibitory injunction or for the recall of products against the alleged infringer without notice or prior consultation with the alleged infringer, even if the SEP has already been used by the alleged infringer.

61 Prior to such proceedings, it is thus for the proprietor of the SEP in question, first, to alert the alleged infringer of the infringement complained about by designating that SEP and specifying the way in which it has been infringed.

62 As the Advocate General has observed in point 81 of his Opinion, in view of the large number of SEPs composing a standard such as that at issue in the main proceedings, it is not certain that the infringer of one of those SEPs will necessarily be aware that it is using the teaching of an SEP that is both valid and essential to a standard.

63 Secondly, after the alleged infringer has expressed its willingness to conclude a licensing agreement on FRAND terms, it is for the proprietor of the SEP to present to that alleged infringer a specific, written offer for a licence on FRAND terms, in accordance with the undertaking given to the standardisation body, specifying, in particular, the amount of the royalty and the way in which that royalty is to be calculated.

64 As the Advocate General has observed in point 86 of his Opinion, where the proprietor of an SEP has given an undertaking to the standardisation body to grant licences on FRAND terms, it can be expected that it will make such an offer. Furthermore, in the absence of a public standard licensing agreement, and where licensing agreements already concluded with other competitors are not made public, the proprietor of the SEP is better placed to check whether its offer complies with the condition of non-discrimination than is the alleged infringer.

65 By contrast, it is for the alleged infringer diligently to respond to that offer, in accordance with recognised commercial practices in the field and in good faith, a point which must be established on the basis of objective factors and which implies, in particular, that there are no delaying tactics.

66 Should the alleged infringer not accept the offer made to it, it may rely on the abusive nature of an action for a prohibitory injunction or for the recall of products only if it has submitted to the proprietor of the SEP in question, promptly and in writing, a specific counter-offer that corresponds to FRAND terms.

67 Furthermore, where the alleged infringer is using the teachings of the SEP before a licensing agreement has been concluded, it is for that alleged infringer, from the point at which its counter-offer is rejected, to provide appropriate security, in accordance with recognised commercial practices in the field, for example by providing a bank guarantee or by placing the amounts necessary on deposit. The calculation of that security must include, inter alia, the number of the past acts of use of the SEP, and the alleged infringer must be able to render an account in respect of those acts of use.

68 In addition, where no agreement is reached on the details of the FRAND terms following the counter-offer by the alleged infringer, the parties may, by common agreement, request that the amount of the royalty be determined by an independent third party, by decision without delay.

69 Lastly, having regard, first, to the fact that a standardisation body such as that which developed the standard at issue in the main proceedings does not check whether patents are valid or essential to the standard in which they are included during the standardisation procedure, and, secondly, to the right to effective judicial protection guaranteed by Article 47 of the Charter, an alleged infringer cannot be criticised either for challenging, in parallel to the negotiations relating to the grant of licences, the validity of those patents and/or the essential nature of those patents to the standard in which they are included and/or their actual use, or for reserving the right to do so in the future.

70 It is for the referring court to determine whether the abovementioned criteria are satisfied in the present case, in so far as they are relevant, in the circumstances, for the purpose of resolving the dispute in the main proceedings.

71 It follows from all the foregoing considerations that the answer to Questions 1 to 4, and to Question 5 in so far as that question concerns legal proceedings brought with a view to obtaining the recall of products, is that Article 102 TFEU must be interpreted as meaning that the proprietor of an SEP, which has given an irrevocable undertaking to a standardisation body to grant a licence to third parties on FRAND terms, does not abuse its dominant position, within the meaning of Article 102 TFEU, by bringing an action for infringement seeking an injunction prohibiting the infringement of its patent or seeking the recall of products for the manufacture of which that patent has been used, as long as:

— prior to bringing that action, the proprietor has, first, 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 licence on such terms, specifying, in particular, the royalty and the way in which it is to be calculated, and

— where the alleged infringer continues to use the patent in question, the alleged infringer has not diligently responded to that offer, in accordance with recognised 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.

Question 5, in so far as that question concerns legal proceedings brought with a view to obtaining the rendering of accounts or an award of damages

72 By Question 5, in so far as that question concerns legal proceedings brought with a view to obtaining the rendering of accounts or an award of damages, the referring court asks, in essence, whether Article 102 TFEU must be interpreted as prohibiting an undertaking in a dominant position and holding an SEP, which has given an undertaking to the standardisation body to grant licences for that

patent on FRAND terms, from bringing an action for infringement against the alleged infringer of its SEP and seeking the rendering of accounts in relation to past acts of use of that SEP or an award of damages in respect of those acts of use.

73 As is apparent from paragraphs 52 and 53 above, the exercise by the proprietor of the SEP of its intellectual-property rights, by bringing actions for a prohibitory injunction or for the recall of products, may be characterised, in circumstances such as those in the main proceedings, as an abuse, where those proceedings are liable to prevent products complying with the standard in question manufactured by competitors from appearing or remaining on the market.

74 In the present case, according to the description set out in the order for reference, the actions for infringement brought by the proprietor of an SEP, seeking the rendering of accounts in relation to past acts of use of that SEP or an award of damages in respect of those acts of use, do not have a direct impact on products complying with the standard in question manufactured by competitors appearing or remaining on the market.

75 Consequently, in circumstances such as those in the main proceedings, such actions cannot be regarded as an abuse under Article 102 TFEU.

76 In the light of the foregoing considerations, the answer to Question 5, in so far as that question concerns legal proceedings brought with a view to obtaining the rendering of accounts or an award of damages, is that Article 102 TFEU must be interpreted as not prohibiting, in circumstances such as those in the main proceedings, an undertaking in a dominant position and holding an SEP, which has given an undertaking to the standardisation body to grant licences for that SEP on FRAND terms, from bringing an action for infringement against the alleged infringer of its SEP and seeking the rendering of accounts in relation to past acts of use of that SEP or an award of damages in respect of those acts of use.

Costs

77 Since these proceedings are, for the parties to the main proceedings, a step in the action pending before the national court, the decision on costs is a matter for that court. Costs incurred in submitting observations to the Court, other than the costs of those parties, are not recoverable.

On those grounds, the Court (Fifth Chamber) hereby rules:

1. **Article 102 TFEU must be interpreted as meaning that the proprietor of a patent essential to a standard established by a standardisation body, which has given an irrevocable undertaking to that body to grant a licence to third parties on fair, reasonable and non-discriminatory ('FRAND') terms, does not abuse its dominant position, within the meaning of that article, by bringing an action for infringement seeking an injunction prohibiting the infringement of its patent or seeking the recall of products for the manufacture of which that patent has been used, as long as:**

   — **prior to bringing that action, the proprietor has, first, 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 licence on such terms, specifying, in particular, the royalty and the way in which it is to be calculated, and**

— **where the alleged infringer continues to use the patent in question, the alleged infringer has not diligently responded to that offer, in accordance with recognised 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.**

2. **Article 102 TFEU must be interpreted as not prohibiting, in circumstances such as those in the main proceedings, an undertaking in a dominant position and holding a patent essential to a standard established by a standardisation body, which has given an undertaking to the standardisation body to grant licences for that patent on FRAND terms, from bringing an action for infringement against the alleged infringer of its patent and seeking the rendering of accounts in relation to past acts of use of that patent or an award of damages in respect of those acts of use.**

[Signatures]