

## 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.

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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)*

**Answer:** Given the diversity of local laws and the difficulty in having the various Treaties and Conventions on intellectual property rights harmonized and equally applied in different jurisdictions, it is not desirable to include intellectual property rights in 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.

**Answer:** There is no clear or unanimous definition of what rights would be considered "intellectual property". The mere reference to *traditional and non-traditional rights* or even to rights that are subject of *registration or not* should be permanently rejected by the Convention as the use of undefined categories may create uncertainty.

There is however a catalogue of rights present in the TRIPS Agreement that refers to categories of intellectual property rights under Sections 1 through 7 of Part II, namely, copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits and undisclosed information (Article 1.2) that could be initially adopted as a safe harbour to limit the scope of the Convention and bring transparency to its applicability in the various countries.

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

**Answer:** The wording "analogous matters" is a vague and undetermined concept that should be avoided in the Convention especially because local Courts would have to determine on a *case-by-case* basis if the right under dispute would or would not be enforceable under the umbrella of the Convention, creating uncertainty and leading to the applicability of the Convention based on subjective criteria. Unbalanced decisions or local idiosyncrasies as to the applicability of the Convention could encourage forum shopping or other practices that would limit competition or lead to inefficient enforcement of the right under dispute.

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

**Answer:** *"This Convention shall not apply to the following matters - ... [(m) intellectual property rights as defined by the TRIPS Agreement in Sections 1 through 7 of Part II ~~[and analogous matters]~~."*

- 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.

**Answer:** Not necessarily. The local grant or registration should not be considered a requirement for non-traditional or not registrable rights, for instance. This requirement is likewise not applicable when it comes to preventive measures intended to halt clear violation of rights (e.g. enforcement of injunctive orders). However, a liaison with the local jurisdiction is desirable for legitimacy purposes. Besides, there must be a balance between the decision being enforced and the registrable rights in view of the territoriality principle or other sensitive principles such as the independence of patents.

- 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.

**Answer:** Yes. A liaison with the local jurisdiction should be required (eg. intent to use; intent to register) to legitimate the Court and the jurisdiction where the decision will be enforced.

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

**Answer:** No. Considering that the Convention aims to speed up proceedings and reduce costs, purely *inter partes* judgments should not be excluded from the scope of Article 5(3)(a), as its recognition and enforcement can speed up proceedings involving the same matter and parts in different Contracting States.

- 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.

Answer: Same as 2(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.

Answer: Same as 2(b)

- 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>

Answer: Yes. The matter should be actionable locally as a matter of sovereignty.

- 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

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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.

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.

**Answer:** Disputes concerning the validity, subsistence or ownership of a copyright or related right, an unregistered trademark or unregistered industrial design should not be object of the Convention.

- 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.

**Answer:** Yes. As a matter of sovereignty, a State cannot be compelled to recognize and enforce a judgment ruling on a non-actionable matter in its territory.

- 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.

**Answer:** Yes. Although the TRIPs agreement, the Paris Convention and the Berne Convention set minimum standards for IP protection, they leave significant room for each Contracting Party establish rules that fit the local legal framework and local public policies. This applies not only to the very scope of each right, but as their limitations and exceptions as well. Moreover, even for IP rights based on priority claims, the independence of rights (and titles) is a principle enshrined by all the referred treaties.

If a judgement on validity could be recognized in a country where such right was not granted or registered, that would produce distortions in the system and violate sovereign rights.

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

**Answer:** No. Copyright may be valid even in the absence of a registration, as Brazil is a member of the Berne Convention. In the case of copyright, registration may be used as a piece of evidence concerning anteriority and ownership.

Registration is only required for trademarks, patents and industrial designs.

- 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.



**Answer:** No. Considering that Courts cannot assess validity while deciding infringement in the Brazilian jurisdiction, allowing such an exception would create a distortion in the system.

- 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.

**Answer:** No. In Brazil, an administrative decision is never a final decision, as all administrative decisions may be subject of judicial review. Allow its homologation with the same status as a Court decision would create a distortion in the system.

- 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.

**Answer:** The Brazilian group is of opinion that article 8 (3) of the Draft Convention should be completely deleted. That is because validity matters shall not be subject of this treaty in order to avoid inconsistencies with the Paris Convention, which was incorporated by reference to the TRIPs agreement. For example, as one may see from article 4 bis of Paris

Convention, patents obtained in different jurisdictions are independent of each other – even if they have origin in the same priority. Therefore, each jurisdiction is free to assess validity according their own legal framework.

The same applies to trademarks, as one may see from article 6 of Paris Convention. On this topic, it is important to stress that, albeit TRIPs agreement has provided a common ground concerning registration requirements and enforcement of rights, Member States have a considerable room to legislate within the parameters established by such agreement. Such room resulted in a myriad of different approaches on how to deal with revocation proceedings. While some countries allow both administrative and judicial proceedings to question the validity of IP rights, others only provide for judicial proceedings.

Moreover, with regard to judicial proceedings, whereas there are countries where you may raise invalidity as a preliminary matter in infringement proceedings, there are others where revocation and infringement proceedings are processed completely apart from each other. In view of so many differences, the new Convention shall be confined to infringement matters only and validity matters should not be addressed even as preliminary matters. However, in the event that article 8 (3) is maintained, it is important to clarify that such provision only applies when the IP right was revoked or declared null by a Court.

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

**Answer:** In the event that article 8 (3) is maintained, it is important to clarify that such provision only applies when the IP right was revoked or declared null by a Court

- 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)*

**Answer:** Yes, as the scope and limitation of rights may vary from country to country and such recognition may harm public order.

- 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.

**Answer:** Yes. The Brazilian group is of opinion that in intellectual property matters a judgment ruling on an infringement shall be recognised and enforced only to the extent that it rules on a monetary remedy. A judgment ruling on the validity of an IP right shall not be recognised and/or enforced in order to avoid inconsistencies with the Paris Convention, which states that each jurisdiction is free to assess validity according to their own legal framework.

- 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)*

**Answer:** Yes. The previous Article 12 stated that a judgment granting a remedy other than monetary damages in intellectual property matters would not be enforced under the Convention. However, the reformulation of Article 11 makes clear that a judgment granting remedies in intellectual property matters may be enforced even if it grants remedies other than monetary, but it will be “partially” recognised and enforced only to the extent it rules on a monetary remedy.

- 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.

**Answer:** The Brazilian Code of Civil Procedure (Law # 13,105/2015) states that foreign judgments do not prevent the re-litigation of the same issue in Brazil unless otherwise provided by an International Treaty. In this sense, a *res judicata* rule in the Convention would not prevent Brazilian Courts to re-litigate the same issue. Furthermore, the Brazilian group is of the opinion that there should have no rules preventing re-litigation of an IP matter in Brazil, in order to guarantee the independence between the countries. Nonetheless, we agree that Brazil should accept the recognition and enforceability of foreign decisions **(i)** to an extent to recognize and accept the evidences already produced in the litigation and **(ii)** to the extent it rules on a monetary remedy. However, we do not agree with the recognition of a foreign judgment on an IP matter.

- 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?

**Answer:** 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?

**Answer:** The Brazilian group does not agree with the recognition and enforceability of judgments ruling on validity of IP rights. In this sense, we are of the opinion that Brazil should accept the recognition and enforceability of foreign decisions **(i)** to an extent to recognize and accept the evidences already produced in the litigation and **(ii)** to the extent it rules on a monetary remedy. However, we do not agree with the recognition of a judgment on the validity of an IP right.

- 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.

**Answer:** Yes. If intellectual property is included within the scope of Draft Convention, we might have legal uncertainty and harm to the independence set forth by Paris Convention. *Res judicata* rules would be then harmful to the countries independence in IP matters.

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

**Answer:** No. All concerning and wording suggestions have already been discussed and suggested above.

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