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**Recent changes in IP law and reform
of the administrative courts**

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Poland

Recent changes in IP law and reform of the administrative courts

The changes introduced by the Industrial Property Law in 2001 and the reform of the Polish administrative courts constitute two developments in intellectual property protection in Poland that have had an important impact on the prosecution of industrial property cases.

The new Industrial Property Law

Changes to the Industrial Property Law have been made over recent years because Poland has been seeking to join the European Union (which happened in May this year) and the European Patent Organisation (which happened in March 2004), and it was necessary to adapt the Polish intellectual property protection system to EU standards.

The first and most substantial change was the coming into force of a new Industrial Property Law in August 2001. Further changes were introduced in its three successive amendments and it may now be considered more or less consistent with the essential aspects of the EU intellectual property protection regime.

The changes concerned all aspects of intellectual property, but here only the matters related to patents will be referred to. In this respect, the main changes may be summarised as follows:

- Article 24 – patentable inventions. The requirement of technical character was replaced by the requirement of industrial applicability. The requirement of industrial applicability of the invention includes the notion of its technical character but in the meaning of a widely understood possibility of its technical use. The new provision is therefore broader.
- Article 25.4 – admittance of Swiss-type claims.
- Article 29 – exceptions to patentability. Microbiological processes and the products thereof were explicitly allowed for patentability.
- Article 69 – the so-called Bolar amendment. The exploitation of an invention to an extent necessary for obtaining authorisation requisite for certain products to be allowed on the market, in particular pharmaceutical products, is not considered an infringement of a patent.
- Article 70 – exhaustion of rights. Provision of European Union regional exhaustion starting at the date of accession of Poland to the EU.
- Article 75 – provision of supplementary protection certificates.

- Article 93 – implementation of Directive 98/44/EC of the European Parliament and of the Council, concerning biotechnological inventions.
- Article 246 – the possibility of filing an opposition against a granted patent within six months from the date of publication of a notice of grant.
- Article 248 – establishment of court control over the Polish Patent Office. The possibility of lodging a complaint against a decision or a resolution of the Polish Patent Office with the Supreme Administrative Court.

The reform of the administrative courts

The introduction of court control over the Patent Office has been one of the key changes in the administrative judicial system undertaken in Poland. The new Constitution adopted in 1997 imposed an obligation to introduce a two-instance administrative court system within the next five years. The changes were required by the need to harmonise procedural administrative law with international standards, in particular as regards facilitating “the right to a court” in the broad meaning of this phrase.

Ultimately the reform was carried out in 2004. Until that time the Polish administrative judicial system was a single instance system with the Supreme Administrative Court. In January 2004, the law on administrative courts and the law on procedure before the administrative courts came into force. Provincial administrative courts were established as first instance courts, with the Supreme Administrative Court performing the role of a second instance court. Now, a party’s case may be heard twice by independent courts.

The process of developing court control over the Patent Office and two-instance administrative courts was reflected in the amendments to the patent laws, which were implemented in two consecutive stages: in Article 248 of the Industrial Property Law in 2001; and the amendments to the Industrial Property Law which entered into force on 16th March 2004 and introduced the changes required by the new administrative law.

During the first stage (Article 248) the possibility of a party filing a complaint to the Supreme Administrative Court against an order or a decision issued by the Patent Office was introduced. This was a substantial change. Until then, a party was deprived of the right to appeal to an independent court. The only possibility to challenge an order or decision of the Patent Office was to file an appeal to the Chamber of Appeals at the Patent Office comprising one Supreme Court justice. Nevertheless, the Chamber of Appeals was an institution within the Patent Office. There was also the chance to file an extraordinary appeal to the Supreme Court but

this right was reserved for the President of the Patent Office and could be filed only under extraordinary circumstances.

For the first time in 2001 the control over the Patent Office (ie, the orders and decisions of the Patent Office as well as its lack of action) by independent courts was introduced. The Chamber of Appeals at the Patent Office still continued to function, although without the participation of a Supreme Court justice. Instead it was staffed by Patent Office examiners.

The next stage of the changes took place when the second instance was introduced. At the same time the Industrial Property Law was amended and the following changes were introduced:

- The Chamber of Appeals was dissolved.
- Within the proceedings before the Patent Office a party was given the right to file a request for re-examination of a case (within two months) and such a request would be reviewed by a single Patent Office examiner – not the one who previously examined the case, of course.
- A party was given the right to file a complaint against a decision of the Patent Office to the Provincial Administrative Court (within 30 days).
- A party was given the right to file an appeal against the judgment of the Provincial Administrative Court to the Supreme Administrative Court (within 30 days).

In connection with the introduction of the new administrative laws, the transition provisions are very important. The most important of them may be briefly described as follows:

- Appeals filed to the Supreme Administrative Court before 1st January 2004 are transferred *ex officio* to the Provincial Administrative Court.
- Appeals filed before 1st January 2004 to the Supreme Administrative Court and transferred to the Provincial Administrative Court are heard under the new law.

The Provincial Administrative Court

Referring to the hearing of the cases by the Provincial Administrative Court there are five key issues to be pointed out:

- (1) grounds for lodging a complaint;
- (2) procedure before the Provincial Administrative Court;
- (3) types and legal consequences of issued decisions;
- (4) representation before the Provincial Administrative Court; and
- (5) costs of the proceedings before the Provincial Administrative Court.

As regards the grounds for lodging a complaint, the Provincial Administrative Court in IP cases examines the legality of the decisions subject to the appeal. This control refers to both substantive and procedural issues, the breach of which may provide grounds for the complaint. The difference is in the fact that breach of substantive law should have had an effect on the result of the case, whereas breach of procedural provisions should have had a relevant effect on the result of the case.

There are also specific breaches of law that lead to revocation of a decision or a resolution subject to complaint, irrespective of its effect on the result of the case. These are the grounds for restarting the proceedings, in particular: the proof which provided grounds for the decision turned out to be false; the decision was issued as a result of an offence; the decision was issued by an officer or by an authority with an interest in the case; the party concerned was unwittingly excluded from the proceedings; and new essential circumstances or proof appeared which had existed but which had not been known to the court at the date of issuing the decision.

The Provincial Administrative Court *ex officio* takes into consideration the nullity of the appealed decision, which happens in particular when the issued decision was not legally justified or was issued in gross breach of law, or where the decision concerns a case where a final decision has already been made, or the decision was directed to a person who was not a party to the proceedings.

The Provincial Administrative Court issues a decision within the limits of the case (the court is not bound by the allegations and the legal grounds presented by the appellant). The case is examined from the point of view of the legality of all the proceedings that led to the decision, as well as the decision itself.

Provincial Administrative Court procedure

The complaint to the Provincial Administrative Court is filed via the Patent Office, which is entitled to change its decision in accordance with the complaint. If this happens, the complaint is not forwarded to the Provincial Administrative Court but the Patent Office issues a new decision.

The Provincial Administrative Court does not collect evidence but instead issues its decision on evidence previously collected by the Patent Office.

Hearings are open to the public and the court reviews cases during open sessions.

The practice of the last three years shows that the administrative courts are still in the process of acquiring competence on how to review IP cases. The complaints may be based on substantive law and procedural flaws; nevertheless, it is

easier for judges to consider procedural issues rather than substantive law. As far as trademarks are concerned, the judges are more willing to review cases on the merits but still the differences are not substantial. However, procedural errors made by the Patent Office provide considerable possibilities for lodging appeals.

A patent attorney's role is to present the case on the merits in a manner that will allow the court to understand the nature of the case and to convince the court that any procedural errors had an essential impact on the result of the case.

Considering the industrial property cases, which have already been reviewed and decided by the administrative courts, some regularities may be indicated.

First, as mentioned above, there is a slight difference between the way the judges approach cases related to trademarks and industrial designs and their approach in patent or utility model cases. The difference is mainly due to the peculiarities of the relevant subjects of protection. In trademark cases the court is more eager to examine the merits of a case because the procedure is simpler and therefore rarely infringed, while the evidence and the material on file is clear enough to decide the case based on substantive law infringements.

On the other hand, in patent and utility model cases, technical knowledge of the subject matter is required to decide the substantive law issues. Therefore, the judges tend to concentrate more on procedural flaws without either reviewing or deciding the case as to the merits. This situation is partly due to the existing practice of the Polish Patent Office, which used to focus solely on substantive (mostly technical) issues, without going into procedural details. The administrative court decisions indicate that the observance of the procedural law is as crucial to the exercise of rights of the concerned parties as the observance of the material law.

In short, the Polish Patent Office decisions and/or resolutions have been most commonly revoked on the grounds that, for example, the gathered evidence was not complete, not all the essential circumstances of the case were considered or the party was not given the opportunity to file observations as to the raised objections. Reminding the Polish Patent Office of its duty to respect procedural rules gives the parties considerable advantages and also a reasonable prospect for improving the legality of the procedure in the future.

Court control over industrial property protection means that attempts are being made to clarify ambiguous or controversial legal questions related to this field.

There is one decision that is exceptionally relevant to this issue (Provincial Administrative Court of Warsaw, 6IISA2102/03). In

this case the Court stated that improving the effectiveness of the technical means used according to an invention constitutes a vital argument for acknowledgement of its inventive step and patentability. What's more, granting of the European patent, as well as other foreign patents to the same invention, has been recognised as an important point to be considered when deciding upon the grant of a Polish patent.

As regards the types and legal consequences of issued decisions, the following categories can be distinguished:

- Acceptance of the complaint against the decision or order and directing the case back to the Patent Office for further examination (judgment). This is done by revoking the decision in part or completely; by declaring the nullity of part or the whole of a decision; or by declaring that the decision was given in breach of the law.
- Dismissal of the appeal (judgment).
- Termination of the proceedings (order).

It should be noted that where a court accepts the complaint, the findings and the legal interpretation of the court are binding for that court and for the Patent Office. Also, there is a rule prohibiting the court from issuing a decision less favourable to the complaining party (prohibition of *reformation in peius*).

Decisions of the Provincial Administrative Court are subject to an appeal to the Supreme Administrative Court. Such appeal should be filed to the Provincial Administrative Court and may be based on breach of substantive law (incorrect interpretation or incorrect application) or breach of procedural provisions.

A patent attorney, an advocate or a legal counsel must prepare the appeal. The appeal is examined by a court composed of three judges, the nullity of the appealed decision being taken into consideration *ex officio*.

Under the provisions of the Industrial Property Law and the laws on administrative courts, parties before the Patent Office and the administrative courts may be represented by:

- (1) a patent attorney in registration proceedings at the Patent Office;
- (2) a patent attorney, an advocate or a legal counsel in litigation proceedings concerning IP issues (including the Patent Office); or
- (3) a patent attorney, an advocate or a legal counsel in proceedings before the administrative courts in IP cases.

The exclusive right of a patent attorney to represent parties before the Patent Office gave rise to numerous controversies between patent attorneys, advocates and legal counsels. The Constitutional Tribunal resolved this issue [OTK-A 2002/3/32] in the manner described above.

Concerning costs incurred by parties, in the first instance proceedings parties cover their own costs. When a complaint is dismissed, the complaining party will not cover the costs incurred by the Patent Office but where a court accepts the complaint, the complaining party may claim costs from the Patent Office.

However, in the second instance proceedings, where the appeal is dismissed the complaining party should be prepared to return the costs incurred by the Patent Office in the second instance proceedings, while if the complaint is accepted, the complaining party may claim costs from the Patent Office.

Conclusion

There are a number of positive aspects to the recent reforms. Primarily, parties now have an opportunity for their cases to be reviewed by independent courts in two-instance proceedings.

As always there are also negative aspects. The two-instance procedure is very time consuming and in intellectual property cases this may have far-reaching negative consequences for the parties involved. Also, the judges at administrative courts are not yet really prepared for essential examination of IP cases. There is a lot of discussion about establishing a special patent court, but this is a long way off because of the lack of judges ready to review such cases.

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