



Local division Mannheim

UPC_CFI_219/2023

App_589186/2023

order

**of the Court of First Instance of the Unified Patent Court issued on
8 December 2023**

Applicant

- 1) **Panasonic Holdings Corporation** Represented by
(Applicant) - 1006, Oaza Kadoma, Kadoma-shi - Christopher Weber
571-8501 - Osaka - JP

Defendant to

- 3) **Xiaomi Technology Germany GmbH** Represented by Prince zu Waldeck und
Pyrmont
(party to the
main proceedings
- Not provided) -
Niederkasseler
Lohweg 175 -
40547 -
Düsseldorf - DE

Patent in suit

Patent no.

Holder

EP2568724

Panasonic Holdings Corporation

BRIEF DESCRIPTION OF THE FACTS:

The plaintiff is of the opinion that the statements of claim have already been effectively served on defendants 1, 2, 7 and 8 in that the statements of claim addressed to these defendants were served at the business address of defendant 3 in Germany on 21 August 2023. Defendants 1, 2 and 8 are domiciled in the People's Republic of China, defendant 7 in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter: Hong Kong).

According to the 2021 annual report, the defendants' parent company holds all shares in defendants 1, 2, 3, 7 and 8 either directly or indirectly through intermediary companies in which the parent company in turn holds all shares.

Defendant 3 is the German headquarters of the defendant's group, German sales company and responsible for the German-language homepage of the defendant's group. On the homepage, the management team includes the management board of the parent company, Xiaomi Corporation, but not the managing directors of defendant 3, the German sales GmbH. The defendant's group of companies thus deliberately presents itself to the outside world as a unit and not as a bundle of national companies. Defendant 3 also concludes transactions in the name of the parent group. Defendants 1, 7 and 8 are aware of the present actions, as can be seen from proceedings conducted before the UK High Court (Annex KAP A 24). From statements in these proceedings, it is apparent that the European and Asian defendants in the group of companies are represented uniformly before the Mannheim local division. They are therefore authorised to accept service of process. Defendant 2 conducts the negotiations on standard-essential patents for the entire group of defendants and is therefore in constant contact with the local defendants. The knowledge of the defendants 1, 2, 7 and 8 of the proceedings is also evident from email correspondence with the defendants (Annex KAP A 25) and is also publicly known through press releases.

The application finds its legal basis in Rule 275.2 VerfO. The steps that have already been taken to effect service are sufficient to assume legally valid service. The Munich local division had rightly decided (UPC_CFI_5/2023 - ORD_576855/2023) that the application did not require that service could not have been effected in accordance with Rules 270 to 274 of the Rules of Procedure. The required knowledge could be assumed if a legal relationship permitted an attribution of knowledge or if there were specific circumstances that could justify the acquisition of knowledge. Both were present here. Chinese procedural law also provides for the possibility that a foreign legal entity can be effectively served by service on a domestic person.

In a document dated 6 December 2023 - sent by email by order of the judge-rapporteur due to the functionality of the CMS - the third defendant submitted its position and essentially argued that, contrary to the plaintiff's view, the third defendant was not a branch of the first, second, seventh and eighth defendants. The order of service as effected in accordance with Rule 275.2 of the Rules of Procedure violates fundamental procedural guarantees, especially since this rule is evidently subsidiary to a prior attempt to effect service in accordance with the provisions applicable to service abroad.

REASONS FOR THE DECISION:

The application under Rule 275.2 of the Rules of Procedure must be rejected.

1. The mere wording of Rule 275 of the Rules of Procedure leaves no room for the view put forward by the plaintiff. Paragraph 1 of the rule states that alternative service can only be considered if it has not previously been possible to effect service in accordance with Sections 1 and 2 of Part 5, Chapter 2.

It is therefore a mandatory prerequisite that an attempt at service was made in accordance with Rules 270-274 of the Rules of Procedure. Since the place of business of defendants 1, 2, 7 and 8 is located outside the contracting states of the UPCA, service must be effected in accordance with Rules 273 and 274 of the Rules of Procedure. Contrary to the plaintiff's argument, these rules do not provide for the possibility of service at a place of business. Only Rule 271.5 of the Brussels Convention provides this possibility for service within the Contracting States. This is consistent because the Contracting States of the UPCA alone had the legal power to make provisions in the Agreement and the Rules of Procedure on the possible places of service.

Even if this provision were to be extended - as it is not - to cases of service abroad under Rules 273 and 274 VerfO, there is a lack of substantiated submission by the plaintiff that the third defendant is the branch of all four companies in respect of which service is to be ordered as having been effected (see also the term "branch" in German civil procedure law (Section 21 ZPO) for the defendant's group of companies LG Munich I Annex FBD 7).

2. Insofar as service outside the contracting states of the UPCA is concerned, the rules correctly refer to the regulations that apply to service within the European Union and between states that are parties to the Hague Service Convention, in accordance with international and EU law.
 - a) In the present case, the attempt at service must be made in accordance with Rule 274(a)(ii) of the Regulation under the Hague Service Convention (Hague Convention), as the People's Republic of China and Hong Kong do not fall within the scope of Regulation (EU) 2020/1784, but are parties to the Hague Convention.
 - b) No such attempt at service has taken place to date. On the contrary, the office of the local division has so far requested the documents required for service, in particular translations, from the plaintiff. However, these have not yet been submitted by the plaintiff to effect service abroad.
 - c) Contrary to the opinion of the Munich local division, Rule 275.2 VerfO cannot be interpreted in principle as permitting service without first having attempted service in accordance with the provisions applicable to service abroad. Rather, as the defendants rightly argue, this rule is an exceptional provision. Only if service was attempted in accordance with sections 1 and 2 but was unsuccessful and alternative service was then ordered on application in accordance with Rule 275.1 VerfO does this rule apply.

norm. It then opens up the possibility, as a last resort in individual cases, of allowing steps already taken to suffice for service, even if the alternative service thus ordered was not successful. On the other hand, the rule does not make it possible to disregard the international treaties binding the member states of the UPCA, such as the Hague Service Convention, and to consider service to have been effected on the basis of an imputation of knowledge within the corporate group. Formal service on the defendant is an internationally recognised principle and not a superfluous formality. The purpose of service is to give the addressee the opportunity to take note of the document of the statement of claim and to prepare his legal defence.

This already necessarily follows from Art. 24(1)(d) UPCA, according to which the international agreements binding the contracting member states are equally binding on the UPC. The Contracting Member States could and wanted to transfer the power to decide patent disputes to the UPC as a common court of the Member States (Art 1(2) UPCA) only to the extent permitted by the international treaty obligations entered into and Union law. If rules

275.2 of the Regulation undermined the overriding provisions of the EU Service Regulation and the Hague Service Convention, this constituted a violation of EU and international law. Neither Regulation (EU) 2020/1784 nor the Hague Service Convention permit the imputation of knowledge advocated by the plaintiffs as a substitute for formal service.

- aa. According to Article 1 of the Hague Convention, the Convention applies in civil and commercial matters in which a judicial document is to be transmitted abroad for the purpose of service. The Hague Convention requires that such documents have actually been transmitted in accordance with a procedure provided for in the Convention (Article 15(2)(a) Hague Convention). An attempt at service and actual transmission in accordance with the provisions of the HZÜ is an indispensable prerequisite for a decision on the merits (Hess NJW 2001, 15, 17).
- bb. The EU Service of Documents Regulation also stipulates the same in Art. 22 (see Fahrbach/Schiener IWRZ 2017, 16, 21). In this respect, there is no room for fictitious service. Insofar as a service under the application of the EU Regulation is concerned, the Court of Justice has expressly stated that such a service effected on the basis of a domestic fiction provision with effect vis-à-vis a foreign party is also to be regarded as a foreign service within the meaning of the Regulation and that the Regulation leaves no room for such fictions (ECJ judgement of 19 December 2012 - C-325/11, EuZW 2013, 187 - Alder). This is now also reflected in the new wording of Art. 1(1) EUTMR and recital 7 (see Gottwald MDR 2022, 1185, 1186, Knöfel, RIW 2021, 473, 475). Recital 7 states that "where an addressee has no known address for service in the forum Member State but has one or more known addresses for service in one or more other Member States, [...] the document should be transmitted to the other Member State concerned for service in accordance with this Regulation and "this situation [...] should not be construed as domestic service in the forum Member State".

should]. In particular, service of the document on the addressee should not be effected by a method of fictitious service - such as service by posting on the court notice board or by keeping the document in the court file."

Otherwise, according to the European Court of Justice, this would also constitute a violation of Art. 47 Para. 2 of the Charter of Fundamental Rights of the European Union and Art. 6 Para. 1 of the European Convention for the Protection of Human Rights and Fundamental Freedoms. Otherwise, according to the ECJ, it would be at the discretion of the Member States to decide in which cases there is a need for service on the basis of the Regulation, which would result in an undesirable inconsistent application of the Regulation. If, according to the case law of the ECJ, the Member States are precluded from providing for such effects with regard to their national procedural law, nothing else can apply to the UPC as the common court of the Member States. Otherwise, the Rules of Procedure would impose a regime contrary to European law. Such an interpretation must therefore be ruled out.

cc. Furthermore, such an interpretation is also prohibited against the background of Art. 42 TRIPS, which also establishes as a procedural minimum guarantee the right of the defendant to be informed in writing of the infringement allegation in a sufficiently timely manner.

dd. This right is also secured by constitutional law in the Member States and is thus part of the constitutionally guaranteed minimum content of fundamental procedural guarantees (for Germany with regard to the German part of the EP also asserted here: Federal Constitutional Court NJW 1988, 2361 - violation of Art. 103 (1) of the German Basic Law in the case of fictitious service without a prior possible attempt at service). To this end, the court must ensure and monitor that the affected party to the proceedings has obtained possession of the document (see only BVerfG NJW 1974, 133; 1976, 1837, NJW 2006, 2248). In the interest of legal certainty, which is particularly necessary for this purpose, the service provisions are necessarily of a formal nature (cf. as representative of German constitutional and procedural law: BGH NJW 2011, 2440 para. 14). It is therefore also generally accepted in this respect that fictitious service is subsidiary to other possible forms of service (BVerfG NJW 1988, 2361, Hess NJW 2001, 15, 18; Fahrbach/Schiener IWRZ 2017, 16, 17).

TENOR OF THE ORDER:

1. The plaintiff's applications of 22 November 2023 for an order that service of the application on the defendants 1, 2, 7 and 8 at the business address of the defendant 3 constitutes valid service on the defendants 1, 2, 7 and 8 are dismissed.

2. The plaintiff is ordered to submit the documents required for service on the defendants 1, 2, 7 and 8 in accordance with the Hague Service Convention, in particular the necessary translations into Chinese, to the Mannheim local division.

NAME AND SIGNATURE:

Peter Michael
Dr
Daughter

Digitally signed by Peter
Michael Dr Tochtermann
Date: 2023.12.08
12:22:54 +01'00'

Dr Peter Tochtermann
Presiding judge and judge-rapporteur