

ASSOCIATION INTERNATIONALE POUR LA PROTECTION DE LA PROPRIÉTÉ INDUSTRIELLE

SPECIAL COMMITTEE Q 153 *

HAGUE CONFERENCE ON PRIVATE INTERNATIONAL LAW

QUESTIONNAIRE AND EXPLANATORY MEMORANDUM

CHAPTER 1 - INTRODUCTION AND BACKGROUND

Title 1.1. Introduction

1. The Hague Conference on Private International Law, an intergovernmental organisation aiming at progressive unification of the rules of private international law¹, prepares a global Convention on jurisdiction and the recognition and enforcement of foreign judgments in civil and commercial matters (the “**draft-Convention**”).²
2. The draft Convention contains an Article 12 on *inter alia* industrial property rights required to be deposited or registered. AIPPI has set itself the task of advising on the issue; on 12 October 1999 AIPPI instituted a Special Committee Q153 to take this matter at hand. Recognising the importance of the issue the *Bureau* of AIPPI requested Special Committee Q153 to set up a Questionnaire for the AIPPI Groups and to provide for an AIPPI Position Paper to be presented, on short notice, to the Hague Conference on Private International Law.³
3. This paper contains an explanatory memorandum and the Questionnaire. The explanatory memorandum, in Chapters 1-3, provides for a short introduction to the background of the draft Convention and a bird-eye view as to the subject of the draft Convention, narrowing down to the actual subject: jurisdiction on industrial property in Article 12. The Questionnaire is included in Chapter 4.

* Special Committee Q 153 consists of Prof. Constant van Nispen (chairman), Dr. Annette Kur (co-chairman), Pierre Véron, Yoshio Kumakura, Prof. Marianne Levin, Andrew Rich, Prof. Samuel Ricketson and Ferdinand de Visscher. The committee expresses its gratitude to Sierd J. Schaafsma who drafted this Explanatory Memorandum and the Questionnaire.

¹ On the Hague Conference on Private International Law, see paragraph 9 and its website at www.hcch.net.

² This explanatory memorandum is focussed on the draft for the Convention as adopted on 30 October 1999 by the Special Commission of the Hague Conference on Private International Law. The full text of the draft Convention and the explanatory Report of the Special Commission, drawn up by Peter Nygh and Fausto Pocar, can also be found at www.hcch.net.

³ See also paragraphs 12 and 13 on the time schedule.

CHAPTER 1 - INTRODUCTION AND BACKGROUND	p. 1
Title 1.1. Introduction	p. 1
Title 1.2. Background: private international law	p. 2
Title 1.3. Background: the Hague Conference on Private International Law	p. 4
CHAPTER 2 – THE DRAFT CONVENTION	p. 5
Title 2.1. The draft Convention: structure and main elements	p. 5
Title 2.2. Main jurisdictional rules	p. 6
CHAPTER 3 – SPECIAL JURISDICTIONAL RULES ON INDUSTRIAL PROPERTY	p. 7
Title 3.1. The exclusive jurisdiction of Article 12	p. 7
Title 3.2. Validity jurisdiction	p. 8
Title 3.3. Infringement jurisdiction	p. 12
CHAPTER 4 - QUESTIONNAIRE Q 153	p. 14

Title 1.2. Background: private international law

4. The problems at hand are situated in the field of industrial property litigation in international cases. To give an example in the field of patent law: a patent in Italy is owned by an American company. An Australian competitor on the Italian market infringes this patent. The American company intends to start infringement proceedings. In which country should it initiate these proceedings: in the United States, in Italy or in Australia? In addition, wherever these proceedings take place, the Australian defendant intends to invoke the invalidity of the Italian patent, perhaps by way of defence or by way of a counterclaim. Can the Australian defendant invoke the invalidity of the patent in the same court where the American company starts the infringement proceedings, or should a special rule apply as to the validity issue?
5. Specific problems arise in the internet context, let us take the following example in the field of trade mark law. A Swiss company has taken out international registration of its trademark rights in several countries. A US company who owns the same trademark in the United States -but only there- is marketing its products under that trademark via the internet in all those countries. Where should proceedings be installed? Is it possible to solve the case before one competent court, or must the Swiss company initiate proceedings in each of the countries where its trademarks are registered? Would the outcome be different if the defendant raises the defence of invalidity of the trademarks of the Swiss company, and if so, would that even apply in

a case when the invalidity defence appears to be frivolous and unfounded?⁴

These are only relatively simple examples which can be extended by adding more international elements. The problems discussed can easily be made very complex.

6. In the essence, we are dealing with the question: “which court is internationally competent to hear a certain claim?”. These are questions concerning the rules of jurisdiction. Here, we enter into the domain of private international law. This area of law consists of –roughly– three categories of rules:
 - I. Rules on jurisdiction: these rules determine which courts are internationally competent to hear a certain claim. An example of such jurisdictional rule is: competent to hear infringement proceedings are the courts of the country where an industrial property right is (allegedly) infringed. In the first example, the Italian courts would be competent to try the infringement proceedings against the Australian company;
 - II. Rules on the applicable law: once a court has determined that it is competent on the basis of a jurisdictional rule to try an international case, the second question arises: which law applies in this case? In the example the competent Italian court has to determine which law it applies. Here, an international unwritten standard rule is that the law of the country where an industrial property right is infringed, is applicable. In the first example Italian law would therefore apply; and finally
 - III. Rules on the recognition and enforcement. The last category of private international law rules concerns the recognition and enforcement of foreign judgments. Suppose that the competent Italian court, applying Italian law, honours the claim of the American company. The Australian company is ordered to stop the infringement and to pay compensation to the American plaintiff. The Australian defendant, however, refuses to pay the compensation voluntarily and our American plaintiff wishes to enforce the Italian judgment in Australia, where the defendant has its bank accounts. However, as a general rule foreign judgments are not recognised automatically. Without such recognition, enforcement is not possible. Whether the Italian judgment can be recognised and enforced in Australia, depends on Australian law. The rules on recognition and enforcement of foreign judgments are therefore the tailpiece in the system of private international law.
7. The rules of private international law can be found in national law -both written and unwritten- and in international conventions. A very important international convention on private international law is the 1968 Brussels Convention. This convention sets rules for two categories: the first category of jurisdictional rules and the third category of rules on recognition and enforcement. There are rules for these two categories in

⁴ Please note that AIPPI’s Special Committee Q 164 deals with the specific problems that arise in the field of trademark law and the internet.

private international law. The Brussels Convention links the States of the European Union and was amended a few times. It turned out to be a very successful convention. A copy of the Brussels Convention was created in 1988: the Lugano Convention, which links some European non EU-countries to the Brussels Convention countries.

8. The success of the Brussels Convention was noticed by the rest of the international community. In the course of time, a few attempts have been made to create a similar convention on a global scale. An important international organisation in this respect is the Hague Conference on Private International Law, and this organisation will be shortly described below.

Title 1.3. Background: the Hague Conference on Private International Law

9. The Hague Conference on Private International Law (the “**Hague Conference**”) is an intergovernmental organisation, the purpose of which is -according to Article 1 of its Statute- “to work for the progressive unification of the rules of private international law”. The Hague Conference dates back from 1893. As from 1893 several conferences were convened in The Hague, the Netherlands, in order to try and establish multilateral conventions on private international law subjects. After the Second World War, it was decided that these conferences should obtain a permanent character. An official Statute entered into force in 1955, and the Hague Conference on Private International Law became a permanent intergovernmental organisation, with Plenary Sessions held every four years. Today, 47 states are members of the Hague Conference, including many European countries, the United States, Canada, some Latin American countries, Australia, China, Japan and Korea.⁵
10. The purpose of the Hague Conference is to work for the progressive unification of the rules of private international law. The principal method used to achieve this purpose is the negotiation and drafting of multilateral treaties in different fields of private international law. Subjects vary from the protection of children to the recognition of companies, from conflict of laws on contracts to international rules in respect of product liability. The Hague Conference produced many important international conventions. To call just a few in the field of civil and commercial matters: for example the 1965 Convention on the service abroad of judicial and extrajudicial documents in civil and commercial matters and the 1970 Convention on the taking of evidence abroad in civil and commercial matters.
11. One of the ambitions of the Hague Conference now is to draft a multilateral, global convention on jurisdiction and the recognition and enforcement of foreign judgements. By the end of the eighties, especially the United States felt the need for such a global convention. Perhaps the Americans were inspired by the success of the 1968 Brussels Convention. The Hague Conference was approached to see

whether a convention could be drafted within its organisation. The Hague Conference did a tremendous lot of work and the result of that work so far, the present draft Convention, was adopted on 30 October 1999 by a committee of the international experts (the Special Commission) of the Hague Conference. It is noticed in this respect that the Brussels Convention stood as a model for the present draft Convention.

12. Although a lot of progress was made, a couple of stubborn bottlenecks are still there, including the rule on industrial property in Article 12. The Diplomatic Conference of the Hague Conference, on which the final text of the Convention is to be adopted, shall be convened in two sessions, the first session in June 2001 and the second session in the first half of 2002.
13. Taking into account the above time schedule of Hague Conference, AIPPI intends to consult its Groups via the Questionnaire in Chapter 4 before 31 January 2001, to provide a Position Paper to be adopted during the Melbourne congress on 25-30 March 2001 and to present this AIPPI Position Paper to the Hague Conference before the first session of its Diplomatic Conference in June 2001.

CHAPTER 2 – THE DRAFT CONVENTION OF THE HAGUE CONFERENCE

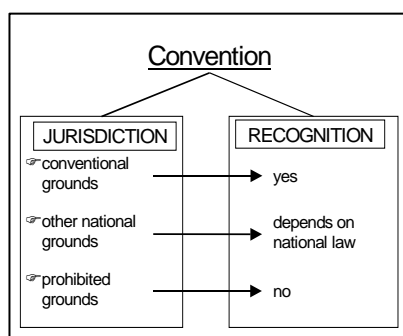
Title 2.1. The draft Convention: structure and main elements

14. After this description of the background of the draft Convention and the Hague Conference, the main elements of the convention will be examined in a bird-eye view.
15. The draft Convention sets rules for jurisdiction and the recognition and enforcement of foreign judgments. So, it sets rules as to which state courts are internationally competent and as to the recognition and enforcement of foreign judgments. The draft Convention does not apply to applicable law.
16. The draft Convention applies to civil and commercial matters, with a few exceptions. Hence, industrial property disputes will fall within the realm of the convention. In **Question 1** the opinion of your Group in this respect is asked.
17. The interaction with other conventions is not yet fully crystallised. It seems, however, that for example in the relations between the European countries, the Brussels and Lugano Conventions shall prevail to this

⁵ A full list of all 47 Member States of the Hague Conference can be found on the website of the Hague Conference at www.hcch.net.

present draft Convention.⁶

18. Roughly spoken, the system of the draft Convention can be summarised in the following schedule. Please note that only the main features are dealt with here. The chapter on jurisdiction makes a distinction between three categories of jurisdictional rules. The first category concerns the “white list” of jurisdiction



grounds in the draft Convention itself, the rules in Articles 3 to 16. The second category is the so-called “grey zone”: jurisdictional rules in national law which are “tolerated” by the convention. This means that the draft Convention has an open end, contrary to the Brussels Convention which has a closed system. The third category is the so called “black list” in Article 18: a number of jurisdiction grounds are prohibited by the draft Convention. This is the main structure of the jurisdictional rules, which structure has its effects as to the structure of the rules on recognition and enforcement, as will be seen below.

19. This brings us to the other part of the draft Convention, the rules on recognition and enforcement, which will be examined only shortly. If the judgment was given by a court that was competent on a Conventional rule -the white list-, another country, party to the convention, is obliged to recognise or enforce the judgment.⁷ If the judgment was given by a court with “grey” jurisdiction, the *status quo* applies, i.e. countries who would presently recognise or enforce that judgments would do so, and countries who would not presently do so would continue to block that particular judgment. And finally, if the court rendering judgment based its international competence on “black” list jurisdiction, the ensuing judgments may not be recognised or enforced. This is, in short, the main structure of the draft Convention.

Title 2.2. Main jurisdictional rules

20. Turning to the main rules of jurisdiction in the draft Convention, the “white” rules are the most relevant for the present subject. The main jurisdictional rule is Article 3: a defendant may be sued in the court of the state where he is habitually resident. The defendant’s court is the basic principle in the jurisdictional system of the draft Convention. By contrast, the plaintiff’s court is stigmatised as a so-called “exorbitant court”, a forbidden ground in Article 18.

⁶ The relationship between the Brussels and Lugano Conventions on the one part and the future Hague Convention on the other part is very unclear at present. In the example of the Italian patent given in paragraph 4 it is assumed that the future Hague Convention applies. However, it could also be argued that the Brussels Convention prevails as we are dealing with an Italian patent.

⁷ Provided that Articles 25, 27 and 28 of the draft Convention are complied with.

21. In addition to the main rule of the defendant's court, several alternative jurisdiction rules exist, which will not further be explained in this memorandum: for example consumer contracts, employment contracts and trusts. In the present context, it is noted that Articles 4 (choice of court), 6 (contracts), and 9 (branches) can be relevant in respect of agreements concerning industrial (and intellectual) property rights, such as license agreements.
22. An important alternative jurisdiction in our context is the rule on torts, as the infringement of an industrial property right can be qualified as a tort. Article 10 says that an action in tort may also be brought before the courts of the country where the tortious act occurred or where the injury arose, unless such was not reasonably foreseeable for the defendant. In short, the court of the country where the tort occurred, is also competent to hear the claim in tort.
23. For provisional and protective measures, Article 13 says that a court having jurisdiction under a "white" jurisdiction ground, is also competent to order a provisional or protective measure.
24. Article 21 concerns the rule of *lis pendens*, i.e. the obligation of the court second seized to suspend proceedings if proceedings between the same parties based on the same causes of action have been installed before a competent court in another Contracting state. However, this rule does not apply if the court second seized has exclusive jurisdiction under, inter alia, Article 12. In addition, according to Article 21(6) the *lis pendens* rule does not apply if the action before the court first seized concerns a claim for non-infringement. This provision is an attempt to take the sting out of the so-called "torpedo's", well known tactics in the world of intellectual property litigation. **Question 2** seeks the opinion of your Group in this respect.

The focus of this memorandum will be further concentrated on the jurisdiction grounds in Article 12.

CHAPTER 3 – SPECIAL JURISDICTIONAL RULES ON INDUSTRIAL PROPERTY

Title 3.1. The exclusive jurisdiction of Article 12

25. Article 12 is about exclusive jurisdiction, which means that these jurisdiction grounds always prevail and that no deviation is possible. The courts mentioned in this Article 12 are always competent, with the exclusion of all other courts. The provisions specifically concerning industrial property rights are set out in Article 12(4), (5) and (6). These paragraphs read as follows:

"(4) In proceedings which have as their object the registration, validity, [or] nullity [, or revocation or infringement,] of patents, trade marks, designs or other similar rights required to

be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or, under the terms of an international convention, is deemed to have taken place, have exclusive jurisdiction. This shall not apply to copyright or any neighbouring rights, even though registration or deposit of such rights is possible.

[(5) In relation to proceedings which have as their object the infringement of patents, the preceding paragraph does not exclude the jurisdiction of any other court under the Convention or under the national law of a Contracting State.]

[(6) The previous paragraphs shall not apply when the matters referred to therein arise as incidental questions.]”

For convenience’s sake, the “courts of the Contracting State in which the deposit or registration has been applied for, has taken place or, under the terms of an international convention, is deemed to have taken place”, mentioned in Article 12(4), will be called the “**court of registration**” in this memorandum. In addition, the issues of registration, validity, and nullity are collectively referred to as “the **validity** issue”.

26. The square brackets around some text passages in Article 12(4) as well as around Articles 12(5) and (6) indicate that these are proposals by Member States of the Hague Convention, which proposals are still open for discussion. It is therefore unclear for the time being whether or which of these proposals will be accepted. Nevertheless, all alternatives set out in the present draft provisions are examined by this Committee and should be commented by the Groups, in order to provide for a full and comprehensive contribution to the ongoing discussions.

Below, Article 12(4) and the alternatives are discussed. Title 3.2 deals with the validity jurisdiction and title 3.3 deals with infringement jurisdiction.

Title 3.2. Validity jurisdiction

27. Which courts have jurisdiction to judge on the validity of an industrial property right? And to which extent? These are the questions which should be dealt with now.
28. In respect of proceedings that are **only** about the validity of an industrial property right, it is beyond debate that the courts of the country where the industrial property right has been registered, should have exclusive jurisdiction.⁸ If someone wishes to start proceedings in order to invoke the invalidity of –for example– a Japanese trade mark, these proceedings must be brought before the Japanese courts. Being

⁸ See the Nygh/Pocar Report, p. 67.

the courts of registration, these courts have exclusive jurisdiction.

29. The crucial point of discussion, however, is whether (and if so, to which extent) it could be accepted that courts in *other* countries judge on the validity of an industrial property right (for example within the framework of infringement proceedings). It is acceptable that a foreign court –dealing with the infringement on the Japanese trade mark– also judges on its validity? In that respect, the following two main possibilities may be distinguished.⁹

(a) *The court of registration has exclusive jurisdiction as to every issue of validity of national industrial property rights (irrespective of whether the validity issue is an incidental question, a defence, a counterclaim, etc.). This is, according to general understanding, the current international standard, which is adopted in Article 16(4) of the Brussels and Lugano Conventions.*

(b) *Courts in other countries, courts which are competent to try other proceedings such as infringement proceedings, may also try the validity of a foreign industrial property right as an incidental question. This is what Articles 12(4) and (6) of the draft Convention intend.*

30. **Ad (a).** The existing international standard says that all validity issues should be judged by the court of registration. This rule is also laid down in Article 16(4) of the Brussels and Lugano Conventions, which read as follows:

The following courts shall have exclusive jurisdiction, regardless of domicile: (...) (4) in proceedings concerned with the registration or validity of patents, trade marks, designs or other similar rights required to be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or is under the terms of an international convention deemed to have taken place.

31. These Articles 16(4) are about “proceedings concerned with”. This is generally understood in the sense that, as soon as the validity issue arises, the court of registration is exclusively competent as to those issues, irrespective of whether the validity issue was raised as a an “incidental question”, as a mere defence or by way of a counterclaim.
32. Let us take the example in paragraph 4 of the Italian patent, owned by an American company and infringed by an Australian competitor. The American company starts infringement proceedings in Australia.

⁹ In order not to complicate things too much, this memorandum deals with these two possibilities. However, other possibilities are conceivable. One might for example distinguish between various grounds for invalidation, as does Article 95(3) of the European Regulation on the Community Trade Mark (EC) No. 40/94). In this respect, see **Question 10**.

This is possible as the defendant has its statutory seat in Australia (Article 3). The Australian courts are therefore competent to deal with the infringement on the Italian patent. However, the Australian courts are not competent to judge on the validity of the Italian patent. This is the exclusive domain of the Italian courts.

33. **Ad (b).** Article 12(4) of the draft Convention, however, opts for a radical change vis-à-vis the current practice. The basic idea of Article 12(4) -confirmed in Article 12(6)- is that validity issues may be tried by other courts than the court of registration. The basic idea is that courts in other countries -courts which are competent to deal with e.g. the infringement¹⁰ or royalty disputes- may also try the validity of a foreign industrial property right if that issue is an incidental issue. Here, indeed, we see a change vis-à-vis the current practice, saying that all validity issues should exclusively be dealt with by the court of registration.
34. Let us again take the example of the Italian patent, outlined in paragraph 4. The American company opts to start infringement proceedings in Australia on the basis of Article 3.¹¹ Subsequently the defendant argues that the Italian patent is invalid. Now, according to the basic idea of Article 12(4) the Australian courts will be competent to judge on the validity of the Italian patent.
35. **Question 3** inquires about the current legal situation in this respect in your country. **Question 4** seeks the opinion of your Group on this fundamental question: should a court which is competent to deal with e.g. infringement proceedings, also have international jurisdiction to try the validity of an industrial property right which is deposited or registered in another country as an incidental issue? Or should the courts of country where the right is deposited or registered *always* have exclusive jurisdiction to try its validity?
36. Where do we find this basic idea of Article 12(4)? The key words are “proceedings which have as their object”. We were given to understand that these words have a different meaning than the words “proceedings concerned with” in Articles 16(4) Brussels and Lugano Conventions. What do the words “proceedings which have as their object” exactly mean? Unfortunately, it is not very clear how Articles 12(4) and 12(6) should be interpreted exactly. Two interpretations have been suggested.
37. It has been suggested that proceedings *which have as their object* the validity of an industrial property right are proceedings in which the validity is the “principal issue” or the “main issue”.¹² However, what is an “incidental question” and what is a “principal question”? This is not defined in the draft Convention. This seems to be a rather vague criterion that will probably be interpreted differently by different courts in different countries.

¹⁰ See Title 3.3. Infringement jurisdiction.

¹¹ The decision to start proceedings in Australia could for example be inspired by the fact that the assets of the Australian defendant are found in Australia. The plaintiff could, however, also start proceedings in Italy on the basis of Article 10.

¹² Cf. the Nygh/Pocar Report, p. 67-68.

38. The following interpretation of Article 12(4) seems more clear and, therefore, more plausible. Proceedings *which have as their object* the validity of an industrial property right are proceedings in which the claim deals with the registration, validity or nullity of the industrial property rights.¹³ The claim formulates the object of the proceedings. If the claim concerns the invalidity, then Article 12 applies and, as a consequence, the court of registration has exclusive jurisdiction.
39. **Question 5** asks which of these two interpretations of Article 12(4) your Group would prefer (apart from the question whether the underlying principle would be acceptable, see Question 4).
40. Let us reflect on the consequences of Article 12(4) and (6). It implies that a foreign court having infringement jurisdiction may also try the defence that the industrial property right is invalid, because these infringement proceedings have as their object the infringement of the industrial property right, and not its invalidity.¹⁴ This object of the proceedings does not change by the defence that the industrial property right is invalid. So, Article 12 does not apply. As a consequence, the -foreign- infringement court may judge upon the defence that the industrial property right is invalid. The same goes of course for all other proceedings in which the validity is raised as a defence, for example proceedings concerning the payment of royalties under a industrial property right license. According to Article 12, a court in country A may examine whether a industrial property right in country B is invalid.
41. Suppose that the infringement court concludes that the industrial property right is indeed invalid. What happens? The industrial property right will not be declared invalid, as this was not claimed.¹⁵ However, the industrial property right is found invalid, and this implicit “decision” has effect between the litigating parties (*inter partes*).¹⁶ This is called “relative invalidity”: it has been decided between the litigating parties that the industrial property right is invalid. For the rest of the world, however, the industrial property right is still valid, as there is no explicit declaration of the court concerning the invalidity of the industrial property right. **Question 6** inquires about the legal situation in this respect in your country.
42. In the above example of the Italian patent, the American company started infringement proceedings in Australia (Article 3). These are infringement proceedings before the Australian court. The Australian defendant raises the defence that the Italian patent is invalid. Now, according to Article 12, the Australian court is competent to judge on the validity of the Italian patent because we are dealing with infringement proceedings (and not with proceedings which have as their object the invalidity of the Italian patent).

The Australian court finds that the Italian patent is indeed invalid. So, it dismisses the infringement claim of

¹³ The French text seems to confirm this interpretation, saying: “Si l'action porte sur l'inscription, la validité ou la nullité ...”.

¹⁴ The interpretation in paragraph 37 brings us probably to the same result: the defence that the industrial property right is invalid will probably be seen as an incidental question.

¹⁵ Theoretically, it is conceivable that a foreign court would honour the defence that the industrial property right is invalid by declaring it invalid erga omnes. Question 3c informs about the legal situation in your country.

¹⁶ In contrast to a *inter partes* decision, an *erga omnes* decision has an absolute effect, i.e. has an effect vis-à-vis everyone.

the American plaintiff. In addition, between our American and Australian parties it has been decided that the Italian patent is invalid. For the rest of the world, the Italian patent is still valid because the Australian court did not declare the patent invalid. Subsequently, this Australian judgment must be recognised in Italy. Here we see that under Article 12, foreign courts will be competent to judge on the validity of industrial property rights registered in other countries.

43. We just discussed the situation that a defendant raises the invalidity as a defence. However, the invalidity issue can also be raised by a defendant who counterclaims for invalidation. We take it that such counterclaim must be qualified as a separate action, so that Article 12 applies. Why? Because the counterclaim has *as its object* the invalidity of the industrial property right.¹⁷ Then, the court of registration is exclusively competent to hear the counterclaim. And if the counterclaim for invalidation is granted by this court, the invalidity of the industrial property right has effect against everybody, not only between the litigating parties. So, it would make a difference how the validity issue was raised. This raises a specific problem. In some countries, invalidity of an industrial property right may only be invoked by the defendant by way of a counterclaim and not as a mere defence. **Question 7** inquires about the legal situation in this respect in your country.

Title 3.3. Infringement jurisdiction

44. As to infringement proceedings the draft Convention refers to the ordinary rules of jurisdiction: the defendant's court, court of the tort, etc. This system may be qualified as the internationally accepted standard rule on jurisdiction in respect of infringement of industrial property rights. In the example in paragraph 5 above, the defendant has its statutory seat in the United States. The US courts are therefore competent to try the infringements in all countries involved (Article 3). In addition, the plaintiff is also entitled to start proceedings in each country where the infringement took place (Article 10), and this is the country where the right has been registered.
45. However, a proposal has been made to extend the exclusive jurisdiction of the court of registration to infringement proceedings: see the words "or revocation or infringement", placed between square brackets in Article 12(4). This proposal would mean that infringement proceedings can *only* be brought before the court of registration. This proposal intends to concentrate all proceedings about industrial property rights into the same court, i.e. the court of registration. This may be qualified a return to the concept of strict territoriality. It is noted that such system would severely hamper or even render impossible a centralisation and concentration of jurisdiction in cross-border infringement cases, which is *inter alia* of particular interest

¹⁷ The interpretation in paragraph 37 causes difficulties. Is this counterclaim an incidental question in the infringement proceedings or is it the principal question in separate proceedings? Cf. Article 15 of the draft Convention: does the counterclaim for invalidation arise from the same occurrence on which the original infringement claim is based? This is not clear.

in the context of trademark infringements via the internet.¹⁸ Referring to the above example in paragraph 5 above: the Swiss plaintiff would then have to start separate infringement proceedings in all countries involved. And in the example of the Italian patent owned by an American company and infringed by an Australian company, only the Italian courts would be competent to deal with the infringement.

46. Article 12(5) is a proposal amending the proposal to create an exclusive court for infringement proceedings mentioned above in paragraph 45. Article 12(5) intends to restrict the scope of that proposal by saying that patent infringement proceedings can be brought before any other court having jurisdiction under the draft Convention or under national law. However, it only would apply to patent infringement proceedings and not to, for example, trademark infringement proceedings. As a consequence, trademark infringement proceedings could only be brought before the court of registration. The reason for this dubious restriction is not clear.
47. **Question 8** inquires about the present jurisdiction rule in your country. **Question 9** asks for the opinion of your Group as to (the various proposals concerning) infringement jurisdiction in the draft Convention.
48. The Groups are invited to supply information on domestic statute, possible draft law, case law and doctrine on the basis of the questions below and to express their views and their wishes about the rules to be adopted in the field of international jurisdiction in respect of industrial property rights.
49. Please note that the Questionnaire also tries to find out whether alternative solutions exist or might be proposed, which might offer a „smooth way out“ of the problems (**Question 10: suggestions**). For example, if a competent infringement court in a country other than the country of registration is confronted with an invalidity defence, it might - possibly upon request by the plaintiff - order that the defendant, within a given time, has to install invalidation proceedings in the country of registration, in which case the proceedings are suspended. If no invalidation proceedings are installed, the court may treat the defence as unfounded, although this would amount, strictly speaking, to an incidental finding on the validity issue. In this way, the danger that the invalidity defence may be misused in order to deprive the plaintiff of the possibility to have the case decided in one lawsuit before a single court could be contravened, while on the other hand, the possibly adverse effects of an incidental ruling on validity could also be avoided.

¹⁸ When this issue was discussed within the framework of the WIPO *Standing Committee on the Law of Trademarks, Industrial Designs, and Geographical Indications*, it has already been expressed on behalf of AIPPI that from the perspective of trademark law, the introduction of exclusive jurisdiction of the court of registration in infringement cases would not be acceptable. In the Questionnaire, the Groups are invited to state their own views in this respect.

CHAPTER 4 - QUESTIONNAIRE Q 153

The Groups are invited to supply information on domestic statute, possible draft law, case law and doctrine on the basis of the following questions and to express their views and their wishes about the rules to be adopted in the field of international jurisdiction in respect of industrial property rights.

I. General questions

Question 1: The scope of the draft Convention

See the explanatory memorandum paragraph 16.

The inclusion of industrial property rights in the draft Convention has been criticized. It is said that industrial property matters are too complicated and too specific to be covered by a convention which comprises all fields of civil and commercial law. On the other hand, it has been said that the facilitation of practically world-wide recognition and enforcement of judgments, which is the aim of the draft Convention, would be in the vital interest of right holders in the age of strongly increasing internationalisation. Which of the arguments is more convincing according to the prevailing opinion in your Group?

Question 2: Lis pendens and anti-torpedo

See the explanatory memorandum paragraph 24.

What is the opinion of your Group about the *lis pendens* rule in Article 21(1) and (6) of the draft Convention, especially in view of “torpedo’s”?

II. Questions on jurisdiction concerning the validity

Question 3: the rules on international jurisdiction in respect of validity

See the explanatory memorandum paragraph 35.

- (a) What is the current legal situation in your country in this respect?
More specifically:
- (b) Has a court in your country jurisdiction to judge -as an incidental question- on the validity, the registration or the nullity of an industrial property right which is deposited or registered in another country?
- (c) If the courts in your country have jurisdiction to judge on the validity of a foreign industrial property right, what is the effect of such incidental decision: *erga omnes* or *inter partes*? (cf. paragraph 41, note 15)

Question 4: your opinion on international jurisdiction in respect of validity

See the explanatory memorandum paragraph 35.

What is the opinion of your Group? Please explain.

- (a) Should courts have international jurisdiction to try -as an incidental question- the validity, the registration or the nullity of industrial property rights deposited or registered in *other* countries? (cf. paragraph 33). If yes, under which conditions and to which extent?
or:
- (b) Should the courts of the country where the right is deposited or registered have always exclusive jurisdiction to try its validity, registration or nullity? (cf. paragraph 30)
or:
- (c) Does your Group propose another solution?

Question 5: the interpretation of Article 12(4)

See the explanatory memorandum paragraphs 37 and 38.

Which interpretation of the words “proceedings which have as their object” in Article 12(4) would your Group prefer?

Question 6: the effect of invalidity

See the explanatory memorandum paragraph 41.

- (a) Is it possible under your national law that an industrial property right is declared invalid between the litigating parties only?
- (b) Is it possible under your national law that an industrial property right is found invalid between the litigating parties only?
- (c) Can a foreign judgment, in which it is *inter partes* decided that an industrial property right registered in your country is invalid, be recognised and enforced in your country (e.g. is it accepted by courts and/or the national industrial property offices)?

Question 7: raising the validity issue

See the explanatory memorandum paragraph 43.

- (a) Can the invalidity of an industrial property right only be invoked by the defendant by way of a counterclaim or also as a defence, in your country?
- (b) How should this rule be qualified: as a rule of substantive patent law or as a rule of procedural law?

III. Questions on jurisdiction concerning the infringement

Question 8: the present rules on infringement jurisdiction

See the explanatory memorandum paragraph 47.

Under your national law, can a court be competent to try the infringement of an industrial property right which is deposited or registered in another country (for example because the infringer-defendant has his habitual residence there)?

Question 9: your opinion on infringement jurisdiction

See the explanatory memorandum paragraph 45 (question 3a) and paragraph 46 (question 3b).

- (a) Should, according to the opinion of your Group, the exclusive jurisdiction of Article 12(4) of the draft Convention also apply to the infringement of industrial property rights?
- (b) If yes, should a distinction be made between patents and other industrial property rights, to the extent that this exclusive jurisdiction does not apply to patent infringements (proposal of Article 12(5))?

IV. Final question

Question 10: suggestions

See the explanatory memorandum paragraph 49.

Please feel free to propose other solutions to the problems at hand. For example, what does your Group think about the suggestion in paragraph 49?

* * *