

# INTERNATIONAL LAW ASSOCIATION

## SYDNEY CONFERENCE (2018)

### INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW

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#### **Fourth Committee Report (2018)**

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## I. GENERAL REMARKS

This is the Fourth Activity Report of the ILA Committee on “Intellectual Property and Private International Law” prepared for the 2018 ILA Congress.<sup>1</sup> Since its creation in 2010, this ILA Committee has been working intensively to examine the current state of affairs related to the protection of IP in the transnational sphere. Acting in accordance with its mandate, the members of the Committee gathered on at least nine occasions. In addition, a number of seminars, workshops and meetings have been organized by sub-committee members and project officers. The Committee’s activities, conducted within the eight years of its existence, can be divided into four main stages: (i) preparing comparative studies of pre-existing projects and starting discussions in sub-committees about the future drafting of ILA Guidelines<sup>2</sup> (2010-2012); (ii) drafting of first proposals for the ILA Guidelines, mainly on non-controversial issues related to jurisdiction, choice of law, and, recognition and enforcement (2013-2014); (iii) finalizing the draft guidelines on non-controversial issues as well as seeking the Committee’s approval for continuing the discussions on “controversial issues” (e.g., ubiquitous infringements, law governing initial ownership and IP-related contracts, arbitrability, coordination and cooperation, etc., (2015-2016)); (iv) concluding its work by finalizing the Guidelines on remaining controversial issues and preparing a publication with commentaries and a map of directions that the development of the legal framework for transnational exploitation of IP rights should head towards.

This Fourth Activity Report attempts to provide an overview of the work accomplished by the Committee since the last ILA Congress, which took place in 2016 in Johannesburg. Section II, in particular, provides a short overview of the structure and main elements of the draft Guidelines on Intellectual Property in Private International Law. Section III summarizes the Committee’s activities, inter alia, two meetings held in 2017 and 2018. Finally, Section IV briefly addresses the current state of the debates within the Committee, with regard to the finalizing of the Guidelines and publication, that have to be crystallized and approved by the whole Committee, in order to be presented to the world in Kyoto in 2020.

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<sup>1</sup> The First, Second and Third Committee Reports are available at the Committee’s website at: [www.ila-hq.org/en/committees/index.cfm/cid/1037](http://www.ila-hq.org/en/committees/index.cfm/cid/1037).

<sup>2</sup> Some of these comparative studies are published in the Journal of Intellectual Property, Information Technology and Electronic Commerce Law (JIPITEC) Vol. 3, No. 3 (2012), available at: [jipitec.eu/issues/jipitec-3-3-2012](http://jipitec.eu/issues/jipitec-3-3-2012).

### III. ACTIVITIES REPORT

#### II.1 Outreach Activities of the Committee

##### II.1.1 ILA Committee Meeting in Munich (June 2017)

On June 1-2, 2017 a Committee meeting took place at the Max Planck Institute for Innovation and Competition in Munich. During those two days, several closed working sessions were held during which, Committee members were able to discuss pertinent matters concerning the drafting of the ILA Guidelines and the finalizing of the works of the Committee. The closed sessions discussed the outline of the Guidelines and its main underlying objectives. The structure, as well as the main solutions, were discussed by the members of the Committee. In particular, some of the remaining controversial issues (namely, law governing initial ownership, arbitrability of IP disputes, the scope *ratione materiae* and in particular, traditional knowledge, as well as some drafting-related issues) were discussed.

After the meeting, the Committee could finalize several the guidelines on the controversial issues. With regard to initial ownership. The shared understanding among the members of the ILA Committee is that the territorial approach to questions such as initial ownership has two main drawbacks: first, applying the *lex protectionis* rule increases uncertainty about ownership, adds transaction costs and reduces the value of IP assets. Second, territorial approaches potentially add an undue burden on weaker parties (e.g., employees) in exploiting IP rights. In order to overcome such shortcomings and contribute to greater certainty in the global IP marketplace, the Committee adopted the approach where initial law would be determined by way of applying a single choice of law rule. Moreover, in situations where the parties are engaged in pre-existing relationships (e.g., based on employment or production contract) the law governing such relationships might be also applicable to the issue of initial ownership. The Committee also allows party autonomy to a certain extent. With regard to registered IP rights, the Committee adopted the *lex loci protectionis* rule to determine entitlement and ownership of registered IP rights. However, in the case of a non-registered approach, the law of closest connection to the creation (e.g., habitual residence of the creator) might be applied to determine initial ownership. In situations where multiple authors are involved, some possibility of exercising party autonomy may be allowed. The Committee has always worked to resolve such complex matters as displayed by the interfacing between choice of law rules for ownership and transferability, ensuring that these two legal issues are subject, as much as possible, to the same governing law.

With regard to the scope of the Guidelines, the Committee crystallized the notion of “IP rights” and specified what other areas of law should fall within the scope of the Guidelines. The scope of the Guidelines has to be carefully framed in order to make sure that important aspects of transnational IP litigation are not left out of reach of the Guidelines. After a careful consideration of matters dealt with by unfair competition rules as well as regimes regulating traditional knowledge, geographical indications etc, and provisions covering unitary IP rights and consumer protection, the Committee decided not to include Guidelines on these matters but to deal with them in the commentaries and in the publication.

Finally, during the meeting the discussion was followed by a presentation by Ms Ning Zhao, a Senior Legal Officer at the Hague Conference on Private International Law (“HCPIL” or “HCCH”). Ms Ning Zhao introduced the status of the so-called Hague Judgments Project – the

objective of which was to develop an international instrument for the facilitation of the recognition and enforcement of judgments. Ms Ning Zhao noted that the draft of the HCPIL only contained provisions on recognition and enforcement; and was not clear whether any provisions on jurisdiction would be added. Ms Ning Zhao also drew attention to the fact that the HCPIL draft reflected the peculiarities of IP-related cases and that future cooperation with the ILA Committee should be greatly facilitated.

### **II.1.2 Officer's Meetings and open-ended officers' meetings in Munich (March 2018)**

The ILA Committee officers met several times in 2017-2018. These meetings were for creating and adapting strategies, to streamline the activities of the Committee as a whole, and to coordinate the work between the sub-committees. Officers also decided the future steps necessary to further develop the drafting work of the ILA Guidelines, to prepare for the forthcoming Committee meetings and for the closing of the works of the Committee.

On March 16-17, 2018, an open-ended officers' meeting took place at the Max Planck Institute for Innovation and Competition in Munich. During those two days, several closed working sessions were held during which, Committee members were able to discuss pertinent matters concerning the drafting of the ILA Guidelines and the finalizing of the works of the Committee. The closed sessions discussed the outline of the Guidelines and its main underlying objectives. The structure, as well as the main solutions, were discussed by the members of the Committee. In particular, some of the remaining controversial issues (namely, law governing initial ownership, arbitrability of IP disputes, collective management organisations, the scope *ratione materiae* and in particular, IP rights as collaterals, as well as some drafting-related issues) were discussed. Also, the future of the ILA Committee's agenda was addressed. Finally, the activities related to the conclusion of the works of the Committee were addressed. In particular, Committee members highlighted the need to finalize the Guidelines on each of the above mentioned remaining controversial issues, and to prepare a publication with commentaries and a map of directions in which the development of the legal framework for the transnational exploitation of IP rights should head towards.

After the meeting, the Committee could finalize several guidelines on the controversial issues. With regard to initial ownership. The approach already followed during the Committee meeting in June 2017 was confirmed.

With regard to arbitrability of IP-related disputes, one of the initial questions for the ILA Committee was whether the Guidelines should contain a special section on arbitration at all. Given the existing differences among national legal systems, the proposed guidelines should be in line with the prevalent international arbitration practice. Since many Committee members agree that there has been a notable degree of liberalization in domestic laws, thereby allowing more IP-related disputes to be resolved by means of arbitration, a guideline is now included with regard to the settlement of IP disputes in arbitration proceedings. This guideline establishes that in assessing the arbitrability of disputes concerning IP rights, courts and arbitral tribunals shall take into consideration the law of arbitration, to the extent that the rights in dispute have a close connection with it, and that of the State of protection, particularly insofar as the award has to be recognized and enforced in that State.

With regard to the scope of the Guidelines, the Committee after a deep analysis of the issues falling under the law governing securities in IP, decided not to include Guidelines on these matters but to deal with them in the commentaries and in the publication.

### II.1.3 Future Relationship with Other International Organisations

Cooperation with WIPO is very desirable. After the Joint Seminar of the Committee with WIPO in January 2015, WIPO has planned several recent and future activities in the areas of private international law and IP. It is true that at WIPO originally there was no debate concerning transnational aspects of IP. However, this was due to the nature and mandate of WIPO, which is related to substantive rather than conflict of laws. Yet, subsequently, WIPO has often been providing legal assistance to national judiciaries to create a more efficient transnational IP enforcement framework. Therefore, a joint HCCH/WIPO Document entitled *When Private International Law Meets Intellectual Property Law - A Guide for Judges* was prepared in 2017, and received comments by the European Union and its member States in 2018. The Committee was asked to comment as well this Guide for judges on an early draft and its comments were well reflected in the final version of the document. In summary, WIPO is already taking some active steps to highlight the interface between IP and private international law and is seeking to provide more assistance to national judges in this regard. Therefore, WIPO needs partners with strong private international law expertise, which already lead to a close cooperation between WIPO and the ILA Committee and may lead to their even closer cooperation in the near future. In addition, the cooperation between the ILA Committee and the HCPIL is necessary. This is clearly acknowledged by the members of both organizations. Since the establishment of the ILA Committee, the cooperation between the two organizations has been close: representatives of the HCPIL participated in ILA Committee meetings in Amsterdam (2014), and Munich (2015), while representatives of the ILA Committee were invited to the Council of General Affairs and Policy of the HCPIL meeting in 2013 as well as the Special Commission on the Judgment Project in 2016. On February 2017, then, the Committee submitted an opinion to the Hague Conference on Private International Law commenting on the Draft Convention of 2016. According to the Committee:

- (i) Art.5 (1)(k) of the Draft Convention states “the judgment ruled on an infringement” of a “patent, trademark, design, [plant breeder’s right] or other similar right required to be [deposited or] registered” is eligible for recognition and enforcement, if it was given “by a court in the State in which the [deposit or] registration of the right concerned has taken place, or is deemed to have taken place under the terms of an international or regional instrument”.

Yet, the Committee noted that according to this language, a judgment rendered by the courts of the place from which the infringement activities caused the infringement of above-listed rights in several States would not be recognised under the Draft Convention.

However, jurisdiction provisions such as Article 7.2 of Regulation (EU) 1215/2012 that refer to the courts of the ‘place where the harmful event occurred or may occur’ are considered to grant jurisdiction to the courts of the place of the event giving rise to the damage (as opposed to the the place where the damage occurred) to award damages for all of the harm caused (not limited to the forum). The Committee highlighted that these provisions would be significant in terms of IP infringement as well.

(1) In fact, the place where the alleged infringer acted will coincide in many cases with the habitual residence of the alleged infringer. However, in some situations a distinction may be established between the defendant’s habitual residence and the place of substantial infringing acts. For example, that may be the case where an infringement is caused by a single person who is temporarily "working" in a country

where he/she does not reside. Such a division between defendant's habitual residence and the place of substantial infringing acts may occur also due to various circumstances, such as international outsourcing of services or cross-border commuting. When the alleged infringer's habitual residence is in a so-called IP haven, the restriction of jurisdiction of the infringement court may turn out to be a serious hurdle for the enforcement of IP.

(2) Restricting the infringement court's jurisdiction to the harm caused in the forum state is a principle repeatedly emphasized by the CJEU since Case C-68/93 Shevill and others vs Presse Alliance [1995]. However, the court in Shevill (and afterwards) did not restrict the court's jurisdiction in the state where the event giving rise to the damage occurred.

(3) The recent scholarly discussions almost unanimously acknowledge the possibility to give jurisdiction to the courts of the state where the alleged infringer has substantially acted, see § 204(1) ALI-Principles and Art. 2:203(2)(a) CLIP-Principles. Also the Guidelines of the ILA Committee on IP and PIL in their current draft have taken up this approach in Guideline 5(a).

Hence, the Committee emphasised its view that a restrictive approach implied in Art. 5 (1) (k) of the Draft Convention would be detrimental for the enforcement of IP rights.

- (ii) Art.5 (1)(l) of the Draft Convention states that “the judgment ruled on the validity, [ownership, subsistence] or infringement of copyright or related rights [or other intellectual property rights not required to be [deposited or] registered] and the right arose under the law of the State of origin” is eligible for recognition and enforcement.

Yet, according to the Committee it is not clear what the language “the right arose under the law of the State of origin” means. If it concerns jurisdiction or applicable law or something else is not clear.

The Committee noted that if this language means that a judgment can be recognized and enforced, only when the rendering court applied the law of the State of origin, this provision fails to see the link between infringement of copyright and tort. In addition, this provision seem to cope with issues on ownership and those on infringement in the same manner, but these issues have different natures.

Furthermore, the concern raised previously with respect to the restrictive approach of Art. 5 (1) (k) is also applicable to Art.5 (1)(l) of the Draft Convention to the extent that it does not envisage in the area of copyright the possibility to recognize a judgment rendered by the courts of the place where the infringement activities originate concerning the infringement of copyright in several States. This issue is of particular significance with respect to the infringement of IP rights in the Internet context.

Thus, the Committee emphasized that it seems worth considering if current policy of the Draft Convention is appropriate in order to deal with copyright infringement in digital environment.

## **II.2 Remaining Issues and Future Work of the Committee**

The ILA Committee will have to finalize the Guidelines and write their relevant commentaries. Also, the Committee will have to continue working with partner international organizations in order to cooperate further towards a better transnational enforcement of IP rights. Finally, in the remaining period of its mandate, the Committee aspires to prepare a more comprehensive

publication, which could potentially involve a brief explanatory report about the underlying considerations behind the Guidelines and also offer some recommendations about the work that could be done in the future. This publication could be translated into the various languages corresponding to the States of origin of the members of the Committee, and could be written by them in conjunction with some of the major experts in the field, who are not members of the Committee, but during its mandate worked on a close basis with it.

### **III. DRAFT GUIDELINES:**

## **“INTELLECTUAL PROPERTY IN PRIVATE INTERNATIONAL LAW”**

[as of May 22, 2018]

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## **II. DRAFT GUIDELINES:**

### **PREAMBLE**

*[to be drafted]*

### **GENERAL PROVISIONS**

1. Scope of the Guidelines
  - (1) These Guidelines apply to civil and commercial matters involving intellectual property rights which are connected to more than one country.
  - (2) These Guidelines may be applied mutatis mutandis to claims based on unfair competition, if the matter arises from the same set of facts as relating allegations involving intellectual property rights, and on the protection of undisclosed information.

## 2. Definitions

- (1) “Intellectual property right” means copyright and related rights, patent, utility model, plant breeder’s right, industrial design, layout-design (topography) of integrated circuits, trademark, geographical indication and similar rights.
- (2) “Judgment” means any judgment rendered by a court or tribunal of any State, irrespective of the name given by that State to the proceedings that gave rise to the judgment or the name given to the judgment itself, such as decree, order, decision, or writ of execution. “Judgment” also includes court approved settlements, provisional and protective measures, and the determination of costs or expenses by an officer of the court.

## JURISDICTION

### Basic Forum

## 3. Defendant’s Forum

Unless otherwise provided for in these Guidelines, the defendant should be subject to jurisdiction to the courts of the State in which he or she is habitually resident. The courts' jurisdiction shall be territorially unlimited.

### Alternative Fora

## 4. Contracts

In disputes concerning intellectual property license or transfer contracts, a person may be sued in the courts of the State for which the license is granted or the right is transferred; the courts' jurisdiction shall be territorially limited to the State in which the court is situated.

## 5. Infringements

In case of an alleged infringement a person may be sued:

- (a) In the courts of the States where the alleged infringer has acted to initiate or further the alleged infringement; the courts' jurisdiction shall be territorially unlimited with regard to any damages caused by those acts; or
- (b) In the courts of the States where the infringement may have caused direct substantial damages unless it could not be anticipated that the infringement would cause those damages; the courts' jurisdiction shall be territorially limited to the State in which the court is situated.

## 6. Remuneration for the Use of Works or Subject-Matter of Related Rights

Concerning disputes on the remuneration for the legal use of copyrighted works or the subject-matter of related rights, a person may be sued in the courts of the State where the act takes place that gives rise to the obligation to pay; the court's jurisdiction shall be territorially limited to the State in which the court is situated.

## 7. Consolidation

[Consolidation of parties] A plaintiff bringing an action against a defendant in a court of the State in which the defendant is habitually resident in accordance with Guideline 3 may proceed in that court against other defendants not habitually resident in that State if –

- (a) The dispute involves the same or substantially related intellectual property rights granted for one or more States, and
- (b) The claims against the defendant habitually resident in that State and the other defendants are so closely connected that they should be adjudicated together to avoid a serious risk of inconsistent judgments, and
- (c) As to each defendant not habitually resident in that State, there should be a substantial connection between the intellectual property rights at issue and the dispute involving that defendant.

## 8. Title and Ownership

The court of the State where the intellectual property right exists or for which application is pending shall have jurisdiction over matters of title to and ownership of that right.

### Other Fora

## 9. Choice of Court

The parties to a particular relationship may designate in an agreement a court to have jurisdiction over any dispute that has arisen or may arise in connection with that relationship. The chosen court shall have jurisdiction to decide all contractual and non-contractual obligations and all other claims arising from that legal relationship unless the parties express their intent to restrict the court's jurisdiction. Such jurisdiction shall be exclusive unless the parties have agreed otherwise.

## 10. Submission and Appearance

A court shall have jurisdiction if the defendant appears and does not contest jurisdiction in the first defense.

## 11. Validity Claims and Related Disputes

- (1) In proceedings which have as their main object the grant, registration, validity, abandonment, or revocation of a registered intellectual property right the court of the State of registration shall have exclusive jurisdiction.

- (2) Any other court having jurisdiction may decide on these matters when they arise in proceedings other than those referred to in paragraph 1. However, the resulting decision shall not have any effect on third parties.

## 12. Declaratory Actions

Subject to Guidelines 11 [validity] and 17 [coordination], a court may hear an action for a negative or a positive declaration on the same ground as a corresponding action seeking substantive relief.

## 13. Provisional and Protective Measures

- (1) A court having jurisdiction as to the merits of [of the claim], shall have jurisdiction to order provisional and protective measures.
- (2) Other courts shall have jurisdiction to order provisional and protective measures within their territory.

## 14. Scope of Injunctions

The scope of an injunction is limited both by the extent of the jurisdiction of the court and by the territorial reach of the intellectual property right enforced.

## 15. Counterclaims

A court which has jurisdiction to determine a claim under these Guidelines shall also have jurisdiction to determine a counterclaim arising out of the same set of facts on which the original claim is based.

## 16. Insufficient Grounds for Jurisdiction

Insufficient grounds for exercising jurisdiction include:

- (a) the presence of (any) assets, physical or intellectual property, or a claim of the defendant in a State, except when the dispute is directly related to that asset;
- (b) the nationality of the plaintiff or the defendant;
- (c) the mere presence of the plaintiff or of the defendant in that State;
- (d) the mere conduct of commercial or other activities by the defendant in that State, except when the dispute is related to those activities;
- (e) the service of a writ upon the defendant in that State; or
- (f) the completion in that State of the formalities necessary to execute an agreement.

## Coordination and Cooperation

### 17. Lis pendens

- (1) Where proceedings between the same parties on the same cause of action are brought in the courts of more than one State, any court other than the court first seized shall suspend its proceedings until such time as the jurisdiction of the court first seized is established, and thereafter it shall terminate its proceedings.
- (2) A suspension may be lifted or a terminated proceeding may be restored if the proceeding in the court first seized does not proceed within a reasonable time.
- (3) This guideline does not apply if:
  - (a) the proceeding is within the exclusive jurisdiction of the court subsequently seized;
  - (b) the proceeding is for provisional or protective measures; or
  - (c) it is shown by the party invoking the jurisdiction of the court subsequently seized that a judgment of the court first seized would not be recognized in the State of the court subsequently seized.

### 18. Related Proceedings

Where related proceedings are pending in the courts of more than one State, any of the courts may take any step permitted by its own procedures that will promote the fair and efficient resolution of the related proceedings considered as a whole. The scope of this guideline includes both consolidating proceedings in one court and coordinating the conduct of proceedings in different courts.

## APPLICABLE LAW

### General Rules

### 19. Existence, Scope and Transferability (Lex loci protectionis)

The law applicable to determine the existence, validity, registration, duration, transferability, and scope of an intellectual property right, and all other matters concerning the right as such, is the law of the State for which protection is sought.

### 20. Initial Ownership and Allocation of Rights

- (1) (a) Initial ownership in registered intellectual property rights, unregistered trademarks and unregistered designs is governed by the law of the State for which protection is sought.
- (b) In the framework of a contractual relationship, in particular an employment contract or a research and development contract, the law applicable to the right to claim a registered intellectual property right is determined in accordance with Guidelines 21 to 23.

- 2) (a) Initial ownership in copyright is governed by the law of the State with the closest connection to the creation of the work. This is presumed to be the State in which the person who created the subject-matter was habitually resident at the time of creation. If the protected subject-matter is created by more than one person, they may choose the law of one of the States of their habitual residence as the law governing initial ownership. This paragraph applies mutatis mutandis to related rights.
- (b) If the underlying policy of the law of the State for which protection is sought so requires even in international situations, the allocation of rights which cannot be transferred or waived is governed by the law of that State.

## Contracts

### 21. Freedom of Choice

- (1) Parties may choose the law governing their contractual relationship.
- (2) Such a choice of law shall not, however, have the result of depriving the creator or performer of the protection afforded to him by the provisions that cannot be derogated from by agreement under the law that, in the absence of choice, would have been applicable pursuant to Guideline 22.

### 22. Absence of Choice

- (1) In the absence of choice of law by the parties pursuant Guideline 21, a contract other than an employment contract shall be governed,
  - (a) if the contract deals with intellectual property granted for one State only, by the law of this State, unless it is clear from all the circumstances of the case that the contract is [manifestly] more closely connected with another State. Then the law of that other State shall apply;
  - (b) if the contract deals with intellectual property granted for more than one State, by the law of the State with which the contract is most closely connected; in determining this State, the court shall take into consideration among other possible factors:
    - the common habitual residence of the parties;
    - the habitual residence of the party effecting the performance characteristic of the contract;
    - the habitual residence of one of the parties when this habitual residence is located in one of the States covered by the contract.
- (2) For the purpose of this provision, the habitual residence of a party shall be determined at the time of conclusion of the contract.

### 23. Employment Contracts

- (1) An employer and its employee whose efforts give rise to an intellectual property right may choose the law governing their contractual relationship in accordance with Guideline 21. Such a choice of law shall not, however, have the result of depriving the employee of the protection afforded to him by the provisions that cannot be derogated from by agreement

under the law that, in the absence of choice, would be applicable pursuant to paragraphs 2 and 3.

- (2) In the absence of choice of law by the parties, the contractual relationship between employer and employee shall be governed by the law of the State in which or, failing that, from which the employee habitually carries out his work in performance of the contract.  
The country where the work is habitually carried out shall not be deemed to have changed if the employee is temporarily employed in another country.
- (3) Where it is clear from all the circumstances of the case that the contract is [manifestly] more closely connected with a State other than that indicated in paragraph 2, the law of that other State shall apply.

## 24. Formal Validity

Any contract dealing with intellectual property rights shall be formally valid to the extent that it satisfies the formal requirements:

- (a) of the law of the State which governs the contract pursuant Guidelines 21-23 [Freedom of Choice, Absence of Choice, Employment Contracts], or
- (b) [of the law of the State in which either of the parties or their agents is/are present at the time of the conclusion of the contract], or [of the law of any State with which the contract is connected] or
- (c) of the law of the State in which either of the parties has its habitual residence at the time of the conclusion of the contract.

This provision shall not deprive creators, performers and employees of the protection resulting from Guideline 21 paragraph 2 and Guideline 23, paragraph 1.

## Infringements

### 25. Basic Rule on Infringement

- (1) The law applicable to the infringement of an intellectual property right is the law of each State for which protection is sought.
- (2) The law applicable to the remedies for the infringement may be chosen by the parties.

### 26. Law Applicable to Ubiquitous or Multi-state Infringements

- (1) When the infringement in multiple states is pleaded in connection with the use of ubiquitous or multinational media, it may be appropriate to apply to the infringement as a whole only the law or laws of the State(s) having an especially close connection with the global infringement. Relevant factors to determine the applicable law (or laws) in these situations may be:
  - the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety;
  - the parties' habitual residences or principal places of business;
  - the place where substantial activities in furthering of the infringement have been carried out.
- (2) In situations where paragraph (1) is applied, any party may claim that, with respect to particular States covered by the action, the solution provided by any of those States' laws

differs from that obtained under the law(s) chosen to apply to the case as a whole. The court must take into account such differences when fashioning the remedy.

- (3) Paragraphs (1) and (2) above may apply mutatis mutandis in cases of secondary or indirect infringements of intellectual property rights.

## 27. Collective Rights Management in the Field of Copyright and Related Rights

- (1) The law of the State where a collective rights management organization has its actual seat of administration shall govern
  - (a) the requirements for the specific corporate structure of collective rights management organizations;
  - (b) the rights, conditions and principles concerning the relationship of the rightholder, as well as of another collective rights management organization representing rightholders, vis-à-vis a collective rights management organisation, such as
    - (i) the right and conditions for becoming a member of this organization;
    - (ii) the right and conditions for entrusting rights to this organization;
    - (iii) the rights and conditions for withdrawing the management of rights from this organization;
    - (iv) the requirements regarding the calculation and distribution of the organization's revenue to the rightholders and other collective rights management organizations representing rightholders; and
    - (v) the rights and conditions on access to alternative dispute resolution to be offered by the collective rights management organisation; and
  - (c) in absence of a choice of law by the parties, the contract under which the rightholder entrusts rights to this organization. (applicable to ECLs?)
- (2) The law of the State for which protection is sought shall govern
  - (a) the presumption that a collective rights management organization is empowered to seek protection for certain works or subject-matter of related rights;
  - (b) mandatory collective rights management;
  - (c) the power of an individual collective rights management organization to grant licenses or collect statutory remuneration without prior consent of the rightholder;
  - (d) the issue of whether and under which conditions a collective rights management organization has to license rights to users; and
  - (e) the requirements regarding the calculation of the royalty rates and statutory remuneration.
- (3) The law of the forum shall govern legal standing of a collective right management organization before a court.
- (4) This guideline applies without prejudice to the applicable competition law rules.

### Other provisions

## 28. Public Policy

The application of the law determined under these Guidelines may be refused only to the extent that its effects would be manifestly contrary to the public policy of the forum.



## 29. Overriding Mandatory Provisions

- (1) Nothing in these Guidelines shall restrict the application of the overriding mandatory provisions of the law of the forum.
- (2) When applying under these Guidelines the law of a country, the court may give effect to the overriding mandatory rules of any State with which the dispute has a close connection.

## 30. Renvoi

The application of the law of any State determined under these Guidelines means the application of the rules of law in force in that State other than its rules of private international law.

## 31. Arbitrability

When assessing the arbitrability of disputes concerning intellectual property rights, courts and arbitral tribunals shall take into consideration the law of the arbitration, to the extent that the rights in dispute have a close connection with it, and that of the State of protection, particularly insofar as the award has to be recognized and enforced in that State.

# RECOGNITION AND ENFORCEMENT

## 32. Object of Recognition and/or Enforcement

- (1) A foreign judgment may be recognized and enforced in accordance with this part of the Guidelines.
- (2) If a judgment is still subject to appeal in the State of the rendering court, or if the period for launching ordinary review has not expired in that State, the requested court may stay the recognition and enforcement until the appeal is decided or the period expires, or may make it a condition of the recognition and enforcement that the party seeking it provides security.
- (3) Provisional and protective measures adopted without prior hearing of the adverse party and enforceable without prior service of process to that party shall not be recognized or enforced.

## 33. The Effect of a Foreign Judgment

The effects of a foreign judgment, including its enforceability, in the requested State shall to the extent possible be the same, and under no circumstances greater, than in the State of origin.

## 34. Grounds for Non-Recognition and Non-Enforcement

- (1) A court shall not recognize or enforce a foreign judgment if:
  - (a) such recognition or enforcement would be manifestly incompatible with the public policy of the requested State;

- (b) the proceedings leading to the judgment were manifestly incompatible with fundamental principles of procedural fairness of the requested State;
  - (c) the judgment was rendered by default where
    - i) the defendant to the proceeding was not adequately and timely notified of the proceeding, or
    - ii) the defendant was deprived of an adequate and meaningful opportunity to present its case before the rendering court;
  - (d) the judgment is inconsistent with a prior judgment rendered in the requested State and having preclusive effect;
  - (e) the judgment is irreconcilable with an earlier judgment given in another State between the same parties and having the same cause of action, provided that the earlier judgment fulfils the conditions necessary for its recognition in the requested State.
  - (f) the rendering court exercised jurisdiction in violation of the rules of jurisdiction under these Guidelines.
- (2) In assessing the rendering court's jurisdiction, the recognizing and/or enforcing court is bound by the findings of fact made by the rendering court in the original proceeding.
  - (3) Without prejudice to such review as may be necessary for the application of Guidelines 33 and 34, the requested court shall not review a foreign judgment as to its merits.

### 35. Partial and Limited Recognition and Adaptation

- (1) If the foreign judgment contains elements which are severable, one or more of them may be separately recognised or enforced.
- (2) If a foreign judgment awards non-compensatory, including exemplary or punitive, damages that are not available under the law of the requested state, recognition and enforcement may be refused if, and only to the extent that, the judgment awards damages that do not compensate a party for actual loss or harm suffered and exceed the amount of damages that could have been awarded by the courts of the requested State.
- (3) If a judgment contains a measure which is not known in the law of the requested State, that measure shall, to the extent possible, be adapted to a measure known in the law of the requested State which has equivalent effects attached to it and which pursues similar aims and interest.
- (4) If a foreign judgment includes a decision concerning the validity of a registered intellectual property right and the rendering court is not a court of the State of registration, the decision on the validity shall be effective only between the parties to which the foreign judgment pertains.