



UPC - Court of Appeal
UPC_CoA_205/2024
APL_24585/2024
App_31209/2024

ORDER
of the Court of Appeal of the Unified Patent Court issued on 4
June 2024
on the application for withdrawal of an appeal in respect of two of the appellants (R.265 VerfO)

GUIDING PRINCIPLE

- If the appellant applies to withdraw the appeal in relation to one or two of several respondents, the court of appeal shall decide on the admissibility and legal consequences of such an application. The court of appeal shall take into account whether the statement of grounds of appeal has already been served on the appellants concerned, whether they insist that a decision on the appeal also be made in relation to them and whether they have a legitimate interest in the decision.

KEYWORDS

- Appeal, withdrawal

APPELLANT AND PLAINTIFF IN THE MAIN PROCEEDINGS BEFORE THE GEI:

Nera Innovations Ltd, Dublin, Ireland (hereinafter "Nera Innovations")

represented by: Lawyer Dr Thomas Adam (Peterreins Schley)

APPOINTMENT DEFENDANTS (1, 2 and 5 [CLAIM NOT SUBMITTED]; 3 and 4; DEFENDANTS IN MAIN PROCEEDINGS BEFORE THE COURT):

1. Xiaomi Communications Co, Ltd, Beijing, China

2. Xiaomi Inc., Beijing, China

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

represented by: Eva Acker (Freshfields Bruckhaus Deringer Attorneys at Law)

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

represented by: Lawyer Eva Acker (Freshfields Bruckhaus Deringer Rechtsanwälte)

LANGUAGE OF THE PROCEEDINGS

German

JUDGES AND DECIDING JUDGES:

This Order was issued by the second panel, which consists of the following members: Rian Kalden, presiding judge and legally qualified judge Ingeborg Simonsson, legally qualified judge and rapporteur Patricia Rombach, legally qualified judge

ORDER CONTESTED BY THE COURT OF FIRST INSTANCE

Order of the Hamburg local division dated 24 April 2024

Action number of the Court of First Instance:

Confirming Order: ORD_22417/2024 in proceedings: ACT_19746/2024, UPC_CFI_173/2024

PATENT IN SUIT

EP 2 642 632

POINTS OF CONTENTION

Application to withdraw an appeal in respect of two of several appellants

BRIEF PRESENTATION OF THE FACTS

1. In the contested Order, in which all four defendants were listed in the rubric, the Court of First Instance rejected Nera Innovations' applications to serve the statement of claim on two of the defendants via Xiaomi DE. Nera Innovations filed a notice of appeal on 7 May 2024, in which all four defendants in the proceedings before the Court of First Instance were listed. As no appellants were named in the CMS, the Registry of the Court of Appeal enquired who should be considered as appellants. In response, Nera Innovations indicated that all the appellants listed in the notice of appeal should be included in the CMS.
2. The notice of appeal and the statement of grounds of appeal, which was filed on 10 May 2024 (App_26662/2024) and in which all four defendants were again listed, were served on Xiaomi NL and Xiaomi DE by post.
3. On 24 May 2024, Nera Innovations, Xiaomi NL and Xiaomi DE were summoned to an oral hearing.
4. On 27 May 2024, Nera Innovations filed a motion for partial withdrawal of the appeal (App_31209/2024), stating that it was withdrawing the appeal to the extent - and only to the extent - that it was directed against Xiaomi NL and Xiaomi DE, and that the appeal would be pursued in relation to Xiaomi Communications Co, Ltd. and Xiaomi Inc.
5. Xiaomi NL and Xiaomi DE were invited to submit written comments on the application. They submitted their comments on 30 May 2024.

APPLICATIONS BY THE PARTIES

6. Nera Innovations requests the withdrawal of the appeal in relation to Xiaomi NL and Xiaomi DE and a decision by the Court of Appeal on the appeal against Xiaomi Communications Co., Ltd. and Xiaomi Inc.
7. Xiaomi NL and Xiaomi DE request the dismissal of the application for partial withdrawal of the appeal.

ARGUMENTS OF THE PARTIES

8. Nera Innovations submits that Xiaomi NL and Xiaomi DE, which are based in EU Member States participating in the UPC (namely Germany and the Netherlands), have already been served with the application. The legal framework for service on Xiaomi Communications Co, Ltd. and Xiaomi Inc, whose headquarters are in China, does not apply to them. An attempt to effect service in accordance with R.271(5)(a) of the ORP had not been made for Xiaomi NL and Xiaomi DE. They therefore have no legitimate interest in participating in the appeal proceedings, not even "pro socio", nor are they adversely affected in the legal sense if the Court of Appeal were to assess the procedural question to be clarified differently from the Hamburg local division. R.265 VerFO applies analogously. A partial withdrawal is provided for in R.265 VerFO, but must be seen in conjunction with the basic idea of R.263.3 VerFO. According to R.263.3 VerFO, a partial withdrawal is always permissible. In contrast to a withdrawal of the entire action, the court does not examine whether a defendant has a legal interest in a decision on the withdrawn part of the action in the case of a partial withdrawal pursuant to R. 263.3 RP. The admissibility of the partial withdrawal of an action also follows from the principle of private autonomy, according to which the plaintiff determines the subject matter of the dispute and is also entitled to subsequently limit its applications, i.e. to partially withdraw them.
9. Xiaomi NL and Xiaomi DE argue that the partial withdrawal of the appeal is already inadmissible from a procedural point of view. Neither R.265 ORP nor R.263.3 ORP are applicable. R.265 VerFO only regulates the complete withdrawal of an appeal in objective terms and not in subjective terms. R.263.3 VerFO concerns the limitation of a claim. Nera Innovations is not concerned with an "unconditional limitation of a claim", but rather with being able to enforce the unchanged cause of action even better by forcing Xiaomi NL and Xiaomi DE out of the appeal proceedings. A change of party in the sense of withdrawal could at best be ordered by the court pursuant to R.305.1 (b) of the Rules of Procedure (analogous) upon application by a party. Nera Innovations had not made such an application. According to R.222.2 of the Rules of Procedure, a change of party can only be made with a new, not belated submission of facts. Even if R.263.3 of the Rules of Procedure is applied, the withdrawal must be rejected. The justified

The appellant's interest in a decision on the merits should be examined in the context of a partial withdrawal. In any event, Xiaomi DE had a legitimate interest in participating in the appeal proceedings, which concerned the question of whether service could be effected via Xiaomi DE's business address as a permanent or temporary place of business pursuant to R.271.5(a) of the Rules of Procedure. The filing of the appeal by Nera Innovations against all four defendants was its free decision to which it must adhere.

REASONS FOR THE ORDER

10. There is no need to decide whether R.305 Verfo authorises the withdrawal of an appeal against one or more, but not all, of the defendants in the proceedings before the Court of First Instance in a case such as the present one. The application must be rejected for the following reasons alone:
11. R.263.3 Verfo is not applicable, as it allows for an unconditional limitation of a cause of action in an action, while the present application for withdrawal is not directed at a limitation of the cause of action, but at a removal of appellees on appeal.
12. Withdrawal is regulated in R.265 Verfo. The regulation has the following content:
 1. As long as no final decision has been made on an action, the plaintiff may request the withdrawal of their action. The court shall decide on the application after hearing the other party. The application for withdrawal shall not be admitted if the other party has a legitimate interest in the court deciding on the action.
 2. If the withdrawal is allowed, the court shall issue (a) a decision declaring the proceedings terminated; (b) an Order that the decision be entered in the Register; (c) a decision on costs in accordance with Chapter 5 of Part 1.
13. R.265 of the Rules of Procedure can be found in Part 5, Chapter 1 of the Rules of Procedure, which contains general provisions that apply to both the Court of First Instance and the Court of Appeal.
14. It is clear from the wording of R.265 Verfo that it is primarily formulated with a view to a complete withdrawal of the action. The provision does not distinguish between the proceedings at first instance or the appeal proceedings. Nor does it distinguish between procedural appeals and appeals on the merits. The provision does not exclude the possibility that withdrawal may be requested for each category of action or each stage of the proceedings. The provision is therefore broadly worded, which makes sense in civil proceedings.

15. However, withdrawal is subject to the condition that the rights of the appellant are safeguarded and the proceedings are conducted properly. According to the wording of R.265 VerfO, it is at the discretion of the court to decide on an application for withdrawal ("The court shall decide on the application..." and "If the withdrawal is allowed"). It is clearly stipulated that the other party must be heard ("after hearing the other party") and that the interests of the other party must be taken into account ("the application for withdrawal shall not be allowed if the other party has a legitimate interest in the court deciding the action").
16. R.265 VerfO does not expressly provide for partial withdrawals, i.e. withdrawals in respect of one or two of several defendants or appellants.
17. When weighing up legitimate interests in the event of the withdrawal of appeals, it must first be taken into account that the interests of the appellant are of lesser importance if he has not yet been involved in the appeal proceedings through the service of the notice of appeal. On the other hand, the interests of the appellant are of greater importance if service has been effected. Service of the notice of appeal involves the appellant in the appeal proceedings, which generally entails effort and costs for the preparation of a response to the appeal, particularly if the notice of appeal is included in the grounds of appeal or the grounds of appeal have already been served.
18. In considering the legitimate interests, the primary consideration is the content of the Order or Decision complained of and how withdrawal would affect the appellant.
19. If an appellant applies to withdraw an appeal in relation to one or two of several respondents, the court of appeal shall decide on the admissibility and legal consequences of such an application. Whether an appeal can be withdrawn in relation to one or two of several defendants depends on the circumstances of the individual case. Although there may be situations in which the withdrawal of an appeal in respect of one or two of several appellants is in the mutual interest and simplifies the proceedings, there are other situations in which legitimate interests and the proper conduct of the proceedings require that the appellants remain in the proceedings. The opinion of the appellant himself must also be taken into account.
20. In the present case, the main proceedings pending before the Court of First Instance are an action for infringement directed against four defendants. Two of the defendants were served with the statement of claim, while two of them were not served. The subject of the appeal is the rejection of Nera Innovations' application to effect service on Xiaomi Communications Co. Ltd. and Xiaomi Inc. via Xiaomi

DE. Xiaomi DE is a defendant before the Court of First Instance, has responded to the appeal and will be affected by an annulment of the Court of First Instance's Order. In this case, it will be burdened by the service on group companies through its corporate address, which may lead to internal responsibility/liability as it must inform the other companies of the service made.

21. Xiaomi NL, which owns all shares in Xiaomi DE, is a defendant before the Court of First Instance, has responded to the appeal and will be indirectly affected by the outcome of the appeal as it will influence the course and duration of the proceedings before the Court. The latter aspect also applies in relation to Xiaomi DE.
22. For all these reasons, Xiaomi NL and Xiaomi DE have an interest in the present case in defending themselves in relation to the contested application for service. Allowing the partial withdrawal would lead to a denial of Xiaomi DE's and Xiaomi NL's right to be heard. The application to withdraw the appeal in respect of Xiaomi NL and Xiaomi DE must be rejected.

ORDER

Nera Innovations' application to withdraw the appeal in respect of Xiaomi NL and Xiaomi DE is dismissed.

Issued on 4 June 2024

Rian Kalden
Date:
2024.06.04
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Rian Kalden, presiding judge and legally qualified judge

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