

AIPLA

American Intellectual Property Law Association

March 19, 2018

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Re: Draft Convention on the Recognition and Enforcement of Foreign Judgments
Relating to Civil or Commercial Matters

Dear Mr. Coffee, Mr. Iancu and Ms. Pagan:

Further to your Request for Comments and Notice of Public Meeting on a Preliminary Draft Convention on the Recognition and Enforcement of Foreign Judgments Currently Being Negotiated at The Hague Conference on Private International Law (81 Fed. Reg. 81741, November 18, 2016), the American Intellectual Property Law Association (AIPLA)¹ is providing the following additional views on whether intellectual property should be excluded from the scope of the Draft Convention on the Recognition and Enforcement of Foreign Judgments Relating to Civil or Commercial matters (Draft Convention).

AIPLA is a national bar association of approximately 13,500 members who are primarily practitioners engaged in private or corporate practice, in government service, and in the

¹ This letter adds to comments of AIPLA submitted in response to the Federal Register notice submitted on January 17, 2017 and joint comments of AIPLA and Pharmaceutical Research and Manufacturers of America (PhRMA) submitted on July 19, 2017.

academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public's interest in healthy competition, reasonable costs, and basic fairness.

Consistent with that defined mission, AIPLA strongly encourages the U.S. to advocate for the exclusion of intellectual property from the scope of the Draft Convention. It is widely accepted that intellectual property has both national and international dimensions. At the national level, the laws and constitution of a given country govern the various types of intellectual property as well as their enforcement. At the international level, treaties exist to provide measures of consistency and harmony between member states in the key areas of intellectual property portfolio standards and enforcement. However, it is generally understood that it was never the intended role of the various international intellectual property treaties to supplant the laws or constitution of a member state. Rather, each member state of an intellectual property treaty retains its own identity and, to this end, it is unlikely that a member state would have become a signatory if the case were otherwise.

AIPLA believes that the inclusion of intellectual property within the Draft Convention would almost certainly create unintended consequences by confusing the now-distinct lines between national and international intellectual property rules and practices. The absolute enforcement of a judgment rendered in a first country upon a second country appears to not have been intended by international treaties, as the drafters recognized possible contradictions that would result by such blanket measures. The drafters' intentions may be understood by reference to two treaties – the Paris Convention for the Protection of Intellectual Property and the Agreement on Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization.

The Paris Convention for the Protection of Industrial Property (the “Paris Convention”)² is one of the oldest of international intellectual property treaties dating back to 1883. This treaty, which has been adopted by 195 countries, establishes two foundational principles of industrial property law that distinguish industrial property from other areas of law and require that industrial property law be given special consideration. Those foundational principles are national treatment, provided for in Article 2 of the Convention, and the independence of patents, provided for in Article 4*bis*. It is the opinion of AIPLA that inclusion of intellectual property in the Draft Convention could have the unintended consequence of causing countries to run afoul of either or both of those provisions.

² For overview: <http://www.wipo.int/treaties/en/ip/paris/>. The treaty can be found at: <http://www.wipo.int/wipolex/en/details.jsp?id=12633>

To the best of AIPLA's knowledge and belief, no other area of property law is governed by an international treaty that binds all member countries and dictates relations among them. Although Article 19 of the Paris Convention allows countries to make "special agreements for the protection of industrial property" outside the confines of the Convention, those agreements may not contravene the provisions of the Paris Convention. The risk that the Draft Convention may compromise national treatment, the independence of patents, or another provision of the Paris Convention calls for the exclusion of intellectual property from the scope of the Draft Convention.

National treatment requires that each member country grant not only the same protection to the nationals of other member countries as it grants to its own nationals, but also "the same legal remedy against any infringement of their rights." However, under the Draft Convention, it is conceivable that a Paris Convention country (an enforcing country) would be obliged to enforce a foreign judgment that would not be enforceable under its own national law, or that would be enforced differently under its own national law, with the result that the same legal remedy would not be applied equally to nationals and non-nationals. That difference could violate the principal of national treatment, especially if the law of the enforcing country would have required a broader remedy than the remedy the enforcing country is being obliged to apply.

Article 4bis of the Paris Convention, which enshrines the principle of the independence of patents, reflects the intense territorial nature of patent law. The independence of patents guarantees that the fate of a patent in one country will be independent of the fate of patents for the same invention in other countries. The provision requires that the principal "be understood in an unrestricted sense." Because enforcing a foreign judgment entails at least a tacit confirmation that the underlying foreign patent was validly granted, the Draft Convention has the potential to compromise the independence of the enforcing country. This is particularly so if, for example, a patent for the same invention were still pending in the enforcing country, the enforcing country had denied a patent application for the same invention, or if it had revoked the patent on grounds that the invention was not patentable.

The Paris Convention reflects a strong, long-lasting presumption against the extraterritorial application of intellectual property law. Including intellectual property within the scope of the Draft Convention risks calling that presumption into question. Prudence dictates, therefore, that intellectual property be excluded.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (the "TRIPS Agreement")³ is a much more recent document having been signed in 1994. The TRIPS Agreement obligates members to comply with Articles 1 through 12 and 19 of the Paris Convention, so the comments above apply in this instance as well.

³ Overview: https://www.wto.org/english/tratop_e/trips_e/intel2_e.htm. The treaty text can be found at: https://www.wto.org/english/docs_e/legal_e/27-trips.pdf

In at least two instances the TRIPS Agreement observes that the constitutional requirements of individual member states may supersede specific articles. Article 42 of the TRIPS Agreement on “Fair and Equitable Procedures” relates to the treatment of confidential information. Under this Article:

Members shall make available to right holders civil judicial procedures concerning the enforcement of any intellectual property right covered by this Agreement. Defendants shall have the right to written notice which is timely and contains sufficient detail, including the basis of the claims. Parties shall be allowed to be represented by independent legal counsel, and procedures shall not impose overly burdensome requirements concerning mandatory personal appearances. All parties to such procedures shall be duly entitled to substantiate their claims and to present all relevant evidence.

However, Article 42 stipulates that:

The procedure shall provide a means to identify and protect confidential information, unless this would be contrary to existing constitutional requirements. (emphasis added)

Since “constitutional requirements” may be inconsistent as between Members, there would be a considerable risk in enforcing a judgment entered in one member in another member where the original judgment may have been based on the treatment of confidential information according to constitutional requirements that may or *may not* be the same as the member state in which the judgement is being secondarily enforced.

A similar constitutional inconsistency may also exist in judicial orders related to the destruction of goods as set forth in Article 46 (“Other Remedies”). Under this Article:

“In order to create an effective deterrent to infringement, the judicial authorities shall have the authority to order that goods that they have found to be infringing be, without compensation of any sort, disposed of outside the channels of commerce in such a manner as to avoid any harm caused to the right holder, or, unless this would be contrary to existing constitutional requirements, destroyed.” (emphasis added)

Similar to the problem noted above with respect to Article 42, since the “constitutional requirements” referenced in Article 46 may be inconsistent as between Members, there would again be a considerable risk in enforcing a judgment entered in one member in another member where the original judgment may have been involved the destruction of goods according to constitutional requirements that may or *may not* be the same as the member state in which the judgement is being secondarily enforced.

It is not only inconsistent constitutions that may create a problem in the enforcement of a foreign judgment. A danger may also present itself in the form of a judgment that relies on a judicial remedy the treatment of which in the originating member differs from that of the

member in which enforcement is sought. Differences in judicial remedies are, after all, acknowledged by and are allowed under the TRIPS Agreement. To this end, reference may be made to Article 44 on “Injunctions” which, under Paragraph 2, provides:

Notwithstanding the other provisions of this Part and provided that the provisions of Part II specifically addressing use by governments, or by third parties authorized by a government, without the authorization of the right holder are complied with, Members may limit the remedies available against such use to payment of remuneration in accordance with subparagraph (h) of Article 31.

However, this same paragraph also provides:

In other cases, the remedies under this Part shall apply or, where these remedies are inconsistent with a Member’s law, declaratory judgments and adequate compensation shall be available. (emphasis added)

It is unlikely that blanket enforcement of foreign judgments can or would take into consideration “remedies ...inconsistent with a Member’s Law,” and failure to do so may result in an outcome never intended by the court that rendered the initial judgment.

Therefore, in addition to AIPLA’s continued concerns that the risks and unintended consequences of granting recognition of foreign judgement relating to intellectual property will outweigh any potential benefit, AIPLA believes that Paris Convention and TRIPS dictate exclusion of intellectual property from the scope of applicability of the Draft Convention dated November, 2017.

AIPLA appreciates the opportunity to provide these comments and we look forward to further dialog with regard to the issues raised above.

Sincerely,



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