

Questionnaire 2

HCCH Judgments Project

Introduction

- 1) An important current project of the Hague Conference on Private International Law (**HCCH**) is the development of a convention on the recognition and enforcement of foreign judgments (**Convention**). This project is referred to as the **Judgments Project**. See [here](#).
- 2) In this questionnaire:
 - a) **judgment** refers, in accordance with art. 3(1)(b) Draft Convention, to “*any decision on the merits given by a court, whatever that decision may be called, including a decree or order, and a determination of costs or expenses by the court (including an officer of the court), provided that the determination relates to a decision on the merits which may be recognised or enforced under this Convention. An interim measure of protection is not a judgment.*”
 - b) **inter partes judgment** refers to a binding judgment between two or more parties that only binds the parties to that judgment, and does not affect rights *in rem*;
 - c) **in rem judgment** refers to a judgment which affects rights *in rem*, being rights against all, such as patent rights; and
 - d) **res judicata** includes the doctrines of claim and issue preclusion, claim and issue estoppel and any other doctrine which limits the ability of a party to bring new legal proceedings or re-litigate an issue.
- 3) The most recent text of the draft Convention (the **Draft Convention**) is the November 2017 text (the **November 2017 Draft Convention**), which can be found [here](#). Important intellectual property related issues in relation to the November 2017 Draft Convention include whether the Convention should:
 - a) apply to judgments that include only *inter partes* rulings regarding the validity or infringement of intellectual property;
 - b) apply to *in rem* judgments concerning intellectual property, e.g. an order to revoke a patent or an order to limit the claims of a patent;

- c) apply to court decisions only, or also to decisions from other bodies, e.g. an Intellectual Property Office;
 - d) apply just in relation to unregistered intellectual property rights and not registered intellectual property rights;
 - e) inasfar as a judgment rules on infringement, only apply to the extent it concerns monetary remedies (and costs);
 - f) mandate *res judicata* laws, such that issues which have already been finally determined in one court between certain parties cannot be re-litigated between the same parties in another court in the same jurisdiction or a different jurisdiction.
- 4) It is also relevant to note that the Draft Convention includes several provisions with more general relevance that are also relevant for intellectual property decisions, such as those addressing the situation in which a judgment can still be appealed (Article 4(4) of the Draft Convention) and those concerning costs (Article 16 of the Draft Convention). Also, as is clear from the above, the Draft Convention applies to merits decisions only (and not to interim measures of protection). See also Article 5(1)(f).
- 5) In October 2017, AIPPI circulated a first questionnaire (the **First Questionnaire**) based on the February 2017 text of the Draft Convention (the **February 2017 Draft Convention**), which can be found [here](#). The purpose of the First Questionnaire was to ascertain the view of AIPPI's National and Regional Groups (**Groups**) and Independent Members (**IMs**) as to the overall relevance of the Judgments Project. It also aimed to enable AIPPI to take a general position during the Third Meeting on the Special Commission on the Judgments Project, held on November 13-17, 2017, which AIPPI attended as an invited observer.
- 6) The summary report of the First Questionnaire can be found [here](#). The Groups that replied to the First Questionnaire were more or less split on the key question asked whether or not intellectual property rights should be included within the scope of the Convention at all. By reason of the short timeframe in which the First Questionnaire was conducted, some Groups and IMs were unable to respond at all, and others were only able to respond on a preliminary basis.
- 7) This questionnaire concerns the November 2017 Draft Convention (the **Second Questionnaire**). It aims to study the Draft Convention in more detail and give Groups and IMs the opportunity to reply per se and express their views in greater detail, if they so desire.
- 8) This Second Questionnaire has a special focus on the inclusion/exclusion of intellectual property within the scope of the Convention, and also addresses the issue of *res judicata* and its implications.

- 9) The HCCH will hold a further Special Committee Meeting on 24-29 May 2018, which AIPPI will also attend as an invited observer. At this meeting, the intellectual property related discussion is currently envisaged to be limited to "*decisions of competent authorities in relation to the validity of intellectual property rights*" (see Article 8(3) of the Draft Convention). A Diplomatic Conference will likely be held in 2019, during which the remaining intellectual property issues are expected to be discussed as well.
- 10) It is intended that (i) the information obtained from the Second Questionnaire will enable AIPPI to further develop a more detailed position in relation to the Judgments Project and (ii) AIPPI will be able to convey its findings at the Special Committee Meeting in May 2018 (at least in relation to the issue for discussion referred to at paragraph 9) above) and, in due course, at the Diplomatic Conference.
- 11) Further, it is intended that the Judgments Project will be the subject of a Resolution proposed for adoption at the 2018 AIPPI World Congress in Cancun (23-26 September 2018).
- 12) Articles 2(1)(m), 5(3)(a)-(c), 6(a), 7(1)(g), 8(3) and 11 of the November 2017 Draft Convention are particularly relevant to the issues in this Second Questionnaire.

Previous work of AIPPI

- 13) Jurisdiction as such is not part of the Draft Convention. The Draft Convention therefore does not lay down rules for determining which court has jurisdiction. Instead, the Draft Convention proceeds generally on the basis that the court issuing a judgment had jurisdiction to determine the issues before it. However, some Articles (e.g. 6(a)) do restrict the enforcement of judgments to those issued by certain courts only, which implicitly sets out jurisdictional rules that must be complied with for judgments to be enforceable.
- 14) In 2001, AIPPI provided input in relation to the Judgments Project, which primarily focused on jurisdiction and whether courts have jurisdiction to try the relevant issue(s). See the report of Special Committee Q153, [here](#), and the Resolution on Q153 – "Hague Conference on Private International Law" (Melbourne, 2001) (**Resolution Q153**), [here](#).
- 15) In Resolution Q153, AIPPI (i) noted that it has been unable to formulate a Resolution on exclusive jurisdiction in respect of industrial property rights required to be deposited or registered, and therefore (ii) recommended to exclude intellectual property matters from the substantive scope of the envisaged Convention and (iii) called on the Hague Conference on Private International Law to develop a specific protocol on intellectual property to be added to the envisaged Convention at a later point in time. It was envisaged that at a later time, AIPPI would formulate a position on exclusive jurisdiction in respect of industrial property rights required to be deposited or registered.

- 16) The question of exclusive jurisdiction in respect of industrial property rights required to be deposited or registered is touched on in Article 6(a) of the November 2017 Draft Convention. The questions below relating to Article 6(a) allow a further opportunity to progress the work commenced in connection with Resolution Q153.
- 17) It is not proposed at this stage to suggest the addition of a more comprehensive protocol addressing exclusive and non-exclusive jurisdiction to the Draft Convention, since AIPPI is an observer at the Hague Conference, with the primary focus of providing its views on proposals made by participating States.

National/Regional Group: AUSTRALIA

Contributors name(s):

Clare Cunliffe: cunliffe@vicbar.com.au;

Kate Hay, Kate.Hay@corr.com.au;

Sarah Matheson: Sarah.matheson@allens.com.au

E-Mail contact:

cunliffe@vicbar.com.au

Questions

- 1) Relating to Article 2(1)(m) of the November 2017 Draft Convention:

“This Convention shall not apply to the following matters - ... [(m) intellectual property rights [and analogous matters].”

- a) *Should any intellectual property rights be included in the scope of the Convention? Please explain why or why not.*

Yes. Intellectual property rights, including but not limited to copyright and related rights and registered and unregistered trade marks, should be included in the scope of the Convention (subject to the qualifications set out below). There is no basis for distinguishing between these and other types of rights. Exclusion would diminish the value of these rights.

Please answer Questions 1)b)-d) even if you have answered NO to Question 1)a) (you may e.g. have views on the definition anyway, for the event intellectual property rights would be included)

- b) *Should intellectual property rights be included in the scope of the Convention, what should be included within the concept of “intellectual property”? For example, should the concept of “intellectual property” be limited to the*

"traditional" intellectual property rights, e.g. patents, designs, trademarks, copyright? Alternatively, should the concept of "intellectual property" also include related rights, such as rights relating to trade secrets, rights arising from licences, unfair competition, etc.? Please explain and specify why or why not certain types of "intellectual property" should be included or excluded.

No, the Australian group does not consider that any other intellectual property rights should be excluded.

- c) *Do you think the wording "... and analogous matters" is clear enough? Please explain why or why not.*

No. It is not clear what "analogous matters" might be. For example, it is not clear that trade secrets or unfair competition are necessarily included in the definition.

- d) *Please provide any proposals regarding the refinement of the wording of Article 2(1)(m) of the Draft Convention.*

It would be preferable to articulate the causes of action which are excluded (although, as set out above, the Australia Group does not consider that intellectual property rights should be excluded).

- 2) *Relating to Article 5(3)(a) of the November 2017 Draft Convention:*

"Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

(a) the judgment ruled on an infringement in the State of origin of an intellectual property right required to be granted or registered and it was given by a court in the State in which the grant or registration of the right concerned has taken place or, under the terms of an international or regional instrument, is deemed to have taken place[, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;"]

- a) *Should a judgment that ruled on the infringement of an intellectual property right required to be granted or registered only be eligible for recognition and enforcement if given by a court of the contracting state in which the intellectual property right in question was granted or is registered? Please explain why or why not.*

Yes. Only the state the law of which governs the intellectual property rights concerned should rule on the infringement of those rights, given the differences between the intellectual property laws of different jurisdictions.

- b) *Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.*

As a general rule, given that intellectual property rights are territorial, entirely extraterritorial acts should not be justiciable. For those reasons, an exclusion of extra territorial acts is appropriate.

It is not clear what is meant by “having been targeted at that State”. Generally speaking, rights owners should be able to enforce judgments even if the relevant infringements occur across multiple jurisdictions (eg, where infringing copyright material is made available on a website based outside the jurisdiction to persons within the jurisdiction) provided the act constitutes an infringement within the law of the relevant state.

- c) *Should there be an exclusion in the case of purely inter partes judgments? Please explain why or why not.*

No. Most intellectual property judgments are purely inter partes. In particular, judgments relating to infringement and judgments finding that intellectual property rights are valid are inter partes, and should not be excluded.

- 3) *Relating to Article 5(3)(b) of the November 2017 Draft Convention:*

“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

...

- (b) the judgment ruled on an infringement in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed [, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;”*

- a) *Should a judgment that ruled on the infringement of a copyright or related rights, an unregistered trademark or unregistered industrial design, only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.*

Yes. Only the state the law of which governs the intellectual property rights concerned should rule on the infringement of those rights, given the differences between the intellectual property laws of different jurisdictions.

- b) *Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.*

As a general rule, given that intellectual property rights are territorial, entirely extraterritorial acts should not be justiciable. For those reasons, an exclusion of extra territorial acts is appropriate.

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- c) *Should there be a requirement that the infringement in question is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.*¹

No, there should not be a requirement of double actionability, given the differences in intellectual property law between different jurisdictions.

- 4) *Relating to Article 5(3)(c) of the November 2017 Draft Convention:*

“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –

...

- (c) *the judgment ruled on the validity[, subsistence or ownership] in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed.”*
- a) *Should a judgment that ruled on the validity, subsistence or ownership of a copyright or related right, an unregistered trademark or unregistered industrial design only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.*

Yes. Only the state the law of which governs the intellectual property rights concerned should rule on the infringement of those rights, given the differences between the intellectual property laws of different jurisdictions.

- b) *Should there be a requirement that the validity, subsistence or ownership referred to in Article 5(3)(c) is actionable in both the State in which the*

¹ There has been a ‘double actionability’ requirement in the laws of some states. If, for example, the defendant commits acts in state A which amount to a tort in state A but is sued in state B for that tort, does the tort need to be an actionable tort in both states A and B or just in state A? This is especially relevant for territorial rights such as intellectual property rights. In relation to copyright infringement, this question arose in the UK case of *Pearce v Ove Arup Partnership Ltd* [2000] Ch 403, in which the Court of Appeal held that a claim in England for infringement of a Dutch copyright was permitted, and in New Zealand in *KK Sony Computer Entertainment v Van Veen* (2006) 71 IPR 179.

judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.

No, there should not be a requirement of double actionability, given the differences in intellectual property law between different jurisdictions.

5) *See Article 6(a) of the November 2017 Draft Convention; and also Article 8(3) of the November 2017 Draft Convention:*

a) *Should a judgment that ruled on the validity of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting State in which grant or registration has taken place? Please explain why or why not.*

Yes. Only the state the law of which governs the intellectual property rights concerned should rule on the infringement of those rights, given the differences between the intellectual property laws of different jurisdictions.

b) *In your jurisdiction, does the word “validity” subsume “registration”? If not, are they related, and if so, how?*

No. Although for registered rights such as patents and trade marks, registration is a pre-requisite to enforcement, not all registered rights are valid, and there is no presumption of validity of registered rights under Australian law.

To be enforceable, a right must be both registered and valid.

c) *Should there be an exception in the case of purely inter partes validity judgments? For example, if validity is subsidiary to infringement and a finding regarding validity is only effective as between the parties in the infringement case, or if the validity judgment only acquires in rem effect once it has been fully appealed and becomes final. Please explain why or why not.*

No. Most intellectual property judgments are purely *inter partes*. In particular, judgments relating to infringement and judgments finding that intellectual property rights are valid are *inter partes*, and should not be excluded.

6) *Should a decision from a body other than a court, such as a branch of government or an Intellectual Property Office, in relation to an intellectual property right required to be granted or registered have the same status under Articles 5(3), 6(a) and 8(3) of the Draft Convention as decisions of a court (particularly in view of the fact that it is not just courts that can revoke intellectual property rights, but e.g. also national and regional offices)? Please explain why or why not.*

No. Generally speaking, decisions of the government (such as the Intellectual Property Office) address the grant of registered rights.

There is no particular need to enforce a decision as to validity outside the jurisdiction, because the nature of an intellectual property right is that it is limited to having a territorial effect.

Only courts can make rulings as to infringement, which are likely to involve aspects that may require extra territorial enforcement (eg injunctions, awards as to damages or significant costs orders as to cost).

7) *Relating to Article 8(3) of the November 2017 Draft Convention:*

“However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, or refused under the preceding paragraph, only where –

(a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State referred to in Article 6, paragraph (a); or

(b) proceedings concerning the validity of that right are pending in that State.

A refusal under sub-paragraph (b) does not prevent a subsequent application for recognition or enforcement of the judgment.”

- a) *Should the wording of Article 8(3) of the Draft Convention be adjusted, particularly in view of the fact that in intellectual property matters, it is not just courts that can e.g. revoke intellectual property rights (see also above)? Please explain why or why not.*

This is not an issue in Australia because the Australian Intellectual Property Office does not have that power. For that reason, the Australian Group does not have a strong view on this issue. However, it considers that as a general rule, it is sensible to be able to stay enforcement until the issues of validity and infringement are finally determined.

- b) *Please provide any proposals regarding the refinement of the wording of Article 8(3) of the Draft Convention.*

See answer 8, above.

- 8) *Should the application of a law other than the internal law of the State of origin of a judgment ruled on an infringement of an intellectual property right be a ground for refusal for recognition or enforcement? Please explain why or why not.*

(see Article 7(1)(g) of the November 2017 Draft Convention)

We understand “internal law” to mean the domestic law of the State of origin. There may be circumstances in which a law other than the internal law may be relevant (for example, where an alleged infringer alleges that it is entitled

to the intellectual property right in question, and the intellectual property was created in another jurisdiction). These are likely to be exceptional.

9) *See Article 11 of the November 2017 Draft Convention:*

a) *Should the Convention only cover judgments ruling on an infringement to the extent that they rule on a monetary remedy in relation to harm suffered in the State of origin (in addition to the enforceability of a cost award, see Article 15 of the Draft Convention)? Please explain why or why not.*

No. Other orders, such as injunctions, should also be enforceable, particularly given IP infringement online (eg, making available of copyright works online).

b) *Do you agree with the reformulation of Article 11 (previously 12)? Please explain why or why not.*

(see also Article 12 of the February 2017 Draft Convention)

No. Other orders, such as injunctions, should also be enforceable.

c) *If you have answered NO to Question 9)b), how could the wording of Article 11 be refined? Please explain why or why not.*

10) *Should there be a rule, such as res judicata, to prevent the re-litigation of issues which have already been determined by the court of a State? Please explain why or why not.*

Yes, but only between the same parties, in relation to issues which have finally been determined. *Res judicata* promotes certainty and finality.

a) *If YES, should the rule only apply between the same parties, and in relation to issues that have been finally determined with no possible appeals remaining?*

Yes.

b) *If YES, should res judicata only apply in the case of in rem judgments, or also in the case of inter partes judgments? In particular, should a prior inter partes determination of validity prevent the later re-litigation of validity, e.g. if new prior art is found which is said to invalidate a patent?*

It would be preferable to prevent the same party from challenging validity twice based on different prior art, although this principle does not fall strictly within the principle of *res judicata*. Parties should be estopped from bringing subsequent challenges, on the basis that it is appropriate to raise all challenges to validity at the same time (unless there is some compelling reason to depart from this principle, eg the discovery of prior use by a patentee which could not have been identified).

11) *To the extent not yet mentioned above (e.g in your reply to question 1) above) do you have concerns in relation to res judicata rules possibly being applicable (e.g. through national laws) should intellectual property be included within the scope of the Draft Convention? Please explain your concerns and potential ways to address those.*

No, particularly given the Australian Group's view that enforcement should only be available in relation to litigation conducted in the relevant national court.

12) *Do you have any other comments (including wording suggestions) in relation to the intellectual property related aspects of the Draft Convention?*

No.

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