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Panasonic Vs Oppo: the First UPC FRAND ruling

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In July 2023, the Japanese electronics company Panasonic initiated a [series of patent infringement](#) and FRAND-related proceedings against several subsidiaries of the Chinese consumer electronics maker Oppo (and in parallel against another Chinese company, i.e. Xiaomi), at the local divisions of the Unified Patent Court (UPC) in Mannheim and Munich (*).

Panasonic's suit targeted Oppo over several European 'traditional' patents (EPs) — EP2197132, EP2568724, EP3096315, EP3024163, and EP2584854 — which were allegedly standard-essential (SEPs) and covered advanced communication standards, including 3G (Wideband Code Division Multiple Access, WCDMA) and 4G (Long Term Evolution, LTE). In addition to these UPC cases, Panasonic sought injunctions in the German regional courts in Mannheim and Munich, alongside pursuing parallel litigation in the UK (see [here](#)).

The proceedings against Oppo

On 22 November 2024, the Mannheim LD published its decision in the proceedings against Oppo. This is the first time the UPC gives a substantive and comprehensive decision on FRAND (see the text in German [here](#) and unofficial English [translation](#)). The dispute focuses on Panasonic's EP 2 568 724, a patent allegedly essential for 4G standards. A first comment of this ruling was [published](#) by Matthieu Dhenne in this blog last week.

First, the Mannheim LD explicitly confirmed that the UPC has jurisdiction over FRAND counterclaims (para. 237-241). It noted that such jurisdiction, as delineated in article 32(1)(a) UPCA, encompasses not only disputes relating to existing patent licenses, but also lawsuits aimed at concluding a license. In the court's view, the fact that the (FRAND-license) claim is based on EU competition law does not alter the jurisdictional scope.

More importantly, the Mannheim LD rejected Oppo's FRAND defence, finding Panasonic's patent valid and infringed by Oppo in Germany, France, Italy, the Netherlands, and Sweden. Consequently, it granted Panasonic the injunction ordering Oppo to stop producing and selling certain mobile devices. The court also ordered Oppo to pay provisional damages of €250,000 and rejected the invalidity action brought by Oppo against Panasonic's EP 2 568 724. However, due to a prior [settlement](#) between the parties, the injunction has become moot and is [expected](#) to have little to no commercial impact on the implementer.

The Mannheim LD held that Panasonic's conduct was FRAND-compliant, but Oppo's was not. It

noted that Oppo had delayed negotiations and did not provide sufficient information about the sale of its products. Specifically, the court considered that Oppo's counteroffer with a lump sum solely based on third-party economic data and not on their own (as Oppo had refused to provide direct sales figures of infringing articles) was not FRAND-compliant.

While this decision refrained from setting a specific FRAND rate, it is still interesting as it sheds light on how the UPC might approach subsequent FRAND cases. The judgment however does not strictly follow the negotiation framework established by the Court of Justice of the European Union (CJEU) in *Huawei/ZTE*, which notoriously provides four precise steps both parties need to take during FRAND negotiations.

Also, the ruling departs from the position recently expressed by the European Commission in the *Amicus Curiae* Brief (Brief) submitted earlier this year in the German case *HMD v. VoiceAge* before the Munich Higher Regional Court (see [here](#) for an unofficial English translation of the brief, which has also been [commented](#) in this blog). In that brief, the Commission highlighted the strict sequential nature of the *Huawei/ZTE* steps and criticised the way German courts had interpreted the *Huawei* framework after the *Sisvel v Haier* case.

For example, as far as the notification for SEPs owners is concerned, the Commission had noted in the Brief that strict requirements apply (e.g., that a formal reference to the infringement analysis should be included in the notification letter by the SEP owner) (see part D, II.2 of the Brief). Yet, the Mannheim LD in *Panasonic v Oppo* rejected a formalistic interpretation of this step and noted that the CJEU's ruling in *Huawei* allows courts to decide on a case-by-case basis (para. 194).

As to the implementer's willingness to conclude a licensing agreement on FRAND terms, the Mannheim LD interpreted this requirement as applying throughout the whole negotiating process, and not just at the initial stage (para. 201). This interpretation, again, differs from the view expressed in the Brief, where the Commission emphasised instead that the focus should be on whether the implementer has initially expressed willingness to license rather than on their specific actions or behaviour during the entire process (Part D, III.2 of the *amicus curiae* brief).

The Commission's approach seeks to maintain a fair balance between the rights of SEP holders and implementers, ensuring that the procedural framework is followed in a way that supports fair competition. That is why we believe that courts in Europe, including the UPC, should strictly follow that approach in their interpretation of the *Huawei/ZTE* steps.

While the Mannheim LD refused a referral request to the CJEU for a preliminary ruling under Article 267 of the Treaty on the Functioning of the European Union, the CJEU's intervention would have been helpful to clarify how SEPs holders and implementers should comply with the FRAND negotiations steps under *Huawei/ZTE*. Indeed, the preliminary reference procedure before the CJEU plays a crucial role in ensuring uniform interpretation and application of EU law, especially when it comes to resolving discrepancies following its prior rulings.

But it seems the UPC at the moment is not interested in such a referral. In a more recent case, *Huawei v Netgear* (the second UPC FRAND [decision](#)), the Munich LD refused to do that. Time will tell if a referral will eventually be made in one of the next FRAND cases dealt with by the UPC (or a national court in an EU member state).

(*) Cases n. ACT_545535/2023, ACT_545562/2023 (related to EP2197132), Cases n. ACT_545551/2023 and ACT_545615/2023 (related to EP2568724), cases n. ACT_545604/2023

and ACT_545606/2023 (related to EP EP3096315), cases n. ACT_545619/2023 and ACT_545620/2023 (related to EP3024163), cases n. ACT_545770/2023 and ACT_545817/2023 (related to EP2207270), and cases n. ACT_546092/2023 and ACT_546122/2023 (related to EP2584854).

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