



Order
of the Court of First Instance of the Unified Patent Court, Mannheim
Local Division
issued on 30 April 2024
concerning EP 3 096 315
concerning
App_14035/2024

Plaintiff:

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

defendant:

Xiaomi Represented by Dr Corin Gittinger
Technology
Germany GmbH
(party to the main
proceedings - Not
provided) -
Niederkasseler
Lohweg 175 -
40547 -
Düsseldorf - DE

Xiaomi Represented by Dr Corin Gittinger
Technology
France S.A.S
(Party to the main
proceedings - Not
provided) - 93 rue
Nationale
Immeuble
Australia - 92100 -
Boulogne-
Billancourt - FR

**Xiaomi
Technology Italy
S.R.L** Represented by Dr Corin Gittinger
(Party to the main
proceedings - Not
provided) - Viale
Edoardo Jenner
53 - 20158
- Milan - IT

**Xiaomi
Technology
Netherlands B.V.** Represented by Dr Corin Gittinger
(Party to the main
proceedings - Not
provided) -
Prinses
Beatrixlaan 582 -
2595BM - Den
The Hague - NL

Odiporo GmbH Represented by Dr Corin Gittinger
(party to the main
proceedings - Not
provided) -
Formerweg 9 -
47877 - Willich -
DE

**Shamrock Mobile
GmbH** Represented by Dr Corin Gittinger
(Party to the main
proceedings - Not
provided) -
Siemensring 44H -
47877 - Willich -
DE

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

SUBJECT: Submission request

FACTS OF THE CASE:

The applicant seeks an order for production directed against itself, requiring it to produce two licence agreements specified in detail. The plaintiff believes that it is prevented from producing the licence agreements on its own initiative without a court order by confidentiality clauses contained in the agreements. The licence agreement partners in question had been contacted, whereby one licence agreement partner had not responded at all and the other had refused to respond. In order to enable it to make the intended submission in the Reply, which has so far only been completely blacked out and thus not even visible to the court, it is therefore dependent on a submission order, which it must comply with Rule 172.2 VerfO, alternatively on Rule 190 VerfO.

By order dated 19 March 2024, the judge-rapporteur issued instructions and requested the plaintiff to first seek the consent of the licence agreement partners again and to inform them of the specific circumstances of the confidentiality regime in the present proceedings. The plaintiff responded to this in a statement dated 15 April 2024.

REASONS FOR THE DECISION:

- A. The reciprocal applications made in the present legal dispute for the submission of licence agreements and related confidential information give rise to the following fundamental considerations, which go beyond the specific individual case and concern the requirements for a submission order in patent infringement disputes relating to a standard-essential patent.
- I. In the present case, the parties have filed various applications for an order for reference. On the one hand, the applications are directed "against themselves" or against co-defendant affiliated companies, and on the other hand against the defendant.
 - 1. The order to produce certain documents and make information accessible arises in the present case in the particular context of a dispute concerning the enforcement of standard-essential patents by way of legal action. From the parties' perspective, the need for a court order to produce documents exists primarily because the parties need these facts to support their legal argument that the enforcement of the patentee's claims arising in principle from the patent is subject to EU antitrust law.

restrictions or, conversely, fulfil the requirements of EU antitrust law. The relevant legal framework for the Unified Patent Court is European antitrust law, in particular Articles 101 and 102 TFEU, which has been further developed in the case law of the European Court of Justice in *Huawei v ZTE* (ECLI:EU:C:2015:477). The ECJ has established a negotiation programme that outlines the steps to be taken by the parties on the way to the result-oriented negotiation of a fair, reasonable and non-discriminatory licence agreement. Only if the parties have acted in conformity can the patent proprietor enforce its patent right without restriction or the user of the patent-compliant teaching successfully raise the FRAND objection under antitrust law. The submission to be made by the parties in this regard typically requires them to refer to licence agreements in the relevant industrial sector, which are intended to serve as a benchmark and point of reference in order to compare and legally assess the specific offers and counter-offers made by both parties. While the patent proprietor must explain the offer submitted to the defendant in a sufficiently comprehensible manner with regard to why it believes that it fulfils the requirements of antitrust law (ECJ loc. cit. para. 63 et seq.), the defendant must substantiate its respective response to this offer if it does not consider the patent proprietor's offer to be FRAND-compliant (ECJ loc. cit. para. 65 et seq.) and will often refer to its own settlement licences or other licence agreements granted by the SEP proprietor to third parties. The parties are usually not able to make such a submission without further ado, because when drafting licence agreements relating to SEPs - usually under agreement of US law - a drafting practice has been established according to which the licence agreements contain far-reaching confidentiality provisions that only allow disclosure of the content of the agreement with the consent of the contracting party, for compelling legal reasons or on the basis of a court order (cf. *Hinojal/Mohlser*, GRUR 2019, 674, 677 et seq.). The licence agreements and thus also the confidentiality clauses are regularly subject to US law. As a result, the corresponding clauses do not fully take into account the parties' mutual transparency obligations under EU antitrust law. The same applies to the requirements for the confidentiality clause, under which disclosure is to be permitted. In some cases, the clauses in the licence agreements conflict inextricably with the relevant procedural law - for example, if disclosure is only permitted to the respective party representatives, but not to a natural person of the affected litigant (attorneys'-eyes-only confidentiality club). Against the background of the Rules of Procedure of the UPC, such provisions, which are intended to apply even without the consent of the party concerned, violate R. 262A.6 of the Rules of Procedure, just as they inextricably violate the fundamental decision in the - admittedly not directly applicable to patent infringement cases - Secrecy Directive (Mannheim local division, order of 25 March 2024 UPC_CFI_365/2023 ORD_8841/2024 (final); also Düsseldorf local division, order of 27 March 2024 UPC_CFI_355/2023 ORD_7096/2024 (legally binding)).

2. When deciding whether the court can order the production of licence agreements and other confidential information, the interests of the third party, the respective party to the licence agreement, who is generally not yet directly involved in the legal dispute, must also be taken into account. The fact that these interests must be taken into account when deciding whether to make a submission follows, for example, from R.

190.5 VerfO, although this rule is in any case not directly applicable to the situation at hand (see below). It can make no difference whether the order is issued directly against the third party or against a party to the proceedings that is contractually bound to the third party - in both situations, the interests of the third party are affected. Since the inclusion of the confidentiality clauses is based on the decision of the parties, it is also primarily up to them to request the consent of the respective contractual partner to be allowed to submit the contract (for a fundamental duty to cooperate and duty to exercise legal or factual opportunities to influence third parties, see also Tilmann/Plassmann/Ahrens, R. 172 VerfO para. 20 and R. 190 VerfO para.10 and Bopp/Kircher/Böttcher, 2nd edition, § 23 para. 30). Another argument against a direct court order and direct enquiry to the contractual partner is that the latter is generally not involved in the proceedings and its involvement would often require time-consuming service abroad, whereas it is easily accessible to the party due to the contractual relationship. In addition, the licence agreement partner is also obliged under the contractual agreements to cooperate in clarifying the confidentiality issue and to answer the questions of the party requesting consent. However, the party cannot be heard with the argument that such an enquiry is de facto impossible in the legal sense because it could burden the business relationship with the contractual partner. Enquiries based on contractual confidentiality provisions are also part of normal business practice and cannot be imposed on the court. Before a production order is issued that also affects the interests of the third party, the party must therefore endeavour to obtain consent to the production itself. The party must provide sufficient evidence of these efforts to the court. A general enquiry without reference to the specific legal dispute is not sufficient. Rather, the contracting party must be specifically informed about the pending proceedings, the established secrecy protection regime and the specific secrecy protection applications intended by the party in the proceedings so that it can make an informed decision as to whether it will grant its consent under these circumstances.

If the contracting party has given its express consent, a court order is no longer required. If, on the other hand, consent is subject to conditions - which may not be fulfilled under procedural law (see above) - or if consent is only implied but not expressly given, or if no response is given within a set period of time, although the absence of a response is addressed in the party's request as assumed consent, an order may be considered depending on the circumstances of the case. If the third party refuses consent without justification or is unable to provide sufficiently comprehensible reasons as to why it does not consent, a production order may be issued. In this respect, the party's obligation derived from EU antitrust law to behave transparently when negotiating a FRAND licence and when enforcing the patent rights from an SEP outweighs the conflicting clause and its application by the third party.

the contracting party concerned. This is because the party who nevertheless includes corresponding confidentiality clauses in a contract that also relates to standard-essential patents enforceable in the European Union, which are in conflict with the transparency requirements under EU antitrust law, cannot regularly refuse consent on sufficiently cognisable legal grounds.

II. The procedural basis for the order for reference follows from the general power of the judge-rapporteur or the chairman to conduct the proceedings, as laid down in the UPC Convention and then set out in the Rules of Procedure. However, the legal view held by the parties that an order could be based directly on R. 172.2 of the Rules of Procedure or R. 190, 191 of the Rules of Procedure is incorrect.

1. Contrary to the plaintiff's view, R. 172.2 VerfO is regularly not a suitable connecting factor because in the present context it is not a question of the need for evidence of disputed facts, but of - often first-time - submissions on facts on points which alone are legally controversial, but which, due to a lack of knowledge of the intended submission, cannot yet actually be in dispute. In the proceedings before the Unified Patent Court, a distinction must also be made between factual submissions, disputed factual submissions, the need for evidence and different legal arguments, as Rules 171, 172.1 VerfO show (see only Tilmann/Plassmann/Ahrens, R. 171 VerfO para. 2).

2. However, R. 190.1, VerfO is also not directly applicable in the present case. In this respect, the production order requested here is again not about evidence to prove disputed facts. A direct application of R. 190.1 VerfO by way of one of several parties filing an application against another party belonging to its group of companies that is on the same side of the proceedings also raises serious concerns in light of the wording of the standard. The English wording of Rule 190.1 of the Rules of Procedure alone, which contradicts the wording in the English version of the Convention, speaks of

"other party" (in contrast to Art. 59 UPCA: "opposing party"). The German and French versions of the rule and Art. 59 UPCA also refer to the "opposing party" or the "partie adverse". However, the other party on the same side of the proceedings can no more be regarded as an opposing party than the party itself.

Nor can another plaintiff or defendant be considered a third party ("third party" or "tiers"). An overall view of the Rules of Procedure shows that this only includes parties not involved in the proceedings (see Rules 11.2, 105.2, 115, 170.3(a), 186.5, 288 of the Rules of Procedure).

Moreover, a direct application of the standard in the situation of a submission order directed against itself does not appear to be viable. This is because the actual purpose of the standard is to help a party in need of evidence - following a corresponding factual submission and substantiated denial of the same by the opposing party - who has already submitted the evidence at its own disposal and is now dependent on evidence that is not within its reach in order to further substantiate its position. For the reasons described above, this is not the case with a request for production directed against itself.

3. If the production order is directed against the opposing party, the fact that the licence agreements at this stage of the proceedings are not evidence that is required to prove facts that are already disputed, but rather documents that contain initial submissions in the proceedings, which are then to be legally assessed by the party, stands in the way of direct application. Nor can it be assumed that the factual content of the licence agreements to be submitted will be disputed with a high degree of probability. Rather, according to procedural experience, only the legal conclusions drawn from the facts are in dispute. As a rule, there is no dispute as to whether the licence agreement with the third party exists at all or whether it actually contains a specific provision as submitted. Rather, the only dispute is which legal classification is derived from the undisputed facts - in this case, whether submitted offers and counter-offers can be classified as FRAND-compliant and thus in conformity with EU antitrust law against the background of settlement licence agreements.
4. However, the Convention has vested the judge-rapporteur and, in the further course of the proceedings, the presiding judge with comprehensive procedural powers. However, it is not possible to derive a contourless and therefore arbitrary conduct of proceedings without substantive justification of the grounds for the order from this comprehensive procedural mandate. However, in the present context, which is determined and concretised by EU cartel law, these powers mean that a referral order is possible even if the requirements of R. 172.2 or R. 190 of the Rules of Procedure are not directly met. This is because the Unified Patent Court must respect the fundamental primacy of EU law pursuant to Art. 20, 21, 24 (a) UPCA and must also take European law into account to the necessary extent when interpreting its procedural law and help it to apply (cf. on the influence of EU antitrust law on national procedural law in the context of referral orders in FRAND proceedings Benkard/Tochtermann, Sec. 139 PatG para. 191).

A power to issue directions in the sense of active management of proceedings is based on the Convention. According to Article 43 UPCA, the court shall actively direct the proceedings pending before it in accordance with the Rules of Procedure, without prejudice to the right of the parties to determine the subject-matter and the evidence in support of their submissions. In the Rules of Procedure, this obligation to actively promote proceedings is expressed in particular in Rules 101 and 111 of the Rules of Procedure. Although Rule 101 of the Rules of Procedure applies directly only to interlocutory proceedings and Rule 111 of the Rules of Procedure to the conduct of proceedings by the presiding judge in oral proceedings, this does not mean that the judge-rapporteur is not required to actively promote the proceedings in written procedures. This is also shown by Rules 331 et seq. VerfO, which emphasise the duty to actively promote the proceedings. For example, the judge-rapporteur should identify the points in dispute at an early stage of the proceedings (R. 332 (b) RP), decide immediately which points in dispute require a comprehensive investigation (R. 332 (c) RP) and, for this purpose, may, according to R. 334 (f) RP and may even exclude an issue from discussion and reject a claim or decide on it if a decision means that a decision on further issues is irrelevant to the outcome of the proceedings (R. 334 (g) RP) and summarily reject a claim if it has no prospect of success (R. 334 (g) RP) and

make orders in accordance with R. 103 to 109 of the Rules of Procedure (R. 334 (j) of the Rules of Procedure). Under Rule 103 of the Rules of Procedure, the judge-rapporteur may in turn request the parties to further specify certain points (Rule 103 (a) of the Rules of Procedure), to answer specific questions (Rule 103 (b) of the Rules of Procedure) and to submit evidence (Rule 103 (c) of the Rules of Procedure) or to submit certain documents (Rule 103 (d) of the Rules of Procedure). Although these general provisions do not allow the judge to make arbitrary orders at his discretion - for example, based only on Rule 9 of the Rules of Procedure - which are not subject to any further conditions and which undermine the legal requirements of more specific provisions of the Rules of Procedure, they do show that the judge has a far-reaching power to issue orders if there are no legal reasons to the contrary which take precedence over the special provisions. In the present case, this power to issue orders is concretised by the regulatory context of overriding EU antitrust law and is to be determined in two situations:

- a) In one situation, the party requesting the production order seeks an order against itself, as it were. This order is not intended to overcome an opposing will of the party - rather, the party itself is willing to produce the documents, but considers itself legally prevented from doing so for the reasons described above. In essence, the application is made solely because the party does not want to produce the document in question in the proceedings without the certainty of unquestionable consent from the contractual partner or a legal order and fears being accused of a breach of contract. The interests of the contractual partner can be safeguarded by the party's prior request for consent as described above and the associated legal opportunity to make a statement. In response to the request, the contracting party can also ask to be involved in the proceedings relating to this issue and thereby articulate its own interests if it sees a need to do so.
- b) In the other situation, a party requests the submission by the opposing party or a third party. In this case, the order is to be made precisely against the will of the opponent or third party, who is not willing to make a submission of their own accord. In principle, the opponent or the third party must be heard before an order is issued (see correspondingly R. 264, 190.5, 191 VerfO), whereby the interests of the third party can be safeguarded by obliging the respective party, which is the contractual partner of the third party, to contact the third party and request its consent. Moreover, the party is generally obliged to do so anyway due to the existing confidentiality clauses. Such an obligation to cooperate also does not disproportionately burden the party against whom the order is issued because it itself participated in the agreement of the corresponding confidentiality clauses in the licence agreements (Tilmann/Plassmann/Ahrens, R. 172 VerfO para. 20 and Bopp/Kircher/Böttcher, 2nd ed., § 23 para. 30 and 33 for a fundamental obligation to cooperate and to exercise legal or factual possibilities to influence third parties). It remains open whether the clause was included in the contract at the urging of the SEP holder, who is actually obliged to be transparent, or at the urging of his contractual partner. In addition, the third party can assert its interests in the proceedings with legal representation if necessary.

c) Before such an order is issued, it must also be examined whether the obligation to provide the requested information can be considered proportionate at the respective stage of the proceedings. The consequences that a later order or a complete waiver of an order would have for the further proceedings must be taken into account. In the present context, it must also be taken into account that, on the one hand, the compulsory licence objection under antitrust law only becomes relevant if the respective patent in suit is infringed and legally valid, but on the other hand, this legal determination is often only validly possible after the oral hearing or, if applicable, if the entire panel has previously held an interim hearing in the interim proceedings in accordance with R.102.1 VerfO, 101.1, 334 VerfO, at which the issues could be examined in sufficient depth. This is contradicted by the fact that the oral hearing is to be prepared in writing as early as possible in the written procedure and further documents should be the exception according to the Rules of Procedure (R. 35, 36 VerfO). The first submission of potentially decisive documents at a late stage of the proceedings, on the other hand, would necessarily require the submission of further documents in order to ensure a sufficient right to be heard, whereby the need of a party for the involvement of party experts would also have to be taken into account in the further time limits due to the complexity regularly present in this context. This would considerably delay the proceedings. In addition to this circumstance, it must also be taken into account that transparency created early on in the proceedings improves the parties' opportunities to reach an amicable settlement of the dispute together by way of out-of-court discussions accompanying the proceedings or by using the services of the court's mediation and arbitration centre. In this way, the early ordering of a referral also promotes the amicable settlement of disputes, which is also the task of the court (Art. 35 UPCA, R. 11, 104 (d), 365 ORP) and creates the transparency required under EU antitrust law in the conduct of negotiations between the parties. In addition, the hearing of the oral proceedings prepared by written procedure and interim proceedings should be concluded in one day in accordance with R. 113 of the Rules of Procedure while maintaining proportionality. According to Rule 114 of the Rules of Procedure, the hearing should be the exception. It would be contrary to this if the court only decided to issue a referral order at the scheduled hearing in the main case after it has convinced itself of the sufficient relevance of the antitrust aspects for the decision-making process based on the discussion of the infringement issue and, if applicable, the legal status of the patent. If an order for reference were only then issued and the necessary documents exchanged, this would extend the duration of the proceedings by several months. These consequences should therefore be taken into account as early as possible when deciding whether to issue an order for reference. Conversely, before a submission order is issued, a procedural stage must regularly be reached in which both sides have positioned themselves on the antitrust aspects in the main pleadings. This will regularly take place at the latest with

Reply concerning the infringement action. Up to this stage of the proceedings, both sides also have sufficient opportunity to request consent from their respective licence agreement partners for submission in the proceedings before the UPC so that they can make a substantiated submission together with a request for submission.

B. On the basis of these considerations, the following applies in detail to the present legal dispute:

1. The submission of the licence agreement [...] can be ordered upon application. Passages may be redacted insofar as the plaintiff does not refer to these passages for its factual assertions and legal argumentation. In accordance with the principle of production of evidence (Art. 43 UPCA), the plaintiff must decide for itself which submission it wishes to make in the proceedings.

[...] did not respond to the now sufficient letter from the plaintiff and therefore did not provide any legally significant reasons which, in the present context (see A), preclude a production order at the plaintiff's request. Although [...] responded to the plaintiff with a negative response, it did not provide any reasons for not agreeing to the submission of the licence agreement.

2. The submission of the licence agreement [...] is also ordered upon her application. In this context, passages may be redacted insofar as the plaintiff does not refer to these passages for its factual assertions and legal argumentation. Again in accordance with the principle of production of evidence (Art. 43 UPCA), the plaintiff must decide for herself which submission she wishes to make in the proceedings.

After [...] reported back to the plaintiff in a fundamentally favourable sense, but tied the consent to further conditions in terms of content, a submission order was possible. It is true that the remaining open points could have been eliminated by the plaintiff through her specific drafting of the application in the application for protection of secrets, since it is solely up to her to draft the specific application for protection and, for example, to define the group of persons of the confidentiality club in the application, whose unrestricted approval can be made an intra-procedural condition for the production of the document (cf. order of 14 February 2024 with a detailed description of the secrecy protection regime), however, the existing objections to a production order can be overcome in the present case by the fact that the licence agreement partner has basically given its consent, provided that a level of protection comparable to the national parallel proceedings in Munich can be achieved. In view of the differentiated secrecy protection regime in the proceedings (see order of 14 February 2024), there are no doubts about this.

3. In the present case, there was no need to order the other party to provide information and to grant a 15-day period for comments, as requested by the plaintiff. This communication has now already taken place in the proceedings as a result of the plaintiff's enquiries and is therefore procedurally obsolete. In particular, the more detailed modalities of the mutual information of the contracting parties about the impending order contained in the licence agreements cannot affect the court's authority to issue an order.

restrict the licence. Otherwise, the contracting parties would have the power to delay the submission of licence agreements in SEP procedures by including clauses that provide for excessively long deadlines prior to submission, or to tie them to further conditions that hinder the progress of the procedure.

4. Orders in accordance with R. 262 VerfO and/or R. 262A VerfO will be issued after submission of the aforementioned contracts on the basis of corresponding applications. There is no legal basis for obliging the applicant to submit such applications. Rather, the right of determination under Art. 43 UPCA lies solely with the applicant.

ORDER:

1. The submission of the licence agreement [...] by the plaintiff is ordered. Passages may be blacked out insofar as the plaintiff does not refer to these passages for its factual assertions and legal arguments.
2. The submission of the licence agreement [...] by the plaintiff is ordered. Passages may be blacked out insofar as the plaintiff does not refer to these passages for its factual assertions and legal arguments.
3. The other applications are rejected.
4. It should be noted that the court may take it into account if this subpoena order is not complied with (R. 190.7 VerfO accordingly).
5. It should also be noted that the court may disregard procedural steps, facts, evidence or arguments if these were not undertaken or provided by the party within the time limit set by the court (R. 9.2 VerfO).
6. Deadline for submission: 9 May 2024

NAMES AND SIGNATURES

Issued in Mannheim on 30 April 2024

Peter Michael
Dr
Daughter



Digitally signed by Peter Michael Dr. Daughter
Date: 2024.04.30 23:17:09 +02'00'

Dr Tochtermann
Chairman and judge-rapporteur

