

New regulations regarding proceedings to secure claims in intellectual property cases

Three years after the establishment of intellectual property courts in Poland, we are witnessing the first significant change in the procedure before them, primarily in the area of the proceedings to secure claims. On March 9, 2023, the Polish parliament adopted an act amending the Act - Code of Civil Procedure and certain other acts. The provisions that are of interest to us entered into force on July 1, 2023.

In this text, we would like to draw attention to the three most important aspects of the amendment concerning the proceedings to secure claims:

- **The necessity to assess the likelihood of invalidation of an exclusive right**
- **Obligatory hearing of the obliged party**

- **The premise of urgency**

We discuss these issues in order. At the outset, it should be noted that they are of a systemic nature and clearly serve to strengthen the position of the obliged party at the expense of the entitled party.

The necessity to assess the likelihood of invalidation of an exclusive right

According to the general rule of Art. 730 of the Act of 17 November 1964 - Code of Civil Procedure, security may be demanded in any civil case subject to consideration by a court or arbitration court (§ 1). The security may be granted by the court before the initiation of the proceedings or in the course of the proceedings. However, after the entitled party obtains the enforceable title, it is permissible to grant the security only if it is aimed at securing a claim for a performance that has not yet been fulfilled (§ 2). **Demanding security was and remains dependent on substantiating the claim and the existence of a legal interest in providing security** (Article 730¹ § 1). The regulation regarding the prerequisite of legal interest remains unaltered — legal interest exists when the lack of security will prevent or seriously hinder the enforcement of the decision made in the case or otherwise prevent or seriously hinder the achievement of the purpose of the proceedings in the case (Article 730¹ § 2). **What has changed is that in intellectual property cases, when assessing whether a claim has been substantiated, the court takes into account the likelihood of an exclusive right being invalidated in other pending proceedings.** The provision specifies that this circumstance is determined on the basis of information obtained from the parties, unless it is known to the court *ex officio* (Article 730¹ § 1¹). It is worth noting the plural: "parties" — in the proceedings to secure claims, the participation of the obliged party is now also envisaged, as discussed below.

This change also involves the introduction of a new formal requirement for the application. An application for security in matters of intellectual property should additionally include information on whether there are or have been proceedings to invalidate an exclusive right, or a statement by a party or participant in the proceedings on the lack of knowledge of such proceedings (Article 736 § 5).

What we are dealing with here is the clarification of the requirement of substantiating a claim. However, in the explanatory memorandum to the proposal of the amendment, we will not find any elaboration on the motives of the authors of the project in putting forward such a solution. Still, we can come across the opinions of experts who appreciate linking the granting of security to the stability of the right-holder's exclusive right, e.g., a patent (see [here](#)).

Obligatory hearing of an obliged party

What also changes is the nature of the proceedings to secure claims. According to the wording of the new provision of Art. 755 § 2², **in matters of intellectual property, the court grants security after hearing the obliged party**. Thus, proceedings regarding security in intellectual property cases will have, in principle, an adversarial character — this is a significant deviation from the current state of law, in which courts usually rule on security in the absence of the obliged party.

The authors of the amendment proposal indicated in the explanatory memorandum that this solution was motivated by **the need to combat the undesirable phenomenon of abusing the security claims in disputes between entrepreneurs**. The security which prohibits the introduction of certain products or services to the market, allows, in the current legal situation, to effectively eliminate competitors — or at least cause severe damage to them, especially if there is a “surprise effect” involved. It has become commonplace that the obliged person learned about the granting of security upon the delivery of the court’s decision or the commencement of enforcement by the proper authority. As the authors of the amendment noted, currently the entitled party enjoys an over-protection: often “the benefits of unjustly granted security outweigh the risk that the right-holder would have incurred if the security had not been granted”. The obligatory hearing of the obliged party is therefore meant to ensure that the court will be able to obtain full, comprehensive information from both parties before it makes a decision on the application.

The adversarial procedure, in the light of Art. 755 § 2², **will not apply in two scenarios:**

- A) When it is necessary to resolve the application immediately — it is up to the court to make an assessment in this respect;
- B) When it concerns the forms of security that are wholly subject to execution by the bailiff or involve the establishment of a compulsory administration over an enterprise or a part thereof or over a farm or a part thereof.

As for the second situation, the explanatory memorandum indicates that its inclusion is justified by the necessity of the security’s efficient implementation by the competent authority. Moreover, it is emphasized that these cases are associated with a lower risk of irreparable or significant damage than banning certain products or services from the market (or prohibiting the publication of certain types of works or content).

Before the amendment, the potential obliged party could present their defense by the means of a protective letter. Such letters have been submitted to the courts and they have indicated the reasons why claims for security are unjustified. However, the legislator has decided against regulating this particular practice which, as things stand, is not treated uniformly by different courts.

The premise of urgency

The amendment of the CCP sets a time limit for motions for security, that is referred to as the premise of urgency. Namely, **pursuant to Art. 755 § 2³, the court shall dismiss the application for security if it was submitted after 6 months from the date on which the party or participant in the proceedings became aware of the infringement of his exclusive right.**

In the explanatory memorandum, we will not find any motives for introducing this solution. We can, nevertheless, assume that that measure is suppose to discipline the rights-holders and mobilize them to act as quickly as possible. It is worth adding — as it is frequently mentioned in experts' opinions (see: [here](#)) — that the regulation responds to the established trend in the jurisprudence. The Polish courts tend to conclude that the delay in filing an application for security means the loss of a legal interest, and, therefore, an application that is submitted too late does not merit a review.