BUSINESSEUROPE

COMMENTS

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POTENTIAL INCLUSION OF INTELLECTUAL PROPERTY (IP) TO THE SCOPE OF THE HAGUE CONVENTION ON THE RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS

BUSINESSEUROPE has been following closely the ongoing negotiations on the proposed Hague Convention on the Recognition and Enforcement of Foreign Judgments, in particular the discussions whether Intellectual Property (IP) rights should fall within the scope of this Convention.

BUSINESSEUROPE maintains its previous position that at least patents, trade marks and designs should be excluded from the scope of the Convention and our comments below concern those rights.

IP litigation does not typically have a single governing law or any other form of global nexus. Instead, any court adjudicating on a matter would need to address factual issues from outside its jurisdiction whilst also applying foreign law(s). As such, it is not generally sensible, desirable or realistic for one court to seek to adjudicate on IP claims globally and it is not desirable for other courts to be obliged to enforce such judgments.

We also still see no meaningful benefit to the Convention applying to IP and we are aware of no active advocacy by users for such inclusion. Injunctions (whether interim or final) are by far the most important remedy sought in the vast majority of intellectual property cases. However, the granting of injunctions for IP infringement should only ever be a matter for the courts of the country affected by the injunction. While the Convention could still *theoretically* provide for the cross-border enforcement of damages awards made by a court in respect of infringement of an IP right that exists in its own jurisdiction, this would be of *very* limited benefit. This is because: (i) damages awards are in fact very rare in IP infringement cases (most cases settle before a final damages award is made); and (ii) when damages awards are made, they can usually be enforced in the country concerned without any real difficulty.

In addition, at the present time, there is no international agreement on jurisdiction or governing law in relation to IP and no real harmonisation of substantive IP laws. This means that, in our view, the overall scheme of the Convention is one that would inherently give rise to much greater complexity in the IP litigation landscape, with an inevitable increase in forum shopping and tactical litigation. This is highly undesirable and would more than negate any possible benefit from the inclusion of IP in the scope of the Convention.

We appreciate the efforts to address some of our concerns already expressed with the bracketed proposals in Art. 5(3), Art. 6 and Art. 8(3) of the latest draft text. However, these regulations make the recognition and enforcement of IP judgments even more uncertain and complicated since e.g. judgments on the assessment of costs would remain enforceable whereas the basic judgment on nullity might not etc.

If, however, IP were to be included in the Hague Judgements Convention, we would like to make some remarks.

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Injunctive relief should not be included. This is because the substantive and procedural laws differ widely between countries and, even if they did not, it would be an interference with sovereignty for the courts in one country to impose injunctions on companies and individuals operating in other countries.

Only damages awards relating to the country of origin should be enforceable. In a different situation, there will be even more significant scope for Courts to compete with each other internationally in order to attract business by taking exorbitant jurisdiction and otherwise adopting claimant-friendly procedures (e.g. awarding generous damages). This will in turn result in an increase in strategic litigation by parties, all of which is to be avoided.

Only final (un-appealable) judgments should be enforceable and this will cut down the incentive for parties to engage in strategic litigation.

Judgement relating to “registration” of IP rights should not be enforceable. Given the lack of harmonisation in intellectual property laws generally, we see no possible benefit to such judgments being exportable. However, the ambiguity of the draft Convention leaves much scope for confusion.

Furthermore, we do not believe findings of fact or declarations from one country should be binding in another country, save where this would already be the case (i.e. as a matter of local law). We believe this should be clearly stated.

Finally, we do not support decisions from Patent Offices or other administrative bodies being exportable at all.

BUSINESSEUROPE welcomes the engagement of the European Commission to have a broader discussion on the issue at both EU and national level and we are looking forward to the continuation of this dialogue.

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