

A changing picture

Does the creation of a specialised IP Court shift trademark prosecution towards litigation?

Rights holders and trademark practitioners are facing changes, which will have an impact on trademark registration and prosecution strategies, as trademark prosecution may shift towards litigation.

Finland passed new legislation in December 2012 that will overhaul both trademark prosecution and litigation proceedings when it enters into force later in 2013. This will be achieved by establishing a specialised IP Court within the current Market Court in Helsinki. This new court will bring the formerly separate litigation proceedings and administrative appeal proceedings within the same venue. While the applicable procedural rules and systems in administrative and litigation cases remain different, this difference will become noticeably narrower.

The new IP Court is expected to provide higher-quality proceedings and decisions as a result of the increased centralisation of IP cases and its exclusive focus on these types of matter. It has been the general consensus that trademark and other IP cases comprise such a specialised and distinct field of law that they require a particularly high level of specialisation among judges. Since this new court will allow judges to deal exclusively with a significantly larger number of IP cases, it could facilitate a higher level of expertise in this specific field of law, which in turn is expected to have a positive impact on the quality of the court's decisions.

Procedural changes in IP litigation...

From a litigation point of view, the new IP Court entails major procedural changes only with respect to the venue and appeal procedures; the actual proceedings are expected to remain quite similar. As regards the venue, the change will, in practice, mean that civil litigation previously handled to a large extent solely by the Helsinki District

Court will be handled by the new court in future cases. However, the appeal procedure for civil litigation will change significantly, due to the fact that an appeal will be possible only directly to the Supreme Court – provided that leave to appeal is granted. Appeals have previously been available in essentially all IP litigation cases to the Court of Appeal without any requirement for leave. The Supreme Court rarely grants leave to appeal; such a decision is made mainly on grounds related to, for example, the need for precedent rather than any possible errors in the actual judgment under appeal.

...and in trademark prosecution proceedings

From a trademark prosecution perspective, the upcoming procedural changes introduced by the IP Court are significant on all levels that follow the initial examination and decision of the Trademark Office. Appeals concerning initial decisions of the Trademark Office are currently handled by the Board of Appeal of the National Board of Patents and Registrations, which is an internal administrative body within the Trademark Office, rather than an independent court. This means that the rules of procedure are relaxed – for example, allowing new evidence at practically any stage of the proceedings. The flipside of this *laissez faire* attitude has been the arguably low quality of the reasoning in the board's decisions, which are usually written rather summarily and generally not thoroughly or comprehensively reasoned. No leave to appeal has previously been required in order to appeal a decision of the board to the Supreme Administrative Court for judicial review.

However, this will be subject to significant changes when the new IP Court takes over the role previously played by the board as the venue for appeals against initial

decisions of the Trademark Office in matters such as refusals of registration or opposition cases. The transition period in the recently passed bill provides for the transfer of all cases that have been brought before the board since the beginning of 2013 to the new IP Court once it is operational. Currently, the new court is intended to be operational from the beginning of September 2013. It is thus essential to be aware of the new procedural rules in the upcoming IP court in all cases that are appealed to the board in 2013, even before the new IP court begins its work.

Shift towards a civil litigation system

While it remains to be seen what the proceedings in the new court will look like in practice, the new legislation certainly opens up possibilities for a fairly significant shift towards a more civil litigation-type of system. The bill includes detailed provisions concerning possibilities to arrange oral and preliminary hearings that, if used, would resemble those employed in litigation. While it is unlikely that the court would demand an oral hearing on its own initiative, the parties to the proceedings are given the right to request a hearing. Such a demand can be denied only in exceptional circumstances, which means that the parties will generally have the power to force a full hearing procedure in appeal cases against decisions of the Trademark Office. In essence, this might mean that an opposition case could evolve into full-blown court proceedings if appealed.

Another civil litigation-type of procedural option that the new legislation gives the IP Court is the possibility to set a deadline for parties to produce evidence and state grounds in administrative appeal cases. Failure to comply with this deadline would, under normal circumstances, lead to the exclusion of any evidence or grounds filed after the deadline. Such a failure would consequently

also prohibit that party from relying on those grounds or evidence in a later appeal to the Supreme Administrative Court. The practical consequence of this is that the parties must consider evidence and legally relevant facts that might be needed at a later stage much earlier compared to the current relaxed rules of procedure at the board.

The possibility for further appeals against rulings of the new IP Court in administrative matters will largely follow the same rules as civil cases, albeit with the Supreme Administrative Court as the highest appellate court. This means in practice that leave to appeal will also be required in order to challenge a ruling of the new IP Court in administrative appeal cases. However, the grounds for granting leave are likely to be less strict in the Supreme Administrative Court compared to the civil cases handled by the Supreme Court. While the Supreme Court almost exclusively considers the value of the case as a potential precedent, save in exceptional circumstances, the Supreme Administrative Court is more likely to consider possible errors in the decision under appeal when evaluating a request for leave. Despite this lower threshold for granting leave, it should by no means be taken as a given that leave will be granted unless there is a particular reason for the Supreme Administrative Court to hear the case. In practice, this means that the IP Court's rulings in appellate matters concerning decisions of the Trademark Office may well be final in most cases.

Reform calls for proactive strategies

One purpose of the reform is to reduce costs; however, a potentially significant increase in legal expenses as a consequence of the procedural changes is anticipated, due to the more demanding proceedings. While it will still be possible to file and prosecute an opposition fairly cheaply in simple cases, the other end of the spectrum could shift a great deal further towards the cost of litigation (eg, in infringement cases). The likelihood of such an increase in the costs for parties involved was acknowledged during the legislative process, but deemed acceptable in the circumstances. It nevertheless remains to be seen how severe the impact on costs will actually be if parties begin to use the possibility for hearings on a frequent basis. Awards for costs have typically been rare in administrative proceedings, so both parties will generally have to bear their own legal costs unless this is deemed unreasonable for some particular reason. The potential increase in the costs of both prosecution



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and prosecution strategies, the changes introduced by the new IP Court emphasise the significance of proactive strategies and planning, such as careful and extensive evaluation of new trademarks and early prevention of foreseeable risks based on research, competitor analysis, availability searches and assessment of distinctiveness criteria.

Comment

None of the upcoming procedural changes has been tested in actual litigation or prosecution proceedings, so the real impact on a practical level remains to be seen. However, all parties involved must be aware of the potential consequences in order to avoid unpleasant surprises when the new IP Court becomes operational and takes over a significant proportion of IP proceedings in Finland. [WTR](#)

and litigation proceedings, combined with increasingly narrow possibilities for appeal, may be a further incentive for parties to consider different routes for solving disputes.

With respect to trademark registration