

**Special Commission on the Recognition
and Enforcement of Foreign Judgments
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**Comments submitted by the World Intellectual Property Organization
(WIPO) Secretariat**

COMMENTS BY THE SECRETARIAT OF THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO) ON THE 2016 PRELIMINARY DRAFT CONVENTION ON THE RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS

September 2, 2016

I. Introduction

1. The World Intellectual Property Organization (WIPO), a specialized agency of the United Nations with 189 Member States, serves as the global forum for intellectual property (IP) policy, services, information and cooperation. WIPO's mission is to lead the development of a balanced and effective international IP system.¹

2. The WIPO Secretariat is pleased to have this opportunity to support the efforts of the Hague Conference on Private International Law (HCCH) Special Commission on the Recognition and Enforcement of Foreign Judgments (Special Commission). The WIPO Secretariat recognizes that the work of the HCCH, and in particular the Conventions in force in the area of international litigation (such as the 1965 Service Convention, the 1970 Evidence Convention or the 2005 Choice of Court Convention) as well as the Draft Convention on the Recognition and Enforcement of Foreign Judgments under consideration, may impact IP disputes with cross-border elements. The WIPO Secretariat supports inclusion of IP related provisions in the *2016 Preliminary Draft Convention on the Recognition and Enforcement of Foreign Judgments (2016 Preliminary Draft Convention)*, while fully acknowledging that specificities of IP, including territoriality of IP rights, may require certain special considerations. These provisions will aim to contribute to enhanced legal certainty, reduced costs and uncertainties associated with resolution of cross-border IP disputes, and facilitation of the circulation of judgments ruling on IP.

3. The comments set out below address the IP-related issues raised in the *2016 Preliminary Draft Convention*, the *Explanatory Note Providing Background on the Proposed Draft Text and Identifying Outstanding Issues (Explanatory Note)*; Prel. Doc. No 2 of April 2016), and the discussions of the First Meeting of the Special Commission, which took place from June 1 to June 9, 2016, as recorded in the *Reports of Meeting*. The WIPO Secretariat comments are limited to those provisions having direct reference to judgments involving IP, and focus on text that remains bracketed and on questions designated for further consideration by the Special Commission. In preparing these comments, the related provisions in the HCCH Convention on Choice of Court Agreements, in particular Article 2(2)(n) and (o) and Article 10(3), were taken into consideration. Comments are not submitted when the draft provisions track those of the 2005 Choice of Court Convention.

4. The comments on plant breeders' rights are provided in consultation with the Office of the International Union for the Protection of New Varieties of Plants (UPOV). UPOV is an independent intergovernmental organization based in Geneva that administers the International Convention for the Protection of New Varieties of Plants (the "UPOV Convention").²

II. Bases for Recognition and Enforcement

5. The *2016 Preliminary Draft Convention* allows recognition and enforcement of judgments ruling on an infringement of an IP right, whether registered or unregistered, if the

¹ See www.wipo.int for further information.

² See www.upov.int for further information.

IP right is granted or subsists under the law of the State of origin. However, this is not an exclusive basis for recognition and enforcement, and a judgment may be recognized and enforced based on any of the other requirements set out in Article 5 (e.g., place of habitual residence of the person against whom recognition or enforcement is sought).

6. On the other hand, the *2016 Preliminary Draft Convention* maintains a fundamental distinction between judgments ruling on validity of registered and unregistered IP rights such as copyright.³ Judgments ruling on validity of an unregistered IP right are eligible for recognition and enforcement if the IP right arose under the law of the State of origin. Other bases for recognition and enforcement set out in Article 5 may also apply. Judgment ruling on validity of a registered IP right shall be recognized and enforced exclusively, if and only if the State of origin is the State in which registration has taken place.

III. Article 5(1)(k)

Article 5(1)(k) [2016 Preliminary Draft Convention]

Article 5 Bases for recognition and enforcement

1. A judgment is eligible for recognition and enforcement if one of the following requirements is met – [...]

k) the judgment ruled on an infringement of a patent, trademark, design, [plant breeders' right,] or other similar right required to be [deposited or] registered and it was given by a court in the State in which the [deposit or] registration of the right concerned has taken place, or is deemed to have taken place under the terms of an international or regional instrument;

A. “designs”

7. The Paris Convention for the Protection of Industrial Property (176 contracting parties)⁴ and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) of the World Trade Organization (WTO) (162 WTO members) refer to “industrial designs”. The WIPO Secretariat therefore proposes the use of the term “industrial designs”.

B. “[plant breeders’ right]”

8. The draft text includes “plant breeders’ right” in brackets.

9. Plant breeders’ rights (or plant variety protection (PVP)) are internationally recognized rights. In accordance with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) of the World Trade Organization (WTO), WTO Members shall provide for the protection of plant varieties either by patents or by an effective *sui generis* system or by any combination thereof.⁵ Most countries and intergovernmental organizations which have introduced a PVP system have chosen to base their system on the UPOV Convention. As of August 31, 2016, UPOV has 74 members (72 States, the African Intellectual Property Organization and the European Union) covering 93 States.

³ This should be distinguished from voluntary deposit, registration or recordation systems for copyright, which provide certain advantages such as legal presumption of ownership, possibility of obtaining statutory damages, and legal costs in case of infringement of rights. Subsistence of copyright is unaffected by such voluntary systems as copyright automatically flows from the act of creation of the protected work and is not subject to any formality. See Article 5(2) of the Berne Convention for the Protection of Literary and Artistic Works.

⁴ Articles 4, 5, *5quinquies* of the Paris Convention; Articles 25 and 26 of the TRIPS Agreement

⁵ Article 27(3)(b) of the TRIPS Agreement.

10. Acknowledging that Article 5(1)(k) is not intended to provide a closed list of registered IP rights, the WIPO Secretariat supports the inclusion of “plant breeder’s right” for enhanced clarity. According to the Explanatory Note (paragraph 154), plant breeder’s right would, in the absence of the bracketed text, be captured within “other similar right”.⁶

C. “IP rights required to be [deposited or] registered”

11. Certain members of the IP Informal Working Group of the Special Commission expressed the view that the IP rights referred in Article 5(1)(k) are “acquired by registration, and that “deposit” is merely descriptive of the application process”. A suggestion was accordingly made by those members to delete reference to “deposit”,⁷ but received some objection. As a result, the *2016 Preliminary Draft Convention* places “deposited or” in brackets and the Chair of the Special Commission “strongly urged for further consultation as to whether the term [deposited] is useful, *i.e.* whether there is any system in which the right arises from mere deposit without registration.” (See Paragraphs 59 to 75 of the *Report of Meeting No 10.*)

12. There exist, if not in great number, IP systems where the concerned IP right, typically an industrial design right, is acquired through an act of “deposit”.⁸ In these systems, the deposit may subsequently be recorded in a public register, but the relevant act providing legal effect will remain the “deposit”. The majority of legislative texts on industrial designs at national and regional levels, however, refer to registration.⁹

13. It should be underscored that there is no terminology that can apply uniformly across the IP rights concerned by Article 5(1)(k), and across national, regional and international IP systems, to refer to the act leading to the protection of such right.

14. Under national IP systems, the commonly used terminology to describe the relevant act giving rise to the IP right, is *registration* for trademark and industrial designs, and *grant* for patents, design patents and plant breeder’s rights.

⁶ See also Jenard, P (1979) *Report on the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed at Brussels, 27 September 1968*, Official Journal C 59, 5 March 1979 (Jenard Report), p. 36, which provides as an example of “other similar rights” “those [rights] which protect fruit and vegetable varieties, and which are required to be deposited or registered”.

⁷ The European Max Planck Group’s Principles on Conflict of Laws in Intellectual Property (CLIP) of 2011, Article on Exclusive Jurisdiction refers only to registration, rather than to registration or deposit. (Article 2:401 and Article 4:202).

⁸ An example is the Law No. 2001-21 of February 6, 2001 on the Protection of Industrial Designs of Tunisia, “Article 7: Industrial designs shall enjoy legal protection only where they are deposited in accordance with this Law”, available at <http://www.wipo.int/wipolex/en/profile.jsp?code=TN>. It may be noted that the “deposit” is subsequently entered into the “National Register of Industrial Designs”. (See Chapter II on Deposit Procedures.)

⁹ Among the WIPO-administered IP protection systems, the Hague International Design System initially secured protection of industrial designs by means of an international deposit. However, in 1999 through the Geneva Act, the Hague Agreement Concerning the International Deposit of Industrial Designs was amended to Hague Agreement Concerning the International Registration of Industrial Designs. Note 1.02 in Notes on the Basic Proposal for the New Act of the Hague Agreement Concerning the International Registration Of Industrial Designs, states:

“It is proposed that the name of the Hague Agreement be amended to read henceforth the Hague Agreement Concerning the International Registration (and no longer the International Deposit) of Industrial Designs. Thus, throughout the wording of the draft new Act (and the Regulations) the words “application” and “registration” are used in place of the word “deposit” employed in the 1934 and 1960 Acts. This new terminology corresponds more closely to that used in current legislative texts at national and regional levels and reflects more closely the procedure leading up to an international registration under the draft new Act.

Available at http://www.wipo.int/edocs/mdocs/diplconf/en/h_dc/h_dc_5.pdf.

At present, the Hague Agreement is constituted of two Acts currently in force, namely the Geneva (1999) Act and the Hague (1960) Act.

15. Under certain regional and international IP systems, the relevant acts may differ. For example, under the WIPO Madrid (trademark) and Hague (industrial design) systems, the international *registration* of mark or industrial design will be with WIPO, but the mark or design will be protected by the issuance of a “statement of *grant* of protection” by the designated national (or regional) IP Offices or by the fact that no notification of refusal has been sent by the relevant designated Office within the applicable refusal period.¹⁰ Under the Hague System, reference to “international registration” and “international application” are deemed, where appropriate, to include a reference to “international deposit”.¹¹ Similarly, under the WIPO Patent Cooperation Treaty (“PCT”; international patent) system, the international patent application will be processed and published by WIPO, but the *grant* of any patent which might eventuate based on the original PCT application is done by the designated national (or regional) IP Offices.

16. The WIPO Secretariat is of the view that the bracketed text “deposited or” may be deleted, to the extent that an accompanying Explanatory Note clarifies that “registered” rights or “rights required to be registered” are understood to broadly include rights that come into existence through formalities that involve public administrative authorities, which may include deposit.¹²

17. In order to enhance clarity in relation to IP rights that are protected through grant, the WIPO Secretariat proposes to include the words “or granted” in addition to “registered” in the operative paragraphs. The proposed text is in paragraph 23.

D. “deemed to have taken place under the terms of an international or regional instrument”

18. According to the *Explanatory Note* (paragraph 155), this provision takes into account registered rights derived from international or regional instruments, and include (1) instruments that facilitate the grant of (national) rights in multiple States through one (international) registration; and (2) instruments that grant unitary, “supranational” rights through one registration.

19. The former type of instruments include the WIPO-administered PCT, Madrid, Hague and Lisbon Systems,¹³ and regional instruments such as the Harare Protocol on Patents and Industrial Designs, the Banjul Protocol on Marks and Arusha Protocol for the Protection of New Varieties of Plants administered by the African Regional Industrial Property Organization (ARIPO).¹⁴ Under these instruments, “a court in the State in which the [deposit or] registration of the right [...] is deemed to have taken place under the terms of an international or regional instrument” in Article 5(1)(k) will typically be the court in the State for the territory of which protection is granted and not the court in the State in which the registration of the right concerned or the filing of the application in question has taken place.

¹⁰ See the Madrid Agreement Concerning the International Registration of Marks, the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Hague Agreement Concerning the International Registration of Industrial Designs, and the Patent Cooperation Treaty, at <http://www.wipo.int/treaties/en/> for further information.

¹¹ Rule 1(2)(i) of the Common Regulations under the 1999 Act and the 1960 Act of the Hague Agreement.

¹² See for example, § 101 of the *American Law Institute (ALI) Principles Governing Jurisdiction, Choice of Law, and Judgments in Intellectual Property in Transnational Disputes of 2008*, which defines “registered right” as “an IP rights that is not valid unless and until granted by a competent State authority”.

¹³ See <http://www.wipo.int/services/en/> for further information.

¹⁴ See <http://www.aripo.org/resources/laws-protocols> for further information.

20. The latter type of instruments include those governing the European Union (EU) trademarks, Community design rights and Community plant variety rights,¹⁵ as well as the Bangui Agreement administered by the African Intellectual Property Organization (OAPI).¹⁶ Under these instruments which provide for a single registration with effect in multiple States, the place of registration (or the place of the administering authority) may not be the key factor in defining the territorial boundaries of protection. Furthermore, these instruments frequently contain specific rules of jurisdiction.

21. The WIPO Secretariat is of the view that the relationship between the Draft Convention and other international instruments, particularly those providing for particular rules on jurisdiction or the recognition or enforcement of judgments, should be clarified, providing precedence of instruments on special matters. The approach found in Article 26(5) of the 2005 Choice of Court Convention may be considered in this regard. See also “VII. Relationship with Other International Instruments” below.

E. WIPO Secretariat Suggestion

22. In light of the above, the WIPO Secretariat proposes the following changes to Article 5(1)(k):

Article 5(1)(k) [WIPO Secretariat Suggestion]

Article 5 Bases for recognition and enforcement

1. A judgment is eligible for recognition and enforcement if one of the following requirements is met – [...]

k) the judgment ruled on an infringement of a patent, trademark, industrial design, ~~plant breeder's~~ right,] or other similar right required to be ~~deposited or~~ registered or granted and it was given by a court in the State in which the ~~deposit or~~ registration or grant of the right concerned has taken effectplace, or is deemed to have taken effectplace under the terms of an international or regional instrument;

IV. Article 5(1)(l)

Article 5(1)(l) [2016 Preliminary Draft Convention]

Article 5 Bases for recognition and enforcement

1. A judgment is eligible for recognition and enforcement if one of the following requirements is met – [...]

l) the judgment ruled on the validity, [ownership, subsistence] or infringement of copyright or related rights [or other intellectual property rights not required to be [deposited or] registered] and the right arose under the law of the State of origin;

¹⁵ See the EU Trade Mark Legal Texts and Community Design Legal Texts available at <https://euipo.europa.eu/ohimportal/en/law>, and Community Plant Variety Legal Texts available at <http://www.cpvo.europa.eu/main/en/home/community-plant-variety-rights/legislation-in-force> for further information.

¹⁶ See <http://www.oapi.int/index.php/en/aipo/cadre-juridique/accord-de-bangui> for further information.

A. “[ownership, subsistence]”

23. The proposal to add “ownership and subsistence”¹⁷ appears to be driven by the intention to use terminology commonly associated with copyright and related rights, and is supported by the WIPO Secretariat.

B. “[or other intellectual property rights not required to be [deposited or] registered]”

24. According to the *Report of Meeting*, the bracketed text, “or other intellectual property rights not required to be [deposited or] registered”, is intended to cover “passing of protection of trade secrets by contract in common law countries, use based trademarks, trade names, and unregistered designs.”¹⁸

25. The WIPO Secretariat supports the inclusion of the bracketed text, revised to read “or other unregistered intellectual property rights”, with an accompanying Explanatory Note clarifying that “unregistered intellectual property rights” are understood to include those rights that come into existence without any formalities that involve grant by public administrative authorities. It is underscored that the boundaries of these “unregistered IP rights” will necessarily differ in accordance with the applicable IP system and will be determined by the applicable law.

C. “the right arose under the law of the State of origin”

26. Regarding the phrase “the right arose under the law of the State of origin”, the Informal IP Working Group expressed the view that “national choice of law rules of the requested State should apply.”¹⁹ The position of the Informal IP Working Group in this regard is unclear to the WIPO Secretariat and further clarification by the Group would be useful.

D. WIPO Secretariat Suggestion

27. In light of the above, the WIPO Secretariat proposes the following changes to Article 5(1)(l), subject to clarification from the Informal IP Working Group and the Special Commission regarding the phrase “the right arose under the law of the State of origin”:

Article 5(1)(l) [WIPO Secretariat Suggestion]

Article 5 Bases for recognition and enforcement

1. A judgment is eligible for recognition and enforcement if one of the following requirements is met – [...]

l) “the judgment ruled on the validity, [ownership, subsistence] or infringement of copyright or related rights [or other intellectual property rights not required to be [deposited or] registered or granted and the right arose under the law of the State of origin;

¹⁷ See *Report of Meeting No 10*, paragraph 65, stating: “Regarding Article 5(1)(h), he [convener] noted the possibility of adding “ownership and subsistence”. There was a strong feeling within the working group that further consultation is required on this point.”

¹⁸ *Report of Meeting No 10*, paragraph 63.

¹⁹ *Report of Meeting No 10*, paragraph 63.

V. Article 6(a)

Article 6(a) [2016 Preliminary Draft Convention]

Article 6 Exclusive bases for recognition and enforcement

Notwithstanding Article 5 –

a) a judgment that ruled on the registration or validity of patents, trademarks, designs[, plant breeders' rights,] or other similar rights required to be [deposited or] registered shall be recognised and enforced if and only if the State of origin is the State in which [deposit or] registration has been applied for, has taken place, or is deemed to have been applied for or to have taken place under the terms of an international or regional instrument;

28. In line with the above comments, the WIPO Secretariat proposes the following changes to Article 6(a).

Article 6(a) [WIPO Secretariat Suggestion]

Article 6 Exclusive bases for recognition and enforcement

Notwithstanding Article 5 –

a) a judgment that ruled on the registration or validity of patents, trademarks, industrial designs[, plant breeders' rights,] or other similar rights required to be ~~[deposited or]~~ registered or granted shall be recognised and enforced if and only if the State of origin is the State in which ~~[deposit or]~~ registration or grant has been applied for, has taken effectplace, or is deemed to have been applied for or to have taken effectplace under the terms of an international or regional instrument;

29. Furthermore, it should be stressed that international and regional systems facilitating grant of IP rights in multiple States or granting unitary IP rights on a regional basis, described in paragraphs 19 to 21 above, frequently have special rules relating to jurisdiction²⁰ or governing the relationship between the multiple rights granted by an international registration. In such cases, the special rules should take precedence over this Article.

VI. Article 8(3) and Article 9

Article 8(3)

Article 8 Preliminary questions

1. Where a matter excluded under Article 2, paragraph 1, or a matter referred to in Article 6 on which a court other than the court referred to in that Article ruled arose as a preliminary question, the ruling on that question shall not be recognised or enforced under this Convention.

2. Recognition or enforcement of a judgment may be refused if, and to the extent that, the

²⁰ See for example European Union Trademark Regulation, Section 2 Disputes concerning the infringement and validity of EU trade marks (Articles 95 to 105)

judgment was based on a ruling on a matter excluded under Article 2, paragraph 1 or 3, or on a matter referred to in Article 6 on which a court other than the court referred to in that Article ruled.

3. 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 refused or postponed 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.

Article 9 Damages

1. Recognition or enforcement of a judgment may be refused if, and to the extent that, the judgment awards damages, including exemplary or punitive damages, that do not compensate a party for actual loss or harm suffered.

2. The court addressed shall take into account whether and to what extent the damages awarded by the court of origin serve to cover costs and expenses relating to the proceedings.

30. The WIPO Secretariat notes that the above provisions mirror Articles 10(3) and 11 of the Convention on Choice of Court Agreements.²¹ It looks forward to any future discussion on these provisions by the Special Commission and will provide comments as required.

VII. Relationship with Other International Instruments

31. As referred to in paragraphs 19 to 21 above, intellectual property rights may be filed through or registered with international organizations, or granted by regional organizations. Accordingly, specificities of provisions in the relevant IP instruments and their relationship with the Draft Convention shall be considered, and Article 26 of the 2005 Choice of Court Convention may be a useful reference.

VIII. Conclusion

32. The WIPO Secretariat remains available to assist in the efforts of the Special Commission. It notes that HCCH plans on intersessional work on IP matters and looks

²¹ Convention on Choice of Court Agreements Article 10 Preliminary questions

(1) Where a matter excluded under Article 2, paragraph 2, or under Article 21, arose as a preliminary question, the ruling on that question shall not be recognised or enforced under this Convention.

(2) Recognition or enforcement of a judgment may be refused if, and to the extent that, the judgment was based on a ruling on a matter excluded under Article 2, paragraph 2.

(3) However, in the case of a ruling on the validity of an intellectual property right other than copyright or a related right, recognition or enforcement of a judgment may be refused or postponed 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 under the law of which the intellectual property right arose; or

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

(4) Recognition or enforcement of a judgment may be refused if, and to the extent that, the judgment was based on a ruling on a matter excluded pursuant to a declaration made by the requested State under Article 21.

forward to continuing the dialogue on that occasion and in future meetings with a view to supporting the work of the Special Commission in so far as the matters relate to IP.

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