

**UPC CFI, Local Division Hamburg, 18 April 2024,  
Daedalus v Xiaomi**

*method and device for secure communications over a network using a hardware security engine*

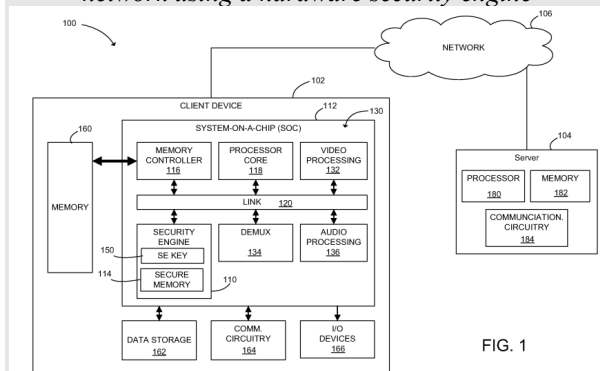


FIG. 1

See also: **IPPT20240604, UPC CoA, 4 June 2024, Daedalus v Xiaomi**: Application to withdraw appeal in relation to two (Xiaomi DE and Xiaomi NL) of several defendants rejected ([Rule 265 RoP](#))

**PATENT LAW – PROCEDURAL LAW**

Service by an alternative method ([Rule 275 RoP](#)) requires at least a first attempt of service in accordance with [Rules 273 and 274 RoP](#)

- [Since Defendants 1\) and 2\) as well as Defendant 5\) are domiciled outside the territory of the contracting member states of the UPCA, service must be effected in accordance with Rules 273 and 274 RoP](#). These provisions demand at least a first attempt of service in accordance with [Rule 274.1 \(a\) \(ii\) and \(iii\) RoP](#).

Source: [Unified Patent Court](#)

**UPC Court of First Instance,  
Local Division Hamburg, 18 April 2024**

(Klepsch, Schilling, Rinkinen)

Hamburg Local Division

UPC\_CFI\_169/2024

**Procedural Order**

of the Court of First Instance of the Unified Patent Court delivered on 18/04/2024

**CLAIMANT**

**1) Daedalus Prime LLC**

(Claimant) - 75 South Riverside, unit B/C, Croton-on-Hudson - 10520 - New York - US

Represented by Marc Grunwald

**DEFENDANT/S**

**1) Xiaomi Communications Co., Ltd.**

(Defendant) - # 019, 9th Floor, Building 6, Yard 33 Xierqi Middle Road, Haidian District - 100085 - Beijing (Peking) - CN

**2) Xiaomi Inc.**

(Defendant) - No.006, floor 6, Building 6, Yard 33, Middle Xierqi Road, Haidian District - 100089 - Beijing (Peking) - CN

**3) Xiaomi Technology Netherlands B.V.**

(Defendant) - Prinses Beatrixlaan 582 - 2595BM - The Hague (Den Haag) - NL

**4) Xiaomi Technology Germany GmbH**

(Defendant) - Niederkasseler Lohweg 175 - 40547 - Düsseldorf - DE

**5) MediaTek Inc. (Headquarters)**

(Defendant) - No.1, Dusing Rd. 1, Hsinchu Science Park - 300 - Hsin-Chu City – TW

**PATENT AT ISSUE**

Patent no. Proprietor/s

[EP2792100](#) Daedalus Prime LLC

**DECIDING JUDGE**

Full Panel

**COMPOSITION OF PANEL – FULL PANEL**

Presiding judge Sabine Klepsch

Judge-rapporteur Stefan Schilling

Legally qualified judge Petri Rinkinen

**LANGUAGE OF PROCEEDINGS**

English

**SUBJECT-MATTER OF THE PROCEEDINGS**

Infringement action

**SUBMISSIONS OF THE PLAINTIFF**

The plaintiff claims that in the present case service with regard to Defendants 1) and 2) should be effected via Defendant 4), Xiaomi Technology Germany GmbH. It argues that this company establishes a place of business to Defendants 1) and 2) according to [Rule 271.5 \(a\) RoP](#), because any place of business established for a certain period of time from which transactions are concluded is sufficient to establish a place of jurisdiction. [Rule 271 RoP](#) would open for a broad range of possibilities for serving a complaint, meaning service could be conducted at a branch office, e.g. The plaintiff provided a recent extract from the German commercial register stating that the German branch company of Xiaomi is represented by two managing directors from China, and that both can represent the company alone. Such an arrangement suggests in its opinion that Xiaomi Technology Germany GmbH is not merely an "extended arm" of the Chinese parent company, but that independent sales decisions are made at a local level, with appropriate (trustworthy) Chinese personnel on the ground being deployed for this purpose.

Furthermore, the plaintiff asserts that the present action relates to the operations of the said German branch. The object of the company would include the import, distribution and sale of smartphones and smart home solutions (including online), as well as customer service and the operation of a customer center. In this function, the impression of independence is created to the outside world, in particular that the management of the branch has the right to conclude transactions on its own initiative and that these rights have been transferred to it. In addition, Xiaomi Technology Germany GmbH, as the operator of Xiaomi's German website, is a party to the lawsuit as Defendant 4).

The plaintiff claims respectively that regarding Defendant 5) service should also be effected via its German branch office, i.e. MediaTek Germany GmbH. The plaintiff argues that the action relates to the branch's business activities. The plaintiff provided a recent excerpt from the German commercial register, and states that according to this the purpose of the German branch is to provide research and development services, technical support and testing of software systems in the field of wireless communications and mobile devices. Representation is provided by a managing director originating from Taiwan who can act independently in Germany.

With its submission the plaintiff requests service on Defendants 1), 2) and 5) be effected via the designated German branch offices according to [Rule 271.5 \(a\) Rules of Procedure \(RoP\)](#).

The plaintiff requests, on an auxiliary basis, to serve the complaint regularly in accordance with the [Hague Service Convention](#) on these Defendants, if the Court does not agree to service according to [Rule 271.5 \(a\) RoP](#).

#### REASONS FOR THE DECISION

Since Defendants 1) and 2) as well as Defendant 5) are domiciled outside the territory of the contracting member states of the UPCA and since the plaintiff is not even arguing that these companies would have their statutory seat, central administration or principal place of business nor their own permanent or temporary place of business within the contracting member states of the UPCA, service must be effected in accordance with [Rules 273](#) and [274 RoP](#). These provisions demand at least a first attempt of service in accordance with [Rule 274.1 \(a\) \(ii\) and \(iii\) RoP](#).

1.

Even though the wording of [Rule 271.5 \(a\) RoP](#) allows the service of the statement of claim *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*, [Rule 271.5 RoP](#) is not (yet) applicable in the present case. [Rule 271.5 RoP](#) refers to Service under this Section, which is Section 1 regarding service within the contracting member states, whereas all service outside the contracting member states is covered by section 2, i.e. [Rules 273](#) and [274 RoP](#). [Rule 274.1 \(b\) RoP](#) illustrates the systematic hierarchy of these provisions regarding service. It states that any method permitted by the law of the state where service is to be effected or as authorised by the Court under [Rule 275](#) is available where service in accordance with paragraph 1(a) could not be effected by – that is service in accordance with [Regulation \(EU\) 2020/1784](#) (i) or the [Hague Service Convention](#) (ii) or 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 (iii). This is consistent because the contracting member states of the

UPCA had the legal power to make provisions in the UPCA and in the Rules of Procedure on the possible places of service for themselves not for third countries. Only if a service pursuant [Rule 274.1 \(a\) RoP](#) fails, the Court has the power to issue service pursuant [Rule 275 RoP](#) and service of the Statement of claim can be effected by an alternative method or at an alternative place.

Only [Rule 271.5 RoP](#) provides the possibility for service at a permanent or temporary place of business inside the contracting member states; [Rules 273](#) and [274 RoP](#) do not. They especially do not provide for service at an independent legal entity, like a daughter company.

Even if [Rule 271.5 RoP](#) were to be extended to the cases of service outside the contracting member states pursuant to [Rules 273](#) and [274 RoP](#), it is clear from the plaintiff's submissions that Defendants 1) and 2) with respect to Defendant 4) and Defendant 5) with respect to the MediaTek Germany GmbH – a party not involved in the legal dispute – are all independent legal entities with different executive bodies. As the Rules of Procedure do not provide for the possibility of service being effected at an "establishment" inside the contracting member states, like in the German civil procedure law regarding a domestic establishment (Section 21 ZPO), service to the Defendants, who are domiciled in the People's Republic of China or Taiwan and who do not have a permanent or temporary place of business inside the contracting member states, has to be considered service outside the contracting member states pursuant [Rules 273](#) and [274 RoP](#).

2.

As [Rule 274.1 \(b\) RoP](#) illustrates the systematic hierarchy for the provisions regarding service, the panel agrees with the [Mannheim local division's decision issued December 8th , 2023 \(UPC CFI 223/2023\)](#) confirmed by Panel order dated February 9th , 2024 (appeal pending, APL 10370/2024 UPC CoA 86/2024). In a case, like the one present, service must be first attempted in accordance with [Rule 274\(a\)\(ii\) RoP](#) under the [Hague Service Convention](#), since the People's Republic of China does not fall within the scope of [Regulation \(EU\) 2020/1784](#), but is a party to the Hague Convention, respectively in accordance with [Rule 274\(a\)\(iii\) RoP](#) by service through diplomatic or consular channels from the Contracting Member State in which the subregistry of the relevant division is established, since there is no convention or agreement with Taiwan in force.

Formal service on the defendant is an internationally recognized 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 application and to prepare his legal defense. Pursuant to [Art. 24 \(1\)\(d\) UPCA](#) the Court is bound by the international agreements binding the contracting member states. Therefore, the general provisions of the EU Service Regulation and the Hague Service Convention, respectively service through diplomatic or consular channels, and their priority laid out in [Rule 274.1 \(b\) RoP](#) cannot be overridden by [Rule 271.5 RoP](#),

as claimed by the plaintiff. In fact, The Hague Service Convention requires that the relevant documents have actually been transmitted in accordance with a procedure provided for in the [Convention \(Art 15\(2\)\(a\) Hague Service Convention\)](#). An attempt of service and actual transmission in accordance with the provisions of the Hague Service Convention, respectively in accordance with the national rules regarding service through diplomatic or consular channels, is an indispensable prerequisite for a decision on the merits of the case. The order can be issued without further hearing the plaintiff ([R. 264 RoP](#)) as the plaintiff asked per mail to the sub-registry, dated April 17th, for an appealable decision.

**ORDER**

The plaintiff's requests for service on Defendants 1), 2) and 5) via the designated German branch offices is dismissed.

**INSTRUCTIONS TO THE PARTIES AND TO THE REGISTRY**

The plaintiff is ordered to submit the documents required for service on the Defendants 1), 2) and 5) in accordance with the Hague Service Convention and/or the requirements for diplomatic service, in particular the necessary translations into Chinese, to the Hamburg Local Division.

**INFORMATION ON THE APPEAL**

Leave to appeal is granted, [Rule 220.2 RoP](#).

An appeal against the present order may be lodged either - by any party who has been unsuccessful in whole or in part in its applications - together with the appeal against the final decision of the Court of First Instance on the merits, or - on the basis of the present admission of the appeal by the Court of First Instance within 15 days of notification of the decision - by any party who has been unsuccessful in whole or in part in its applications ([Art. 73 \(2\) \(b\) UPCA, R. 220.2, 224.1 \(b\) RP](#)).

**ORDER DETAILS**

Order no. ORD\_20986/2024 in ACTION NUMBER: ACT\_19012/2024

UPC number: UPC\_CFI\_169/2024

Action type: Infringement Action

Issued in Hamburg, April 18th, 2024

Presiding Judge Klepsch

Judge Rapporteur Dr. Schilling

Legally qualified judge Rininen

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