

# AIPLA

## American Intellectual Property Law Association

January 18, 2017

The Honorable Michelle K. Lee  
Under Secretary of Commerce for Intellectual Property and  
Director of U.S. Patent and Trademark Office  
U.S. Patent and Trademark Office  
P.O. Box 1451  
Alexandria, VA 22313-1451  
*Via email: [judgmentsproject@uspto.gov](mailto:judgmentsproject@uspto.gov)*

*Attention: Office of Policy and International Affairs*

Dear Under Secretary Lee:

The American Intellectual Property Law Association (AIPLA) is pleased to present its view in response to the 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).

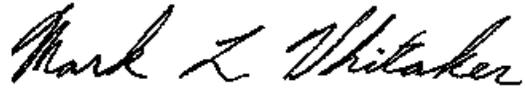
AIPLA is a national bar association of approximately 14,000 members who are primarily lawyers engaged in private or corporate practice, in government service, and in the academic community. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly 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.

On December 8, 2000, AIPLA submitted comments to the earlier Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, as requested by the USPTO in 65 Fed. Reg. 61306 (October 17, 2000) ("AIPLA 2000 Letter"). Although the current Request for Comments concerns a new draft convention, the view that AIPLA presented in 2000 is relevant and reflects our views with respect to the June 2016 Preliminary Draft Convention that is the subject of the current Request. Accordingly, AIPLA respectfully re-submits the comments that we submitted in 2000, included herein as Attachment 1. We call your attention to our "General Comments" section as well as our responses to Questions 1, 3, 5 and 9 in the AIPLA 2000 Letter, which we believe are particularly relevant in view of the questions included in the current Request for Comments.

We note that the current Request includes questions on trade secret protection. Since trade secrets are a form of intellectual property and therefore should be considered in the same light as other forms of intellectual property, the comments in the AIPLA 2000 Letter apply also to trade secrets.

We thank you for allowing AIPLA the opportunity to provide comments on the June 2016 Preliminary Draft Convention on the Recognition and Enforcement of Foreign Judgments.

Sincerely,

A handwritten signature in black ink that reads "Mark L. Whitaker". The signature is written in a cursive style with a large, stylized initial "M".

Mark L. Whitaker  
President  
American Intellectual Property Law Association

Attachment: AIPLA 2000 Letter



## AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION

2001 JEFFERSON DAVIS HIGHWAY ■ SUITE 203 ■ ARLINGTON, Virginia 22202

December 8, 2000

The Honorable Q. Todd Dickinson  
Under Secretary of Commerce for Intellectual Property and  
Director of the United States Patent and Trademark Office  
United States Department of Commerce  
Box 4  
Washington, D.C. 20231

Attn: Elizabeth Shaw

Re: AIPLA Comments on Preliminary Draft Convention on  
Jurisdiction and Foreign Judgments in Civil and Commercial Matters  
65 Fed. Reg. 61306 (October 17, 2000)

Dear Under Secretary Dickinson:

The American Intellectual Property Law Association (AIPLA) appreciates the opportunity to present its views on the Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters as requested in the *Federal Register* on October 17, 2000.

The AIPLA is a national bar association of more than 10,000 members engaged in private and corporate practice, in government service, and in the academic community. The AIPLA represents a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property.

### **General Comments**

While the AIPLA appreciates the effort by the U.S. State Department to create and establish a set of harmonized rules of jurisdiction in civil cases to facilitate the enforcement of judgments internationally, we oppose the United States becoming party to the draft Hague Convention. Not only has no need for including intellectual property rights in such an exercise been demonstrated, but several articles currently in the draft Convention contain provisions which would adversely impact IP litigation in the United States.

Many U.S. corporations with a multinational presence as well as other U.S. domestic IP rights holders do not rely upon the enforcement of judgments outside of the United States and therefore have not had a need to seek enforcement of overseas judgments. Many of their competitors are also multinational or at least have a business presence and business interests and assets in the U.S. that provide an adequate basis for jurisdiction and the enforcement of any judgment. Moreover, the advantage of broad discovery in the United States and the uniformity in the interpretation and application of the U.S. patent laws by the Court of Appeals for the Federal Circuit (CAFC) provides a significant incentive to litigate in U.S. courts. In addition, where appropriate, U.S. firms and individuals who create any of the several intellectual property rights that may be available under law will acquire corresponding rights in other countries and enforce such rights in the courts and under the laws of those countries.

There is yet another consideration that deals with the underlying law that establishes enforceable intellectual property rights. Notwithstanding a significant international effort to harmonize industrial property laws, the effort today is far from complete. Until substantial harmonization is achieved, so that the same basic principles are applied by the courts of our major trading partners, the interpretation by a court in one country of the laws of other countries is inherently likely to be flawed. Intellectual property laws create property rights that are complex and cannot be treated as involving generic tort or contract issues, but demand a more tailored set of rules.

Finally, while the draft Convention does address issues of jurisdiction and enforcement of judgments, it fails to address two issues that are frequent barriers to effective adjudication of legal rights (without limitation to intellectual property): (a) the effective initiation of litigation against foreign parties, and (b) obtaining evidence in foreign countries. Furthermore, while an injunction against IP rights infringement may be obtained in several countries, it is rare that substantial damages are collected for an infringement, thereby diminishing the value of an enforcement effort in other countries.

For all of the foregoing reasons, the AIPLA urges the U. S. Delegation to the draft Hague Convention negotiations to advocate that intellectual property rights be excluded from the Convention.

## **Responses to Questions**

In view of our overall negative assessment of the draft Convention, we have only provided answers to selected questions. The answers underlie our concerns with the provisions of the draft Convention.

### **1. What are your experiences in having judgments involving intellectual property from one jurisdiction recognized in a foreign court?**

There are a number of reasons why it is rarely necessary to seek recognition of U.S. judgments involving IP rights in foreign courts. The attractiveness of the U.S. market means that foreign defendants usually have a significant U.S. presence, business interests and assets that permit enforcement in the United States. Once a determination of infringement is made, the possibility of exclusion from the U.S. market creates significant pressure for resolution by agreement. To the extent that the litigation extends beyond the borders of the U.S., direct and parallel enforcement of corresponding rights in other countries often is undertaken.

One difficulty which has been encountered in a few cases involving attempts to enforce U.S. patent judgments in foreign countries has been the refusal of courts to recognize large damage awards, because a number of countries do not recognize the principle of punitive damages in private litigation on public policy grounds. The Hague proposal does not appear to change that situation.

However, the need to enforce a U.S. court's patent judgment in a foreign country could increase if U.S. courts render judgments affecting foreign patent rights. (See *Mars, Inc. v. Nippon Conlux KK*, 58 F.3d 616, 619, 35 USPQ2d 1311, 1314 (Fed. Cir. 1995))

### **3. Are uniform rules for international enforcement of judgments desirable?**

As noted above, the occasion to seek international enforcement of judgments in IP cases has been so rare that the absence of uniform rules has not been a significant hindrance.

**4. Do you support or oppose the United States becoming party to a jurisdiction/enforcement of judgments convention?**

As indicated in our general comments, the AIPLA opposes the United States becoming party to the draft Hague Convention as long as it continues to contain provisions which adversely impact IP litigation in the United States. In the absence of more uniform national IP laws throughout the world and a uniform judicial interpretation of those laws, the treaty would undermine the underlying scheme of the U.S. Court of Appeals for the Federal Circuit to achieve uniformity in the interpretation and application of the U.S. patent laws.

**5. What would be the benefits or drawbacks of the United States becoming a party to the proposed Hague Convention?**

As noted above, the draft Convention fails to address the two principal difficulties under existing Hague Conventions which are encountered by U.S. plaintiffs in IP litigation with foreign defendants resident in countries which hinder the initiation of U.S. litigation against foreign defendants and hinder the taking of evidence in foreign countries. This is caused by the necessity to serve process through government channels, which delays institution of proceedings and prompt resolution, and by the restrictions on taking depositions in those countries.

In addition, Article 2(1)(a) unnecessarily limits agreements between parties relating to jurisdiction of current and future disputes, and Articles 4(3) and 12(4) might bar parties habitually resident in one country from agreeing on a single foreign jurisdiction for adjudicating related disputes over IP rights registered in several foreign countries. (See also Art. 12(5)-(6)). Finally, we note that there are no supplemental jurisdiction provisions that would permit courts to take jurisdiction of substantial and related matters when jurisdiction is established under an IP right. (See 35 U.S.C. §§ 1338(b) and 1367)

**6. Would the elimination of tag or general “doing business” jurisdiction have any impact on intellectual property owners’ ability to protect their rights either domestically or internationally?**

U.S. rights holders may not find the elimination of tag or “doing business” jurisdiction to be a problem to the extent they are willing and able to enforce their intellectual property rights in other countries; however, the elimination of “doing business” jurisdiction could at least complicate U.S. IP litigation. The existence of “doing business” jurisdiction minimizes jurisdictional disputes at the outset of IP litigation and its elimination would needlessly complicate domestic litigation.

**7. What other changes to U.S. law would be needed to implement the proposed convention? Please identify any drawbacks and/or advantages to such changes.**

As earlier noted, the goal of U.S. IP law and its court system, particularly with regard to patent law, is to achieve uniformity and predictability so that companies and other IP rights holders may make sound business decisions without the uncertainty of liability based on unforeseen or unpredictable assertions of rights. The U.S. Court of Appeals for the Federal Circuit (CAFC) was established for that purpose in 1982 and, through its decisions and its “de novo” review of claim interpretation issues, has sought to achieve some measure of predictability. The draft Convention, which would seemingly allow foreign courts to interpret U.S. patent law, would undermine this purpose of the CAFC. Moreover, it would not be unreasonable to expect that certain foreign courts, which traditionally evidenced a narrow view of the scope of intellectual property protection, would become favored jurisdictions for the interpretation of U.S. patents and the evaluation of their scope and validity.

Further, with regard to the standard for jurisdiction under Article 10, there is a substantial question of whether the “foreseeability” that an “act or omission would result in an injury of the same nature in that State” would satisfy the “minimum contacts” which the U.S. Supreme Court has required for jurisdiction over a person. (See Art. 10(1)(b), 10(3) and (4)).

**8. What effect, if any, could this Convention have on other international intellectual property obligations, including, but not limited to, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Paris Convention, and the Berne Convention?**

In the current political environment, it is extremely unlikely that the interpretation of either the Paris or Berne Conventions would be the subject of an internationally sanctioned judicial review, so it is difficult to foresee any impact of the draft Hague Convention on these two Conventions. As regards TRIPS, there have been relatively few disputes that have been considered by the World Trade Organization and to make any comment on the impact which the Hague Convention might have in this regard would be mere conjecture at this time.

**9. What effect, if any, could this Convention have on the enforcement of intellectual property with respect to the Internet?**

The effect on jurisdictional issues could be significant since the proposed standards for jurisdiction, such as the location of an act or omission that “caused injury” or in which the injury arose, under Article 10, may be broadly interpreted in an electronic environment to provide jurisdiction over a person having minimal active, or even passive (e.g., through a website) contact with the claimed place of injury. Although the damages may be limited under Article 10(4) to the injury that occurred in that jurisdiction, even a default judgment would have significant impact elsewhere in the world, thus requiring a party to incur the cost to appear and defend. While in a given case this could be viewed positively or negatively depending on one’s perspective as a potential plaintiff or a potential defendant, such uncertainty is unacceptable in the context of the Internet.

**10. Would application of Article 10 change existing jurisdictional principles as applied to intellectual property infringement actions? If yes, please describe any changes in detail and provide any relevant legal authority.**

Article 10 appears to change existing jurisdictional principles regarding IP infringement, but the meaning and scope of the Article are ambiguous. In this latter regard, there is a question of interpretation concerning the language of section (a) with reference to “in which...that caused the injury” and the language in section (b) “in which the injury arose”. Subsection (b) also uses the phrase “result in an injury ... in that State,” which suggests that it is referring to the place of economic loss as a result of the injury. That interpretation would distinguish the “in which the injury arose” language of (b) from the “act or omission that caused the injury occurred” in subsection (a).

Article 10(3) provides for exclusive jurisdiction in proceedings involving validity or nullity of entries in public registers. Because IP rights--addressed in Article 10(4)--often are subject to registration, they should be clearly excluded from this section. Similarly, if IP rights are excluded from the Convention, as we would urge, they also should be expressly excluded from this section.

Article 10(4) would limit jurisdiction that is based only on the place where the injury arose or occurred to “the injury that occurred or may occur in that State unless the injured person has his or her habitual residence in that State.” This provision is ambiguous because it would appear to exclude jurisdiction where only the “injury arose.”

**15. What changes, if any, should be made to the proposed Convention? Please describe any changes in detail and provide any relevant legal authorities that support such suggestions.**

As previously noted, the institution of proceedings and the taking of discovery are not addressed in the draft Convention. The procedures of the Hague Convention on Service Abroad of Judicial and Extrajudicial Documents to initiate litigation against a defendant in another country, and those of the Hague Convention on Taking Evidence Abroad in Civil or Commercial Matters, are cumbersome and cause significant delays. There should be a means to initiate litigation without going through diplomatic channels and to take evidence, including discovery, at locations other than embassies and consulates.

The draft Convention also fails to address choice of law issues. This could be a major problem, as some traditional choice of law rules permit the court to assume that the foreign law is the same as that of its jurisdiction.

At this time, that would not be acceptable in IP litigation. Further, there is an issue of the choice of law standard to be applied. In the United States, there are three prevailing standards: (1) the place where the right to be asserted vested, i.e., the last act to complete the tort, (2) the place having the most significant relationship, or (3) the place having the greatest policy interest. See June 29, 2000 statement of U.S. Deputy Associate Attorney General D. Jean Veta at nn. 28-30. (<http://www.house.gov/judiciary/veta0629.htm>)

We appreciate the opportunity to provide our comments on the draft Convention and look forward to continuing to work with you as this effort proceeds.

Sincerely,

A handwritten signature in black ink that reads "Michael K. Kirk". The signature is written in a cursive style with a large, stylized initial "M".

Michael K. Kirk  
Executive Director