

CASE COMMENT

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PROCEDURAL ASPECTS AND CONFIDENTIALITY IN FRAND CASES

FRAND cases have – due to their specific case design – a series of specific procedural aspects that need to be considered and that shape the procedure before the UPC. Here are highlighted some of the most relevant procedural aspects as well as issues of confidentiality.

1. Request for order to produce evidence R. 190 RoP

Particularly important for proceedings involving a FRAND defense is R. 190 RoP. Under this rule, the court may, upon a reasoned request from a party, order the production of evidence from the opposing or a third party if said party has presented reasonable evidence in support of its claims and has specified evidence which lies in the control of the other or a third party.

Both parties can request an order to produce evidence such as license agreements with third parties. The Court of Appeal has clarified that a defendant may rely on R. 190.1 RoP for (counter-)evidence as the purpose of this rule is to ensure that the party who has the burden of proof will have access to the tools for carrying this burden. The Court argued with reference to CJEU case law that a restrictive reading, limiting the availability of the request to the claimants only, would contradict the principle of equality of arms (CoA, UPC_CoA_298/2024, APL_32345/2024).

This is especially relevant for FRAND defenses as for example the license agreements between the SEP holder and third parties can be highly relevant for the assessment of FRAND compliance of the SEP holder's license offer.

The LD Mannheim decided, based on the general consideration behind Art. 43 UPCA and applying similar considerations as R. 190 RoP, that both parties can also request an order against themselves as they are often hindered from presenting their own license agreements with third parties due to widely used non-disclosure clauses. However, this only applies if the third party refused permission for disclosure (LD Mannheim, UPC_CFI_218/2023, APL_14035/2024).

The Court of Appeal indicated that if a request based on R. 190 RoP is denied as not meeting the criteria of necessity, relevance and proportionality at one stage of the proceedings, this does not preclude the possibility of ordering such production of evidence at a later stage (CoA, UPC_CoA_298/2024, APL_32345/2024).

All this also means that the application of R. 190 RoP leads to conflicting interests. The defendant seeks to obtain evidence to support its FRAND defense, and the patent holder or third party has an interest in protecting its business secrets.

A way to deal with these conflicting interests is to look at the considerations found in the case-law of the CJEU on disclosure of evidence in private enforcement of competition law and apply them similarly in cases of a FRAND defense. According to these considerations the disclosure of evidence, for example, is required to be limited to what is strictly necessary.

It is within the Court of First Instance's discretion when it decides on the request for an order to produce evidence. The success of such a request may depend on the current stage of the proceedings.

2. Confidentiality

Considering the necessity of providing license agreements as evidence for a FRAND defense, confidentiality is often an issue. Parties can make an application according to R. 262A RoP for an order that certain information contained in its pleadings or the collection and use of evidence may be restricted or prohibited or that access to such information or evidence be restricted to specific persons.

The LD Mannheim presented a detailed confidentiality regime outlining the individual steps for the production of license agreements also taking into account third parties' interests (LD Mannheim, CFI_210/2023, ORD_33376-2024 and ORD_40642-2024).

Access to confidential information often is restricted to so called "confidentiality clubs" and the number of people part of that club is often a matter of dispute. The LD Hamburg held that, considering the circumstances of the case, three natural persons of a party might be enough (LD Hamburg, CFI_54/2023, ORD_577763).

3. Request for time extensions

These questions re confidentiality are often linked with another procedural question: the request for time extensions. Time limits also run from the date of service in cases where an application for protection of confidential information has been filed. This becomes an issue if access to pivotal information is delayed due to redactions. In order to ensure that the parties concerned are not left without protection, their interests can be served by extending the deadline for submitting a statement of defense. According to R. 9.3 RoP a "reasoned request" for time extension is required, which is based on the delay caused by the necessary confidentiality measures. Even though extensions are normally reserved for exceptional cases in the UPC system, they are regularly granted where redactions and confidentiality discussions delayed the availability of key information to the affected party.

However, the outcome of a request for a time extension can differ depending on the specifics of the case. While the LD Mannheim acknowledged that it might be necessary to extend the deadline for the response to non-technical aspects, including FRAND aspects of the dispute, in order to ensure that the party has the full two months to reply, this does not automatically apply to the technical aspects of the case (LD Mannheim, UPC_CFI_219/2023, ORD_35648/2024). The LD Düsseldorf indicated that an overall extension of deadlines for all aspects may be granted for reasons of efficiency and to avoid a permanent divergence of deadlines, if the hearing date is not jeopardized (LD Düsseldorf CFI_457/2023, ORD_36435/2024).



4. Intervention R. 314 RoP

Intervention (R. 313 RoP et seq.) allows persons who are not involved in a legal dispute as a party but are nevertheless indirectly affected by the decision of the UPC and hence have a legal interest in the outcome, to put forward their legal position in the pending proceedings.

The “legal interest” required for the admissibility of an intervention can for example be assumed if the intervener demonstrates that the plaintiff committed the SEP to a patent pool, the intervener was entrusted with the performance of the plaintiff’s FRAND obligations as well as the licensing of the portfolio including the SEP, and if the defendant asserts that the other party did not meet its FRAND obligations with the intervener’s license offer (LD Düsseldorf, CFI_457/2023, ORD_37232/2024).

