



UPC Court of Appeal
UPC_CoA_86/2024
APL_10370/2024

ORDER
of the Court of Appeal of the Unified Patent Court
issued on 5 August 2024
concerning service of a Statement of claim
on defendants in China and Hong Kong (R.275.2 RoP)

HEADNOTE

- A defendant company in China or Hong Kong cannot, as a starting point, be served a Statement of claim via a company within the same group in a Contracting Member State. Such a group company cannot automatically be seen as a statutory seat, central administration or principal place of business, nor a place where the company has a permanent or temporary place of business pursuant to R.271.5(a) RoP. Attempts to serve in China by any method provided for by the Hague Convention pursuant to R.274.1(a)(ii) RoP shall normally be made before service permitted by the law of the state where service is to be effected (R.274.1(b) RoP) or by alternative methods or at an alternative place (R.275 RoP) is permitted.

KEYWORDS

- Service, Regulation (EU) 2020/1784, the Hague Convention, Service outside the Contracting Member States

APPELLANT / CLAIMANT IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE:

Panasonic Holdings Corporation, Osaka, Japan (hereinafter Panasonic)

represented by: Miriam Kiefer, Rechtsanwältin, Kather Augenstein Rechtsanwälte, Düsseldorf

RESPONDENTS / DEFENDANTS IN THE MAIN PROCEEDINGS BEFORE THE COURT OF FIRST INSTANCE:

1. **Xiaomi Technology Germany GmbH**, Düsseldorf, Germany (hereinafter Xiaomi DE)
2. **Xiaomi Technology France S.A.S.**, Boulogne-Billancourt, France
3. **Xiaomi Technology Italy S.R.L.**, Milan, Italy
4. **Xiaomi Technology Netherlands B.V.**, Den Haag, The Netherlands

5. **Odiporo GmbH**, Willich, Germany

6. **Shamrock Mobile GmbH**, Willich, Germany

1 – 6 represented by: Dr. Corin Gittinger, Rechtsanwalt, Freshfields Bruckhaus Deringer Rechtsanwälte, Düsseldorf

LANGUAGE OF THE PROCEEDINGS

German

PANEL AND DECIDING JUDGES

This order has been issued by the second panel consisting of:

Rian Kalden, Presiding judge and judge rapporteur

Ingeborg Simonsson, legally qualified judge

Patricia Rombach, legally qualified judge

IMPUGNED ORDER OF THE COURT OF FIRST INSTANCE

- Date: 9 February 2024 (signed 12 February 2024)
- Order no. ORD_598181/2023 of the Mannheim Local Division concerning App_597406/2023 in the infringement action ACT_545817/2023 UPC_CFI_223/2023; leave to appeal was granted in the order

ORAL HEARING

6 June 2024

PATENT

EP 2 207 270

POINT AT ISSUE

Service of a Statement of claim on defendants in China and Hong Kong

SUMMARY OF FACTS

1. Panasonic brought an infringement action against respondents 1-6 before the Court of First Instance, Mannheim Local Division. The same action was brought against defendants Xiaomi Inc., Beijing Xiaomi Mobile Software Co. Ltd. and Xiaomi Communications Co., Ltd., whom all, according to the Statement of claim, have their registered offices in China. Among the defendants was also Xiaomi H.K. Limited, with its registered office in Hong Kong. These latter four defendants are hereinafter jointly referred to as the Asian Xiaomi companies.
2. Panasonic requested an order by the Court of First Instance that service of the Statement of claim on Xiaomi DE constituted valid service on the Asian Xiaomi companies.
3. By order of 8 December 2023, where respondents 1-6 were stated as defendants, the judge-rapporteur denied the request and ordered Panasonic to provide the Local Division with the documents required for service on the Asian Xiaomi companies in accordance with the Hague Convention, in particular the necessary translations into Chinese. With reference to Article 24(1)(d) UPCA, Regulation (EU) 2020/1784 of the European Parliament and of the Council of 25 November 2020 on the service in the

Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents) hereinafter referred to as 'Regulation 2020/1784', the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters of 15 November 1965, hereinafter 'the Hague Convention', Article 42 of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and constitutional laws of the Member States, the judge-rapporteur found that application of R.275.2 RoP required an earlier attempt at service under the Hague Convention pursuant to R.274.1(a)(ii) RoP. No such attempt at service had taken place. On the contrary, the Local Division's sub-registry had requested the documents required for service, in particular translations, from Panasonic. However, these had not yet been submitted to effect service abroad. Panasonic subsequently requested a panel review pursuant to R.333 RoP. The panel confirmed the order of the judge-rapporteur by the impugned order, adding reasoning based on the Opinion of Advocate General Szpunar in Case C-632/22, Volvo (Assignment au siège d'une filiale de la défenderesse), ECLI:EU:C:2024:31, and national case-law.

4. Panasonic has appealed the order.
5. Since the Asian Xiaomi companies have not been served the Statement of claim, they have not yet become parties to the proceedings before the UPC. The Court of Appeal has consequently not communicated the appeal with those companies. Such communication would furthermore require service of the Statement of appeal and other documents, and the legal assessments made in the choice of method of service would precede and predict the outcome of the point at issue pending in the appeal proceedings.

REQUESTS

6. Panasonic has requested that the Court of Appeal set aside the impugned order and order that the service of the Statement of claim on the Asian Xiaomi companies at the business address of Xiaomi DE constitutes legally valid service on the Asian Xiaomi companies.
7. The respondents have requested that the Court of Appeal reject the appeal and order the appellant to pay the costs of the appeal proceedings.

PARTIES' SUBMISSIONS

Panasonic – in summary and insofar as relevant – has argued as follows.

8. The UPC Registry's service of the Statements of claim on the Asian Xiaomi companies at the registered office of Xiaomi DE was effective.
9. The wording "or" before the second half part of R.271.5(a) RoP indicates that it is only required that the defendant has a permanent or temporary place of business within the Contracting Member States, without its registered office, central administration or principal place of business having to be located within the Contracting Member States.

10. A place of business must in any case be assumed for a company that is part of the group and without which the defendant's business objectives cannot be achieved to the desired extent.
11. The Statement of claim was served at an address for service that is attributable to the Asian Xiaomi companies on the basis of their actual actions and their involvement under company law. Service effected there is not fictitious and corresponds to the express wording of R.271.5(a) RoP.
12. Moreover, R.275.2 RoP also applies before R.275.1 RoP. The purpose of R.275 RoP is to authorise alternative service in individual cases either in advance (R.275.1 RoP) or subsequently (R.275.2 RoP). The references in R.271.4(b) or R.274.1(b) RoP also do not allow the conclusion that R.275.1 RoP takes precedence over R.275.2 RoP. Service at the place of business of Xiaomi DE was already effective for the Asian Xiaomi companies. According to the meaning and purpose of R.275.2 RoP and its declaratory nature, the standard can also be used to positively qualify a service under sections 1 and 2 as legally valid.
13. In this case, service has not explicitly failed. At the same time, an application pursuant to R.275.1 RoP would not be expedient, and R. 275.2 RoP does not require a failed prior service attempt. Knowledge within the meaning of R.275.2 RoP can be assumed if either a legal relationship exists according to which an attribution of knowledge can be made or concrete circumstances exist that justify the acquisition of knowledge.
14. Xiaomi DE is a place of business of the Asian Xiaomi companies within the meaning of R.271.5(a) RoP. All defendants are direct and indirect subsidiaries of Xiaomi Corporation. Xiaomi Corporation is at the top in each case. Xiaomi DE plays a central role in this. It imports the group's own smartphones and other products into Europe. It concludes transactions for the parent company, is the central company of the group in Germany and Europe, acts publicly on behalf of the entire group, manages the internet presence for the German region and conducts business in dependence on the parent company. Its economic situation depends exclusively on the Xiaomi Group. This applies not only to the turnover (sale of the products), but also to the financing of the company by the Xiaomi Group.
15. It is virtually impossible that the Asian Xiaomi companies have no knowledge of the Statements of claim in the present proceedings, as all claims arise from the identical global subject matter of the dispute concerning the identical SEP portfolio.
16. Auxiliary, service should be considered to have been effected under R.275.1 RoP. There is good reason for authorisation because service was made by the Court on Xiaomi DE.

The respondents – in summary and insofar as relevant – have argued as follows.

17. The order of the Mannheim Local Division is well founded. The RoP do not provide for the possibility of service on an establishment of the defendant in R.273 to 274 RoP. This is only provided for in R.271.5(a) RoP in relation to a defendant's principal place of business within a Contracting Member State. As the Mannheim Local Division correctly stated in its order of 8 December 2023, this is also consistent insofar as only the Contracting Member States had the legal

power to make provisions on the possible places of service within their territory in the UPCA and the RoP. However, R.271 RoP is not applicable because the Asian Xiaomi companies are domiciled outside the UPCA Contracting Member States. R.273 to 274 of the RoP therefore apply to them.

18. Xiaomi DE is in any case not a branch, nor is it a main branch of the Asian Xiaomi companies. There is no reason to classify it as a branch of another group company. It is an independent company with its own legal personality that was founded under German law. Although it works with the Xiaomi Group and is involved in its business, it is neither alleged nor recognisable that it conducts business in the name and for the account of the other defendants. In fact, the Asian Xiaomi companies do not conduct any business in Germany, not even through Xiaomi DE. Panasonic has rightly not argued this. The economic link between the companies within the Xiaomi Group alone does not allow Xiaomi DE to be categorised as a branch. The responsibility for the German-language homepage is also not sufficient. Xiaomi DE is one of many companies in the Xiaomi Group that has its registered office in a European country in which the Euro is used as a means of payment. The statements on the economic situation cited by Panasonic also refer to the entire Xiaomi Group. Finally, the classification of Xiaomi DE as a "German headquarters" is also not suitable to fulfil the requirements of a branch. Xiaomi DE is a wholly owned subsidiary of Xiaomi Technology Netherlands B.V.
19. R.275.2 RoP is subordinate to R275.1 RoP and also presupposes a prior attempt to effect service in accordance with the regular service provisions. R.275.2 RoP merely opens up the possibility as *ultima ratio* in individual cases to allow steps already taken to suffice for service. This follows both from the systematic context and the meaning and purpose of the provisions on service. The purpose of service is to ensure that the addressee personally obtains knowledge of the information addressed to them. This is primarily achieved through direct service. The requirement for direct service is made clear not least by R.276.1 RoP. If all orders or decisions of the Court must be served on each party - and thus not bundled or always by way of alternative proceedings - then this must apply all the more to the Statement of claim.
20. That R.273 and R.274 RoP apply to service on defendants who have their principal place of business outside the Contracting Member States of the UPCA is already apparent from the wording of the sections, which distinguish between "Service within the Contracting Member States" (Part 5, Chapter 2, Section 1 RoP) and "Service outside the Contracting Member States" (Part 5, Chapter 2, Section 2 RoP). The scope of application depends on the place of the addressee's principal place of business and not on the place of service. There is no right of choice in this respect.
21. It has not been established that the Asian Xiaomi companies actually gained knowledge of the action through service at the business address of Xiaomi DE. The knowledge of Xiaomi DE cannot be attributed to the Asian Xiaomi companies. Furthermore, such service would not only violate R.275.4 RoP, but also higher-ranking law, as pointed out by the Mannheim Local Division.
22. Pursuant to Art. 285 of the Chinese Code of Civil Procedure, service would require in particular the service of a Chinese translation of the Statement of claim. Service on the Asian Xiaomi companies by service on Xiaomi DE would violate Chinese law contrary to R.275.4 RoP. There is also no

provision in the service regulations of Chinese law that allows the Statement of claim to be served on a foreign branch.

23. Panasonic's auxiliary request that service should be considered to have been effected under R.275.1 RoP should be dismissed because it was submitted only at the oral hearing.

REASONS

24. Rules on service of documents are essentially there to ensure that the court, before delivering a default judgment can verify whether the means by which a document instituting proceedings was served were such that the rights of the defence have been respected (Case C-14/07, Weiss und Partner, ECLI:EU:C:2008:264, para 51).
25. The guarantee of actual and effective receipt of documents, that is to say, service on the defendant, together with the existence of a period of time sufficient to enable the defendant to prepare his or her defence, is a requirement of respect for the right to effective judicial protection enshrined in Article 47 of the Charter of Fundamental Rights of the European Union. Authority for a subsidiary to receive on behalf of its parent company judicial documents intended for it cannot be presumed, otherwise there is a risk of prejudicing the parent company's rights of defence. (See judgment of the CJEU of 11 July 2024 in Case C-632/22 Volvo (*Assignment au siège d'une filiale de la défenderesse*), ECLI:EU:C:2024:601, paras 50-51).
26. Article 24(1)(d) of the Agreement on a Unified Patent Court (UPCA) stipulates that the Court shall base its decisions on other international agreements applicable to patents and binding on all the Contracting Member States. In compliance therewith, the RoP provisions on service of documents are designed in conformity with EU law and the Hague Convention.
27. The relation between Regulation 2020/1784 and the Hague Convention is touched upon in Article 29 of Regulation 2020/1784, entitled "Relationship with agreements or arrangements between Member States": The Regulation shall prevail in relation to matters to which it applies over other provisions contained in bilateral or multilateral agreements or arrangements concluded by Member States, and in particular the Hague Convention, *in relations between the Member States party thereto* (emphasis added). Article 15 of the Hague Convention is furthermore applicable according to Article 28.4 of Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, where Regulation 2020/1784 is not applicable and if the document instituting the proceedings or an equivalent document had to be transmitted abroad pursuant to that Convention.
28. The Hague Convention has been acceded to by all EU Member States. Although the Convention does not have a clause allowing the EU itself to accede, accession to the Convention falls within the exclusive external competence of the EU following the adoption of EU internal rules on service of documents (see for example Proposal for a Council Decision authorizing Austria and Malta to accede to the Hague Convention, COM/2013/0338 final). The Convention, improving the transmission of judicial and extrajudicial documents abroad is particularly important for the EU and its Member States because it facilitates judicial cooperation in cross-border litigation in relations with third states. The EU in its

external relations has been promoting the accession of third countries to the Hague Convention as an efficient and reliable system for the service of judicial and extrajudicial documents (COM/2013/0338 final).

29. It is thus clear that while Regulation 2020/1784 is intended for intra-Community service, the Hague Convention applies (insofar as is relevant here) for transmission of judicial documents abroad in cross-border litigation in relations with third states. This is reflected in the RoP.
30. Although there is no definition of what constitutes service within and outside the Contracting Member States respectively there is a systematic division between these two types of service. As can be seen from the headings of Sections 1 and 2 of Part 5, Chapter 2 of the RoP, service within the Contracting Member States is governed by R.270 through 272 RoP. Service outside the Contracting Member States is instead governed by R.273 and 274 RoP.
31. Service within the Contracting Member States, where Regulation 2020/1784 applies (R.270.1 RoP), shall be effected at the following place according to R.271.5(a) RoP: where the defendant is a company or other legal person, at its statutory seat, central administration or principal place of business within the Contracting Member States or at any place within the Contracting Member States where the company or other legal person has a permanent or temporary place of business (see also (R.278.2(a) and 3(a) RoP).
32. The wording of R.271.5(a) RoP strongly suggests that it only applies to service on companies or other legal persons with their statutory seats, central administration or principal place of business within the Contracting Member States. This is demonstrated by the choice of wording in the second part of the sentence where reference is made to “the company”. The reference to “the company” refers back to the first part of the sentence where such a company is defined, that is, a company with its statutory seat, central administration or principal place of business within the Contracting Member States.
33. The wording of the second part of R.271.5(a) RoP thus provides for places where service can be effected within UPC territory, as an alternative to service on a company with its statutory seat, central administration or principal place of business within the Contracting Member States. This provision thus provides for alternative places of service for a defendant that is domiciled within UPC territory. Service can then be made at any place within the Contracting Member States where the company or other legal person has a permanent or temporary place of business.
34. For service of a Statement of claim outside the Contracting Member States, the Registry may serve by any method provided by: (i) The law of the European Union on the service of documents in civil and commercial matters (Regulation 2020/1784) where it applies; (ii) The Hague Service Convention or any other applicable convention or agreement where it applies; or (iii) to the extent that there is no such convention or agreement in force, either by service through diplomatic or consular channels from the Contracting Member State in which the sub-registry of the relevant division is established (R.274.1(a) RoP).
35. The reference to Regulation 2020/1784 *where it applies* in R.274.1(a)(i) RoP stems primarily from the fact that not all EU Member States are Contracting Member States. Service in EU Member States that

are not Contracting Member States will normally be carried out in accordance with Regulation 2020/1784. However, R.274.1(a)(i) RoP can also be understood to convey that there are substantive limitations to the applicability of Regulation 2020/1784 (see for example Article 1 of that Regulation).

36. R.274.1(b) RoP provides for service by any method permitted by the law of the state where service is to be effected or as authorized by the Court, where service in accordance with R.274.1(a) could not be effected.
37. Section 3 of Part 5, Chapter 2 of the RoP deals with service by an alternative method. R.275 RoP provides that where service in accordance with Section 1 or 2 could not be effected the Court on an application by the claimant that there is a good reason to authorise service by a method or at a place not otherwise permitted by Chapter 2, the Court may by way of order permit service by an alternative method or at an alternative place (R.275.1 RoP). Furthermore, on a reasoned request by the claimant, the Court may order that steps already taken to bring the Statement of claim to the attention of the defendant by an alternative method or at an alternative place is good service (R.275.2 RoP).
38. Article 15.2 of the Hague Convention provides that each Contracting State shall be free to declare that the judge may give judgment even if no certificate of service or delivery has been received, if all the following conditions are fulfilled: a) the document was transmitted by one of the methods provided for in the Convention, b) a period of time of not less than six months, considered adequate by the judge in the particular case, has elapsed since the date of the transmission of the document, c) no certificate of any kind has been received, even though every reasonable effort has been made to obtain it through the competent authorities of the State addressed.
39. The implication of Article 15.2 is that an attempt shall normally be made to serve the Statement of claim by any method provided for by the Hague Convention, before the Court authorises or orders service by an alternative method or at an alternative place (R.274.1(b) and R.275 RoP).
40. The Asian Xiaomi companies are companies with registered offices outside the Contracting Member States and outside the EU. As said, R.271.5(a) RoP does not apply to these companies. The Court of Appeal is of the opinion that a defendant company in China or Hong Kong can also not, as a starting point, be served a Statement of claim via a company within the same group in a Contracting Member State. Such a group company cannot automatically be seen as a statutory seat, central administration or principal place of business of a defendant company in China or Hong Kong, nor a place where such defendant company has a permanent or temporary place of business. This view is supported by the principle of corporate separation prevalent in national law, which is also a source of law for the Court when interpreting the Rules of Procedure (Article 24(1)(e) UPCA).
41. In that respect the Court of Appeal notes that, although the absence of personal liability for shareholders is no general principle of company law applicable in all circumstances and without exception (judgment of the Court of Justice in Case C-81/09, *Idryma Typou*, ECLI:EU:C:2010:622, para 42), the company law principle of separation of liability is a common principle in the company law of the Member States, above all in matters of civil liability in connection with trading companies, such as companies with limited liability or joint stock companies (Opinion of AG Kokott in Case C-501/11 P, *Schindler Holding and Others v Commission*, ECLI:EU:C:2013:248, para 65, this was confirmed by the

Court of Justice, Case C-501/11 P, Schindler Holding and Others v Commission, ECLI:EU:C:2013:522, para 101).

42. This leads to the conclusion that service of the Statement of claim on the Asian Xiaomi companies is governed by R.273 and R.274.1 RoP. Regulation 2020/1784 does not apply to them, which means that the conditions for applying R.274.1(a)(i) RoP are not met.
43. The Hague Convention applies insofar as the Xiaomi companies with registered offices in China and Hong Kong are concerned (R.274.1(a)(ii) RoP).
44. For the reasons set out, the Court of Appeal concludes that the Mannheim Local Division was right in rejecting Panasonic's request. In addition, there is no reason to decide whether Panasonic's auxiliary request should be precluded because it was filed too late.
45. What has been said does not preclude the possibility of service by other or alternative methods at a later stage in the proceedings (R.274.1(b) and R.275 RoP).

Costs

46. No decision on the reimbursement of legal costs will be made in this appeal, since this order of the Court of Appeal is not a final order or decision, i.e. not an order or decision concluding the proceedings pending before the Court of First Instance.
47. The RoP provide that the principal decision on the obligation to bear the costs of the proceedings will be made in the final order or decision, in particular the decision on the merits (R.118.5 RoP), optionally in combination with an interim award of costs (R.150.2 RoP). The final decision is also the best stage of the proceedings to assess whether and to what extent a party can be considered unsuccessful within the meaning of Art. 69 UPCA.
48. The concept laid down in R.118.5 RoP that the principal decision on the costs of proceedings is made in the final order or decision is in line with R.150.1 RoP, according to which it is only after the decision on the merits that the successful party may seek a cost decision, meaning a decision for the determination of the costs to be borne by the unsuccessful party (R.150.1 RoP). This concept is also confirmed by the fact that the scale of ceilings for recoverable costs adopted by the Administrative Committee, which the Court must take into account when determining the reimbursement of representation costs, indicates ceilings based on the value of the proceedings as a whole (R.152.2 RoP).
49. As this concept also applies at appeal, R.242.1 RoP is to be interpreted to mean that if the decision of the Court of Appeal is not a final order or decision concluding an action, the Court of Appeal, in the case at hand, will not issue an order for costs in respect of the proceedings at first instance and at appeal. However, the outcome of the appeal must be considered when, in the final decision on the action at hand, the Court determines whether and to what extent a party must bear the costs of the other party because it was unsuccessful within the meaning of Art. 69 UPCA.

ORDER

Panasonic's appeal is rejected.

Issued on 5 August 2024

Rian Kalden, Presiding judge and legally qualified judge

Ingeborg Simonsson, legally qualified judge and judge-rapporteur

Patricia Rombach, legally qualified judge