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Bridging the gap: Private international law principles for intellectual property law

Abstract

This past decade has seen a veritable surge of development of 'soft law' private international instruments for intellectual property. A global network has been formed made up of academics and practitioners who work on the intersection of these domains. This article examines the synthesizing work of the International Law Association's Committee on intellectual property and private international law. Now that its draft Guidelines on jurisdiction, applicable law and enforcement are at an advanced stage, what can be said about consensus and controversy about dealing with transborder intellectual property disputes in the information age? What role can principles play in a world where multilateral rulemaking on intellectual property becomes ever deeply politicized and framed as an issue of trade? Arguably, private international law retains it facilitating role and will continue to attract the attention of intellectual property law specialists as a necessary integral part of regulating transborder information flows.

1. Introduction

The law of intellectual property has some distinguishing characteristics. It is a concept that covers different types of exclusive rights over a variety of subject matter like inventions, creative works, tradenames, plant varieties and industrial designs. Intellectual property laws regulate the production, distribution and use of what are essentially types of *information*. They do so by recognizing the exclusive exploitation and/or the use of rights. Their scope, subject matter, duration, ownership etcetera vary in light of the particular economic and cultural policies pursued. These reflect different public and private interests such as the public interest in the free flow of information, competition and innovation. Traditionally, the intellectual property laws are resolutely territorial. Because information has always travelled across borders easily, for centuries states have sought agreements to protect the creations of their businesses and citizens abroad, as part of trade agreements or in dedicated treaties.

In the international arena, the focus of intellectual property law has long been on the non-discrimination of foreigners, coupled with the establishment of common minimum norms of protection and permissible uses. The most pertinent instruments are described briefly in section 2 on international norm setting. No specific multilateral instrument exists in the field of intellectual property that addresses private international law aspects outright. However, the existing norms and their recognition of territoriality as a key organizational principle deeply influence thinking about what the 'proper' applicable law should be, and to an extent also what the international competence of courts is.[1] However, deducing workable private international law rules from principles of international intellectual property law only takes one so far.[2] They do not yield a coherent set of conflicts and jurisdiction rules, nor do they provide guidance as to how to address the cross-border enforcement of judgments. This is why the various groups that have worked on the development of principles for transborder intellectual property combine tried and tested rules and concepts from private international law – especially in the domain of commercial law – with ones that honour the specificity of intellectual property rights. A shared driver of the different groups that developed soft law is to bridge the gap between private international law and rights that were until recently regarded as resolutely territorial. Soft law is of course a nebulous and contested concept, especially in the more 'positivist' doctrinal tradition of international law. Some have argued that there is (or should be)[3] no such category as soft law. However, for the purposes of this article I shall use the term for the simple reason that the various sets of principles were developed with legal practice in mind, to aid both norm interpretation and creation, and addressed to an audience of courts, practitioners and lawmakers.

The focus in this contribution is on the work of the International Law Association's ('ILA') Committee on Intellectual Property and Private International Law ('IP&PIL'). It has 34 members from around the globe. The chairman is Professor Kono of Kyushu University (Japan); the co-rapporteurs are Professors De Miguel Asensio (Complutense University Madrid) and Metzger (Humboldt University Berlin).

Initiated in late 2010, the Committee's primary brief is to draft guidelines that could be used by courts to resolve questions to which 'hard' law provides no answer. Importantly, the guidelines also aspire to inspire lawmakers at the national and international level. The ILA project targets jurisdiction, the applicable law, and the recognition and enforcement of foreign judgments. The project builds on a set of earlier (trans)national initiatives from the United States ('US'), Europe and South-East Asia. These groups and their members have collaborated with each other in some form or another. The ILA Committee draws heavily upon these sources, in respect of the work that the groups have produced but also for its membership.

Before we turn to the ILA Committee's accomplishments so far, it helps to sketch the context in which the work takes place. So first comes a short introduction on how norm setting in the international intellectual property arena takes place, and what the preoccupations of the relevant fora are. Then there follows a reminder of how in the context of negotiations in the Hague Conference, intellectual property turned out to be a critical

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1 That neither the act of state doctrine, the principle of comity, nor a territoriality principle mandate that the jurisdiction of the courts is limited to disputes concerning domestic intellectual property rights is convincingly argued by B. Ubertazzi, *Exclusive Jurisdiction in Intellectual Property*, Tübingen: Mohr Siebeck 2012.

2 There is by now rich literature on this topic, see e.g. M.M.M. van Eechoud, *Choice of Law in Copyright and Related Rights: Alternatives to the Lex Protectionis* (diss. Amsterdam), The Hague: Kluwer Law International 2003; S.J. Schaafsma, *Intellectuele eigendom in het conflictenrecht: de verborgen conflictregel in het beginsel van nationale behandeling* (diss. Leiden), Deventer: Kluwer 2009.

3 See for extensive discussion: J. Pauwelyn, R.A. Wessel and J. Wouters, *Informal International Lawmaking*, Oxford: Oxford University Press 2012; J. d'Aspremont, 'Softness in International Law: A Self-Serving Quest for New Legal Materials', *European Journal of International Law* (19) 2008, p. 1075-1093; and J. Klabbers, 'The Redundancy of Soft Law', *Nordic Journal of International Law* (65) 1996, p. 167-182.

(and in some respects crippling) issue. The difficulties that the original Hague Judgments project ran into gave a major impetus to soft law initiatives.

2. International norm setting in intellectual property

Norm making in international intellectual property law takes place in different fora. Since the late 19th century, the major venue has been the World Intellectual Property Organization ('WIPO'). It is the successor of the United International Bureaux for the Protection of Intellectual Property of 1893. In 1974, it became a specialized agency of the United Nations. The WIPO currently manages 26 treaties, the oldest from 1883, and the latest from 2015. Negotiations over revisions of existing treaties and the conclusion of new ones continue to this day.

The 'format' of these instruments follows the traditional approach of ensuring substantive minimum rights that must be guaranteed to nationals of contracting states,[4] coupled with an obligation of non-discrimination and limited possibilities to withhold certain protection on the basis of reciprocity rules.[5] This is the system of the two 'mother' treaties of the international intellectual property system, the Paris Convention for the Protection of Industrial Property (1883) and the Berne Convention for the Protection of Literary and Artistic Works (1886).

In addition[6] the WIPO hosts 'one-stop shop' mechanisms for the international registration of a variety of industrial property rights such as patents (the Patent Cooperation Treaty's PCT system), trademarks (the 'Madrid system') and design (the 'Hague system'). Briefly, these systems enable businesses to acquire intellectual property titles for multiple states at once, e.g. patents for a certain invention, design rights for the appearance of a product. This results in what is commonly called a 'bundle' of territorially restricted national rights (or regional rights where these exist, such as a European Union ('EU') trademark or Community design rights).[7]

Registration is not a constitutive requirement for copyright or related rights like those for performers (musicians, actors, etc.). These rights arise by law, from the moment of creation or first fixation. The Berne Convention and later conventions actually specifically prohibit contracting states from imposing formalities like registration as a condition for the acquisition of copyrights and related rights.[8] However, like industrial property rights, copyright and related rights are also regarded as territorial in scope, that is, a right is only effective in the territory of the state under whose laws it arose. A great deal can be said about exactly what we mean by 'territorial' intellectual property rights, but such a discussion goes beyond the scope of this contribution.[9]

Although of great importance, the WIPO treaties are not the only source of intellectual property law. The growing number of bilateral and multilateral trade agreements, sometimes specifically aimed at intellectual property, but more often broader in scope, complicate the landscape.[10] Arguably, the Agreement on Trade Related Aspects of Intellectual Property Rights ('TRIPS', 1994)[11] remains the bedrock. It was concluded as part of the Uruguay round of the General Agreement on Tariffs and Trade ('GATT'), and part of the agreement that established the World Trade Organization ('WTO').[12] TRIPS re-enforces the existing WIPO system because it obliges WTO members to adhere to the norms of major existing treaties. At the same time, the WTO is a competing venue for law making: TRIPS introduced new rights and created specific obligations for states with respect to the enforcement of intellectual property rights. In addition, the WTO's dispute settlement mechanism applies to TRIPS, enabling retaliatory trade sanctions.

The difficulties involved in revising TRIPS to ensure a more effective enforcement of intellectual property have been a driver for countries to start negotiating agreements outside the WTO. A prime example is the controversial and from the EU perspective failed[13] Anti-Counterfeiting Trade Agreement ('ACTA') of 2011. Once it comes into force – it is uncertain if it ever will – states will be under an obligation to provide for, *inter alia*, the effective civil enforcement of intellectual property rights. The Comprehensive Economic and Trade Agreement ('CETA'), agreed in early 2016 between Canada and the EU, contains a number of provisions aimed at the civil enforcement of intellectual property rights, e.g. on standing to sue and the availability of injunctive relief against interme-

4 The Berne Convention constitutes a union, so contracting states are called 'Union members'. The same is true for the Paris Convention.

5 To what extent the national treatment principle or other provisions prescribe a conflict rule is the subject of debate. See e.g. arguing *against*: Van Eechoud 2003 (*supra* note 2); D. Moura Vicente, *La propriété intellectuelle en droit international privé*, Leiden: Brill 2009, p. 271-272; P.H. Neuhaus, 'Freiheit und Gleichheit im internationalen Immaterialgüterrecht', *RabelsZ* (40) 1976, p. 191, at p 193; H. Schack, *Urheber- und Urhebervertragsrecht*, Tübingen: Mohr Siebeck 2010, para. 1015; K. Siehr, 'Das urheberrechtliche Folgerecht inländischer Künstler nach Versteigerung ihrer Werke im Ausland', *IPRax* 1992, p. 29, at p 31. *For*, Schaafsma 2009 (*supra* note 2); M. von Welser, in: A.-A. Wandtke and W. Bullinger, *Praxiskommentar zum Urheberrecht*, Munich: Beck 2009, §§ 120 et seq. UrhG para. 10.

6 The WIPO is also active in other fields such as dispute resolution and mediation. See for an overview http://www.wipo.int/about-wipo/en/ (visited August 2016).

7 Regulation (EU) 2015/2424 of the European Parliament and of the Council of 16 December 2015 amending Council Regulation (EC) No. 207/2009 on the Community trade mark, *OJ* 2015, L 341/21; Council Regulation (EC) No. 6/2002 of 12 December 2001 on Community designs, *OJ* 2002, L 003/1.

8 S. van Gompel, *Formalities in Copyright Law: An Analysis of their History, Rationales and Possible Future*, Boston/The Hague: Kluwer Law International 2011.

9 See the article by D. Moura Vicente elsewhere in this issue; and from a conflicts perspective: R. Fentiman, 'Choice of Law and Intellectual Property', in: J. Drexl and A. Kur, *Intellectual Property and Private International Law: Heading for the Future* (IIC studies vol. 24), Oxford: Hart Publishing 2005, p. 129-150 (arguing that because intellectual property rights are territorially limited in a restrictive sense, that is, are grounded in self-limiting national laws that are not intended to be applied to acts or events abroad, the only possible applicable law for infringement is the *lex protectionis*; any other solution would undermine the conflicts process). See also C. Otero García-Castrillón, '*Choice of Law in IP: Rounding off Territoriality*', in: P. Torremans (ed.), *Research Handbook on Cross-border Enforcement of Intellectual Property*, Cheltenham: Edward Elgar 2014, p. 421-468.

10 See G.B. Dinwoodie and R. Dreyfuss, *A Neofederalist Vision of TRIPS*, Oxford: Oxford University Press 2012, esp. Chapter 6 'The WTO, WIPO, ACTA, and More: Fragmentation and Integration'; e.g. H. Grosse Ruse-Khan, 'Protecting Intellectual Property Under BITs, FTAs, and TRIPS: Conflicting Regimes or Mutual Coherence', in: K. Miles and C. Brown (eds.), *Evolution in Investment Treaty Law and Arbitration*, Cambridge: Cambridge University Press 2011.

11 Trade-Related Aspects of Intellectual Property Rights, Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization (Marrakesh, Morocco 15 April 1994).

12 For its history, see D. Gervais, *The TRIPS Agreement: Drafting History and Analysis*, London: Sweet & Maxwell 2008.

13 The European Parliament voted against ACTA in 2012. The agreement will not enter into force for the EU, but might still enter into force once it has the required 6 ratifications. See https://ustr.gov/acta for the final text (visited August 2016).

diaries (for infringing uses by their customers).[14] The highly controversial Transatlantic Trade and Investment Partnership ('TTIP') would likely have similar provisions. It appears, however, that the negotiations between the EU and US may be running into a dead end, following prolonged public protests against both the process and substance of the envisaged agreement.[15] Meanwhile, also in parallel to negotiations in the WTO, major players are negotiating an ambitious Trade in Services Agreement ('TISA') which would also cover intellectual property rights intensive industries such as telecommunications, broadcasting and publishing. It is unclear whether and how TISA would affect cross-border intellectual property.[16]

In the maelstrom of trade negotiations then, the civil cross-border enforcement of intellectual property rights is a recurring topic, but the focus on public law and substantive private law norms means that, unsurprisingly, private international law aspects remain off the table.

What all these intended and existing agreements share is that none of them have structurally engaged with private international law aspects of intellectual property.[17] The WIPO would seem the most likely forum to do so. It has hosted a number of conferences on the topic and commissioned studies, and it produced the WIPO Recommendation on the Protection of Trademarks, and Other Industrial Property Rights in Signs, on the Internet.[18] However, its current and previous agenda does not testify to any hard norm-setting ambition in the field. An alternative forum is the Hague Conference on Private International Law ('HCCH'), the inter-governmental organization that develops multilateral instruments.

3. The Hague Conference on Private International Law

Of the 30 odd conventions concluded within the ambit of the Hague Conference, none deals directly with intellectual property. The only explicit reference to intellectual property that one will find is in the Hague Convention of 30 June 2005 on Choice of Court Agreements.[19] This is the much scaled-down instrument that came out of the so-called Judgments project. The initial aim was to produce a much broader mixed convention on jurisdiction and the enforcement of civil and commercial matters. Intellectual property was one of the issues that proved to be a breaking point in the talks on a broader convention. Once the decision was taken to limit the convention to exclusive choice of court agreements in business-to-business relations, how to deal with agreements that involved disputes over intellectual property remained an intensely debated issue.[20] The origins of the Judgments project and the scope of the intellectual property clauses in the 2005 Convention are well described in the Explanatory Memorandum and academic literature,[21] so here I will limit myself to a summary of the key aspects.

According to the preamble, the aim of the Choice of Court Convention 2005 is to provide certainty and ensure the effectiveness of exclusive choice of court agreements between parties to commercial transactions. Briefly, the Convention distinguishes copyright and related rights from other intellectual property rights, and has broad exclusions with respect to the latter category. What rights are included in the other 'intellectual property' category is not specified,[22] presumably it covers rights for which registration or deposit is a constitutive prerequisite, notably patents, registered trademarks and designs, plant variety rights and other rights commonly classified as 'industrial property' (cf. Article 1(3) Paris Convention for the Protection of Industrial Property). Of note, the category of 'copyright and related rights' is not a generally agreed one either.

Article 2(2) sub o excludes most industrial property matters from the scope of the Convention.[23] Only choice of court agreements in the context of infringement proceedings brought for breaches of contract are covered. That is to say, choice of forum agreements concluded by parties as a step to resolve 'plain' disputes over infringement or validity disputes are outside of its scope. If, however, such a dispute arises in the context of the performance of an agreement that addresses intellectual property rights, e.g. intellectual property licensing in a franchise agreement, a transfer of rights, or research & development, the Convention applies. The Convention does cover all choice of court agreements in matters of copyright and related rights. The agreement may be a clause in a licence agreement, a production contract or the like. However, the choice of court may also be agreed outside of (pre-existing) contractual relations, such as following a dispute over infringement, or over 'proprietary' aspects such as the existence (validity), duration or ownership of a copyright or related right. For all other intellectual property rights validity is an excluded matter (Article 2(2) sub n). Article 10(3) contains specific grounds for the non-recognition and enforcement of judgments based on a preliminary ruling on the validity of industrial property.

The Hague Conference continues its Judgments project with work on an instrument on the recognition and enforcement of foreign judgments in civil and commercial matters. Judgments in intellectual property disputes would be covered.

14 Proposal for a Council Decision on the Conclusion of the Comprehensive Economic and Trade Agreement between Canada of the One Part, and the European Union and Its Member States, of the Other Part, COM(2016) 443 final.

15 'TTIP Has Officially Failed, according to One of the Key Officials Negotiating It', *The Independent*, 28 August 2016, http://www.independent.co.uk/news/world/europe/ttip-trade-deal-agreement-failed-brexit-latest-news-eu-us-germany-vice-chancellor-a7213876.html; G. Viscusi and R. Rothman, 'French Minister Says EU-U.S. Trade Talks Dead as TTIP Wobbles', Bloomberg.com, 30 August 2016, http://www.bloomberg.com/news/articles/2016-08-30/french-minister-says-eu-u-s-trade-talks-dead-as-ttip-wobbles (visited August 2016).

16 The reports of the EC on progress are very terse, see the latest 'Report of the 19th TiSA negotiation round 8-18 July 2016', at http://trade.ec.europa.eu/doclib/docs/2016/july/tradoc_154824.pdf (visited August 2016).

17 E.g., the latest texts released on the EU-US TTIP negotiations do not contain any reference to private international law for intellectual property. See http://trade.ec.europa.eu/doclib/html/153673.htm (visited August 2016).

18 The Recommendation suggests an interpretation of trademark law that curbs the effects of territoriality, that is, not each use of a trademark on the internet would constitute a legally relevant use, triggering rights in all states where a website can be accessed. For a discussion see: Ch. Wichard, 'The Joint Recommendation Concerning Protection of Marks, and Other Industrial Property Rights in Signs, on the Internet', in: Drexl/Kur 2005, p. 257 (*supra* note 9).

19 Entry into force on 1 October 2015.

20 For an early critique see R.C. Dreyfuss, 'An Alert to the Intellectual Property Bar: The Hague Judgments Convention', *University of Illinois Law Review* 2001, p. 421; A. Kur, 'International Hague Convention on Jurisdiction and Foreign Judgments: A Way Forward for IP?', *European Intellectual Property Review* 2001, p. 175.

21 T. Hartley and M. Dogauchi, *Explanatory Report on the 2005 Hague Choice of Court Agreements Convention* (offprint of the Proceedings of the Twentieth Conference, Tome III, Choice of Court Agreement), The Hague: HCCH 2013. See also A. Schulz, 'The Hague Convention of 30 June 2005 on Choice of Court Agreements', *Yearbook of Private International Law* (7) 2005, p. 1-16.

22 The Explanatory Report does not shed light on the term either.

23 The Convention of 25 November 1965 on the Choice of Court (which never came into effect) does not exclude disputes over intellectual property from its scope.

The draft text contains special provisions on the recognition of judgments that reflect the territorial nature of intellectual property. For registered rights, recognition is possible when the originating judgment on infringement has been given by a court in the state in which the deposit or registration of the right concerned has taken place; for copyright or related rights the judgment on the existence or infringement must have been given by a court of the state under whose law the right arose. These grounds are alternative bases for recognition, e.g. recognition is also possible on the basis that the judgment is rendered by a court of the state of habitual residence of the party against whom recognition or enforcement is sought. With respect to the validity and registration of industrial property, the text contains an exclusive ground: such judgments can only be recognized and enforced when delivered by a court of the country of registration.[24]

Overall, taking a long-term perspective, one could say that the Hague Conference's engagement with the field of intellectual property has deepened even if, as yet, it has produced no rules. In the later stages of the Judgments project and up until this day, the HCCH secretariat has kept in contact with the various academic initiatives that have started. As will be clear by now, these initiatives have the potential to fill important gaps in consensus building, as especially with regard to the applicable law and jurisdiction global norms seem to be quite a distant ideal.

4. The International Law Association as the producer of soft law

As is set out above, the private international law of intellectual property is somewhat of a foster child in the international law-making arena. Surprisingly perhaps, private international law is also a wall flower on the agenda of international associations that purport to help shape the development of global intellectual property law.

4.1 The silence of international intellectual property associations

Multilateral intellectual property conventions have a long history, and the institution of international learned societies in the field cannot be viewed in isolation from them. One such global organization is ALAI,[25] the international copyright association founded in 1878 by the famous French author Victor Hugo. Historically its agenda has been closely linked to that of the WIPO and its predecessors. ALAI was in fact instrumental for the creation of the Berne Convention, and makes intensive use of its accredited observer status at the WIPO and other fora. It also takes part in public debates on international copyright and related rights through the publication of opinions and reports. It is not however in the habit of elaborating principles, model laws or similar texts.

Another influential group is the International Association for the Protection of Intellectual Property ('AIPPI') of 1897. It is a forum for debate on issues across the intellectual property field, with over 60 national chapters, and a prodigious source of Resolutions (over 700 so the AIPPI website informs us). Both associations house a broad mix of specialists from practice, policy-making and academia, just like the ILA, and have been long-standing accredited observers at the WIPO. Further specialized academic groups include the Association of Teachers and Researchers in Intellectual Property ('ATRIP', also with WIPO observer status) and the recently formed European Copyright Society ('ECS', which, as its name suggests, focusses on developments in European copyright and related rights law). Yet the agendas of all these fora also show that private international law aspects of intellectual property largely[26] 'fall between the cracks' so to speak, as seems to happen in the international law-making institutions. Here, too, the likely culprits are the dominance of territoriality and national treatment as guiding principles in intellectual property systems, coupled with a focus on harmonizing substantive norms.

4.2 Inspiring initiatives 2001-2010

As was said above, the ILA Committee builds upon the work of a variety of initiatives – which for ease of reference I label 'source initiatives' – that produced principles in the space of a decade or so. For Professors Dreyfuss and Ginsburg, the original Hague draft was the inspiration for the design of a draft convention specifically for transnational intellectual property.[27] The American Law Institute ('ALI') embraced the initiative, which resulted in the Intellectual Property Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes ('ALI Principles'). The Institute formally adopted these in 2007.[28] In general, ALI Principles are primarily addressed to lawmakers, administrations and practising lawyers. The ALI Principles on intellectual property also target courts because there is little established law in this field.[29]

Meanwhile across the Atlantic, the Max Planck Institutes of Hamburg (Foreign and Private International Law) and Munich (Innovation and Competition Law)[30] joined forces in the European Max Planck Group for Conflict of Law Principles for Intellectual Property ('CLIP').[31] It commenced its work in 2004, presented draft principles in 2009 and then the final version in 2011.[32] For the CLIP group, it mattered to stay close to

24 HCCH, 'Report of the Fifth Meeting of the Working Group on the Judgments Project (26-31 October 2015) and the Proposed Draft Text Resulting from the Meeting', Prel. Doc. 7A, available at http://www.hcch.net (visited August 2016).

25 *Association pour le proprieté littéraire et artistique*, see http://alai.org (visited August 2016).

26 AIPPI international has devoted a number of so-called 'Study Questions' to the topic over the years, e.g. on jurisdiction and applicable law in the case of cross-border infringement (infringing acts) of intellectual property rights (Q174 for the 2003 AIPPI Executive Committee meeting), and on the draft Hague Convention on jurisdiction and the recognition and enforcement of foreign judgments in civil and commercial matter (Q153, for the 38th World Intellectual Property Congress). See <aippi.org> for a full overview. It was beyond the scope of this article to investigate the activities of national groups, but it is fair to assume that it is a topic of some discussion, e.g. AIPPI France and partners organized the conference 'Droit international privé et propriété intellectuelle: un nouveau cadre pour de nouvelles stratégies' (Lyon 2009).

27 R.C. Dreyfuss and J.C. Ginsburg, 'Draft Convention on Jurisdiction and Recognition of Judgments in Intellectual Property Matters', *Chicago-Kent Law Review* (77) 2001-2002, p. 1065-1154.

28 R. Dreyfuss, J. Ginsburg and F. Dessemontet (Rapporteurs), *Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes* (2003-2007), Philadelphia: The American Law Institute 2008.

29 For a discussion of the function of ALI Principles of laws, see J. Ginsburg, 'Jurisdiction and Recognition of Judgments under the ALI Principles', in: S. Bariatti (ed.), *Litigating Intellectual Property Rights Disputes Cross-Border: EU Regulations, ALI Principles, CLIP Project*, Padova: CEDAM 2010, p. 3-14 at p. 4.

30 Previously: Intellectual Property and Competition Law.

31 For an introduction to the CLIP Principles, see M. van Eechoud and A. Kur. 'Internationaal privaatrecht in intellectuele eigendomszaken: de "CLIP" Principles'. *NIPR* 2012, p. 185-192.

32 European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP), *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary*, Oxford: Oxford University Press 2013.

existing EU instruments wherever feasible. One reason was, of course, that it is efficient to take inspiration from tried and tested instruments, rather than attempting to reinvent the wheel. A second reason was the expectation that it increased the likelihood that the principles might have an actual impact. A number of different Advocates General refer to CLIP in their Opinions to the Court of Justice of the EU, so already this influence is visible.[33]

Across the Pacific, various groups and projects from Japan and Korea had also set to work.[34] Some proposals were drafted by Japanese and Korean academics in the context of the (re)codification and reform of Japanese[35] and Korean[36] private international law; these were directed primarily at domestic lawmakers. Other initiatives aimed more at South-East Asia and the broader international community. The so-called Transparency Principles, named after the larger 'Transparency of Japanese Law Project', and the Joint Korean-Japanese Principles were the two major South-East Asian sources for the ILA Committee.[37]

4.3 Enter the ILA

The problem of intellectual property and private international law is thus taken up, not by the specialized intellectual property fora, but by the ILA (established in 1873 and thus a contemporary of ALAI and AIPPI). One would be forgiven from assuming that since the ILA has such a wealth of issues to deal with, it makes perfect sense for the ILA to have generally left matters of intellectual property law to its specialized fellow international associations. That seems to have been the case, although the ILA did not completely ignore intellectual property before this. From the overview of ILA conference records it appears that copyright and trademark featured on the agenda of conferences on a few occasions.[38] The first time was in 1912, when the ILA passed a resolution on private international that also addressed copyright. Not a coincidence perhaps, as the conference was chaired by M.E. Clunet. He was an influential voice in the debate on international copyright and wrote a volume on the Berne Convention.

4.4 Method of the ILA Committee

In November 2010 the ILA formed its Intellectual Property and Private International Law Committee. It first met in full composition in the spring of 2012. In light of the fact that a lot of work had already been done in regional and national academic fora, and that it was not yet clear just how much common ground the various principles and proposals had, the Committee kept an open mind as to what the end result of its work would be: a resolution, recommendations, a model law or even a draft text for a treaty. In preparation a comparative analysis was made of the existing sets of principles.[39] This in turn built on previous academic work, but also on the reports prepared for the 2010 congress of the International Academy of Comparative Law ('IACL'), where the private international law of intellectual property was in the programme and Kono served as general reporter.

What the Committee found there was sufficient common ground. It decided to draft concise guidelines on jurisdiction, applicable law and enforcement, to be annexed to a resolution tabled at a future biennial ILA conference. The Committee will also produce a (modest) commentary to facilitate an interpretation of the guidelines.

To streamline the work, three subcommittees were formed on jurisdiction, applicable law and enforcement. The common ground was set out in a draft framework. The outcomes of the subcommittees progressively feed into the draft. Discussion based on the comparative findings had also allowed the group to identify controversial or complex issues, e.g. on initial ownership, contracts and multistate infringements. In addition, a number of new topics were tabled, such as intermediary liability, goods in transit and the question of whether the guidelines should aspire to be used in arbitration. The group prioritized controversial and new issues, and then allocated these to subcommittees. In their ongoing work, all subcommittees report to the main committee; and where necessary engage in another round of drafting (where necessary in tandem with other subcommittees to ensure the coherence of outcomes). There are regular face to face meetings of the chair, co-rapporteurs and members; they serve to discuss interim results, arrive at agreed positions and map out the way forward. To date, three progress reports have been submitted to the wider ILA community at the biennial conferences of 2012, 2014 and 2016. The Committee officers also engage interested organizations and specialists from practice, academia, governments and international organizations like the Hague Conference. Early in 2015 for example, the WIPO and the ILA group convened a joint seminar in Geneva.

5. Key aspects of the draft ILA Guidelines

This section describes the principal provisions in the draft guidelines,[40] which are divided into the familiar triad of jurisdiction, applicable law and recognition. The scope of the

33 Work of the CLIP group is referenced in e.g.: Opinion Case C-441/13, 11 September 2014, ECLI:EU:C:2014:2212 (*Pez Hejduk/ EnergieAgentur.NRW*); Opinion Case C-170/12, 13 June 2013, ECLI:EU:C:2013:400 (*Pinckney/Mediatech*); Opinion Case C-616/10, 29 March 2012, ECLI:EU:C:2012:19 (*Solvay/Honeywell*); Opinion Case C-523/10, 16 February 2012, ECLI:EU:C:2012:90 (*Wintersteiger/Products 4U*); Opinion Case C-145/10, 12 April 2011, ECLI:EU:C:2011:239 (*Painer/Standard*).

34 For an overview of the various initiatives see T. Kono, 'Cross-Border Enforcement of Intellectual Property: Japanse Law and Practice', in: P. Torremans, *Research Handbook on Cross-border Enforcement of Intellectual Property*, Cheltenham: Edward Elgar 2014, p. 108-139.

35 On the reform process in Japan and the influence of European private international law see, M. Dogauchi, 'Historical Development of Japanese Private International Law' and H. Wanami, 'Background and Outline of the Modernization of Japanese Private International Law', in: J. Basedow et al. (eds.), *Japanese and European Private International Law in Comparative Perspective*, Tübingen: Mohr Siebeck 2008.

36 E.g. the Korean Private International Law Association ('KOPILA') Principles.

37 E. Kim, 'Studies on the Principles of Private International Law on Intellectual Property Rights – A Japanese-Korean Joint Proposal from an East Asian Point of View', *Japanese Y.B. Int'l L.* (58) 2015, p. 400.

38 'History of the International Law Association', 76 *Int. L. Ass. Rep. Conf.* 2014, p. 60-71. Resolutions on private international law including copyright (1912), on trademarks (1938, 1952, 1960) and on parallel imports and intellectual property rights (2000). Other work implicates intellectual property law as well, e.g. the 2008 Resolution on WTO and access to medicines for all and the 2010 Recommendations on international law and biotechnology (patents).

39 These have been described in a special issue of *JIPITEC* 2012 no. 3 (OA at http://www.jipitec.eu/issues/jipitec-3-3-2012); See also J. Basedow, T. Kono and A. Metzger (eds.), *Intellectual Property in the Global Arena: Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US*, Tübingen: Mohr Siebeck 2010; Bariatti 2010 (*supra* note 29).

40 For the most recent 2016 version as presented at the ILA 2016 conference in Johannesburg, see the Committee reports at http://www.ila-hq.org/en/committees/index.cfm (visited August 2016).

guidelines and definitions make up the general provisions. The preamble, still to be drafted, will set out the objectives of the guidelines and some interpretative statements.
A number of drafting choices plainly appear from the text as it currently stands. First, as a rule all provisions apply equally to the various intellectual property rights. Only where particular characteristics of an intellectual property right or special problems call for a tailored solution do the guidelines provide a rule specifically for one type of right. Second, the guidelines adopt well-established concepts and rules of private international law wherever possible, e.g. on renvoi and the prohibition on reviewing foreign judgments on the merits. The Committee proposes specific rules only when general principles or rules are not suitable to govern cross-border aspects of intellectual property. Third and finally, the guidelines do not give elaborate definitions of terms, such as 'habitual residence'. All these choices follow from the aim to build on common ground to the fullest extent possible and to keep the guidelines simple.

5.1 Jurisdiction and enforcement guidelines

Although not all issues have been resolved completely, the Committee has so far found that it was possible to 'deduce' common ground based on the source projects and the work done for the 2010 International Academy of Comparative Law ('IACL') conference. Drafts of the Hague Conference Judgments projects were an important source too, perhaps most with regard to enforcement.
With respect to jurisdiction the draft guidelines set out the defendant's place of habitual residence as the basic forum. Just to remove any doubt, the guidelines make explicit that such jurisdiction is territorially unlimited. The document also enumerates alternative fora for specific issues: contracts, infringements, multiple defendants (consolidation), and title/ownership. With respect to infringements it is noteworthy that the main connecting factor is the place 'where the alleged infringer has acted to initiate or further the alleged infringement'. The courts of those places have territorially unlimited jurisdiction with respect to damage resulting from the acts. The courts of the place where damage arises are also competent, but are territorially restricted. A major limitation to the jurisdiction of the forum *damni* is that the damage within the territory must be substantial. Similar restrictions, although in different forms, also feature in the source projects. The reason for this is that particularly in an age of global communications, the use of a protected work nearly automatically implicates a vast array of jurisdictions. The limitation on '*Erfolgsort*' jurisdiction serves to curb forum-shopping opportunities and to ensure there is a close connection between the forum and the infringement. Of note, the Committee is still elaborating what must be understood by 'substantial damages' and how further limitation might be achieved especially by excluding jurisdiction in cases where damage is (objectively) unforeseen.
In addition to these alternative fora, the guidelines recognize a number of other fora that are common in both laws and the source principles: for example, jurisdiction can be assumed based on a choice of court agreement (presumed to be exclusive) or on the appearance of a defendant who does not contest jurisdiction (implicit choice of court). A court with jurisdiction on one of the grounds recognized in the guidelines is also competent to hear counterclaims. Provisional and protective measures may be ordered by the court with jurisdiction on the merits and by courts in whose territory the measures are meant to have effect.
More peculiar to intellectual property disputes are the provisions on exclusive jurisdiction, on declaratory actions and on the scope of injunctions. With respect to validity, registration, grant and revocation issues, the court of the state of registration has exclusive jurisdiction. The guidelines contain an important exception to this rule, however. In some way or another all source projects recognized that there must be some possibility for courts competent on other grounds, e.g. such as the defendant's forum or the forum of the place of infringement, to consider validity issues.[41] To have these fora would be of little practical relevance if, for example, raising a defence of the invalidity of an intellectual property right would obstruct their ability to decide the case. Therefore, as long as registration, validity and the like are not the main object of the proceedings, but arise incidentally, courts other than that of the state of registration can decide on these matters. The decision only has *inter partes* effect.
Actions for a declaration of non-infringement or for a declaration of the validity/existence of an intellectual property right are not uncommon. The provision on declaratory actions is included to stress that with respect to these actions, a 'mirror' jurisdiction exists: jurisdiction may be assumed on the same ground as a corresponding action for substantive relief. In order to make sure that the territorial reach of intellectual property rights is not overstretched, a specific guideline clarifies the territorial scope of injunctions.
The guidelines also contain provisions on *lis pendens* and related actions. Having learned from the disruptive effects of so-called 'torpedoes' in patent litigation (where an alleged infringer races the patent owner to a court without jurisdiction, seeking e.g. a declaration of non-infringement or of the invalidity of a patent), the *lis pendens* guideline allows some exceptions to the rule that any court seised later must stay and eventually terminate proceedings. There is no such obligation for the court later seised if it has exclusive jurisdiction, or if the claimant (in the second proceedings) can show that a judgment from the court first seised is not eligible for recognition. The *lis pendens* guideline does not apply in proceedings for provisional or protective measures.
The enforcement guidelines are contained in four provisions. The first provision sets out what the guidelines consider to be a judgment and how the requested court may deal with requests for the recognition of judgments that are not yet final in the state of the rendering court. The guidelines stipulate that provisional and protective measures given *ex parte* are not eligible for recognition. The second provision is about the effect of foreign judgments. It expresses the 'mirror principle': to the extent possible the effect given to the foreign judgment should be the same (but if this is not possible, never greater) as that which would be given in the state of the rendering court. The third and fourth provisions will list various grounds for partial recognition and enforcement and for non-enforcement, e.g. in case of manifest incompatibility with public policy or fundamental principles of procedural fairness. The fourth provision specifies that the recognition of an award for non-compensatory damages, such as punitive damages in infringement cases, may be refused for concerning an amount that surpasses the sum that could be awarded by the courts in the requested states.

5.2 Applicable law

In academic literature and the source initiatives, a distinction is usually made between 'proprietary' aspects of intellectual property rights, infringements (non-contractual liability for

41 See B. Ubertazzi, 'Infringement and Exclusive Jurisdiction in Intellectual Property: A Comparison for the International Law Association,' *JIPITEC* 2012 no. 3, p. 227-262 (OA at http://www.jipitec.eu/issues/jipitec-3-3-2012/3519).

uses that require authorization by, or compensation of, the right holder) and contractual aspects. The proprietary aspects might be further dissected into issues dealing with the existence or validity of a right, the allocation of (initial) ownership, transferability and duration. These distinctions are visible in the choice of law provisions in the guidelines, too.

Proprietary aspects are typically governed by the law of the country for which protection is sought; the *lex protectionis* reflects the territorial nature of intellectual property rights. The general rule of the applicable law section expresses this. A separate rule addresses initial ownership. A separate set of rules governs contractual relationships that deal with intellectual property. The section on infringement (likewise) presents the *lex protectionis* as the basic rule, but also provides for a correction in case of multi-state infringements. Especially when protected subject-matter is used on the internet, e.g. a sign that is subject to trademark rights, an image subject to copyright, this can produce infringements in a large number of states simultaneously. The guidelines aim to curb excesses associated with upholding the *lex protectionis* in globalized communications. If infringement in multiple states is pleaded, the guidelines suggest that it may be appropriate to apply a single or limited number of laws, namely of the state(s) with an especially close connection to the infringement. The guidelines also suggest a number of factors to take into account: common habitual residence, the intensity of the activities that gave rise to the infringement and the extent of the harm in particular states in relation to the overall infringement. Parties should be able to claim a 'carve out': if a party has acted in accordance with a particular law that would under the main rule (also) apply, the court should take this into account when fashioning the remedies. In addition, the guidelines recognize limited party autonomy in case of infringement. Parties are not free to choose the applicable law with respect to the question of whether an act constitutes an infringement, but they can choose a single law to govern the remedies.

In contractual relationships party autonomy is the basic principle. However, it is still subject to debate to what extent creators and performers especially should be protected against an unfavourable choice of law. Arguably, creators are often in a weaker position against publishers or (other) parties that either commission the production of work, or seek to acquire (exploitation) rights. In practice, then, a choice of applicable law might be imposed on the creator. Debate continues on whether creators and performers should have protection akin to that which employees enjoy under the Rome I Regulation.[42] For employees whose efforts give rise to an intellectual property right, the guidelines provide that no choice of contract can deprive them of the protective rules of the law of the country where they habitually work.

As regards limits to party autonomy, the source principles do not provide a clear preferred solution. The Japanese Transparency Principles and the Joint Japanese-Korean Principles are silent on the matter, and the CLIP and ALI Principles use different strategies to 'curb' potential adverse effects of the choice of applicable law in situations of power imbalance. The issue is closely related to another hot potato: the law which is applicable to initial ownership. The ALI Principles subject the initial ownership of non-registered rights to a single law: that of the creator's habitual residence.[43] For copyright, the Japanese-Korean Principles focus on the place where the work was created, and look to habitual residence as a secondary connecting factor. Both initiatives allow a measure of party autonomy in cases where multiple creators contribute to a work, a feature which is quite common for contemporary creative practices. The other initiatives follow a *lex protectionis*-oriented approach. Whether the ILA Guidelines would contain a similar provision depends on the outcome of the discussion on the main rule for initial ownership. With respect to the applicable law then, the two issues that the Committee will resolve before the next biennial conference concern contracts and ownership. Unsurprisingly, the Committee quickly agreed on the inclusion of a number of guidelines that reflect common general doctrines, e.g. the exclusion of renvoi, escape clauses for public policy and priority rules, and the favor principle for the validity of contracts.

5.3 An enduring role for soft law principles?

Looking ahead, it will be another two years before the ILA adopts the guidelines for private international law and intellectual property (presuming that the conference will do so, of course). Looking back, we see that work on principles for this field has intensified during the past 15 years or so. One could say that the gestation period is long. But then again, it follows 150 years of near complete dominance of strict territoriality. In the past that led many courts to refuse to even hear cases involving claims under foreign copyright. In Europe, this type of strict territoriality gave way with the Brussels Convention[44] and the subsequent Brussels I Regulation 44/2001[45] (and Brussels I *bis* – 1215/2012).[46] In the Rome II Regulation the territoriality of intellectual property rights reigns supreme: it recognizes the *lex protectionis* as the only conflict rule for an infringement of intellectual property rights. The Court of Justice of the EU also regularly emphasizes the territorial character of (national) intellectual property rights. In the EU, the harmonization of intellectual property rights has been a work in progress since the late 1980s in the fields of *inter alia* trademark law, copyright and related rights, database protection and design rights. To achieve full harmonization of all intellectual property law is not an explicit aim on the EU agenda. However, arguably the effect of nearly three decades of harmonization (and unification) has already diminished the practical importance of choice of law rules for cross-border issues, at least where disputes are limited to the territories of the EU member states. The importance of jurisdiction and enforcement rules remains, of course.

If it has taken the EU so long to arrive at harmonized substantive norms for intellectual property, the prospect of such norms growing much closer at the global level seems remote. Think only of the protracted processes at the WIPO and the intense controversy that surrounds multilateral trade negotia-

42 Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008 on the law applicable to contractual obligations (Rome I), *OJ* 2008, L 177/6.

43 ALI § 313 provides a cascade of alternative rules in case there is more than one creator; § 312 deals with initial ownership in unregistered trademarks and trade-dress rights.

44 Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, Brussels, 27 September 1968, *OJ* 1998, C 27/1 ('Brussels Convention', consolidated version).

45 Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, *OJ* 2001, L 012/1.

46 Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast), *OJ* 2012, L 351/1 ('Brussels I *bis* Regulation'). The ECJ's interpretation of Art. 24(4) Brussels I *bis* Regulation on exclusive jurisdiction in case of matters of the validity of registered intellectual property rights, and of Art. 8 (an alternative forum in case of multiple defendants) severely limit the possibility for the cross-border enforcement of e.g. patents, but this will change with the Unified Patent Court; see the contribution by Kant elsewhere in this issue.

tions. It can safely be said, therefore, that differences in national laws are likely to remain for a considerable time to come. For copyright and related rights such differences lie in e.g. moral rights, the allocation of initial ownership, transferability, and the nature of collective management. For industrial property rights and unfair competition the scope of protection varies significantly in some respects, as does the allocation of ownership and the way rights arise (e.g. with respect to trademarks).[47]

Why else would local differences persist? We arrive here at an intrinsic driver of territoriality. What it means precisely for intellectual property rights to be 'territorial', and why this is so, are not questions with straightforward answers. There are legal-dogmatic, practical and policy justifications (see the contribution by Moura Vicente elsewhere in this issue). But undoubtedly an enduring justification lies in the fact that states have a strong interest in regulating information policy,[48] for which intellectual property law is an important tool. Indeed, the protracted and sometimes abandoned negotiations on (new) common standards in global institutions like the WIPO and WTO testify to the conflicting interests of notably Western states and countries in the global south; in the end these are about what information policies each considers good for their own societies, in economic and cultural terms. Territoriality is here to stay because in essence it is, as Moura Vicente puts it elsewhere, 'a debate about values: in the end it turns on delineating immaterial goods that must be in the public domain from those that may be the object of monopolies of use and exploitation by private parties'.[49]

There are currently no indications that the global fora most eligible to take up the development of the private international law of intellectual property rights have the inclination to do so in the short or even medium term: not the WIPO, not the WTO, not the Hague Conference. In such an environment, the ILA Guidelines and similar soft law instruments could serve as inspiration for future global efforts. More likely in the short to mid-term is that courts that have to adjudicate transnational conflicts over intellectual property consult them when no clear legal rules are at hand. The guidelines may also be of use to (national) lawmakers that seek to develop explicit private international law for intellectual property matters. How much room there is varies per country of course. Notably in the EU jurisdiction, enforcement and the applicable law for infringements and intellectual property contracts are already regulated so that not much impact can be expected on those domains. But the situation will be different in other countries or regions. For a start, the ILA Committee will need not just to continue, but to broaden its engagement with practitioners, courts and policymakers across the globe. To get the guidelines not just 'out there' for anyone, but 'in there' in the minds of relevant professionals.

47 Cf. D. Moura Vicente, 'La propriété intellectuelle en droit international privé', *Recueil des Cours* (335) 2009.

48 Van Eechoud 2003 (*supra* note 2).

49 Moura Vicente 2009, p. 461 (*supra* note 47).