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THE INTERSECTION BETWEEN INTELLECTUAL PROPERTY LAW AND PRIVATE INTERNATIONAL LAW – DRAFT GUIDE*

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** The views expressed in this document are those of the authors and not necessarily those of the Secretariat or of the Member States of WIPO or of HCCH.

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I. When Does Private International Law Meet Intellectual Property Law?

The objective of this Guide is to provide members of the judiciary and the wider circle of legal practitioners with an overview of how private international law may apply in intellectual property (IP) disputes. The Guide is written in a plain-language, user-friendly and simplified format. It should be considered as a stepping-stone that will help users to resolve cross-border IP law issues. It does not advocate any particular approach to substantive issues of law; rather, by highlighting the main issues in this complex area, it aims to assist judges and lawyers in many different countries make informed decisions.

Intellectual Property Law refers to the law regulating the rights and obligations in relation to creations of the mind. IP can be divided into two main categories: industrial property which includes patents, trademarks, industrial designs and geographical indications, and copyright and related rights.

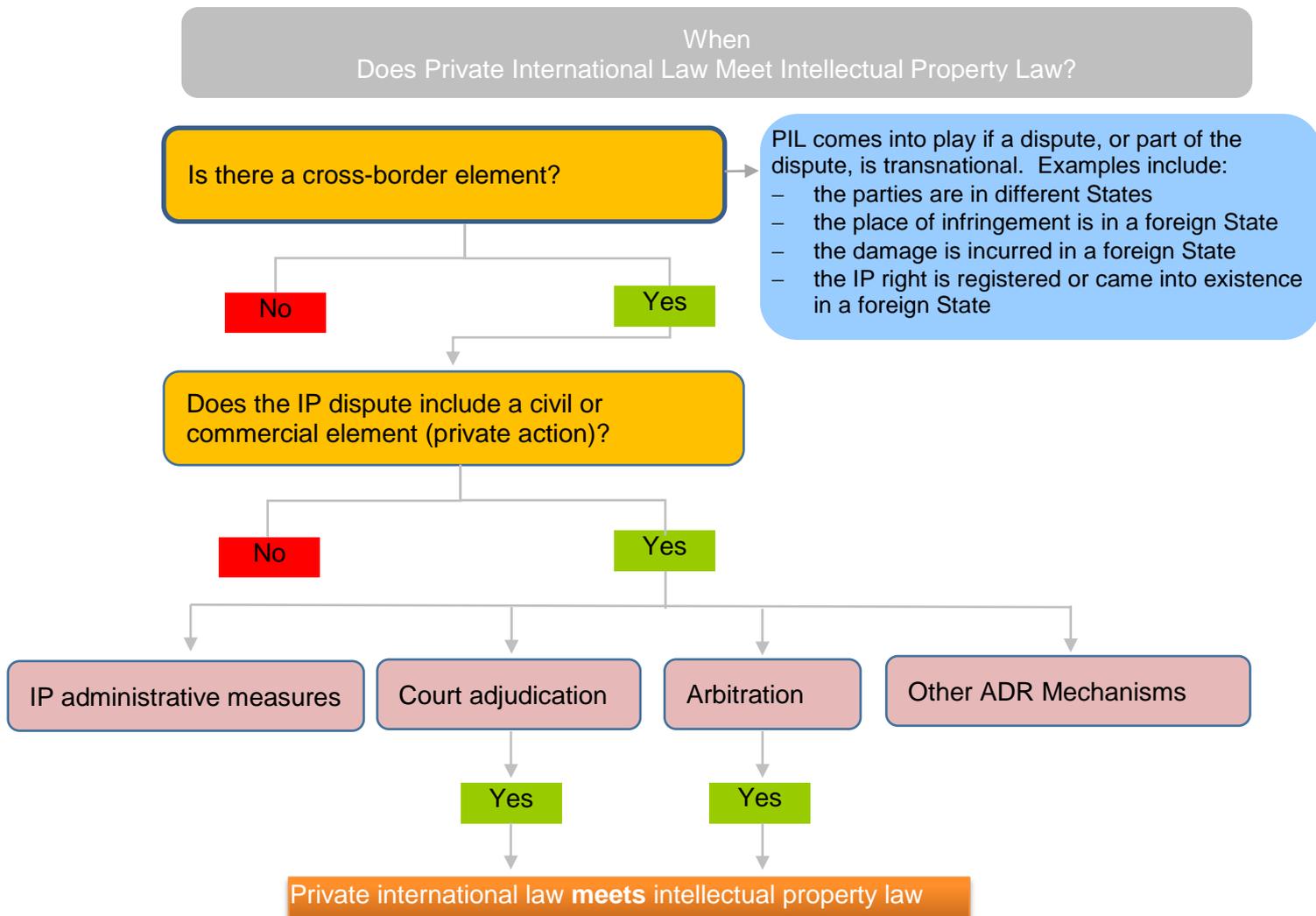
Private International Law (PIL) refers to the law regulating private relationships across national borders. PIL deals with three main issues: the jurisdiction of a court to deal with the case (international jurisdiction), the law applicable to the case and the recognition and enforcement of foreign judgments. Administrative and judicial cooperation relating to these issues are also covered by PIL.

States provide civil and criminal remedies in IP disputes. Given that PIL only deals with private relations (i.e. between persons, companies, corporations and other such legal entities), criminal actions are generally speaking not part of PIL. However, in some jurisdictions civil or commercial claims may be part of criminal proceedings and the criminal court may be obliged to decide on the civil or commercial issues during the criminal proceedings. In such cases, the criminal court should apply PIL to decide on civil or commercial claims.

Parties may resort to different dispute resolution mechanisms, including court adjudication, IP administrative procedures, and alternative dispute resolution (ADR) procedures such as arbitration, mediation and conciliation. If a court is the agreed choice, and parties, IP rights or activities based in foreign States are involved, this may raise PIL issues, such as contested views as to the competence of the court, the law applicable to the dispute, and the recognition and enforcement of foreign judgments. The manner in which these issues are addressed by courts in transnational IP disputes will improve IP enforcement, contribute to predictability and finality of court proceedings, avoid concerns of redundant or inadequate liability, preserve the public resources of the courts as well as the private resources of the parties, and ultimately facilitate the sound administration of justice.

The complex issues involved in an IP proceeding that spans multiple jurisdictions may lead the parties to choose arbitration or other ADR mechanisms that allow multijurisdictional disputes to be resolved in one single proceeding minimizing jurisdictional or applicable law hurdles, and that result in internationally enforceable awards.¹

The Guide will address the IP and PIL intersection in court proceedings.



The Intersection between IP and PIL

There are IP-specific concerns in PIL. On the one hand, IP is intangible and has global mobility, effortlessly transcending territorial boundaries. On the other hand, IP protection is territorial: the scope of IP protection is determined by national or regional IPLs. In addition, a number of IP rights come into existence through formalities, such as registration or grant, that involve public administrative authorities. This feature of IP, which links it closely to the sovereignty or public policy space of the State granting protection, accentuates the territoriality of IP and IP law.

The inherent territorial nature of IP, combined with globalization, digitalization, and the easy means of dissemination which promote cross-border IP activity, lead to legal practitioners being confronted on a day-to-day basis with issues where IP meets PIL. Bringing predictability and finality in multi-State disputes is increasingly challenging, and courts are grappling to determine connecting factors in cross-border activities. Online activities, in particular, result in immediate, remote and global access with prospects of instantaneous IP infringement all over the world.

These evolutions have put an important player into the spotlight: the intermediary. In a physical world this could be the agent or transporter of goods; in an internet environment, this could be the company owning the server or the service provider giving access to allegedly infringing material. A vast number of legal issues in the IP and PIL field are related to the rights and obligations of such intermediary.

The essence of applying PIL in IP disputes is to distinguish cross-border elements in the dispute. The cross-border elements may typically involve the foreign location of: one or both parties; the protected IP right; the IP infringing activity; or the effect of or damage caused by the infringing activity. The nature of the protected IP right, in particular whether it is a right that comes into existence through formalities that involve public administrative authorities such as registration or grant (e.g. patents, registered trademarks or registered industrial designs) or whether it is a right whose enjoyment and exercise is not subject to any formality (e.g. copyright, unregistered trademarks or unregistered industrial designs) will influence the PIL considerations.

Examples of PIL issues arising in IP disputes

The following examples demonstrate PIL issues that may arise in IP disputes:

Example 1: Non-Contractual IP Infringement Dispute

Party A owns the copyright in a film script in States X and Y. In State Z, the term of copyright protection has expired and the work is in the public domain. Party B, resident in State Z, distributes the film through the internet via a server in State Z, making it accessible worldwide, including in States X and Y. Party A initiates proceedings in State X where it is resident and where it owns a valid copyright, and claims damages for infringement in States X, Y and Z.

Example 2: Contractual IP Dispute and Questions of IP Validity

Parties A and B, resident in States X and Y respectively, enter into a licence agreement regarding the distribution of the goods produced using a technology patented by Party A in States X and Y. The licence is governed by the law of State X. A dispute over an alleged breach of the licence arises and Party A initiates a court proceeding in State X where it is habitually resident, claiming patent infringement by Party B in States X and Y. Party B counterclaims that Party A's patents in both States are invalid.

In these cases, the court will first decide whether it has judicial competence over the dispute, and, if so, what is the scope of the disputed matter that falls under its competence. In Example 1, does the court have **jurisdiction** in relation to infringement in States X, Y and Z or only that in State X? In Example 2, does the court in State X have jurisdiction to rule on Party B's counter-claim of patent invalidity in States X and Y? These issues are addressed in "III. Which court is competent to decide the dispute?".

Once the court decides that it is competent to decide the dispute, it will be necessary to determine **the laws that it will apply** to the dispute. In Example 1, which laws will the court in State X apply? The laws of X, Y and Z or only that of X? These issues are addressed in "IV. Which Laws Does the Court Apply?".

Once a case has been decided by the competent judge applying the applicable law, the issue of the **recognition and enforcement** of such judgment abroad arises. In Example 1, if the court in State X determines that infringement took place in States X and Y and orders

damages to be paid by Party B whose assets are in State Z, will the court in State Z recognize and enforce that judgment? These issues are addressed in “V. How can a Judgment Be Recognized and Enforced in Other States?”.



The Guide is not intended to be an exhaustive discussion of all of the factors that may be taken into account by a court in relation to IP and PIL. Jurisdiction and certain factors, such as connecting factors, will likely be the subject of statute, regulation or rules of court, to a greater or lesser degree in different States. It will be necessary to ascertain any such provisions and then to consider any further factors relevant to the decision to be made.

The Guide is not intended to cover every possible situation; rather it is intended to highlight some of the issues that may be encountered. The Guide points to existing international agreements that may affect different jurisdictions and to national provisions that may be used to apply the principles contained therein, if permissible in a specific jurisdiction, and if the court chooses to do so. Further, the Guide indicates some of the complexities in this area which may arise and which have not yet, as at the date of writing, been resolved.

II. How is the Intersection between Private International Law and Intellectual Property Regulated under Various Legal Frameworks

A. PIL rules governing IP relationships

1. International treaties

Several international PIL instruments touch upon cross-border IP litigation. The Hague Conference on Private International Law (HCCH) has addressed the intersection between IP and PIL in the Hague Convention on Choice of Court Agreements and the Hague Principles on Choice of Law in International Commercial Contracts.

While not all countries are parties to these PIL instruments, and may therefore not be bound by them, they may provide useful guidelines.

The **2005 Hague Convention on Choice of Court Agreements (Choice of Court Convention)** aims at ensuring the effectiveness of choice of court agreements between parties to international commercial transactions, as well as the enforceability of judgments resulting from such agreements. The Convention applies to exclusive choice of court agreements concluded in civil and commercial matters and provides a sophisticated IP regime described in III.C.3.

As a non-binding instrument, the **2015 Hague Principles on Choice of Law in International Commercial Contracts (Hague Principles)** provide a comprehensive blueprint to guide users in the creation, reform or interpretation of choice of law regimes at the national, regional or international level. The Hague Principles endorse party autonomy by giving practical effect to the choice made by parties to a commercial transaction as to the law governing their contractual relationships. They are relevant to international contracts concerning IP rights, such as IP licensing contracts and IP transfer contracts.

2. Regional treaties

A number of regional instruments have been concluded among States sharing a common legal tradition or geographic proximity. These instruments treat IP differently. Some instruments do not contain any specific rules for IP disputes so their general PIL rules apply to IP disputes. The Minsk Convention,² the Montevideo Convention,³ the Las Leñas Protocol,⁴ the Arab League Judgments Convention,⁵ and the Riyadh Convention⁶ fall in this category.

On the other hand, some regional instruments provide specific PIL rules for IP disputes. For example, in the **European Union (EU)**, the Brussels *Ibis* Regulation,⁷ the Rome I Regulation⁸ and the Rome II Regulation,⁹ specifically address the intersection between PIL and IP.

The **Brussels *Ibis* Regulation** is the most recent instrument of the Brussels regime. It aims to facilitate the free circulation of judgments and sets out uniform rules of international jurisdiction for most civil and commercial disputes within the EU. While certain disputes are subject to exclusive jurisdiction, parties may agree on a chosen court in other cases. The Regulation also sets out which other jurisdiction rules apply by default. The general rule

determines that the defendant shall be sued in the Member State where he or she is domiciled, regardless of nationality. The defendant may also be sued in the courts of another Member State, based on a close connection between the court and the action or in order to facilitate the sound administration of justice.

The **Rome I Regulation** deals with the law applicable to contractual obligations in civil and commercial matters connected with two or more States. The parties' freedom to choose the applicable law is one of the key principles of the Regulation. In the absence of a choice of law, the applicable law rules take into account the particular type of contract. The applicable law is typically the law of the State in which the party who is required to effect the contract's "characteristic performance" has his or her habitual residence, except where the contract is more closely connected to another State or it is not possible to identify the contract's "characteristic performance".

The **Rome II Regulation** deals with the choice of law rules on the law applicable to non-contractual obligations. It includes specific rules for the infringement of IP rights discussed in IV.B.

B. PIL rules in IP instruments

1. PIL rules in IP treaties

The international IP system aims to facilitate IP protection across borders, by combining multiple approaches. These include affirmation of the territorial nature of IP rights, harmonization of national IP laws through the establishment of minimum standards, and granting equal treatment to IP owners, whether they be national or foreign.

The **territoriality of IP rights** is underscored in international IP treaties through the principle of **independence of rights**. The Paris Convention for the Protection of Industrial Property provides for the mutual independence of patents and trademarks, establishing that patents obtained for the same invention in multiple countries are independent of each other (Article 4*bis*) and that trademarks registered in a State are independent of those registered in other States (Article 6). In the case of copyright, the Berne Convention for the Protection of Literary and Artistic Works equally sets out the independence of copyright both in terms of enjoyment and exercise, distinct from the existence of copyright protection for the same work in other States including the State of origin of the work (Article 5(2)). IP rights, once granted, remain independent and unaffected by the fate of registrations of the same subject matter in other States and operate within the territorial boundaries of local protection. Exceptions are supranational, unitary IP rights created through regional agreements discussed in III.B.2 below.

A number of international IP treaties introduce **substantive minimum standards** and achieve substantive **harmonization** by reducing the differences that exist between national IP laws. These include the fifteen IP protection treaties administered by WIPO, as well as the WTO Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS Agreement). In addition, the WIPO Joint Recommendation Concerning Protection of Marks, and Other Industrial Property Rights in Signs on the Internet (Joint Recommendation: 2001), an instrument aiming to facilitate progressive development of IP law, addresses the manner in which a domestic IP law would apply to cross-border acts on the Internet, providing a link between the internet and territorial national laws. In doing so, the Joint Recommendation, while specifically excluding choice of law issues, bears some similarity with PIL approaches, seeking connecting factors (see III.C.2 below) that link an activity with a State.

The principle of **national treatment** is enshrined in international IP treaties (Article 2(1) of the Paris Convention, Article 5(1) of the Berne Convention, and Article 3 of the TRIPS Agreement), and calls for foreign nationals to enjoy the same treatment as that enjoyed by domestic nationals, implying a uniform, non-discriminatory application of domestic IP laws to own and foreign nationals. For example, if the copyright in a work by a Senegalese author, published for the first time in Côte d'Ivoire, is infringed in France, the author must be treated in France as if the work were one made by a French author and published in France.

As set out above, international IP treaties address relationships with foreign elements across different legal jurisdictions providing guidance on how cross-border issues should be addressed. Provisions explicitly addressing issues of jurisdiction, applicable law and enforcement and recognition of foreign judgments, are, however, rare.

The Berne Convention Article 5(2) provides that “the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed” (*lex loci protectionis*). Similar provisions are found in the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations (Article 7) and the Beijing Treaty on Audiovisual Performances (Article 5). The Berne Convention additionally addresses ownership of copyright in cinematographic works, designating the applicable law as the law “in the country where protection is claimed” (Article 14*bis*).

Applying a territorial approach to online activities such as simultaneous infringements through the internet presents challenges, and the concept of “the country where protection is claimed” may acquire or require a distinct meaning. One example of an effort to provide such a specific meaning is the EU Satellite Broadcasting and Cable Retransmission Directive,¹⁰ which characterizes the “country where protection is sought” as the country from which a multi-territorial communication originates, and establishes that the rights of copyright holders are exclusively determined by the law of the EU member State from which a signal is transmitted up to a satellite (Article 1(2)(b)).

2. PIL rules in international or regional IP registration systems

Regional IP harmonization has been achieved by a number of regional organizations, including the EU, the African Regional Intellectual Property Organization (ARIPO), the African Intellectual Property Organization (OAPI), the Southern Common Market (Mercosur) and the Andean Community.

There are also regional courts that address IP issues. In the EU, the Court of Justice of the European Union (CJEU) provides guidance on EU Regulation and Directives, including those relating to IP, and receives appeals against decisions of the European Union Intellectual Property Office (EUIPO) regarding unitary EU IP rights. Similarly, in the Andean Community, which comprises the four South American countries of Bolivia, Colombia, Ecuador, and Peru, the Tribunal of Justice of the Andean Community interprets the laws and regulations of the Andean Community, including those relating to IP. The Andean Tribunal is one of the most active international courts, issuing over 4,000 rulings to date, over 90 per cent of which relate to IP. The origin of a majority of the Andean Tribunal's preliminary rulings are challenges to a national IP agency's decision to grant or deny an application to register an IP right, but the Tribunal has also addressed cases challenging national laws as a violation of Andean IP rules.

In most cases, IP rights are obtained through national processes in each country for which protection is sought and, as seen above, these national rights are mutually independent. Some IP rights, however, come into existence through international or regional IP instruments that facilitate protection across borders or that grant IP rights transcending borders. These are instruments that either result in the obtention of a bundle of national and regional territorial rights through one international or regional application, or instruments that grant unitary, “supranational” rights through one registration.

The former type of instruments facilitating the obtention of **a bundle of rights** include the WIPO-administered Patent Cooperation Treaty (PCT: patents), Madrid (trademarks), Hague (designs) and Lisbon (appellations of origin) Systems; as well as regional instruments such as the Harare Protocol on Patents and Industrial Designs, the Banjul Protocol on Marks and the Arusha Protocol for the Protection of New Varieties of Plants administered by ARIPO, the European Patent Convention (EPC) established in the framework of the European Patent Organization (EPO), and the Eurasian Patent Convention of the Eurasian Patent Organization (EAPO). These rights, once granted, are typically subject to national (or regional) laws and national (or regional) enforcement procedures.

The latter type of instruments granting **supranational, unitary IP rights** include those governing the European Union (EU) trademarks and Community design rights, the (future) unitary patent granted under the EPC, the Bangui Agreement administered by OAPI, and the Gulf Cooperation Council (GCC) patent system. These instruments may contain specific rules of jurisdiction, establishing a separate and distinct court system, designating national courts with specific competences, or relying on national courts to apply general private international law principles.

For example, while European patents under the EPC are enforced at the national level, a Unitary Patent Protection (UPP) system, building on the EPC, will make it possible to acquire unitary effect for a European patent in the 25 EU Member States that have so far signed the Agreement on a Unified Patent Court (UPC). This Agreement establishes a court system consisting of a Court of First Instance, a Court of Appeal and a Registry, which are separate from national court systems. The UPC will, as a general rule, have exclusive competence in civil litigation on matters related to European patents with unitary effect, classical European patents, supplementary protection certificates issued for a product covered by such a patent, and European patent applications.

In the European Union, unitary trademarks valid throughout the EU have been established through the EU Trademark Regulation (EUTMR), which has its own jurisdictional regime. The EUTMR does not establish a separate court system but, for infringement actions, it grants international jurisdiction to certain specified courts, EU trademark courts, which are national courts functioning as EU courts in the adjudication of disputes involving unitary EU trademark rights. Analogous provisions are present in the Community Design Regulation.

OAPI rights, while deriving from a uniform administrative system, are enforced in national civil and criminal courts which apply the legislation of each of the member States in which they have effect. For patents, the Bangui Agreement specifies jurisdiction, stating that the owner of the patent has the right to institute legal proceedings before the court of the place of the infringement.

C. Soft law initiatives

Various soft law initiatives regarding the interface between PIL and IP have proposed *de lege ferenda* normative frameworks for the adjudication of cross-border IP disputes or have aimed to guide relevant legal processes. They include the American Law Institute (ALI) Principles Governing Jurisdiction, Choice of Law, and Judgments in Intellectual Property in Transnational Disputes of 2008; the European Max Planck Group's Principles on Conflict of Laws in Intellectual Property (CLIP) of 2011; the Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement for Foreign Judgments in Intellectual Property of 2009; and the Joint Proposal on the Principles of Private International Law on Intellectual Property Rights of 2010, which was drafted by Members of the Private International Law Association of Korea and Japan. The International Law Association (ILA) Intellectual Property and Private International Law Committee is currently working to produce its Guidelines on Intellectual Property in Private International Law.

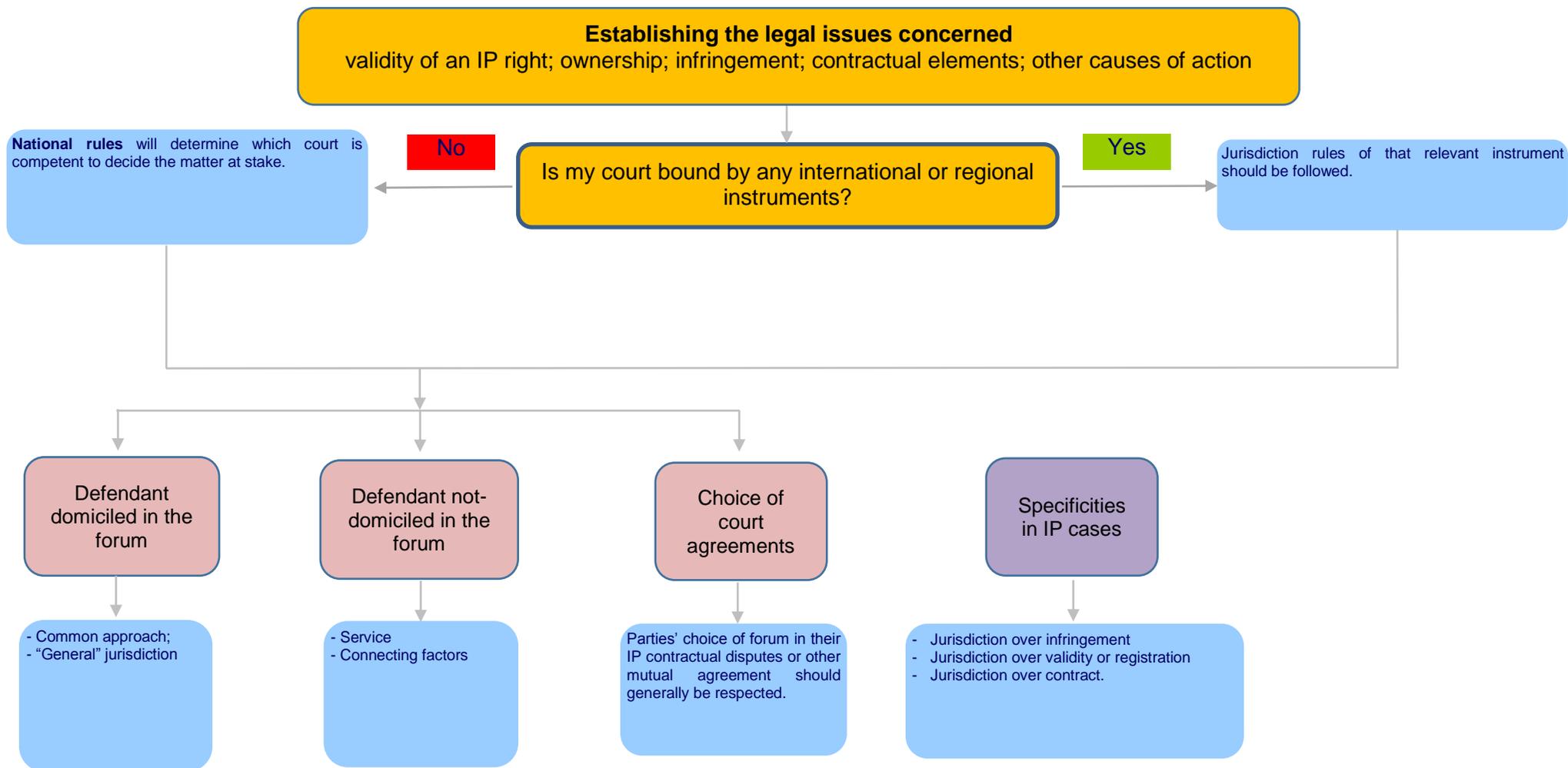
III. Which Court Is Competent to Decide the Dispute?

The court where the proceedings are commenced must first decide whether that court is an appropriate place for the determination of the proceedings. This brings into account what connection the parties, the subject matter and the relief sought have with that State.

Whether a court is competent to decide an IP dispute or, in other words, has jurisdiction over the dispute, will be decided according to the PIL laws of the State where the court is located, which may also be impacted by international or regional PIL or IP instruments. It is possible that courts in more than one State have jurisdiction to decide a dispute, which in practice allows the claimant to select a court (sometimes referred to as "forum shopping").

The question of whether a court has jurisdiction to decide a dispute is separate from the question of which law the court will apply to that dispute. For example, a court in State X may have jurisdiction to decide an IP contractual dispute, while the law that applies to the determination of that dispute may be that of State Y. This issue of applicable law is discussed in "IV. Which Laws Does the Court Apply?".

III. Which Court is Competent to Decide the Dispute?



A. Establishing the legal issues concerned

The first step for the court will be to consider and to characterize the nature of the proceeding, the nature of the dispute and the nature of the relief sought. IP disputes may involve, for example, the existence or validity of an IP right; ownership of an IP right; infringement of an IP right; contractual elements; and other causes of action based on specific statutes dealing with unfair competition or with the tort of passing off. Increasingly, parties are looking to competition law, in particular where patents are essential to a standard (e.g. in telecommunications).

The relief that is sought may vary and may include monetary relief, a declaration of validity or invalidity of an IP right, an injunction to restrain infringement or the assignment of IP rights.

B. Determining whether the legal issue can be decided by the court

It is relatively straightforward to establish jurisdiction for disputes that are national, for example, where the issue is one of validity of a local IP right, or infringement where the alleged infringing act and the defendant are in the jurisdiction.

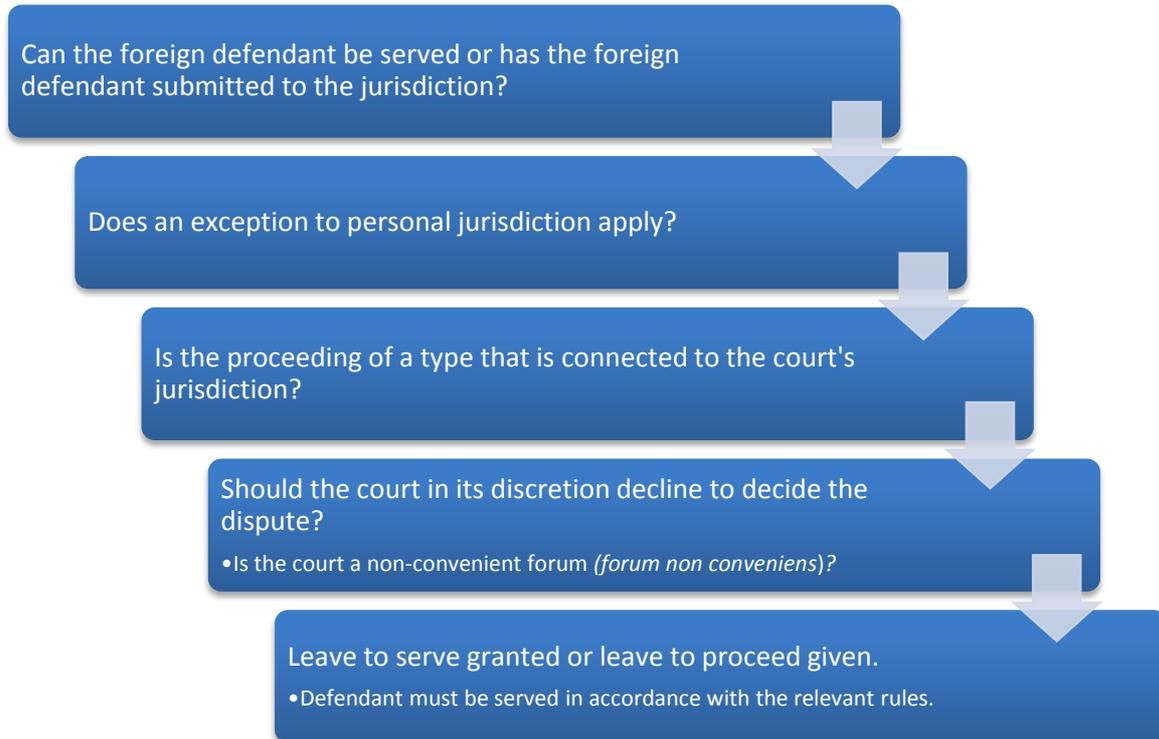
A more complicated question arises where a dispute is connected with more than one State, such as where the defendant is located in a foreign State.

C. Basis of jurisdiction

In many common law jurisdictional structures, “personal jurisdiction” requires that the defendant has sufficient contact with the place where the court is located, and “subject matter jurisdiction” requires that a court has jurisdiction over the legal issues in disputes. Both personal jurisdiction and subject matter jurisdiction are required for a court in a common law State to exercise jurisdiction over the dispute.

In the EU, under the Brussels regime, jurisdiction may be based on “general jurisdiction” (the defendant’s domicile), “special jurisdiction” (e.g. for matters relating to contract or tort) and “exclusive jurisdiction” (e.g. for matters relating to validity of registered IP rights).

Below section describes the commonalities and specificities in these jurisdictional approaches.



1. Defendant domiciled in the forum

A **common approach** is that the court of the State in which the defendant is domiciled will have jurisdiction over that defendant. PIL questions frequently require determination of a party's "domicile", "residence" or "habitual residence", which essentially focuses on a person's **principal home**. The question of where a person is "at home" is generally determined according to the law of the State in which the action is brought (*lex fori*). For example, Brussels *Ibis* Regulation Article 4 confers "**general jurisdiction**" over persons domiciled inside the State. In Australia, this is a connecting factor, see III.C.2.

As actors in IP value chains become more numerous, disputes involving multiple defendants located in different States become more frequent. When there are **multiple defendants** involved in IP disputes (for instance, the subsidiaries of the same multinational pharmaceutical company), there may be an option for defendants also to be sued in the courts of the place where any one of them is domiciled. In an IP dispute arising out of the operations of a branch, agency or other establishment (for instance, the local agent of a foreign publisher), the defendant may be sued in the courts of the place where the branch, agency or other establishment is situated.

In the EU, Brussels *Ibis* Regulation Article 8(1) provides such a possibility when "the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings". The CJEU introduced the twin requirements of "same situation of law and fact" in order to determine whether there is a risk of irreconcilable judgments. This rules out the consolidation of multiple defendants in disputes involving parallel IP rights registered in different States.¹¹

2. Defendant not-domiciled in the forum

Service

If a party is domiciled or located outside the State, a set of rules must be followed to serve that party validly. Those rules may apply or be governed by international or regional treaties (for example in the EU, the Service of Documents Regulation¹²), and may provide multiple options for serving the defendant.

Generally **in common law countries**, personal jurisdiction means that the court has jurisdiction over a defendant in a personal action. Service is required even if the defendant is domiciled in the forum; however, the practicalities and rules for service are more complicated for a defendant not domiciled in the forum. The court will have personal jurisdiction over a defendant non-domiciled in the forum only if:

- (a) the party has been validly “served” (including deemed or substituted service), meaning that it has been properly and formally notified of the proceeding in accordance with the rules of service in that court; or
- (b) the party submits to the court’s jurisdiction.

Using Australia as an example, the specific rules that apply to service on a foreign person are set out in the rules of each court. The rules of court are the set of procedural rules issued by the court which govern the conduct before the Court, which have force as a statutory instrument. The rules may allow for service in accordance with international conventions, such as the *Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters* (the Hague Service Convention) (See Chapter VI.C).

Connecting Factors

To serve the defendant outside the State, therefore bringing the defendant within the jurisdiction of the court, there must be a sufficient connection between the dispute and the State. For example, it would generally be seen as inappropriate for a court in one State to decide a dispute that is entirely unrelated to that State.

In general terms, connecting factors, as may be provided for in the rules of court, might include proceedings that:

- are based on a cause of action arising in the State;
- are based on a breach of contract in the State or a contract made in or governed by the law of the State;
- involve a contravention of legislation of that State;
- involve property in that State; and
- involve a tortious act committed in, or tortious damage suffered in, that State.

In common law countries such as Australia, the existence of a “connecting factor” may be necessary to establish personal jurisdiction by way of service on the defendant outside the jurisdiction. In such case, the rules of court or common law rules may provide for the connecting factors.

In the EU, the Brussels *Ibis* Regulation Recital 16 provides that in addition to the defendant’s domicile, there should be alternative grounds of **jurisdiction based on a close connection** between the court and the action or in order to facilitate the sound

administration of justice. The existence of a close connection should ensure legal certainty and avoid the possibility of the defendant being sued in a court of a Member State which he could not reasonably have foreseen.

Exceptions

It is a common approach that there are exceptions to the personal jurisdiction of the court. These may include:

- title to foreign property;
- foreign State immunity; and
- diplomatic immunity.

Title or validity of immovable property may also be an exception, on the basis that it is a right created by a foreign State. Similarly, the court may not have jurisdiction to decide the claims of title or rights to foreign IP. However, a question may arise as to whether this exception only applies to registered rights (such as patents or trademarks) or whether it applies to rights that exist automatically (such as copyright). In addition, a court may be willing to decide a question of title or validity when that question is a necessary prerequisite to the action, such as in a contractual dispute. (See III.C.4.)

3. Choice of court agreements

Parties to a contract may have already agreed as to where a dispute arising under the contract should be decided. These are known as choice of court, choice of jurisdiction or choice of forum clauses. This is separate and distinct from a choice of law clause, meaning a clause in which parties decide the substantive law which governs the contract. Parties may decide:

- that the dispute may be heard in a particular court (non-exclusive clause); or
- that the dispute must be brought exclusively in one court (exclusive clause).

A non-exclusive choice of court clause may establish a connecting factor or may influence the court's discretion. Generally, an exclusive choice of court clause should be enforced unless there are good reasons for not doing so. Grounds for not enforcing such a clause may include public policy grounds.

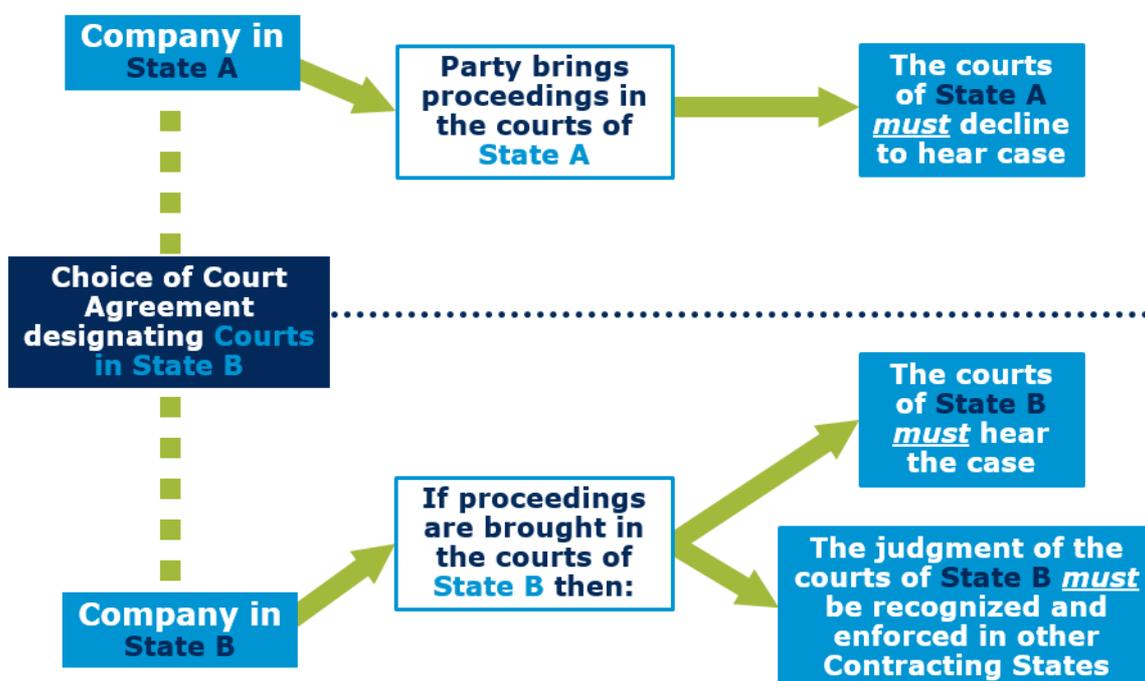
However, a choice of court agreement may not have any effect on the jurisdiction over the registration or validity of an IP right over which courts have exclusive jurisdiction (see III.C.4).

The **HCCH Choice of Court Convention** deals with the effectiveness of exclusive choice of court agreements. It is based on three key obligations: 1) the chosen court must hear the dispute; 2) any non-chosen court must suspend or dismiss proceedings to which an exclusive choice of court agreement applies; and 3) a judgment given by the chosen court must be recognized and enforced in other Contracting Parties.

With regard to IP cases, the Choice of Court Convention distinguishes between copyright and related rights on one hand and other IP rights on the other, and deals with them differently. Copyright and related rights are fully within the scope of the Convention, even if the validity of such rights is challenged.

On the other hand, the validity and infringement of IP rights other than copyright and related rights are matters excluded from the scope of the Convention, if raised as an object of

proceedings. This exclusion is subject to one important exception: when infringement proceedings are brought or could have been brought for breach of contract between the parties, the proceedings are covered by the Convention. This is so even where an infringement is brought in tort rather than in contract. Furthermore, the Convention does not apply to proceedings for revocation or for a declaration of invalidity of IP rights that require registration. When the validity of such a right is raised as a preliminary question, e.g. as a defense in proceedings for the payment of royalties, the Convention continues to apply to the main claim (payment of royalties). However, the preliminary ruling on validity will not be recognized or enforced under the Convention, and if the preliminary ruling on validity is inconsistent with a judgment or a decision of a competent authority on the validity of the right concerned given in the State under the law of which the IP right arose, the judgment on the main claim (which relied on the preliminary ruling on validity) may be refused for the purposes of enforcement.



The Choice of Court Convention - Operation

Similarly, under the **Brussels Regime**, where parties agree on a choice of court clause, the chosen court shall settle their IP dispute, unless the agreement is null and void as to its substantive validity under the law of the Member State of the chosen court. Party autonomy does not extend to the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered which, as set out below, fall under an exclusive jurisdiction rule. Where connecting factors are brought to account, as in Australia, the agreement on a choice of court clause would be such a connecting factor. Otherwise, the situation is similar to that under the Brussels Regime.

4. Specificities in IP cases

Whether a connecting factor exists may depend upon the relevant legislation or the common law. IP legislation may state that it is an infringement of that statute only if an act occurs within a specific territory. The court should first establish whether an IP statute contains

relevant provisions to determine territorial jurisdiction. The factors connecting the court and the dispute for jurisdictional determination may overlap to some extent with the factors determining issues of substantive IP law, such as whether and where infringement took place. In the online context, for example, whether a court has jurisdiction to determine a dispute relating to trademark infringement may be influenced *inter alia* by whether there has been a preliminary finding of infringement of a registered trade mark in that jurisdiction, which may raise the question as to whether persons in that jurisdiction have been targeted. This will also be a relevant factor for determining the applicable law. The determination of jurisdiction and the applicable law are, however, distinct for the purposes of legal analysis.

Jurisdiction over infringement

Jurisdiction over IP infringement is generally governed by the principles applicable to tort jurisdiction.

In common law jurisdictions, the question of whether a tort has occurred in the jurisdiction is one of the questions relevant to establishing a connecting factor for the purposes of having established personal jurisdiction or service on the defendant outside the jurisdiction. Jurisdiction to hear a claim of infringement of an IP right is conferred on the courts of the State in which the IP right is protected. In general, claims for IP infringement occurring within a State cannot be brought on the basis of IP rights protected in foreign States.

In **the EU**, Brussels *Ibis* Regulation Article 7(2) provides that in matters relating to tort, delict or quasi-delict, a person domiciled in another Member State may be sued in the courts for the place where the harmful event occurred or may occur. The CJEU has interpreted the place of the harmful event as “both the place where the damage occurred and the place of the event giving rise to it”.

In the increasingly online world, determining whether an IP right has been infringed in a State may not be straightforward. For example, there are a number of possibilities in relation to the location of online activities. These include:

- the location of the actor;
- the location of the uploading or downloading server;
- the location of the person who is on the receiving end of the action (such as a communication);
- the location or locations at which the online action is targeted; or
- both the location of upload and download.

The determination of which test to be applied as to the location of an online activity is a relatively new area of law and the tests applied may vary between jurisdictions. Importantly, differences may derive from the nature of the cause of action in issue. For example, the essence of one cause of action may be damage to the right holder, by contrast to the essence of another cause of action being on a monopoly over certain types of action.

Example: Distribution through the internet of a copyrighted work

A copyrighted work is distributed through the internet via a server positioned in State X where the copyright has lapsed. The work is accessible worldwide, including in States where the copyright protection subsists. The copyright owner initiates proceedings in a State where he still owns a valid copyright.

To establish a connecting factor, links may be asserted with courts:

- where the person infringing is physically located;
- where the damage occurs, which may be the location of the copyright owner;
- where persons can receive or view the copyright work;
- where the target audience for the website is located;
- where the technical process making the copyright work visible on the internet was activated; or
- where the data is physically located (the location of the server).

Whether jurisdiction is conferred on a particular court in such cases, will largely depend on how broadly or strictly the connecting factors are interpreted and applied. The analysis is not always straightforward.

For example, “where persons can receive or view the copyright work” (or in other words, where the copyright work is merely accessible) in an online context may be any place in the world where internet access is technically possible. The **CJEU** has interpreted “the place where the harmful event occurred” to cover both the place where the damage occurred and the place of the event giving rise to it. Thus, in the above example, the court in State Y would have jurisdiction in respect of an infringement of copyright resulting from the placing of protected work online on a website accessible in the territorial jurisdiction of State Y. In such an event, in general, on the basis of the principle of territoriality of IP rights, that court has jurisdiction only to rule on the damage caused in that territorial jurisdiction.¹³

On the other hand, courts of other jurisdictions may reject mere accessibility as a sufficient connection and require closer links to the forum, such as targeting or actual harm. “Where the target audience for the website is located” is an alternative approach to “where persons can receive or view the copyright work”. This would mean that copyright is infringed only in the particular countries targeted by a website, rather than in every country in which the website is accessible.

Courts of yet other jurisdictions may find that the infringement occurs in multiple places. For example, a court may find that the infringement occurs *both* in the country where the offending material was uploaded, as well as in the country where it was downloaded. For example, the Supreme Court of Canada has held that online copyright infringement can occur at both the place of upload and the place of download.¹⁴

The nature of the IP right will prompt different jurisdictional analysis. Whereas accessibility of a protected work may (depending on the law of that State) suffice to confer jurisdiction in copyright infringement cases, for trade mark cases, mere accessibility may not be sufficient and stronger connecting factors, such as “targeting” the territorial jurisdiction may be required.

Courts in State X would also have jurisdiction, as it is where the defendant, Party B, is resident, and also because it is place of the event giving rise to the infringement, namely where the technical process that made the contested work accessible on the internet was activated.¹⁵ The latter will in general coincide with the defendant’s location.

As can be seen from the above discussion, in deciding whether there should be service out of State, the court may in effect make a preliminary finding as to whether or not there has been infringement of an IP right within the State. However, a preliminary finding of the location of the alleged infringement within the jurisdiction may, in turn, raise the question of whether there has been an infringement at all. Thus, it may be necessary to make a preliminary finding as to whether there has been an infringement of an IP right within the State in order to determine whether the court has jurisdiction over the cause of action.

Jurisdiction over validity or registration

Example: IP Ownership Dispute

A patent was registered in State X in the name of a multinational company A having its headquarters in State Y. The employee (actual inventor), alleges that the patent should be registered under his name as he developed the patented product in State Z.

In IP, it is generally accepted that the validity and registration of IP rights are an “exclusive” matter for the courts of the State in which registration has taken place or is sought, regardless of the domicile of the parties in the proceeding or any connecting factors with other States. This is because registered IP rights are territorial rights, granting the owner certain rights only in the jurisdiction in which the IP has been registered. Exclusive jurisdiction means that only the courts of one State can decide a dispute, regardless of the domicile of the parties in the proceeding.

In the case of unregistered IP rights, such as copyright, which are also territorial but do not require any public administrative act for the right to be exercised, courts may be more open to deciding on foreign IP infringement claims, especially when the validity of the IP rights are not challenged. Such rights may also raise ownership issues and jurisdiction will be determined under general rules conferring jurisdiction.

The exclusive jurisdiction may give a court jurisdiction to hear the dispute or, alternatively, it may provide a reason for another court without the exclusive jurisdiction to decline to hear the case, as discussed in the following section.

The territorial nature of IP rights is generally respected. In **the EU**, the Brussels *Ibis* Regulation contains an exclusive jurisdiction rule for proceedings relating to the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered. In those cases, the defendant can only be sued in the courts of the Member State in which the deposit or registration has been applied for, has taken place or is deemed to have taken place. Other courts than those specified in the provision cannot deal with registration or validity matters. This exclusive jurisdiction rule applies regardless of whether the registration or validity issues are raised by an action or as a defense.¹⁶ In Australia and other States, such exclusive jurisdiction may be provided in the IP or PIL statutes, or under general principles of PIL.

Jurisdiction over contract

In the context of IP contractual disputes, the defendant may *inter alia* be sued at the place of performance of the obligation in question. Parties may have stipulated the place of performance in their contract, failing which, the place of performance is, under Brussels *Ibis* Regulation Article 7(1)(b) “in the case of the provision of services, the place in a Member State where, under the contract, the services were provided or should have been provided”. If the dispute concerns IP infringement, the defendant may be sued in the courts for the place where the harmful event occurred or may occur.

The intersection between contractual disputes and issues concerning validity or registration of IP rights over which courts have exclusive jurisdiction is a complex and developing area of the law and decisions are being made on case by case basis.

Example 1: Transfer of Trademark Rights Covering Different States

A trademark is registered by Party A in States X, Y and Z and transferred to Party B, a company having its main place of business in State W. Party B, the registered trademark owner, initiates court proceedings in State X claiming trademark infringement. The alleged infringer, Party C, having its residence in State Y, claims that the transfer from Party A to Party B is invalid.

Example 2: Dispute arising out of a Patent License Agreement and Question of Patent Validity

Party A and Party B entered into a license agreement covering a portfolio of patents. Over time those patents expired, except for one patent in State Y. Party A initiates proceedings in State X, claiming that it no longer has to continue paying royalties to Party B. Party B argues that the dispute is outside the jurisdiction of State X, as the validity of patent in State Y is concerned. Party A argues that the dispute does not concern the question of validity but rather the scope of the patent, which the parties had agreed should be determined by the court of State X.¹⁷

D. Is the court not an appropriate forum? (*forum non conveniens*)

In some jurisdictions, even if a court is competent to hear a dispute, the court may nevertheless decline to hear the dispute on the basis that the court is a clearly inappropriate forum.

The court may decide to stay the proceeding permanently or for a specified time. The test to be applied is determined by the national law and may be, for example:

- is the court a “clearly inappropriate forum”?
- are the proceedings oppressive or vexatious, or an abuse of process?
- is another court the “natural forum”, or a “more appropriate forum”?

Considerations that will be relevant include:

- Whether there are parallel proceedings on foot. Simultaneous proceedings may give rise to undesirable outcomes, such as inconsistent judgments;
- Whether relief is available in a foreign court;
- Which law governs the dispute; and
- The location of the parties, witnesses and damage.

E. Which court within the State has jurisdiction to decide the dispute?

The question of whether a court is competent to hear the dispute may not be only a PIL question, but also a question of which courts within a State are competent to hear a dispute. A State may have multiple courts, not all of which have the same jurisdiction to decide disputes or grant remedies.

Further it is important to consider both the IP statute and any statute that governs the jurisdiction of the Court to determine which court has jurisdiction to decide the dispute. IP statutes generally confer jurisdiction on particular courts. Some issues, such as validity and registration, may only be able to be determined by specified courts. National laws or practice may govern the determination of associated issues. If the specified court is unable to determine all associated issues, it will be necessary to determine and separate the issues

early in the proceedings. Where the issues that arise are not questions that must be decided by a specified court and the court has general jurisdiction, all matters can be dealt with in a single action.

Some States may have conferred jurisdiction on specialized IP courts. Some States may have conferred jurisdiction in IP cases on more than one class of court, for example, federal and state or provincial courts. In such circumstances there may be discretionary factors applied to determine the appropriate court to determine the case.

IV. Which Laws Does the Court Apply?

A. The framework

The second issue the court faces in cross-border IP cases is determining the **law applicable to the case**: namely which State's substantive law is to be applied by the court hearing the case. It is important to note that the provided guidelines apply to **issues related to substance**. If the subject matter is merely procedural, the court will normally apply the law of the forum (i.e. its procedural law).

The globalization of trade, digitalization (including of the means of dissemination) and the use of intermediaries related to these evolutions raise complex questions regarding the applicable law.

When a court with jurisdiction to decide the dispute is confronted with a foreign element, the court will have to go through **a multiple step process** to determine the law applicable to that part of the case. Determining the applicable law boils down to making a choice between different bodies of law.

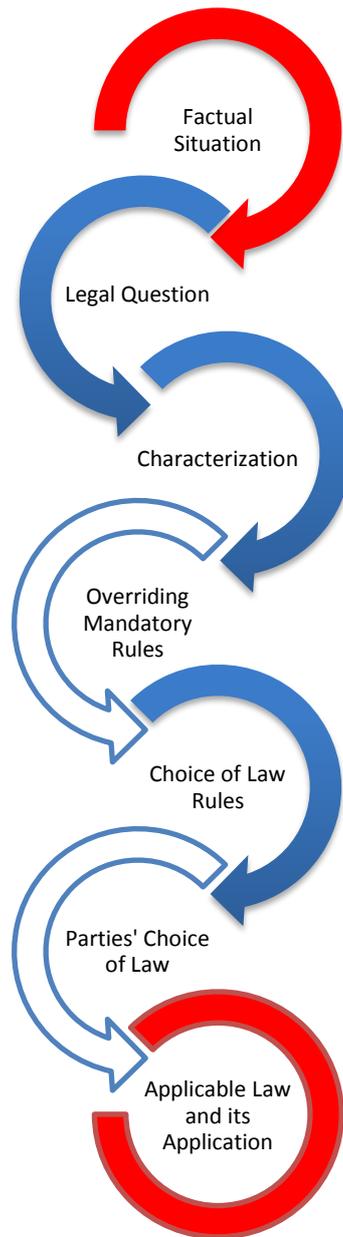
B. The process of determining the applicable law: a *multiple step process*

Chapter II sets out a number of international and regional instruments that provide some uniform applicable law rules to IP disputes. Although there is no comprehensive international treaty in place yet, endeavors in providing uniform rules in this respect may lead to the adoption of new international rules on the law applicable to IP disputes.

This Guide will aim to outline a **rational approach** to dealing with cases. This should, where possible, remain disconnected from national reasoning. However, courts should be aware that such a rational approach may be made inapplicable or be limited by specific national rules relevant to their jurisdiction.

The aim is to provide a **hands-on approach** a court may apply in its search for the applicable law to the case. Such a practical approach may deviate from the approach found in more theoretical textbooks on the subject.

Graphically, the *multiple step process* can be represented as follows:



The following guidelines for applying the *multiple step process*, a process which is relevant to any field of law, will provide some illustrative factual examples from the field of IP law.

1. Translating the factual situation to a legal question



An initial step is to translate the presented factual situation into **plain legal questions**.

It is important that a court identifies *all* legal questions to be answered.

Deducing the specific legal questions of a claim and counterclaim may seem straightforward but it is not uncommon that parties, in sketching the concrete factual framework specific to the case, overlook preliminary issues which need to be answered before deciding on the claims/counterclaims as such.

Example: Parties introduce a dispute where an employer has allegedly “stolen” an idea from an employee employed abroad. The employer asserts that the idea is not protectable and, if it is, that it was created during “working hours” by the employee while working for the employer.

The following legal questions can be identified:

- Is the expression of the idea in the given format protectable? What is the relevant copyright subject matter?
- What is the legal relationship between the parties?
- Who owns the initial title?
- Was the title transferred rightfully?

2. Choice of law characterization



This step may have already been covered in the court's assessment of its competence to deal with a case. However, the court should, once again, clearly identify the underlying legal issues, in more legalistic terms and **allocate the legal question to an established choice of law category**.

It is very likely that the legal question will be capable of being characterized under a separate and distinct choice of law which in the next step of the process may lead to a corresponding distinct choice of law rule.

The choice of law characterization within an IP case may be diverse:

- Validity
- Ownership and transferability of rights
- Contract
- Tort (which may include infringement of an IP right)
- Secured interest

When identifying the legal issues underlying the legal question(s), the problem will arise as to **which body of law should be applied** at this stage.

The appropriate approach will depend on the national body of law of the judge.

Example: It is possible that the format of the expressed idea (e.g. database), is part of a different legal field (*copyright* in one country and a *sui generis* protective regulatory framework in another country).

The process of identifying and characterizing the legal issue may be approached in various ways:

- *Lex fori*: The *lex fori* is the law of the forum. For this approach the court will apply its own national law to identify the legal issue. It should be noted that this approach is most commonly applied.
- *Lex causae*: The *lex causae* is the law applicable to the substance. For this approach the judge will have to apply the actual body of law applicable to the legal question, which could be a foreign law. This approach implies a preliminary determination of the applicable law.
- *Autonomous characterization by regional or international rules*: It is possible that regional or international rules require an independent characterization, which takes into account their regional or international nature.

Characterization may require a fragmentation of each legal question into separate issues governed by different rules on the applicable law. The importance of the first step (translating the factual situation to legal questions) should be underlined.

Example: With regard to the alleged infringement by the employer of the employees' IP-right, the following preliminary questions may have to be solved before actually deciding on the main legal question of the alleged infringement:

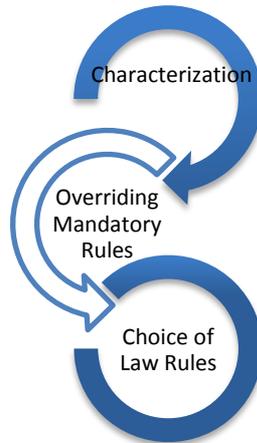
Preliminary issues

- | | |
|---|-----------------|
| • Characterization of the relationship between the parties? | Employment law |
| • Separate agreement between the parties? | Contractual law |
| • Protection of the subject matter? | Copyright law |
| • Conditions of transferability of the copyright? | Copyright law |

Main legal issues

- | | |
|------------------------------------|--|
| • Infringement of the copyright? | Copyright law |
| • Which damages should be awarded? | General law
(in the absence of
specific provision in
the Copyright Law) |

3. Overriding mandatory rules and identification of choice of law Rules



Overriding mandatory rules

In general, overriding mandatory rules can be identified as rules of such political, social or economic importance or of significance public policy that they cannot be set aside despite the international nature of the dispute.

In the absence of overriding mandatory provisions, the applicable law will be determined according to choice of law.

Choice of law rules

Choice of law rules regulate the applicable law issue but not the legal question as such. They will direct the judge to the applicable law to be used to identify the legal questions and as such decide on the claims and counterclaims made.

Choice of law rules again make use of **connecting factors**. Connecting factors are an essential element in the choice of law rules directing the court to the applicable law. They can be characterized as either legal or factual.

Some general guidelines are presented below but the user of this Guide should take into account that these guidelines may not always apply and the (national) IP law and/or international/regional rules of law might indicate a different connecting factor. The connecting factors identified below should be used as mere illustrations:

In the EU, the main connecting factor in IP law is the place for which protection is sought.

Example: Should an Austrian copyright holder initiate an infringement case in France regarding an infringement which took place in France, the applicable law to be applied on the conditions of the infringement will be French copyright law on the basis of Article 8.1 of the Rome II Regulation (“The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed”).

In Australia, the court will usually apply the *lex loci delicti*, or the law of the place where the wrong was committed. This is the same rule that is applied by Australian courts for determining the choice of law for a tort. In the case of an IP action, this will mean that the law that is chosen is the law of the place where the infringement occurred. Applying the *lex*

loci delicti to the example in the previous paragraph will also result in the application of French copyright law.

For specific issues, other choice of law rules might apply:

- Regarding the *ownership and transferability* of an IP right, a distinction may be made between registered and non-registered rights. In the case of non-registered rights (e.g. copyright) two choice of law rules can apply: the law of the creator's "principal home" or, where the work was created under a contractual relationship, the law which applies to the contract. There are also two choice of law rules that can be applied to registered rights: the law applicable to the contract where a registered work was developed under a contractual relationship; or the law of the State of the registration.
- Regarding *contractual* issues, the principle of party autonomy should prevail (see below, IV.B.4).
- Regarding the use of *IP as a security right*, the choice of law rules are more complex and diverse.

Example: Secured Interest in IP

Party A, a pharmaceutical company located in State X, borrows money from Party B, a financial institution located in State Y, and uses its patent portfolio as collateral. The agreement is concluded in State Z. When Party A fails to meet its loan obligations, Party B seeks to foreclose on the collateral. Party A argues that Party B failed to properly perfect its security interest in the collateral and therefore should not be entitled to foreclose on the collateral. Which law governs the creation and the enforcement of the security right?

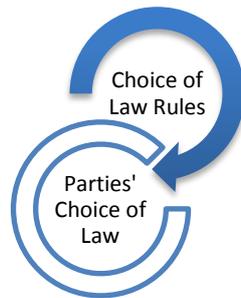
The Model Law developed by the United Nations Commission on International Trade Law (UNCITRAL)¹⁸ distinguishes the choice of law rules in both proprietary and contractual aspects of a security right in IP.

For the proprietary aspects, Article 99 of the Model Law provides that the law of the State in which the IP is protected governs the creation, effectiveness against third parties and priority of a security right in IP. The article also provides an alternative way to create and make effective against certain third parties a security right in IP, according to which the secured creditor may also rely for these purposes on the law of the State in which the grantor is located.¹⁹ Enforcement of a security right in IP is also governed by the law of the State in which the grantor is located.

The Supplement on Security Rights in Intellectual Property developed by UNCITRAL discusses various options with their comparative advantages and disadvantages.²⁰ The options include: 1) applying the law of the grantor's location; 2) applying the law of the State in which the IP is protected (*lex protectionis* or *lex loci protectionis*) to a security interest in IP; 3) based on a combination of the first two options, referring some issues to the law of the grantor's location and other issues to referring some issues to the law of the grantor's location and other issues to the law of the State in which the IP right is protected.

For the contractual aspects, Article 84 of the Model Law provides that the parties to a security agreement (the grantor and the secured creditor) are free to choose the law applicable to their mutual rights and obligations arising from their security agreement. If the parties do include a choice of law clause in their contract, then as a general rule, that will be the law that is applied. The property aspects of a security agreement are however outside the scope of freedom of contract.

4. Parties' choice of law



Often parties agree on the law to be applied to the dispute. This agreement could be based on an existing contractual understanding (*ante-factum*) or on an agreement reached between the parties after the issue in dispute occurred, before or after legal proceedings were initiated (*post-factum*).

If parties agree on the applicable law, the court should apply this law, except in cases where party autonomy is limited, in particular by the operation of overriding mandatory rules. The extent to which parties are able to agree upon the law to be applied may vary between jurisdictions.

Example: Issues of validity regarding a national trademark registration are typically governed by the law of the State of registration. Parties will thus not be entitled to choose a different law with regard to the validity question.

To decide on the validity of the choice of law clause the judge may need to apply the law of the country of registration. If the country of registration prescribes the applicability of the law of the country of registration, parties are prohibited from agreeing on a different set of rules. The judge may already have decided this issue when executing the step of overriding mandatory rules.

If, in a contractual relationship, a party contests the choice of law clause, the court should investigate whether the choice of law clause is valid between the parties, particularly within the context of the specific IP issue to be decided upon. To answer the validity question of the choice of law clause, the court will have to refer to the applicable law to the contract, unless the specific choice of law clause determines otherwise.

Example: Bad Faith Registration in Different Trademark Registers

The trademark was registered in State X and Y. The resident of State Y alleges that this registration is in bad faith.

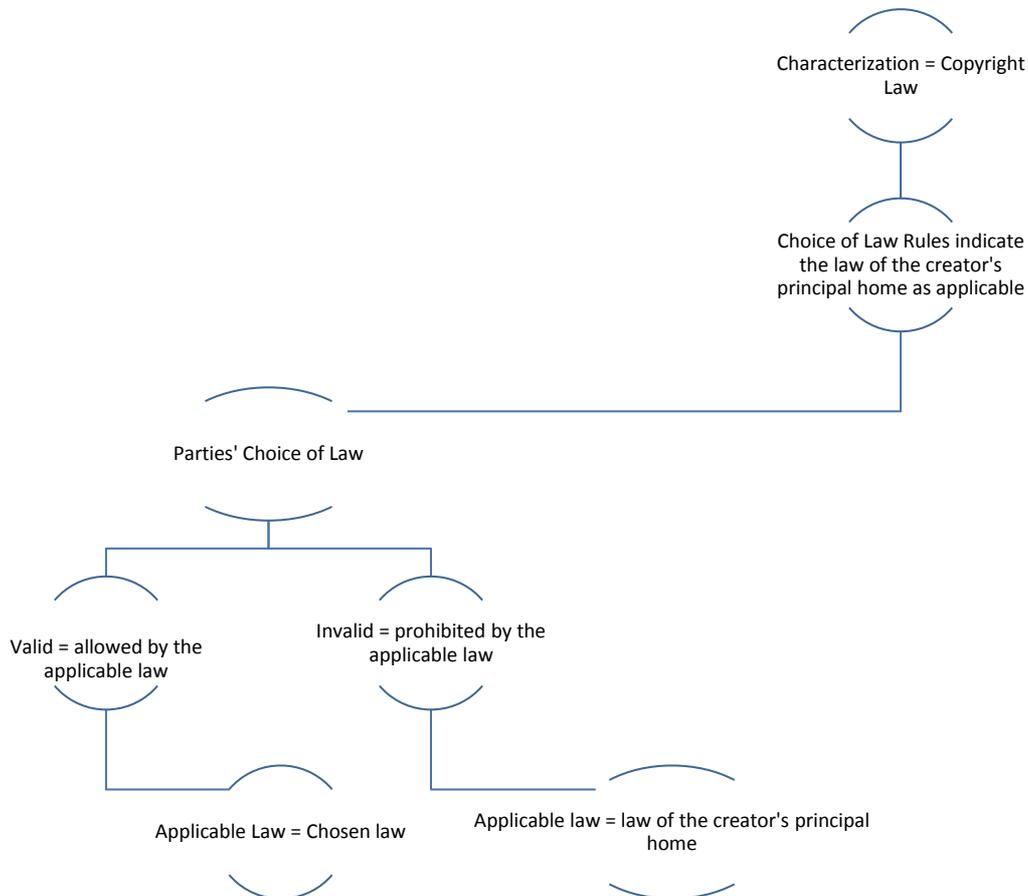
In this dispute regarding an alleged bad faith trademark registration, parties may have reached an agreement on the applicable law. After identifying the legal question (e.g. Is the trademark registration in bad faith?) and characterizing the legal question (as

one pertaining to trademark law), the court will apply the choice of court rules to decide the validity of the choice of law agreement. These rules may indicate a different applicable law than the one chosen by the parties. Regarding a trademark registration, this may be the law of the State of registration. If this law prohibits parties from agreeing on a different applicable law, the court should hold the choice of law agreement invalid. Note that the court may already have decided this issue when considering the application of overriding mandatory rules (see IV.B.3). If the law of the State of registration does not prescribe the applicability of its law, parties may agree on a different set of rules and the reached choice of law agreement will be valid.

Example: Dispute Whether a Work is Copyright Protectable

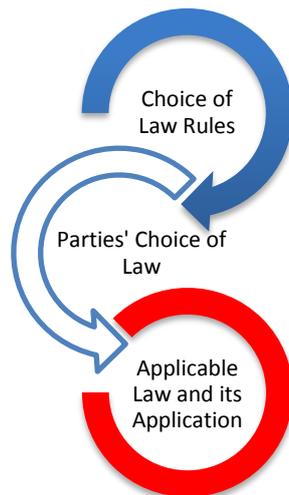
In a dispute on whether a work is copyright protectable, parties have reached an agreement on the applicable law. After identifying the legal question (e.g. Is the work protectable?) and characterizing the legal question (as one pertaining to copyright law), the court will apply the choice of law rules, in order to decide the validity of the choice of law agreement. Here, this could be the law of the creator's principal home. If this law prohibits parties from agreeing on the applicable law, the court should hold the choice of law agreement invalid. Note that the court may already have decided this issue when considering the overriding mandatory rules (see IV.B.3). If the law of the creator's principal home does not prescribe the applicability of its law, parties may agree on a different set of rules and the reached choice of law agreement will be valid.

Graphically, this process can be presented as follows:



The EU Rome II Regulation does not allow for party autonomy, i.e. it does not allow parties to choose the applicable law, for non-contractual obligations arising from IP infringement. It preserves the universally acknowledged principle of the *lex loci protectionis*, according to which the law of the country for which protection is claimed should govern the infringement of an IP right. With regard to the infringement of a unitary EU IP right, the applicable law should be the law of the State in which the act of infringement was committed, if the question is not directly addressed by the uniform rules of the relevant Community instrument.

5. Application of the applicable law



The above multiple-step-process determines the law applicable to the dispute. Courts may nevertheless face the practical problem of lack of information on the foreign law that it has decided to apply.

Example: After applying the multiple-step process the Spanish court determines that the law applicable to the patent license is Russian (patent) law.

This problem may be solved differently depending on the way foreign law is treated under the court's specific legal system.

- *lura novit curia*: In systems applying this approach the court is **presumed to know** all laws, even foreign laws. It is considered to acquire the relevant laws and knowledge thereof. Foreign law is considered part of the (domestic) law and not a fact that should be addressed by the parties. Some legal systems allow for the court to request the assistance of the parties to the case. Some regional systems have established working tools to acquire the relevant information. Finally, it should be noted that some countries permit the court to apply its national law if the relevant information on foreign law cannot be acquired. This option should be applied restrictively.
- *Responsibility of the parties to inform* the judge of the relevant rules in foreign law to be applied. Foreign law is considered as a factual element and **should be proven** as such. In common law countries, evidence of the content of foreign law can be adduced by way of expert evidence or by tendering copies of foreign statutes. The court may be required to decide between conflicting expert opinions on the law. While the content of foreign law is a question of fact, once that fact has been ascertained, the application is a question of law. As with other matters of fact, if

parties do not sufficiently prove the content of foreign law, the court may apply the presumption that the national law applies.

C. Issues in the application of PIL to IP regarding the applicable law

The court may be confronted with different problems when applying the *multiple step process*. It would go beyond the scope of this Guide to clarify every problem which a court might encounter when applying the steps described above.

The most important issue is the **renvoi**. It is not uncommon when applying the *multiple step process* that the applicable (foreign) law refers the judge back to the law of the forum. In such a situation the court may find itself in a vicious circle. The theory of *renvoi* (developed by the French courts) aims at breaking this circle and dictating that the court should halt its search for the applicable law after the first *renvoi*.

Example: If a French court after applying its *multiple step process* decides it should apply a Nigerian IP law and this law would (based on the choice of law rules) direct the judge back to the application of French law, the judge should halt after this redirection and apply French law.

In most regional and international instruments, *renvoi* is prohibited. For example, Article 20 of the Rome I Regulation provides that “The application of the law of any country specified by this Regulation means the application of the rules of law in force in that country other than its rules of private international law, unless provided otherwise in this Regulation”.

A deviation to the *multiple step process* is the exception of public policy. The choice of law rules are abstract. It is possible that applying the *multiple step process* results in the application of laws which are incompatible with the public policy of certain States. The public policy exception pertains to fundamental values and human rights. In the event of such an exception, IP law will allow the judge to set aside the law applicable pursuant to the choice of law rules.

Example: The application of a specific copyright law could lead to a confrontation with issues regarding the right of freedom of speech.

Example: The application of a specific patent law could lead to a confrontation with issues regarding the right of freedom necessary for scientific research and creative activity where this has been specifically recognized in that State.

It should be noted that IP law does contain safeguards to establish a balance between IP and fundamental values and human rights. However, the application of these balances may differ depending on the judge applying them to the specific facts of the case and are subject to political, economic and social changes in society.

V. How Can a Judgment Be Recognized and Enforced in Another State?

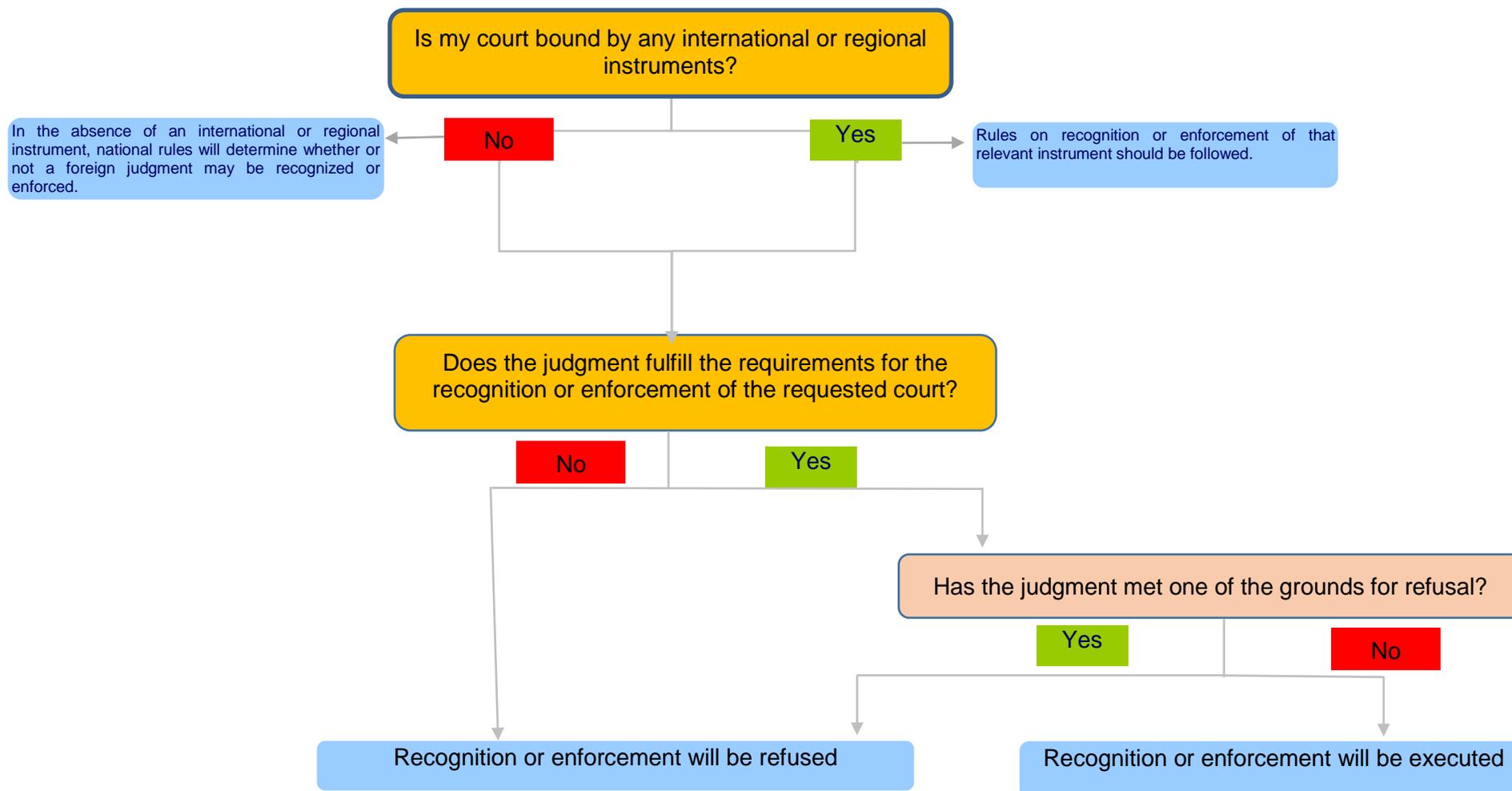
Where a court has decided that it has jurisdiction and has decided a dispute according to the applicable law, a further question may arise as to whether and how that decision can be recognized and enforced in another State. This will frequently arise where the defendant, against whom a judgment has been ordered, is located in another State or has assets located in another State.

There are two sets of courts involved in such situations:

- First, the court that made the judgment (the court of origin). This court may have considered the difficulties that a party may have in enforcing its judgment in another State.
- Second, the court of the State that is requested to recognize or enforce the judgment of the court of origin (the court addressed).

This section of the Guide considers the PIL principles that the court addressed is to apply in deciding whether to recognize and enforce a foreign decision.

V. How Can a Judgment Be Recognized and Enforced in Another State?



A. Recognition and enforcement of foreign judgments

Two scenarios can be used to illustrate the issues that arise.

Example 1: Recognition of a foreign judgment

Court in State X has decided that as between Party A and Party B, Party A was the author of a copyright work and is therefore the owner. Party B brings a proceeding in a court in State Y, seeking a declaration that Party B was the original author and is therefore the owner of the copyright work worldwide. Party A opposes such declaration on the basis of the judgment given by the court in State X.

Example 2: Enforcement of a foreign judgment

Court in State X has decided that Party A has infringed the patent of Party B and orders that Party A pay Party B a substantial sum of damages. Party A is located in State Y and has no assets in State X. Party B seeks to enforce in State Y the judgment given by the court in State X.

1. Recognition of foreign judgments

The question that arises in Example 1 is the **recognition** of the decision of the court in State X (court of origin) by the court in State Y (the court addressed). **Recognition** implies that the facts and legal relationships which have been decided upon by a foreign court are recognized by the court addressed.

The general principle of the recognition is that there should not be relitigation of the same issue between the same parties. Where the issue has been determined in a foreign court and the same parties seek to relitigate that issue in another jurisdiction, the court may be asked by one of the parties to accept the judgment of the foreign court on the grounds of *res judicata* or *issue estoppel*. If it can be demonstrated that the two States apply different laws to the issue, that may be a reason for not recognizing the foreign judgment in certain jurisdictions. Otherwise, international comity and the general principle outlined above would lead to recognition of the foreign judgment.

Applying this to Example 1, the court in State Y may find that an *issue estoppel* applies to the question of who is the original author of the copyright work. However, in relation to ownership, depending on the circumstances, an issue estoppel may not apply, as a copyright work may have different owners in different jurisdictions.

2. Enforcement of foreign judgments

The question that arises in Example 2 is the **enforcement** of a foreign decision. **Enforcement** takes the recognition a step further in that the judgment of a foreign court will have the same effect in the State where it is to be enforced as in the State where it was decided.

In both Examples, the PIL will guide the court of State Y in the recognition and enforcement of the judgment made in State X.

B. Requirements for the recognition and enforcement

When a court is requested to recognize or enforce a foreign decision, the court will first need to consider what PIL rules are to govern the decision to enforce the foreign judgment. The procedure for the recognition and enforcement of a foreign judgment is governed by the law of the requested State.

- The court may be required to apply PIL rules established in an international or regional treaty.
- Should no international or regional treaty be applicable, the PIL rules regarding recognition and enforcement may be governed by State law or statutes. For example, in Australia, there is a system for the registration of judgments of certain countries; in Belgium, Articles 22 and following of the Belgian Code on Private International Law apply.
- In common law States, the rules may be governed by the common law.

In each set of the above PIL rules, the court addressed does not examine whether a foreign decision had merit or was a correct application of legal principles. The exception is a limited list of grounds on which the judgment may not be recognized or enforced, such as fraud or public policy, which are discussed below at V.B.2.

A court will generally only recognize and enforce a foreign judgment if certain conditions are met. These are set out below.

First, the court of origin exercised “international jurisdiction”. This means that the court of origin **had jurisdiction** to hear the dispute. In some States, this is determined by applying the laws of the State of origin; in some States, this is determined by applying the laws of the requested State.

Secondly, the decision was **final and conclusive**. This means that the same controversy cannot be litigated again between the same parties in the court of origin. It does not necessarily mean that all appeals from the decision have been finalized, but in practice, the court addressed may stay an enforcement proceeding if there is an appeal that is yet to be finalized.

Thirdly, the decision was **on the merits**. Mere procedural decisions are normally not recognized, because courts usually follow their domestic procedural rules and will not be bound by another court’s decision based on foreign procedural rules.

Fourthly, the **parties** must be **identical**. That is, the court addressed will not enforce a judgment where the parties before it are not the same parties or privy as in the foreign decision.

In certain jurisdictions, the judgment must have also awarded damages for a **fixed sum**. This requirement means that:

- The court addressed will not enforce a foreign judgment for damages generally. Rather, the quantum of damages should have already been determined by the court of origin.

- Traditionally, a court addressed may not enforce a foreign judgment that is not monetary, such as an injunction. However, some jurisdictions have adopted a more liberal approach in which the court will enforce decisions that are clear and specific, but not necessarily for a fixed sum. The enforcement of cross-border injunctions within the European Union has been the subject of detailed judicial consideration.²¹ Interestingly, a Canadian court has recently ordered an injunction with global reach against an online intermediary, underscoring complex PIL issues in particular in the online context.²²
- In addition, courts in equity may have some ability to enforce a non-monetary remedy.

However, even if the above conditions are met, the person against whom the judgment is enforced may be able to raise a defence so that the court addressed will not enforce the foreign judgment. Those grounds are discussed below in V.B.2.

1. Reciprocity, including the statutory approach and registration of foreign judgments

The law of the requested State may provide specifically for the enforcement of judgments of courts of certain States. This is done by means of the statutory approach. More specifically, some common law States, for the purpose of enforcing foreign judgments, set out a system for the registration of judgments of certain courts of a limited number of foreign States.

The Australian *Foreign Judgments Act 1991* (Cth) is one of the examples. Generally, a State which provides reciprocal treatment of Australian judgments will be proclaimed to be on that list. The judgments which may be registered under this system are broader than at common law, and include interlocutory judgments and non-fixed sum judgments. The party seeking to enforce a judgment must register that judgment with the State or Territory Supreme Court and may be required to notify the defendant.

Once the judgment has been registered, the foreign judgment is deemed to have the same force and effect as a judgment of the Supreme Court. However, the defendant may in certain circumstances seek to have the registration of the judgment set aside. In addition to the absence of the statutory equivalent of “international jurisdiction”, the grounds on which registration may be set aside are discussed in the following section.

A similar approach - requiring reciprocity - applies in certain civil law jurisdictions, but it is left to the court of the State addressed to verify whether reciprocity treatment is granted by the State of origin. In other words, the recognition and enforcement is limited to foreign judgments that are rendered by courts of a State that recognize or enforce judgments from the State addressed.

2. Grounds for refusal

The grounds on which registration of a foreign decision may be set aside and the grounds on which a court will refuse to recognize or enforce a foreign judgment at general law are similar.

The grounds may include the following:

- The judgment made was obtained by fraud;
- The defendant was not given natural justice/due process/fair trial in the proceeding. For example, the defendant may not have been provided with notice of the proceeding;

- To enforce the judgment would be contrary to public policy. It should be noted that, in the EU context, this ground of refusal is a high hurdle to take, as the CJEU²³ has held that the party alleging a breach of public policy must have availed itself of all the legal remedies available in the country giving judgment; and
- The dispute has already been adjudicated differently in another State or in the requested State, giving rise to incompatible judgments.

Other laws of the State may allow the court to refuse enforcement in other circumstances.

If a statute purports to grant jurisdiction over IP validity or infringement to the courts of one State, a question may arise as to whether the courts of that State would enforce a judgment of the court of another State purporting to decide a question under that statute.

Example: In Australia, the *Patents Act 1990* (Cth) s 154 confers jurisdiction on the Federal Court of Australia “with respect to matters arising under this Act”. Absent an agreement between States or a Convention, where the conferred jurisdiction is as to all matters arising under a statute, it is hard to see how there would be an automatic enforcement of the judgment of a court of another State as to, for example, validity of an Australian patent.

In considering the words of the statute and the way in which the jurisdiction has been granted and is determined, there may be a question as to whether the court is called upon to exercise that jurisdiction independently or whether it is acceptable to enforce the judgment of the court of another State. There may be public policy reasons for not doing so. In a contractual dispute, if damages for breach of contract depend upon the validity or invalidity of an IP right, it would be an interesting question as to whether the contract would be enforced. Under the Hague Choice of Court Convention (which may not be applicable unless it has been ratified or acceded to in that jurisdiction), the Convention continues to apply to the main claim (such as the payment of royalties), but the ruling on validity will not be recognized or enforced.

Further complexities may arise if the IP right exists in one State but not the other and the judgment purports to have effect beyond the State of origin, for example, a worldwide injunction for infringement of an IP right where no such right has been granted in the requested State, or enforcement of a judgment deemed to conflict with basic rights such as privacy or free speech. These questions may import public policy considerations, for example, if a class of patents have been excluded by statute in that State, leading to a refusal of enforcement.

3. International or regional instruments

It is recalled that Chapter II of the Guide refers to multilateral instruments dealing with the recognition and enforcement of foreign judgments.

Regionally confined recognition and enforcement treaties reflect an advanced level of cooperation and mutual trust among the jurisdictions of a particular region.

For courts of EU Member States a presumption exists that judgments of courts of other Member States are in order, as specifically articulated regarding the commercial and civil matters in Chapter III of the Brussels *Ibis* Regulation. Under this Regulation, recognition and enforcement shall be denied if one of the refusal grounds set out in the Regulation is met. The refusal grounds are limited but mandatory: recognition and enforcement is manifestly contrary to public policy (*ordre public*) in the Member State addressed; or the defaulting defendant was not duly served when the proceedings were instituted or there are irreconcilable judgments submitted to the court for recognition or enforcement). Within an EU context, it is important to note that regarding some specific subjects the need of *exequatur* has been abolished (Regulation (EC) No. 805/2004 creating a European Enforcement Order for uncontested claims).

Similarly, the Minsk Convention, the Montevideo Convention, the Las Leñas Protocol, the Arab League Judgments Convention and the Riyadh Convention also provide conditions for the recognition and enforcement of foreign judgments in another Contracting State and the grounds for refusal.

At the international level, there has always been an aspiration to conclude an instrument on the recognition and enforcement of judgments. The HCCH concluded the Enforcement Convention in 1971,²⁴ which is, however, of limited relevance due to its complicated application mechanism – requiring States to enter into additional bilateral agreements. Since 1999, the HCCH has been working towards the conclusion of a global Judgments Convention (the Judgments Project). The Project has led so far to the conclusion of the Choice of Court Convention, which aims at facilitating the circulation of judgments delivered by the court designated in an exclusive choice of court agreement (the rules on the recognition and enforcement are provided in Chapter III of the Convention). The Judgments Project is now focusing on the development of a broader draft Convention on the Recognition and Enforcement of Judgments in Civil or Commercial Matters. At the time of writing, it is expected that the Special Commission on the Judgments Project will meet for the third time in November 2017, with the goal of completing a text for consideration at a diplomatic session, which is to be held in late 2018 or early 2019.

VI. Issues relating to administrative or judicial cooperation

In cross-border civil or commercial transactions or disputes, difficulties can be encountered if the defendant or a witness is domiciled or the evidence is located outside the State where the proceedings are initiated; if a foreign State issues the necessary public documents; or if parallel proceedings arising out of the same dispute are initiated in different States. This is due to the fact that each State has its own legal and administrative systems. Closer cooperation between the authorities of States can eliminate obstacles deriving from the complexity of different national systems. Thus, the HCCH develops Conventions with the aim of facilitating cooperation through different mechanisms. These Conventions allow national administrative bodies and courts to, among other things, collect evidence abroad, admit foreign public documents and transmit documents for service abroad more efficiently.

This chapter provides an overview of how such mechanisms operate and gives examples of some current States' practices.

A. Collecting evidence abroad

Evidence is crucial to success in any civil or commercial dispute, including those in relation to IP. The difficulties in identifying and collecting the evidence that is necessary to prove a claim can be magnified in cross-border IP disputes if, for instance, key evidence is located outside the jurisdiction in which the proceedings are held.

The Hague Evidence Convention

The Hague Convention of 18 March 1970 on the Taking of Evidence Abroad in Civil or Commercial Matters (the Hague Evidence Convention) was concluded to establish methods of co-operation for the taking of evidence abroad in civil or commercial matters. Conscious of the varying law systems with respect to the taking of evidence around the world, the Convention provides effective means to facilitate the cross-border transmission of requests to obtain evidence and continues to fulfill this important role to date.

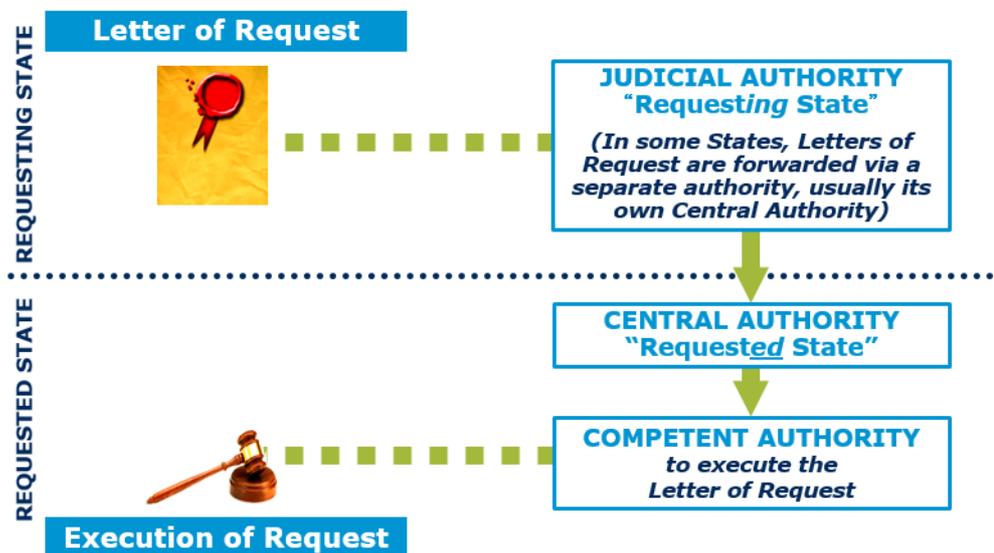
Under the framework of the Convention, evidence can be taken (i) by means of Letters of Request, and (ii) by diplomatic or consular agents and commissioners.

According to Chapter One of the Convention, a judicial authority of one Contracting Party (requesting State) may request, by means of a Letter of Request, a Competent Authority of another Contracting Party (Requested State) to obtain evidence which is intended for use in judicial proceedings in the requesting State. The judicial authority of the requesting State transmits the Letter of Request to the Central Authority of the Requested State. The latter then forwards the Letter of Request to the Competent Authority in its country for execution. The law of the Requested State applies to the execution of the Letter of Request.

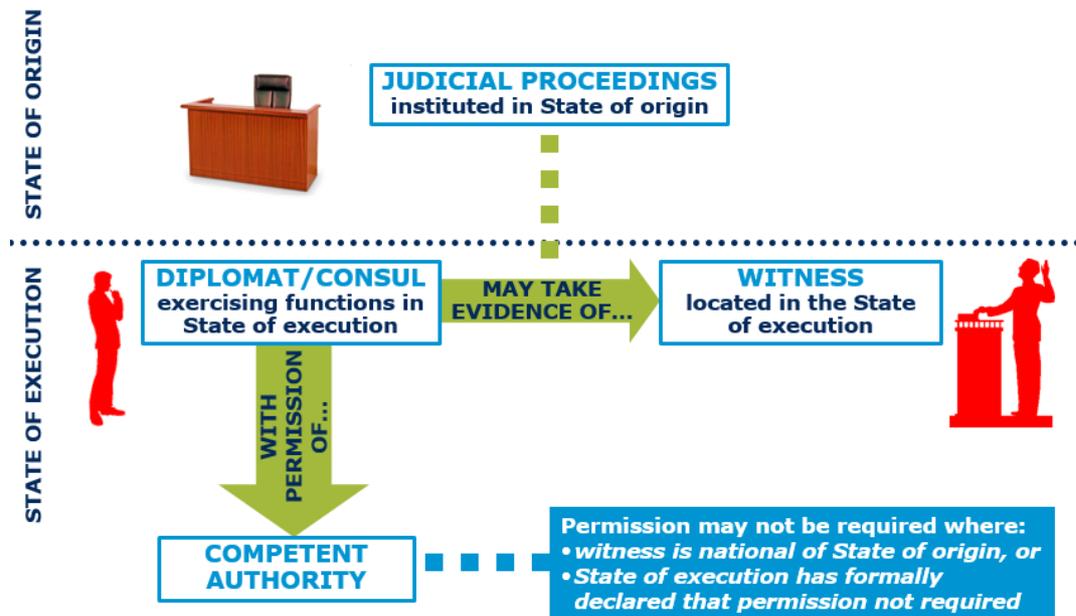
Chapter Two of the Convention allows diplomatic or consular agents and commissioners to take evidence, subject to the relevant permission, where necessary, of the appropriate authority of the State in which the evidence is to be taken and provided that the relevant State has not objected in whole or in part to Chapter II. The agent or commissioner may take evidence, insofar as the proposed actions are compatible with the law of the State of execution, and he/she may also have power to administer an oath or take an affirmation. The taking of evidence shall as a rule be performed in accordance with the law of the court before which the action is initiated, unless the manner in which the evidence is sought to be taken is incompatible with the law of the State of execution.

The application of the Convention is often discussed in connection with pre-trial discovery of documents – a procedure, known to certain common law countries, which allows for requests for evidence to be submitted after the filing of a claim but before the final hearing on the merits. The Convention does not prohibit Contracting Parties from submitting a qualified exclusion in order to ensure that a request for pre-trial discovery of documents is sufficiently substantiated so as to avoid requests whereby a party is merely seeking to find out what documents might be in the possession of the other party to the proceedings.

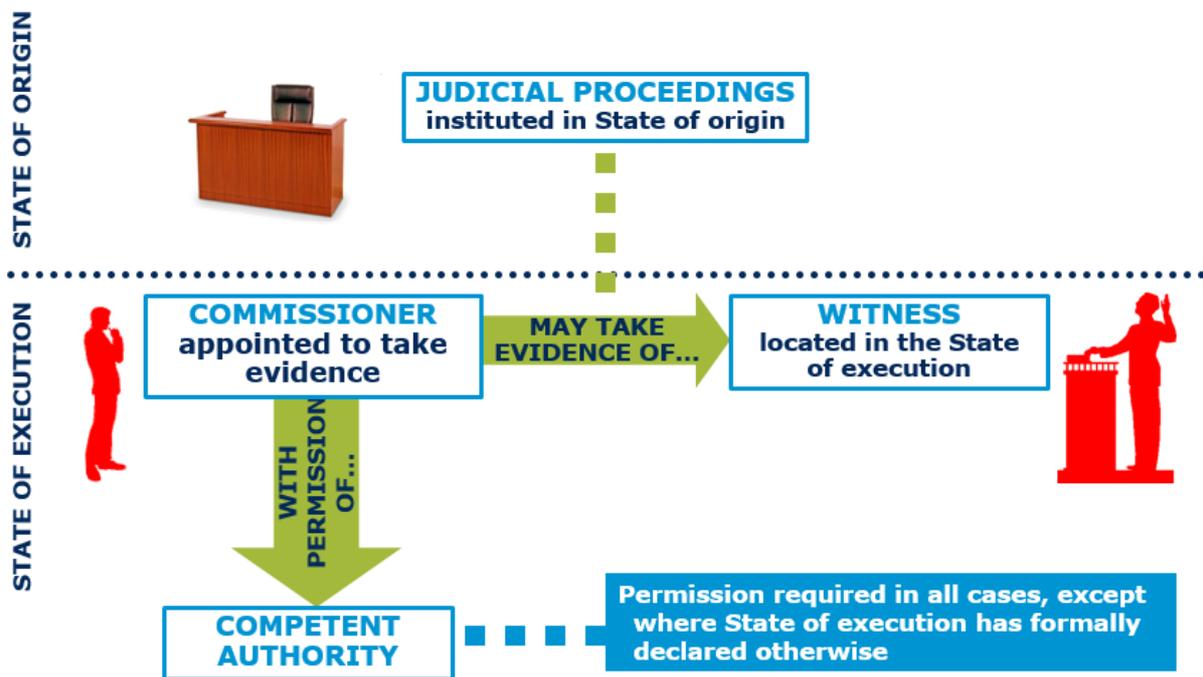
Contracting Parties are divided as to whether the Convention is mandatory or not. Nevertheless, the Convention greatly facilitates and streamlines the procedures for taking evidence abroad, and significantly reduces the time taken to obtain evidence. Based on the data collected by the Hague Conference, 55 per cent of Letters of Request are executed in under four months.



Chapter One under the Hague Evidence Convention – by means of Letters of Request



Chapter Two under the Hague Evidence Convention - by diplomatic or consular agents



Chapter Two under the Hague Evidence Convention – use of commissioners

Taking evidence from witnesses located in a foreign State – national practice

Frequently in a cross-border IP dispute, witnesses will be located in a foreign State. The question then arises for the court as to how evidence from those witnesses should be obtained. There are a number of options.

The most straightforward option is for the witness to travel to the location of the hearing. This allows the witness to give evidence in the same way as any other witness in the proceeding. It is usually preferable for a witness to give evidence in person. This is particularly the case where the evidence given by that witness will be lengthy or where there are questions as to the credibility of the witness.

However, there may be reasons why it is undesirable or not possible for a witness to travel. For example, in cases where evidence from a witness is anticipated to be very short, the costs of travel may outweigh the benefits of giving evidence in person. A witness may also have medical reasons preventing travel. Other options should then be considered.

Depending on the court rules, parties may need to obtain leave in order to utilize these other options. In making a decision, the Court should consider whether justice would be better served by allowing a witness to give evidence using one of the alternative options.

Firstly, a witness may give testimony by way of videoconference or audio link. This can be facilitated through videoconferencing facilities or telephone. Practical matters to consider include, but not limited to:

- Compatibility of the equipment;
- the link should be tested beforehand, in order to ensure the quality of the video and audio link;
- time differences between the court and the location of the witness;
- the need for interpretation services;
- other persons present at the location of the witness; and
- the manner of administering the oath or affirmation.

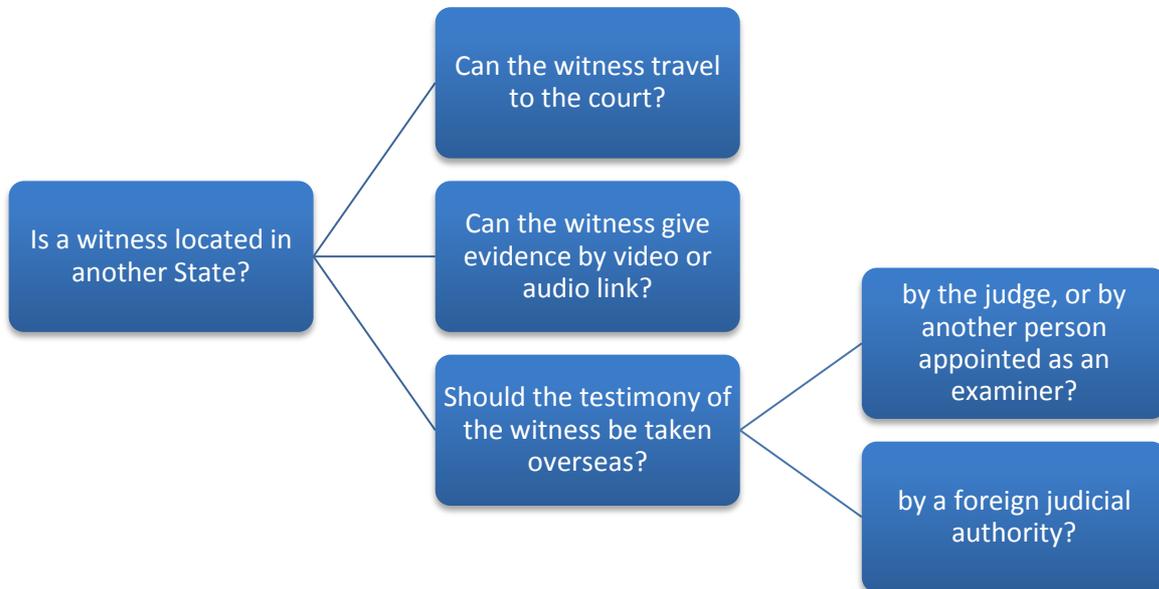
Secondly, evidence of a witness may be taken in another State, either (a) by commissioning the examination of the witness overseas, either by the judge or another person appointed as an examiner, or (b) by issuing a letter of request to a judicial authority in another State to take the evidence of the witness. The costs of each of these procedures should generally be borne by the parties. It may be necessary first to obtain permission for a foreign judicial officer to administer an oath or affirmation in the foreign State. A number of States do not permit foreign judicial authorities to administer oaths, which means that it may be necessary to use the letter of request process. The letter of request process is established under the Hague Evidence Convention described above.

In Australia, a number of evidence statutes provide for the admission of certain foreign documents as evidence in Australian proceedings. For example, section 157 of the *Evidence Act 1995* (Cth) provides for the admission of evidence of a public document that is a judgment or another process of a foreign court and section 69 provides for the admission of business records. Section 34 of the *Foreign Evidence Act 1994* (Cth) provides for the evidence of records of foreign business authorities.

In addition, IP law may itself include presumptions that apply to foreign documents. For example, the *Copyright Act 1968* (Cth) includes presumptions as to subsistence and ownership of copyright material on the basis of reliance on foreign certificates.

Furthermore, the parties may agree that documents otherwise inadmissible, with the leave of the court, be admitted by consent. These may include, for example, evidence taken in overseas proceedings, documents produced pursuant to production or discovery orders in another country.

In the EU, similar provisions are provided in the Evidence Regulation.²⁵



Taking evidence from a witness located in a foreign State

B. Admission of foreign documents

In a cross-border IP dispute, it may be necessary for parties to tender foreign documents as evidence. These may include, for example, foreign judgments or foreign registrations of IP.

The Hague Apostille Convention – Abolishing the Legalization of Public Documents

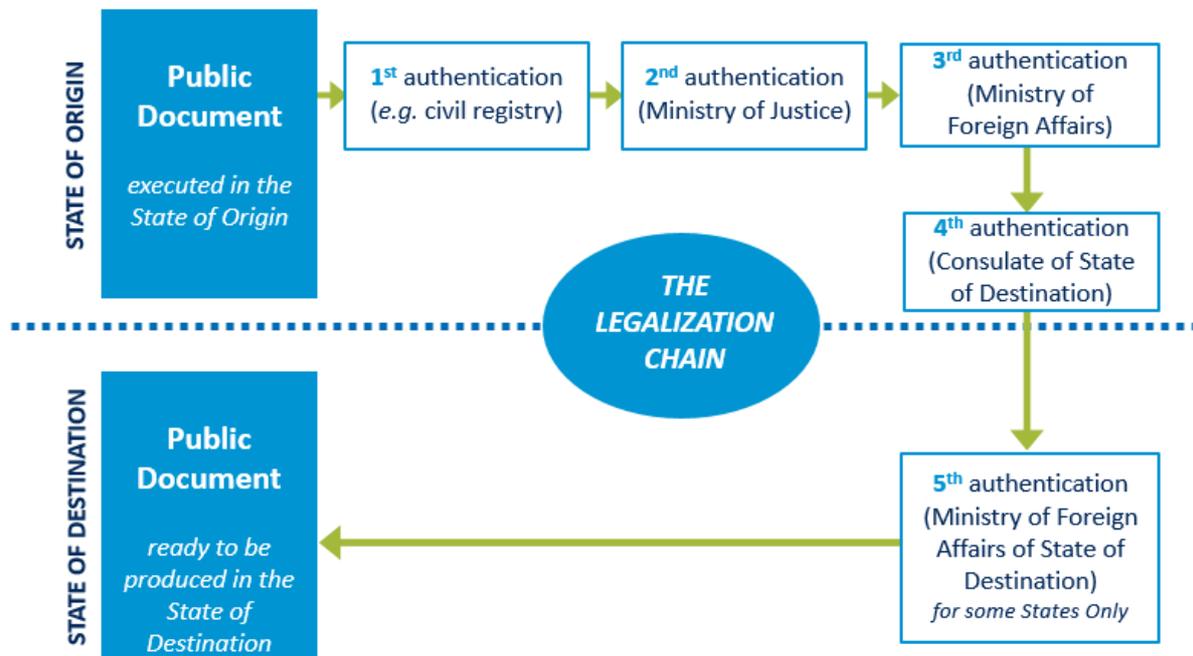
The Hague Convention of October 5, 1961 Abolishing the Requirement of Legalization for Foreign Public Documents (the Hague Apostille Convention) facilitates the circulation of public documents executed in one Contracting Party to the Convention and to be produced in another Contracting Party to the Convention. It does so by replacing the cumbersome and often costly formalities of a full legalization process (chain certification) with the mere issuance of an **apostille**.

Apostilles may only be issued by a Competent Authority designated by the Contracting Party from which the public document emanates. The relevant entity only authenticates the origin of the underlying public document by certifying the authenticity of the signature on the document, the capacity in which the person signing the document has acted and, where appropriate, the identity of the seal or stamp which the document bears. They do not, however, certify the content of the underlying public document.

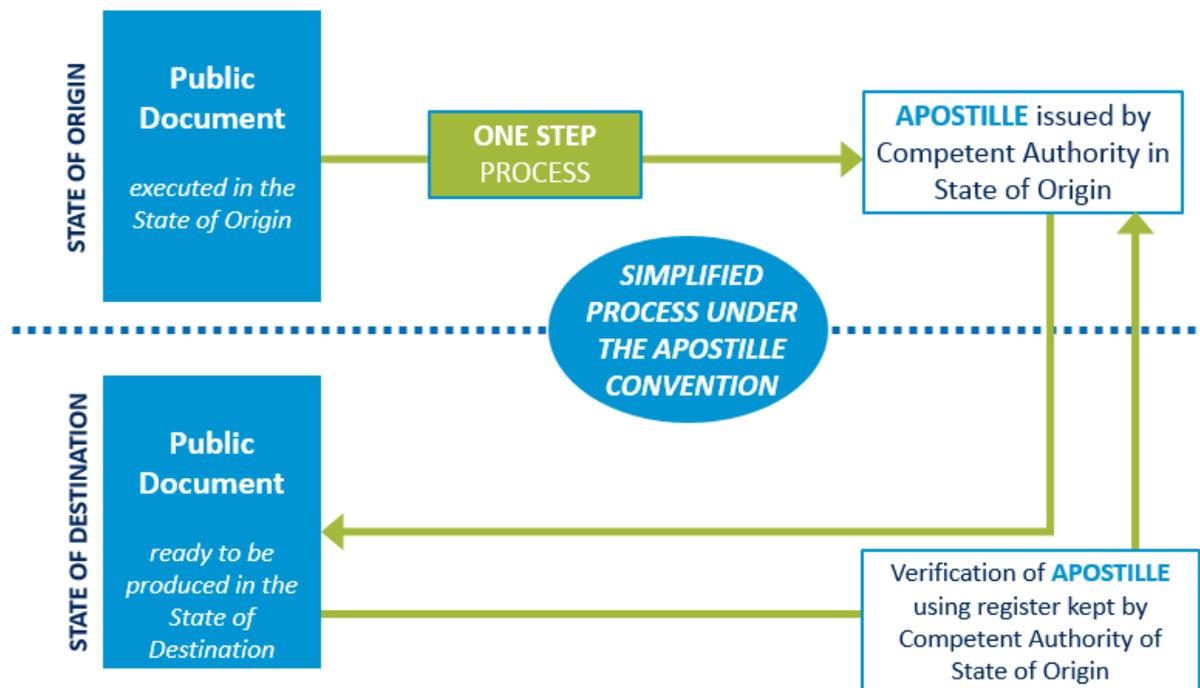
The Convention applies only to public documents, including “administrative documents”, such as the grant of patents or other IP rights.

The Convention does not directly address documents executed by intergovernmental and supranational organisations, e.g. the grant of patents by the European Patent Office. The applicability of the Convention to these documents is being addressed in a HCCH Working Group.

As the Apostille Convention is designed to abolish legalization and facilitate the use of public documents abroad, it does not create a *requirement* for foreign public documents to be apostilled. This means that an Apostille is not needed where the domestic law of the State of destination has either further simplified or completely eliminated any authentication requirements. In addition, this is also the case where certain treaties, agreements or other similar instruments eliminate or further simplify such authentication requirements. In the field of intellectual property, this is achieved by certain WIPO-administered treaties, such as the Singapore Treaty on the Law of Trademarks, Trademark Law Treaty and the Patent Law Treaty.



Production of public documents abroad without the Hague Apostille Convention



Production of public documents abroad with the Hague Apostille Convention

C. Service of documents abroad

Service of judicial and extra-judicial documents on parties located abroad is an important element in cross-border civil or commercial disputes, including IP disputes. It is in fact an essential component of the right of defendants to receive actual and timely notice of suit. In addition to the discussion in III.C.2, which addresses the role of serving defedants in the context of establishing jurisdiction in common law countries, there is an international convention coordinating the service of documents abroad among its Contracting States.

The Hague Service Convention

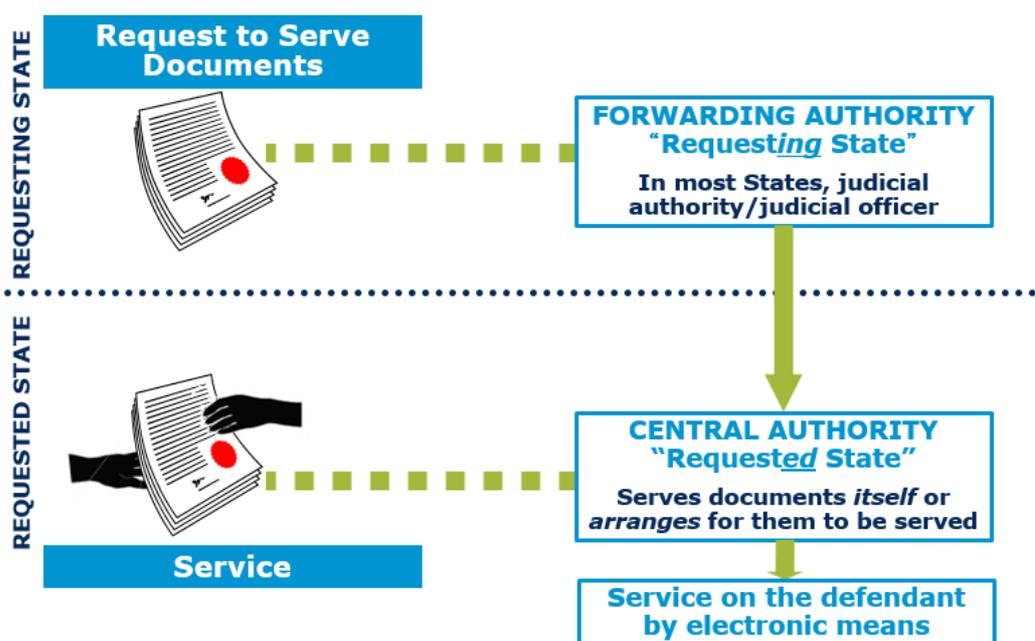
The Hague Convention of 15 November 1965 on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters (the Hague Service Convention) was concluded to simplify and expedite the procedure for judicial or extrajudicial documents to be transmitted from one Contracting Party to the Convention to another Contracting Party for service in the latter. In practice, the Convention greatly facilitates and streamlines the transmission of documents for service abroad, and significantly reduces the time to complete service of process abroad.

For the Convention to be applicable, the following requirements must be met: (i) a document is to be transmitted among Contracting Parties to the Convention for service (the law of the forum State determines whether or not a document has to be transmitted abroad for service – the Convention is of *non-mandatory but exclusive* application), (ii) an address for the person to be served is known, (iii) the document to be served is a judicial or extrajudicial document, and (iv) the document to be served relates to a civil or commercial matter. If all these requirements are met, the transmission channels provided for under the Convention must be applied exclusively, except in the case of a derogatory channel.

The Convention provides for **one main channel** of transmission and **several alternative channels** of transmission. Under the main channel of transmission, the authority or judicial officer competent under the law of the requesting State (State where the document to be served originates) transmits the document to be served to the Central Authority of the requested State (State where the service is to occur). The Central Authority of the requested State will execute the request for service or cause it to be executed either (i) by informal delivery to the addressee who accepts it voluntarily, or (ii) by a method provided for under the law of the requested State, or (iii) by a particular method requested by the applicant, unless it is incompatible with the law of the requested State.

The alternative channels of transmission are: the consular or diplomatic channels (direct and indirect), postal channels, direct communication between judicial officers, officials or other competent persons of the State of origin and the State of destination, and direct communication between an interested party and judicial officers, officials or other competent persons. The Convention entitles a State to object to the use of some of these alternative channels of transmission.

The Convention acknowledges the strong connection between proper notice and the defendant's appearance. To this end, two key provisions protect the defendant *prior to* the rendering of a judgment by default (Article 15) and *after* a judgment by default is rendered (Article 16).



The main channel of transmission under the Hague Service Convention

In Australia, for example, under Division 10.4 of the Federal Court Rules, a person in a foreign jurisdiction has only been validly served if:

- (a) the proceeding is one of the kinds listed in a table in Rule 10.42 (a list of types of proceedings with factors connecting the proceeding to Australia);
- (b) the court has granted the party leave to serve the person. An application for leaves requires the party to establish a *prima facie* case for relief; and
- (c) the originating application is served either:

- (i) in accordance with a convention, the law of a foreign country, or the Hague Convention (Rule 10.43(2)); or
- (ii) if it was not practicable to serve the document in accordance with (i) and if the document has been brought to the person's attention, the Court may deem the document as served (Rule 10.48); or
- (iii) if service was not successful on the person in accordance with (i), the Court may order that another method be used (Rule 10.49).

Defendants may then submit to the jurisdiction of the court or may challenge it.

Australia has signed a treaty with New Zealand which provides an exception to the above process. It has the effect that a person in New Zealand is served in the same way as a person in Australia - leave is not required.

D. Cooperation and coordination among courts

How to address international parallel proceedings arising out of the same dispute has always been a controversial topic in private international litigation. Across common law and civil law jurisdictions, the issue of international parallel proceedings is dealt with differently: either through the deployment of **anti-suit injunctions** to restrain the pursuit of foreign proceedings or through the application of the ***lis alibi pendens* doctrine** to suspend or dismiss current proceedings.

It is generally recognized that the control of international parallel proceedings serves the following commonly-identified purposes: to act as a preemptive corollary of the *res judicata* effect of foreign judgments; to promote judicial efficiency; and to promote comity between courts. Given the importance of regulating parallel proceedings in private international litigation, efforts have been made at regional and international levels to harmonize methods of dealing with international parallel proceedings.

1. Anti-suit injunctions

Within common law jurisdictions, a party may apply to the court for an anti-suit injunction to effectively restrain proceedings in a foreign court. The injunction is designed to protect the jurisdiction of the local court and the court's processes, for example in cases where the foreign proceedings may interfere with the pending local proceeding or the foreign proceedings are vexatious and oppressive.

An anti-suit injunction is an extraordinary remedy and the power should be exercised cautiously. While the injunction is issued with the aim of restraining persons who are party to the local proceedings, an anti-suit injunction actually affects the court of another State.

2. *Lis alibi pendens*

Lis alibi pendens is applied mainly **by civil law jurisdictions**. It requires a court to stay (suspend) or dismiss proceedings if another court has been seized first in proceedings involving the same cause of action between the same parties.

The *lis alibi pendens* doctrine is commonly opted for in international and regional instruments. The **Hague Choice of Court Convention** specifies that the court chosen by the parties is not permitted to decline to exercise jurisdiction on the ground that the dispute should be decided in a court of another State (Article 5(2)).

The **Brussels Regime** requires that any court other than the court first seized shall, of its own motion, stay its proceedings until the jurisdiction of the court first seized is established. This applies to situations where proceedings involving the same cause of action and between the same parties are brought in the courts of different Member States.

The interaction between choice of court agreements and the *lis alibi pendens* rules underwent changes during the revision of the Brussels I Regulation. The Brussels Ibis Regulation, which aligns with the mechanism established in the 2005 Choice of Court Convention, gives priority to the chosen court of an EU Member State to decide on its jurisdiction, regardless of whether it is first or second seized, and any courts of other Member States shall decline jurisdiction in favor of the chosen court if that court has established its jurisdiction.

Table of Treaties

Glossary

About the Authors

Dr. Annabelle Bennett, former Judge of the Federal Court of Australia, Sydney, Australia

Until March 2016, the Honourable Dr. Annabelle Bennett AO SC served as a Judge of the Federal Court of Australia sitting on many intellectual property cases at first instance and on appeal and as an additional judge of the Supreme Court of the Australian Capital Territory. Prior to her appointment to the Federal Court of Australia, Dr. Bennett practised as a Senior Counsel specializing in intellectual property.

Dr. Bennett has also served as President of the Copyright Tribunal of Australia, Chair of the National Health and Medical Research Council and as a Presidential Member of the Administrative Appeals Tribunal. Dr. Bennett's current appointments include Chancellor of Bond University, President of the New South Wales Anti-Discrimination Board, an Arbitrator of the Court of Arbitration for Sport, a member of the advisory council for Questacon, a member of Garvan Institute for Medical Research, a member of Chief Executive Women, and a member of the Advisory Board of the Faculty of Law at the Chinese University of Hong Kong.

Mr. Sam Granata, Judge of the Court of Appeal of Antwerp, Belgium and Benelux Court of Justice, Luxembourg

Mr. Sam Granata is a Judge at the Court of Appeal Antwerp, Belgium, and at Benelux Court of Justice, and was an external member of the Enlarged Board of Appeal of the European Patent Office, as well as a member of the Legal Framework Group Unified Patent Court (UPC)(Subgroup 1: Rules of Procedures of the Court and Subgroup 6: Rules on Mediation and Arbitration), member of the "Conseil Benelux de la Propriété Intellectuelle" and member of the Belgian Board for Intellectual Property Rights in the industrial property section.

Mr. Granata obtained a Master of Law at the Catholic University of Law (Louvain, Belgium), a Master in Intellectual Property Law at Franklin Pierce Law Center (now University of New Hampshire, United States of America) and a Master of Arts in Interactive Multimedia at the University of London (United Kingdom). He is a published author on intellectual property issues and has recently co-authored in a book regarding the Unified Patent and Unified Patent Court focusing on the draft rules and procedures of the UPC.

ABOUT HCCH AND WIPO

Hague Conference on Private International Law (HCCH)

The Hague Conference on Private International Law (HCCH) is an intergovernmental, the origin of which dates back to 1893. Its mandate is "the progressive unification of the rules of private international law" at the global level. With over 80 Members across the globe and another approximately 70 States that are not Members but party to one or more Conventions, a total of 150 States are "connected" to the work of the HCCH, which makes it the preeminent world organization for cross-border co-operation in civil and commercial matters.

The HCCH fulfils its mandate by developing Conventions (treaties) and other instruments in three principal areas: international child protection and family law; international civil procedure; and international commercial and financial law. These instruments achieve very

practical outcomes, directly impacting and benefiting individuals (both adults and children), as well as commercial operators and investors.

The work of the HCCH is therefore of significant relevance to matters of intellectual property, as these instruments facilitate, through the legal certainty and predictability they establish, international IP transactions, the enforcement of IP rights, and the resolution of IP disputes, ultimately providing effective private international law solutions to the international legal framework.

World Intellectual Property Organization (WIPO)

WIPO is the global forum for intellectual property services, policy, information and cooperation. It is a self-funding agency of the United Nations, with 189 member states.

WIPO's mission is to lead the development of a balanced and effective international intellectual property (IP) system that enables innovation and creativity for the benefit of all. WIPO's mandate, governing bodies and procedures are set out in the WIPO Convention, which established WIPO in 1967.

WIPO helps governments, businesses and society realize the benefits of IP.

WIPO provides:

- a policy forum to shape balanced international IP rules for a changing world;
- global services to protect IP across borders and to resolve disputes;
- technical infrastructure to connect IP systems and share knowledge;
- cooperation and capacity-building programs to enable all countries to use IP for economic, social and cultural development; and
- a world reference source for IP information.

¹ For more information on ADR options for IP disputes, see WIPO Arbitration and Mediation Center <http://www.wipo.int/amc/en/>. See also Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York 1958).

² For the Commonwealth of Independent States: Convention on Legal Aid and Legal Relations in Civil, Family and Criminal Cases, adopted in Minsk on 22 January 1993. .

³ For the Organization of American States: Inter-American Convention on General Rules of Private International Law, adopted on 8 May 1972.

⁴ For the Southern Common Market (MERCOSUR), the Protocol on Judicial Cooperation and Assistance in Civil, Commercial, Labour and Administrative Matters, adopted in Valle de las Leñas on 27 June 1992.

⁵ Convention of the Arab League on the Enforcement of Judgments and Arbitral Awards, adopted on 14 September 1952.

⁶ Riyadh Arab Agreement for Judicial Cooperation, adopted on 6 April 1983.

⁷ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), OJ L 351/1, 20/12/2012, p. 1-32. The Brussels *Ibis* Regulation replaced the Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, OJ L 12, 16/01/2001, p. 1–23 (the Brussels I Regulation), which replaced the Convention of 27 September 1968 on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters (the Brussels Convention). The Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, signed on 30 October 2007, OJ L339, 21/12/2007, p. 3 (the 2007 Lugano Convention), which replaced the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters, signed on 16 September 1988 (the 1988 Lugano Convention), applies to the European Community, Denmark,

Iceland, Norway, Switzerland. As the 2007 Lugano Convention is, in substance, largely similar to the Brussels I Regulation, a collected term “Brussels regime” is used to include all these instruments.

⁸ Regulation (EC) No 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations, OJ L 177/6, 4/7/2008, p. 6-16.

⁹ Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations, OJ L 199/40, 31/7/2007, p. 40-49.

¹⁰ Council Directive 93/83/EEC of September 27, 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission.

¹¹ CJEU, 13 July 2006, *Roche v. Primus*, C-539/03 and CJEU, 1 December 2011, *Painer v Standard VerlagsGmbH*, 2011, C-145/10.

¹² Regulation (EC) No 1393/2007 of the European Parliament and of the Council of 13 November 2007 on the service in the Member States of judicial and extrajudicial documents in civil or commercial matters (service of documents), and repealing Council Regulation (EC) No 1348/2000.

¹³ CJEU, 22 January 2015, *Hejduk*, C-441/13.

¹⁴ *SOCAN v Canadian Association of Internet Providers* [2004] 2 SCR 427.

¹⁵ CJEU, 19 April 2012, *Wintersteiger*, C-523/10.

¹⁶ CJEU, 13 July 2006, *GAT v Luk*, C-4/03.

¹⁷ *Chugai Pharmaceutical v UCB* (2017) EWCH 1216 (Pat).

¹⁸ UNCITRAL Model Law on Secured Transactions (the “Model Law”), adopted by UNCITRAL in 2016.

¹⁹ Under article 90, the grantor is located: (a) in the State in which it has its place of business (subpara. (a)); if the grantor has more than one place of business, in the State in which the central administration of the grantor is exercised (subpara. (b)); and (c) if the grantor has no place of business, in the State in which the grantor has his or her habitual residence (subpara (c)).

²⁰ See paras. 284-339 (http://www.uncitral.org/uncitral/en/uncitral_texts/security/ip-supplement.html). The Supplement, which was adopted by UNCITRAL in 2010, was prepared with the assistance of WIPO, and recommendation 248 and the relevant commentary was prepared with the assistance of the HCCH.

²¹ For example, a distinction should be made between EU trademarks and Community designs and European patents. Where cross-border injunctions within the EU are available for EU trademarks and Community designs (pursuant to the Trade Mark and Design Regulations), cross-border injunctions for European patents seem only to be available in *preliminary proceedings* where the court does not make a final decision on the validity of the patent insofar the validity of the patent is not seriously contested (cfr. CJEU, 12 September 2012, *Solvay v. Honeywell*, C-616/10). Where the court in the Netherlands seem to be granting cross-border claims regarding European patents in the contracting member states of the European Patent Convention in cases *on the merits* (i) where an infringement of the Dutch part of the European patent was claimed or when the defendant was based in the Netherlands or (ii) where the main defendant was based in the Netherlands and the other defendants were part of a group of companies and acted on the basis of a common business policy (spider in the web doctrine), it seems that most other courts of the European Union refuse to examine cross-border infringement as soon as the validity of the patent is challenged (which in European patent cases is the most frequent defense). The CJEU regarding such cases on the merits adheres to this last approach (CJEU, 13 July 2006, *GAT v LuK*, C-4/03).

²² Supreme Court of Canada, *Google Inc v Equustek Solutions Inc*. 2017 SCC 34.

²³ CJEU July 16, 2015, *Diageo Brands BV v Simiramida* Case C-681/13.

²⁴ Convention of 1 February 1971 on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters, entered into force on 20 September 1979. Albania, Cyprus, the Netherlands and Portugal have ratified the Convention.

²⁵ Council Regulation (EC) No 1206/2001 of 28 May 2001 on cooperation between the courts of the Member States in the taking of evidence in civil or commercial matter.