



Order
of the Court of First Instance of the Unified Patent Court, Mannheim
Local Division
issued on 16 May 2024
concerning EP 3096315
concerning
App_4931/2024

Plaintiff:

Panasonic Holdings Corporation - 1006, Oaza Kadoma, Kadoma-shi - 571-8501 - Osaka - JP
represented by Christopher Weber

defendant:

1)

ORPE Germany GmbH - Graf-Adolf-Platz 15 - 40213 - Düsseldorf - DE
represented by Andreas Kramer

2)

Guangdong OPPO Mobile Telecommunications Corp Ltd - NO.18 Haibin Road, Wusha,
Chang'an Town, Guangdong Province - 523860 - Dongguan - CN
represented by Andreas Kramer

STREITPATENT:

EUROPEAN PATENT NO. EP 3096315

ADJUDICATING BODY/CHAMBER:

Mannheim local division JUDGES:

This Order was issued by the Chairman and judge-rapporteur Dr Tochtermann. LANGUAGE OF THE

PROCEEDINGS: German

FACTS OF THE CASE:

- I. The defendant's applications for the production of documents are now ripe for decision following the receipt of the plaintiff's unredacted statements on the FRAND aspect in the Reply at the current stage of the proceedings. The right is reserved to make any orders in the course of the further proceedings according to the state of facts and disputes then reached.
1. In parallel with the filing of the defence and their counterclaim for annulment, the defendants filed an application for orders for production under Rule 190 of the Rules of Procedure.

In summary, the defendants have requested:

- The submission of the licence agreements "X" and "Y" used by the plaintiff as a reference in the negotiations. Neither the identity of the contracting parties nor the contracts themselves were made available to the defendants at the time the application was filed.
 - The submission of all other licence agreements concluded by the plaintiff relating to 3G and/or 4G SEP covering mobile devices.
 - The submission of all licence agreements concluded by third parties concerning 3G and 4G SEP, which extend to mobile devices, insofar as the plaintiff was or is currently their owner and which are under the control of the plaintiff.
 - The plaintiff's submission of licence agreements with the defendant's suppliers relating to 3G and/or 4G SEP.
 - The submission of an overview of divestment transactions concerning 3G and/or 4G SEPs of the plaintiff side, including the underlying agreements, insofar as they provide or have provided the plaintiff side with a pecuniary advantage
 - The submission of future licence agreements concerning 3G and/or 4G SEP
 - In addition, the defendants request that Oppo be allowed to submit its own licence agreements that Oppo has concluded with third parties and that cover 3G and/or 4G SEPs.
 - Finally, the defendants request the Order of a more detailed confidentiality regime with regard to the above circumstances.
2. By Order of 24 January 2024, the judge-rapporteur gave the plaintiff the opportunity to comment on the applications and provided information on the defendant's submissions.
 3. Following an extension of the deadline until that date by Order of 24 January 2024, the parties submitted their comments on this in documents dated 13 February 2024. In particular, the defendants have requested that a procedural

hearing to discuss the proposals and the confidentiality regime.

4. The judge-rapporteur complied with this application in advance and, by Order of 7 February 2024 (ORD 6894/2023), scheduled a video conference for 8 February 2024 in consultation with the parties. In the video conference, the issues of secrecy protection and the technical implementation thereof in the CMS as well as the economic and procedural background to the requests for referral were discussed in particular.
5. In order to take into account the confidentiality interests of both sides articulated in the video conference, the judge-rapporteur issued a confidentiality regime by order of 14 February 2024 to enable the parties to produce documents on their own initiative, after the confidentiality interests of the parties and also those of the respective licence agreement partners had been highlighted as justification for the requests for production.
6. In the statement of 13 February 2024, the defendants suggested a secrecy regime similar to that in parallel UK proceedings, whereby the disclosure of the documents introduced there would be prohibited in other proceedings. According to the defendants' submissions and the documents submitted, procedural agreements supported by both sides were reached in these proceedings (Annex VB12), which were then converted into an Order of the court. Such an agreement does not exist in the present proceedings before the UPC. In a document dated 8 March 2024, the plaintiff expressly objected to such an agreement parallel to the UK proceedings.

An order for reference - as expressed in the judge-rapporteur's Order of 14 February 2024 - to be made only after receipt of the Reply was criticised as too late because statements on the plaintiff's compliance with the FRAND obligations in the Reply were "undoubtedly to be expected" (SS of 13 February 2024 para. 24). At the defendant's application pursuant to R. 333 VerfO to decide directly on the submission, the panel confirmed the judge-rapporteur and ruled in the negative (Order of 12 March 2024).

Insofar as the submission order "against itself" is concerned, a suitable confidentiality regulation is required and a court order is needed for the submission. In this respect, the defendants' applications have in the meantime become procedurally obsolete, as they have in the meantime submitted their own licence agreements in the proceedings even without a court order on the basis of the confidentiality regime established by the Order of 14 February 2024.

7. In the meantime, following the issuance of orders for production, which ordered the plaintiff to submit its own settlement licence agreements upon its application, the plaintiff submitted two settlement licence agreements concluded with the previously unnamed companies "X" and "Y" and its written submission in the Reply, which was initially submitted with the relevant passages fully blacked out - and thus not even visible to the court - in the Reply.

was submitted in an unredacted version and, in turn, accompanying applications for secrecy protection were filed.

REASONS FOR THE DECISION:

1. Insofar as the defendants have requested the naming and submission of the licence agreements with the companies "X" and "Y" previously unnamed by the plaintiff, an Order is no longer necessary after the plaintiff has in the meantime introduced these agreements into the proceedings, naming the contracting parties.
2. Insofar as the defendants request the submission of all other agreements concluded and to be concluded in the future by the plaintiff regarding 3G and/or 4G SEPs that extend to mobile stations, as well as the agreements concluded by third parties in their possession, the application is too vague and too broad as a mere request for information (see also Schallmoser/Grabinski Mitt. 2017, 245, 246 and Böttcher in Bopp/Kircher 2nd ed. § 23 para. 42).

Against the background of the obligations of the owner of a standard-essential patent under EU antitrust law, the owner is required, according to the case law of the ECJ, to submit a specific written licence offer on FRAND terms and, in particular, to indicate the licence fee and the way in which it is calculated (ECJ Huawei v. ZTE, ECLI:EU:C:2015:817 para. 63). This obligation exists if the infringer has previously expressed its intention to conclude a licence agreement on FRAND terms (ECJ loc. cit.).

This has two consequences for the scope of a possible reference arrangement: On the one hand, the Order could be inappropriate if the alleged infringer were to be judged as unwilling to licence from the outset. If this is the case, it would be incomprehensible why the infringer should be granted access to the SEP holder's licensing practice in response to a request for production. In the case of an allegedly clearly unwilling infringer, the application would be limited to investigating the holder's licensing practice. Conversely, as the present proceedings make very clear, the submission of licence agreements regularly involves information of the opposing party and its contractual partners that is subject to secrecy and of which the opposing party becomes aware, even under a secrecy protection regime.

Secondly, the scope of a submission order must be decided against the background of the SEP holder's duty of transparency in the negotiations established by the ECJ. For the explanation of the method of calculating the licence fee required by the ECJ, the mere allocation of the underlying mathematical factors of the calculation is not sufficient. Rather, the ratio to which the ECJ refers must be made transparent as to why the SEP holder believes that the offer it submits to the alleged infringer fulfils FRAND conditions. The necessary justification can be provided, for example, by referring to a licensing practice already established in the market in the form of a standard licensing programme. If no such programme exists, specific individual licence agreements can be used as a benchmark if it is explained why the SEP holder is of the opinion that these can be used as a suitable reference point in comparison with the alleged infringer. This is the case here. In the pre-litigation

In the negotiations, the plaintiff referred in essence to two settlement licence agreements, which it has since submitted in the proceedings. The defendants have also used two contracts as their reference point, which they have also submitted in the proceedings in the meantime. So far, however, the defendants have not argued with sufficient substance in the proceedings that there is at least a sufficiently concrete presumption that the plaintiff has in fact concluded further contracts with third parties that are suitable as a basis for settlement. To date, the plaintiff has also not referred to other contracts that it considers suitable as a basis for comparison, but has only made statements of a general nature regarding the market share it covers in the pre-trial negotiations. Against this background, at the current stage of the proceedings, in which no decision has yet been made on the question of the defendant's fundamental willingness to licence, it does not appear necessary against the background of the transparency obligation derived from EU antitrust law to order the further submission of all unnamed licence agreements relating to the plaintiff's 3G and/or 4G portfolio and whose patents extend to mobile devices. The principle of proportionality and the necessary consideration of the respective interests of third parties, who as contractual partners of the licence agreements may also have interests in the protection of trade secrets that must be taken into account when deciding on the submission order, also speak against this. Rather, it appears to be sufficient, at least at present, that the parties mutually deal with the licence agreements now submitted in the proceedings and the expert opinions obtained and submitted by the parties in this regard as well as their respective extensive submissions in this regard. In this respect, this also appears to be in line with the "recognised commercial practices" in the relevant area, which the ECJ also placed at the core of its negotiation programme. This is because in a results-oriented negotiation on a FRAND-compliant licence, willing negotiating partners on both sides will also limit themselves to a manageable number of settlement licence agreements and discuss these in the course of the negotiations. Otherwise, the negotiations would be overloaded with an unmanageable amount of facts that would not allow the business negotiations to progress in a timely manner. Since no sufficient evidence has been presented or is otherwise apparent that the plaintiff has other - perhaps even more suitable - settlement licence agreements that the parties could use sensibly on their way to concluding a FRAND licence, the defendant's application could not be granted, at least at the stage of the proceedings reached so far, especially since it is primarily the plaintiff's own decision whether and, if so, which and how many settlement licence agreements it submits in the proceedings in order to counter a possible FRAND objection by the defendant and to characterise its conduct as compliant with EU antitrust law. Legal consequences could only be drawn if, for example, it were to emerge in proceedings that an SEP holder had deliberately not introduced contracts suitable as settlement licences into the negotiations and proceedings in order to enforce excessive licences by exploiting its monopoly position.

Insofar as the plaintiff in its opinion requests an order for reference with a view to "comparable licence agreements" for consideration, the court understands this statement to mean that it wanted to express its willingness to submit the two licence agreements, which it has already submitted itself in response to a request for a production order against itself, also in response to a production order requested by the opponent. However, this point has now been superseded by the submission. Moreover, there are also substantive objections to an Order to produce all comparable contracts. Which contracts come into consideration as settlement agreements is naturally beyond the

knowledge of the court. Such an Order therefore does not appear to be sufficiently enforceable. It must therefore remain the case that it is up to the plaintiff to make an appropriate selection from the contracts available to it in order to justify its offer as FRAND-compliant in an appropriate manner. The deviating decision of the Munich local division in the parallel proceedings cannot be upheld for the reasons set out above.

3. These considerations also preclude the defendant's further application to have all licence agreements concluded by third parties with similar content relating to 3G and/or 4G SEPs of which Panasonic was or is currently the owner produced. The same applies to the application to produce newly concluded licence agreements during the proceedings (application (i) (7) of the defendant).
4. Insofar as the submission of the plaintiff's agreements with the defendants' own suppliers is requested, the defendants must give priority to their suppliers. Moreover, the submission made to date regarding any favourable clauses in these contracts appears to be unsubstantiated. Insofar as a defence of exhaustion is to be derived from these contracts, the burden of proof lies with the defendants.
5. The plaintiff was also not required (submission (i)(5)) to draw up an overview of all those legal transactions in the course of which the plaintiff sold 3G or 4G SEPs. It is true that a change in the out-licensed portfolio in the meantime can certainly be relevant when categorising a contract cited as a basis for settlement. However, the defendants are able to make this assessment after the two contracts referred to by the plaintiff in the negotiations to date have been submitted in the meantime. In any case, the contract according to Annex KAP FRAND 22 contains a detailed list of the out-licensed patents. The other contract according to Annex KAP FRAND 20 enables a comparison in that the patents declared as essential at the time of the conclusion of the contract appear to be determinable and are compared with the SEPs contained in the plaintiff's offer. These lists can therefore be compared with the patents or patent families offered to the defendants for licensing and thus set in relation to each other in order to determine any changes that may have occurred and to take them into account when calculating a FRAND-compliant licence rate. The plaintiff's offer can therefore already be assessed on this basis with regard to its FRAND conformity. Insofar as the defendants state that, on the basis of various publicly accessible articles (Annex VB 04 and 09), it is known in the market that the plaintiff has carried out a considerable number of patent transactions, it is clear from the articles themselves that the transfer was made to so-called SEP Privateers, who are also involved in the out-licensing of the patents on behalf of and/or in cooperation with the former patent holders. Consequently, the mere fact of the transfer does not in itself allow a valid conclusion to be drawn as to the extent to which the transfer influenced the amount of the licence rate. This is because, depending on the details of the economic agreements in connection with the transfer, the plaintiff could receive an only insignificantly changed licence rate even despite the formal transfer of ownership of the SEP, because the change in the formal ownership position does not necessarily influence the licence rate in such a way that it is lower, as is the case, for example, with the sale and transfer of a patent to a third party with whom no such economic relationships exist.

because the economic equivalent of the SEP in question has been removed from the licence.

6. In addition, the related application that all agreements, including any additional agreements and/or further financial agreements, through which the plaintiff receives or has received monetary benefits, were too extensive and should also be dismissed. The proper classification of the plaintiff's offer as FRAND-compliant or FRAND-incompatible appears possible even without knowledge of these circumstances on the basis of the agreements that have since been brought into the proceedings, because this allows the status quo of the plaintiff's portfolio at the time the settlement licence agreements were concluded to be compared with the current portfolio and thus to assess whether any relevant changes may have occurred.
7. The defendants' request for submission (i) (8) directed against themselves is again obsolete, since the defendants have in the meantime submitted their own settlement licence agreements without an Order, as explained above.

TENOR OF THE ORDER:

1. The defendants' applications of 4 February 2024 are dismissed.
2. Any submission orders at a later stage of the proceedings remain reserved depending on the further mutual submissions of the parties.

NAMES AND SIGNATURES

Issued in Mannheim on 16 May 2024

Peter Michael

Dr.
Daughter

Digitally signed by Peter
Michael Dr Tochtermann
Date: 2024.05.16
10:58:00 +02'00'

Dr Tochtermann
Chairman and judge-rapporteur