

ADMINISTRATIVE AND LEGAL PRINCIPLES OF ACTIVITY OF IP-COURT: FOREIGN EXPERIENCE AND IMPLEMENTATION IN UKRAINE

Oleg Reznik, Sumy State University
Andrii Fomenko, Dnipropetrovsk State University of Internal Affairs
Oleksandr Mykolenko, Odessa I.I. Mechnikov National University
Serhii Denysenko, Sumy State University
Daria Kibets-Pashutina, National Aviation University

ABSTRACT

The authors identify the legal framework and features of the functioning of IP courts in some foreign countries, in particular, in Germany, Austria, Great Britain, Sweden, and Poland. It has been established that, in most states, specialized courts have been established to resolve intellectual property disputes, ie IP courts (in some countries - the Intellectual Property Court, in others - the Patent Court). It has been found that proceedings in this category of cases in many countries are usually carried out in accordance with the rules of civil procedure, ie in accordance with the rules of civil procedure, while in Ukraine proceedings in intellectual property are governed by the rules of commercial procedure. The preconditions for the establishment of an IP court in Ukraine are highlighted. Normative documents of the current Ukrainian legislation are determined, the provisions of which enshrine the administrative and legal principles of the Intellectual Property High Court. Attention is focused on the factors that determine the urgent need for the introduction of IP-court in Ukraine, as well as the prospects of this judicial body are formulated.

Keywords: Court, IP court, Intellectual Property, Patent Court, Specialized Intellectual Property High Court, High Qualification Commission of Judges.

INTRODUCTION

In the era of globalization processes inherent in the development of the world economy, it is important to determine the directions of economic progress of society. The growing role of intellectual property in the economic development of a country is primarily associated with the formation of a strategic basis for innovative development based on knowledge and intelligence. It is important to keep in mind that being an integral part of the world economy and international trade, intellectual property by its nature and scope is not purely territorial. In addition, the creation of new results of intellectual activity and increase in demand for them, in addition to positive ones, may also have negative consequences associated with the violation of the rights and legally protected interests of intellectual property rights. In this case, there is an urgent need to protect intellectual property by the state at the level of individual national legal systems. Judicial protection should be recognized as the most effective mechanism to ensure the

protection and safeguarding of intellectual property rights. The specifics of intellectual property disputes, as well as the variety of categories of cases in this area, require a proper and effective judicial form of protection of the rights and legitimate interests of relevant entities, which in many countries is provided by a specialized court - intellectual property court, or IP court.

The ratification by the Verkhovna Rada of Ukraine of the Association Agreement between Ukraine and the European Union on June 27, 2014 marked the consent of the state to fulfill the obligations set out in this document. In accordance with the Agreement, one of the fundamental principles of cooperation is the rule of law and respect for human rights and fundamental freedoms, which should be ensured, in particular, by strengthening the judiciary, increasing its efficiency, guaranteeing its independence and impartiality. At the same time, the provisions of a separate chapter 9 of the Agreement (European Union, 2014) are given to the issue of standards related to intellectual property rights, as well as their protection. The ability of a person to exercise subjective intellectual property rights requires effective means capable of preventing infringements in this area, protecting legitimate interests, restoring infringed rights, and compensating for damages.

Therefore, the issue of legal protection is important, ie the creation of effective judicial protection of intellectual property rights by the state, which ensures the functioning of a specialized judicial institution, namely the IP court. As part of the European integration process and the reform of the judicial system, a separate judicial body in the field of intellectual property protection has already been established in Ukraine today-the Specialized Intellectual Property High Court. The peculiarities of the activity of such a judicial body are definitely connected with the national specifics of the formation and functioning of the state system of legal protection of intellectual property. At the same time, in order to increase the effectiveness of mechanisms for the implementation of legal norms and protection of intellectual property rights, it is also appropriate to study and take into account foreign experience of IP courts as specialized courts in the field of intellectual property protection.

LITERATURE REVIEW

Intellectual property reform is a long and laborious process in Ukraine in recent years. To date, intellectual property cases are heard by courts of different jurisdictions, which leads to different application of the same rules of law, which governs intellectual property. Given the above, the establishment of the Intellectual Property High Court and its introduction in Ukraine will provide an opportunity to avoid different law enforcement practices and unify judicial practice (Kanaryk & Petliuk, 2017).

The scientific position, according to which the wording of the name of the Intellectual Property High Court as a specialized judicial body is characterized by certain incorrectness, is quite interesting. This view is justified by the fact that the court, as a body administering justice, does not deal with issues, including issues of intellectual property. The activities of any judicial body should be aimed at considering and resolving disputes in the relevant field, so it is more appropriate to talk about a court of intellectual property disputes or a court of intellectual property cases, rather than a court of intellectual property issues (Kodynets, 2018).

The creation of an effective mechanism in Ukraine for the protection and enforcement of intellectual property rights should take into account the peculiarities of socio-economic development, which, in turn, is one of the basic criteria for financial security (Reznik et al.,

2020). Ukraine must proceed from the European experience in the protection of intellectual property rights. For Ukraine, which set a course for European integration in the early 2000s and is actively implementing it, the issues of protection of intellectual property rights acquire additional meaning. Adequate and effective level of protection of intellectual property rights should be understood as one of the strategic directions of reforming national legislation and law enforcement practice in general in the direction of European integration (Orliuk, 2016).

METHODOLOGY

Research of foreign experience of IP-court functioning, introduction and peculiarities of activity in Ukraine is carried out with the use of historical, comparative-legal, system-structural, and formal-legal methods. In particular, the historical method was used to highlight the preconditions and features of the creation of a specialized court of intellectual property issues in Ukraine. The comparative legal method allowed to determine the legal framework and features of the IP courts (Intellectual Property Court, Patent Court) in some foreign countries, in particular, in Germany, Austria, Great Britain, Sweden, and Poland, and also found that the proceedings in cases in the field of intellectual property, as a rule, is carried out in accordance with the rules of civil procedure. Using the system-structural method, the preconditions for the establishment of an IP court in Ukraine and the prospects for the activities of this judicial body are highlighted. With the help of the formal-legal method, the normative documents of the current Ukrainian legislation are determined, the provisions of which enshrine the administrative and legal bases of the activity of the High Court of intellectual property issues.

FINDINGS AND DISCUSSIONS

For Ukraine, the creation of a specialized court of intellectual property issues is a novelty in reforming the judicial system of the state, while in some developed countries such judicial institutions are already functioning, the activities of which are regulated by relevant regulations. Thus, in Germany, the resolution of intellectual property disputes falls within the jurisdiction of the Federal Patent Court (Bundespatentgericht), established in 1961. The administrative and legal basis for the activities of this court is enshrined in the Act on the Federal Patent Court of March 20, 2009. According to Art. 3 of this Act, the Federal High Court supervises the activities of the Federal Patent Court. The law provides that the Federal Patent Court is responsible for deciding on appeals against decisions of examinations and departments of the German Patent and Trademark Office. It also decides on actions for the grant of invalid German or European patents in force in the Federal Republic of Germany, on actions to grant or revoke a compulsory license or to adjust the remuneration established by a decision on a compulsory license. The Federal Patent Court is responsible for resolving appeals against decisions of the Federal Bureau of Plant Varieties. It is important to note that disputes over infringements of industrial property rights do not fall within the jurisdiction of the Federal Patent Court but fall within the jurisdiction of civil courts. Based on the content of the provisions of the Act, the procedure of consideration of cases by the Federal Patent Court is based on civil proceedings (Law, 2009).

Justice provided by Austrian courts, in particular in intellectual property cases, is characterized by a high level of quality and speed. It should be emphasized that Austrian procedural law has strict rules on jurisdiction. According to the exclusive jurisdiction, the

handling of intellectual property cases in the first instance falls within the jurisdiction of the Vienna Commercial Court (Handelsgericht Wien), in the second instance such cases are heard by the Oberlandesgericht Wien (Regional Court of Vienna), in the third and final instances by the Austrian High Court. The provisions of the Austrian Civil Procedure Code of 1 August 1895 (Law, 1895) apply to proceedings for infringement of intellectual property rights.

In the United Kingdom, intellectual property cases are heard by the Intellectual Property Court. The jurisdiction of this court extends, in particular, to disputes arising in respect of: registered specimens; patents; registered trademarks; copyright; other intellectual property rights. It is important to note that if the amount of claims (damages) is less than £ 500,000, the case may also be heard by the Patent Court or the Office. These courts also hear cases where the amount of the claims exceeds £ 500,000 but provided that the parties do not agree to hear the case in the Intellectual Property Enterprise Court. In resolving cases, the Intellectual Property Enterprise Court is guided by the rules of civil procedure.

In Sweden, intellectual property cases fall under the jurisdiction of the Patent Market Court, established in autumn 2016. The Patent Market Court is a specialized court that is part of the Stockholm District Court. In fact, the court considers all cases and issues of intellectual property. The competence of the Patent Market Court includes consideration of cases: on cases of damages and fines due to trademark infringement; on cases of invalidation of patents; concerning the prohibition of information and the investigation of intrusions under the Copyright Act; trademark and patent registration issues; criminal cases concerning intellectual property; on cases of improper or misleading marketing and on losses and mergers in violation of antitrust law. The Patent Market Court of Appeal is the court of appeal for intellectual property cases.

In Poland, specialized courts for intellectual property disputes began operations in the summer of 2020. In accordance with the judicial reform, five specialized courts of first instance have been established - in Warsaw, Gdansk, Katowice, Lublin, and Poznan. The courts of second instance on intellectual property issues are located in Warsaw and Poznan. The resolution of the most complex intellectual property disputes falls within the jurisdiction of the Warsaw District Court, which includes cases concerning: computer programs; technical trade secrets; patents for inventions and utility models; topography of integrated circuits; plant varieties, etc (Kamila, 2020). It is seen that the concentration of court decisions in intellectual property cases in several court centers should result in the unification of case law on this issue. However, the collection of all intellectual property cases in the seven specialized courts is not all that leads to the entry into force of the changes under discussion. These courts must conduct proceedings in a special procedure in which representation by a professional lawyer, ie a legal adviser, patent attorney or lawyer, is mandatory, except in cases where the value of the subject matter of the dispute will not exceed PLN 20,000, or the complexity of which, in the opinion of the court, will be insignificant. Due to this, as well as in combination with the professionalism and specialization of the judiciary in such cases, court proceedings should be faster (Jakub, 2020). Proceedings of intellectual property cases by specialized courts of Poland are conducted in accordance with the provisions of the Code of Civil Procedure of 17 November 1964, as amended in July 2020, namely a separate section “*Proceedings on intellectual property*” (Law, 1964).

On June 2, 2016, the Verkhovna Rada of Ukraine adopted the Law of Ukraine “*On the Judiciary and the Status of Judges*” (before that there were two separate Laws “*On the Judiciary*” and “*On the Status of Judges*”), called to carry out the transformation of the judiciary

of Ukraine, including the consolidation of the foundations for the activities of a new specialized court in the judicial system of the country-the Specialized Intellectual Property High Court. The final and transitional provisions of the Law set a 12-month period from the date of entry into force of the establishment of the Specialized Intellectual Property High Court and the competition for judges in this court (Law of Ukraine, 2016). The need to create this judicial body was caused by a number of preconditions. Given the fact that intellectual property disputes have traditionally been heard by commercial, civil, and administrative courts, a number of problematic issues have often arisen, in particular: the jurisdiction of these courts to hear categories of intellectual property cases; the level of training and knowledge of judges in intellectual property cases; ambiguous case law in resolving these disputes and the like.

It should be noted that, in contrast to foreign legislation on intellectual property proceedings governed by civil procedural law, in Ukraine the jurisdiction of the Specialized Intellectual Property High Court is enshrined in the Commercial Procedural Code of Ukraine dated 6 November 1991. In particular, in Part 2 of Art. 20 of Chapter 2, Section 1 of the Code, a list of cases concerning intellectual property rights, which are considered by the Intellectual Property High Court is established. These include: (1) cases in disputes concerning the rights to invention, utility model, industrial design, trademark (mark for goods and services), trade name and other intellectual property rights, including the right of prior use; (2) cases in disputes concerning registration, auditing of intellectual property rights, invalidation, renewal, early termination of patents, certificates, other acts certifying such rights or on the basis of which they arise, or which violate such rights or related legal interests; (3) cases of recognition of a trademark as well-known; (4) cases in disputes concerning copyright and related rights, including disputes concerning collective management of the author's property rights and related rights; (5) cases in disputes concerning the conclusion, amendment, termination, and execution of an agreement on the disposal of intellectual property rights, a commercial concession; (6) cases in disputes arising from relations related to protection against 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 (Legislation of Ukraine, 1991). The opinion of domestic lawyers-practitioners is interesting, according to which the list of cases on intellectual property rights defined in the Commercial Procedural Code of Ukraine is not exclusive due to the fact that the legislator uses in relation to the list the distinguishing word "*in particular*" and not specifying the phrase "*namely*". Therefore, cases of intellectual property rights are cases in disputes over the protection and enforcement of intellectual property rights, as well as cases in disputes over the use of objects or disposal of intellectual property rights in violation of competition law (Khudenko, 2018).

With regard to instance jurisdiction, the Intellectual Property High Court as the court of first instance considers cases in disputes specified in Part 2 of Article 20 of the Code. Cases adopted by the Intellectual Property High Court are reviewed by the Appeals Chamber of the Intellectual Property High Court (Legislation of Ukraine, 1991).

According to the Decree of the President of Ukraine dated September 29, 2017, it was decided to establish the Intellectual Property High Court in the city of Kyiv (European Union, 2017). The day after the signing of this document, the High Qualification Commission of Judges of Ukraine announced a competition to fill 21 vacancies in the court. Potential bidders must

submit documents to participate in the competition during December 2017. The selection took place in several stages, but the selection of judges for the first instance of the IP court, which lasted almost until the end of 2019, was never completed. Selection to the Appellate Chamber of the Intellectual Property High Court was also carried out in several stages for almost a year - from autumn 2018 to autumn 2019, but was not completed. This situation arose in connection with the adoption by the Verkhovna Rada of Ukraine of the Law of Ukraine On Amendments to the Law of Ukraine “*On Judiciary and Status of Judges*” and some laws of Ukraine on the activities of judicial administration dated October 16, 2019, according to which the High Qualification Commission of Judges of Ukraine was suspended (Law of Ukraine, 2019).

The documented creation of the Intellectual Property High Court is confirmed by the state registration of the newly formed legal entity, made only on February 13, 2020, which is recorded in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations. However, it should be noted that the Intellectual Property High Court, created in pursuance of the Decree of the President of Ukraine and registered, has not yet been formed. This is due to the fact that the High Qualification Commission of Judges of Ukraine, which is a state body in the judicial system of Ukraine, responsible for the formation of the judiciary, has not been working for quite a long time. Therefore, the beginning of the work of the Intellectual Property High Court in Ukraine is planned in 2021.

RECOMMENDATION

The need to establish the IP court in Ukraine is due to many factors, including problems of determining the jurisdiction of intellectual property cases, lack of effective tools for protection of intellectual property rights, inadequate level of training and knowledge of judges on intellectual property cases, ambiguity of judicial practice in resolving such disputes, etc. Therefore, in order to create conditions for the effective protection of intellectual property rights in Ukraine, the issue of forming a judiciary of the IP Court (both first and second instance), which is formally established but does not actually work, remains urgent. Prospects for the activities of this judicial body are seen in the following: (1) unification of law enforcement practice, which consists in establishing common judicial approaches to resolving disputes in the field of intellectual property; (2) increasing the level of protection of the rights and legally protected interests of the subjects of intellectual property rights (citizens and legal entities); (3) improving the quality of judicial proceedings and impartiality of court decisions in matters of protection of intellectual property rights due to the high level of special knowledge of judges; (4) approximation of national justice in the field of protection of intellectual property rights to international standards, etc.

CONCLUSION

Given the study of the experience of some foreign countries in the establishment of specialized judicial institutions for intellectual property cases, the peculiarities of the functioning and legislative regulation of their activities, it is important to note the following. In most states, specialized courts have been established to resolve intellectual property disputes, i.e. IP courts (in some countries, the Intellectual Property Court, in others, the Patent Court). At the same time, proceedings in this category of cases are usually carried out in accordance with the rules of civil

procedure, i.e. in accordance with the provisions of the Code of Civil Procedure. Instead, in Ukraine, intellectual property proceedings are governed by the rules of the Commercial Procedure Code.

In accordance with the provisions of the current Ukrainian legislation on the judiciary, the IP-court is a specialized institution in the judicial system. According to the jurisdiction of the instance, intellectual property cases are heard in the Intellectual Property High Court as a court of first instance and by the Court of Appeal as a court of appeal. The Decree of the President of Ukraine, issued in autumn 2017, became the normative and legal basis for the establishment of an IP court in Ukraine. However, to date, the Intellectual Property High Court and the Appeals Chamber have not been formed, so the start of the functioning of the IP Court in Ukraine is planned in 2021.

REFERENCES

- European Union. (2014). *Association agreement between Ukraine, of the one part, the European atomic energy community, and their member states, of the other part*. Retrieved from https://zakon.rada.gov.ua/laws/show/ru/984_011
- European Union. (2017). *Decree of the president of Ukraine no 299/2017 on the establishment of the supreme court on intellectual property*. Retrieved from <https://zakon.rada.gov.ua/laws/show/299/2017> (in Ukrainian)
- Jakub, S. (2020). *Specialized intellectual property courts*. Retrieved from <https://www.parp.gov.pl/component/content/article/62535:wyspecjalizowane-sady-do-spraw-wlasnosci-intelektualnej>
- Kamila, M. (2020). *Intellectual property courts*. Retrieved from <https://legalis.pl/sady-wlasnosci-intelektualnej-od-1-7-2020-r/>
- Kanaryk, Y.S., & Petliuk, V.O. (2017). Relevance of creation about the Higher court on questions intellectual property. *Yurydychny Scientific Electronic Journal*, 5(1), 67-69.
- Khudenko, O. (2018). Problems of judicial proceedings in cases of intellectual property rights before the beginning of the work of the Supreme Court on intellectual property issues. *The official website of National Association of lawyers of Ukraine*. Retrieved from <https://radako.com.ua/news/problemi-sudovogo-rozglyadu-sprav-shchodo-prav-intelektualnoyi-vlasnosti-do-pochatku-roboti>
- Kodynets, A. (2018). *Protection of intellectual property rights in the context of judicial reform*.
- Law of Ukraine. (2016). *No 1402-VIII On the judiciary and the status of judges*. Retrieved from <https://zakon.rada.gov.ua/laws/show/1402-19>
- Law of Ukraine. (2019). *No 193-IX on amendments to the law of Ukraine: On the judiciary and the status of judges and some laws of Ukraine on the activities of judicial governments*. Retrieved from <https://zakon.rada.gov.ua/laws/show/193-20>
- Law. (1895). *Civil procedure code*. Retrieved from <https://www.ris.bka.gv.at/GeltendeFassung.wxe?Abfrage=Bundesnormen&Gesetzesnummer=10001699>
- Law. (1964). *Code of Civil Procedure*. Retrieved from <https://isap.sejm.gov.pl/isap.nsf/download.xsp/WDU19640430296/U/D19640296Lj.pdf>
- Law. (2009). *Federal law on the federal patent court*. Retrieved from <https://www.fedlex.admin.ch/eli/cc/2010/72/de> (in German)
- Legislation of Ukraine. (1991). *Commercial procedural code*. Retrieved from <https://zakon.rada.gov.ua/laws/show/1798-12>
- Orliuk, O.P. (2016). Protection of intellectual property rights in the context of European integration. *Visnyk Natsionalnoi Akademii Pravovykh Nauk Ukrainy*, 3(86), 59-74.
- Reznik, O., Getmanets, O., Kovalchuk, A., Nastyuk, V., & Andriichenko, N. (2020). Financial security of the state. *Journal of security and sustainability issues*, 9(3), 843-852.