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New and improved IP law provisions benefit entrepreneurs

Kulikowska & Kulikowski

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*Building IP value in the 21st century*



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# New and improved IP law provisions benefit entrepreneurs

By Monika Chimiak and Beata Wojtkowska, Kulikowska & Kulikowski

Innovative technical solutions, industrial designs and trademarks are some of the most important components that build the value of any enterprise operating in the market. Their protection increased considerably in 2016 following changes in the Polish legal system, which facilitate the Polish Patent Office's examination procedures for trademark and industrial design applications and patent-related procedures. These changes had a significant impact on the innovation climate in Poland, as well as the potential of national products and brands and their competitiveness in the market, both in Poland and abroad.

## Trademark opposition system

The amendment to the Industrial Property Law, which came into force on April 15 2016, brought a major change to the trademark application examination system: from the full examination system formerly in force to the opposition system. Previously, the Polish Patent Office would examine applications in terms of relative grounds for refusal, assessing their similarity to earlier trademarks. 'False' collisions would often arise with trademarks not used on the Polish market, trademarks whose owners have consented to registering a later trademark (eg, under a coexistence agreement) or even trademarks belonging to entities related legally or economically to the applicant for the later mark. Unfortunately, the Polish Patent Office – following the binding provisions literally – would accept no confirmation of the absence of conflict in the Polish market; it would not even accept letters of consent or declarations on mutual business liaisons from related entities, which clearly indicated that the source of origin of the goods was the same.

As a result of these actions, there was a significant percentage of refusals and applicants often gave up filing Polish national trademarks in favour of EU trademark applications – even if there was no need to protect the mark in the entire EU territory – because they would face no risk of becoming involved in lengthy and costly proceedings before the Polish Patent Office (whose outcome would be a refusal decision).

The newly introduced opposition system reversed this tendency, transferring to owners of earlier rights the decision to take steps against individual new applications. To this end, as in the EU trademark system, these entities may submit an opposition within three months of publication of a trademark application. A novelty in the Polish system is the possibility to settle the conflict amicably between the parties, which allows them to avoid unnecessary litigation and accelerate proceedings. This new system largely meets the challenges and needs of the modern and rapidly developing economy.

Another competitive advantage of the new Polish trademark system is the reduced examination time for trademark applications. Obtaining a registration is now much quicker than under the previous examination procedure, which – if the office initiated collision proceedings – could take several years.

All trademark applications are disclosed in a free database run by the Polish Patent Office no later than two months after the filing date. After completion of the examination for absolute grounds, the application is published for opposition purposes. If there is no opposition, the timeframe from filing to registration is around five to six months. This is significant progress

from the perspective of entrepreneurs operating in a dynamically evolving market, in which the speed of launching new trademarked products and services is crucial to success.

The amendment to the law has therefore improved the legal situation for trademark applicants and increased the number of national applications, positively influencing the economic potential and competitive edge of Polish entrepreneurs. The number of applications has been growing since the introduction of the new provisions – after April 15 2016 there was 14% growth on the previous year (see Figure 1).

Another important change is the abolishment of the prohibition against registering trademarks containing the term ‘Republic of Poland’ or an abbreviation thereof. Such a prohibition existed in no other European jurisdiction or in pan-European law, which placed Polish entrepreneurs in a less advantageous situation than their counterparts from other member states, which could include in their trademarks an indication of the country of origin of the goods and services. The amendment thus resulted in an important harmonisation of the laws.

In addition to shifting from the examination system to the opposition system, the legislature also amended the regulation on the official fees relating to the protection of:

- inventions;
- utility models;
- industrial designs;
- trademarks;
- geographical indications; and
- topographies of integrated circuits.

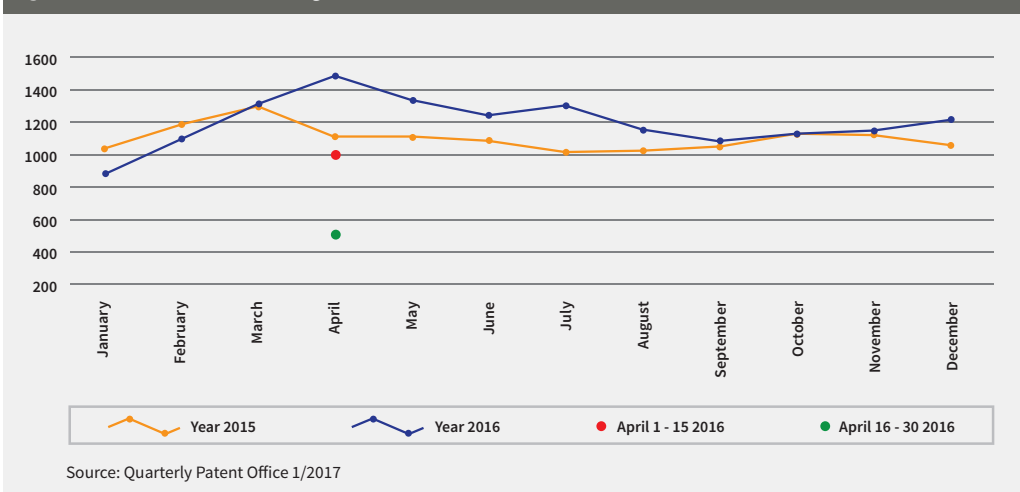
According to research by the European Commission, the amount of fees charged influences the decision to file a trademark application. Consequently, the official fees for filing and maintaining trademarks were lowered while their calculation method was simplified. The base official fee for trademark filing is now charged for a single class (rather than three as previously), which allows entrepreneurs to optimise the scope of applications and thereby incur lower costs. The fee for the 10-year period of protection has also decreased. The trademark opposition fee was also reduced by 40%.

### Simplified procedures for industrial design examination

The year 2016 also saw major changes in the area of industrial designs. The amendment to the Industrial Property Law introduced the institution of exhibition priority for national exhibitions for industrial designs and utility models. From a marketing perspective, such priority is important for organisers because – since not all exhibitions provide this possibility – it makes the given exhibition or fair more attractive and raises its profile. Moreover, it entices entrepreneurs to exhibit new solutions without fearing the loss of novelty as a result of their public use.

Another change was the simplification of the application procedure in the scope of document requirements: a description of the industrial design is no longer required, while the technical requirements relating to the method of preparing drawings have been clarified. These changes have

Figure 1. National trademark filings





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She graduated in law and administration from Warsaw University and a Cambridge University course in English and EU law, and undertook postgraduate IP law studies at the Jagiellonian University in Krakow.

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Beata Wojtkowska handles IP law cases (involving trademarks, geographical indications and inventions) and advises on all aspects of the trademark field, including searches and registrability. She focuses on cases involving well-known and renowned trademarks. She represents clients in administrative proceedings and disputes before the Polish Patent Office, the Polish courts and the EUIPO. She qualified as a trademark and patent attorney and European patent attorney in 2005.

She graduated in law and administration from Warsaw University and undertook postgraduate IP law studies at the Jagiellonian University in Krakow, as well as civil and administration law studies at the European School of Law and Administration in Warsaw.

She is a member of the International Trademark Association (INTA) and contributes to the *INTA Bulletin* and *INTA Reporter*.

resulted in fewer errors in documents, which in turn has sped up the registration process. The examination timeframe from filing to grant is now around two to three weeks.

The modified system of official fees also applies to industrial designs. Maintenance fees for subsequent protection periods were reduced by 60%; the fees for filing and publication were also lowered. An owner of an industrial design now saves around Z1,000 (€240) over the previous system.

Although Polish entrepreneurs continue to expand to other European markets, the Polish Patent Office has noted a constant decline in the number of national industrial design applications, but a simultaneous increase in such filings made

by Polish entrepreneurs at the EU Intellectual Property Office. This tendency will not be drastically reversed; however, lower official fees and less strict procedural requirements favouring quicker registration will undoubtedly improve the scale of protection of industrial designs at the national level – especially for medium, small and micro enterprises, where innovative designs are of particular importance to their competitive strength.

### Improved patent procedures

Regarding the examination procedures for inventions and utility models, an important novelty – to the benefit of applicants – has been the introduction of the so-called ‘preliminary

assessment', which is made before publication of the application in the *Polish Patent Office Bulletin*. This allows the applicant to quickly correct mistakes and deficiencies in the application at the stage of drawing up the prior art search report.

The legislature also introduced specific solutions aimed at combating the problem of 'evergreening'. If a patent application meets the requirement of unity, the applicant may effectively file divisional applications only until the time of publication of the application (ie, within 18 months of the date of filing the patent application with the Polish Patent Office). This prevents applicants from prolonging procedures in order to maintain a state of legal uncertainty among their competitors as to the possibility of free exploitation of a given solution forming part of the state of the art.

### Simplified appeal procedures

The improvement of procedures for the grant of exclusive rights has undoubtedly allowed such rights to be obtained more quickly, which in turn results in more timely commercialisation by rights holders and their increased competitiveness in the market. However, procedures for the refusal of exclusive rights have also been simplified.

As a general rule, Polish Patent Office decisions can be appealed by filing a motion for reconsideration of the case or a complaint with an administrative court, depending on the stage of a given case.

The previous laws provided that filing a complaint with an administrative court to review a Polish Patent Office decision was possible only after the appeal procedures available before that administrative body were exhausted. For example, if the Polish Patent Office refused to grant an invention patent, the applicant could file a motion for reconsideration of the case. If the original decision was maintained following reconsideration, only then could the applicant submit a complaint with an administrative court.

Following the recent amendment of the law on administrative court proceedings – in force as of June 1 2017 – appellants now have a choice: they can file either a motion for reconsideration of the case or a complaint with an administrative court. The most suitable means of appeal will be at the applicant's discretion, following analysis of the justification of the decision and depending on the circumstances of the case. This new legal provision will shorten waiting times for the final decision, which will make business decision making in relation to the relevant right significantly easier.

Another improvement to Polish Patent Office administrative proceedings is the increased efficiency of adjudication in contentious matters initiated by an invalidation motion. The abolishment of the requirement to prove the existence of a legitimate interest in seeking invalidation or revocation of a trademark has greatly facilitated access to invalidation procedures for competitors and will certainly contribute to the invalidation of trademarks that are not genuinely used or that were granted in breach of the law.

However, the requirement to prove the existence of a legitimate interest still applies to parties seeking the invalidation of patents, utility models or industrial designs.

Two substantive conditions must be met to allow for examination of an invalidation motion:

- the existence of a legitimate interest on the part of the party seeking invalidation; and
- the existence of substantive grounds for invalidation.

If the party seeking invalidation lacks a legitimate interest, the Polish Patent Office will definitively discontinue the proceeding. In previous Polish Patent Office practice, such a discontinuance decision could be subject to a motion for reconsideration, and only after the decision was upheld by the Polish Patent Office could a complaint be submitted to an administrative court.

However, on March 15 2016 the Administrative Court in Warsaw issued a breakthrough ruling in this respect, questioning the adjudication practice of the Polish Patent Office and ultimately deeming it unlawful. The court stated that a decision to discontinue invalidation proceedings due to the opponent's lack of a legitimate interest constitutes a decision to terminate administrative proceedings, which is subject to a complaint to an administrative court, rather than a motion for reconsideration.

This ruling is important from a practical perspective. It has changed the manner of invalidation proceedings for patents, utility models and industrial designs where the Polish Patent Office has found the opponent to lack a legitimate interest, effectively shortening the appeal procedure by one step – which will significantly expedite the termination of contentious proceedings in future.

### Changes to customs procedures

Major changes to the customs service also entered

into force on March 1 2017. Under the new law on the national revenue administration, three separate structures have been consolidated: the tax administration, Customs and revenue control. As such, the independent customs agency has been dissolved. The new structure is subordinated to the Ministry of Finance.

The main objective behind this consolidation is a more efficient use of human, financial and organisational resources, which should in turn contribute to more efficient handling of matters – especially those involving business entities – and improved standards of service.

As a result of these changes, a specialised government agency – the National Revenue Administration – has been established which will be more effective in enforcing EU customs rules, as well as servicing and supporting entrepreneurs in relation to customs measures. Responsibility

for the identification, detection, prevention and combating of crimes and offences specified in the copyright and neighbouring rights provisions and the industrial property provisions has been transferred to this new agency, under the competence of the heads of the customs and revenue offices.

Since the new law and the new administrative structure have been in operation for only a short period, there are as yet no statistics on their effectiveness. However, their objective is to intensify border protection actions relating to IP rights and infringers will be subject to penalties under both EU laws and penal and tax provisions. This should provide broader protection to rights holders against counterfeit goods entering the EU customs territory and guarantee more stable conditions for economic development and commercial initiatives by entrepreneurs. **iam**



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