

ORDER

**Order of the Court of Appeal of the Unified Patent Court
issued on 24 September 2024
concerning: Requests for orders to produce evidence (R.190 RoP)**

HEADNOTES

- A defendant can rely on R.190.1 RoP to request an order to produce (counter-)evidence.
- A balance must be struck between the defendant's interest in obtaining evidence which may be useful for its FRAND-defence, and the interest of the other party and its contracting parties in protecting confidential information. The Court of First Instance has a margin of discretion when adjudicating on a request for an order to produce evidence pursuant to R.190 RoP. The margin of discretion includes decision-making on the request in accordance with what the judge-rapporteur, the presiding judge or the panel has decided regarding the order in which issues are to be decided pursuant to R.334(e) RoP.
- The assessment of a request for an order to produce evidence may depend on the stage of the proceedings. Such a request may be considered not to meet the criteria of necessity, relevance and proportionality at one stage of the proceedings, but could be considered to meet those criteria at a later stage.

KEYWORDS

Order to produce evidence, R.190 RoP, FRAND defence

APPELLANT (AND DEFENDANT IN THE MAIN PROCEEDINGS BEFORE THE CFI)

1. Guangdong OPPO Mobile Telecommunications Corp. Ltd., Dongguan, China

2. OROPE Germany GmbH, Düsseldorf, Germany

Both represented by: Rien Broekstra, Advocaat, Dr. Andreas Kramer, Rechtsanwalt, Hannes Obex, Rechtsanwalt, Boukje van der Maazen, Advocaat, und Maarten Groeneveld, Advocaat (Vossius & Brinkhof UPC Litigators, Amsterdam, the Netherlands)

APPLICANT AND RESPONDENT (AND CLAIMANT IN THE MAIN PROCEEDINGS BEFORE THE CFI)

Panasonic Holdings Corporation, Osaka, Japan

Represented by: Dr. Christof Augenstein, Dr. Benedikt Walesch und Marco Berlage, Rechtsanwälte (Kather Augenstein Rechtsanwälte, Düsseldorf, Germany)

PATENTS AT ISSUE

EP 2 568 724, EP 2 207 270, EP 3 096 315

PANEL AND DECIDING JUDGE

This order has been issued by the second panel of the Court of Appeal with the participation of:

Rian Kalden, Presiding judge

Ingeborg Simonsson, legally qualified judge and judge-rapporteur

Patricia Rombach, legally qualified judge

IMPUGNED ORDERS OF THE CFI

- Date: 16 May 2024 (ORD_598191/2023, ORD_3980/2024 and ORD_6152/2024)
- Action number attributed by the Court of First Instance, Mannheim Local Division: UPC_CFI_210/2023, ACT_545551/2023, App_596779/2023, UPC_CFI_222/2023, ACT_545770/2023, App_1304/2024, and UPC_CFI_216/2023, ACT_545604/2023, App_4931/2024

LANGUAGE OF THE PROCEEDINGS

German

ORAL HEARING

13 August 2024

PROCEDURAL HISTORY AND PARTIES' REQUESTS

1. Panasonic has brought actions against OPPO and OROPE for infringements of patents EP 2 568 724, EP 2 207 270 and EP 3 096 315 before the Court of First Instance, Mannheim Local Division.
2. It is common ground that Panasonic has declared these patents to be standard essential patents (SEPs) for (insofar as relevant here) the 4G Standard for mobile phones and that the parties have been – so far unsuccessfully – negotiating about a licence on fair, reasonable and non-discriminatory (FRAND) terms.
3. It is clear from the case file of the proceedings before the Mannheim Local Division that the parties disagree about whether OPPO and OROPE are willing licensees and whether Panasonic has made offers to OPPO and OROPE to license the patents on FRAND terms.
4. OPPO and OROPE have raised a FRAND defence in the infringement cases. In parallel with lodging their Statements of defence and counterclaims for revocation (and additionally, in the EP 724 infringement proceedings, a counterclaim for FRAND rate determination), OPPO and OROPE made requests for orders to produce evidence pursuant to R.190 RoP. The requests were in summary:
 - the submission of the licence agreements "X" and "Y" used by Panasonic as references in the negotiations,
 - the submission of all other licence agreements concluded by Panasonic relating to 3G and/or 4G SEPs covering mobile devices,
 - the submission of all licence agreements concluded by third parties concerning 3G and 4G SEPs, which extend to mobile devices, insofar as Panasonic was or is currently their owner and which are under the control of Panasonic,

- the submission of licence agreements between Panasonic and the OPPO and OROPE's suppliers relating to 3G and/or 4G SEP,
- the submission of an overview of divestment transactions concerning 3G and/or 4G SEPs on Panasonic's side, including the underlying agreements, insofar as they provide or have provided Panasonic's side with a pecuniary advantage,
- the submission of future licence agreements concerning 3G and/or 4G SEPs,

In addition, OPPO and OROPE requested permission to submit their own licence agreements that OPPO has concluded with third parties and that cover 3G and/or 4G SEPs. Finally, OPPO and OROPE requested that a more detailed confidentiality regime be ordered with regard to the above circumstances.

5. The requests for orders to produce evidence were rejected by the LD on 16 May 2024. LD Mannheim reasoned, inter alia, that the owner of a standard-essential patent is required, according to the case-law of the Court of Justice of the European Union (CJEU), 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. OPPO and OROPE had not argued with sufficient substance in the proceedings that there is at least a sufficiently concrete presumption that Panasonic has in fact concluded further contracts with third parties that are suitable as a basis for settlement. OPPO and OROPE had also not referred to other contracts that they considered suitable as a basis for comparison, but had only made statements of a general nature regarding the market share they cover in the pre-trial negotiations. Against this background, at the current stage of the proceedings, where no decision had yet been made on the question of OPPO and OROPE's fundamental willingness to licence, it did 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 related to Panasonic'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 in 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 spoke against this. Rather, it appeared 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. The confidentiality regime was dealt with in separate orders which are not subject of the appeals.
6. OPPO and OROPE have appealed against the orders and are requesting that they be overturned and that the disclosure requests made in the proceedings before the Court of First Instance be granted.
7. Panasonic is requesting that the Court of Appeal dismiss the appeals and order OPPO and OROPE to pay the costs.
8. OPPO and OROPE also requested expedition of the appeals. These requests have been addressed by scheduling the oral hearing during the judicial vacation.
9. With the consent of the parties, the oral hearing was conducted in English.
10. At the oral hearing, it was explained that the licence agreements "X" and "Y", as well as a third agreement entitled "Z", have now been submitted to the Mannheim Local Division.

FACTUAL AND LEGAL POINTS AT ISSUE

OPPO and OROPE, in summary and insofar as relevant, state the following:

11. OPPO and OROPE have substantiated in the Statement of defense that Panasonic's licence offer is not FRAND and that their counteroffer is FRAND.
12. Until now, OPPO and OROPE have done so by means of public (e.g. judgments) and semi-public (e.g. IDC sales data and IPLytics data) information as well as confidential information that lies within their control, namely two of their own license agreements. They now require information which lies in Panasonic's domain in order to be able to further substantiate their claims.
13. The determination of whether Panasonic is a willing licensor and has complied with the step of providing a FRAND licence offer to OPPO and OROPE requires an assessment of the FRAND compliance of the offers back and forth.
14. OPPO and OROPE have filed a FRAND rate determination counterclaim for which all relevant information will have to be assessed to enable the court to render a decision. By not allowing the disclosure the Court has heavily obstructed, if not in essence rendered impossible, OPPO and OROPE's attempt to resolve the dispute by turning to the UPC for a FRAND rate determination.
15. The impugned orders fail to recognize that the judge-rapporteur is not allowed to anticipate the decision on the dispute and should prevent an adjournment after the oral hearing.
16. The impugned orders fail to recognize that OPPO and OROPE need an order against themselves to be able to submit all their own 3G/4G license agreements.
17. Contrary to what is stated in the impugned orders, the disclosure requests moments (1), (2), (6) and (7) have been sufficiently specified, and there is no "fishing expedition".
18. The principle of proportionality and the interests of third parties shall (only) be taken into account when establishing the confidentiality regime, but they cannot stand in the way of allowing disclosure.
19. The UPC Court must apply European Competition law and follow the decisions of the CJEU in this area.

Panasonic, in summary and insofar as is relevant, states the following:

20. The order of the Mannheim Local Division is lawful and the reasoning well-balanced. It is not correct, as OPPO and OROPE say, that all the requested agreements are relevant to the Court's decision.
21. The court may order a party to produce the licence agreements under its control at any time during the proceedings. However, the Court does not have to issue this order. Nothing else results from Article 59 UPCA, which also grants the court discretion.
22. The court could take into account that the willingness of OPPO and OROPE to take a FRAND licence was disputed, and that both a SEP holder and its counterparties have an interest in protecting the

confidentiality of their licence agreements. The submission of further agreements is not required to adjudicate the matter in view of the unwillingness of OPPO and OROPE. Granting OPPO and OROPE's request would be detrimental to the efficiency of the proceedings.

23. The requests for production of evidence go too far. The request for all concluded licence agreements is too extensive. Only comparable licence agreements can be the subject of the request for a preliminary ruling, but not other licence agreements concluded by Panasonic. The requests are therefore too broad. OPPO and OROPE do not define specific comparison criteria, but demand the submission of all licence agreements for 3G and 4G regardless of the subject matter of the licence. However, this is not about network infrastructure or applications in the automotive sector. Apparently, they want to analyze the contracts first in order to define criteria afterwards that could be advantageous for their purposes. However, this is not an objective that should be taken into account in a court's discretionary decision. To the extent that third parties are patent proprietors, licences are irrelevant to the current discussions.
24. It is also too broad that the defendants want to see agreements that have an effect as consideration, such as with established business partners.
25. The counterclaim for the determination of a FRAND licence fee is irrelevant.
26. By submitting three licence agreements in the proceedings, Panasonic has introduced all relevant information in the proceedings and no further information is necessary.
27. R.190.1 RoP deals with the submission of evidence by an opponent or a third party, but not with documents that a party wishes to submit itself.
28. It is accepted worldwide that there is a range of possible FRAND conditions. Within this corridor, the SEP holder may demand licences, especially if he was able to reach this agreement without - as in the present case - costly legal disputes. If the settlement agreements specify a range, the defendants are not entitled to the most favorable conditions. The number of settlement agreements therefore does not correlate with the prospects of success of the FRAND objection.

GROUNDS FOR THE ORDER

Admissibility of the appeals

29. The appeals are admissible. An appeal by a party adversely affected may be brought against orders (as the attacked) referred to in Art. 59 UPCA (R.220.1(c) RoP). It does not matter whether the impugned order grants or rejects the request for production of evidence. On a proper interpretation of R.220.1(c) RoP, it should be understood as: "orders on applications referred to in ..." (see regarding Art. 62 UPCA order of the Court of Appeal, 26 April 2024, UPC_CoA_500/2023, APL_596892/2023, para 10). The appeals were rightly lodged within 15 days.

Substance

30. OPPO and OROPE are relying on both R.190 and R.191 RoP. It is however R.190 RoP that is applicable to the requests. As is clear from the orders, the LD rightly considered only R.190 RoP to be the proper legal basis for the request.
31. R.190.1 RoP, first sentence, sets out that where a party has presented reasonably available and plausible evidence in support of its claims and has, in substantiating those claims, specified evidence which lies in the control of the other party or a third party, the Court may on a reasoned request by the party specifying such evidence, order that other party or third party to produce such evidence.
32. It should be established at the outset that the possibility to order production of evidence pursuant to R.190 RoP is open for a request by a defendant, such as in the present case, to produce (counter)-evidence.
33. The English language wording of Art. 59 of the Agreement on a Unified Patent Court (UPCA), as well as R.190.1 RoP, may at first sight indicate that an order to produce evidence applies to “claims”. “Claim” is a term primarily used in the Rules to explain what the claimant or counterclaimant is asking for as an outcome of the proceedings, and not so much a defence by the defendant. On such a restrictive reading, only requests from a claimant or counterclaimant would be admissible.
34. However, the further wording of R.190.1 RoP indicates that it is open to the parties on both sides to request an order to produce evidence. This can be seen from the use of the neutral terms “a party” and “the other party”.
35. Furthermore, the term ‘allégations’ in the French version of Art. 59 UPCA and R.190.1 RP also includes arguments presented in defence. Similarly, the Danish version of the UPCA uses the term “påstande”.
36. Although it seems that Article 59 UPCA and R.190 RoP are primarily written with the claimant in focus, the purpose of these provisions is to ensure that the party who has the burden of proof will have access to the tools for carrying this burden.
37. A restrictive reading of R.190 RoP would be undesirable in view of the principle of equality of arms (see CJEU Judgment of 17 November 2022, Harman International Industries, C-175/21, ECLI:EU:C:2022:895, para 62). According to Preamble 2 of the RoP, the RoP shall be applied and interpreted in accordance with Art. 41(3), 42 and 52(1) UPCA on the basis of the principles of proportionality, flexibility, fairness and equity.
38. It follows that Art. 59 UPCA and R.190.1 RoP have a broader scope. A defendant can rely on R.190.1 RoP to request an order to produce (counter-)evidence.
39. Turning to the substantive scope of R.190.1 RoP, it should be recalled that R.190 RoP implements Article 6(1) of Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights. Article 6(1) of Directive 2004/48, first sentence, reads: “Member States shall ensure that, on application by a party which has presented reasonably available evidence sufficient to support its claims, and has, in substantiating those claims, specified evidence

which lies in the control of the opposing party, the competent judicial authorities may order that such evidence be presented by the opposing party, subject to the protection of confidential information.”

40. Recital 20 of the preamble of Directive 2004/48/EC explains that, given that evidence is an element of paramount importance for establishing the infringement of intellectual property rights, it is appropriate to ensure that effective means of presenting, obtaining and preserving evidence are available. The procedures should have regard to the rights of the defence and provide the necessary guarantees, including the protection of confidential information.
41. In the present case, OPPO and OROPE are requesting that Panasonic produce evidence in the form of licence agreements which Panasonic has concluded and other documents relevant for the value of the patent portfolio that is the subject matter of the licence agreement under negotiation. OPPO and OROPE are trying to substantiate that Panasonic’s license offer is not FRAND and that their counteroffer is FRAND and they consider the requested evidence to be necessary for the court to decide on the counterclaim for FRAND rate setting.
42. The patents in dispute are declared by Panasonic to be SEPs for which Panasonic has given an undertaking to grant licences to third parties on FRAND terms. According to the case-law of the CJEU, 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 EU competition law and may, in principle, be raised in defence to actions for a prohibitory injunction (Judgment of 16 July 2015, Huawei Technologies, C-170/13, ECLI:EU:C:2015:477, para 53-54).
43. A FRAND defence leads to conflicting interests, where, as in the present case, the alleged infringer seeks to obtain evidence to support its FRAND defence. The patent holder, on the other hand, has an interest in maintaining its business secrets (and the business secrets of third parties) and not to be overburdened by procedural obligations, that may delay the proceedings.
44. It is common ground that the requested evidence contains confidential information.
45. When ruling on the balance between the adversarial principle and the right to observance of business secrets, the CJEU has acknowledged that the protection of business secrets is a general principle (Judgment of 14 February 2008, Varec, C-450/06, ECLI:EU:C:2008:91, para 49). As referred to above, Directive 2004/48/EC, especially Article 6, asserts that the production of evidence is subject to the protection of confidential information.
46. The objective to protect confidential information is codified in the UPCA (see Art. 45, 58, 59 and 60) and in the Rules (see R.105, R.115, R.190, R.262 and R.262A RoP).
47. Here, the interest of OPPO and OROPE to obtain evidence that may support its FRAND defence must therefore be weighed against the interest of Panasonic and its contracting parties to protect confidential information. This has rightly been observed in the order of the Local Division.
48. Taking into account the Huawei decision mentioned previously, as well as OPPO and OROPE’s argument that the UPC Courts must apply EU competition law, it is appropriate to look, at least by

way of comparison, to the case-law of the CJEU on disclosure of evidence in private enforcement of competition law, especially Art. 5 of Directive 2014/104/EU of the European Parliament and of the Council of 26 November 2014 on certain rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the European Union. This is appropriate given that OPPO and OROPE are (at least partly) relying on competition law. Art. 5(1) of Directive 2014/104/EU in addition has a wording similar to Article 6(1) of Directive 2004/48/EC.

49. In this context, the CJEU has essentially pointed out the need for a strict review by the national courts, with a rigorous examination of the request, as regards the relevance of the evidence requested, the link between that evidence and the claim, the sufficiency of the degree of precision of that evidence and the proportionality of that evidence (Judgment of 10 November 2022, PACCAR and Others, C-163/21 ECLI:EU:C:2022:863, para 64).
50. Although the wording of Art. 5(1) of Directive 2014/104/EU seems quite generous on the face of it, the CJEU, when interpreting the provision in the context of an ongoing investigation by a competition authority, has held that national courts are required to limit the disclosure of evidence to that which is strictly relevant, proportionate and necessary (Judgment of 12 January 2023, RegioJet, C-57/21, ECLI:EU:C:2023:6, para 72).
51. Looking in particular at proportionality in the context of disclosure of evidence in private enforcement of competition law, there are also reasons in favour of an approach where very broad or generalised disclosure requests will fail to meet that requirement (see, by way of comparison, Communication on the protection of confidential information by national courts in proceedings for the private enforcement of EU competition law, C/2020/4829, para 12).
52. The absolute discretion of the national court has also been underlined in relation to Article 5(1) of Directive 2014/104 (Judgment of 16 February 2023, Tráficos Manuel Ferrer, C-312/21, ECLI:EU:C:2023:99, para 46).
53. These considerations (as set out in paras 48– 52 above) apply in a similar way to the request for production of counterevidence in the present case.
54. The case management powers of the judge-rapporteur, the presiding judge or the panel includes deciding the order in which issues are to be decided (R.334(e) RoP), in conformity with Preamble 7 of the Rules which recognizes that complex actions may require more time and procedural steps. The Court of First Instance, which has the best knowledge of the full extent of the case before it, has a margin of discretion when adjudicating on a request for an order to produce evidence. This margin of discretion includes decision-making on the request in accordance with what the judge-rapporteur, the presiding judge or the panel has decided on the order in which issues are to be decided pursuant to R.334(e) RoP.
55. Admittedly, this may lead to the exceptional situation where, later, the Court will decide to adjourn proceedings and call for further evidence (R.114 RoP).
56. It is clear from the case file of the Court of First Instance that the defendants are presenting several lines of defence. They object to the jurisdiction of the UPC, an objection that will be dealt with in the

main proceedings. They have lodged counterclaims for revocation of the patents, and furthermore refuted patent infringement. In addition, they are raising FRAND defences. They are also bringing forward other arguments against the lawfulness of the reliefs sought by Panasonic.

57. In the impugned orders, one of the aspects that was already in itself determinative for the outcome was the current stage of the proceedings, where no decision has yet been made on the question of the defendants' fundamental willingness to licence and whether Panasonic had made a (substantiated) FRAND offer.
58. Such assessments are within the margin of discretion referred to above. The impugned order makes it clear that the rejection of the requests for production of evidence does not preclude the possibility of ordering such production at a later stage, if and when such evidence becomes necessary and relevant and its submission proportionate.
59. It is therefore not to be decided at this stage whether the Local Division was right stating (para 2), that since no sufficient evidence has been presented or is otherwise apparent that Panasonic has other – perhaps even more suitable – settlement licence agreements that the parties could use sensibly on their way to concluding a FRAND licence, the request for production of evidence could not be granted, at least at this stage of the proceedings, especially since it is primarily Panasonic's own decision whether to submit and, if so, which and how many settlement licence agreements it submits in the proceedings in order to counter the FRAND objection by the defendant and to demonstrate that its conduct is compliant with EU antitrust law.
60. Against this background, it is also not objectionable that the court did not order the submission of the documents at the current stage of the proceedings due to the counterclaim for FRAND rate determination. The case file (consulted pursuant to R.222 second sentence RoP) demonstrates that the Local Division is proceeding from the assumption that it is not yet clear whether the Court has competence to address it. At this stage it is not to be decided whether this is the case. Since no decision has yet been made by the Local Division on this question, it is within its margin of discretion to refrain from ordering production of evidence allegedly decisive for the counterclaim for FRAND rate determination at this stage of the proceedings.
61. OPPO and OROPE's requests to be ordered to produce their own 3G/4G licences also fail. The Local Division rightly took the position (I. para 4 of the impugned order) that OPPO and OROPE are required, as a first step, to request permission from their contracting parties to submit the licences in the proceedings, subject to confidentiality pursuant to R.262 and R.262A RoP. If such a request is unsuccessful, or if the terms of the agreements prevent any such request, the next step for OPPO and OROPE would be to request again an order by the Court against themselves pursuant to R.190 RoP. It falls on them to collect the views of their contracting parties concerning confidentiality. This prevents unnecessary Court orders and makes proceedings more efficient.
62. For the reasons set out, the requests presently fail to meet the requirements of necessity and proportionality.
63. As already indicated, the assessment might well be different at a later stage of the proceedings, especially if, following the order in which issues are to be decided according to the Court, the adjudication has reached the stage when FRAND rates will be addressed.

Costs

64. No decision on the reimbursement of legal costs will be made in this appeal, since this order of the Court of Appeal is not a final order or decision, i.e. not an order or decision concluding the proceedings pending before the Court of First Instance.
65. The RoP provide that the principal decision on the obligation to bear the costs of the proceedings will be made in the final order or decision, in particular the decision on the merits (R.118.5 RoP), optionally in combination with an interim award of costs (R.150.2 RoP). The final decision is also the most appropriate stage of the proceedings to assess whether and to what extent a party can be considered unsuccessful within the meaning of Article 69 UPCA.
66. The concept laid down in R.118.5 RoP that the principal decision on the costs of proceedings is made in the final order or decision is in line with R.150.1 RoP, which states that it is only after the decision on the merits that the successful party may seek a cost decision, i.e., a determination of the costs to be borne by the unsuccessful party (R.150.1 RoP). This concept is also confirmed by the fact that the scale of ceilings for recoverable costs adopted by the Administrative Committee, which the Court must take into account when determining the reimbursement of representation costs, indicates ceilings based on the value of the proceedings as a whole (R.152.2 RoP).
67. As this concept also applies at appeal, R.242.1 RoP is to be interpreted to mean that if the decision of the Court of Appeal is not a final order or decision concluding an action, the Court of Appeal, in the case at hand, will not issue an order for costs in respect of the proceedings at first instance and at appeal. However, the outcome of the appeal must be considered when, in the final decision on the action at hand, the Court determines whether and to what extent a party must bear the costs of the other party because it was unsuccessful within the meaning of Article 69 UPCA.

ORDER

The appeals by OPPO and OROPE are rejected.

Issued on 24 September 2024

Rian Kalden, Presiding judge and legally qualified judge

Ingeborg Simonsson, Legally qualified judge and judge-rapporteur

Patricia Rombach, Legally qualified judge