

LEGAL
BUSINESS

DISPUTES YEARBOOK 2020



YOU'RE GONNA NEED A BIGGER COURT

Charting the mega cases defining
London's disputes market

In association with

STEWARTS

IP litigation in Portugal – from the '00s to the '20s

António Magalhães Cardoso and Sara Nazaré discuss IP Court challenges

Going back to the 2000s, disputes arising from the enforcement of industrial property rights were to be tried before the Court of Commerce, which also handled matters relating to bankruptcy, and many other issues involving commercial companies' legal disputes and issues. The Court of Commerce was completely overloaded with the work that the latter involved and all the cases involving industrial property rights, especially patents, in light of their complexity, were completely clogged. The situation was so critical that preliminary injunctions were being filed against the actual infringement of patent rights and the Court of Commerce was taking more than two years to serve the defendants.

It was around 2005 that patent owners, pharmaceutical companies, demanded a legal solution that would overcome the complete inefficiency that the Portuguese industrial property rights regime was offering them. Henceforth, actions started being brought against the Portuguese medicines agency, Infarmed, with the administrative courts on the basis that the marketing authorisations granted to generic companies allowed for the infringement of a fundamental right directly protected by the constitution (the patents and/or the supplementary protection certificates), and such administrative acts were therefore null and void. In the filing of those administrative precautionary requests against marketing approvals of infringing products, the administrative acts were generally successful and what entailed was the suspension of the same. This administrative patent litigation practice lasted around seven years.

Summary of the invention of the IP Court

The Portuguese specialised Intellectual Property Court (IP Court) was created in June of 2011 and was installed in March of 2012. It gained jurisdiction to decide on copyright matters, domain names, unfair competition and any disputes involving industrial property rights (patents, trade marks, designs, etc) and administrative acts carried out by the National Industrial Property Institute (NIPI). The IP Court was at the time created with one chamber only.

Alongside this new court, a new law was enacted in December 2011, which entered into force in January 2012 –

Law no. 62/2011. This law completely changed the paradigm of the pharmaceutical patent litigation that had been successfully (for the patent owners) consuming the administrative courts. This law instituted a mandatory arbitral regime for the enforcement of industrial property rights (including preliminary injunctions), related to generic medicines.

Law no. 62/2011 led to the massive commencing of arbitral proceedings. What it ended up doing was to take out the vast majority of the patent litigation cases existing in Portugal from the IP Court. Some (scarce) revocation actions were brought before the IP Court, but overall the court had little to deal with in what concerned patent litigation when it came to life.

Law no. 62/2011 was amended in December 2018 and the mandatory arbitral regime was revoked with effect from January 2019. It now has a voluntary nature (which, in practical terms, led to the absence of any new arbitrations) and, when an arbitration agreement fails to be reached, enforcement action is to be brought before the IP Court. This has, once again, changed the paradigm.

Claims of the IP Court

The IP Court now faces the challenges that the revocation of the mandatory arbitral regime – and the consequent increasing of cases being brought before it – is already entailing.

Number of judges

The Court is now composed of three judges, working in two chambers (a second chamber was in the meantime created). The chambers are not specialised – ie, they can both hear cases on patents, trade marks, designs, trade secrets, etc, as they can all hear on nullity and on appeals filed against acts of the NIPI.

The law that amended Law no. 62/2011 and revoked the mandatory arbitral regime included a transitory provision determining that a statistic analysis should be carried out within one year from the entry into force of the new regime that revoked the mandatory arbitration (thus resulting in more cases being filed before the IP Court) in what concerns the functioning of the court – specifically relating to disputes arising from the enforcement of industrial property rights in connection with reference medicines.



António Magalhães Cardoso is head of IP litigation – amc@vda.pt

It is important that this analysis is duly prepared, since the number of judges appears to be limited in the face of the high quantity of cases that are pending before the IP Court (not only patents), but especially considering the difficult technical issues that the majority of patent cases involve.

Technical advisers

One of the major challenges the IP Court faces comes from the lack of any scientific and technical background of its judges, taking into account the technical nature of most matters being tried. In fact, patent litigation deals with potentially (almost) any field of expertise – robotics, engineering, pharmaceutical, mechanical, telecommunications and so on.

IP Court judges usually convene with a technical adviser to assist them, in principle during the final hearing, with the technical matters. The judges usually ask the parties to agree on the academic, personal, professional and technical expertise that such adviser must have (and then ask the relevant faculties or institutes to designate someone appropriate). But such an agreement is not always easy to reach.

In the future, technical persons with a background in patent law could eventually be designated to permanently work to assist the IP Court with the preparation of the preliminary hearings during the final hearing and to prepare the final decisions (on condition that a clear indication is provided in the ruling as to the level of input that such advisers have to the final result).

Language of the proceedings

According to the Portuguese Civil Procedure Code (CPC), the proceedings must be conducted entirely in Portuguese. This means that the pleadings must be written in Portuguese and that the witnesses have to depose in Portuguese or their testimony be interpreted. On the documentation attached, the



Sara Nazaré is managing associate of IP litigation – ssn@vda.pt

CPC simply says that ‘the foreign documents that require a translation must be translated’ (and this can be requested by the parties or determined *ex officio* by the judge), which suggests that whenever the judge and the parties understand their content, no translation will be required; however, judges usually request for this translation to be submitted for all documents. The translation of foreign documents and witnesses’ deposition raises some difficulties, each for different reasons.

The documents pertinent to patent proceedings are usually in English, as they come most of the times from the European Patent Office; they are usually discussed by the parties in English, even with their witnesses. The Portuguese translation of these documents not only sometimes corresponds to an extremely high cost for the parties, but it also hampers the debates and the presentation of evidence by the technical witnesses at the hearing.

When the witnesses are foreign (and despite the sensitivity that the judges have been demonstrating towards the simplification not only of the means to hear those witnesses – Skype and even Facetime – but also on the interpreters that can be called to the hearing), the fact that their deposition has to be simultaneously translated hinders the effectiveness of the deposition that the parties are looking to obtain from the witness they list (which could eventually be overcome with the presentation of written technical reports instead of formal oral depositions).

VdA VIEIRA DE ALMEIDA

Rua Dom Luís I, 28
1200-151 Lisboa
Portugal
Tel: (+351) 21 311 3400