A closer look at specialized intellectual property courts

DE WERRA, Jacques
China – on course to become an IP powerhouse p. 6
The challenge of protecting intellectual property p. 8
Clubbing together to tackle the illegal trade in sporting goods p. 24

Building respect for intellectual property – stimulating innovation and creativity p. 2

A closer look at specialized intellectual property courts*

by Mr. Jacques de Werra, Vice-Rector and Professor of Intellectual Property and Contract Law, University of Geneva

Amid a global trend to specialize or centralize the handling of certain types of IP disputes, there is no clear answer as to whether it is advantageous or necessary to establish specialized IP courts. Any plan to create specialized IP courts requires careful analyses of the prevailing situation in the country concerned.
While there is no international obligation to do so, there is a global trend to specialize or centralize the handling of certain types of intellectual property (IP) disputes. The question whether it is advantageous or necessary to establish specialized IP courts, however, is a difficult one to answer as there are both advantages and disadvantages associated with them and they are certainly not recommended in all circumstances. Any plan to create specialized IP courts requires careful analysis of the prevailing situation in the country concerned.

WHAT SPECIALIZED IP COURTS CAN DO

A specialized IP court is an independent public judicial body that can operate at national or regional levels to adjudicate certain types of disputes relating to IP rights, but may also adjudicate other types of disputes. Although IP disputes are often associated with the enforcement of IP rights against piracy and counterfeiting activities (especially in the areas of copyright and trademarks), the reality of IP disputes is far more complex. This results from, for example, differences in the types of IP rights and the legal regimes on which they are based, the diversity of legal issues that can arise as well as the different types of legal proceedings available to resolve them, namely, civil, criminal and administrative proceedings.

Although there is a marked global trend toward specialization, the types of specialized courts that are emerging are by no means uniform. Some only have jurisdiction over certain types of IP disputes, such as patent disputes, while others are restricted to particular types of legal issues, such as the validity of IP rights, or may only consider civil disputes. Some act as trial courts while others act as appellate bodies with the power to review cases on appeal and to reverse the decisions of lower courts.

ADVANTAGES OF SPECIALIZED IP COURTS

Specialized IP courts are generally believed to improve the quality of justice available to IP right holders. The court’s expertise means that disputes can be handled coherently on the basis of past experience. This is particularly important for IP disputes because courts are often requested to render decisions very quickly on applications for provisional measures in order to prevent or stop an infringement of IP rights.

Specialized IP courts are better equipped to keep pace with and adapt to dynamic developments in IP law. They allow for timely and cost-effective handling of proceedings and can improve the consistency of case law. They can also help to eliminate or reduce any risk of forum shopping – whereby IP owners, given the choice of court, choose the one that will favor their interests – by centralizing IP disputes before the specialized IP courts, and can further foster the development of special procedural rules that are tailored to IP disputes.

*This article is derived from Specialised Intellectual Property Court – Issues and Challenges by J. de Werra et al., Second Issue, Global Perspectives for the Intellectual Property System, CEIPI ICTSD, Issue Number 2, 2016, available at: www.ictsd.org/themes/innovation-and-ip/research/specialised-intellectual-property-courts-issues-and-challenges. To reuse or adapt this article, please contact the author directly at Jacques.DeWerra@unige.ch
DISADVANTAGES OF SPECIALIZED IP COURTS

The cost of establishing and operating specialized IP courts can be their major disadvantage, especially for countries with limited resources and a low IP caseload. Attracting the expertise needed for the court to be effective can be expensive and may require increasing judicial wages to draw potential candidates from the private sector.

Specialized IP courts may also have a negative impact from the perspective of access to justice as litigants may be forced to bear the costs of pleading before a court which may not be easy for them to get to.

These courts are also often considered to be less independent than general courts and more vulnerable to political or economic influences. This may arise either when appointing judges or as a consequence of more informal interactions between parties and their counsel and judges.

Tunnel vision is yet another risk. Some believe that specialized IP courts may neglect the broader legal and policy framework that often surrounds IP disputes. Centralization may also inhibit the exchange of legal ideas and lead to perpetuation of errors. Problems with defining boundaries between the jurisdictional power of a specialized IP court and that of a general court also pose a potential risk.

POLICY CHOICES

The diversity of legal systems and regimes around the world means there is no single method for establishing an efficient IP court system that promotes innovation and social welfare. There is also no clear evidence that specialized IP courts are more effective than non-specialized courts in promoting innovation in all circumstances. But what is clear is that a sufficient level of experience and expertise among courts and judges can significantly improve the quality of justice surrounding IP disputes. This is particularly important because many IP disputes start with an application for preliminary injunctive relief (made by IP owners) on which the court is expected to decide in quick time. The court’s expertise in handling IP disputes can also result in more efficient case management because judges are better placed to direct and guide attorneys. Experienced judges may also issue non-binding preliminary opinions which may promote settlement between the parties.

IS A SPECIALIZED IP COURT REALLY NECESSARY?

Before working out how to establish a specialized IP court, policymakers need to carefully weigh up the merits of doing so. If they decide that establishing such a court is the best option, then they need to carefully assess the scope of the court’s jurisdiction. Will it be limited to specific types of IP disputes – such courts may be more justifiable in some areas of IP law, such as patent law – or will it extend to all types of disputes? Will the IP court have the jurisdiction to hear civil IP disputes only or will it also hear criminal disputes? It may be enough to simply centralize all IP disputes to ensure coherent development of IP law without establishing a specialized court.

In any case, the process of establishing a specialized IP court must be distinct from the creation of specific rules applying to IP disputes, because the adoption and application of those rules do not necessarily require the creation of a specialized IP court.

BEST PRACTICES

The experiences of countries that have established specialized IP courts has given rise to a number of best practices which can ensure that these courts operate effectively. These include:

• Appointing judges with a representative level of expertise in the relevant areas.
• Providing judges with continuing education and training opportunities to allow them to keep abreast of the rapid evolution of IP, IP litigation and other important legal concepts and developments beyond IP law. Such training can also help control the risk of specialized IP courts developing tunnel vision.
• Establishing a system where the judgments of specialized IP courts are appealable to non-specialized courts to ensure the decisions of specialized IP courts are in line with general legal principles.

TO BE OR NOT TO BE?

Evaluating the desirability of establishing a specialized IP court in any given jurisdiction requires a transparent and objective assessment of many factors that go well beyond IP including the prevailing economic, legal and social circumstances of the country in question.

Contrary to common belief, there is no clear evidence that the existence of specialized IP courts generates benefits for IP owners, nor that they automatically increase levels of IP protection or generate increased foreign direct investment.
The goal of creating specialized IP courts must be to ensure the availability of an efficient and equitable dispute resolution mechanism that is conducted by expert judges for the benefit of all stakeholders – IP owners, users of goods and services, and society as a whole. The decision to establish a specialized IP court cannot be based solely on the need to fight IP piracy and counterfeiting activities. In general, disputes arising from these illegal activities do not require the services or expertise of a specialized IP court.

An alternative and more appropriate option, especially for developing countries, may be to focus on developing the IP expertise of non-specialized courts, by creating specialist IP benches within regular courts. Regular courts may also call on a third party institution with IP expertise, such as a national IP office, to express its view on a particular issue (the validity of a patent, for example) in a dispute. Developing expertise in IP dispute settlement therefore does not necessarily require the establishment of a specialized IP courts.

IP expertise and knowledge may also be boosted by fostering opportunities to improve the transparency of judicial processes and by allowing the participation of third parties. This can be achieved, for example, by allowing “friends of the court (amicus curiae) briefs in IP litigation cases, and by publishing the decisions rendered in IP cases in online databases. There is also much to be gained from encouraging international exchanges between judges and courts dealing with IP cases. Building and sharing expertise in this way creates opportunities for mutually enriching and stimulating exchanges. While IP issues remain largely governed by local rules, the global nature of many of them means that fostering such a dialogue is essential.

ADDITIONAL OPPORTUNITIES TO IMPROVE IP DISPUTE RESOLUTION

A careful analysis of the role and responsibilities of all actors within the national IP ecosystem can help identify additional opportunities to improve IP dispute resolution. Such an exercise necessarily involves identifying the processes by which IP rights are granted in the jurisdiction in question, bearing in mind that the need for a specialized IP court may be greater if IP rights are granted without a complete examination of their validity when they are registered. An assessment of the entire IP ecosystem is critical because the efficiency of IP dispute resolution mechanisms in any jurisdiction depends not only on the judiciary, but also on other players, especially the lawyers who plead before the courts.

An efficient IP dispute resolution ecosystem should also seek to eliminate vexatious IP infringement actions against innocent third parties. Procedural tools can be developed to help ensure that courts are not unnecessarily burdened with meritless claims and remain available to litigants entangled in non-frivolous IP disputes.

In sum, the balance of competing interests, which is at the core of the substantive IP system, should also be reflected in the mechanisms by which IP disputes are resolved. This will ensure that all interests are considered in an equitable manner. It follows that any decision to establish a specialized IP court should only be taken after careful analysis of the prevailing situation in a given jurisdiction.