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Panasonic cases: Clarification on the production of comparable licenses before UPC (orders to produce evidence)

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This week we reported on the case between Huawei and Netgear, in which the defendant had obtained a production order for a comparable license granted by Huawei to Qualcomm, the production of which Netgear had obtained via a decision of the Munich local division on 24 April 2024. It is interesting to note that this case is not the only one of its kind, and that these cases, which focus on the production of comparable licenses in disputes relating to SEPs, seem to constitute the embryo of the UPC SEP/FRAND jurisprudence.

So, a few months after this first decision, it was the turn of the local Mannheim division to rule on a request to produce comparable licenses in the cases pitting Panasonic against Xiaomi and Oppo. At the end of July 2023, Panasonic brought infringement actions against Xiaomi and Oppo, invoking 4 SEP patents declared essential to the WCDMA and LTE standards. The plaintiff has brought no fewer than twelve actions against the two defendants before UPC's local divisions in Mannheim and Munich, in parallel with litigation already underway in Great Britain and new national litigation filed in Germany.

On April 30 and May 16, 2024, the local Mannheim division handed down two important decisions concerning requests for the production of evidence, in this case comparable licenses, as was already the case in the Huawei case. The Panasonic cases, however, have the particularity of providing more details on the framework for the production of comparable licenses before UPC.

The first decision was handed down in the case opposing Panasonic against Xiaomi. In this case, the President of the Court recalls the importance of transparency in FRAND disputes and therefore the need to produce existing SEP licenses that have been entered into by the plaintiff with third parties (UPC_CFI_218/2023, UPC_CFI_219/2023, UPC_CFI_223/2023). In this case, the request came from Panasonic, which wished to be authorized to disclose licenses signed with third parties. The Court accepted this request on condition that certain third-party confidential information be protected.

In the second case, Panasonic v. Oppo, the presiding judge refused to allow the production of comparable licenses (UPC_CFI_216/2023). In this case, it was the defendant, not Panasonic, who was requesting the production of licenses concluded or to be concluded by the plaintiff concerning 3G and 4G for mobile devices. The request was rejected as too vague and too broad, and therefore resembled a measure of expedition. The Court noted that Oppo's request did indeed seem to denote a willingness to delve into the patentee's licensing practice, while pointing out that the order to

produce evidence would probably not be granted if the defendant were seen as an unwilling licensee from the outset.

In general terms, we can note that the Court here affirms its willingness to take part in the debates on FRAND licenses. But in the April 30 decision in particular, the Court analyzes the need for an order to produce documents in the light of the idea that an SEP is subject to EU competition law, in particular Articles 101 and 102 TFEU, as developed in the CJEU's case law in Huawei v. ZTE. As a reminder, in this case, the Court of Justice established a procedural framework to balance the interests and obligations of intellectual property rights holders and implementers in FRAND negotiations. This reminder from UPC is noteworthy, as it serves as a reminder that the case law of the Court of Justice must be applied by UPC, so that the Court of Justice will continue to impose the framework for FRAND disputes. This comes as no surprise, particularly in view of Article 20 UPCA and Article 326 TFEU on enhanced cooperation, but it is a reminder that sets the scene from the outset: SEP holders will have to continue to comply with the principles laid down by CJEU case law before attempting to assert their rights before UPC.

However, somewhat paradoxically, while logically accepting the CJEU's tutelage, the Court also seems to be doing so to better position itself in the SEP/FRAND debates. While the European Commission has taken up the issue of FRAND licenses, with a view to harmonization, UPC claims that certain practical necessities, such as transparency in FRAND license negotiations, can already be addressed via UPC itself. Perhaps if the development of a SEP/FRAND dispute harmonized European positions on the matter, the Commission would abandon its much-debated project? UPC would still have to answer several questions, which I'll address (in part) in my next paper.

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