

Subject-matter jurisdiction in IP litigation – still unclear?

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› Introduction

› Subject-matter jurisdiction

› Jurisdiction of Romanian courts in IP matters

› Practical guidance

› Comment

Introduction

In the wake of globalisation and digital transformation – which is impacting the revenue-generating activities of companies, as well as countless other aspects of daily life – intellectual capital represents one of the most valuable assets of any company and should be part of companies' business strategies. As a consequence, IP disputes have become increasingly frequent, and claims that give rise to legal proceedings in the IP sphere often address controversial issues with high stakes for the owners of this category of rights.

In view of the high stakes involved, the length of such proceedings plays an essential role in the overall assessment of the risks that may be generated by the very existence of the litigation. Excessive prolongation of litigation may cause damage to a party claiming, for example, the infringement of an IP right. Therefore, the initiators of legal proceedings in such matters should, as far as possible, not generate unjustified prolongations of proceedings and consequently conserve their energy for such activity as wisely and effectively as possible.

One such catalyst for prolonged litigation, still often encountered in practice, is the submission of IP claims with a court lacking subject-matter jurisdiction.

Subject-matter jurisdiction

"Subject-matter jurisdiction" is the legally recognised ability of a court to rule on certain disputes.

The object and nature of a claim are decisive in determining the jurisdiction of the court to hear and rule on disputes in the field of intellectual property, which are characterised by:

- a higher level of complexity, which imposes a genuine necessity for specialised judges; and
- high stakes for the owners of this type of rights.

The importance for the interested party to know which court has jurisdiction to settle disputes in the first instance is enhanced, given that the rules governing subject-matter jurisdiction are of public policy, from which neither the parties nor the court can derogate. The violation of subject-matter jurisdiction creates the premise for invoking the exception of lack of subject-matter jurisdiction – a dilatory procedural exception that can be invoked by any party and by the court, *ex officio*, at any stage of the case, including the appeals.

In IP matters, most of the rules provided by the special legislation set the jurisdiction in favour of the courts of general jurisdiction, which leads to a need to further identify the exact court with full jurisdiction to be legally vested and to rule on such matters (as first instance).

Jurisdiction of Romanian courts in IP matters

This article deals exclusively with situations in which special legislation does not expressly provide the subject-matter jurisdiction for the resolution of certain cases, being instead attributed in a generic sense to the courts of general jurisdiction. This is not the case, for example, of the jurisdiction set by the following articles, which expressly provide for the exclusive jurisdiction of the Bucharest Tribunal to settle disputes at first instance:

- articles 46, 52, 54 of Romanian Law No. 64/1991 on patents;
- article 47 of Romanian Law No. 129/1992 on the protection of designs and models; and
- articles 57, 61, 82, 96, 99 of Romanian Law No. 84/1998 on trademarks and geographical indications.

Previous legislation

The previous Code of Civil Procedure provided that the district courts had full jurisdiction, meaning that these courts had jurisdiction whenever there was no express provision stating otherwise. The assignment of full jurisdiction to the district courts had a precise purpose – namely, that the judgment of "common" disputes – that is, those of reduced value and/or complexity, but high frequency in practice – be carried out by courts accessible to citizens. Considering this aim, the higher courts heard and ruled on more complex disputes of greater importance and those that required more experienced judges due to the particularities governing the dispute or the value of the claims.

Hence, in the previous legislation, the courts of first instance responsible for settling IP cases were the tribunals, such jurisdiction being expressly provided for in article 2(1)(e) of the previous Code of Civil Procedure. In view of this express provision, the identification of the competent court did not raise any problems in the legislation before 2013.

Current legislation

In the current regulation – determined by the entry into force of the current Code of Civil Procedure on 15 February 2013 – the tribunals were assigned full jurisdiction to solve disputes as first instance and special jurisdiction to solve disputes as court of appeal and second

appeal.

Specifically, whenever the law does not expressly provide for subject-matter jurisdiction to settle a particular case, the court with full jurisdiction for first-instance proceedings must be identified by way of interpretation. IP disputes are traditionally settled in the first instance by tribunals and not by district courts. However, the practical reality shows that there is still a misinterpretation regarding jurisdiction, as the percentage of resolutions of declining jurisdiction on subject-matter grounds is still significant.

Therefore, in the current approach, the tribunal has become the court with full jurisdiction as first instance to solve disputes that are not expressly assigned, by law, to other courts, and the district court has become, only by exception, the court with jurisdiction as first instance, settling claims expressly and restrictively provided by law as being within its jurisdiction.

However, the distinction that impacts the field of intellectual property, considered from a procedural perspective, is that the previous express regulation providing the jurisdiction of the tribunal to settle IP disputes as first instance has not been preserved in the current Code of Civil Procedure. The succession of procedural regulations and the change in the legislature's vision of the court with full jurisdiction to settle claims as first instance has made it necessary to conduct a thorough analysis to identify the "court of general jurisdiction" referred to in most IP regulations.

Practical guidance

At a glance, things seem clear: in the view of the current Code of Civil Procedure, the tribunal is the court with full jurisdiction to settle, as first instance, the claims that are not expressly given, by law, to the jurisdiction of other courts. Therefore, the tribunal has jurisdiction to settle IP disputes. Nonetheless, this distinction is not uncontroversial.

In the field of intellectual property – at least from the perspective of claims regarding non-monetary compliance obligations (whether positive or negative obligations) and monetary claims up to 200,000 lei – there would appear to be a cleavage of jurisdiction between the district courts and the tribunals. A question arises in relation to these two types of claims: if the special laws governing the IP field refer only generically to courts of general jurisdiction for the settlement of disputes concerning the specific rights recognised by each law, is it necessary to verify whether the claim pending before the court falls within the jurisdiction of the district court, by reference to its typology (claims concerning non-monetary compliance obligations, or monetary claims up to 200,000 lei)?

In practice, there have been numerous situations where a claim has been filed with a district court, which has been identified by the claimants and the judges as the court with jurisdiction to settle these types of claims in the first instance. However, by referring broadly to "courts of general jurisdiction" in the special laws governing IP matters, the legislature envisaged the court with full jurisdiction to settle claims in the first instance. Such court, in the vision of the current Code of Civil Procedure, is the tribunal. Beyond the differences between the previous and the current Code of Civil Procedure, it is quite clear that the legislature's purpose has not changed, as it still assigns to the tribunals the jurisdiction to settle IP disputes in first instance.

Recent case law has also been oriented in the same direction when courts have been confronted with the issue of subject-matter jurisdiction in IP disputes. Summarising the arguments that incline towards retaining the jurisdiction of the tribunal in IP matters, the Romanian courts have concluded that the legislative amendments of the procedural provisions did not aim at excluding from the jurisdiction of the tribunal claims relating to IP disputes, but only their incorporation in the summary wording of the procedural rules providing the full jurisdiction of the court.

In light of these circumstances, the conclusion that emerges is that the jurisdiction to rule in IP disputes, as first instance, belongs to the tribunal – this being the court of ordinary law.

Comment

Considering the need to ensure a more efficient framework for the defence of IP rights in the internal market, it would be preferable for a legislative clarification to be made in this regard. This would ensure an unequivocal interpretation regarding the subject-matter jurisdiction in IP disputes.

The practical interest of clarifying the jurisdiction of ordinary law in this field is to avoid dilatory incidents that do not benefit the initiators of legal proceedings and, therefore, to diminish, to the extent feasible, the risks that come along with the excessive length of legal proceedings.

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