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Some issues of specialized court on intellectual property cases in Ukraine

Relevancy of the topic derives from the importance of legal regulation of social relations improvement, which deals with creation and usage of intellectual property objects. It is very significant for rising of intellectual potential of Ukrainian people and guaranteeing further constant social-economic and cultural development of our country. It has developed from the effective system of protection of intellectual property rights, the key issue for future technological progress of our country. Moreover, international standards, listed in international treaties signed by Ukraine require maintaining of an appropriate level of intellectual property rights protection. Finally, governmental investment into intellectual rights protection system will signal to the public that intellectual property rights will be properly enforced, as it is prescribed by relevant legislation. In this context, taking into account problems of mechanism of protection of intellectual property rights, the very urgent issue is to learn organizational aspects of prominent foreign experience on founding of courts with special jurisdiction.

Due to the relevancy of the topic it has been the subject for several researches of Ukrainian and foreign scholars. In particular, S. Parkhomchuk, O. Doroshenko, S. Kosenko have paid attention to the issue of necessity of founding specialized patent court in Ukraine. Among foreign scholars this topic had been researched by Gregory S. Kolton, Paul D. Carrington, Paulina Orchard and many others.

The theoretical ground of this article consists of Ukrainian and foreign research works, related to the issue of necessity of founding the Specialized Court on Intellectual Property Cases in Ukraine and analytical materials of the International Intellectual Property Institute.

The major objective of this study is to investigate legal regulation functioning of specialized courts on intellectual property in foreign countries and possible perspectives of the Specialized Court on Intellectual Property Cases in Ukraine.

Does Ukraine need to create a special judicial body to resolve intellectual property cases? If yes, how should it be arranged? In this article we will try to give answers to these questions. Periodically one hears that the Special Court on Intellectual Property Cases

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should be formed in Ukraine. We do support this idea and we will show our opinion in the way why and how it should be realized.

We will analyze two key factors: the factor of necessity and organizational factor. The former explains why the Specialized Court on Intellectual Property Cases should be created, while the latter shows the mechanism of its establishing and functioning.

The necessity of introduction of courts with special jurisdiction over intellectual property cases has been the subject of many debates in different countries. For example, Judge of the District Court for the Southern District of New York Simon Rifkind in 1951 argued that "it is hardly to be supposed that the members of a patent court will possess specialized skills in chemistry, in electronics, mechanics. Consequently, even judges serving upon a specialized patent court will, in any particular case, prove to be non-experts" [1, 426]. His opinion on patent courts arose from his criticizing of the idea of "specific nature" of IP law: "If patent law has already become so esoteric, a mystery that a man of reasonable intelligence cannot comprehend it, then something has gone seriously wrong with patent law" [1, 426]. He had also criticized the idea of "vacuum isolated intellectual property adjudication" [1, 425]. At this point, experts of International Intellectual Property Institute offer to "address some general?? to specialized court by having specialized IPR judges occasionally adjudicate general matters when not otherwise busy with IPR cases. Even if judges are not assigned to outside cases, many IPR disputes involve multiple causes of action and issues that implicate other legal areas" [2, 8]. All in all, fears of Judge Rifkind didn't come true – a special court was established in US and it's functioning successfully and professionally. In addition, the nature of intellectual property law has greatly changed since the middle of XX century, so necessity of establishing of the Specialized Court on Intellectual Property Cases has increased.

Such necessity is extremely strong in Ukraine. We have divided jurisdiction on intellectual property cases between commercial and common courts, which is not also very clear. Judges lack special knowledge, in addition, they don't have stable practice of resolving intellectual property cases. The establishing of Special Court on Intellectual Property Cases will make judgment on these cases more professional and create a coherent practice.

In their analytical materials specialists of the International Intellectual Property Institute note that "creation of an IPR court increases the consistency of case outcomes. Consolidating IPR cases to single or several courts limits the number of judges' writing opinions reduces the likelihood of conflicting precedents from multiples jurisdictions. In addition, the higher level of judicial expertise that specialized courts provide, increases the judges' familiarity with relevant precedents, which further improves consistency. The latter is important in litigation, because it reduces uncertainty and increases the predictability of

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case outcomes. This reduces litigation, as it becomes clearer to potential litigants when a case is without merit. Businesses have greater confidence that their investments in innovation will be protected, allowing them to plan their business strategy better, spurring economic growth" [2, 6].

The special courts on intellectual property cases tend to show high level of effectiveness of dispute resolution. Specialized IPR courts often make quicker and more effective decisions. Because judges in specialized courts are generally encouraged to have specialized knowledge, they are able to understand the procedures and technicalities associated with IPR cases. Special judges recognize case patterns and legal issues, which reduce delays and facilitate the speedy resolution of cases. It saves time and allows court resources to be used more efficiently. With increased judicial competence in effectively and efficiently resolving IPR cases, confidence in IPR litigation will also increase [2, 5].

One of the main problems arising in proceedings in the field of intellectual property is the necessity to evaluate issues of technical nature (for example the use of a set of essential features of the industrial design) along with the entirely legal one. Partially, these issues are decided by forensic science, which, however, should not be a panacea. Forensic science has some serious drawbacks: the duration, the ambiguity of the conclusions and absence of a single methodological approach [3]. Forensic science is often used as a way to delay the trial.

The specialists of the International Intellectual Property Institute rightly note, that "although the creation of a specialized IPR court, on its own, does not ensure that judges will be competent in those matters, specialized IPR courts increase judicial exposure to IPR law by funneling cases to a limited number of judges. Specialized IPR courts also facilitate the appointment of judges with specialized knowledge of IPR issues. This should result in higher quality opinions and more consistent body of law" [2, 5].

Establishment of a judicial body that would solve the case of intellectual property rights will, first of all, help to develop and organize single approaches to ensure law enforcement and effectiveness of justice. The court would also comprise the group of advisors who possess the appropriate qualifications. However, it is important to understand that the personnel of the Court may not include judges without law diploma as practiced, for example, in Germany, where disputes are decided collectively by the judges – lawyers and judges – experts in the field of technical knowledge [4]. The Law of Ukraine "On the Judicial System and Status of Judges' (Part 1 of Art. 64) contains the requirements for the candidates: higher legal education and experience in the field of law. Nevertheless, it is obvious that judges of the Special Court on Intellectual Property Cases must undergo regular training and education to remain properly qualified to adjudicate intellectual property cases [2, 9].

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The issue of jurisdiction deserves particular attention: in fact, it is expected the Court would examine the cases that are now under the jurisdiction of the administrative, commercial and general courts. Administrative procedures - (i) a contestation of acts, actions or inaction of the State Service of Intellectual Property, other bodies operating in this area, (ii) administrative offense under Art. 51-2 of the Code of Ukraine on Administrative Offences. In commercial and civil jurisdiction - (i) cases of contestation of exceptional copyright and related rights, disputes about authorship, (ii) matters arising on exercise of patent, copyright and related rights, rights on product differentiation, etc., (iii) cases arising out of the relationship over the use of intellectual property and civil and commercial rights violations against them, as well as cases about the use of civil and commercial ways to protect the rights of owners [5].

Cases on protection of intellectual property rights are relatively complex and have strong specificity. To ensure proper and fair solution a set of specific legal and technical knowledge is required. In addition, the object of legal protection - exclusive rights – are the rights of a special kind (sui generis), which are beyond the classical division of civil rights into rights “in rem” and obligation rights. This necessitates the special legal training that goes beyond the general law education.

One of the necessary steps is adopting of procedural legislature that would properly regulate the administration of justice by the Court. Firstly, it is important to define the terms of trials, the organizational system of the Court (courts), procedure for appeal the court decisions etc [6].

The relevance and feasibility of establishing the Court is also explained by necessity to adopt national legislation to Acquis communautaire where such courts are functioning successfully. Moreover, now the preparatory process in the creation of an international court is carried out (Unified Patent Court), which jurisdiction will apply to the majority of EU member states [2]. The introduction of European unitary patent and associated Unified Patent Court (UPC) has been a much debated topic over the past four decades. It is now nearer to a reality as the European Union leaders have agreed on the location of a new European patent court, finalizing a legislative package which will see the court have its main seat in Paris, with sub-divisions allocated in London and Munich.

The patent court would have competence to hear cases regarding European Union patents (European patents for which "unitary effect" is registered with the European Patent Office) as well as for other European patents registered with countries for which the agreement is applicable [2]. The UPC will, as a general rule, have exclusive competence in respect of civil litigation on matters relating to European patents, European patents with unitary effect, supplementary protection certificates issued for a product covered by such a patent and European patent applications. (The exclusive competence is however the subject

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to exceptions during the transitional period.) The area of exclusive competence of the UPC is specified in Article 32 of the UPC Agreement. Among other things it includes actions for actual or threatened infringements and related defenses, actions for declaration of non-infringement, actions for provisional and protective measures and injunctions, actions for revocation and counterclaims for revocation. The UPC will also have exclusive competence in respect of actions concerning decisions of the European Patent Office in carrying out the tasks set out in Regulation (EU) 1257/2012 on Unitary Patent Protection. National courts will remain competent for actions which do not come within the exclusive competence of the UPC [2].

This practice is extremely important and will unify approaches to dispute resolution in intellectual property since IP rights are transnational and require protection in various legal jurisdictions. In turn, in many cases the possibility of effective exercise of IP rights depends on judicial protection.

Another issue is the organizational mechanism of founding of such a specialized court. At this point, we've overviewed the relevant legislation of foreign countries, as well as thoughts of foreign scholars. No doubt, experience of other countries is very valuable in case of making some changes in our legislation.

First IP Courts in China were established in 1993 [7, 22]. The system of such courts is wide: there are four levels of courts, generally, in China (Basic People's courts, Intermediate courts, Higher courts and Supreme Court) and IP courts function at last three levels [7, 427-428, 436]. In our opinion, such system leads to isolation of IP adjudication. We agree with Judge Rifkind, who noted, "as long as judges exercising a wide jurisdiction also try patent cases, so long do the winds of doctrine… affect the patent law to the same degree as they affect the general body of the law" [1, 425]. As the Intermediate courts deal with IP cases as the courts of first instance, thus non-specialized judges never try IP cases in China, which is unlikely and leads to sterilization of IP law. Additionally, creating of distinguished IP courts at every level of judicial system involves high expenses.

The Court on IP rights in Russia was established in 2013. It is a specialized arbitration court. It is functioning as the court of first instance and the court of cassation (collegially). This court hears both appeals on decisions of administrative bodies dealing with IP rights and lawsuits on disputes between individuals [2, 117-118]. Such pattern of jurisdiction may be a subject for replicating. However, the system of Russian IP adjudication seems to be illogical. One who wants to bring a suit in the first instance, every time needs to go to Moscow for litigation, as it is the only court within Russia with such jurisdiction. After it, the decision is reviewed by non-specialized judges in appellate court and then goes back to Court on IP rights for cassation hearing [8].

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There are 12 specialized patent infringement courts in Germany. The most important ones of these are located in Düsseldorf, Mannheim and Munich. To invalidate a patent, a nullity suit must be filed with the Federal Patent Court in Munich. In Germany, the infringement court is bound to the validity of the patent. It is not possible to raise "invalidity of the patent" as a defense in an infringement court, as it is possible e.g. in the U.S. There is a rather strict distinction between infringement proceedings and nullity proceedings in German (so-called dual-track proceedings) [9]. In patent litigation in Germany, two parallel lawsuits are common. However, when a nullity suit is filed, the parallel infringement suit is usually remained. The panel of judges in the Federal Patent Court (nullity cases) consists of two judges with legal background and three judges with technical background, while in District and Higher District Courts, which deal with infringement cases, all of three judges have legal background. In any case, if the decision of the court is appealed it finally goes to the Supreme Court of Germany, where it also would be heard by a panel of five judges with legal background only [10].

In 1982 the United States Court of Appeals for the Federal Circuit was founded [5, 576]. In our point of view, it is the best model for replication in Ukraine. Actually, it is a court of appeal, which reviews all of the patent cases from all Federal District courts (first instance). Paul D. Carrington and Paulina Orchard note that such court is "a source of stability of patent law" [5, 580]. The Federal Circuit is well-integrated into federal judicial system without isolation of influence of district courts and Supreme Court. Thus, cases are firstly heard by non-specialized judges, then may be appealed to Federal Circuit. Such system prevents sterilization of IP law and makes a situation when "a body of the law, secluded from the rest, develops a jargon of its own" [1, 425] less possible. Furthermore, "the creation of courts having exclusive nationwide jurisdiction over such classes of appeals could materially improve the quality and evenhandedness of… national law" [5, 585].

Thus, it can be concluded that necessity of establishing of the Special Court on IP Cases in Ukraine is obvious. No doubt, more coherence should be brought into ambiguous practice on IP cases, as well as specialized and well-trained judges should deal with IP cases on appellate level. These goals could be met by special IP court, which will serve as an appellate body for all IP cases with no regard to the branch of judicial system they were heard in the first instance. Establishing of such body needs much less expenses than creating of separate IP judiciary bodies at all levels. Moreover, the positive influence of common judgment in first instance will also persist. Finally, there will also be a possibility for cassation of its decision by Higher courts or the Supreme Court, which is a guarantee of stability of all judicial and law enforcement system of Ukraine.

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У статті проаналізовано історію виникнення та основні аспекти діяльності спеціальних судів з питань інтелектуальної власності. Охарактеризовано особливості правового регулювання, доцільність існування судів зі спеціальною компетенцією в Україні та необхідність запозичення передового зарубіжного досвіду.

Ключові слова: *патентний суд, судоустрій, захист прав інтелектуальної власності.*

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В статье проанализировано историю возникновения и основные аспекты деятельности специальных судов по вопросам интеллектуальной собственности. Охарактеризовано особенности правового регулирования, целесообразность существования судов со специальной компетенцией в Украине и необходимость заимствования передового зарубежного опыта.

Ключевые слова: *патентный суд, судоустройство, защита прав интеллектуальной собственности.*

In the article the history of establishment, main issues of functioning of special courts on intellectual property have been analyzed. The article describes the main features of legal regulation, existence of courts with special jurisdiction in Ukraine, expediency and adoption of prominent foreign experience necessity.

Key words: *patent court, judiciary, intellectual property rights protection.*

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