

ORDER

of the Court of Appeal of the Unified Patent Court

issued on 4 June 2024

concerning application to withdraw an appeal in relation to two of the respondents
(R.265 RoP)

HEADNOTE

- If the appellant applies to withdraw an appeal in relation to one or two of several respondents, the Court of Appeal decides on the admissibility and legal consequences of such an application. The Court of Appeal will consider whether those respondents have already been served the Statement of grounds of appeal, whether they want the appeal to be adjudicated in relation to themselves as respondents and whether they have a legitimate interest in adjudication.

KEYWORDS

- Appeal, withdrawal

APPELLANT AND CLAIMANT IN THE MAIN PROCEEDINGS BEFORE THE CFI

Daedalus Prime LLC, New York, USA (hereinafter Daedalus)

represented by: Dr. Marc Grunwald, Rechtsanwalt, Peterreins Schley, Munich, Germany

RESPONDENTS (1, 2 AND 5 NOT SERVED, 3 AND 4; DEFENDANTS IN THE MAIN PROCEEDINGS BEFORE THE CFI

1) Xiaomi Communications Co., Ltd., Beijing, China

2) Xiaomi Inc., Beijing, China

3) Xiaomi Technology Netherlands B.V., The Hague, the Netherlands (hereinafter Xiaomi NL)

represented by: Prof. Dr. Tilman Müller-Stoy, Rechtsanwalt, Bardehle Pagenberg, Munich, Germany

4) Xiaomi Technology Germany GmbH, Düsseldorf, Germany (hereinafter Xiaomi DE)

represented by: Prof. Dr. Tilman Müller-Stoy, Rechtsanwalt, Bardehle Pagenberg, Munich, Germany

5) MediaTek Inc., Hsin-Chu City, Taiwan (hereinafter MediaTek)

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 legally qualified judge

Ingeborg Simonsson, legally qualified judge and judge rapporteur

Patricia Rombach, legally qualified judge

IMPUGNED ORDER OF THE COURT OF FIRST INSTANCE

Date: 18 April 2024

Order ORD_20986/2024 of the Hamburg Local Division, concerning ACT_19012/2024, in the infringement action UPC_CFI_169/2024; leave to appeal was granted in the order.

PATENT IN SUIT

EP 2 792 100

POINTS AT ISSUE

Application to withdraw an appeal in relation to two of several respondents

SUMMARY OF FACTS

1. In the impugned order, where all five defendants were mentioned as defendants, the Court of First Instance dismissed Daedalus' requests for service of the Statement of claim on defendants 1, 2 and 5 via their respective German branch offices. Daedalus filed a Statement of appeal where all five defendants in the proceedings before the Court of First Instance were listed. Following a request by the Registry of the Court of Appeal to confirm who should be considered to be respondents, as no respondents were named in the CMS, Daedalus confirmed that the respondents in the appeal were those named in the Statement of appeal, namely Xiaomi Communications Co., Ltd., Xiaomi Inc., Xiaomi NL, Xiaomi DE and MediaTek Inc.
2. The statement of appeal, as well as the Statement of grounds of appeal, were served on Xiaomi NL and Xiaomi DE through their representative.
3. On 17 May 2024, Daedalus, Xiaomi NL and Xiaomi DE were summoned to an oral hearing.
4. On 21 May 2024, a Statement of response was lodged by Xiaomi NL and Xiaomi DE.
5. On 24 May 2024, Daedalus lodged an application to withdraw the appeal with respect to Xiaomi NL and Xiaomi DE (App_30470/2024). Daedalus stated that it continued to pursue the appeal in relation to Xiaomi Communications Co., Ltd., Xiaomi Inc. and MediaTek Inc. and that the partial withdrawal pertains exclusively to these appeal proceedings but not the infringement proceedings pending with the Local Division Hamburg.
6. Xiaomi NL and Xiaomi DE were requested to provide written submissions on the application. They lodged written comments on 30 May 2024.

PARTIES' REQUESTS

7. Daedalus has applied to withdraw the appeal with respect to Xiaomi NL and Xiaomi DE and is asking the Court of Appeal to rule on the appeal in relation to Xiaomi Communications Co., Ltd., Xiaomi Inc. and MediaTek Inc. In Daedalus' view, the appeal shall be limited to these latter three companies without hearing Xiaomi NL and Xiaomi DE in this regard. Any submissions filed and statements made by Xiaomi NL and Xiaomi DE shall be disregarded in the further course of the appeal proceedings.
8. Xiaomi NL and Xiaomi DE have requested that the partial withdrawal is dismissed and, in the subordinate, that Daedalus bears the costs incurred by the Xiaomi NL and Xiaomi DE in the present appeal proceedings.

PARTIES' SUBMISSIONS

9. Daedalus argues as follows. Xiaomi NL and Xiaomi DE have already been served with the Statement of claim. The legal parameters for service on the other defendants do not apply to them and they have no legitimate interest in participating in the appeal proceedings. Rather, it is disconcerting to allow them to participate. R.265 RoP applies. A partial withdrawal is not regulated in R.265 RoP in its entirety, but in connection with R.263.3 RoP. According to R.263.3 RoP, a partial withdrawal is always permissible. In contrast to a withdrawal of the entire action, in the case of a partial withdrawal under R.263.3 RoP the Court shall not examine whether a defendant has a legal interest in obtaining a decision on the part of the action that has been withdrawn. The principle of private autonomy dictates that the plaintiff determines the subject matter of the dispute and is also entitled to subsequently limit, i.e. partially withdraw, his requests.
10. Xiaomi NL and Xiaomi DE argue as follows. The withdrawal of an appeal is not specified in R.265 RoP. It is therefore highly questionable whether the request of partial withdrawal of the appeal is foreseen by the Rules of Procedure in the first place. A withdrawal is not always permissible. Decisions have already been taken in the appeal proceedings. Moreover, Xiaomi NL and Xiaomi DE have a legitimate interest in the appeal being decided. They have prepared the Statement of response and invested significant costs in the preparation of an expert opinion. If the appeal is successful, the behaviour of Xiaomi NL and Xiaomi DE in connection with service would directly trigger the deadlines of Xiaomi Communications Co. and Ltd., Xiaomi Inc. for lodging the Statement of defence. Xiaomi NL and Xiaomi DE would be legally compelled to cooperate in the service of legal documents on Asian group companies not directly affiliated with them. Finally, the legal interest also follows from the principle of a fair and balanced procedure pursuant to Article 42(2) UPCA and the principle of the right to be heard and, last but not least, the fundamental rights pursuant to Article 47 EU Charter of Fundamental Rights. Accordingly, a person who is at least indirectly affected by the consequences of a decision, must also be given the opportunity to present its legal position.

GROUNDS FOR THE ORDER

11. Leaving aside the question whether R.305 RoP would allow a withdrawal of an appeal against one or more but not all defendants in the proceedings before the Court of First Instance in a case such as the one at hand, the application should already be rejected for the following reasons.
12. R.263.3 is not applicable, since it allows for a an unconditional limitation of a claim in an action, while the present withdrawal is a matter of limiting not the claim but the respondents in the appeal proceedings.
13. Withdrawals are regulated in R.265 RoP, which reads:
 1. As long as there is no final decision in an action, a claimant may apply to withdraw his action. The Court shall decide the application after hearing the other party. The application to withdraw shall not be permitted if the other party has a legitimate interest in the action being decided by the Court.
 2. If withdrawal is permitted, the Court shall: (a) give a decision declaring the proceedings closed; (b) order the decision to be entered on the register; and (c) issue a cost decision in accordance with Part 1, Chapter 5.
14. R.265 RoP is placed in Part 5, Chapter 1 of the RoP, containing general provisions applicable to both the Court of First Instance and the Court of Appeal.
15. It stems from the wording of R.265 RoP that it is primarily drafted with a view to comprehensive withdrawals of whole actions before the Court. The provision makes no distinction whether the action is pending before the Court of First Instance or before the Court of Appeal. Neither is there any distinction between procedural appeals and appeals in substance. The provision does not exclude the possibility to apply for a withdrawal for any category of action or stage of proceedings. The provision thus applies broadly, which is rational in private litigation.
16. An application to withdraw is nevertheless subject to observance of the rights of the respondent and the proper conduct of proceedings. According to the wording of R.265 RoP it is in the discretion of the Court to decide on an application to withdraw ("The Court shall decide the application.." and "If withdrawal is permitted"). It is equally clear that the other party shall be heard ("after hearing the other party") and that the other party's interests shall be considered ("the application shall not be permitted if the other party has a legitimate interest in the action being decided by the Court").
17. R.265 RoP does not, on a literal reading, mention partial withdrawals, i.e. withdrawals in relation to one or two of several defendants or respondents.
18. When considering legitimate interests in the context of withdrawals of appeals, a first observation is that if the respondent has not yet been invited into the appeal proceedings through service of the Statement of appeal, its rights are arguably weaker. Conversely, the rights of the respondent will be stronger if service has been made. Service invites the respondent into the appeal proceedings and will normally lead to efforts and costs in preparing a response, especially where the statement of appeal includes the grounds of appeal, or the Statement of grounds of appeal has also been served already.

19. The main consideration for legitimate interests would however be the content of the order or decision under appeal, and how a withdrawal would effect the respondent.
20. When an appellant applies to withdraw an appeal in relation to one or two of several respondents, the Court of Appeal decides on the admissibility and legal consequences of such an application. Whether an appeal can be withdrawn in relation to one or two of several respondents would depend on the circumstances of the case. Although there may be situations when a withdrawal of an appeal in relation to one or two of several respondents will be of mutual interest and simplify the proceedings, there are other situations when legitimate interests and the proper conduct of proceedings requires that the respondents remain in the proceedings. The view of the respondent itself is of course a factor to consider here.
21. In the present case, the main action before the Court of First Instance is an infringement action directed towards five defendants. Xiaomi NL and Xiaomi DE, who were mentioned as defendants in the impugned order, have been served the Statement of claim, while the three other defendants have not been served. Part of the appeal is that Daedalus is requesting that service on Xiaomi Communications Co. Ltd. and Xiaomi Inc is made via Xiaomi DE. Xiaomi DE is a defendant before the Court of First Instance, has responded to the appeal, and will be affected by a reversal of the order of the Court of First Instance since, in that situation, it will be burdened by service on behalf of affiliate companies, which would result in internal responsibilities / liabilities, as it is supposed to inform the other companies of service having been made.
22. Xiaomi NL, who owns all shares in Xiaomi DE, is a defendant before the Court of First Instance, has responded to the appeal, and will indirectly be effected by the outcome of the appeal since it will influence the course and length of proceedings before the Court. The latter aspect applies also in relation to Xiaomi DE.
23. For all of these reasons, Xiaomi NL and Xiaomi DE have an interest in the present case in defending themselves in relation to the request for service under appeal. To permit the partial withdrawal would deprive Xiaomi DE and Xiaomi NL of their rights to be heard. The application to withdraw the appeal only in relation to Xiaomi NL and Xiaomi DE is impermissible.

ORDER

Daedalus' application to withdraw the appeal in relation to Xiaomi NL and Xiaomi DE is rejected.

Issued on 4 June 2024

Rian Kalden, Presiding judge and legally qualified judge

Ingeborg Simonsson, legally qualified judge and judge-rapporteur

Patricia Rombach, legally qualified judge