



June 18, 2018

## Questionnaire 2

### HCCH Judgments Project: Report by the BELGIAN Working Group

#### 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: Belgium**

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#### **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.**

***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)***

The Belgian working group confirms its opinion, mentioned in its provisional observations of November 7, 2017, that intellectual property rights should be included in the scope of the Convention, without exception.

Although intellectual property rights have some peculiarities, they do not present such a specific nature that they should, as a matter of principle, be excluded from the general principle of judicial cooperation underlying the Convention. Likewise, the fact that the grant or registration of some intellectual property rights (like patents, designs and models or plant variety rights) may depend on the decision of particular administrative bodies (IP offices) does not justify, to exclude such rights from the scope of the Convention.

- 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.**

The Belgian working group is of the opinion that the concept of “intellectual property” should not be limited to the “traditional” intellectual property rights since such limitation would be conflicting with international legislation e.g.:

- (i) under the TRIPS Agreement matters dealt with under “intellectual property” refer to the following categories: copyright and related rights, covering computer programs and compilations of data, protection of performers, producers of phonograms (sound recordings) and broadcasting organizations; trademarks, including service marks or commercial names; geographical indications including appellations of origin; industrial designs; patents including the protection of new varieties of plants; layout-designs (topographies) of integrated circuits; undisclosed information, including trade secrets and test data; anti-competitive practices in contractual licences and plant varieties;
- (ii) the Berne Convention for the Protection of Literary and Artistic Works comprises both copyrights and related rights and the WIPO Copyright Treaty based thereon and pertaining a.o. to computer programs and databases;
- (iii) the Paris Convention for the Protection of Industrial Property applies to industrial property in the broadest sense, including “*patents, utility models, industrial designs, trademarks, service marks, trade names, indications of source or appellations of origin, and the repression of unfair competition*” (article 1.2). Patents shall include the various kinds of industrial patents, such as patents of importation, patents of improvement, patents and certificates of addition, etc.(article 1.3).

None of these legal texts reserves the term “intellectual property” to the traditional ones, to the contrary. However, none of these references is sufficiently overarching to serve as the

conclusive definition of “intellectual property” catching all the particularities as envisaged by other legislation or case law.

For the application of the Convention, the Belgian working group suggests to include within the concept of “intellectual property” all matters dealt with by the TRIPS Agreement considering its very broad scope of applicability (both materially and territorially) and its recent amendment.

The Belgian working group points out that where article 2 excludes intellectual property from the scope of applicability of the Convention, article 5.3 and 6 derive from this exclusion by providing for bases for recognition and enforcement for the same concept of intellectual property, making a distinction however between the registered and unregistered ones. Hence, the term of intellectual property used in article 2 Draft Convention will also have an impact on article 5.3 and 6.

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

The Belgian working group points out that this wording concerns the exclusion list and that, as matter of principle, the Belgian working group is not in favour of excluding intellectual property and analogous matters from the scope of the Convention.

That being said, even though the wording “... and analogous matters” can be subject to interpretation, the wording is *acceptable* in the view of the Belgian working group to be added to the exclusion, if adopted, pursuant to article 2 of the Draft Convention given the prudent and minimalistic approach intended by the Convention. Moreover, such wording “... and analogous matters” is without prejudice to the applicability of national laws regarding enforcement and recognition.

Nevertheless, the Belgian working group suggests deleting the similar wording “or an analogous right” from article 5.3 providing for a base for recognition and enforcement for “intellectual property or an analogous right” since it seems superfluous as it is not retaken in article 5.3 a), b) or c) and, as a consequence, can cause confusion.

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

The Belgian working group repeats that it is not in favour of excluding intellectual property and analogous matters from the scope of the Convention.

Nevertheless, the Belgian working group approves the suggested wording of “...and analogous matters” to the exclusion, if adopted, in the list of article 2 Draft Convention and has no other proposal to make.

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.**

The limitation of eligibility for recognition and enforcement expressed under article 5(3)(a) is *understandable* in the context of an international convention aiming to set *minimal standards* and attract a broad consensus among States for its adoption. It is *acceptable*, in the view of the Belgian working group, because, as stated under article 16, the Draft Convention and observed under paras 203 and 228 of the Preliminary Explanatory Report, article 5 *does not prevent* the recognition or enforcement of judgments *under national law*.

Nevertheless, the Belgian working group wishes to underline that the modifications recently brought in article 5 of the Draft Convention (when one compares the February 2017 version and the November 2017 version) entail a *remarkable restriction* on (step back regarding?) the circulation of judgments under the Convention, since judgments given in consolidated proceedings in multi-State intellectual property infringement disputes would not anymore enjoy complete recognition and enforceability *even where* consolidation has taken place before commonly accepted forums such as the courts of the State where the defendant has its habitual residence, or even an agreed forum. The possibility of severability under article 9 of the Convention may, but will not necessarily, contribute to mitigate the negative consequences of this step back (see also infra our response to question 3 a).

- 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.**

Here again such exclusion is understandable and acceptable in the minimalistic approach of the Draft Convention, in order to avoid the obligation for States to recognize or enforce judgments rendered by courts the jurisdiction of which was based, for example, on the mere accessibility of online content.

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

*Inter partes* judgments should not be excluded, in the view of the Belgian working group, since most, if not all, infringement judgments are of such nature.

- 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.**

The same observation applies as for article 5(3) (a): the restriction is acceptable, in the context of the Draft Convention, since recognition and enforcement on the basis of national law, remains possible.

Nevertheless, the Belgian working group would like to observe again that the restriction in question (discarding the grounds for recognition mentioned under article 5(1) altogether when intellectual property disputes are concerned) is likely to entail an important limitation on the circulation, under the Draft Convention, of judgments ruling on infringements of intellectual property rights. Indeed, it happens rather often that such judgments, in particular when rendered by a court of the State in which the defendant has its main establishment, rule on the infringement of such rights not only under national law but also, be it impliedly, under foreign law. Such judgments given in consolidated proceedings in multi-State intellectual property infringement disputes are particularly frequent, and are likely to become even more frequent, in case of online (copyright) infringement: when it does not appear that the decision should be different under the law of foreign countries, the court (of the country where the defendant has its domicile) will generally issue an injunction and, as the case may be, grant compensation for the harm suffered by the right holder, without borders consideration. In this common situation, it is not obvious that the Article 9, allowing



recognition or enforcement of severable parts of judgments, will be applicable if the judgment itself does not distinguish formally between local infringement and infringement abroad. Therefore, if there is a sufficiently broad consensus for widening the recognition and enforcement criteria (e.g. the February 2017 proposal), such solution should be preferred in the interest of the free circulation of judgments. Alternatively, the Explanatory Report should underline the usefulness of clearly distinguishing, in infringement judgments, the part related to local infringement and the part related to infringement abroad (if any), with the view to facilitating partial recognition or enforcement under article 9.

While also relevant as far as the infringement of registered rights is concerned (situation discussed above under question 2), this observation is a lesser concern in the latter context, because the defendant will often raise an invalidity defense, in respect of which the court in the state of origin will not easily accept jurisdiction (and the recognition whereof is arguably prevented under article 6 of the Draft Convention). In other words, it is in respect of judgments in copyright (and other unregistered rights) infringement proceedings that the new, more restrictive, approach would have the most remarkable consequences.

**b) Should there be an exclusion in the case where 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.**

The same answer applies as in respect of question 2 (b). The restriction in question, in the view of the Belgian working group, is less subject to controversy than the one discussed above (under a) regarding the applied law, as it is justified by a concern of legal certainty for the defendant.

**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.<sup>1</sup>**

No, the Belgian working group is not favorable to this « double actionability » requirement. Such requirement would be contrary to the international approach based on the principles of territoriality and independence of protection. Furthermore, it may be the case that the defendant was sued in country X because this is the place where counterfeit products were manufactured and sold, and enforcement is sought in country Y because the infringer possesses assets in such country which can be attached. In such case it should not matter whether or not the infringer could have been sued directly in that country Y where enforcement is sought.

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<sup>1</sup> 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.

**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.**

The same response can be made as in respect of question 3 (a).

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

No, it should not necessarily be actionable in the court where recognition or enforcement is sought.

**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.**

The same response can be made as in respect of question 2 (a), 3 (a) and 4 (a).

The limitation of eligibility for recognition and enforcement is understandable in the context of an international convention adopting a prudent approach and aiming to set *minimal standards*. It is *acceptable*, in the view of the Belgian working group.

However, one can wonder whether such restrictive approach is still justified in the November 2017 draft convention once the grounds for recognition are strictly and solely delineated in article 5 (3) and not anymore with reference to the general bases defined in article 5(1). Inserting the issue of registration/validity in article 6 means that these matters are not included in article 16 of the draft convention. The consequence is then that a Contracting State is prohibited from recognizing or enforcing a foreign decision when the latter is not in conformity with said article 6. Therefore, the Belgian working group suggests the draft paragraph (a) of article 6 be moved in article 5 and be worded as a paragraph (d) without the restriction “if and only if”.

In such hypothesis, draft article 8 (1) and (2) would not be applicable anymore but the issue of postponement in case of inconsistency and parallel procedure remains to be considered, probably in a separate paragraph in article 7 of the draft convention.

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

No, it does not. Registration also covers issues not related to validity *stricto sensu*, such as, purely formal issues (change of name, address, ...), issues surrounding the transfer of rights or even issues relating for example to the alteration of a trade mark.

However, ownership is a separate issue as ruled by ECJ in *Duijnste* (case C-288/82 15 November 1983), i.e. not falling within the exclusive jurisdiction of the court of the country of registration. If such approach is adopted, ownership can be dealt with separately and this would also be applicable for unregistered rights. The Belgian working group is conscious that this would change the perspective and make the general approach of intellectual property matters less “prudent” or “restrictive” than it now appears to be intended and worded.

**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, the Belgian working group is of the opinion that there should be no exception in that regard. The judge of the State of Origin is better placed to make an informed decision irrespective of the ruling is “purely inter partes”. Furthermore, such exception would not be coherent with article 5.3.a Draft Convention.

**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.**

Yes, the Belgian working group is of the opinion that 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, should have the same status under Articles 5(3), 6(a) and 8(3) of the Draft Convention as decisions of a court.

That being said, giving the same status to decisions from intellectual property offices would broaden the scope of the Draft Convention. The Belgian working group is conscious that this would entail a new vision of the inclusion of intellectual property matters in the draft convention and even of the draft convention as a whole. This should be at least the subject-matter of further studies by the experts in international private law.

In this respect, it is important to remind of an important characteristic of the decisions in intellectual property matters, irrespective whether it is issued by a court or an administrative body, when the decision does not invalidate the intellectual property rights, namely that such decision cannot definitively determine that the right is valid: because new facts may at any time occur or be discovered as invalidating or entailing the revocation of the right (new prior art against a patent, lack of genuine use of a trademark, etc.), such decision can only mean that the claim for invalidation or revocation was dismissed in front of the facts submitted by the claimant.

**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.**

Yes, as suggested under Question 6, the wording of Article 8(3) of the Draft Convention should be adjusted in order also to include the circulation of decisions from competent authorities other than courts..

Also outside such a context, the phrase « *given in the State referred to in Article 6, paragraph (a)* » would not be entirely satisfactory when related to « *a decision of a competent authority* » which can be understood as referring to a national authority only while it can also be an international authority. For example, the competent authority to decide on the validity of European patents is also the European Patent Office (opposition proceedings).

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

The following is suggested:

“However, in the case of a [preliminary] ruling on the validity of a right referred to in article 6, paragraph (a), recognition or enforcement of a judgment or a decision of the authority competent according to the law of that State or the applicable international or regional instrument may be postponed, or refused under the preceding paragraph, only where

(a) that ruling is inconsistent with a judgment on that matter given in the State referred to in article 6, paragraph (a), or a decision of the authority competent according to the law of that State or the applicable international or regional instrument ; or

(b) proceedings concerning the validity of that right are pending in that State or before that authority.”

**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)**

Article 7 (1) (g) does only apply to intellectual property rights and not to the other matters covered by the Convention. It is, furthermore, limited to the infringement judgments of such rights, in opposition to the judgments on the validity of intellectual property rights.

In the Belgian working group’s view, this provision is justified by the prudent approach of judgments in intellectual property matters opted for in the Draft Convention. It is also justified by the rationale of the territoriality principle and the purpose of safeguarding the application of the *lex loci protectionis* by the courts of the State of origin.

In principle, the rules under article 5 (3) of the Draft Convention favour the parallelism between jurisdiction and applicable law. With regard to infringement disputes, some States may assume jurisdiction over a foreign intellectual property right and in that frame apply foreign intellectual property law. Article 7 (1) (g) addresses the concern to see judgments consecrating misapplications of foreign law recognized and enforced.<sup>2</sup>

As stated in the Revised Preliminary Explanation Report of 10 May 2018, the application of article 7 (1) (g) of the Draft Convention will be marginal.<sup>3</sup> In fact, in a large majority of the cases, the substantive law of the State knowing of a dispute will be applicable; only in case of a trans-border dispute in which the choice-of-law rules of the State of origin designate a foreign law, the refusal of recognition and enforcement can be triggered. The authors of the Background Document of May 2018 even wonder, “*with the consideration that it can naturally be assumed that that court will apply its own law*” whether there would still be a need to keep article 7 (1) (g).<sup>4</sup> The Revised Preliminary Explanation Report of 10 May 2018 however gives specific examples, among which the one of a claim brought for a copyright infringement over a poem in State x, who applies (according to its choice-of-law rules) the law of State Y where the poem had already been published. In this case, recognition and enforcement may be refused under the Draft Convention. The Belgian working group considers that the provision should be maintained in order to take into account those very specific scenarios, which may exist under some national laws.

#### **Further explanations with regard to the labelling of article 7 – choice of words [right / infringement]:**

Article (7) (1) (g) of the Draft Convention (version of November 2017) does contain two wordings. It states that should be refused recognition or enforcement the judgment (...) applying to the intellectual property right (option 1) or to the intellectual property infringement (option 2) a law other than the internal law of the State of origin. The core issue of choosing between those two options seems to lay (according to the Preparative Documents) with the choice-of-law rules existing in the different contracting States with regard to copyright cases, and more particularly concerning the question of initial ownership: some States apply the *lex loci protectionis* (law of the infringement) and other the *lex originis* (law of origin of the right); each choice-of-law rule may lead to the application of a different national law. The authors of the Background document of May 2018 state that the choice-of-law rules of the majority of the States opt for the *lex loci protectionis*.<sup>5</sup> The Belgian group is of the opinion that the principle of *lex loci protectionis* should be safeguarded in any event insofar as infringement is concerned. Consequently, the Belgian group favors the use of the word infringement: no matter what law is applied to the initial ownership issue, the judgment should not be recognized or enforced if the infringement is adjudicated by the State of origin applying another law than the *lex loci protectionis* to the infringement issues.

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<sup>2</sup> See for more in-depth explanations “Judgments Convention: Revised Preliminary Explanation Report”, 10 May 2018, para. 204 and 205.

<sup>3</sup> *Ibidem*, para. 272.

<sup>4</sup> “Treatment of Intellectual Property-Related Judgments under the November 2017 Draft Convention”, Background document, May 2018, para. 48.

<sup>5</sup> *Ibidem*, para. 49.

- 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.**
- 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)***

Draft article 11 adopts a narrow approach of the recognition and enforcement as regards judgments ruling on infringements. Such approach is understandable in the frame of the global rather prudent inclusion of intellectual property matters in the draft convention.

However, once such global approach is accepted and the previous articles are adopted in compliance with said approach, the Belgian working group suggests the following issues should be taken into consideration.

First, one has to distinguish between recognition and enforcement.

In consideration of the territoriality principle, the concrete effects of a ruling on infringement should be limited in principle to the country about which the infringement has been determined. It is not conceivable that a ruling stating an infringement in country A would be *enforced* in country B with all the concrete effects of the legal monopoly or exclusive rights while an infringement has not been determined for country B.

These considerations do not seem to be applicable as regards the *recognition*. In the frame of the draft convention and its treatment of judgments in intellectual property matters under the other draft articles, no theoretical objections nor practical considerations seem applicable for denying the mere recognition of an infringement ruling in a State for the territory of which the infringement has not been ruled. Therefore, the Belgian working group is in favor of deleting the words “recognized and” as suggested by their brackets. Such deletion would then have the effect explained in par. 304 *in fine* of the Revised Preliminary Explanatory Report (April 2018): the recognition will entail, for example, *res judicata* in other Contracting States.

The *enforcement* is another issue. The limitation of the enforcement to the monetary remedies seems appropriate according to the territoriality principle.

However, other measures than the primary effects of the intellectual property right (prohibition of manufacturing, marketing, etc.) can be ordered by the judgement such as the order to provide information about the commercial channels of the infringing products, the

recall of the products, the adaptation of the geographical reach of the internet website by which the infringing products are marketed (“geo-blocking”), etc. Such complementary measures can be enforced in State B insofar as they are limited to serving the effectivity of the infringement ruling for State A while not extending in State B to the same effect as a statement of an infringement in State B and the corresponding prohibition of infringing activities in State B. The border line between enjoining from infringing in State B and enforcing in State B some complementary measures aimed at making the infringement ruling effective in State A can perhaps be somehow difficult to delineate in some cases (see also par. 302 and 303 of the Revised Preliminary Explanatory Report (April 2018)).

Nevertheless, the Belgian working group suggests the following wording be added to the draft article 11: “and/or to the extent that it orders measures that are only complementary to the prohibition of the infringement in the State of origin”.

Another issue relates to the exact scope of “monetary remedy in relation to harm suffered”. This seems to suggest the exclusion of [recognition and] enforcement of judgements granting to the intellectual property rights owner the advantage of penalties because of non-compliance by the defendant with the court order prohibiting the infringing activities (“astreintes”) (see par. 303 of the Revised Preliminary Explanatory Report (April 2018)). This is understandable as it can be difficult for the requested State to enforce such penalties mechanisms in particular when that State ignores such a system or applies a very different one.

The Belgian working group believes to understand, however, that the Convention includes the “circulation” (recognition and enforcement) of a judgement by which a court determines the amount due by a party condemned under penalties and having breached the court order. Such mechanism is foreseen in article 55 of EU Regulation 1215/2012 of 12 December 2012. As it seems, once such judgment is effective in the State of origin, it can circulate under the general rules of the Convention.

The monetary remedy would be [recognized and] enforced only insofar as it relates to the harm suffered in the State of origin. Even in the frame of the global rather prudent inclusion of intellectual property matters in the draft convention, this looks very restrictive.

The territoriality principle and the *lex loci protectionis* rule do not exclude that an infringement in State A can result in a harm suffered in other States. A typical example is the infringing manufacture of products in State A for exportation in other countries and whereby, as a consequence, the patent owner X suffers harm in State B, C, etc. where also he has marketing activities (irrespective of the intellectual property situation in States B, C, etc.: even if X has no intellectual property rights there and faces a stronger competition, he may suffer a harm in these markets as a consequence of these products being marketed there : normally the court in State A will take this into consideration in calculating the harm suffered by X ). The harm resulting from an infringement can actually be suffered for a large part in other countries than the country where the infringement itself occurs.



The limitation proposed by the draft article is also not appropriate as it means that the requested court will have to determine in the ruling on monetary remedy which part relates to the harm suffered in the State of origin and which one relates to the harm suffered elsewhere. Such distinction is rarely made in the reasons of the judgments.

But, on the other hand, it can be useful to specify that the monetary remedy should relate to the harm suffered *as a consequence of the infringement*. Other possible monetary remedies ruled in the judgement, e.g. based on a contract breach, should not be included in article 11 but could be recognized and enforced under the general rules of the draft convention.

**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.**

The following wording is therefore suggested:

*“In intellectual property matters, a judgment ruling on an infringement shall be enforced only to the extent that it orders measures that are only complementary to the prohibition of the infringement in the State of origin and/or to the extent that it rules on a monetary remedy in relation to harm suffered as a consequence of the infringement.”*

**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.**

**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?**

The Belgian working group is in favor of a rule that prevents re-litigation for legal certainty. In order to avoid interpretation issues of international overarching concepts, the Belgian working group suggests specifying the rules regarding such prohibition of re-litigation for the entire scope of the Convention and not specifically for intellectual property. In this respect, the Belgian working group is in favor of the type of safety measures in this respect provided for in article 4 and 7 of the Draft Convention but it also suggests gaining the advice of legal scholars in conflict-of-law to elaborate on this.

According to the Belgian working group the prohibition of re-litigation should not necessarily be reserved for issues that have been finally determined with no possible appeals remaining, between the same parties. Indeed, the question is to what extent *in rem judgements* invalidating a particular intellectual property right cannot be re-litigated, considering the *erga omnes* impact they resort regardless of the parties involved. The outcome of such decisions deprive one's monopoly regardless of other prior art that may be invoked in the future.

To the contrary, judgements regarding an infringement or accepting the validity of an intellectual property right may only regulate one's monopoly right *inter partes*. Such

judgements do not imply future (in)validity vis-à-vis other prior art respectively (non)infringement in another case at hand. For such *inter partes decisions*, identity of the parties seems to be desirable for preventing re-litigation.

The Belgian working group is of the opinion that the decisions subject to the prohibition of re-litigation should preferably be final and conclusive, without a possibility of appeal in the state of origin. However, the Belgian working group wonders if extraordinary legal remedy can still be possible. In the same context, the question is how to deal with the problem of judicial remedies available to third parties.

**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?**

The Belgian working group refers to its answer under 10.a) above in this respect.

**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.**

The Belgian working group is of the opinion that there are no major additional concerns should intellectual property be included within the scope of the Draft Convention than the specificities mentioned under question 10.

The Belgian working group suggests to gain the opinion of conflict-of-law experts to advise upon the specific concerns in relation to general “prevention of litigation” rules being applicable on the whole Convention (and thus not limited to intellectual property) and to deduct specific rules therefrom.

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

The Belgian group wants to mention some uncertainties and issues arising from article 21 concerning the Common Courts.

Article 21 of the Draft Convention of November 2017 is of a particular importance for Belgium, as Belgium is concerned by this provisions not only with regard to CJEU, but also with regard to the Benelux Court of Justice for trademark and design litigation as well as to the future UPC concerning patent cases.

The application of article 21 is conditioned by the declaration to be made by the Contracting State that a common court to two or more States exercises jurisdiction over matters under the Convention. May fall under the definition of “judgments of Contracting States” (article 3 Draft Convention) the judgments of a common court having

- (i) only an appellate function. Appeal decisions of common courts under (i) shall come under the Convention provided the proceedings in first instance were instituted in a Contracting State (article 21.2 and 21.3). It is not stated that said Contracting State must have made the declaration under article 21.1 or is included by the declaration of another State.
- (ii) both first instance and appeal functions. Judgements under (ii) may come under the scope of the Convention if all States over which the common court exercises jurisdiction are Contracting States. Here again, the Belgian Group is concerned about the fact that article 21 does not foresee that all said States must have made a declaration under article 21.

#### **1. As to the mechanism per se**

It is not clear to the Belgian Group why the recognition and the enforcement of common court decisions should be submitted to a specific (declaration based) regime. In case several States have opted for a common court system which is recognized full effect on the territory of those States, it is not perceived why one or more of them would not wish to see the decisions of the common court recognized and enforced, i.e. treated in the same way as judgments of their national Courts.

#### **2. As to the functioning of the declaration option: clarification needed**

In the Belgian group’s understanding,

- For decisions of the common court under (i) the recognition and enforcement of decisions under article 21 do not depend on the sole intentions of the Contracting State where the proceedings in first instance have taken place. Even if this Contracting State has not made a declaration under article 21, the appeal decision of the common court may fall under the scope of the Convention if at least one other State over whom the common court exercises jurisdiction, has made such declaration. The declaration of one State would thus be sufficient to include in the Convention decisions common to other States that have not made the declaration to the regime of the Convention. The Belgian Group expresses its reserves as to that mechanism (one State would be bound by the declaration of another State);
- For decisions of the common court under (ii), it is only stipulated that all States over which the common court exercises jurisdiction are members to the Convention. No reference is made to the declarations to be made/not to be made by those States. The obligation for all States to make the declaration under article 21 would,

according to the Revised Preliminary Explanatory Report be implicit in the Draft Convention<sup>6</sup>. The formulation of the provision should be nevertheless clarified.

The Belgian Group proposes the following rephrasing:

- “1. A Contracting State may declare that –
- (a) a court common **to that State and one or more other States** exercises jurisdiction over matters that come within the scope of this Convention; and
  - (b) such a court –
    - (i) has only an appellate function; or
    - (ii) has first instance and appellate functions.
2. Judgments of a Contracting state include –
- (a) judgments given by a court referred to in paragraph 1 (b) (i), **if the proceedings at first instance were instituted in a Contracting State, which has made a declaration under paragraph 1;**
  - (b) judgments given by a court referred to in paragraph 1 (b) (ii), if all States referred to in paragraph 1 (a) are Parties to this Convention **and have made a declaration under paragraph 1.**
3. If a court referred to in paragraph 1(b) i) serves a common court for States some of which are Contracting States and some of which are non-Contracting States to this Convention (...)
4. In case of a judgments given by a court referred to in paragraph 1 (b) (ii) (...).”

The Belgian Group also wonders if and to what extent the Contracting State which has to recognize or enforce the common court’s judgment, but which is not a State over which that common court exercises jurisdiction can refuse the effects resulting from a declaration. Are all other Contracting States bound by the declaration made by one State concerning its “own common court”?

The Belgian Group wonders whether the Contracting State having made a declaration under article 21 is allowed to opt-out at a later state. Does the declaration of a State have irrevocable effect?

### **3. Specific issue: cases where the common court operates as an appeal court against decisions of an administrative body**

Since 1 June 2018, the Benelux Convention foresees the possibility for rights’ holder to launch an invalidity or revocation action not only before the national courts of The Netherlands, Belgium and Luxemburg, but also before the Benelux Office (BOIP). Appeals launched against the decisions of the BOIP have to be brought before the Second Chamber of the Benelux Court of Justice.

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<sup>6</sup> See for more in-depth explanations “Judgments Convention: Revised Preliminary Explanation Report”, 10 May 2018, para. 358, footnote 235.

According to the “Discussion Document from the European Union on the operations of the future Hague Judgments Convention (n° 10 revised) of December 2017, the administrative decisions of the EUIPO or, for the Benelux, the BOIP, cannot be recognized and enforced under the Convention which only applies to decisions by “Courts” (Article 3(1)(b) of the Draft Convention). As the EUIPO would fall outside of the scope of the Convention, judgments of the General Court would then be considered as first instance decisions within the meaning of the Convention and those of the Court of Justice as appellate decisions. The CJEU would thus be considered as falling under article 21, 1. (b), (ii) – having both first instance and appellate functions.<sup>7</sup>

When transposing that reasoning to the Benelux Court of Justice, the decisions of the BOIP would not fall under the scope of the Convention. The decisions of the Second Chamber of the Benelux Court of Justice would then be considered as first instance decisions and those of the First Chamber (cassation function) as appellate decision. The Benelux Court of Justice would then, according to the reasoning of the European Union, all under article 21.1 (b) (ii).

The Belgian Group wonders however how article 21 would handle cases where the common court does not embody two different instances. If the common court knows of appeals of an administrative decision, but does not also foresee a cassation function, its’ decisions would have to be considered s first instance decisions. This scenario however is not provided for by article 21. The current phrasing of article 21 appears to be problematic outside of the classic scope of a common court acting in first instance and appeal or in appeal against decisions of national courts.

June 18, 2018

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<sup>7</sup> “Discussion Document from the European Union on the operations of the future Hague Judgments Convention (n° 10 revised)”, December 2017, para. 40.