

EIP

SEP Litigation and Self-Inflicted Disclosure Orders

Panasonic Holdings Corporation v. Xiaomi Technology Germany GmbH & Ors (UPC_CFI_ 219/2023):

Order of 30 April 2024 (ORD_14600/2024) [1]

In an unusual turn of events, Panasonic successfully applied to the Mannheim Local Division for an order against themselves to disclose confidential SEP license agreements with third parties in their action against Xiaomi.

The Mannheim Local Division's decision explains that Panasonic made the application to allow for disclosure of their SEP licences to support their initial submissions pleading a case of compliance with boundaries of EU Competition Law as set in the CJEU's ruling in Huawei v ZTE[2].

It appears that Panasonic were unable to disclose such licences on their own volition because they contained a term that either consent of the party or a court order were required before disclosure of the licence agreements was permitted. Unfettered consent had not been able to be obtained from the relevant third parties and therefore Panasonic was facing a scenario where they either could not provide the evidence they wished to produce for their initial submissions, or would breach the contractual confidentiality provisions in the respective licence agreements.

Panasonic had sought to rely on Rule 172 and Rule 190 RoP as a basis for obtaining disclosure of their own licence agreements at the initial pleadings stage. The Local Division did not consider that either Rules were applicable, as they were intended for evidence under dispute and for an order against an "opposing party" rather than the applicant themselves.

Regardless of the lack of application of the aforementioned Rules of Procedure, the Local Division expressed a view that this application raised fundamental concerns relevant to all SEP disputes and therefore considered the application in the broader context of their case management powers. In particular they considered the balance of a party's right be able to show evidence of activity within the Huawei v ZTE^[3] guidelines against the rights of third parties who are impacted by the disclosure of their licence agreements contrary to the contractually decided confidentiality clauses.

Having considered those matters, the Local Division of Mannheim decided the evidence Panasonic had applied to disclose was so pertinent to the facts in issue (in particular showing compliance with EU competition law) that on the facts of this application they were compelled to order such even though there was no particular rule of procedure which a party may apply for disclosure under at this initial stage.

The Local Division's order also highlighted two takeaway points on practicalities:

1. It was made clear that disclosure of licence agreements by consent of a third party is the best approach and that the court would not readily grant an order for disclosure of licences concerning a third party without evidence that consent had been sought.
2. Panasonic were permitted to apply redactions to the licence agreements disclosed, however they were not permitted to rely upon any information that was redacted in support of their case. In this respect, the Local Division referred to Rule 262A on confidential document reliance (which had already been considered an earlier decision of the Mannheim Local Division, see here <https://eipamar.com/en/knowledge-hub/article/variable-views-on-confidentiality/>)

In conclusion, this decision has great practical significance as it highlights the importance the UPC is placing on the assessment of anticompetitive behaviour in a FRAND context and indicates that UPC will be amenable to such orders for early disclosure of licence agreements in future SEP disputes.

[1] <https://www.unified-patent-court.org/en/node/690>

[2] Huawei Technologies Co. Ltd v ZTE Corp., ZTE Deutschland GmbH (Case C-170/13)

[3] *ibid*