

ON THE PROSPECTS OF ESTABLISHING THE INTELLECTUAL PROPERTY HIGH COURT: FOREIGN EXPERIENCE

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SUMMARY. *The article is devoted to the current issues regarding the establishment and prospects of development of the Intellectual Property High Court in Ukraine, the process of its operation and the use of foreign experience of specialized judicial institutions in the field of intellectual property law.*

In Ukraine, unlike the other countries, there is no experience of the operation of Intellectual Property High Court (hereinafter the IP Court) – a judicial institution specializing in settlement of disputes in the field of intellectual property rights. Due to the progressive approach of the legislator, the Intellectual Property High Court will consider disputes concerning all intellectual property rights, which are granted legal protection under the legislation of Ukraine, provided that such disputes are subject to the rules of commercial litigation.

One of the most successful examples of the functioning of a specialized court in the field of intellectual property law in Europe is the experience of the Federal Patent Court in Germany, that can be adapted to some extent to Ukrainian realities.

Keywords: *Intellectual Property High Court, IP Court, Intellectual Property Law, Federal Patent Court, Domain Name, Intellectual Property Inheritance Disputes, Patent Disputes.*

INTRODUCTION

The Intellectual Property High Court has been established in Ukraine. Relevant legislative changes have been developed to start the operation of the court, but the prospects of the court's operation are not fully defined. The procedural law defines the category of disputes to be considered by the court quite broadly, but only in the field of commercial litigation, in this connection there may be some difficulties in resolving the issue of subject-matter jurisdiction of the court.

To increase the effectiveness of judicial protection, specialization concerning litigation in the field of intellectual property law is being introduced in many countries with sustainable economies. The format of such specialization depends on various factors: the peculiarities of the legal system of the country, the number of population, the priority areas of the economy, the request of society, etc.

Thus, specialization can be implemented by creating a separate judicial institution or assigning specialization to certain courts or even judges in courts.

The jurisdiction of the court may extend to certain categories of disputes, depending on which the model of the court operation and the requirements for the judiciary are determined. The court may consider disputes as the court of first instance or specialization may be introduced at the stage of appellate or cassation instances. There are also mixed forms of operation when, for example, certain categories of disputes are treated by a specialized court as a court of first instance and certain categories of disputes as a court of appeal.

Increasing the level of protection of intellectual property rights is projected to have a positive impact on the investment climate and economic development in the country. Because exactly through effective judicial protection in the field of intellectual property rights it is possible to achieve a balance between the interests of right holders and society, create identical and understandable for all participants in the field of intellectual property law "rules of the game", that, in turn, will give businesses a sense of security and will stimulate investors to contribute in

the development of innovations and help raising the level of economic welfare in the country.

Thus, the author proposes to study the foreign experience of the operation of the Intellectual Property High Court (the IP Court), in particular in Germany, and consider the possibility of its integration and synchronization in accordance with national legal realities.

REVIEW OF THE LITERATURE

A number of scholars have devoted their works to the issue of the functioning of specialized courts on intellectual property in Ukraine: H. Androschuk, D. Bratus, A. Diduk, Jacques de Werra, A. Kodynets, I. Koval, Yu. Neklesa, O. Orlyuk, S. Tsibizova and others.

However, while recognizing the scientific progress on this issue, we acknowledge that the ongoing European integration of Ukraine, the constant development of strong legal systems of foreign countries and attempts to improve national legislation in the light of international experience necessitate additional and separate study of intellectual property disputes consideration in Ukraine and developed countries of the world. Also, the question of the optimal format of operation the specialized court in Ukraine currently remains open.

RESEARCH METHODOLOGY

The purpose of this article is to determine the problems of establishing and prospects for the development of the Intellectual Property High Court in Ukraine, the process of its operation and the use of foreign experience of operation of the specialized judicial institutions in intellectual property disputes consideration.

To achieve this purpose, the following tasks should be solved: to analyze the legal framework in Ukraine regarding the Intellectual Property High Court and to predict the categories of disputes to be considered by the court and to reveal the prospects of the Intellectual Property High Court in Ukraine on the example of the foreign experience.

RESULTS

The Intellectual Property High Court was established in Ukraine in 2017 by the presidential decree as a separate judicial institution located in Kyiv [1]. At present, the process of establishment of the Intellectual Property High Court continues. In legal circles there is no unambiguous position on the consequences of the establishment of this court and the prospects for its development. At the same time, most scholars are positive about the prospects of establishing a judicial institution that will consider disputes in the field of intellectual property rights. Thus, A. Kodynets believes that the establishment of the specialized court in the field of intellectual property law aims to increase the level of judicial enforcement [2, p. 10].

O. Orlyuk notes that the creation of the court will increase the efficiency of justice in the field of intel-

lectual property law, ensuring the unity of law enforcement practice and eliminating differences in approaches to the interpretation of legislation [3, p. 14]. Yu. Nekles points out that the successful functioning of the Intellectual Property High Court "will contribute to more effective protection of intellectual property rights due to the professionalism and specialization of judges, will give an opportunity to eliminate the problem of delimitation of jurisdictions in this area and will form the established case law" [4, p. 117].

The main principles of operation of the Intellectual Property High Court are set out in the Law of Ukraine "On Judicial System and Status of Judges". This court will operate in the judicial system as a court of first and appellate instance. Thus, within the Intellectual Property High Court the Appeals Chamber is formed, which will operate on the basis of institutional, organizational, personnel and financial autonomy [5].

One of the main criteria that should determine the model of operation of the Intellectual Property High Court and the requirements for the judiciary is the subject-matter jurisdiction of the court. Indeed, in the establishment of new specialized courts, most of the difficulties usually arise with the interpretation of a proper court. However, access to justice is a component of the right to a fair trial, provided by paragraph 1 of Art. 6 of the European Convention for the Protection of Human Rights and Fundamental Freedoms [6]. Thus, one of the tasks of the Intellectual Property High Court immediately after the start of its operation will be resolving the issue of competition of the subject-matter jurisdiction in settlement of certain disputes.

In accordance with Part 3 of Art. 31 of the Law of Ukraine "On Judicial System and Status of Judges" higher specialized courts consider cases that are referred to their jurisdiction by procedural law [5]. For the Intellectual Property High Court, such a law is the Commercial Procedural Code of Ukraine the rules of which extend the subject-matter jurisdiction of the Intellectual Property High Court to cases regarding the intellectual property rights. Such cases are defined in Part 2 of Art. 20 of Commercial Procedural Code of Ukraine and in accordance with Part 1 of Art. 20 of Commercial Procedural Code of Ukraine may not be related to the implementation of commercial activity [7].

Thus, in Part 2 of Art. 20 of the Commercial Procedural Code of Ukraine it is provided that the Intellectual Property High Court will consider cases concerning intellectual property rights, in particular:

- 1) cases on disputes regarding the rights to invention, utility model, industrial design, trademark (mark for goods and services), commercial name and other intellectual property rights, including the right of prior use;
- 2) cases on disputes concerning registration, accounting of intellectual property rights, recognition of their invalidity, continuation of action, early termination of patents, certificates, other

acts verifying the mentioned rights or on the basis of which such rights arise, or which violate such rights or related with them legal interests;

- 3) cases on recognition of a trademark as well-known;
- 4) cases on disputes concerning copyright and related rights, including disputes concerning collective management of the author's property rights and neighboring rights;
- 5) cases on disputes concerning the conclusion, amendment, termination and execution of the agreement on the disposal of intellectual property rights, commercial concessions;
- 6) cases on disputes arising from relations connected to protection from unfair competition, concerning: illegal use of designations or goods of another manufacturer; copying the appearance of the product; collection, disclosure and use of trade secrets; appeal against the decisions of the Antimonopoly Committee of Ukraine on the issues specified in this paragraph [7].

In our opinion, this wording of the legislator is quite successful, as the list of cases to be considered by the Intellectual Property High Court is not exhaustive and extends the court's jurisdiction to almost all disputes concerning the infringement of intellectual property rights and which can be considered under the rules of commercial litigation.

According to the prescriptions of Art. 420 of the Civil Code of Ukraine the objects of intellectual property rights, in particular, include: literary and artistic works; computer programs; data compilation (database); performance; phonograms, videograms, broadcasts (programs) of broadcasting organizations; scientific discoveries; inventions, utility models, industrial designs; arrangement of semiconductor products; rationalization proposals; plant varieties, animal breeds; commercial (brand) names, trademarks (signs for goods and services), geographical indications; trade secret [8].

Thus, the system analysis of the legislation shows that in addition to the disputes defined in Part 2 of Art. 20 of the Commercial Procedural Code of Ukraine, the Intellectual Property High Court should consider cases concerning the rights to scientific discoveries, the arrangement of semiconductor products; rationalization proposals; plant varieties, animal breeds, geographical indications; trade secret.

It should be noted that in other procedural laws there is no mention about the Intellectual Property High Court at all. This means that in Ukraine cases of infringement of intellectual property rights according to current legislation can be considered only under the rules of commercial litigation. This situation automatically precludes the possibility of the Intellectual Property High Court to consider disputes which, although are related to the intellectual property rights, but are not subject to the rules of commercial litigation.

For example, disputes concerning the inheritance of intellectual property rights will remain for consideration of the local general courts, as such disputes are disputes about civil right, arise from civil law relations and under Art. 19 of the Civil Procedural Code of Ukraine are subject to consideration under the rules of civil litigation [9].

However, according to case law, cases concerning the inheritance of intellectual property rights, no less than other disputes concerning intellectual property rights, require special attention and understanding of the specifics of the objects of such rights.

For example, in case № 646/1750/17, the courts of first and appellate instance misinterpreted and incorrectly applied the provisions of the norms of legislation when considering the issue of inheritance of the patent right.

This way, the plaintiff (Person_1) filed a lawsuit to determine the share in the common joint intellectual property. In substantiation of the claim he referred to the fact that he is the heir of the deceased father (Person_6), who was one of the inventors of the relevant patents. After the death of his father, the plaintiff applied to a notary for registration of the inheritance, but he was denied to carry out the notarial act because the share of the testator in these inventions was not determined. The court of first instance sustained the claim. The shares of the deceased inventor in the common joint intellectual property on the relevant patents were determined. The first instance court's decision was left unchanged by the resolution of the appellate court.

Canceling the previous court decisions, the Supreme Court noted that the interpretation of Art. 428 of the Civil Code of Ukraine shows that it provides for the construction of common intellectual property rights. At the same time, the legislator does not link the common ownership of intellectual property rights with the legal regime of joint ownership, as it is inherent in property relations. In a case, if one of the subjects who jointly own certain intellectual property rights, withdraws due to specified grounds from these legal relations (in particular, due to death), his heir (heirs) may claim on recognition of intellectual property rights.

However, when considering cases, the courts incorrectly determined the legal nature of the dispute legal relationship and applied the provisions of Art. 355, 368, 1226 of the Civil Code of Ukraine, which are not applicable to the dispute legal relationship.

In addition, the Supreme Court stated that when determining an inherited asset consisting of intellectual property rights, it is necessary to identify whether the relevant rights belong to property ones and to verify the terms of validity of such rights within which they can be inherited [10].

Consequently, we see that when considering disputes concerning the inheritance of intellectual property rights by virtue of the provisions of Art. 1218, 1219 of the Civil Code of Ukraine it is necessary to

establish which intellectual property rights belonged to the testator at the time of death and their validity. The process of establishing these circumstances requires appropriate knowledge in the field of intellectual property law, and therefore, in our opinion, it is advisable to discuss amendments to the relevant procedural legislation in order to expand the jurisdiction of the Intellectual Property High Court on mentioned categories of disputes.

Moreover, from the standpoint of the subject-matter jurisdiction of the Intellectual Property High Court, it should be noted that the list of the objects of intellectual property rights, defined in Art. 420 of the Civil Code of Ukraine, in turn, is not exhaustive, in this connection there may be difficulties in determining the appropriate court for some atypical objects of civil rights, such as domain names.

Identifying the subject-matter jurisdiction of disputes over domain names (disputes not related to other objects of intellectual property rights) after the start of the operation of the Intellectual Property High Court becomes problematic, because although civil law norms define the domain names as the objects of civil law relations, but no rule of law defines the legal regime of domain names as independent objects of intellectual property rights.

Although in scientific circles there is a position that by its legal nature, domain names should be considered as atypical (non-traditional) objects of intellectual property rights, which are subject to the provisions of the Civil Code of Ukraine on the means of individualization [11], however, such a position is not currently enshrined in law.

In case law the cases concerning domain names as such that are currently considered in commercial or civil litigation, depending on the subject composition of the parties.

Thus, in case № 761/20833/16-ts, the Supreme Court in civil litigation considered a dispute on the recognition of the right to use a domain name and the obligation to take actions.

Refusing to satisfy the cassation appeal, the Supreme Court noted that in the case under review, the Court of Appeal took into account the requirements of Art. 633, 641, 642 of the Civil Code of Ukraine and establishing that PERSON_4 sent to the defendant's address an application for registration of a specific domain, that was not vacant, and without the use of appropriate forms and means on the official website of the executor <http://www.nic.ua>, formed a receipt at own discretion and sent it to the defendant through an external resource, came to the correct conclusion that the above mentioned actions of the plaintiff is not an acceptance of the public contract.

According to the enshrined in the norms of Part 2 of Art. 20 of the Commercial Procedural Code of Ukraine list of cases on intellectual property rights which are considered by the Intellectual Property High Court, references to domain names are missing. Thus, it seems that without proper legislative regula-

tion of the consideration of the disputes on domain names will remain within the jurisdiction of local general or local commercial courts, depending on the subject composition of the parties.

Therefore, a system analysis of the current legislation shows that the Intellectual Property High Court may consider disputes concerning all intellectual property rights, which under the legislation of Ukraine are granted legal protection, provided that such disputes are subject to commercial litigation.

In connection with the diversity of these categories of disputes, there may be some difficulties in organizing the operation of the court, to avoid which it is advisable to turn to foreign experience.

Although according to the requirements of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) countries are not obliged to establish a judicial system to enforce intellectual property rights, there is a worldwide trend to specialize in consideration of certain types of disputes on intellectual property law.

The complexity of consideration of the disputes in the field of intellectual property law is made conditional upon many factors, in particular: differences between types of intellectual property rights, special legal issues related to certain types of intellectual property rights and various types of judicial procedures on resolving disputes on intellectual property law (civil, criminal, administrative proceedings) [13].

For example, independent courts operate in Germany, the United States, Switzerland, China, Russia, and Portugal. Trial chambers on consideration of the disputes in intellectual property rights operate in France, Belgium, South Korea, England and Wales. Bodies combining administrative and judicial powers also exist in Sweden, India and Mexico [14].

From our point of view, the one of the most successful European examples of the functioning of a specialized court in the field of intellectual property law, which can be adapted to some extent to Ukrainian realities, is the experience of Federal Republic of Germany, where the Federal Patent Court has been operating since 1961. The court belongs to the highest federal courts, is located in Munich, has about 120 judges working in 29 courts.

It is noteworthy that the court composition includes also patent judges (not only judges-lawyers) which have the status of professional judges, higher education and experience in science and technology, as well as necessary legal knowledge in the field of patent law. Many of them have experience as technical experts in the German Patent and Trademark Office.

The court's jurisdiction extends over cases concerning the existence of rights to the objects of the industrial property. The court makes decisions to grant protected rights to patents, utility models, industrial designs, trademarks, integrated circuits, protected plant varieties, as well as to refuse their registration or revocation [15].

The Federal Patent Court has jurisdiction on consideration of claims on decisions of the German Patent and Trademark Office and the Federal Plant Variety Office [16].

Furthermore, the Federal Patent Court hears claims for the revocation or issuance of compulsory licenses and the imposition of royalties on them. However, disputes concerning the violation of industrial property rights are not covered by the jurisdiction of the court and are the subject to consideration by the courts of the federal states under the rules of civil litigation.

Cases in court are heard by senates. The competence and composition of the senates are determined in advance in the annual distribution plan, which is set out on the court's website for public access. Decisions on the division of cases are made by the presidium, which is the central body of judicial self-government.

The composition of the senates, depending on their competencies, differs in the number and professional training of judges. For example, the senate that consider cases concerning the validity of patents consists of a presiding judge-lawyer, one member of the senate – a judge-lawyer and three members of the senate – patent judges. While the technical senate, which considers claims on resolutions of expert bureaus and departments on the issuance of patents of the German Patent and Trademark Office, consists of a presiding patent judge, one member of the senate – a judge-lawyer and two members of the senate – patent judges [15].

Decisions and resolutions of the Federal Patent Court may be appealed to the Federal Supreme Court in appellate or revisory proceedings [16].

Although there are significant differences in the work of the Federal Patent Court and the High Specialized Intellectual Property Court, in our view, using the experience of the Federal Patent Court relative to organizing of the operation of the Intellectual Property High Court in Ukraine will be quite useful.

The legal framework in Ukraine also provides for the possibility of introducing specialization in certain categories of cases depending on the subject matter of the dispute.

Thus, according to Part 2 of Art. 33 of the CPC of Ukraine, cases in the Intellectual Property High Court are considered by a board of judges consisting of three judges.

According to Art. 31 of the Law of Ukraine "On Judicial System and Status of Judges" within the higher specialized court may be formed judicial chambers to consider certain categories of cases in the first instance. The decisions on the establishment and composition of judicial chambers for consideration of certain categories of cases in the first instance, on the election of secretaries of these judicial chambers are made by the assembly of judges of the relevant higher specialized court on the proposal of the chairman of the court.

As we can see, the number of chambers and the categories of cases they will consider are not regulated by the legislator and will be formed at the discretion of the assembly of judges.

Thus, it is possible within the Intellectual Property High Court to establish appropriate trial chambers for consideration of the certain categories of disputes, depending on the subject matter of the dispute and the objects of intellectual property rights in respect of which the dispute arose. At the same time, when forming the composition of judicial chambers, it is advisable to take into account the experience of judges in consideration of certain categories of disputes and their in-depth knowledge of single objects of intellectual property rights.

For example, judges with experience of work in local commercial courts may form a chamber to hear cases concerning the objects of intellectual property rights in disputes arising from relations related to protection from unfair competition. Judges with the experience in the professional activity of an intellectual property representative (patent attorney) may be members of chambers that will hear cases in disputes regarding the registration and recognition invalid of the rights on the objects of industrial property.

In turn, judges who previously worked in local general courts may join the work of boards that will hear cases regarding the infringe of the rights on the objects of intellectual property law.

Of course, the proposed division is only approximate and requires more detailed study and research, as well as appropriate argumentation. However, in any case, the possibility of forming judicial chambers and their composition depending on certain categories of disputes is consistent with international experience and will contribute to a more efficient conduct of justice.

CONCLUSION

It should be stated that the legal framework formed in Ukraine at this stage is sufficient to initiate the operation of the Intellectual Property High Court. Due to the progressive approach of the legislator, the Intellectual Property High Court will consider disputes concerning all intellectual property rights, which are granted legal protection under the legislation of Ukraine, provided that such disputes are subject to the rules of commercial litigation.

On the one hand, this approach takes into account the legal nature of the objects of intellectual property rights, the rapid development of technologies that can be protected by such rights. On the other hand, due to the complexity of intellectual property rights infringement disputes, which can be considered only under the rules of civil procedure, it is advisable to consider amending the current civil procedural legislation in order to extend the jurisdiction of the Intellectual Property High Court to the civil law disputes in reference to the objects of intellectual property rights.

Due to the variety of categories of disputes to be considered by the Intellectual Property High Court, to improve the prospects of its operation, we should use the foreign experience of advanced countries, in particular, the experience of the Federal Patent Court in Germany concerning establishment of the relevant trial chambers to consider certain categories of disputes depending on the subject of the dispute and / or the objects of intellectual property rights in respect of which the dispute arose. Also, when forming the composition of judicial chambers, it is necessary to take into account the experience of judges and their possession of in-depth knowledge in the field of intellectual property law.

Additional requirements, in particular regarding the status of the court, its organizational structure, guarantees of judges' work, special conditions for improving the level of their professional competence can be determined by developing a special law "On Intellectual Property High Court".

It is considered expedient that the Intellectual Property High Court (the IP Court) should start its operation in Ukraine in the near future, that will minimize the difficulties of law enforcement in resolving court disputes in case of infringement of intellectual property rights and will increase the efficiency of litigation of such disputes, which are rightly considered the most difficult not only in Ukraine but also around the world, and will contribute to the unification of judicial practice.

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