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**Study Guidelines**

by Jonathan OSHA, Reporter General
Anne Marie VERSCHUUR, First Deputy Reporter General
Ari LAAKKONEN, Second Deputy Reporter General
Guillaume HENRY, Ralph NACK and Lena SHEN
Assistants to the Reporter General

**2020 Study Question**

**Standing to litigate and effect on remedies**

**Introduction and scope of this Study Question**

1. This Study Question examines what *locus standi* / standing requirements there may be for parties in specific types of intellectual property cases.
2. Four areas are addressed in relation to claimants:
3. **Co-owners/co-proprietors**: Should all co-owners of an IP right sue together, or should individual co-owners be entitled to make claims of infringement?
4. **Licensees**: whether licensees should have standing to make a claim of infringement, and if so, should that be open only to exclusive licensees, sole licensees or also non-exclusive licensees and/or sub-licensees. If a licensee has standing to litigate, should the licensee need to prove their standing to litigate by reference to the agreement under which they are a licensee?
5. **Authorised claimants**: whether persons authorised to make a claim of infringement on behalf of the proprietor of an IP right should be entitled to do so, and if so, whether they should need to prove their standing to litigate by reference to the authorisation under which they are acting?
6. **Legal interest**: whether a claimant requesting a declaration of invalidity/revocation or non-infringement should have a legal interest in the outcome of the validity/non-infringement challenge, e.g. because they have been threatened with an infringement claim.
7. In relation to defendants, the Study Question will examine who has ‘standing’ to be the defendant in a claim for the revocation of an IP right. Should the owner, all the co-owners or some co-owners of the IP right be the only possible defendant in such an action, or may a licensee or any other person having standing to make a claim of infringement of that IP right also be the defendant in a revocation claim?
8. This Study Question is intended to address actions and claims both in courts as well as administrative tribunals (such as patent offices).
9. Further, this Study Question will examine whether the relief available should depend on the standing established by claimants, and in particular whether the relief available should depend on whether the claimant is able to establish that actual loss results *for them* from the infringement.
10. It is not the purpose of this Study Question to examine the standing requirements for the grant of declaratory relief other than for declarations of non-infringement or invalidity. Therefore, the standing requirements for declarations of non-essentiality (*Nokia v Interdigital* [2006] EWCA Civ 1618), *Arrow Generics v Merck* declarations, and any other declarations apart from non-infringement and invalidity are outside the scope of this Study Question.
11. Claims by defendants joining third parties into a case as additional defendants, e.g. where a defendant has an indemnity claim against a third party, are not within the scope of this Study Question. This is a substantial and complex area of law in its own right, which could benefit from more focussed study in the context of a separate Study Question.

**Why AIPPI considers this an important area of study**

1. Without harmonisation, international licensing and ownership arrangements may inadvertently create rights to litigate for others, which if unchecked can undermine or cut across a right holder’s enforcement policy, especially if the IP right in question is successfully revoked in a counterclaim by a defendant.
2. Uncontrolled infringement could dilute the value of an IP right. The right holder will therefore wish to maintain control over enforcement so as to maintain the value of their IP rights. A uniform international regime for standing would assist with the implementation of a global policy for enforcement.
3. Similarly, the right holder may well wish to be included in any actions that affect the scope or subsistence of their IP rights, e.g. revocation counterclaims. Without harmonisation, such involvement may be more difficult to obtain across all jurisdictions.
4. The harmonisation of a claimant’s ability to initiate a declaratory action for invalidity or non-infringement would assist with strategies to ‘clear the path’ internationally and obtain commercial certainty before product launch. If a manufacturer cannot challenge the validity of IP rights or infringement of those rights before serious commitments have been made to launch a product in a market, and those commitments and investments would be put at risk by infringement claims that could be filed years later, the ability of a manufacturer to control its exposure and risk is limited. Similarly, if a manufacturer is able to initiate revocation actions without fear of any counterclaims of infringement (which would then also put appropriate pressure on claim construction), an IP right holder could be unfairly prejudiced.
5. It would therefore be useful to investigate and consider what is the correct balance between clearing the path, by way of claims for declarations of invalidity and/or non-infringement, and being able to bring counterclaims for infringement.

**Relevant treaty provisions**

1. Article 16 of TRIPs provides a right, for the “owner” of a registered trade mark, to prevent infringement.
2. Article 26 of TRIPs provides a right, for the “owner” of a protected industrial design to prevent infringement.
3. Article 28 of TRIPs confers certain exclusive rights to prevent infringement on the “owner” of a patent.
4. Under Article 42 of TRIPs, right holders (including federations and associations having standing to assert IP rights) shall be entitled to assert them.
5. Under the European Enforcement Directive (2004/48/EC of 29 April 2004), which is made under the EC Treaty (emphasis added):

*Article 4*

**Persons entitled to apply for the application of the measures, procedures and remedies**

*Member States shall recognise as persons entitled to seek application of the measures, procedures and remedies referred to in this chapter:*

1. *the* ***holders*** *of intellectual property rights, in accordance with the provisions of the applicable law;*
2. *all other* ***persons authorised to use*** *those rights, in particular licensees, in so far as permitted by and in accordance with the provisions of the applicable law;*
3. *intellectual property* ***collective rights-management bodies*** *which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law;*
4. ***professional defence bodies*** *which are regularly recognised as having a right to represent holders of intellectual property rights, in so far as permitted by and in accordance with the provisions of the applicable law.*

**Discussion**

Claimants

1. Historically there has been a reluctance, in common law jurisdictions, to allow claims to be made, in substance, by anyone but a person directly affected. This restriction has been expressed as the prohibition of “champerty” (financing a lawsuit with an intention to share the proceeds) and “maintenance” (supporting a lawsuit).
2. One of the policy reasons for these restrictions is to avoid frivolous, vexatious and opportunistic claims by litigants with no real interest in the dispute. The policy has been to constrain cases so that claims are only brought by those with a real interest: with standing to litigate.
3. This requirement for an interest is reflected in a requirement in the US that Federal Courts, having power under Article III of the US Constitution, cannot decide cases that result in merely advisory opinions and there is no interest at stake. There must be a true case or controversy before the Court’s jurisdiction is engaged.
4. Against this backdrop, IP rights present a challenge. The monopoly or right granted by the IP right can be transferred to others by way of assignment, and parts or aspects of the right can be granted to others by licensing. Similarly, an IP right can be owned by several joint or co-owners. It is very easy to create further direct or indirect interests in the enforcement of IP rights.
5. For example, the financial interest in preventing infringement can – but does not have to be - be transferred by way of licensing. An exclusive licensee, who is the only person authorised to sell products in a specific geographical territory that utilise the IP right in question, may suffer economic loss from sales diverted to an infringer in that territory. An exclusive licensee is thus the claimant with the most direct economic loss, although the proprietor may also have an interest: see *Optical Coating Laboratory Inc v Pilkington PE Ltd* [1993] F.S.R. 310. In contrast, if the IP right is non-exclusively licensed, it may be harder to quantify the loss of the non-exclusive licensee that results from infringement, but that does not mean that there is never any such loss.
6. Common law systems have tended to adopt a simple rule: an exclusive licensee has standing to sue for infringement but generally non-exclusive licensees do not. This rule is less justified economically where an exclusive licensee does not sell products at all, because clearly the economic effect of infringement is not felt if the licensee suffers no loss from infringement. In these situations, it is generally provided that where no direct loss can be proven the exclusive licensee may nonetheless recover reasonable royalties, but of course it could also be argued that where there is no direct loss then there should have been no standing to litigate either, because there was no interest (in the sense of actual loss from infringement that needs to be compensated with damages) in the eventual outcome of the suit. In other words, it could be argued that the mere possibility of recovering reasonable royalties or other relief should not give a claimant (who has suffered no actual loss) standing.
7. It is routinely argued, under some legal systems, that IP right owners who do not suffer irreparable harm, or only suffer harm that can be compensated with damages, from continuing infringement should not be granted an interim or preliminary injunction to prevent infringement before trial. These situations have not, however, been characterised as a lack of standing for the claim itself, but rather as a limitation on the availability of interim relief based on a lack of sufficient interest. The requirement to have legal standing for the party seeking the interim relief is only the initial ‘gateway’ through which they must pass to make a claim for interim relief, and a further examination of legal interest is then conducted when considering whether the court should grant the relief sought.
8. In contrast, other legal systems allow the enforcement of IP rights to be delegated to third parties by way of ‘simple’ authorisation. Their standing to litigate is derived from the authorisation itself, and may only indirectly be founded in the economic interest they may or may not have in the litigation and the loss they may or may not suffer any loss themselves from infringement. The lack of any loss suffered (whether irreparable or not) when seeking interim relief may also not be relevant.
9. For co-owners the situation can be equally complicated, because the economic rights as between co-owners may be regulated separately by contract and it is challenging to have a simple and uniform rule which connects the financial interest in an infringement claim with standing to litigate. For this reason, there is a certain logic in requiring all co-owners to litigate together (or not at all).
10. From a practical perspective, there is however a disadvantage with requiring all co-owners to be joined into a suit. Co-owners can – if they are corporate entities – be acquired, sold, merged, bankrupted and it is routine for changes of ownership and controlling interests to occur. If co-owners are individuals, they may suffer from future disagreements with other co-owners, or they may die and their share of the IP right in question may vest in their estate. All of these situations can complicate a litigation and, in particular, make the running of the case difficult.
11. Thus from a simply pragmatic perspective it would be attractive to give standing to enforce to a single co-owner, but again there are disadvantages. For example, the single co-owner might enforce an IP right only for the IP right to be revoked by the defendant, which then means that the shares of the other co-owners become worthless since they are shares in a revoked, non-existent IP right.

Claims for declarations of invalidity and/or non-infringement

1. Another manifestation of the requirement that courts should not decide hypothetical matters and give advisory opinions – or produce decisions that have no utility – is a requirement in some jurisdictions that only those entities who have been threatened with infringement proceedings or are defendants to an infringement action may file claims for declarations of invalidity and/or non-infringement. The rationale is that without a threatened claim of infringement, a decision on invalidity and/or non-infringement is of academic interest only and it would be a waste of court and party resources to allow such litigation.
2. The timing difficulties resulting from such a limitation can, however, be challenging. An entity launching a new product onto the market might only be sued later on, e.g. if the IP right holder decides to wait a few years after product launch to launch its infringement claim and stays silent until then. In such a case, damages for past infringement accumulate and risks for the manufacturer of the new product increase, with no easy way to ‘clear the path’ in advance and reduce risk.
3. For these reasons, in certain legal systems it is possible to clear the path well in advance of product launch, for either actual or proposed new products, with claims for

declarations of invalidity, declarations of non-infringement and/or claims for revocation. This has the advantage of producing legal certainty, but at the cost of using the resources of the IP right holder potentially unnecessarily to defend against such actions, especially if the claimant in such actions changes their mind and decides not to proceed with market launch after all. Safeguards, e.g. costs awards, are typically used to control and prevent hartious litigation to clear the path.

Defendants

1. The validity of an IP right may, depending on the forum and on local requirements, be litigated inter partes (in which case the result is binding as between the parties to the case, but there is no revocation and removal from the register of the IP right if it is found invalid) or with in rem/erga omnes effect (such that any finding of invalidity results in the revocation of the IP right - binding on the world -and its removal from the register).
2. There may be perfectly valid reasons for there to be an inter partes determination of validity that does not involve the IP right owner. For example, in a royalty dispute between an exclusive licensee and a sub-licensee, the validity of the patent as determined on an inter partes basis in arbitration may affect the royalty charged.
3. However, where the decision on validity is on an in rembasis, there is a more compelling case for a requirement that the owner of the IP right in question should be involved in the case. If not, an adverse decision and the revocation and removal of the IP right from the register would involve the loss of property of the former owner of that IP right, without any say in that loss.
4. The permanent loss of rights from revocation speaks strongly in favour of requiring the inclusion of the IP right owner as a party in any case in which such a result could occur. When a counterclaim for revocation is filed by a defendant to an infringement action brought by an exclusive licensee, this might then mean that the defendant would be obliged to join the IP right owner into the case if they are not already part of the case. Clearly, there are a number of possible ways of handling this situation:
5. The claimant/exclusive licensee could be required to include the IP right owner as a co-claimant;
6. The claimant/exclusive licensee could be required to include the IP right owner as a co-defendant;
7. The defendant could seek to add the IP right owner as a defendant to the counterclaim for revocation.
8. Even these mechanisms may in some cases be insufficient. For example, if the claimant (who asserts they are the owner of an IP right) is found not to be the owner of the IP right, then any revocation counterclaim against the claimant would not be against the true owner of the IP right.
9. These mechanisms are also not guaranteed to be successful. It would seem unjust to prevent a defendant from challenging the validity of an IP right asserted against it by a licensee, simply because the owner of the IP refuses to be joined into the action.
10. A further complication arises from co-ownership: should all, or some co-owners be defendants if the validity of an IP right is challenged? Co-ownership could lead to a number of difficult problems, for example, if a co-owner has ceased to exist, or has transferred their share of the IP right to another unidentified entity.

***You are invited to submit a Report addressing the questions below. Please refer to the 'Protocol for the preparation of Reports'.***

**Questions**

1. **Current law and practice**

*Please answer all questions in Part I on the basis of your Group's current law.*

1. Who has standing to bring a claim of infringement of an IP right? Please also address whether co-owners and exclusive, non-exclusive and/or sole licensees, or authorised persons may bring a claim of infringement of an IP right.

Generally, in addition to the *proprietors* of the IP right, standing to bring a claim is on *co-owners*. Finnish IP laws do not contain provisions on co-owners and their right to bring claims, and IP rights as such do not fall within the scope of the Finnish Act on Certain Co-ownership Relations (1958/180). However, according to preparatory works of IP laws and legal literature the central provisions of the Act on Certain Co-ownership Relations apply to IP rights by analogy. Pursuant to Section 4, subsection 2 of the Act on Certain Co-ownership Relationships each co-owner is allowed to file such a suit concerning the co-owned object that does not concern the object as a whole. A suit to defend the owners' rights against unauthorized use of the object would fall into this category. Thus, each co-owner is allowed to bring a claim of infringement of an IP right. With regard to patents similar conclusion has been made in legal literature based on argument that there has been no intention to change the legal status compared to the more casuistic old Patents Act of 1943 (387/1943) according to which each co-owner had standing to bring an infringement claim independently.

Depending on the IP right *exclusive licensees* or *all licensees* have standing to bring a claim of infringement of an IP right.

Based on a few scattered statements in legal literature and case law all licensees have a right to bring a claim of infringement of a patent and utility model. Currently the Finnish Patent Act (1967/550) or the Finnish Act on Utility Model Right (1991/800) do not have provisions on licensees' standing to bring an infringement claim. However, earlier both acts included a provision according to which a licensee intending to bring a claim from infringement of a patent or a utility model was obliged to notify the holder of the IP right (Patent Act, revoked Sec. 64 and Act on Utility Model Right, revoked Sec. 42). In legal literature that provision of the Patent Act has been held to mean that licensees have standing to bring a claim of an infringement of a patent. This provision has now been moved to Chapter 4 Section 19 of the Act on Market Court Proceedings (2013/100). The Finnish Market Court has found that also the new provision reflects licensees' right to bring a patent infringement claim (MAO 676/16). These scattered statements in legal literature and case law do not make a difference between exclusive and other licensees. The same considerations could be argued to apply to utility models due to identity of the relevant provisions on which the views expressed in literature and case law are based.

Trademark and Registered Community Design licensees have standing to bring a claim of infringement of these IP rights subject to the requirements explained below (Finnish Trademark Act Sect. 42.4 and EU Trademarks Regulation Art. 25(3) and EC Design Regulation, 2002/6, Art. 32(3)).

Concerning trademarks, *holders of pledges* and *persons having authority to use collective and certification marks* also have a standing to bring a claim under the conditions explained below (Finnish Trademark Act, 2019/544, Sect. 39.2 and 87.1 and EU Trademark Regulation, 2017/1001, Art. 80)

The Finnish Registered Designs Act (221/1971) does not have provisions on licensees’ standing to bring an infringement claim. The legislative history of that act is similar to the Patent Act and the Act on Utility Model Right. Therefore, it is reasonable to conclude that all licensees have standing to bring an infringement claim under the Finnish Registered Designs Act too.

There is no express provision on licensees' standing to bring a claim in the Finnish Copyright Act (608/2015). The dominant view both in legal literature and case law concerning copyright is that holder of economic rights has standing to bring a claim of infringement of copyright. Therefore, the exclusive licensee has standing, while non-exclusive licensee does not have standing. Neither sub-licensee or sole licensee have standing since they do not hold the economic rights.

If a work is published without the name of the author, a generally known pseudonym or a pen name being indicated, *the editor*, if he/she is named, and otherwise *the publisher*, shall represent the author until his name is indicated in a new edition of the work or notified to the competent ministry (Sect. 7.2 of the Finnish Copyright Act). In such cases, the editor or the publisher has standing to bring a claim of infringement of copyright in lieu of the author.

The Finnish Copyright Act confers *representatives of the author* (e.g. extended collective licensing organizations) a limited right to claim for an injunction against the alleged infringer based on authorization or transfer of economic rights (Sect. 60 b, and on the limited nature of standing see the Market Court decision MAO 285/19, which is currently under appeal).

While the representatives of the author may bring a claim for an injunction as authorized persons, this is not the norm. According to established doctrine and legal praxis (Finnish Supreme Court judgments KKO 2004:18 and 2018:8), standing cannot be created by authorization. Therefore, authorized persons do not generally have standing to bring a claim for infringement of an IP right. Authorized representatives of copyright holders, however, make an exemption to this rule. They have standing to bring claims but the remedies available to them are limited as will be explained in more detail below.

1. For each class of person identified under 1) above, please explain:
2. Whether the permission of anyone else is needed, in order to bring the claim?

**Co-owners:** Concerning copyrights, each of the co-owner is entitled to present claims due to an infringement of the copyrights (Sect. 6 of the Finnish Copyright Act). Each co-owner is entitled to bring a claim without the permission of another co-owner (Finnish Act on Certain Co-ownership Relations, 1958/180, Sect. 4.2). There are no specific provisions concerning patents, utility models, trademarks and designs but the provisions of the above act from 1958 can be applied by analogy.

**Licensees:** The provisions from which standing of patent, registered designs, and utility model licensees and standing of exclusive licensees of copyrights and neighboring rights of copyrights derived from do not indicate that licensees' right to bring the claim would be subject to the permission of anyone else. For copyright and neighboring rights absence of such requirement has been confirmed also in legal literature.

Trademark and Registered Community Design licensees need authorization from the trademark or Registered Community Design proprietor unless standing has been agreed in the licensing contract (Finnish Trademark Act Sect. 42.4 and EU Trademarks Regulation Art. 25(3) and EC Design Regulation, 2002/6, Art. 32(3)). According to said provisions, exclusive licensees for these kinds of rights can however bring a claim without permission from the proprietor of the right if the proprietor does not bring infringement proceedings within a reasonable period once having been notified of the infringement.

**Holders of pledges of Finnish Trademarks and International Trademark Registrations valid in Finland:** Such proprietors of security can bring a claim if such a trademark proprietor does not bring infringement proceedings within a reasonable period once having been notified of the infringement, or if it has not been otherwise agreed (Finnish Trademark Act, Sect. 39.2).

**Persons having authority to use collective and certification marks:** Permission of holders is required, unless otherwise agreed in the regulations governing use, but persons having authority can bring a claim if the trademark proprietor does not bring infringement proceedings within a reasonable period once having been notified of the infringement (Finnish Trademark Act, Sect. 87.1 and EU Trademark Regulation, Art. 80).

**Publishers or editors:** Publishers or editors may also act as the representative of an author if the author’s name is not published (Finnish Copyright Act Sect. 7.2). Their standing is not, however, limited to injunctions. The prevailing standpoint in the legal literature is that the publisher or the editor has the same standing as the author would have. Therefore, no permission is required to bring a claim.

**The authorized representatives of copyright holders:** Permission is not required to bring a claim for an injunction. The authority of a representative is based either on a power of attorney from the copyright holder or on a contract concluded by the relevant organization and the copyright holder concerning the transfer of economic rights.

1. Whether any other person is required to be joined into the claim, in order to bring the claim?

No.

1. Whether there are any other conditions that are required to be satisfied, in order to bring the claim?

Assignees of EU Trademark Registrations and Registered Community Designs are required to record the assignment to the appropriate EU registers in order to be able to invoke the rights arising from the EU Trademark Registration or Registered Community Design (EU Trademarks Regulation, Art. 20(11) and EC Design Regulation, Art. 28(b)).

When a co-owner brings a claim for infringement, the other co-owners are required to be notified of the claim to ensure that they are given the right to be heard (argument based on Finnish Act on Certain Co-ownership Relations, Sect. 4.2).

Licensees of registered IP rights intending to bring a claim for infringement are required to notify the proprietors of such rights. In the absence of such notification the Finnish Market Court shall set a date for making the notification with the threat of the complaint being dismissed without the examination of the merits (Finnish Act on Legal Proceedings in the Market Court, 2013/100, Chapter 4, Sect. 19.1).

1. Does the relief available to a claimant for infringement depend on the standing of the claimant, and if so, how?

In principle, the relief available to the claimant does not depend on the standing of the claimant since the applicable IP laws do not generally differentiate the holder of the IP right from other parties as far as relief is concerned.

In certain situations the standing will have an effect in practice because, e.g. damages may be claimed only by the party who has suffered the damage. For instance, a trademark exclusive licensee who has not sold goods or services covered by the license will unlikely be able to be awarded damages for loss of profits in trademark infringement proceedings.

However, an injunction against a keeper of a transmitter, server or other similar device or other service provider acting as an intermediary may be ordered in connection with an infringement action only at the request of the corresponding IP right holder (Finnish Patent Act, 1967/550, Sect. 57 b.1; Finnish Act on Utility Models, 1991/800, Sect. 36 a.1; Finnish Trademark Act, Sect. 64.1; Finnish Design Act, 1971/221, 35 a.1; Finnish Copyright Act, Sect. 60 c.1; Finnish Trade Name Act, Sect. 18 a.1).

Concerning copyrights, the request for the above-mentioned injunction against an intermediary can also be made by the representative of the author (Finnish Copyright Act, Sect. 60 c.1). Furthermore, the representative of the author may claim for an injunction against the person who makes the allegedly copyright-infringing material available to the public (Finnish Copyright Act, Sect. 60 b). Based on a recent court decision (Finnish Market Court MAO 285/19 which is currently under appeal) it seems that the remedies available to authorized representatives are limited to those that have been expressly mentioned in the Finnish Copyright Act. The case was about a collection society's right to bring a claim for a declaratory relief and compensation based on copyright infringement. The Market Court found that the Finnish Copyright Act provides for collection societies' right to represent authors in certain cases concerning granting of licenses and the terms of such licenses. According to the Market Court the Finnish Copyright Act does not authorize collection societies to request a declaratory judgment or claim compensation unless there exists a license agreement.

1. Who could a claim for an *inter partes* declaration of invalidity and/or declaration of non-infringement be brought against (please refer to paragraph 33)?

The Finnish legal system does not recognize inter partes declarations of invalidity. This is reflected by the fact that when invalidity of an IP right is invoked in connection with a claim regarding infringement of the IP right the defendant must file a separate invalidity action in order to have the alleged invalidity to be taken into account in the infringement proceedings (The Act on Market Court Proceedings, Chapter 4, Sec. 20 and 21). Furthermore, the Market Court and respective IP offices have exclusive jurisdiction to handle matters concerning declaration of invalidity. Thus, other courts and arbitral tribunals may be argued to lack jurisdiction to render declaratory awards on invalidity of IP rights.

A claim for a declaration of non-infringement of a registered industrial property right may in general be brought only against the registered proprietor of the IP right (Finnish Patent Act, Sect. 63.2; preparatory works of Sect. 68.1 of the Finnish Trademarks Act; Finnish Design Act, Sect. 41.2; Finnish Trade Name Act, Sect. 27.1). Copyright differs from other IP-rights since the Copyright Act does not have an express provision on the subject. However, according to the general principles of the Finnish procedural law, a declaratory action is possible, if legal interest for such a claim exists. Consequently, it should be considered possible to claim for a declaration of non-infringement. The natural defendant is the holder of economic rights, as the holder has the exclusive right to control the work. If the author does not hold the economic rights, then a claim cannot be brought against him or her. However, the assumed authorship clause in the Finnish Copyright Act (Sect. 7.1) could be argued to enable the claimant to bring a claim for a declaration of non-infringement against the person who is assumed to be the author, unless otherwise demonstrated. If the work is published without the name of the author, a generally known pseudonym or a pen name being indicated, the claim can be brought against the editor or, if not named, the publisher (Sect. 7.2 of the Finnish Copyright Act).

1. Who could a claim for *in rem* revocation/nullity be brought against (please refer to paragraph 35)?

The claim can be brought against such a proprietor of a patent, utility model, trademark and design who is recorded as registrant on the appropriate register (Finnish Patent Act, Sect. 44.5; Finnish Utility Model Act, Sect. 28.3; Finnish Trademarks Act, Sect. 45 and 58.1; Finnish Design Act, Sect. 27.4).

In case the claim of infringement has been brought by the licensee of the EU Trademark Registration or Registered Community Design, the provisions of the EU Trademark Regulation and EC Design Regulation appear to allow the defendant the right to file the counterclaim against the plaintiff. The rule stated in the earlier paragraph concerning trademarks and designs may in that case be considered to apply only to national trademark and design registrations as they would be contradictory to the following provisions. According to the applicable provisions, if a counterclaim is brought in a legal action to which the proprietor of the EU Trademark Registration or Community Design is not already a party, he shall be informed thereof and may be joined as a party to the action in accordance with the conditions set out in national law (EU Trademark Regulation, Art. 128(3) and EC Design Regulation, Art. 84(3)). The Finnish Code of Judicial Procedure (4/1734) permits intervening in a civil case. The intervener must have legal interest and prima facie evidence in order to be permitted to intervene, and it is possible to intervene in a counterclaim. However, standing of the intervener is limited (Ch. 18 Sect. 8 and 10).

1. Are there any standing requirements to bring a claim:
2. under 4) above; and/or

As mentioned under 4) above, the Finnish legal system does not recognize these types of claims.

1. under 5) above.

**Patents:** an action for in rem nullity of a patent may be brought by everyone to whom the patent causes disadvantage or a prosecutor if that is required by public interest. (Finnish Patent Act, Sect. 52.4) The only exception to that is a nullity action that is based on a claim that the patent has been granted to someone else than the person entitled to the patent. In that case, such an action may be brought only by the person who claims to be entitled to the patent. (Finnish Patent Act, Sect. 52.5)

**Utility Models:** a claim for in rem nullity of a utility model may be brought by anyone (Finnish Utility Model Act, Sect. 19.2).

**Trademarks:** a claim in the Finnish Market Court for in rem revocation and absolute grounds nullity of a Finnish trademark or an International Trademark Registration valid in Finland may be brought by anyone who has legal interest in the matter (preparatory works of Sect. 58 of the Finnish Trademarks Act). If a revocation or absolute ground nullity claim is filed with the Finnish Patent and Registration Office or the EU Intellectual Property Office, legal interest is not however required (EU Trademark Directive, art. 45(4)(a)) and EU Trademark Regulation, Art. 63(1)(a)). If a nullity claim based on relative grounds is filed in the Finnish Patent and Registration Office, the claim can be brought only by someone who is the proprietor of the earlier right or has the right to use the protected designation of origin or geographical indication (Finnish Trademark Act, Sect. 54.2 and EU Trademark Directive, Art. 45(4)(b)). If a nullity claim based on relative grounds is filed in the EU Intellectual Property Office, the claim can be brought only by someone who is the proprietor of the earlier right or, when the claim is based on an earlier national right to a name, a right of personal portrayal, copyright or an industrial property right, persons who are entitled under Union legislation or the law of the Member State concerned to exercise the rights in question (EU Trademark Regulation, Art. 63(1)(c)).

**Designs:** a claim for in rem revocation of a Finnish design or International Design Registration valid in Finland may be brought by one who suffers harm from the registration in case the registration is sought invalidated on the grounds of the registration not being a design, not having novelty or individual character, … etc. and an obstacle to the registration still remains. A claim may be brought by anyone who sustains damage as a result of the registration, except in the cases listed below. There is no provision concerning a claim for nullity of a design in the Finnish Registered Designs Act.

Where registration has been granted to a person who is not the rightful owner of the design, a claim may be brought by the person who claims to be entitled to the design.

A claim may be brought by the person whose right is infringed by the registration in case the registration is sought invalidated on the grounds that the registration includes without proper permission the coat of arms, flag or other emblem or the designation or abbreviation of the designation of a state, municipality or an international intergovernmental organization, or a figure, designation or abbreviation of a designation that may be confused with such emblem, sign, designation or abbreviation of a designation or an official mark or stamp of inspection or guarantee for the same or similar articles as those for which the design is intended. The public prosecutor may also bring a claim on the previous grounds. Additionally, a public prosecutor may bring a claim if the design is contrary to public policy or to accepted principles of morality.

A claim may also be brought by the applicant for or the holder of the conflicting right person if the design is identical with a prior design which has been made available to the public after the date of filing of the application or, if priority is claimed, the date of priority and which is protected from a date prior to the said date by a design registered for Finland or by an application for such right; or if the design anything that may be understood to be another person’s trade name or a trade symbol or trademark established for another in Finland or the surname, pseudonym or similar name or the portrait of another, unless the name or portrait manifestly refers to a person long since deceased; anything that may be interpreted as the title of another person's protected literary or artistic work, provided such title is distinctive, or anything which infringes another's copyright to such a work or right to a photographic illustration; anything that does not substantially differ from a design or utility model registered in Finland in the name of another person. (Finnish Registered Designs Act, Sect. 31)

**Community designs:** a claim for in rem revocation and nullity of a Community design may be brought the by person who is entitled to the Community design under Article 14 if, by virtue of a court decision, the right holder is not entitled to the Community design under Article 14; by the applicant for or holder of the earlier right if a distinctive sign is used in a subsequent design, and Community law or the law of the Member State governing that sign confers on the right holder of the sign the right to prohibit such use; if the design constitutes an unauthorized use of a work protected under the copyright law of a Member State; or if the Community design is in conflict with a prior design which has been made available to the public after the date of filing of the application or, if a priority is claimed, the date of priority of the Community design, and which is protected from a date prior to the said date by a registered Community design or an application for such a design, or by a registered design right of a Member State, or by an application for such a right. The latter ground may be invoked by the appropriate authority of the Member State in question on its own initiative if a Member State has so provided.

If the design constitutes an improper use of any of the items listed in Article 6ter of the "Paris Convention" for the Protection of Industrial Property hereafter referred to as the "Paris Convention", or of badges, emblems and escutcheons other than those covered by the said Article 6ter and which are of particular public interest in a Member State, the person or entity concerned by the use may bring a claim. The same ground may also be invoked by the appropriate authority of the Member State in question on its own initiative.

The grounds for invalidity include also design not corresponding to the definition under Article 3(a) and design not fulfilling the requirements of Articles 4 to 9. The right to invoke each of these grounds has not been limited. (EU Community Design Regulation Art. 25(1), (2), (3), (4) and (5).

1. **Policy considerations and proposals for improvements of your Group's current law**
2. Are there aspects of your Group's current law or practice relating to standing to litigate IP rights that could be improved? If YES, please explain.

The Finnish Group suggests that the provisions clarifying who has standing to litigate should be formulated clearly and updated so that they would reflect the current legal situation without containing unnecessary or outdated references to other laws or without the need to interpret other laws by analogy. Secondly, the licensee’s standing to litigate should in all industrial property right laws be based on a system similar to the one that is adopted with trademarks.

1. Should the standing of a person to litigate an IP right depend on whether that person suffers loss caused by the infringement, or has any other interest in the claim?

To the Finnish Group’s view, as far as mere loss is concerned, no. As regards other interest in the claim, yes, as the person claiming to have standing to litigate need to be able show that he/she has a need for legal protection. This is necessary in order to ensure that claims are only brought by claimants with real interest and to thereby prevent frivolous, vexatious and similar claims.

1. Should it be possible to ‘outsource’ enforcement of IP rights by authorising third parties, who suffer no loss from any infringement, to litigate?

No. The Finnish Group understands the question of “outsourcing” as not applying to licensees but to other third parties. With the exception regarding copyright, as explained above, the concept of “outsourcing” enforcement of IP rights (industrial rights) to a third party who has no interest in the claim would be unfamiliar to the Finnish legal regime. As explained above, a party who claims to have standing to litigate needs to have a need for legal protection.

Currently as regards copyright, organizations representing numerous authors and editors or publishers in cases, where the work is published without the name of the author, have certain rights based on which the enforcement of IP rights may be considered to be “outsourced”, as explained above. The Finnish Group considers these restricted exceptions related to copyrights only to be appropriate in the relevant circumstances, and we see no need for change in this regard.

1. If it is possible to ‘outsource’ enforcement of IP rights to third parties, should the quantification of damages in such an outsourced action depend on the loss suffered by the third party claimant, or the loss suffered by the owner of the IP right?

The Finnish Group refers to the response given above in Question 9. As we do not generally consider it to be a viable option to be able to outsource IP rights to third parties, who do not have real interest in the claims for the abovementioned reasons, we choose not to evaluate the possible grounds on which the quantification of damages should be decided.

1. Should IP right owners always be joined into a case if there is an in rem determination of validity?

Yes. To the Finnish Group’s view, it is important to ensure that all IP right owners have the possibility to partake in determination of validity proceedings, regardless of whether they will eventually decide to become involved in such proceedings. After all IP right owners have been joined into a case, they can further agree on who will deal with the matter on a practical level, e.g., whether one of the owners will represent all of them, should they wish to do so.

1. Should a declaration of non-infringement only be available in relation to an existing product, or should such a declaration also be available for proposed products that have not been made or sold yet?

The Finnish Group considers that such a declaration should also be available for proposed products that have not been made or sold yet. Any other interpretation could presumably lead to an unnecessary burden on the courts. This evaluation should, however, be made individually for each case at hand, and the IP right owners should be able to effectively make infringement claims for proposed products once they are made or sold to ensure that effective protection is not compromised.

1. Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

 No.

1. **Proposals for harmonisation**

*Please consult with relevant in-house / industry members of your Group in responding to Part III.*

1. Do you believe that there should be harmonisation in relation to standing to litigate IP rights?

*If YES, please respond to the following questions without regard to your Group's current law or practice.*

*Even if NO, please address the following questions to the extent your Group considers your Group's current law or practice could be improved.*

Additions may be made to this section later based on answers received from consulted in-house counsels.

1. Who should have standing to bring a claim of infringement of an IP right, and subject to what (if any) conditions?

**Co-owners:** Each co-owner should have standing to bring a claim of infringement of an IP right. Other co-owners should be informed of the claim in order to allow them to join the proceedings. Each co-owner's standing to bring a claim of infringement of an IP right independently of other co-owners and without their approval is an important element in securing the value of a co-owner's share of the IP right. Without independent standing there might be circumstances where it would be practically impossible to defend the IP right due to different views among the co-owners.

**Licensees:** All licensees should have standing to bring a claim of infringement of an IP right with the permission of the owner of the IP right. The permission could be given either in the license agreement or later on ad hoc basis. In addition, and similar to trade marks, exclusive licensees should have a right to bring a claim without the permission if the proprietor of the IP right does not bring the claim within a reasonable time after having been notified of the infringement.

The Finnish Group considers that the proposed solution would strike an appropriate balance between the proprietor's need for control and the licensees' need to have ways to protect their market position based on licensed IP. Control of infringement claims is important e.g. to avoid conflicting argumentation in litigation and consequent adverse effects on the strength of the IP right. In addition, a harmonized solution that, as a default, leaves full control of infringement claims to the proprietor would also minimize the administrative burden in contracting because there would be no need to exclude statutory rights. The proprietor and licensees could then agree whether it is appropriate and desirable under the circumstances of a certain license arrangement to grant the licensee also standing to bring a claim of infringement of the IP right.

In general, the Finnish Group considers that there is no need to allow authorized parties to bring a claim of infringement of an IP right. However, copyright organizations represent a legitimate exception to this rule.

1. Should the remedies available, including the quantification of damages, depend on who brings claim of infringement of an IP right, and if so, how?

Provided that the right to bring claims is controlled by the owner of the right as proposed above under question 15, the Finnish Group considers that the starting point should be that available remedies for infringement of an industrial property right would vary as little as possible depending on who brings claim. A potential exception could be reasonable royalty. According to AIPPI's resolution of 2017 reasonable royalties are to be determined as if the owner of the right and the infringer were a willing licensor and a willing licensee. On the basis of that It could be considered that reasonable royalties were available only to a party that can legally license the right.

In any case, the minimum remedy available for an infringement of an industrial property right regardless of who brings the claim should be damages. The clearest starting point for quantification of damages would be the damage caused to the claimant. However, in case the owner of the right and the licensee bring a joint claim there should be no need to rule on separate monetary reliefs for different claimants. It should be possible to order a joint relief and leave the allocation of the benefit to be decided between the claimants in order to avoid the need to present evidence on the basis of that allocation in the infringement proceedings and thereby reveal trade secrets.

In case the right to bring claims is not controlled by the owner of the industrial property right as proposed under question 15 (or more strictly), at least reasonable royalties should be available only to licensees with a sub-licensing right. Furthermore, if that was the case, quantification of reasonable royalties should depend on the fact whether there are more parties entitled to claim reasonable royalties or not.

The above considerations apply also to remedies available for infringement of a copyright with the exception that there may be legitimate reasons for having different remedies available for copyright organizations as considered reasonable in the historical context of each country's provisions applicable to copyright organizations.

1. Who could a claim for an inter partes declaration of invalidity or a declaration of non-infringement be brought against?

***Inter partes* declaration of invalidity:** As mentioned above the concept of inter partes declaration of invalidity is not compatible with the Finnish system but may be a natural part of other legal systems. Therefore, and because the Finnish Group does not see a compelling need for inter partes declaratory awards, the Finnish Group does not support harmonization with this regard. Under circumstances where a court or a tribunal would need to consider validity of an IP right in order to decide on contractual claims between two or more parties none of which is the owner of the IP right it should be sufficient to rule only on the contractual consequence of potential invalidity and not invalidity as such.

However, if this question is harmonized, it should not be possible to claim inter partes declaration of invalidity against anybody. If declaratory awards were to lead to invalidity in rem, the award is beneficial for all stakeholders and serves the aim of having as few invalid rights in registers as possible.

**Declarations of on-infringement:** In case of registered IP rights it should always be possible to file a claim for declaration of non-infringement against the registered proprietor of the IP right. This is necessary to ensure that third parties can always find the right defendant.

In addition, it could be useful if the claim could be brought against the actual owner and the successor of the registered owner also in case of registered IP rights if the actual owner has not registered is ownership but the potential claimant nevertheless happens to be aware of the transfer or succession of rights. This could help to avoid filing claims against "wrong" defendants where it is not necessary in order to secure third parties rights. This would also clarify the situation e.g. in cases where the registered owner has ceased to exist. The registered owner should always be notified of a claim made against other parties.

1. Who could a claim for in rem revocation/nullity be brought against?

The Finnish Group considers that a claim for in rem revocation/nullity could only be brought against the relevant IP right owners in all cases. A different position appears to have been adopted as regards EU trademarks and Community designs where the IP right owners shall be informed of any counterclaims for in rem revocation/nullity if they are not already a party in the legal action, after which they may be joined as a party to the action in accordance with the conditions set out in national law. This essentially refers to the possibility of the IP right owner being left out of in rem revocation/nullity proceedings, leading to a level of discrepancy between EU trademarks and Community designs and national trademarks and designs.

1. What conditions / standing requirements should be satisfied by a claimant before a claim for a declaration of invalidity and/or non-infringement can be brought?

The leading principle for the standing requirements that should be satisfied by a claimant is the need for legal protection. A claimant bringing a claim for a declaration of invalidity or non-infringement before a court must have a legal interest in the matter and need for legal protection. In other terms, any person who suffers prejudice on account of the IP rights at hand should be able to bring a claim for a declaration of invalidity and/or non-infringement. For situations relating to a declaration of non-infringement for proposed products that have not been made or sold yet, this legal interest derives from the claimant’s need to confirm that the proposed products are non-infringing even before the actual production process starts taking place. This can sometimes be necessary for securing financing and ensuring business continuity.

1. Should there be any difference, in terms of requirements for standing, between actions in courts and actions in administrative tribunals (such as patent offices)?

No. To the extent the person claiming to have standing to litigate have a need for legal protection, such person should be able to bring action both in courts and/or in administrative tribunals (such as patent offices).

1. Please comment on any additional issues concerning any aspect of standing to litigate IP rights you consider relevant to this Study Question.

Additions may be made to this section later based on answers received from consulted in-house counsels.

1. Please indicate which industry sector views provided by in-house counsel are included in your Group's answers to Part III.

Additions may be made to this section later based on answers received from consulted in-house counsels.