



UPC Court of Appeal
UPC_CoA_69/2024
APL_8972/2024
UPC_CoA_70/2024
APL_8977/2024

ORDER
of the Court of Appeal of the Unified Patent Court
issued on 29 July 2024
concerning service of a Statement of claim
on defendants in China and Hong Kong (R.273 and R.274 RoP)

HEADNOTE

- A defendant company in China or Hong Kong cannot be served a Statement of claim by email to a person who is not authorised to accept service. Neither can such service be made by public service in the form of a written notice to be displayed in the publicly accessible premises of a UPC Local Division at this stage. 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 by other means (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 AND CLAIMANT IN THE MAIN PROCEEDINGS BEFORE THE CFI

NEC Corporation, Tokyo, Japan (hereinafter NEC)

represented by: Dr. Tilman Müller, Rechtsanwalt
(Bardehle Pagenberg, Munich, Germany)

RESPONDENTS (DEFENDANTS 2, 5 AND 7 IN THE MAIN PROCEEDINGS BEFORE THE CFI, NOT SERVED)

TCL Industrial Holdings Co., Ltd., Huizhou, Guangdong, China
TCL Communication Technology Holdings Ltd., Shatin, Hong Kong
TCL Overseas Marketing Ltd., New Territories, Hong Kong

(hereinafter jointly referred to as the Asian TCL companies)

LANGUAGE OF THE PROCEEDINGS

English

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 ORDERS OF THE COURT OF FIRST INSTANCE

□ Date: 5 February 2024

□ Order ORD_6237/2024 of the Munich Local Division, concerning App_3482/2024 in the main proceedings ACT_595922/2023; UPC_CFI_487/2023

□ Order ORD_6607/2024 of the Munich Local Division, concerning App_3481/2024 in the main proceedings ACT_596658/2023; UPC_CFI_498/2023

ORAL HEARING

6 June 2024

PATENTS IN SUIT

EP 2 645 714 and EP 3 057 321

POINTS AT ISSUE

Service of Statements of claim on defendants in China and Hong Kong

SUMMARY OF FACTS

1. NEC brought infringement actions against certain TCL companies, including the Asian TCL companies, along with four other TCL defendants domiciled in Germany, France and Poland (hereafter the European TCL defendants) on the basis of two patents before the Munich Local Division. The European TCL defendants have been served the Statements of claim.
2. NEC requested that service of the Statements of claim on the Asian TCL companies would be effected by e-mail to Mr Lawrence Wu (jinhao.wu@tcl.com) pursuant to R.275.1 RoP; or by public service in the form of a written notice to be displayed in the publicly accessible premises of the Munich Local Division.
3. The Munich Local Division denied the requests. The Local Division held that R.275 RoP does not permit the Court to designate someone as person authorised to accept service, if that person has not been notified as being willing to accept service of the statement of claim on behalf of the defendant at an electronic address (under R.271.1.(c) RoP) and there was no legal basis to declare Mr Wu as a person authorized to accept service.
4. As to the alternative request the Local Division held that according to R.275.1 RoP, an actual ("real") but unsuccessful attempt of service is always required until RoP 275.1 becomes applicable. In view of the wording of R.275.1 RoP, it is not sufficient that service presumptively is not possible (i.e. cannot be effected) because of known deficiencies of service according to the Hague Convention in certain countries, so alternative service was held to be not allowed "at this point of time".

5. NEC has appealed the orders.
6. Since the Asian TCL 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 appeals with those companies. Such communication would furthermore require service of the Statements 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.
7. With the consent of NEC, the cases have been heard together.

INDICATION OF PARTYS' REQUESTS

8. NEC has requested that the Court of Appeal
 - 1) set aside the impugned orders of the Munich Local Division,
 - 2a) orders that service as effected on Defendant 1, represented by Mr Lawrence Wu, is good service on Defendants 2 and 7, and that service as effected on Defendant 3, represented by Mr John Jiang, is good service on Defendant 5,
 - 2b) in the alternative to 2a), that the Court of Appeal orders service of the Statements of claim on Defendants 2 and 7 by e-mail to Mr. Lawrence Wu (jinhao.wu@tcl.com) and on Defendant 5 by email to Mr John Jiang (zhongfang.jiang@tcl.com)
 - 3) in the alternative to no 2) orders service of the Statements of claim on the Asian TCL companies by public service in the form of a written notice to be displayed in the publicly accessible premises of the Munich Local Division.

PARTY'S SUBMISSION

NEC - in summary and insofar as relevant – has argued as follows.

9. It is factually impossible to serve judicial documents in China or Hong Kong. This is confirmed by the findings of the Munich District Court and the Munich Appellate Court.
10. TCL approached NEC in reaction to the filing of the Statement of claim in an attempt to prepare its FRAND defense in the case at hand and told NEC that it is allegedly willing to negotiate a bilateral license. Mr. Wu was copied to this message as well. This shows that the Asian TCL companies are aware that Statement of claim has been filed but have deliberately chosen not to take notice of its contents but to delay the proceedings as long as possible by refusing to accept electronic service.
11. The claimant's fundamental right to an effective remedy within a reasonable period of time, must be balanced against defendant's fundamental right to be heard. The balance falls in favour of NEC, as it is negatively affected by the delay caused by service on the Asian TCL defendants.
12. Mr Lawrence Wu is the "Chief Intellectual Property Officer of the TCL Group of Companies" and "Head of Intellectual Property Litigation and Licensing at TCL". At the pre-trial stage, Mr Wu refused to accept service of the Statement of Claim on the Respondents. This shows that Mr Wu represents TCL to the

public in intellectual property matters and that he has extensive experience in patent litigation and is leading the licensing negotiations.

13. The interests of the Asian TCL defendants are not impaired by alternative service because they are aware of the Statement of claim, since i) it was served on the European TCL defendants, ii) the dispute is a Standard essential patent (SEP) dispute, iii) service by email as well as public service is permissible by Chinese law and iv) the requirement of a prior unsuccessful attempt does not serve to protect defendant's interests, since it only leads to delay and does not lead to a different result as the Hague Convention allows the proceedings to continue without service having been effected after 6 months.
14. The Munich Local Division has made an incorrect reverse conclusion, stating that R.275 RoP read together with R.271.1(c) RoP does not permit the Court to designate someone as person authorized to accept service, if that person has not been notified as being willing to accept service of the Statement of claim on behalf of the defendant at an electronic address. R.271.1(c) RoP only states that the Statement of claim shall be served on such a person if he has notified as being willing to accept service of the Statement of claim on behalf of the defendant at an electronic address. Thus, neither R.271.1(c) nor R.275 RoP provide a prohibition of an alternative service by e-mail if the conditions of R.275.1 RoP are met.
15. The interests of NEC can be properly taken into account by interpreting R.275.1 RoP analogously – which in effect means that the requirement of a prior attempt to serve the Statement of claim (here: in accordance with the Hague Convention) is ignored.

REASONS

16. As indicated by the Munich Local Division, NEC's request raises (inter alia) the question whether the Court can designate someone as person authorised to accept service, and then serve that person by electronic means. Pursuant to R.271.1 RoP the Registry shall serve the Statement of claim by electronic means if the conditions referred to in Article 19 of the Regulation (EU) 2020/1784 are met (a) on the defendant at an electronic address which the defendant has provided for the purpose of service in the proceedings; or (b) on a representative of the defendant if the defendant has provided the electronic address of a representative pursuant to Rule 8.1 as an address at which the defendant may be served with the Statement of claim; or (c) on a representative of the defendant pursuant to Rule 8.1 if the representative has notified the Registry or the claimant that he accepts service of the Statement of claim on behalf of the defendant at an electronic address.
17. As is apparent from the facts brought forward by NEC, R.271.1 RoP is not applicable in this case.
18. 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).
19. 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.

20. 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.
21. 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).
22. 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.
23. 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.
24. 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).
25. 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.

26. 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.
27. 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)
28. 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.
29. The implication of Article 15.2 of the Hague Convention is that an attempt shall normally be made to serve the Statement of claim by any method provided for by the Hague Convention shall be made, before the Court authorises or orders service by an alternative method or at an alternative place (R.274.1(b) and R.275 RoP).
30. The Asian TCL companies are companies with registered offices outside the Contracting Member States and outside the EU. Service 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.
31. The Hague Convention applies since the Asian TCL companies have registered offices in China and Hong Kong (R.274.1(a)(ii) RoP).
32. As set out, R.275.1 RoP includes a requirement of a prior service attempt. This precludes an interpretation that fully ignores this requirement. It would also be contrary to the Hague Convention that, as said, implies a prior service attempt in accordance with the Convention.
33. NEC has pointed at Art. 15 (second part) of the Hague Convention, which suggests that a period of at least six months must have elapsed since the attempt to serve under the Hague convention. NEC has not put forward any reasons that would justify why this period should be shortened.
34. The fact that the Statements of claim were served on the European TCL defendants does lead to the conclusion that the Asian TCL companies are aware of (the content of) it. No legitimate reason why the

actual knowledge of the European TCL defendants can be attributed to the Asian TCL companies have been put forward. The Court of Appeal notes that Mr Wu from TCL was informed about the proceedings to be initiated but was not sent a copy of the Statement of claim.

35. NEC argues that the Asian TCL companies should not be allowed to deliberately ignore the Statement of claim they have knowledge of. However, if that argument would be accepted, it would generally undermine the formalities associated with service of court documents.
36. Furthermore, R.275.4 RoP does not permit service in a manner that is contrary to the law of the state where service is to be effected. The following observations can be made in that respect. The Hague convention is part of Chinese national law applicable to service from abroad. China has opposed to the possibility of postal service (in art 10(a) of the Hague Convention offered as an alternative means of service, which may be excluded by a State). China always requires a translation in Chinese of all documents to be served. China only allows service by electronic means such as e-mail with the consent of the recipient. Service by public notice is only possible as a last resort – which does not apply here since other means have not been explored.
37. Even if service by e-mail would be allowed, the question would remain which e-mail address is to be used. The systematics of the legislation speak in favour of using the address of a person authorised to receive service. There is no evidence to suggest that Mr Wu qualify as such.
38. The UPC has its own service provisions, next to Regulation 2020/1784 and the Hague Convention. National laws of a Contracting Member State do not take primacy. There is no reason why the UPC should follow the practice of some German courts as suggested by NEC, since the UPC has its own procedural rules and furthermore the practice of *some* German courts does not create a precedent.
39. The fact that this is a SEP dispute does not lead to a different conclusion. Service is to inform the defendant of the actual claims, not the general dispute at large (which covers an entire portfolio). Willingness to negotiate is not a sign of knowledge of the actual claims.
40. For the reasons set out, the Court of Appeal concludes that the Munich Local Division was right in rejecting NEC's requests.
41. 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).

ORDER

NEC's appeal is rejected.

Issued on 29 July 2024

Rian Kalden, Presiding judge and judge-rapporteur

Ingeborg Simonsson, legally qualified judge

Patricia Rombach, legally qualified judge