



The evaluation and modernisation of the legal framework for the enforcement of intellectual property rights

Comments of the CEIPI on the EU Commission's public consultation of December 2015, with a focus on the issue of specialization of IP courts

*Xavier Seuba, Christophe Geiger and Linhua Lu**

Summary

The judiciary fulfils a central role in relation to intellectual property enforcement. The EU Commission's public consultation of December 2015 contains a specific sub-section devoted to specialized courts, asking whether legal action at a court specialized in intellectual property provides an added value compared to legal action at other courts. CEIPI comments on the consultation aim at contributing to an informed debate on specialization and intellectual property adjudication, a debate revolving around technical complexity, judicial design, and the broader understanding of the legal system.

Introduction

As it has been underlined by the European Commission, “an efficient and effectively enforced intellectual property infrastructure is necessary to ensure the stimulation of investment in innovation and to avoid commercial-scale intellectual property rights infringements that result in economic harm”.¹ Certainly, adequate enforcement is also

* Xavier Seuba is Senior Lecturer at CEIPI; Christophe Geiger is Professor of law, Director General and Director of Research Department of the CEIPI; Linhua Lu is Doctoral Student and member of the Research Department at CEIPI. This text was sent to the European Commission on 11 May 2016.

¹ European Commission, “Enforcement of intellectual property rights”, available at http://ec.europa.eu/growth/industry/intellectual-property/enforcement/index_en.htm (accessed 30 March 2016). The CEIPI has been following closely the work of the European Commission regarding the legal framework on the enforcement of Intellectual property rights and has submitted observations to previous consultations. See for example Ch. Geiger, J. Raynard and C. Rodà, “The application of the Directive of 29 April 2004 on the enforcement of intellectual property rights in the Member States, Comments of the CEIPI on the Evaluation Report of the European Commission dated 22 December 2010”, Strasbourg, March 2011 (published in: *EIPR* 2011, 543) http://www.ceipi.edu/uploads/media/CEIPI_comments_Report_European_Commission_Directive_2004_01.pdf; Ch. Geiger, X. Seuba and A. Wechs Hatanaka, “Civil enforcement of intellectual property rights: public consultation on the efficiency of proceedings and accessibility of measures CEIPI's comments on the Public Consultation, with a focus on Alternative Dispute Resolution Mechanisms”, Strasbourg, June 2013, available at

instrumental at guaranteeing competitive markets and the respect of consumers' rights.² An actor fulfilling a central role in relation to enforcement is the judiciary. Judicial enforcement transforms substantive protection into reality and, equally important, places intellectual property legislation in connection with the norms integrating the broader legal framework to which they belong.

Four out of the five surveys developed by the European Commission in the context of the public consultation on the evaluation and modernisation of the legal framework for the enforcement of intellectual property rights contain a specific sub-section devoted to specialized courts.³ In those surveys, right holders, members of the judiciary, members of the legal profession, states, public authorities, citizens, consumers and civil society are asked about the existence in their countries of courts, courts' chambers or judges specialized in intellectual property matters, about their experience with specialized courts, and also about whether legal action at a court specialized in intellectual property provides an added value compared to legal actions at other courts.

CEIPI has significant experience in dealing with the interface between the judiciary and intellectual property. In recent years, CEIPI has organized thematic conferences touching upon specific intellectual property courts and the relationship between the judiciary and intellectual property⁴, has set up tailor-made courses for the judicial profession⁵ and also concerning litigation⁶, and has produced as well several publications relating to courts and intellectual property. Moreover, CEIPI professors have both designed and taught training programs addressed to the judiciary and organised either by national judicial authorities or international organizations.

As an illustration, a recent publication in the framework of the CEIPI/ICTSD series on Global Perspectives and Challenges for the Intellectual Property System addresses the interface between the judiciary and intellectual property.⁷ In that volume, authors analyse the

www.ceipi.edu/uploads/media/Civil_enforcement_of_intellectual_property_rights_final_02.pdf (accessed April 2016).

² Many references are found in the EU Enforcement Directive in that regard. For instance, according to the Directive, the protection of intellectual property should "allow the widest possible dissemination of works, ideas and new knowhow" and "should not hamper freedom of expression, the free movement of information". Recital 2, Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights, Official Journal of the European Union L 157 of 30 April 2004.

For instance, enforcement measures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and provide for safeguards against their abuse.

³ European Commission, Have your say on the enforcement of intellectual property rights, available at http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8580 (accessed March 2016).

⁴ See most recently "Intellectual Property and the Judiciary", 17th EIPIN congress jointly hosted by the Centre for International Intellectual Property Studies (CEIPI) and the Spangenberg Center for Law, Technology & the Arts, Case Western Reserve University School of Law (Cleveland, USA), Strasbourg, Palais Universitaire, 28-30 January 2016 (the filmed presentations are available at <http://www.canalc2.tv/video/13667>), proceedings are forthcoming in the EIPIN series, Cheltenham, UK / Northampton, MA, Edward Elgar, 2016.

⁵ See for example CEIPI's Training Program for Technically Qualified Judges of the Unified Patent Court <http://www.ceipi.edu/index.php?id=14370&L=2>.

⁶ See for example CEIPI's Diploma on Patent Litigation in Europe, www.ceipi.edu/index.php?id=5451&L=2.

⁷ J. de Werra et al., *Specialised Intellectual Property Court-Issues and Challenges*, Global Perspectives for the Intellectual Property System, CEIPI-ICTSD, Issue Number 2, 2016.

advantages and disadvantages of setting up specialized intellectual property courts. In that publication, the lead article by Professor Jacques de Werra addressing this question is accompanied by analysis made by renowned experts of the situation in four countries (Brazil, India, China and Uganda).⁸ The responses provided therein may help answering the second question posed by the Commission, namely whether legal action at a court specialized in intellectual property matters provide an added value compared to legal actions at other courts.

Advantages and disadvantages of specialization

Even if specialization may contribute to improving the management and enforcement of intellectual property, it should not be confused with setting up bodies exclusively devoted to the adjudication of intellectual property disputes. While specialist courts are probably the paramount example of specialization, they are by no means the sole example, and not even the most important one. In practice, other mechanisms enhancing specialization are easier to implement and represent the first step toward deeper specialization. In this sense, concentration of cases in some courts⁹ or by certain judges is an optimal way to initially respond to the complexities of intellectual property litigation. This may entail creating specialist intellectual property benches within regular courts or just informally assigning intellectual property cases to selected judges. Other measures along this line would be providing adequate and continuous training to judges, ensuring that magistrates remain in office for a certain period of time, and setting up appropriate eligibility criteria so that judges familiar with intellectual property law¹⁰ and with expertise in technical areas are appointed.¹¹

The diversity of specialized intellectual property tribunals is notable.¹² These courts may have jurisdiction over disputes related to all intellectual property rights¹³ or simply with respect to certain intellectual property categories. In the European Union, specialized dispute settlement bodies already exist, in fact, for patents, trademarks, copyrights, and even plant

⁸ Authors included Denis Borges Barbosa, Pedro Marcos Nunes Barbosa, Shammad Basheer, Hong Xue, and Susan Iziko Štrba.

⁹ This is the case of French courts according to the Decree n° 2009-1204 of 9 October 2009 relating to the specialization of courts in intellectual property matters and the Decree n° 2009-1205 of 9 October 2009 on the location and the jurisdiction of courts in intellectual property matters.

¹⁰ This is the case of Beijing intellectual property courts, most of judges working there have at least ten years of experience in intellectual property cases before being a judge in intellectual property court. More general on specialized IP courts in China, see X. Yu and C. Yin, 'Intellectual Property Courts in Mainland China', in: Ch. Geiger (ed.), *The Intellectual Property System in a Time of Change: European and International Perspectives*, Collection of the CEIPI, Paris, LexisNexis, 2016 (forthcoming).

¹¹ For these measures, see, J. de Werra, op. cit., pp. 32 and 67; S. Basheer, 'Specialist IP Adjudication: The Indian Experience', in: CEIPI/ICTSD, op. cit., pp. 62 and 67.

¹² Presidency of the Council of the European Union, *Towards an Enhanced Patent Litigation System and a Community Patent - How to Take Discussions Further*, 11622/07, PI/35, Brussels, 12 July 2007. See also International Bar Association, *International Survey of Specialised Intellectual Property Courts and Tribunals*, London, September 2007; International Intellectual Property Institut (IIPi) and United States Patent and Trademark Office (USPTO), *Study on Specialized Intellectual Property Courts*, January 2012, p. 3, available at <http://iipi.org/wp-content/uploads/2012/05/Study-on-Specialized-IPR-Courts.pdf> (accessed April 2016).

¹³ This is the case of Beijing, Shanghai and Guangzhou intellectual property courts and the Finnish Market Court located in Helsinki, all of them have exclusive jurisdiction to hear all intellectual property matter. For Finnish new intellectual property court, see Berggren Oy Ab, 'All change in Finnish IP litigation', *World Trademark Review* October/November 2013, p. 86.

varieties.¹⁴ Whether with respect to all intellectual property categories or merely regarding a specific category, intellectual property courts may have jurisdiction over either all types of disputes or just specific intellectual property litigation. For instance, some patent specialist courts may rule only on the validity of patents, while other courts may decide both on infringement and validity disputes.¹⁵ Further, some judicial bodies with the primary mission to judge intellectual property disputes are first instance courts; others are second instance courts; still others are fully fledged tribunals, capable of deciding not only on first instance cases, but also on appeals.¹⁶ Finally, but without being exhaustive, while most specialized courts decide only on civil and border enforcement disputes,¹⁷ other courts may also rule on criminal matters related to intellectual property infringement.¹⁸

As it has been convincingly argued, how advantageous or necessary it is to establish specialized IP courts in a given jurisdiction depends on a number of factors that go beyond intellectual property. Rather, the decision to set up specialized judicial bodies should take into account more general factors, including economics, the legal system and societal characteristics of the country.¹⁹ National legal traditions, human resources considerations, the level of industrial development and the more diffuse stance of the country with respect to the function and optimal level of protection of intellectual property are factors that help understanding the different forms and outcomes of judicial specialization.

Advantages of judicial specialization in the area of intellectual property can be summarised in the improvement of the quality of justice and the capacity to respond to the dynamic development of intellectual property law, the enhanced efficiency of the proceedings in terms of time and cost, the increased consistency and uniformity of jurisprudence, and the reduction of forum shopping.²⁰ Hence, efficiency, accuracy and uniformity are commonly depicted as the main benefits arising from specialization.²¹ Certainly, these advantages cannot

¹⁴ Such as –to mention some– the Boards of Appeal of the Community Plant Variety Office, the Boards of Appeal of the European Union Intellectual Property Office, or the Unified Patent Court. For a list of specialized intellectual property courts of European Union member states, see reference above in footnote 12.

¹⁵ The Unified Patent Court is a good example of a court deciding both on validity and infringement, whereas the German Federal Patent court has exclusive competence to hear nullity actions. The system to litigate patents followed by a country, which can be a dual or a single system, can heavily influence the setting up of specialist courts. In this regard, many countries with a dual system have created specialist patent courts. This is at least the case of Germany, Russia, Japan, Portugal and Republic of Korea. From this cannot be inferred, however, that only countries with dual systems promote specialization. On the contrary, countries following a single system to decide on infringement and validity have also created specialized intellectual property courts, this being for instance the case of Switzerland and the United Kingdom and the Beijing intellectual property court and the Finnish Market Court. *See* forthcoming publication X. Seuba, 'Technical Judges and Technical Complexity in Patent Law', in: Ch. Geiger, C.A. Nard and X. Seuba (eds.), *Intellectual Property and the Judiciary*, EIPIN Series, Cheltenham, UK / Northampton, MA, Edward Elgar, (forthcoming).

¹⁶ This is the case of the Unified Patent Court, and also the case of Russian Intellectual Property Court, and the Beijing Intellectual Property Court.

¹⁷ The Beijing, Shanghai, and Guangzhou intellectual property courts can only deal with civil and administrative disputes but cannot deal with criminal matters related to intellectual property rights infringement.

¹⁸ Specialized intellectual property courts in Thailand, Turkey and Taiwan may hear criminal intellectual property cases. *See* International Bar Association, *op. cit.*, pp. 9 and 15.

¹⁹ J. de Werra, *op. cit.*, p. 18.

²⁰ *Ibid.*, p. 24.

²¹ P. R. Gugliuzza, 'Rethinking Federal Circuit Jurisdiction', *Georgetown Law Journal* 100 (2012): 1437–505, at 1447–8. *See* also L. Baum, *Specializing the Courts*, Chicago, University of Chicago Press, 2011, p. 4, in which

always be observed and their intensity may vary from institution to institution, from country to country and in each specific area of intellectual property litigation. In relation to quality, it has been claimed that the particular nature of certain fields of law calls for the establishment of specialized judicial institutions.²²

A number of disadvantages of specialization are usually mentioned. These disadvantages include the costs of establishing and operating an intellectual property court, the political or economic influences that the court might receive and the possibility of developing a too narrow vision of the legal system.²³ In this last respect, it is commonly held that specialized courts may be excessively focused on intellectual property aspects of disputes, thus not fully taking into account the broader legal and policy framework that surrounds intellectual property controversies.²⁴

Specialization and the relationship with the broader legal order

New institutional and legal developments in the European context permit reflecting about specialization and the interface between intellectual property and other legal branches. In particular, the setting up of the Unified Patent Court (UPC) has been preceded and followed by numerous comments and speculation relating to the relation between this Court and the European Court of Justice²⁵. At the same time, the close connections between patent law and other branches of the law, such as competition law and human rights law, have prompted reflection on how judges of the new court should address that interface²⁶.

the author names the quality of decisions, efficiency and uniformity in law as the “neutral virtues” of specialization, but considers that there is no evidence showing that specialization will enhance these virtues. In favor of setting up specialized intellectual court at EU level, *see* also B. Warusfel, ‘Jurisdiction européenne des droits de propriété intellectuelle: entre le souhaitable et le possible’, in: Ch. Geiger (ed.), *What Patent Law for the European Union?*, Collection of the CEIPI, Paris, LexisNexis, 2013, p. 95 sq.

²² *See* O. Lacamp-Leplaë, *Le juge spécialisé en droit judiciaire privé*, PhD Thesis, University of Toulouse I, 2000, p. 21.

²³ J. de Werra, *op. cit.*, p. 26. *See* also Laurence Baum, *op. cit.*, p. 4, the author considered that specialization “changes the environment in which judges work, creating influences that lead them to favor certain interests”.

²⁴ There is a debate on whether judges should be generalists or specialists. Specialization of judges is often defended as a guaranty of quality of decisions, in particular in the context of patent litigation, *see* B. Schmidt, ‘How to improve the quality of decisions- Especially the issue of the composition of the court’, in: Ch. Geiger (ed.), *What Patent Law for the European Union?*, *op. cit.*, p. 114: “Although many different aspects have to be considered in order to guarantee best quality of decisions, the composition of the court and the election of well-trained judges with experience in patent litigation will be crucial for the success and the acceptance of the new European Unified Patent court”; F. Addor and C. Mund, ‘The Swiss Federal Patent Court: A Model to follow?’, in Ch. Geiger (ed.), *What Patent Law for the European Union?*, *op. cit.*, in particular p. 163. In the United States however, some members of the judiciary argued that judges should be generalist. Federal judge Tacha for example stated that “judges may be the last generalists left in professional life”, Federal judge Diane expressing a similar point of view in her article named ‘Generalist Judges in a Specialized World’, *SMU Law Review* 50: 1755-1768. *See* Laurence Baum, *op. cit.*, p. 2, “Specialization leads people to take a narrow perspective that limits and biases their understanding of the matter they address”. This risk has been pointed out by scholars in others fields of judicial specialization, *see* the thesis of M. Degoffe, *La juridiction administrative spécialisée*, Paris, LGDJ, 1996, p. 542.

²⁵ *See* for example T. Jaeger, ‘Shielding the unitary patent from the ECJ: a rash and futile exercise’, *IIC* 2013, p. 389.

²⁶ For example *see* C. Salung Petersen, T. Riis and J. Hemmingsen Schovsbo, ‘The Unified Patent Court (UPC) in Action - How Will the Design of the UPC Affect Patent Law?’, in: R.M. Ballardini, M. Norrgård and N.

Admittedly, the role of the Court of Justice has been limited in the new judicial system, at least on paper. As the aim behind the UPC was the creation of a specialized jurisdiction to deal with the particularities of patent law and to insure legal certainty, concerns were expressed by some potential users of the system that the inclusion of substantive law provisions into the Draft Regulation 1257/2012 would imply too much control by the CJEU as a non-specialized court. As a result, it was decided to remove these provisions from the Draft Regulation and to include similar clauses into the UPC Agreement, limiting the involvement of the CJEU. Moreover, in the new regime, the Court has not been awarded an appellate function and will thus only be able to be active when it is asked through preliminary rulings²⁷.

However, having in mind the “conquering spirit” of its past jurisprudence, it is not sure that the CJEU will stay in the limited function assigned by the UPC Agreement. Notably, as stated in the Preamble of the latter, the Unified Patent Court will have to “respect and apply Union law” and to cooperate with the CJEU “by relying on the latter’s case law and by requesting preliminary rulings”.²⁸ Moreover, the close connections between patent law and other branches of the law, such as competition law and human rights law, will necessitate a thorough reflection on how judges of the new court should address that interface secure that the application of specialized IP legislation by courts complies with the very core values of the European legal order²⁹.

More broadly, a possible response to avoid the aforementioned narrow vision that specialized courts may develop consists in strengthening intellectual property training. Judicial training should dig into the specificities and complexities of intellectual property law, take into consideration the specificities and professional background of the judges in charge of adjudication, and bring also into consideration the equally important relations between intellectual property law and other legal regimes.

Take for instance the case of the Unified Patent Court. Article 20 of the Agreement setting up the new court affirms that “the Court shall apply Union law in its entirety and shall respect its primacy”. How the jurisprudence of Court will integrate European Union law is of paramount importance both for the Court and for the European patent system as a whole. The greater the knowledge of EU law the judges have, the more robust and credible the new Court

Bruun (eds), *Transitions in European Patent Law. Influences of the Unitary Patent Package*, New York / Alphen aan den Rijn, Kluwer Law International, p. 37, and from the same authors: ‘The Unified Patent Court: Pros and Cons of Specialization – Is There a Light at the End of the Tunnel (Vision)?’, *IIC* 2015, p. 271.

²⁷ Article 21 of the Agreement on a Unified Patent Court.

²⁸ This is to say that a distinction has to be clearly made between specialized courts and special courts, synonym of partiality, Laurence Baum, *op. cit.*, p. 2.

²⁹ Ch. Geiger, “Integration by Courts: The Role of the CJEU in the European Patent System: Reconciling the Single Market with Human Rights Concerns?”, Presentation at European Science Foundation Exploratory conference on “The Future of Patent Governance in Europe”, University of Hamburg (Germany), 1st September 2014 (summary available at www2.uni-hamburg.de/fachbereiche.einrichtungen/fa_ta_med/aktuell_is/esf/summaries.pdf, accessed April 2016). More generally, *see* Ch. Geiger, ‘The Construction of Intellectual Property in the European Union: Searching for Coherence’, in: Ch. Geiger (ed.), *Constructing European Intellectual Property: Achievements and New Perspectives*, EIPIN Series Vol. 1, Cheltenham, UK / Northampton, MA, Edward Elgar, 2013, p. 5.

will be. Hence, both to fulfil the mandate set forth in the Agreement to apply EU law and to avoid the aforementioned narrow vision, appropriate training and assistance on EU law should be offered to judges. Magistrates integrating the Unified Patent Court will be great patent specialists, but may not be necessarily familiar with relevant specificities of EU law in key areas such as competition law and human rights law.

The growing relevance of technical and scientific data in contemporary patent litigation makes things more complex for judges. Among the prominent characteristics of the Unified Patent Court, there is the presence of technically qualified judges or, simply put, judges that mandatorily have a scientific or technical background.³⁰ The large majority of the technical judges of the Unified Patent Court will most likely be part-time judges, at least at the beginning. These judges will have an active professional life, probably in the private sector, and will be also called from time to time to serve in cases falling within their area of expertise. This double affiliation may raise issues of conflicts of interest. These issues are, however, not new. The Swiss Federal Patent Court has been addressing similar challenges since 2012, when it was set up. In order to manage conflicts of interests, it is important to develop normative guidance for judges³¹ and also training them on how to address conflicts of interest.

Conclusion

Specialization in intellectual property adjudication is fostered through numerous measures, namely providing training to judges, ensuring that magistrates remain in office for a certain period of time, laying down appropriate eligibility criteria, and setting up intellectual property courts.

In case it is decided to set up a specialist intellectual property court, it must be taken into consideration the notable diversity of specialized intellectual property tribunals. What type of court, who will integrate it, and what the scope of the court will be, are among the questions to be decided.

When facing these questions states must bear in mind that advantages of judicial specialization depend on factors that go beyond intellectual property and include economics, the legal system, societal characteristics, legal traditions, human resources, the level of industrial development, and the stance of the country with respect to the function and optimal level of protection of intellectual property.

Efficiency, accuracy and uniformity are commonly depicted as the main benefits arising from specialization. By contrast, higher costs, potential political or economic influences, and the development of a too narrow vision, are commonly targeted as main challenges. Some of the benefits of specialization can be enhanced and some of the problems can be reduced by means of judicial training. In particular, judicial training may facilitate the

³⁰ Article 15(3) of the Agreement on a Unified Patent Court.

³¹ Swiss Federal Patent Court, 'Guidelines on Independence', as amended as of 1 January 2013, available at https://www.bundespateentgericht.ch/fileadmin/user_upload/Richtlinien_zur_Unabhaengigkeit_EN_131122.pdf (accessed April 2016).

work of specialized courts while reducing as well the problems arising from overly narrow views of some of these courts.