

International Jurisdiction in Intellectual Property Disputes

CLIP, ALI Principles and other Legislative Proposals in a Comparative Perspective

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Abstract: The recent controversy between two tech giants, Apple and Samsung, illustrates the practical limitations of multi-state IP litigation: the territorial nature of IP rights virtually means that most of the complex IP disputes have to be adjudicated before the courts of every state for which protection is sought. In order to streamline the adjudication of multi-state disputes, a number of legislative proposals have been prepared (including the ALI Principles, CLIP Principles, Japanese Transparency Proposal, Waseda Proposal and the Korean KOPIA Principles). These proposals contain detailed provisions concerning matters of international jurisdiction, choice of law and recognition and enforcement in IP cases. Moreover, these legislative proposals in one way or another were drafted with

a vision to facilitate cooperation between the courts and thus make the adjudication more efficient. However, the actual practices of national courts remain different; moreover, the approaches adopted in the legislative proposals also vary. This paper provides for a comparative study of the abovementioned legislative proposals insofar as matters concerning the competence of courts to adjudicate cross-border IP disputes is concerned. In particular, this paper touches upon the following matters: personal/in personam jurisdiction, jurisdiction to grant provisional or protective measures, jurisdiction in IP-related contract disputes, choice of court agreements, multiple defendants and coordination of parallel proceedings.

Keywords: Jurisdiction, ALI Principles, CLIP Principles, intellectual property, private international law, Hague Judgments Convention, Transparency Principles, Roche, *Gat v Luk*, *Spider in the web*, in personam jurisdiction, forum non conveniens, *Lucasfilm*

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Recommended citation: Paulius Jurčys, International Jurisdiction in Intellectual Property Disputes: CLIP, ALI Principles and other Legislative Proposals in a Comparative Perspective, 3 (2012) JIPITEC 3, 174.

A. Introductory Remarks

B. General Grounds of Jurisdiction: In Personam Jurisdiction, Defendant's Domicile and Exclusionary Mechanisms

C. Jurisdiction over Contractual Disputes

D. Jurisdiction to Order Provisional and Protective Measures

E. Choice of Court Agreements, Appearance of the Defendant

F. Multiple Defendants

G. Coordination of Proceedings: Lis Pendens and Beyond

H. Concluding Remarks

A. Introductory Remarks

- 1 Competition in creative and technology industries goes beyond mere innovation. In order to gain, protect or enlarge their market shares, firms employ various strategies (e.g. technology protection measures or patent thickets). One of the elements of this competition in the innovative industries is litigation: IP right holders sue alleged infringers seeking injunctions and compensation for damages and, on their behalf, alleged infringers may seek declarations for non-liability. In an era when business models have transformed to the global arena, the territorial nature of IP rights creates significant hurdles for the efficient exercise of such rights. The recent controversy between two tech giants, Apple and Samsung, clearly illustrates the problem: a number of separate suits were brought before courts of different states (US, Australia, Japan, Korea and several European countries).
- 2 This paper deals with the latter aspect of the transnational enforcement of IP rights: namely, enforcement of IP rights before the national courts. A number of problems related to the enforcement of multi-territorial IP rights arise before the courts: Which court should hear the case? What is the scope of a court's competence in adjudicating such multi-territorial IP dispute? If a court's jurisdiction can be asserted, which law should be applied to the dispute? A number of legislative proposals were drafted in various continents with an intention to address these problems related to the transnational enforcement of IP rights. The first set of principles was prepared by the American Law Institute (the so-called ALI Principles);¹ these were subsequently followed by the European CLIP Principles,² the Japanese Transparency³ and the Waseda Proposals as well as the Korean KO-PILA Principles. All of these aim to propose certain solutions for streamlining the adjudication of multi-territorial IP disputes by establishing rules on international jurisdiction, choice of law and the recognition and enforcement of foreign judgments in IP cases.
- 3 This paper was prepared for the International Law Association ('ILA') Committee on 'Intellectual Property and Private International Law' meeting, which took place in Lisbon on 16-17 March 2012. The Committee was created in November 2010 and aims to analyse the current state of the legal framework concerning the protection of IP rights in the international sphere. The work of the Committee is based on the recent comparative studies as well as the above-mentioned legislative proposals concerning the confluence of intellectual property and private international law. One of the objectives of the Committee is to conduct a comprehensive study of the existing regulatory proposals and prepare a set of guidelines which could serve as a source of reference for various international as well as national regulatory bodies (e.g. Hague Conference on Private International law, regional or national lawmakers). The goal of the members of the Committee is to find a common approach towards the exercise of international jurisdiction over disputes with a foreign element; accordingly, this paper is one of the studies intended to set the groundwork for future deliberations.
- 4 This paper focuses only on matters related to general aspects of international jurisdiction in IP cases. There are many questions related to the exercise of court jurisdiction: jurisdiction over *in personam*; jurisdiction over the merits; the relationship between *in personam* and jurisdiction over the merits (subject-matter jurisdiction); the court's authority to hear disputes in situations where the defendant is not resident in the forum state; coordination of parallel proceedings; and jurisdiction to order (cross-border) provisional and protective measures. (This paper does not deal with two issues: namely, jurisdiction in IP infringement cases and subject-matter/exclusive jurisdiction which are analysed in the article prepared by B. Ubertazzi in this volume.) In court proceedings, jurisdictional issues have to be determined first; if international jurisdiction is asserted, only then do the issues related to the applicable law come into play. In any case, it should be emphasised that both issues – international jurisdiction and the choice of applicable law – are closely intertwined; or, to put it differently, the applicable law largely depends on which state's court hears the case and on which jurisdictional ground the jurisdiction is exercised.
- 5 It should also be emphasised that current court practice and existing legislative frameworks still remain far behind the solutions proposed in the legislative proposals dealing with cross-border IP matters (the ALI Principles, CLIP Principles, Transparency Principles, or Waseda Principles). At the same time, it is also true that the legislative proposals were drafted with a view to influence legal processes, in particular jurisdictions.
- 6 The solution to various problems related to international jurisdiction depends to a large degree on the following two considerations: first, the general grounds of jurisdiction (*in personam* jurisdiction) as well as doctrines which allow the courts to exercise their discretion in ascertaining jurisdiction (namely, *forum non conveniens* doctrine and its modifications and the 'special circumstances' test); and, secondly, the relationship between general grounds of jurisdiction and other bases of jurisdiction.
- 7 The need to create a legal framework unifying issues related to international jurisdiction has long been recognized. It is argued that many problems which persisted during the negotiations to draft a global Judgments Convention at the Hague Confer-

ence have been clarified, at least to some extent. Hence, the Hague Conference for Private International Law is prepared to reopen the drafting process of the Convention.⁴ It has been argued elsewhere that work done at the Hague Conference provides a solid basis for discussing issues related to international IP jurisdiction matters.⁵

B. General Grounds of Jurisdiction: In Personam Jurisdiction, Defendant's Domicile and Exclusionary Mechanisms

*2001 Hague Draft of the Judgments Convention;*⁶ *Articles 2:101 and 2:2601 CLIP Principles; Section 201 ALI; Articles 103 and 107 Transparency Principles; Articles 201, 202, 211 and 212 Waseda Principles; Articles 2, 8, 9 KOPILA*

- 8 The issue of ascertaining jurisdiction over the dispute is one of the most complex ones. In countries with developed economic systems, the court practice has evolved over decades, if not centuries. Hence, existing jurisdiction rules and practices have to be viewed in the light of domestic cultural, historical, legal and economic contexts. In this regard, some important comparative studies have already been conducted by distinguished scholars.⁷ The discussion in the following section will be more comparative as regards the legislative proposals, and rather more descriptive in depicting the existing legal systems in different states.

I. Differences

1. General Grounds of Jurisdiction: Domicile or Habitual Residence?

a) Natural Persons

- 9 As a starting point, a comparison of the four legislative proposals reveals that the basic connecting factor for determining jurisdiction *in personam* differs. The 2001 Hague Draft, ALI, CLIP and Waseda Principles adopt the 'residence' as a general ground of jurisdiction over the defendant. In addition to the 'habitual residence' (Art. 9), the Korean Principles also require a court to establish a 'substantial connection' between the forum state and the party or the case (Art. 8). However, the Transparency Principles refer to the 'domicile' of the defendant.
- 10 It should be noted that there is another slight difference in the terminology. Namely, some legislative proposals refer to the 'habitual residence' of the defendant (Art. 2:201 CLIP and Art. 201 Waseda), while

the ALI Principles simply refer to the 'residence' of the defendant (Art. 201(1)). Whether the terminological differences could actually lead to different practical outcomes is discussed below.⁸ In this regard it should be noted that the 2001 Hague Draft as well as the Korean Principles contain a special rule that requires establishing the existence of 'substantial connection between the parties or the dispute' and the forum state (Art. 18(1) of the 2001 Hague Draft and Art. 8(1) KOPILA).

b) Legal Persons

- 11 The ALI and the CLIP Principles establish essentially the same definitions of 'habitual residence' of legal persons. The residence of a natural person is considered to be the state in which the person is habitually found or maintains significant professional or personal connections. Besides, the notion of 'residence' of a legal person is further clarified by positing that it is in any state in which (a) it has a statutory seat; (b) it is incorporated or formed; (c) its central administration is located; or (d) it maintains its principal place of business (S 201(3) of the ALI Principles and Arts. 2:601(2) and 2:601(3) of the CLIP Principles). In addition, the CLIP Principles specify that the 'habitual residence of a natural person acting in the course of a business activity shall, for actions related to that activity, also be the principal place of business'. From the literal wording of the provision, it appears that the Waseda and Korean Principles establish a broader definition of 'residence' of a legal person.⁹
- 12 As mentioned above, the Transparency Principles establish 'domicile' as a connecting factor and state that in cases 'where the defendant is a corporation, association, or foundation, the courts of Japan shall also have international jurisdiction when the defendant's principal office is in Japan' (Art. 103(2)).
- #### 2. Branches, Agencies or Business Offices
- 13 There are also differences with regard to jurisdiction over branches, agencies or business offices. Clear jurisdiction rules dealing with this issue are provided in the CLIP Principles (Art. 2:207), the Transparency Principles (Art. 106) and the Waseda Principles (Art. 202). A 'hidden' jurisdiction rule could also be found in the ALI Principles.¹⁰ Even though the terminology of the provisions differs slightly, the legislative proposals essentially adopt a restrictive approach and allow a court to assume territorially limited jurisdiction over branch, agency or other form of business offices, provided, however, that the jurisdiction could be asserted only over claims related to the activities of the branch in the forum state.

3. Court Discretion and Insufficient Grounds for Jurisdiction

- 14 There are two main areas of difference with regard to the court discretion to decline jurisdiction over the dispute. First, some legislative proposals contain special rules enumerating connecting factors which, if taken alone, are considered to be insufficient for a court to assert jurisdiction over the dispute. Secondly, some legislative instruments contain other kinds of discretionary provisions which generally empower the courts to decline jurisdiction. These are two possible approaches of ensuring that courts hear cases that are closely related with the forum state.

a) Insufficient Grounds of Jurisdiction

- 15 Among the legislative proposals, the ALI, Waseda and Korean Principles contain special provisions enumerating grounds that are considered not sufficient for a court to assert jurisdiction (S. 207 ALI, Art. 212 Waseda, and Art. 8(2) KOPILA). Essentially, the insufficient bases of jurisdiction are the same among these three principles.
- 16 On the other hand, such a list of insufficient grounds of jurisdiction is not explicitly provided in the CLIP Principles and the Transparency Principles. However, the mere formal absence of such insufficient grounds does not necessarily mean that the drafters of the CLIP Principles or the Transparency Principles intended to allow the courts to exercise exorbitant jurisdiction. Insofar as the CLIP Principles are concerned, the drafting objectives as well as their background could better explain the approach adopted. Namely, the CLIP Principles aim to substitute and provide for improvements to the existing Brussels/Lugano framework where some explanations with regard to the exorbitant grounds of jurisdiction could be found in the jurisprudence of the CJEU. As for the Transparency Principles, some other provisions – namely ‘exception based on public-interest policy (Art. 109)’ – empower the courts to exercise some degree of discretion in asserting jurisdiction.¹¹

b) Discretion to Decline Jurisdiction

- 17 The 2001 Hague Draft contains a special provision which could be seen as an additional rule empowering the court to decline jurisdiction in certain cases. Article 22 of the 2001 Hague Draft is entitled ‘Exceptional circumstances for declining jurisdiction’ and bears a resemblance to the *forum non conveniens* doctrine as it has been developed by courts of common law countries. More particularly, this rule stipulates that in exceptional circumstances the court may, upon application by a party, suspend its proceedings if it is clearly inappropriate for that court to exercise juris-

dition and if a court of another state has jurisdiction and is clearly more appropriate to resolve the dispute. The court shall take into account the following factors: (a) any inconvenience to the parties in view of their habitual residence; (b) the nature and location of the evidence, documents and witnesses, as well as the procedures for obtaining such evidence; (c) applicable limitation or prescription periods; and (d) the possibility of obtaining recognition and enforcement of any decision on the merits (Art. 22(2)). If the court decides to suspend its proceedings, it shall decline to exercise jurisdiction if the court of the other state exercises jurisdiction, or proceed with the case if the court of the other state decides not to exercise jurisdiction.

- 18 Two Japanese legislative proposals also entrench provisions granting the court discretion to decline jurisdiction over the case. Article 211 of the Waseda Principles refers to the so-called ‘special circumstances’ test, which allows the court to dismiss the whole or part of the action if it finds that there are some special circumstances that would impinge upon the fairness between the parties or obstruct due process or prompt trial. The ‘special circumstances’ doctrine was developed by Japanese (and Korean) courts and also found its place in newly adopted rules on international jurisdiction.
- 19 The drafters of the Transparency Principles were also aware of the significance of this doctrine to the actual practice of Japanese courts. However, the members of the transparency working group were slightly more reserved towards the breadth of the special circumstances test. Therefore, Article 119 of the Transparency Principles adopts a much narrower form of the ‘special circumstances’ and refers to ‘public-interest policy’ which would allow the Japanese courts to decline jurisdiction only in those situations where the trial would be ‘manifestly more appropriate’ in foreign states.

4. Relationship between Personal Jurisdiction and Jurisdiction over the Merits

- 20 Another significant difference concerns the underlying conceptual structure of the legislative proposals. This difference is about the relationship between personal (*in personam*) jurisdiction over the defendant and jurisdiction over the merits of the case (subject-matter jurisdiction). The ALI Principles were drafted in the light of the principles existing under United States law. Therefore, the idea that a court should have both personal and subject-matter jurisdiction persists in the ALI Principles.¹² Other principles (CLIP, Transparency, Waseda, KOPILA) were drafted in the light of different legal background, namely, the positive laws of the countries that do not formally have the requirement to

establish both jurisdiction over the persons *and* subject-matter jurisdiction.

II. Rationale

1. General Grounds of Jurisdiction: Domicile or Habitual Residence?

- 21 It has been shown above that the legislative proposals adopt different connecting factors for the determination of general jurisdiction. It was also noted that only the Transparency Principles use the defendant's domicile as a connecting factor. This difference could be explained by the specific purpose of the Transparency Principles. Namely, the Transparency Principles were drafted with an intention to influence the legislative process of modernizing rules on civil jurisdiction that had been on-going at the Ministry of Justice of Japan. This could partly justify why the connecting factor of the defendant's domicile was adopted as the main connecting factor in the Transparency Principles. However, a closer look to Article 4(2) of the Code of Civil Procedure shows that Japanese law does not always require the establishment of the 'defendant's domicile': if the domicile of the defendant is not known, the defendant's residence could be used as a ground for establishing jurisdiction (Art. 4(2)).
- 22 Nevertheless, the Waseda Principles do not follow the definitions and terminology used in the Japanese Code of Civil Procedure. One of the reasons for this was that the scope of the Waseda Principles was to cover not only Japan but other states in the South-East Asian region as well. Accordingly, the connecting factor of 'residence' was adopted in the Waseda Principles.
- 23 It should also be noted that the definition of habitual residence for legal persons was first provided in the Hague Draft Convention: Article 3(2) states that habitual residence of 'an entity or person other than a natural person' shall be in the state (a) where it has its statutory seat; (b) under whose law it was incorporated or formed; (c) where it has its central administration; or (d) where it has its principal place of business.¹³ This definition was also adopted in the ALI Principles (S 201(3)) and is also essentially the same as the provision of the CLIP Principles (Art. 2:601(2)). By establishing 'habitual residence' as a ground for general jurisdiction, the CLIP Principles depart from the Brussels I Regulation, which refers to the domicile of the defendant. The CLIP notion of 'habitual residence' was drafted in the light of Article 19(1) of the Rome I Regulation and Article 23(2) of the Rome II Regulation.

2. Branches, Agencies or Other Business Offices

- 24 One of the elements of personal jurisdiction is related to actions against branches, agencies or other forms of business establishments in the forum state. However, the existence of a branch (of the defendant) in the forum state is considered a supplementary ground of jurisdiction. This is especially clear in civil law states, where jurisdiction over branches or agencies is often defined as an 'alternative' ground of jurisdiction. This is the main reason why the courts that assert jurisdiction usually are hearing claims only related to the activities of that particular branch or agency.
- 25 It was mentioned above that despite slight terminological differences, all legislative proposals contain special jurisdiction rules for actions concerning the activities over branches and agencies. It should be noted that essentially all legislative proposals follow the same approach: if the location of the branch or agency is the sole ground of jurisdiction, then a court's competence to decide extends only to issues concerning the activities which can be directly attributed to that branch or agency (see Art. 9 of the 2001 Hague Draft;¹⁴ Art. 2:207 CLIP; Art. 106 Transparency; Art. 202 Waseda).

3. Court Discretion and Insufficient Grounds for Jurisdiction

a) Substantial Connection and Insufficient Grounds of Jurisdiction

- 26 The 2001 Hague Draft as well as the KOPILA require the existence of the substantial connection between the parties of the dispute and the forum state (Art. 18(1) of the 2001 Hague Draft and Art. 8(1) KOPILA). In the 2001 Hague Draft this requirement of substantial connection was considered to be one of the legal tools to avoid situations where a court exercises exorbitant jurisdiction. In order to avoid such overly broad adjudicatory authority, the Hague Draft provided for grounds of jurisdiction which are considered to be insufficient for the exercise of international jurisdiction. In other words, insufficient grounds of jurisdiction (such as a plaintiff's nationality or the service of a writ to the defendant in the forum state) were considered not to prove the existence of a substantial connection between the dispute/the parties and the forum state.¹⁵
- 27 It is also necessary to highlight one peculiar feature concerning the structure of the 2001 Draft of the Hague Convention. The reason why the separate list of insufficient grounds of jurisdiction was included in the Hague Draft is as follows: Article 17 of the 2001

Hague Draft provided that courts can assert jurisdiction over the dispute under the domestic law of the forum state. Therefore, the drafters considered it vital to the maintenance of certain degree of foreseeability to limit the situations where the courts exercise jurisdiction over cases that do not have a substantial relation to the forum state.

b) Court's Discretion to Decline Jurisdiction

28 One of the main reasons for disagreement among the delegates at the Hague Conference was related to the scope of a court's discretion in deciding whether it should assert jurisdiction over the case. The 2001 Hague Draft not only contained a list of grounds that are not sufficient to exercise international jurisdiction, but also a special rule in Article 22 which could be seen as a codified version of the *forum non conveniens* doctrine.¹⁶ This rule evinces an attempt to strike a balance between jurisdiction methods in civil and common law countries. While civil law countries generally prefer predictability and legal certainty provided by jurisdiction rules, common law countries commend courts with a broader discretion in deciding whether to assert their authority over the dispute or not.

29 A closer comparison reveals a notable development in the legislative proposals for the adjudication of multi-state IP disputes. Namely, the Japanese Transparency and Waseda Proposals were drafted in light of the on-going reform of international civil procedure rules in Japan; therefore, these two legislative proposals still contain some rules granting certain discretion to the courts in deciding on the existence of international jurisdiction. Yet the need to assure greater certainty and efficiency in adjudicating multi-state IP infringement facilitated a move towards replacement of discretionary rules with rules on coordination. This is most obvious in the CLIP and the ALI Principles. These two legislative proposals do away with Article 22 of the 2001 Hague Draft, instead providing for certain rules on court discretion and a set of jurisdictional provisions for coordination of multi-state IP proceedings (Arts. 2:701-2:706 of the CLIP Principles and SS 221-223 ALI).

c) 'Special Circumstances' Test and Its Limitations

30 The discretion of a court to dismiss the case appears to be much narrower in the Transparency Principles. While the Waseda Principles appear to follow the 'special circumstances test' as established in the practice of Japanese (and Korean¹⁷) courts, the Transparency Principles refer to the 'exception based on public-interest policy' (Art. 109). The drafters of the Transparency Principles were con-

cerned that an overly broad notion of 'special circumstances' results in great uncertainty. As a result, the parties can hardly anticipate the court's decision whether international jurisdiction would be asserted over a particular case or not. The reduction of uncertainty was considered to better suit the interests of private litigants. Accordingly, the notion of 'public-interest policy' was introduced and should be seen as a narrower version of the 'special circumstances' test. According to the commentary, 'public-interest policy' should be understood as a much narrower concept of 'public policy' or '*ordre public*'. Hence, certain factors that fall under the ambit of the 'special circumstances' test (e.g. financial inequality between the parties) are not always relevant in multi-state IP disputes. 'Public-interest policy' refers to the public interests of the foreign state. Therefore, according to the Transparency Principles, Japanese courts should dismiss the case when it is clear that a decision of a Japanese court could not be enforced in a particular foreign state.¹⁸

III. International Context

1. In Personam Jurisdiction in the US and Canada

31 The principles of asserting international jurisdiction in the United States were first developed by the courts. In *International Shoe Co v Washington*, the United States Supreme Court decided that *in personam* jurisdiction may be asserted if the defendant had sufficient minimum contacts with the forum and such exercise of jurisdiction did not offend traditional notions of fair play and substantial justice.¹⁹ The 'minimum contacts' requirement is met if the defendant purposefully availed himself of the privilege of conducting activities within the forum state, thus invoking the benefits of protection of its laws. Accordingly, a US court can assert personal jurisdiction over a corporation that delivers its products into a stream of commerce with the expectation that they will be purchased by consumers in the forum state.²⁰

32 As in other common law jurisdictions, the *forum non conveniens* doctrine has often been invoked before US courts. In the US law, *forum non conveniens* requires the court to consider two elements: first, the existence of an alternative forum that has jurisdiction to hear the case; and, second, which forum would be most convenient and where the adjudication of the dispute would best serve the ends of justice.²¹ In deciding whether it is convenient to decide the case, the court must weigh public and private interests, which include access to proof, availability of witness, and all other practical problems that would make the trial of the case easy, expeditious and inexpensive.²²

Yet the fact that foreign law would have to be applied is not sufficient to dismiss a case.²³ In the context of copyright infringement, the United States courts tend to hold that if an allegedly infringing act occurred abroad and the dispute arose between foreign nationals, there are strong policy concerns to allow dismissal of an action on the grounds of the *forum non conveniens* doctrine.²⁴

- 33 In order to hear a dispute pertaining to foreign IP rights, Canadian and US courts could exercise their adjudicative authority if they have both *in personam* and subject-matter jurisdiction. *In personam* jurisdiction requires the court to determine whether a particular defendant has sufficient contacts with the forum state to justify the court's exercise of its authority over that defendant. Subject-matter jurisdiction means that a court has to determine whether an actionable claim has been stated.²⁵ As a matter of procedural law, in the United States the plaintiff bears the burden of proving the existence of both personal and subject-matter jurisdiction.²⁶ The subject-matter jurisdiction requirement would usually mean that Canadian and US courts are not competent to hear disputes concerning the validity and infringement of foreign IP rights.

2. Jurisdiction over the Defendant in the EU

- 34 Article 2 of the Brussels I Regulation²⁷ provides for a general jurisdiction rule according to which persons domiciled in a Member State shall be sued in the courts of that Member State (the so-called *actor sequitur forum rei* principle). This general rule conferring jurisdiction on the Member State court of the defendant's domicile would be applicable even if the plaintiff did not have residence in the EU.²⁸ The rationale behind this general ground of jurisdiction based on the defendant's domicile is to make it easier for a defendant to defend himself.²⁹
- 35 The Brussels I Regulation contains no autonomous rules for the determination of the place of domicile of natural persons. Instead, Article 59 stipulates that the domicile of a natural person has to be determined according to the internal law of the forum. If a party is domiciled in another Member State, the court shall apply the law of that state in order to determine whether a party is domiciled there.³⁰ It should also be noted that the court's jurisdiction, based on the defendant's domicile, is applied regardless of the nationality of the defendant, and even if the plaintiff is domiciled outside of the EU or EFTA. As far as legal entities are concerned, Article 60(1) of the Brussels I Regulation and the revised Lugano Convention establish an autonomous notion of domicile. In particular, they stipulate that a company or other legal person or association of natural persons is domiciled at the place where it has its (a) statutory seat; (b) central administration; or (c) principal place of business.³¹
- 36 In addition, Article 5(5) of the Brussels I Regulation³² establishes a special ground of jurisdiction and provides that in disputes arising out of the operations of a branch, agency or other establishment, a person domiciled in a Member State may be sued in another Member State in which the branch, agency or other establishment is situated. In one of its early judgments, the CJEU decided that efficacy of the administration of justice requires that Article 5(5) be interpreted in an autonomous and restrictive manner.³³ The CJEU further decided that for the purposes of establishing international jurisdiction over the parent body at the place of its branch, agency or establishment, such branch, agency or establishment should be subject to the direction and control of the parent body.³⁴ In other words, the branch, agency or other establishment must appear to third parties as an easily discernible extension of the parent body.³⁵ In its early practice the CJEU also provided for a clarification of the notion of 'operations' of the branch, agency or other establishment which should, *inter alia*, mean (1) actions relating to undertakings which have been entered into at the place of business of the branch in the name of the parent body and which are performed in the Member State where the place of business is established, and (2) actions concerning non-contractual obligations arising from the activities in which the branch has entered at the place in which it is established on behalf of the parent body.³⁶
- 37 The rule conferring jurisdiction upon the courts of the state of the defendant's domicile can be derogated from only in situations prescribed in the Brussels I Regulation itself (Art. 3). Accordingly, a court of a Member State may exercise its jurisdiction over a foreign defendant, if there is one of the special or exclusive grounds of jurisdiction or if the jurisdiction is based on the parties' choice of court agreement (Arts. 5–31 of the Brussels I Regulation). Such 'cardinal' importance of a defendant's domicile as a general ground of jurisdiction was confirmed by the CJEU, which decided that other jurisdiction rules (Arts. 5–31) are merely exceptions to Article 2 and thus have to be interpreted restrictively.³⁷ In addition, the general jurisdiction rule of the domicile of the defendant in a Member State cannot be overcome on the basis of national law.³⁸ The purpose of such a framework of international jurisdiction is based on legal certainty and predictability considerations. Foreseeability of the results also explains why doctrines such as *forum non conveniens* were not endorsed by the European legislator.³⁹
- 38 In cross-border IP litigation, the question then arises with regard to the relationship of different grounds of jurisdiction. In particular, it might be questioned whether the territorial nature of IP rights would not prevent the courts from hearing disputes involving

foreign IP rights. According to the prevailing opinion, the principle of a defendant's domicile (*actor sequitur forum rei*) applies equally with regard to actions concerning IP rights. Therefore, the court of the country where the defendant is domiciled can assert jurisdiction over actions involving claims related not only to infringements of domestic IP rights, but also claims concerning foreign IP rights (e.g. when IP-infringing acts have occurred in another Member State or in a non-EU state). This approach appears to be a well-established practice by domestic courts of many EU Member States and is supported among the majority of academics.⁴⁰ Hence, in cases where foreign IP rights are infringed by acts committed abroad, the Brussels/Lugano regime allows the suing of the defendant (alleged infringer of IP rights) before the courts of an EU Member State if the defendant has a domicile there. This is also the prevailing approach in cases involving Internet-related infringements of IP rights.⁴¹

- 39 The same principle where a court of a Member State has jurisdiction pursuant to Article 2 of the Brussels I Regulation is also applicable with regard to actions concerning unitary Community IP rights. For instance, Article 97 of the Community Trade Mark Regulation provides that all infringement actions and actions for declaration of non-infringement (if such actions are permitted under national law) shall be brought in the courts of the Member State in which the defendant is domiciled or, if the defendant is not domiciled in any of the Member States, in which the defendant has an establishment.⁴² Only if the defendant is neither domiciled nor has an establishment in any of the Member States shall such proceedings be brought in the courts of the Member State in which the plaintiff is domiciled or has an establishment. In addition, Article 98(1) stipulates that such a competent court shall have jurisdiction in respect of acts of infringement committed or threatened within the territory of any of the Member States. The same principle also applies with regard to Community design rights⁴³ and Community plant variety rights.⁴⁴
- 40 The jurisdiction of the court in IP-related cases based upon Article 2 of the Brussels I Regulation covers all manner of IP disputes, except those related to the registration or validity of foreign IP rights. Under the existing interpretation of the Brussels I Regulation, issues such as registration or validity fall under the exclusive jurisdiction of courts of the granting state and have to be adjudicated even if issues relating to the registration or validity of IP rights arise as a preliminary question. Some national reporters noted that the prevailing approach is that courts of the defendant's domicile can also order cross-border injunctions in IP infringement cases.⁴⁵
- 41 One other related question concerns the scope of jurisdiction of the court on the basis of the defendant's domicile. The landmark judgment that sheds some light on this issue is the *Shevill* case of the CJEU.⁴⁶ In *Shevill* the dispute related to the protection of personality rights, which were allegedly infringed by the distribution of a journal in several Member States. Some authors indicate that the prevailing approach is to apply the *Shevill* jurisprudence also to multi-state IP infringements.⁴⁷ Accordingly, the court which asserts jurisdiction on the ground that the defendant is resident in the forum country (Art. 2 of the Regulation) is competent to decide upon the entire damage that arose from an infringement of parallel IP rights in the forum state and other states, given that the harmful event causing damage occurred in the forum country. However, it should be noted that in such a case, the court would have to apply the laws of different foreign countries for which the protection is sought. If the jurisdiction of the court is based upon the operations of the branch (Art. 5(5) of the Regulation), and the damage or the harmful event occurred in another country, the court would have jurisdiction only with regard to the damage sustained in the forum country.⁴⁸
- 42 On the other hand, it should be noted that the domestic case law on this issue is scarce or does not exist at all, and that the territorial nature of IP rights might probably be interpreted as limiting the court's jurisdiction to decide only claims related to the damage sustained in the forum country.⁴⁹ However, for example, Swedish courts would determine the overall damage if the infringing acts were committed in Sweden.⁵⁰ The same principles are also established with regard to Community IP rights: namely, the court which has jurisdiction based upon the defendant's domicile is competent to hear claims related to acts of infringement committed or threatened within the territory of any of the Member States (Art. 98 of the Community Trade Mark Regulation, Art. 83 of the Community Designs Regulation and Art. 101(2) of the Community Plant Variety Rights Regulation).
- 43 The Brussels/Lugano regime does not extend to situations where neither of the litigants is resident in any EU Member State. In such cases, the domestic courts of the EU and the EEA states would assert international jurisdiction following the rules of the forum state (Art. 4(1) of the Regulation). The domicile of the defendant is acknowledged as the general ground of international jurisdiction in domestic statutes of many EU Member States.⁵¹ Some EU Member States (the Netherlands⁵² and Spain) have aligned their domestic jurisdiction provisions to the Brussels/Lugano regime. For instance, in Spain, Organic Law 6/1985 was adopted on the basis of the Brussels Convention of 1968; hence, Spanish courts would assert jurisdiction over parties who are domiciled in third states, following the same principles applied in internal EU situations.⁵³ It should also be noted that some national reports of EU Member States highlighted the fact that although national courts would apply the provisions of their domestic statutes in order to assert international jurisdiction, the application of domestic law has

been largely influenced by EU law and the jurisprudence of the CJEU.⁵⁴

- 44 Yet not all EU countries follow principles similar to those laid down in the Brussels/Lugano instruments. The courts of the United Kingdom would assert jurisdiction if the claim could be validly served to the defendant. Insofar as jurisdiction over the ‘overseas companies’ with a branch in the UK is concerned, UK courts would have to follow specific provisions of the Companies Act of 2006 and the Overseas Companies Regulations of 2009.⁵⁵ In France, Articles 14 and 15 of the Civil Code establish nationality of the plaintiff or defendant as a ground for asserting international jurisdiction. These grounds could be invoked only, firstly, if there are no alternative grounds of international jurisdiction and, secondly, upon the request of the plaintiff.⁵⁶
- 45 Insofar as a court’s competence to decide over damage claims arising from multi-state IP infringement is concerned, the legal situation would be less clear in cases involving defendants domiciled in third countries. UK courts, for instance, would have unlimited jurisdiction to determine the damage sustained in foreign countries provided that the defendant can be served without leave and that the *forum non conveniens* doctrine does not apply.⁵⁷
- 46 One of the main features of the Commission’s Proposal to reform the Brussels I Regulation is the extension of the scope of application to cases where the defendant is not domiciled in a Member State (so-called ‘subsidiary jurisdiction’). The Commission requested the preparation of a study concerning the possibility of applying special jurisdiction rules of the Regulation in cases involving defendants who are domiciled outside of the EU⁵⁸ based on the consideration of further legislative options. If the proposal to extend the personal scope of the application of the Brussels I Regulation with regard to defendants resident in non-EU states was adopted, this would mean that the same principles which had been developed for intra-Community situations would be applicable also in cases brought against defendants domiciled in third states. This would harmonise matters which had so far been left to Member States’ domestic legislation, and thus would contribute to more legal certainty.

a) Jurisdiction over Defendant in Japanese Law

- 47 The 1890 Japanese Code of Civil Procedure does not provide for any specific provisions determining international jurisdiction. Therefore, the main principles concerning the exercise of international jurisdiction were developed court practice. It was not until May 2011 that Japan’s Parliament amended the CCP and introduced specific rules on international jurisdiction. These newly adopted rules were to a large extent based on the longstanding Japanese court practice.
- 48 One of the landmark judgments of the Supreme Court was handed down in 1981, in the so-called *Malaysia Airlines* case.⁵⁹ This case established the main principles of determining whether and under what circumstances Japanese courts can assert jurisdiction in disputes with a foreign element. In *Malaysia Airlines*, an action was brought by the relatives of Japanese passengers killed in a plane crash on a Malaysian domestic flight. The plaintiffs’ action for compensation of damages, brought before a Japanese court, was challenged mainly on jurisdictional grounds. The plaintiffs argued that Japanese courts have international jurisdiction based on the place of performance of contractual obligations. In addition, it was submitted that the defendant had his place of business in Tokyo. On his behalf, the defendant challenged the international jurisdiction of Japanese courts.
- 49 The Supreme Court found that Japanese courts should have international jurisdiction over an action. Namely, the Supreme Court noted that in the absence of clear provisions on international jurisdiction that would assist in rendering the decision, rules on domestic jurisdiction envisaged in the Code of Civil Procedure should be interpreted in light of the principle of *jōri* (reasonableness, justice) and applied appropriately to determine international jurisdiction in cross-border disputes. The Court remarked that the defendant was engaged in economic activities in Japan, had appointed a representative in Tokyo and had a place of business there.
- 50 Since the *Malaysia Airlines* case, lower courts in Japan have made minor modifications to the doctrine. The so-called ‘special circumstances test’ was developed to allow Japanese courts some discretion in applying general rules in the event that certain specific facts would justify deviation. In their decisions, the lower courts followed the concept that in cases where it is possible to establish the existence of one of the grounds of the venue, according to the provisions of the CCP, the principle of *jōri* also mandated acknowledgement of the court seised having international jurisdiction. However, such a general principle was subject to certain limitations: the exercise of international jurisdiction would not be possible if it were to conflict with the principle of fairness between the parties or prevent prompt and speedy adjudication of the dispute. The special circumstances test meant that the court should consider various issues related to the conduct of the proceedings before asserting international jurisdiction. Such issues may be related to the collection of evidence, the hearing of witnesses, issuance of interim orders and so on. The change of approach was welcomed by the bar and academics, who applauded the fact that the determination of the existence of international ju-

isdiction would mean a more case-specific investigation of matters pertaining to the assertion of international jurisdiction.

- 51 The special circumstances test was later approved by the Supreme Court in the so-called *Family* case.⁶⁰ In this case the plaintiff was a Japanese legal entity engaged in the business of importing cars and car parts into Japan. The plaintiff concluded a contract with the defendant (a Japanese national domiciled in Germany), according to which the defendant was entrusted to purchase cars from various European countries, ship them to Japan and undertake other market research activities. For this purpose, a special account was opened to which the plaintiff transferred more than 90 million Yen. Over time, the plaintiff became concerned that the entrusted money was not being managed properly. Hence, the defendant was requested to continue the payments for cars purchased by means of letters of credits. In addition, the defendant was requested to return the money from the fund. Later, the plaintiff filed a suit before the Chiba District Court for the repayment of money, arguing that this court was competent to hear the dispute because the place of performance of obligation was the plaintiff's headquarters. The defendant pleaded that since the requested amount had been transferred, the obligation in question was performed, and therefore the Japanese court had no jurisdiction over the dispute.
- 52 In its decision on the existence of international jurisdiction, the Supreme Court proceeded from the statement that even in cases where the defendant is not resident in Japan, Japanese courts may nonetheless have international jurisdiction over disputes if there is a connection between the dispute and Japan. Besides, the Supreme Court added that '*international jurisdiction may be denied if there are some special circumstances where the conduct of court proceedings in Japan is against the idea of fairness between the parties, [or prevents] prompt and speedy adjudication of the dispute*'. In the case at hand, the Supreme Court found that the contract was concluded in Germany and the defendant was entrusted to engage in various commercial activities in Germany; there was no explicit agreement between the parties regarding either the place of performance of obligation or the governing law. The Court decided that the place of performance of the contract was in Japan, and the governing law of the contract should be Japanese law; therefore, international jurisdiction of the Japanese courts could be asserted. However, the Supreme Court took into account that the defendant could not be aware that the claim for the performance of contractual obligations could be brought before Japanese courts. Moreover, the court referred to the fact that the defendant had been living in Germany for the last 20 years prior to the dispute; and since the plaintiff was a legal corporation, the filing of an action should not be an excessively burdensome task.
- Based on these considerations, the Supreme Court came to the conclusion that a decision to exercise international jurisdiction over the dispute would be against the principle of fairness, and would prevent prompt and speedy adjudication of the dispute; therefore, they decided to decline international jurisdiction over the dispute.
- 53 The new Japanese rules on international jurisdiction are to a large extent built upon the domestic jurisdiction rules established in the CCP and the practice of Japanese courts. The members of the working group in charge of the preparation of international jurisdiction rules agreed that the principle according to which the action shall be brought before the courts of the defendant's domicile (*actor sequitur forum rei*) properly balances the interests of the parties, and therefore should be followed. Accordingly, with regard to actions against natural persons, Article 3-2 of the CCP (2011) establishes that Japanese courts have international jurisdiction if the person against whom the action is brought has a domicile in Japan. In a case when the defendant has no domicile or the domicile is unknown, Japanese courts have international jurisdiction if the person against whom the action is brought has a residence in Japan. The notion of 'domicile' should be interpreted in light of Article 22 of the Japanese Civil Code as meaning long-standing contacts with Japan, whereas 'residence' implies temporary relationships with Japan.⁶¹
- 54 Article 4(4) of the CCP provides for domestic grounds of territorial jurisdiction for actions against legal persons. More precisely, Article 4(4) establishes that actions against legal entities shall be brought before courts where the legal entity has its principal office or principal place of business. Further, Article 4(4) establishes that in the case where the place of the office or business is not known, the action can also be brought before a court of the place where the representative or person in charge of the business has a domicile. Accordingly, Article 3-2(iii) of CCP (2011) establishes that Japanese courts shall have jurisdiction with regard to actions against a legal entity or any other association or foundation when the legal entity or any other association or foundation has its principal office or place of business in Japan; or, if the place of business is not known or does not exist, the representative or other persons in charge of the business have their domicile in Japan. Further, Article 3-3 provides, inter alia, that actions against persons who have their office or place of business can be brought before Japanese courts but only with regard to commercial activities in Japan.
- 55 In addition, Article 3-9 of the CCP (2011) codified the special circumstances test developed by the Japanese courts. Hence, according to this provision Japanese courts would have the discretion to decline international jurisdiction over either part of or the whole action, if it appears that there are some special cir-

cumstances affecting the fairness between the parties or prompt and speedy adjudication of the dispute. These general jurisdiction rules also apply with regard to cross-border IP disputes.

IV. Discussion

1. General Grounds of Jurisdiction and Court's Discretion: The Method Adopted

56 The comparative analysis shows that at least in the legislative proposals, as well as in the international arena, there is a trend towards the adoption of 'habitual residence' as a general ground of jurisdiction. In the literature and previous legislative proposals, four main reasons in support of the adoption of 'habitual residence' as a connecting factor and not the domicile have been proposed. Firstly, the Explanatory Report to the 2001 Draft of the Hague Judgments Convention noted that habitual residence as a connecting factor is 'more reliable in a factual sense'.⁶² Secondly, 'habitual residence' has been used in drafting other international conventions related to jurisdiction of courts. Thirdly, it has been argued that compared to domicile, habitual residence is less complex and easier to apply. Fourthly, habitual residence grants more legal certainty. In the light of these considerations, it could be argued that there are strong reasons in favour of adopting 'habitual residence' as a general ground of jurisdiction.

57 There is another set of questions that has to be solved: namely, how to deal with the definition and interpretation of the general connecting factor adopted. The first possibility is to provide a definition of the habitual residence of the defendant in the text of the proposed instrument (guidelines). The definition should address three following issues:

- habitual residence of natural persons;
- habitual residence of legal persons; and
- habitual residence of a branch, agency or other establishment.

58 Some further explanations, examples and guidelines of interpretation could be provided in the commentary. The approach to provide black-letter definitions of habitual residence or provide for some guidelines in the commentary deserves more support than the second approach, namely, to leave the definition of the habitual residence up to the law of the forum country.

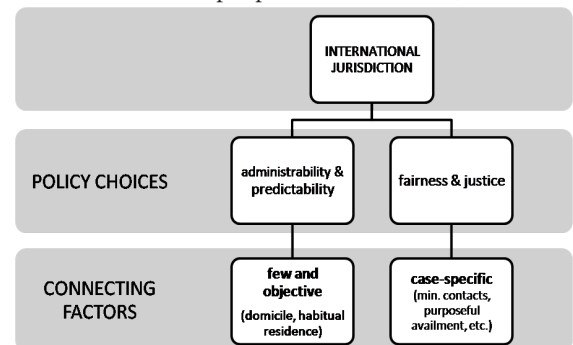
59 The second possible approach is not to provide any definitions or explanations in the commentary. This would threaten the uniform application of the future

instrument, especially if the courts are left to interpret provisions based on their national laws.

60 Most of the private international law instruments contain a rule of general jurisdiction according to which a defendant can be sued in the state in which that person is habitually resident.⁶³ Habitual residence of the defendant provides for a solid basis of jurisdiction in multi-state IP cases as well. Namely, the defendant's habitual residence perfectly balances the interests of the IP right holders and the defendant who has the opportunity to defend himself in his home courts. This approach is also adopted in the CLIP Principles (2:101), which departed from the domicile rule as it is established in Article 2 of the Brussels I Regulation. The members of the CLIP working group saw no need to deviate from this well-established principle: the other alternative 'pro-right holder approach' was considered unfair because it would practically give too much weight to the plaintiff's decision where to institute the proceedings.

2. Close Connection and Discretion of a Court

61 Contemporary jurisdictional theory has been focusing on the tension between two main approaches: predictability and ease of administration versus litigation justice.⁶⁴ These policy choices have significant implications to the design of jurisdiction rules and connecting factors that are used. The first approach – favouring easy administration and predictability of litigation outcomes – would require use of few, or, if possible, one objective connecting factor. Such a connecting factor would be general and not dependent on particular circumstances of the case. The second approach – favouring fairness and litigation justice – would mandate the adoption of a flexible and case-specific connecting factor (e.g. 'minimum contacts' or 'purposeful availment')



62 In the ideal world, jurisdiction rules should offer easy administration, predictability as to the outcomes and procedural fairness. Yet in practice, policy goals are in tension. Rules that use a single connecting factor, such as service of process or a defendant's domicile/habitual residence, offer great predictability but could raise serious fairness-related concerns. On

the other hand, a ‘minimum contacts’ rule would be case-specific but offer little legal certainty.

- 63 It should be recalled that one of the reasons for the failure of the Hague Judgments Convention was disagreements about the general principles of international jurisdiction. Clear-cut jurisdiction rules in civil law tradition countries stood in contrast to the flexible *forum non conveniens*-oriented approach of common law jurisdictions. Besides some developments with regard to jurisdiction in Internet-related cases, recent comparative studies show that the practice of national courts remains based on the same principles.
- 64 A closer analysis of the legislative proposals unravels two significant features. Firstly, there is a clear tendency to move away from the defendant’s domicile towards the habitual residence of the defendant. Secondly, there have been many attempts to develop principles that limit the adjudicatory jurisdiction of courts only to cases which are significantly related to the forum state. This has been done by providing a list of connecting factors which, if applied alone, would not prove the existence of close connection between the dispute or the parties and the forum state. Another example of an attempt to limit the overly broad court discretion in deciding upon its jurisdiction to hear the case is provided in the Transparency Principles. Namely, transparency principles depart from the ‘special circumstances’ test as it has been known in the practice of Japanese courts and offer a more restricted ‘public-interest policy’ test.
- 65 The question of how to balance predictability with court discretion remains one of the main tasks in the area of international jurisdiction.

3. The Scope of the Court’s Jurisdiction

- 66 Situations in which the court asserts international jurisdiction over the defendant(s) have significant implications to the scope of the court’s jurisdiction. More precisely, when a court has jurisdiction over the dispute on the basis of the defendant’s residence/domicile in the forum state, the court will have cross-border jurisdiction. This principle, according to which *in personam* jurisdiction confers upon the court cross-border powers over the dispute, is acknowledged in all IP-related legislative proposals. For example, Article 9 of the KOPILA provides *inter alia* that a court of the state where the defendant has a habitual residence ‘shall have jurisdiction over any and all cases related to intellectual assets’.
- 67 Habitual residence of the defendant in the forum state usually would mean that the court will also have jurisdiction to decide with regard to the assets or IP rights which are protected in foreign states.

Namely, a court of the state where the defendant has habitual residence will have jurisdiction to order cross-border provisional and protective measures; decide claims related to foreign IP rights; or consolidate proceedings against multiple, including foreign, parties.

- 68 It follows that the court’s jurisdiction based on the defendant’s habitual residence has wider implications on the overall structure of international jurisdiction of courts to hear cross-border IP disputes. Therefore, it might be worthwhile to consider whether rules concerning general grounds of jurisdiction over the defendant should also clarify the scope of the court’s jurisdiction. There are two possible ways to address this issue: first, a special black-letter rule could be added to the proposed text; secondly, regardless, of whether the proposed text contains a black-letter rule indicating the court’s jurisdiction, this point should be clearly explained in the commentary (if any) or a preamble. A comparative study of the recent legislative proposals shows that this part has been explained only in the context of other (special) jurisdiction provisions and has not been analysed in the context of the general grounds of jurisdiction.

C. Jurisdiction over Contractual Disputes

Art. 6 of the 2001 Hague Draft; Section 205 ALI Principles; Art. 2:201 CLIP Principles; Art. 103 Transparency Principles; Art. 204 Waseda Principles; Art. 12 KOPILA

I. Differences

1. Terminology and Scope of Jurisdiction Provisions

- 69 All legislative proposals except the 2001 Hague Draft contain IP-specific jurisdiction rules for disputes over contracts. In practice, the exploitation of IP rights could be structured in a great variety of contractual arrangements. Therefore, comparing the *terminology* used in the legislative proposals may be helpful to determine the *material scope of jurisdiction provisions*.
- 70 Firstly, the terminology used in the headings of the abovementioned provisions differs. For instance, the 2001 Hague Draft and the Waseda Principles refer to ‘contracts’ while the CLIP Principles refer to ‘matters relating to a contract’. The other two proposals contain more specific headings: the Transparency Principles refer to ‘actions concerning license agreements’ whereas the ALI Principles refer to ‘agreements pertaining to IP rights’.

- 71 Secondly, a slight difference in terminology is also used in the text of each jurisdiction rule. For example, the 2001 Hague Draft is to cover ‘contracts’. The ALI and the Waseda Principles are almost identical and refer to agreements/contracts transferring or licensing IP rights. Similarly, the Transparency Principles refer to ‘license agreements for IP rights’. The CLIP Principles refer to ‘contracts having as their main object the transfer or license of an IP right’.
- 72 This difference in the terminology adopted leads to a further question concerning the *material scope of the jurisdiction rules*: What kinds of contracts are covered by the jurisdiction provisions? A merely formal reading of the jurisdiction rules implies that the scope of these rules also differs. At first glance, it may appear that Article 6 of the 2001 Draft of the Hague Judgments Convention applies to any contracts.⁶⁵ On the other hand, the remaining four proposals employ more specific language; their common goal to deal with cross-border IP disputes might imply that they should be applicable to IP-related contracts.
- 73 In light of the fact that in practice IP rights can become a part of a great variety of contractual arrangements, the terminology adopted in the CLIP Principles brings about another question: Does a transfer or assignment of an IP right have to be the main object of the contract? Other legislative proposals do not contain any specific requirement that a contract must have as its main object the transfer or assignment of IP rights.

2. Connecting Factor: Place of Performance, Place of Protection, Place of Exploitation, or...?

- 74 A closer comparative analysis of the legislative proposals highlights a clash between two approaches. The first approach provides for a more general connecting factor of the ‘**place of performance of obligation**’. This approach is followed in Article 6 of the 2001 Hague Draft. Some reflections of this approach could be also noted in para. 1 of Article 2:201 of the CLIP Principles. The second approach supports the determination of international jurisdiction on the ground of a more specific ‘**activity-based**’ connecting factor. Such IP-specific connecting factors are established in the ALI Principles (section 205), Transparency Principles (Art. 102), Waseda Principles (Art. 204) and the Korean Proposal (Art. 12). A similar trend to provide for a more IP-oriented connecting factor is also apparent in the CLIP Principles (para. 2 of Art. 2:201). It should be nevertheless noted that the terminology of these legislative instruments varies. While the ALI and Waseda Principles refer to the place of ‘exploitation’ or ‘enforcement’ of IP rights, the CLIP Principles point to the ‘[s]tate for which the license is granted’. Accord-

ing to the Transparency Principles, Japanese courts have jurisdiction over contracts concerning IP rights ‘granted under Japanese law’.

3. Territorial Reach of Court’s Jurisdiction and Possible Grounds for Consolidation

- 75 One further difference between the proposals concerns the territorial reach of a court’s jurisdiction. On the one hand, the ALI, CLIP and Waseda Principles make it clear that when jurisdiction over the IP-related contract disputes provisions is the sole ground of jurisdiction, the court is competent to decide only claims concerning IP rights transferred for the forum state.⁶⁶ The two other legislative instruments (namely, the 2001 Hague Draft and the Transparency Principles and KOPILA) do not clearly deal with this question. Nevertheless, the comments to the Transparency Principles explicate that in situations where a contract covers IP rights in several states, actions brought under Article 104 before a Japanese court should be limited to the obligations concerning IP rights protected under the Japanese law.⁶⁷ So only the 2001 Hague Draft now clearly posits whether the sole connecting factor of the ‘place of performance of contractual obligation’ would limit a court’s jurisdiction to claims concerning obligations which have to be performed in the forum state.
- 76 On the other hand, all legislative proposals allow consolidation of disputes concerning contracts for transfer of IP rights for several states before a court of the defendant’s domicile. The Transparency Principles also provide for a possibility to consolidate actions which are objectively related (Art. 110(1)) or to bring an action before the courts of a defendant’s domicile (Art. 101).

4. Infringement Claims Arising out of a Contractual Relationship

- 77 In practice, it may happen that the contract-related claims as well as claims for infringement of IP rights are brought to the same court. The question is then whether a court has jurisdiction to hear infringement-related claims as well as contractual claims. The legislative instruments do not clearly deal with this issue. Only the CLIP Principles establish a specific provision which affirms a court’s jurisdiction to hear ‘infringement claims arising out of a contractual relationship’ (Art. 2:201(3)). The ALI Principles, for example, in the commentary to Section 205 indicate that the question whether a court can hear infringement claims should be determined according to the provisions dealing with jurisdiction over IP infringement actions.

II. Rationale

1. Terminology and the Scope of Jurisdiction Provisions

78 Different regulatory objectives could better explain some of the discrepancies between the terminology used in these legislative instruments. The Hague Draft was to become an international treaty with a general application. Accordingly, Article 6 was drafted in rather general language in order to cover various types of contracts. Yet the question of the applicability to IP matters also persisted when the 2001 Draft was prepared. It should be noted that in the 1999 Hague Draft, two alternative jurisdiction rules were entrenched. Alternative A provided for a general ‘activity-based jurisdiction’ rule, which should have encompassed various kinds of contracts.⁶⁸ More precisely, it stipulated that a plaintiff may bring an action in contracts in the courts of the state in which the defendant has conducted or directed frequent or significant activity. This rule would be applicable only if the claim is based on a contract directly related to that activity.⁶⁹

79 Alternative B followed the ‘characteristic performance’ approach. It stipulated that a plaintiff may bring an action in contracts in the courts of a state in which: (a) in matters related to the supply of goods, goods were supplied; (b) in matters related to the provision of services, services were provided; or (c) in matters related both to the supply of goods and the provision of services, performance of the principal obligation took place in whole or in part. The characterisation of which of these rules to follow should be made under the national law.⁷⁰ This jurisdiction rule should have been applied also if only part of the goods or services were supplied in the forum state, which means that a plaintiff may have several available forums to file a suit. The 1999 Hague Draft did not provide for any definition of goods, services or place of performance of an obligation. Hence, the court will also have to apply forum law if it is necessary to determine the place of the supply of goods or the provision of services. According to the Explanatory Report, a jurisdiction rule concerning contracts for the supply of goods should also have included subcontracting, letting, leases and other contracts concerning the supply of goods. In addition, however, the supply of goods provision did not cover contracts concerning the sale of company shares or IP rights.⁷¹

80 Since the latter approach (Alternative B) was adopted in the 2001 Draft of the Hague Convention, it follows that jurisdiction over contracts concerning IP rights should be determined according to lit (c), i.e. the court would have to determine where the principal obligation was wholly or partly performed.

2. Connecting Factor: Place of Performance, Place of Protection, Place of Exploitation, or ... ?

81 It was noted above that all the legislative proposals adopt an IP-specific ‘activity-oriented’ connecting factor. This could be explained by the regulatory objectives of these legislative proposals: namely, to provide for a set of special rules for adjudication of multi-state IP disputes. Only the 2001 Hague Draft of the Judgments Convention was intended to apply to a wide range of civil and commercial cases. Accordingly, the connecting factor used in Article 6 of the 2001 Hague Draft employs a connecting factor of the ‘place of performance of obligation’.

82 Similarly, the CLIP Principles were drafted in light of the rules established in the Brussels I Regulation. The material scope of the Brussels I Regulation covers ‘civil and commercial’ disputes. Based on this ‘path dependency’⁷² approach, the CLIP Principles replicate the connecting factor of the place ‘where the obligation in question is to be performed’. The CLIP Principles go a step further and adopt a special rule for jurisdiction over disputes concerning contracts having as their main object the transfer or license of IP rights. This rule clarifies that, unless otherwise agreed between the parties, the state where the obligation in question is to be performed is considered the state for which the license is granted or the right is transferred (Art. 2:201(2) CLIP). This rule is an autonomous definition and has to be interpreted independently from the laws of the Member States.

83 According to some of the commentaries of the legislative proposals, a connecting factor pointing to the ‘place of exploitation’ or the ‘place of enforcement’ of IP rights is ‘more appropriate’ for jurisdiction rules pertaining to IP-related contracts. It is argued that the place of performance of a contract in many cases will coincide with the place where the IP right ‘is to be enforced’. Furthermore, the ‘place where IP right is exploited’ is a connecting factor which is closely related to the factual circumstances of the case.⁷³ ‘Activity-oriented’ connecting factors helps to confer jurisdiction upon courts of the state which are best situated to access the evidence relevant to the dispute.⁷⁴

3. Territorial Reach of Court’s Jurisdiction

84 It was noted in the previous section that all legislative proposals except the 2001 Hague Draft take a restrictive approach with regard to a court’s jurisdiction to hear claims related to the exploitation of foreign IP rights. Namely, in situations where the exploitation of IP rights in the forum state is the only ground for a court to assert jurisdiction over the dis-

pute, the court should have authority only to decide claims related to IP rights exploited in the forum state. One of the possible reasons behind such a limitation of jurisdiction is that the courts of the state where IP rights are exploited are best situated to access the evidence relevant to the dispute. This approach also helps to avoid situations where the courts assert exorbitant jurisdiction over disputes involving exploitation of IP rights in multiple states.

4. Infringement Claims Arising out of a Contractual Relationship

85 Most of the commentaries do not clearly address whether a court hearing contractual claims can also hear claims related to infringements. Besides the CLIP Principles (Art. 2:201(3)),⁷⁵ other legislative proposals remain silent on this issue. One of the possible ways of dealing with this matter is to examine whether the court could also hear infringement claims pursuant to the rules concerning jurisdiction over infringements. This appears to be the solution adopted in the ALI Principles.

III. International Context

1. Jurisdiction over Contract-Related Disputes in the EU

a) Interpretation of Article 5(1)

86 Special jurisdiction rules concerning actions related to the performance of contractual obligations are established in Article 5(1)(a) of the Brussels I Regulation.⁷⁶ This provision stipulates that a person who is domiciled in a Member State can be sued in matters related to contracts in the courts of the state where the obligation in question has to be performed. Besides, some more specific rules are established in Article 5(1)(b). The first rule stipulates that in the case of the sale of goods, the place of performance is the Member State where, under the contract, the goods were delivered or should have been delivered. The second rule deals with service contracts and states that the place of the provision of services is in the Member State where the services were provided or have been provided. If the contract at hand is neither a sales contract nor a contract for the provision of services, the Brussels I Regulation again indicates that the general rule – according to which the jurisdiction should be asserted according to the performance of the characteristic obligation – shall be applied (Art. 5(1)(c)).

87 Jurisdiction of the courts of the place where the obligation in question has to be performed is based upon

the assumption that such a place is most closely connected to the forum.⁷⁷ In addition, the place of performance of obligation was intended to provide for a clear and precise connecting factor.⁷⁸ However, in cases where complex contracts are involved, the clarifications introduced in the Brussels I Regulation provided little assistance for the determination of the characteristic obligation as well as the place of performance of obligation. Hence, national courts in numerous instances referred to the CJEU with requests to render preliminary rulings concerning the interpretation of Art. 5(1).

88 In the *Tacconi* case, the CJEU clarified the material scope of Article 5(1). In this case, the question was whether an action, whereby the plaintiff seeks to establish a pre-contractual liability of the defendant, falls within the ambit of Article 5(1) or Article 5(3) of the Brussels Convention. The plaintiff sought compensation for damages allegedly caused by the defendant in breach of the duty to act honestly and in good faith during the contractual negotiations. The CJEU decided that for Article 5(1) to apply, it is essential to identify the obligation and the place where the obligation had to be performed. Further, the CJEU noted that Article 5(1) does not cover situations where there is a lack of obligation freely assumed by one party to another.⁷⁹ As a result, an action concerning the pre-contractual liability of the defendant was considered to fall under the ambit of Article 5(3), which applies to matters relating to tort, delict or quasi-delict, and not Article 5(1), which establishes jurisdiction based on the place of performance.⁸⁰

89 For the purposes of international jurisdiction, the CJEU refused to interpret Article 5(1) of the Regulation as referring to a particular obligation of a contract.⁸¹ Instead, the CJEU noted that the term ‘obligation’, as used in Article 5(1), implies only the obligation which forms the basis of court proceedings and which corresponds to the contractual right upon which the plaintiff’s action is grounded.⁸² Hence, in cases where the plaintiff seeks dissolution of a contract and compensation for damages, Article 5(1) would only be applicable if the court could identify the obligation which the plaintiff is reliant upon.⁸³

90 By adopting a narrow approach to determining the obligation which forms the basis for a claim, the CJEU intended to limit situations where courts of several states have jurisdiction over the same action.⁸⁴ Furthermore, it means that a court does not have international jurisdiction to hear the whole action based on the ground of several obligations of equal rank and arising from the same contract if, according to the choice-of-law rules of the forum, one of those obligations is to be performed in the forum state and the others in additional Member States.⁸⁵

- 91 In the case of *Tessili*, the CJEU decided that the place of performance of the obligation in question shall be determined by the court seised according to the law which governs the obligation in question. In particular, the governing law should be determined by the choice-of-law rules of the forum state.⁸⁶ The reference to the governing law also encompasses situations where, according to the law of the forum, the governing law has to be determined according to 'uniform laws' applicable in the forum state.⁸⁷ The CJEU had also decided that for the purposes of Article 5(1), the contracting parties are allowed to specify the place of performance of an obligation.⁸⁸ Yet this place of performance must have a real connection with the substance of the contract.⁸⁹
- 92 In applying Article 5(1), the CJEU has emphasised principles of legal certainty and predictability, so that a normally well-informed defendant should be able to reasonably foresee where that defendant may be sued.⁹⁰ Hence, the place of performance of obligations in the case of contracts which are neither sales nor services contracts shall be determined according to the law governing the obligation which is consistent with the conflicts provisions of the court seised.⁹¹ If a contractual obligation is to be performed in a number of places, for the purposes of Article 5(1), a single place of performance for the obligation in question must be identified. The CJEU held that in such a case, the place where the obligation giving rise to the action is to be performed will normally be the most appropriate for deciding the case.⁹²
- 93 In practice, there may be situations where it is not possible to determine which court has the closest connection to the place of performance. It may be questioned, for example, where the place of performance is in the case of sales contracts involving a carriage of goods clause. The CJEU had previously decided that the national court should initially consider the provisions of a contract and, if the place of performance is not evident, the place where the goods are physically transferred or should have been transferred must be considered as the place of performance in terms of Article 5(1)(b).⁹³ Further, as for a non-competition clause without any geographical limitations, the CJEU found that in cases where it is not possible to identify a link to one particular forum, the general rule of a defendant's domicile should be applied.⁹⁴
- 94 In the case of *Color Drack*, there were several places of delivery of goods within one Member State. The question that arose in that case was whether a plaintiff can bring an action against a defendant in the courts of the place of delivery of its choice with regard to all deliveries in that state. The CJEU found that the place of performance in that case had to be the place 'with the closest linking factor between the contract and the court having jurisdiction', the closest linking factor being determined on the basis of economic criteria.⁹⁵ Notably, this approach applies with regard to both kinds of contracts: namely, contracts for the sale of goods and contracts for the provision of services.⁹⁶ Yet if such a close link cannot be identified, the plaintiff can choose in which court to bring an action. According to the CJEU, allowing the plaintiff to decide the court would not undermine the interests of the defendant, who would in any case be sued in one of the courts of the state where goods were delivered.⁹⁷
- 95 Besides, there may be controversies concerning several obligations of equal rank, and each of those obligations shall have to be performed in different Member States. The CJEU held that in such circumstances the court of every state where a particular obligation has to be performed will have jurisdiction to hear actions which are based on that particular obligation. Therefore, the court of one state does not have jurisdiction to hear claims concerning obligations which were performed in another state, even if such obligation arises from the same contract.⁹⁸ The CJEU was aware of the inefficiencies related to such a restrictive interpretation of Article 5(1); however, it noted that the plaintiff always has the right to bring an action before the courts of a defendant's domicile pursuant to Article 2 of the Regulation.⁹⁹
- 96 There may often be complex situations where the contract indicates that obligations are to be provided in several states. It may also be that the contract does not expressly indicate where the obligation has to be performed. In such circumstances, national courts shall take factual aspects and evidence of the dispute into consideration to determine the place of performance of the obligation.¹⁰⁰ In the case of contracts for the provision of services in several states, a national court would have to identify (i) the place where the main provision of services is to be carried out, and (ii) the place with the closest linking factor between the contract in question and the court having jurisdiction.¹⁰¹ The CJEU has provided an illustration of how these principles should be applied in the two following kinds of service contract. First, if the place of the provision of services is not clearly stipulated in a commercial agency contract, the place of performance should be the state where the agent is domiciled.¹⁰² Second, as regards contracts for the transportation of passengers, the place of performance of services is at the place of either departure or arrival of the aircraft.¹⁰³

b) Relationship Between Different Sub-paragraphs of Article 5(1)

- 97 A number of issues arose with regard to the relationship between different sub-paragraphs of Article 5(1). According to lit (c), Article 5(1)(a) applies when contractual action does not fall under lit (b). In

order to apply the special rule established in lit (b), the court would have to classify the contract as either a contract for the sale of goods or a contract for the provision of services. If the contract cannot be classified as either of these two types, the general rule established in lit (a) must be applied.¹⁰⁴ In other words, sub-paragraph (a) is applicable with regard to all other contracts which cannot be classified as contracts for the sale of goods or provision of services. Further, a systematic interpretation of Article 5(1) implies that for sub-paragraph (b) to apply, two requirements must be fulfilled: first, the place of delivery of goods or provision of services must be in a Member State; and, second, the place of delivery of goods or provision of services must be established in the contract. If a court finds that a contract is a sales or services contract, lit (b) shall be applied even if the place of performance of obligation is in several Member States.

- 98 The notion of a contract for the sale of goods was explained in the case of *Car Trim*. The CJEU noted that Article 5(1)(b) does not provide for any definition of sales of contract services. Therefore, it is necessary to identify the obligation which characterises the contract in question. In *Car Trim*, it was decided that contracts for the sale of goods are also contracts where the purchaser specifies special requirements concerning the provision, fabrication and delivery of goods, and the seller is responsible for the quality of the goods and their compliance with the contract.¹⁰⁵
- 99 The CJEU also delivered several judgments concerning the jurisdiction over actions related to the provision of services. Since the Regulation does not establish any definition of the ‘provision of services’, the CJEU explained that the concept of the provision of services implies that the party who is providing services should at least fulfil a particular activity in return for remuneration.¹⁰⁶ In the case of *Wood Floor*, the CJEU confirmed that for the purposes of Article 5(1) of the Regulation, commercial agency contracts should be considered as contracts for the provision of services.¹⁰⁷ However, in its landmark judgment in *Falco*, the CJEU decided in the case of a contract for the exploitation of IP rights that the owner of an IP right does not perform any services.¹⁰⁸ As a result, the contract was not considered a contract for the provision of services within the context of Article 5(1).¹⁰⁹

2. Jurisdiction in Contract-Related Disputes in Japan

- 100 If an action concerns the performance of contractual obligations, Japanese law provides that the courts of the place where the obligation has to be performed shall have jurisdiction. This is entrenched in Article 5(1) of the Japanese CCP. Similar to other juris-

diction rules, Article 5(1) was originally perceived to allocate the domestic jurisdiction of Japanese courts. Yet the Japanese courts applied this provision to cases with a foreign element as well.¹¹⁰ Jurisdiction based on the place of performance of contractual obligations was initially established in the practice of the lower courts in cases concerning the recognition and enforcement of foreign judgments.¹¹¹ Gradually the place of performance became generally acknowledged as a ground for international jurisdiction and was applied together with the so-called special circumstances test.¹¹²

- 101 The rationale of conferring jurisdiction to the courts of the place where the obligation has to be performed is that these are the proper courts, not only to decide issues of performance of the obligation, but also to gather evidence or interrogate witnesses. In addition, it is said that a jurisdiction based on the place of performance also serves the interests of the defendant, increases the foreseeability in commercial transactions and is in line with the principles of fair trial.¹¹³
- 102 As in other states, a number of controversial issues exist with regard to the performance of the obligation as a ground for international jurisdiction. First, the prevailing opinion is that the place of performance of the obligation should be determined by the law of the state which governs the contract.¹¹⁴ In many cases, Japanese courts would refer to Article 484 of the Japanese Civil Code that applies the law of the creditor’s/plaintiff’s domicile and accordingly confers jurisdiction upon the courts of the state where the creditor is domiciled.¹¹⁵ Secondly, there is no prevailing opinion concerning the scope of the court’s jurisdiction. Some have argued that Article 5(1) applies only to actions concerning the performance of contractual obligations and does not cover tortuous and other kinds of claims. Hence, claims concerning tortuous acts have been brought according to infringement jurisdiction rules.¹¹⁶ The other argument is that a court of the place of performance is competent to hear contractual and other kinds of claims which may arise from unjust enrichment, torts, etc.¹¹⁷
- 103 The CCP (2011) is based on the existing practice of Japanese courts. It provides that Japanese courts shall have international jurisdiction over actions concerning contractual obligations, unjust enrichment or *negotiorum gestio* if the place of performance of the contractual obligation is in Japan or, if according to the law, it is designated in a contract that the place of performance of the obligation is in Japan (Art. 3-3(i)).

IV. Discussion

1. Choice of Terminology

104 One of the first issues for the session members is to decide upon the terminology. The terminology used in the jurisdiction rule will determine the scope of the jurisdiction rule, specifically, what kinds of contracts will fall under the ambit of the rule. Therefore, the terminology depends on the scope as well as the regulatory objectives of the future ILA guidelines. It could also be advised to clearly indicate the scope of the provision, cautiously choosing the heading of the provision. Given the variety of contracts for the exploitation of IP rights, it is suggested to structure the jurisdiction provision in a manner which would generally deal with different kinds of contracts, *including* contracts related to the exploitation of IPRs (as in the CLIP Principles). If this approach is chosen, then it might be more useful to have a more general heading for this provision.

2. Connecting Factor: The Method (to Be) Adopted

105 It appears that the place of performance of obligation in most countries is considered a ground for a court's jurisdiction in disputes over contractual obligations. Further, a comparative analysis of the legislative proposals showed the IP-specific jurisdiction rules entrench 'activity-based' connecting factors such as the place where IP rights are exploited, or the place for which IP rights are granted. This development should be reflected also in the future ILA instrument (guidelines) together with possible illustrations of how the adopted connecting factor could be applied for asserting jurisdiction over disputes concerning particular IP-related contracts.

3. Limitation of Court's Authority in Situations When the Place of Performance is the Sole Ground of Jurisdiction

106 There seems to be growing consent with regard to territorial limitations of a court's authority in situations where the place of performance of obligation is the sole ground for the exercise of international jurisdiction. To put it differently, in cases where the place of performance of a contractual obligation is the sole ground of jurisdiction, the trend is to limit the court's authority to decide the dispute concerning the obligations related to the forum state. There are several compelling reasons to adopt this approach in the new legislative instrument. Namely, limitation of a court's jurisdiction would (a) limit

possibilities of forum shopping and other situations where the plaintiff might abuse the process; (b) assure that the courts which have direct access to the evidence will hear the case; (c) guarantee that the plaintiff would be able to enjoy efficient legal redress proceedings; and (d) limit situations where courts exercise exorbitant jurisdiction.

4. Infringement Claims and Possibilities of Consolidation

107 It may be argued that legal certainty considerations calls for the inclusion of a special rule indicating whether a court also has jurisdiction to hear infringement claims arising out of a contractual obligation. A comparison of the legislative proposals unravelled that this view has so far been adopted only in the CLIP Principles (Art. 2:201(3)). Some of the other legislative proposals provide for some clarifications in the comments. Hence, for the sake of procedural certainty, it is recommended to elucidate upon the court's authority to hear infringement claims. This could be done, depending upon the majority opinion of the drafters, either by adding a black-letter-rule, or, at least, by clearly solving this issue in the commentary to the black-letter-rule. In the same vein it would be helpful if the new instrument made other possibilities of consolidation clear: whether and in what circumstances a plaintiff could consolidate multiple contractual (and non-contractual) claims. This will depend upon the overall structure of the new instrument.

D. Jurisdiction to Order Provisional and Protective Measures

Art. 13 of the 2001 Hague Draft; Section 214 ALI; Art. 2:501 CLIP; Art. 111 Transparency Principles; Art. 18 KOPILA

I. Differences

108 The question of whether a court has jurisdiction to order a provisional or protective measure is one of the most controversial in multi-state IP disputes. Usually, the courts carefully consider under what grounds they could exercise international jurisdiction and whether it is necessary to order cross-border measures. The possibility of ordering cross-border measures often depends on the factual circumstances of the case and the likelihood that a measure could be recognised and enforced in the third state(s) concerned.

109 Despite numerous practical controversies related to the exercise of jurisdiction in granting provisional and protective measures, the comparison of the legislative proposals unveils that, at least as the juris-

diction issues are concerned, most legislative proposals adopt substantially similar rules. This could be explained by the fact that most of the controversies which may arise in relation to ordering provisional and protective measures have been solved by adopting more specific rules for other matters (e.g. whether the validity defence can be raised in the proceedings for provisional and protective measures or the coordination of parallel proceedings¹¹⁸). Therefore, only two issues could be considered directly related to the question of international jurisdiction to order provision and protective measures. *First*, it is agreed that the court which has jurisdiction over the merits of the case can also order provisional or protective measures. The court which has jurisdiction over the merits can order measures with cross-border effect. *Secondly*, courts of the place where the property to be seised is located have jurisdiction to order measures with regard to that property. However, the legal effects of such provisional or protective measures shall be limited to the forum state.

1. Notion of Provisional and Protective Measures

110 The first difference concerns the terminology used in the legislative proposals. The Transparency and KOPILA refer to 'provisional measures', whereas the ALI and Waseda Principles refer to 'provisional and protective measures'. The 2001 Hague Draft refers to 'provisional or protective measures' while the CLIP deal with 'provisional, including protective, measures'.

111 Besides this slight difference in terminology, the legislative proposals also take a different approach with regard to the need to provide a definition of the measures. Namely, the definitions of provisional and protective measures are adopted only by the CLIP Principles. Other principles do not contain a special rule clarifying what measures are covered by the legislative proposals. It should be noted that Article 13(4) of the 1999 Hague Draft also provided for a non-exclusive list of provisional and protective measures.

112 The 1999 Hague Draft contained a more general illustration of provisional and protective measures. Namely, pursuant to Article 13(4), provisional and protective measures mean (a) a measure to maintain the status quo pending the determination of a trial; (b) a measure providing a preliminary means of securing assets out of which an ultimate judgment may be satisfied; or (c) a measure to restrain conduct by a defendant to prevent imminent or future harm. The CLIP Principles establish a more IP-specific definition of provisional and protective measures. In particular, Article 2:501(3) states that provi-

sional, including protective, measures are measures which are intended to preserve a factual or legal situation so as to safeguard rights the recognition of which is otherwise sought from the court having jurisdiction as to the substance of the case. In addition, this provision lists five possible orders that could be relevant for multi-state IP litigation: (a) orders to prevent an (imminent or continuing) infringement of an IP right from occurring; (b) orders to preserve relevant evidence in regard to the alleged infringement; (c) orders to seize goods suspected of infringing an IP right; (d) orders to seize, attach or prevent the dissipation or removal from the jurisdiction of assets to safeguard enforcement of the judgment on the merits; and (e) orders directing a party to provide information about the location of assets which are subject to an order under lit (d).

2. Allocation of Adjudicatory Powers between Courts of Several States

113 As regards international jurisdiction to order provisional and protective measures, all legislative proposals as well as the 2001 Hague Draft follow the same rationale: a court which has jurisdiction to hear the merits of the case has jurisdiction to order provisional or protective measures which could have cross-border effects (Art. 13 of the 2001 Hague Draft, section 214 ALI, Art. 2:501(1) and 2:501(2) CLIP, Art. 111 Transparency Principles, Art. 210 of the Waseda Principles and Art. 18 KOPILA). Besides, courts of the state where the property is located where IP protection is sought also have international jurisdiction to order provisional and protective measures. However, in the latter case the legal effects of the measures are limited to the territory of the forum state. Some minor differences exist between the terminology or connecting factors used; however, the practical effects in most cases should be the same.

II. Rationale

1. Notion of Provisional and Protective Measures

114 The need to provide for a definition of provisional or protective measures could be explained as following. First, a clear definition of provisional or protective measures helps to clarify the scope of jurisdiction rules. Second, at least under the Brussels/Lugano regime, it became obvious that special treatment is necessary for interim payment orders. Interim payment orders are generally considered to be issued by the court which has jurisdiction over the merits of the case.¹¹⁹

115 Both 2001 Hague Draft as well as the CLIP Principles provide for an exemplary list of provisional or protective measures. Article 13(4) of the 1999 Hague Draft stipulates that provisional and protective measures comprise (a) a measure to maintain the status quo pending the determination of a trial; (b) a measure providing a preliminary means of securing assets out of which an ultimate judgment may be satisfied; or (c) a measure to restrain conduct by a defendant to prevent imminent or future harm. In this regard it should be noted that among the drafters of the Hague Judgments Convention it was generally agreed that a measure ordered by a court should be both provisional and protective.¹²⁰ It was up to the law of the forum state to determine what measures are available, in what circumstances and under what conditions an order for such measures can be made.¹²¹ So if an agreement is reached upon the definition of ‘provisional and protective measures’, then the court seised will have to order provisional or protective measures which are indicated in the treaty text and other kinds of provisional or protective measures which are available under the law of the forum state.

116 The CLIP Principles establish an IP-specific definition: ‘[p]rovisional, including protective, measures are measures which are intended to preserve a factual or legal situation so as to safeguard rights the recognition of which is otherwise sought from the court having jurisdiction as to the substance of the case’. By and large, this rule was formulated in light of the practice.¹²² Further, the CLIP Principles provide for a clarification of the notion of provisional, including protective, measures. Namely, the CLIP Principles enumerate an exemplary list of measures:

- a orders to prevent an (imminent or continuing) infringement of an IPR from occurring;
- b orders to preserve relevant evidence in regard to the alleged infringement;
- c orders to seize goods suspected of infringing an IPR;
- d orders to seize, attach or prevent the dissipation or removal from the jurisdiction of assets to safeguard enforcement of the judgment on the merits; and
- e orders directing a party to provide information about the location of assets which are subject to an order under lit (d).

117 Hence, the CLIP Principles solve some of the ambiguities which existed during the Hague Judgments Convention negotiations with regard to whether measures for the preservation of evidence fall under the notion of ‘provisional measures’. Besides, this provision is also in line with Article 50(1)(2) of the TRIPS Agreement and is designed to take practical needs into consideration to assure the smooth adjudication of multi-state IP disputes.

2. Allocation of Adjudicatory Powers between Courts of Several States

118 In principle, all legislative proposals adopt the same approach with regard to international jurisdiction to order provisional or protective measures: a court which has jurisdiction over the merits is empowered to order measures which could also have cross-border effects, while courts of other states may order territorially limited provisional or protective measures. There are only some slight differences among the terminology as well as connecting factors employed, and these differences will be shortly discussed hereinafter. At the same time, it should be noted that despite these differences, the practical outcomes of the application of all of the legislative proposals should be essentially the same.

119 As regards international jurisdiction of a court which does not have jurisdiction over the merits, the legislative principles adopt slightly different terminology and connecting factors. All of the legislative proposals aim to assure that the court which does not have jurisdiction over the merits can only order measures which have legal effects within the territorial borders of the forum state. It should be reminded that during the preparation of the ALI and CLIP Principles, the question arose whether the notion of ‘property’ comprises ‘intellectual property’.¹²³ In case of non-registered rights, this may turn out to be a quite difficult or even misleading concept.¹²⁴ In order to somehow clarify the situation, different approaches have been followed. For instance, the ALI Principles retain the reference to the ‘State in which the tangible property is located’ (S 214). Similarly, the Transparency and Waseda Principles refer to the place ‘object to be provisionally seised’ is located or ‘state in which the property to be seised’ respectively.

120 The CLIP and the ALI Principles appear to solve this dilemma by two further approaches. Firstly, they adopt a reference to ‘protecting country’ or the ‘country of registration’ of IP rights. This could be considered as a more IP-specific rule which contributes to higher legal certainty in terms of determining jurisdiction of IP cases. Secondly, the CLIP Principles provide for an exemplary list of measures which are considered provisional and protective.

3. Goods in Transit

121 Further, the ALI Principles contain a special provision concerning provisional measures over goods in transit (S 214(3)). This provision stipulates that a ‘person having custody or control of goods in transit, even if not an infringer by the law of the State in which the goods are temporarily located, may be the subject of an action for an order of temporary detention of the goods while the true owner or owners are

identified and joined to the proceedings'. The aim of this provision is based on the practices concerning enforcement of IP rights and could be viewed as a specific case of territorially limited jurisdiction of a court where the goods in question are located.

4. Need for a Broader Jurisdiction for Dealing with Ubiquitous IP Infringements?

122 As was mentioned at the beginning of this section, it is generally accepted in all five legislative proposals that only the court which has jurisdiction over the merits can issue cross-border provisional or protective measures. However, the commentaries of the CLIP as well as the Transparency Principles envisage a possibility where courts which do not necessarily have jurisdiction over the merits can also issue cross-border provisional measures. This could potentially be in cases of ubiquitous infringements of IP rights – such as, for example, a website as a source of ubiquitous infringements; a court which has jurisdiction on the ground that the effects of infringement occur in the forum state could order the shut-down of a website.

III. International Context

1. Jurisdiction to Order Provisional Measures in the EU

123 Provisional and protective measures play a crucial role in the protection of IP rights. These measures are especially vital in enforcing patent rights, especially in pharmaceutical and biotechnology fields. In this area the interests of different stakeholders (generics manufacturers and patent holders) often collide. In the European context, the absence of a uniform patent enforcement system has especially arduous ramifications for the patent holders. Since the procedures for provisional and protective measures vary from state to state, right holders need to hire an international team of lawyers to coordinate proceedings for provisional and protective measures. Besides questions related to international jurisdiction of courts to order provisional and protective measures, there is a number of other legal issues and practices which must be taken into consideration. The following table highlights some of the features:¹²⁵

COUNTRY	EX PARTE PROVISIONAL INJUNCTIONS	INTER PARTES PROVISIONAL INJUNCTIONS	TIME TO ITER PARTES DECISION	QUID PRO QUO FOR PROVISIONAL INJUNCTIONS
UK	✓	✓	Within 7 days	Cross-undertaking in damages
AUSTRIA	✗	✓	4-12 weeks	Bank guarantee
FRANCE	Very unusual	✓	6-12 weeks	No – damages possible
GERMANY	✓	✓	1-3 months	Banker's bond
ITALY	✗	✓	8-10 months	Damages for abuse of process
SPAIN	✓	✓	3-6 months	Bond
PORTUGAL	✗	✗	Up to a year	None

Table 1: Overview of procedures for provisional injunctions

125 In addition to general, special and exclusive grounds of jurisdiction, the Brussels I Regulation also deals with the allocation of jurisdiction in granting provisional, including protective, measures. The Brussels I Regulation creates a two-tier jurisdiction regime for provisional and protective measures. On one hand, provisional measures could be granted by the courts of the state which have international jurisdiction over the substance of the case. On the other hand, Article 31 of the Regulation¹²⁶ stipulates that provisional measures may be ordered by any other domestic court even if courts of another Member State have jurisdiction over the merits of the case pursuant to Articles 2 and 5–24. It should be noted that the Brussels I is not applicable in cases where the residence of the parties and infringing acts occur in the forum country; in such cases the jurisdiction of a court to grant provisional or protective measures will have to be assumed according to domestic jurisdiction provisions. Domestic law will also determine the availability of provisional and protective measures.

126 Article 31 of the Brussels I Regulation has sometimes been described as an 'opening clause'¹²⁷ because it opens the gates for the application of domestic jurisdictional rules concerning provisional and protective measures. Such an additional layer of jurisdiction rules has been considered a tool which facilitates the effective protection of legal rights.¹²⁸ Although in adopting the Brussels I regime the European legislator intended to create a 'highly predictable' set of rules 'founded on the principle that jurisdiction is generally based on the defendant's domicile',¹²⁹ it has also been argued that neither goal was achieved.¹³⁰ Namely, the exercise of jurisdiction on the basis of Article 31 had threatened the uniformity of the European jurisdiction regime because of existing differences among domestic jurisdiction rules, especially if national procedural rules allow far-reaching provisional and protective

measures. For instance, under Dutch law, courts may order so-called *kort geding* measures which do not impose any time limit to the initiation of the main proceedings, and such measures may eventually become definite if the main proceedings are never initiated.¹³¹

127 In order to curtail rather broad grounds of jurisdiction¹³² to grant provisional and protective measures as well as to alleviate differences among national legal systems, two additional requirements were introduced by the CJEU in its case law. First, the CJEU had previously decided that provisional measures granted pursuant to Article 31 of the Brussels I Regulation should not only fulfil the requirements provided in relevant domestic legal provisions, but there should also exist ‘a real connecting link between the subject matter of the measures sought and the territorial jurisdiction of the Contracting State of the court before which those measures are sought’.¹³³ Secondly, the CJEU had provided for an autonomous definition of ‘provisional, including protective, measures’ which are to be understood as referring to measures which, in matters within the scope of the Brussels Convention, are intended to preserve the factual or legal situation so as to safeguard rights of which the recognition is otherwise sought from the court having jurisdiction over the merits of the case.¹³⁴ Thus, measures such as the order to hear the witness or those that aim at the acquisition of evidence to enable the applicant to decide whether to bring the case, or to determine whether it would be well founded and to assess the relevance of the evidence which might be adduced in that regard, are not considered to be provisional measures within the Brussels/Lugano system.¹³⁵

128 According to the CJEU, the main purpose of Article 31 of the Brussels I Regulation is to avoid losses to the parties as a result of the long delays inherent in any international proceedings. Such intentions for a speedy process do not cover proceedings with regard to measures related to the establishment of facts on which the resolution of future proceedings may depend.¹³⁶ However, such a stance by the CJEU was not necessarily upheld by legal scholars. For instance, it was questioned whether such CJEU practice was restrictive enough, especially in such areas as cross-border IP litigation where the importance of provisional and protective measures is crucial.¹³⁷

129 In order to assess the practical implications of Article 31 of the Brussels I Regulation to the functioning jurisdiction framework, a more careful analysis of the application of domestic jurisdiction rules in granting provisional and protective measures is necessary. In this regard it should be noted that domestic courts of member states may issue preliminary and protective measures with cross-border effects, especially in cases where the defendant is domiciled in the forum state.¹³⁸ Some reporters noted that national courts would take into consideration whether that particular provisional or protective measure could be enforce-

able in respective foreign states. Cross-border provisional and protective measures are also available in cases concerning infringements of Community IP rights¹³⁹ or Benelux trade marks¹⁴⁰ provided that the defendant is domiciled in the forum state. In the Netherlands, it is established practice that courts having jurisdiction pursuant to Article 2 of the Brussels I Regulation would also have cross-border jurisdiction to issue provisional and protective measures.¹⁴¹

130 In cases where the defendant is not resident in the forum state, the legal effects of such measures are limited within the territory of a granting state.¹⁴² The situation is not uniform in cases where courts grant provisional or protective measures according to their domestic jurisdiction rules (Art. 31). The question of the territorial reach of provisional and protective measures often depends on the particular circumstances of the case and domestic court practice. In some EU states, the CJEU practice had, to some extent, influenced the jurisprudence of national courts in interpreting domestic jurisdiction provisions. For instance, Swedish and Belgian courts would refrain from issuing orders granting provisional or protective measures with extraterritorial effects if the requirement of the ‘real connecting link’ between the subject matter of the measure at stake and the territorial jurisdiction of the forum state is not met.¹⁴³ It should also be noted that according to the established CJEU practice,¹⁴⁴ Article 31 of Brussels I cannot mandate the courts to order provisional measures which have effects only in foreign countries.

131 Another source of controversy is the scope of a court’s jurisdiction to order provisional and protective measures in cases concerning alleged IP infringements occurring over the Internet. The practice of national courts in this area is scarce or non-existent. One Italian court decided a case in which the market impact rule was applied to decide that the blocking of a US website displaying signs allegedly infringing an Italian trade mark could only be possible if the products are offered for sale in Italy. However, Italian courts would not feel bound by any territorial constraints in ordering provisional or protective measures if they have jurisdiction over the merits.¹⁴⁵ The positions in the EU also differ on this point: some argued that international jurisdiction over IP infringements on the Internet would be asserted following general rules on jurisdiction, whereas others noted that courts would be unable to order measures with cross-border effects.¹⁴⁶

132 National EU laws also adopt different approaches to whether a court of an EU Member State would require the person who seeks a preliminary measure to provide a security or guarantee. A provision that a party requiring to issue an order for a provisional or protective measure may be requested to provide a guarantee is also established in the TRIPS Agreement. In some states it appears that such a provision of security is not necessarily required, but it may be requested, depend-

ing on the circumstances of the case.¹⁴⁷ Portugal's courts may require an adequate guarantee, pursuant to national civil procedure law. This decision would be made according to the particular circumstances of the case. For instance, an adequate guarantee may be required in case a defendant suffers some damages because of the revocation of the preliminary or protective measure.¹⁴⁸ Spanish law (Art. 737 of LEC 2000) also provides that in some cases, courts may require that the person who seeks a preliminary measure grant a guarantee before the enforcement of the measures.¹⁴⁹ In the case of German courts, they may require a guarantee for the issuance of preliminary measures (S 921 of the German CCP); the claimant for whose benefit the measure is granted may be held strictly liable for damages if the preliminary measure is later revoked (Art. 945 of the German CCP).¹⁵⁰ However, as regards issuance of provisional or protective measures in cases concerning registered IP rights before UK courts, the combined effect of Articles 22(4) and 31 of the Brussels I Regulation is that courts have no jurisdiction to order measures with cross-border effects.¹⁵¹

133 In EU states, courts are competent to grant provisional measures in cases which are pending before an arbitral tribunal, given that the subject matter of the dispute falls within the material scope of Brussels I. This follows from the CJEU judgment in the *Van Uden* case.¹⁵² The mere fact that proceedings have been instituted before an arbitration tribunal does not affect a court's jurisdiction to order preliminary and protective measures unless the arbitration agreement provides otherwise.¹⁵³ Portuguese courts would also be internationally competent to order preliminary and protective measures in cases where the parties submit the dispute to arbitration proceedings; there is also national case law supporting this stance.¹⁵⁴

2. Jurisdiction to Order Provisional Measures in Japan

134 Japanese legislation does not contain special international jurisdiction rules concerning orders for provisional measures. However, Article 12 of the Provisional Civil Remedies Act¹⁵⁵ was applied *ex analogia* by Japanese courts in cases where one party was seeking provisional measures in cross-border disputes. The prevailing approach is that in cases where Japanese courts have jurisdiction over the merits of the dispute, or if IP rights that should be preserved or are the subject of the dispute are located in Japan, Japanese courts will assert international jurisdiction. However, in deciding whether to order provisional or protective measures, Japanese courts will take into account whether there are special circumstances in which an exercise of international jurisdiction would not run counter to the impartiality between the parties, fairness or speedy trial which

would prevent Japanese courts from issuing provisional or protective measures.

135 The possibility of provisional measures is a rather difficult issue in IP disputes, especially if foreign IP rights are involved. Namely, in the *Card Reader* case,¹⁵⁶ which involved the application for provisional measures ordering the defendant to cease infringing activities, the Japanese Supreme Court refused to issue an injunction which would have prevented the defendant from producing and exporting the infringing materials from Japan to the United States. The Supreme Court carefully analysed the case and decided that the application for an injunction based on a foreign IP statute could not be granted mainly because it would run counter to the principle of territoriality.

136 Nonetheless, Japanese courts could issue provisional measures in cases concerning infringement of foreign IP rights given that the requirements of international jurisdiction are met. The mere fact that the rights for which protection is sought are foreign IP rights does not negatively affect the existence of international jurisdiction of Japanese courts. Further, Japanese courts would generally be able to issue provisional measures in cases where they do not have jurisdiction over the merits of the dispute or if the case was submitted by the parties to an arbitration tribunal. Finally, Japanese courts may order the party who is seeking the issuance of provisional measures to grant a guarantee or security in order to make sure that the interests of the defendant are safeguarded.

IV. Discussion

1. Policy Objectives

137 In drafting the rules on international jurisdiction to grant provisional and protective measures, the following policy objectives have usually been highlighted: procedural justice and balance of interests of the parties; the need to provide efficient protection of IP rights; consonance with other jurisdiction provisions as well as provisions on parallel proceedings; the need to make sure that provisional and protective measures are recognized in foreign states (in cases where a court orders cross-border provisional and protective measures). Efficient adjudication of multi-state IP disputes has been one of the main reasons for allowing the courts which have jurisdiction over the merits to order cross-border provisional and protective measures.¹⁵⁷

2. Definition of Provisional Measures

138 One of the questions in drafting a jurisdiction rule is whether it should specify what is actually meant by the notion of provisional and protective measures. It could be argued that regardless of whether a jurisdiction rule contains an (exemplary) list of provisional and protective measures, the court hearing the case will order only such measures as are available under the laws of the forum state. On the other hand, the adoption of an exemplary list of provisional and protective measures could be considered an additional tool to provide for more legal certainty. If such an exemplary list of measures were adopted, Article 13 of the 1999 Hague Draft or Article 2:501 of the CLIP Principles could be used as a solid foundation.

3. Allocation of Adjudicatory Powers between Courts of Several States

139 It has been shown above that there appears to be a common agreement among the legislative proposals that a court which has jurisdiction over the merits of the case should have jurisdiction to order cross-border provisional and protective measures. Further, it appears that the drafters of the legislative proposals generally agree that a court which does not have jurisdiction over the merits can order only those measures which can produce legal effects within the forum state only.

140 However, besides these two common points, one more particular issue deserves further discussion at the ILA meeting. Namely, it could be questioned whether there are some situations where a court which does not have jurisdiction over the merits can nevertheless order cross-border provisional measures. This would be the case in disputes involving ubiquitous infringements occurring in the digital environment and when the court is actually in an advantageous position to order such cross-border measures.

E. Choice of Court Agreements, Appearance of the Defendant

Art. 2:301 CLIP Principles; Art. 107 Transparency Principles; Art. 205 Waseda Proposal; Section 202 ALI Principles; Art. 206 Korean Proposal

I. Differences

1. Choice of Court Agreements

a) Characteristics of Choice of Court Agreements

141 One of the differences in the rules dealing with choice of court agreements is related to their scope. While the Waseda and Transparency Principles cover only 'particular legal relationship involving an IP right' (Art. 205 Waseda) or actions 'concerning IP rights' (Art. 107 Transparency), the CLIP and ALI Principles maintain IP-neutral language (Art. 2:301 CLIP and S 202 ALI). Besides, the ALI, Waseda and Transparency Principles, in the black-letter rules, do not deal with such peculiarities as to when the choice of court agreement can be made. Yet the CLIP Principles concretely indicate that the choice of court agreement may be concluded with regard to disputes which had arisen in the past or may arise in the future (Art. 2:301(1) CLIP).

142 The common position is that the formal and substantial validity of choice of court agreements should be governed by the law of the designated state (Art. 2:301(2) CLIP; S 202(2) ALI; Art. 205(4) Waseda). The Transparency Principles do not address the law governing the validity of a choice of court agreement, yet a reference to the 2005 Hague Choice of Court Convention in the commentary may be interpreted to mean that the issues of validity are determined following the same principles as in the Hague Convention.

143 In addition, all legislative proposals contain special rules dealing with the form of a choice of court agreements. The provisions concerning the form of an agreement vary. The ALI Principles remain silent on this issue. Japanese proposals put an emphasis on a written form requirement and address the question of agreements which were made by communicating through electronic/electromagnetic means (Art. 107(3) Transparency and Art. 205(2) Waseda). The CLIP Principles provide for a rule that contains three alternative forms in which a choice of court agreement should be made: (a) communication by electronic means considered equivalent to a written agreement; (b) form which accords to the established practices between the parties; and (c) form which is accepted in specific area of trade or commerce (Art. 2:301(3) CLIP). The ALI Principles also contain a rule which determines that the capacity of the defendant to enter into the agreement is determined by the law of the state in which the defendant was resident at the time the agreement was concluded (S 202(2)(b)).

b) Infringement Claims

144 Further, it appears that the legislative proposals take a slightly different approach with regard to the possibility of parties to conclude a choice of court agreement concerning infringement claims. Although silent in the black-letter rule, the commentary of the Transparency Principles states that parties are free to agree upon the disputes involving contractual and non-contractual issues related to IP.¹⁵⁸ Other legislative proposals take a more vigilant approach by clarifying how possible issues should be resolved. For instance, the CLIP and the Waseda Principles require that a dispute should arise out of a ‘particular legal relationship’ (Art. 2:301(1) CLIP and Art. 205 Waseda).

c) Exclusivity of an Agreement

145 Two further points which deserve attention are related to (a) the exclusivity of a choice of court agreement and (b) the relationship to the rules on exclusive jurisdiction. Different approaches have been followed in the legislative proposals. For instance, the question of the exclusivity of a choice of court agreement has not been addressed in the Transparency Principles at all. It could possibly be argued that these issues are solved similarly to the approach adopted in the existing Japanese court practice.¹⁵⁹ The CLIP Principles stipulate that a choice of court agreement is exclusive unless the parties have agreed otherwise (Art. 2:301(1) CLIP, also Art. 206 of the Korean Principles). The Waseda Principles add a rule that choice of court agreements are deemed to be exclusive unless there are some special circumstances (Art. 205(3)). This rule of the Waseda Principles appears to be the polar opposite to the CLIP approach: while the CLIP Principles aspire to give more discretion to the parties, the Waseda Principles leave some scope for the discretion of the court.

d) Standard Form Agreements and Protection of Weaker Parties

146 The ALI Principles also establish a special rule for those situations when a choice of court clause is included in a standard form agreement. In such cases, the validity of a choice of court clause should be decided with regard to the reasonableness criterion (S 202(4)). Reasonableness should be determined by taking into consideration factors such as (a) the location and resources of the parties, especially resources and sophistication of the non-drafting party; (b) interests of any states; and (c) the availability of remote adjudication (e.g. online dispute resolution). In addition, the ALI Principles aim to protect the interests of the non-drafting parties by establishing that the choice of court clause should be

readily accessible and available for subsequent reference by the court and the parties. These requirements are especially significant in the context of on-line contracting.

147 The protection of the weaker parties (consumers and employees) is also addressed in the Waseda Principles. In particular, Article 205(4) states that the ‘validity of the choice-of-court agreement is governed by the law of the designated state, provided that it does not comply with the mandatory rules relating to the protection of consumers or employees under *lex fori*’. In other legislative proposals, this question was most likely not addressed because the drafters were not willing to address issues that are not directly related to multi-state IP disputes.

2. Appearance of the Defendant

148 All of the legislative proposals also contain a special rule determining whether an appearance by a defendant could be considered an endorsement of a court’s jurisdiction. The legislative proposals generally adopt it as a principle that besides choice of court agreements, jurisdiction should also be asserted when the defendant does not object to the proceedings instituted before a deciding court (Art. 5 of the 2001 Hague Draft;¹⁶⁰ S 203 ALI; Art. 2:302 CLIP; Art. 108 Transparency; Art. 208 Waseda). In all of the aforementioned legislative proposals, rules concerning the appearance of the defendant are established after the rules dealing with choice of court agreements.

149 As regards the structure of rules dealing with jurisdiction by the appearance of the defendant, it should be noted that the CLIP and the Waseda Principles contain an additional clarification concerning the relationship with rules on exclusive jurisdiction. Namely, the CLIP and the Waseda Principles stipulate that exclusive jurisdiction provisions prevail over the rules on appearance of the defendant (Art. 2:302 CLIP and Art. 206 Waseda).

II. Rationale

1. Choice of Court Agreements

150 At the outset, it should be noted that in all legislative proposals, rules concerning choice of court agreements were drafted in light of the 2005 Hague Choice of Court Convention.¹⁶¹ However, as was illustrated above, some differences among the legislative proposals exist. In addition to what has been mentioned above, it is worth drawing attention to the following points related to the structure of the legislative proposals.

151 The legislative proposals were drafted taking into consideration their anticipated territorial scope of application. This means that the CLIP Principles resemble the Brussels/Lugano framework, while the Transparency and Waseda Principles were drafted with a view to the on-going international civil procedure reform in Japan. This could partly explain why certain rules exist in the legislative proposals. Namely, at the time of drafting of the Transparency and Waseda Principles, one of the problems discussed in the Japanese scholarship was the use of electronic communication and whether it could be considered tantamount to a written agreement; therefore, these issues were explicitly addressed in the Japanese proposals (see Art. 107(3) Transparency and Art. 205(2) Waseda). Further, the Waseda Principles transplant the ‘special circumstances’ test to the area of prorogation as well (Art. 205(3)).

152 One particular issue which deserves attention is the problem of the (in)validity defence. All legislative proposals have taken a certain approach in the context of exclusive jurisdiction rules and the effects of the exercise of exclusive jurisdiction when one of the parties brings a defence related to the registration or validity of IP rights at stake. Similar approaches have been also adopted in the context of choice of court agreements. For instance, according to the ALI Principles, cases for declaration that certain registered IP rights are invalid shall be brought before a court of a registering country. However, if the validity of the registered right arises as a preliminary question, the court’s decision would have only *inter partes* effects (Sections 211(2) and 212(4) ALI). Similarly, pursuant to the Transparency Principles, a designated court can hear all disputes referred to by the parties in a choice of court agreement, unless the object of the dispute falls under the exclusive jurisdiction rules. In a case where a court designated in a choice of court agreement has to decide upon the existence, registration, validity or ownership of foreign IP rights as a preliminary matter, such a decision shall have only *inter partes* effects.¹⁶²

2. Appearance of the Defendant

153 An appearance by a defendant before a court could be viewed as an implicit agreement to litigate before a court seised.¹⁶³ In other words, a defendant’s appearance without contesting a court’s jurisdiction is a special form of prorogation of jurisdiction. Hence, a court’s jurisdiction exists if a defendant submits himself before a court and does not contest its jurisdiction. Conversely, a defendant’s appearance cannot be considered a submission to the proceedings in situations where the defendant challenges a court’s authority to adjudicate the dispute.

154 A defendant’s appearance has significant practical ramifications. Firstly, the appearance of the defend-

ant confirms parties’ consent as to the place where the dispute with a foreign element should be settled. Secondly, the appearance of the defendant as a jurisdictional ground is also an important element of legal certainty. Namely, in situations where the winning party seeks to enforce a foreign judgment, the argument that the court did not have jurisdiction because the defendant voluntarily submitted himself to the instituted court proceedings could no longer be effectuated. Further, it appears that there is a growing consensus that the appearance of a defendant is the connecting factor affirming a court’s jurisdiction over an international dispute. Thirdly, considering the appearance of the defendant as an implicit agreement about the place of litigation increases the efficiency of a dispute settlement. This is so not only because the parties could thus submit themselves to adjudication of complex controversies involving multiple parties or multiple claims, avoid parallel litigation in different states, and reduce procedural costs. Besides, a defendant’s appearance is one of the possible tolls for the parties to seek the resolution of a dispute before the relatively ‘best’ court.

155 As for the legislative proposals, it has already been noted above that despite slight terminological differences, the legislative proposals are essentially identical. Such terminological differences reflect the specific policy goals of each legislative proposal. For instance, Article 2:302 of the CLIP Principles uses exactly the same language as is employed in Article 24 of the Brussels I Regulation. In the same vein, Article 108 of the Transparency Principles refers to the international jurisdiction of ‘Japanese courts’.

III. International Context

1. 2005 Hague Choice of Court Convention

a) The Main Principles of the Hague Choice of Court Convention

156 After prolonged negotiations to adopt a global judgments convention, the Hague Choice of Court Convention was signed on 30 June 2005.¹⁶⁴ Similar to the 1958 New York Convention on Recognition and Enforcement of Foreign Arbitral Awards, the 2005 Hague Convention was a great leap forward in creating a comprehensive legal framework that ensures the effectiveness of exclusive choice of court agreements. The future of the 2005 Hague Choice of Court Convention seems to have more potential since, as of the end of February 2012, the United States and the European Union had signed it and Mexico had ratified it.¹⁶⁵ IP matters have posed significant hurdles in drafting the Hague Judgments Convention and

were partially resolved in the 2005 Hague Choice of Court Convention.

157 Pursuant to Article 3 of the Convention, ‘exclusive choice of court agreements’ are agreements concluded in writing or by any other alternative means designating one or more courts of a Contracting State to decide disputes which have arisen or may arise in connection with a particular legal relationship. Choice of court agreements which designate courts of one or more Contracting States are deemed to be exclusive unless the parties have expressly agreed otherwise. While formal validity requirements are harmonised in the Convention itself, substantial validity of a choice of court agreement (e.g. fraud, mistake, misrepresentation, duress or lack of capacity) should be decided pursuant to the law of the forum.¹⁶⁶ The Hague Convention also entrenches the ‘separability’ principle: the validity of a choice of court agreement is independent from the validity of other terms of a contract. Hence, the validity of a choice of court clause cannot be challenged merely on the basis that the contract is invalid (Art. 3(d)).

158 Article 5 of the 2005 Hague Convention entrenches another cornerstone rule that a court designated in a choice of court agreement shall have jurisdiction over the dispute and shall not decline jurisdiction on the sole ground that a court of another Contracting State is competent to decide the dispute. Any other court of another Contracting State is obliged to suspend or dismiss the proceedings to which an exclusive choice of court agreement applies except where the choice of court agreement is null and void, where giving effect to a choice of court agreement would result in a manifest injustice, or where the court designated in the choice of court clause decides not to hear the case if there are other exceptional reasons beyond the control of the parties (Art. 6).

159 Recognition and enforcement issues are governed by Articles 8–15. The general underlying principle is that a judgment given by a court of a Contracting State designated in a choice of court agreement shall be recognised by courts of other Contracting States. A judgment can be recognised only if it is effective in the country of origin. Moreover, recognising courts cannot review the merits of judgments handed down by a court designated by the parties. In other words, *révision au fond* is not permitted under the Convention (Art. 8). The recognition or enforcement may be refused only if there are certain legal grounds provided in Article 9 of the Convention: namely, if the agreement was null and void, a party lacked capacity to conclude the agreement, the judgment was obtained by fraud or if the recognition or enforcement would be against public policy of the requested state or inconsistent with another judgment.

b) Choice of Court Agreements and Intellectual Property

160 The agreement on the final text of the 2005 Hague Choice of Court Convention witnesses a significant step forward to legal certainty and foreseeability in the area of international commercial transactions. IP-related concerns which arose at an early stage of the drafting of the Hague Judgments Convention were to a large extent resolved in the final text of the Convention adopted in 2005. The approach towards IP matters can be best understood from the material scope (application *ratione materiae*) of the Convention. The final text of the Hague Choice of Court Convention excludes a number of matters from its scope.¹⁶⁷ The Convention does not apply *inter alia* to choice of court agreements pertaining to the validity and infringement of IP rights other than copyrights and related rights (Art. 2(2)(n)), except where infringement proceedings are brought for a breach of contract between the parties relating to such rights, or could have been brought for breach of the contract (Art. 2(2)(o)).

161 Hence, two issues should be clarified. First, the Convention makes a distinction between copyrights, related rights and other (registered) IP rights (e.g. patents or trade marks). Such a distinction is drawn mainly on the ground that the existence of copyrights and related rights does not depend on the registration. Conversely, such IP rights as patents, designs or trade marks are usually created by the act of registration at competent national authorities. Public acts of registration are usually considered closely related with the sovereignty of a granting state and the granting of rights depends on the fulfilment of certain requirements posited in the national laws. Similarly to the granting of rights, the declaration of invalidity as well as corrections in the registries require the involvement of national authorities and are made according to local procedural rules. The Hague Choice of Courts Convention exempts choice of court agreements pertaining to registration and validity of (registered) IP rights mainly because in many national legal systems such disputes fall under exclusive jurisdiction of the granting country. Nevertheless, the Convention would still apply to choice of court agreements concerning disputes where validity of a registered IP right is challenged as a defence (e.g. in disputes for payment of royalties where the licensee raises a claim that the licensed IP right is invalid¹⁶⁸). In such cases, the court can decide upon the validity of the IP right as a preliminary matter, but such decisions would not be subject to recognition under the Convention.

162 Secondly, the Convention does not apply to choice of court agreements which designate a competent court to hear IP infringement disputes unless such a dispute arises from a pre-existing relationship. An

example of a pre-existing legal relationship could be a licensing contract and the infringement proceedings related to it. According to the Official Commentary, IP 'infringement actions are covered, even if brought in tort, provided they could have been brought in contract'.¹⁶⁹ It should be noted that copyright-related disputes are fully covered by the Convention (including infringement disputes and disputes where the court should decide upon the validity [Art. 2(2)(o)]).

2. Choice of Court Agreements in European Countries

a) Choice of Court Agreements

- 163** In the EU, it is generally agreed that parties are free to make a choice of court agreement with regard to any legal relationship (Art. 23 of the Brussels I Regulation/Revised Lugano Convention). Choice of court agreements are deemed to be exclusive unless the parties agree otherwise. The Brussels I Regulation does not require any specific connection between the dispute and the forum state. A choice of court agreement is enforceable if at least one of the parties is resident in a Member State. Besides, in cases where neither of the parties is resident in a Member State, courts of other Member States shall have no jurisdiction unless the court chosen has declined its jurisdiction (Art. 23(3)). In cases where none of the parties is resident in a Member State, the effectiveness of a choice of court clause is determined under the law of the court seised.¹⁷⁰
- 164** The Brussels I Regulation allows the parties to conclude a choice of court agreement before or after the dispute arose. However, in order to be enforceable, a choice of forum clause has to meet the written form requirement. This means that a choice of court agreement must be concluded in writing or evidenced in writing or be in a form which accords with practices that the parties have established between themselves. If a choice of court agreement is concluded by electronic means, it is considered equivalent to an agreement made in writing as long as there is a durable record of the agreement. Agreements conferring jurisdiction in international trade or commerce should be concluded in a form which accords with a usage of which the parties are or ought to have been aware and in which such trade commerce is widely known to and regularly observed. Besides that, Member States cannot establish any other formal requirements (e.g. language, etc.).¹⁷¹
- 165** Parties' freedom to enter into a choice of court agreement is limited by the mandatory nature of exclusive jurisdiction rules from which the parties cannot derogate. Accordingly, choice of court agreements concerning matters that fall under exclusive jurisdiction provisions of Article 22 of the Brussels I Regulation (including proceedings dealing with the registration or validity of registered IP rights) cannot be enforceable. Additional limitations are established with regard to jurisdiction over consumer (Art. 17) and individual employment contracts (Art. 21). Namely, in cases related to consumer or individual employment contracts, prorogation of jurisdiction is possible only if the choice of court agreement was concluded after the dispute has arisen or if the choice of court agreement allows the consumer/employer to bring proceedings in courts other than those indicated in the respective sections of the Brussels I Regulation which deal with jurisdiction over these types of contracts. Similar limitations are also established with regard to insurance contracts (Art. 13). Such limitations of party autonomy are imposed with the objective of assuring the protection of the weaker party (consumer or the employee).¹⁷²
- 166** In its practice, the CJEU has reiterated that the Brussels I Regulation does not permit courts, other than those designated by the parties, to control the grounds of jurisdiction of a court chosen by the agreement.¹⁷³ This approach has also been followed by the domestic courts of Member States.¹⁷⁴ Nevertheless, courts can declare null and void choice of court agreements which are considered unfair.¹⁷⁵ Similarly, the court can also decline jurisdiction of its own motion if it becomes clear that a choice of court clause is an unfair standard term.
- 167** Enforceability of a choice of court agreement in IP disputes might sometimes raise problems because of the territorial nature of IP rights as well as the mandatory nature of exclusive jurisdiction rules from which the parties cannot escape by concluding a choice of court agreement. Overall, EU national courts would give effect to choice of court agreements regardless of whether a particular dispute is related to domestic or foreign IP rights. In other words, the designated court of a Member State cannot decline jurisdiction merely on the basis that the dispute involves foreign IP rights. In this regard it should be noted that the CJEU¹⁷⁶ held that no other issues than those established in Article 23 shall be taken into consideration when deciding whether the choice of court agreement is enforceable. In the case of IP disputes, this means that considerations such as the territorial nature of IP rights (namely, the fact that IP rights which are the object of the dispute are foreign IP rights, or the allegation that infringement activities occurred in another state) shall not be taken into consideration by the court in deciding whether it should accept jurisdiction or not.¹⁷⁷ Similarly, there is no dispute that a designated court can decide upon the infringements of IP rights which occur in any country other than the forum country as long as the parties agree (explicitly or implic-

itly) on the unlimited territorial jurisdiction of the court chosen.¹⁷⁸

- 168** Choice of court agreements prevail over general and special grounds of jurisdiction. Yet parties cannot contract out from exclusive jurisdiction provisions (i.e. Art. 22(4)) or alter material and functional jurisdiction of national courts.¹⁷⁹ However, as far as patents and other registered IP rights are concerned, such exclusive jurisdiction rules are applicable only with regard to registration and validity. Thus, a choice of court agreement with regard to infringement claims will be enforceable as long as the defendant does not challenge the validity or registration of the patent.¹⁸⁰ Once a registration/validity defence is raised, infringement proceedings turn into proceedings over registration/validity, which accordingly leads to the application of exclusive jurisdiction rules established in Article 22(4) of the Regulation. This is the effect of the CJEU judgment in the case of *GAT v LuK*.¹⁸¹
- 169** The Brussels I Regulation does not provide a clear-cut answer as to whether parties are allowed to conclude choice of court agreements in anything other than contractual disputes. Article 23(1) of the Regulation only establishes that choice of court agreements can be made with regard to ‘any disputes which have arisen or may arise in connection with a particular legal relationship’. Hence, it is unclear whether parties can make a choice of court agreement in tort or unjust enrichment cases. This is also true in IP-related litigation (e.g. infringement of licensing contracts).
- 170** The notion of a ‘particular legal relationship’ should be given an autonomous meaning. According to the jurisprudence of the CJEU, the question of what claims are covered by a choice of court agreement mainly depends on the intention of the parties. As the CJEU put it, choice of court agreements confer jurisdiction only with regard to obligations which are freely accepted by the parties.¹⁸² This approach is followed by some domestic courts of EU Member States.¹⁸³ Yet it is uncertain whether the parties’ choice of court agreement which is part of an IP licensing contract can also be adhered to by a party seeking legal redress for infringement of licensed IP rights.
- 171** The controversy over the interpretation of Article 23 could be best observed by taking into account the jurisprudence of the domestic courts of the Member States and academic opinion. It appears that at least some domestic courts would refuse to give effect to choice of forum clauses with regard to claims related to the infringement of IP rights in situations where parties were not previously bound by a contractual relationship.¹⁸⁴ Nonetheless, the courts of some Member States adopted a broader interpretation of Article 23 than the one established by the

CJEU. For instance, Portuguese courts have recently handed down decisions that upheld that the jurisdiction of a designated court by the parties includes all issues, contractual or not, that arise out of the main contract.¹⁸⁵ Academic opinions are also in favour of giving effect to contractual choice of court agreements with regard to claims related to infringement of licensed IP rights.¹⁸⁶ It is likely that an Italian court would enforce the choice of court agreement in ‘pure’ infringement cases. This is so because the choice of court agreements can only be deprived of efficiency with regard to insurance, consumer and individual employment contracts or if they are contrary to exclusive jurisdiction rules of the Regulation (Articles 13, 17, 21 or 22). Similarly, in France, the question regarding the material scope of a choice of court agreement, which is part of a contract for the exploitation of copyrights, is usually interpreted in favour of the author.¹⁸⁷ Yet a closer look at the case law of French courts also illustrates the tendency to interpret choice of court clauses broadly and enforce them regardless of whether a dispute is of a contractual or tortious nature.¹⁸⁸

b) Appearance of the Defendant

- 172** Article 24 of the Brussels I Regulation provides that a court of a Member State before whom a defendant enters an appearance shall have jurisdiction (except situations which fall under the material scope of exclusive jurisdiction rules provided in Art. 22). This ‘implied’ form of prorogation agreement has remained unchanged since it was adopted in the 1968 Brussels Convention. For Article 24 to be applicable, three requirements must be satisfied. Firstly, the lawsuit must be made by the plaintiff and accepted by the court. The peculiarities concerning the procedural aspects of the questions related to the plaintiff’s action are governed by the procedural law of the forum state (*lex fori regit processum*).¹⁸⁹

3. Choice of Court Agreements in Japan

- 173** Article 11 of the Japanese CCP deals only with domestic choice of court agreements and stipulates *inter alia* that ‘choice of court agreements can be made in the proceedings at the court of first instance’. In practice, this means that Japanese courts would enforce choice of court agreements made before the date of the oral arguments. Choice of court agreements shall be made in writing (Art. 11(2) CCP). The written form requirement is also satisfied if the choice of court agreement is concluded by electronic means (Art. 11(3) CCP). The written form requirement has been interpreted as requiring the parties to specify clearly the substance of the disputes which should fall under the ambit of the choice of court agreement and indicate the court which should de-

side the dispute. If a choice of court clause is a part of a more complex contract, the nullity of a contract does not render the choice of court clause invalid (so-called 'separability doctrine'). Choice of court agreements do not necessarily have to be in one document (e.g. offer and acceptance). Choice of court agreements that are included in B2C contracts have to be interpreted to the benefit of a weaker party, who cannot be deprived of the home court advantage. Hence, choice of court agreements which are obviously detrimental to the interests of one contracting party may be considered not enforceable. Similarly, choice of court agreements preventing the parties from raising any claims with regard to particular issues also may not be enforceable.

174 The prevailing opinion in Japan is that choice of court agreements are enforceable before Japanese courts.¹⁹⁰ In 1975 the Japanese Supreme Court handed down the landmark judgment in the so-called *Chisadane* case and upheld the validity of an exclusive choice of court agreement.¹⁹¹ In this case the dispute arose with regard to the damage to crude sugar which occurred during transport from Brazil to Osaka. The question was whether a choice of forum clause included in a bill of lading was enforceable. The Supreme Court followed the established practice under Article 11 of the CCP and held that it is sufficient if the parties specify a country where the dispute is to be resolved. The choice of court agreement shall be in writing, although the parties are not obliged to sign the agreement as long as its content is drafted sufficiently clearly. International choice of court clauses are valid unless they are contrary to public policy, or fall under the exclusive jurisdiction of Japanese courts. In a case where parties refer to a particular court but do not specify whether the designated court has exclusive jurisdiction, such a choice of court clause is deemed to confer exclusive jurisdiction upon the chosen court. Besides, the court stated that the reciprocity requirement, which is one of the conditions for recognising foreign judgments, is not a necessary condition in determining the validity of a choice of court agreement.

175 Japanese courts have not dealt with choice of court agreements pertaining to IP disputes. Yet it appears that the majority opinion supports the idea that the parties' agreements conferring jurisdiction upon Japanese courts would be enforceable even if no relationship between the dispute and the forum exists.¹⁹² However, it is not clear whether a Japanese court would assert jurisdiction in disputes related to foreign-registered IP rights where the validity defence is raised.

176 The newly adopted rules on international jurisdiction introduced significant improvements. Article 3-7 of the Act Amending CCP (2011) allows the parties to conclude a choice of court agreement. In order to be valid, choice of court agreements must

arise out of a specific legal relationship made in written form. However, the parties' choice of court agreement is not effective if a chosen foreign court cannot assert jurisdiction according to the forum law (Art. 3-7(iv)). Besides, according to the Explanatory Report of the Interim Proposal, agreements on jurisdiction would be null and void if they are obviously contrary to public policy. The Act contains additional provisions concerning choice of court agreements over disputes in consumer and individual employment contracts (Articles 3-7(v) and 3-7(vi)).

177 Insofar as IP rights are concerned, these matters are open to interpretation.¹⁹³ Generally, parties cannot make choice of court agreements concerning matters related to registration or entries in public registries which also cover matters related to the registration of IP rights. It should be reiterated that in the new legislative framework, claims related to the existence and validity of registered IP rights fall under the exclusive jurisdiction of Japanese courts when the IP rights concerned are registered in Japan (Art. 3-5(iii)). In cases where the validity of registered IP rights arises as a preliminary question or is raised as a counter-claim by the defendant, the Explanatory Report indicates that the possibility of making an invalidity defence depends on the applicable law (e.g. the question of whether the invalidity of an American patent can be challenged in proceedings concerning the infringement of an American patent shall be decided pursuant to the applicable American patent law). According to the Explanatory Report, this issue of the invalidity defence is treated as a problem of parallel proceedings which has to be decided on the basis of the special circumstances test. Such a legislative approach has been criticised as not offering much legal certainty and is open to interpretation.¹⁹⁴

IV. Discussion

1. Choice of Court Agreements

178 In deciding upon the rules dealing with choice of court agreements and appearance of the defendant, a number of issues should still be carefully considered. Among them the drafters are recommended to take into account existing differences among the legislative proposals with regard to terminology and the overall structure of the rules that govern choice of court agreements. More precisely, the drafters should once again reconsider which approach should be taken with regard to infringement claims; what rules and requirements should be established with regard to formal and material validity of choice of court agreements; and whether there is a need to include a special rule determining the law governing the capacity of the parties to enter into a choice

of court agreement and a need for special rules on mass-market agreements. In this regard, it is also necessary to be aware of the framework established by the 2005 Hague Choice of Court Convention and the legislative reform proposals made in the context of the Brussels I modification.

2. Appearance of the Defendant

179 The future legislative instrument should also contain a rule on the appearance of the defendant. Among the points for discussion there should be a question of whether the rules dealing with jurisdiction by the appearance of the defendant should also contain additional provisions delineating the relationship to the exclusive jurisdiction rules. If such rules are not inserted, this issue should be addressed in the commentary part.

F. Multiple Defendants

Art. 14 of the 1999 Draft of the Hague Judgments Convention; Art. 206 of the CLIP Principles; Section 206 ALI Principles; Art. 110 Transparency Principles; Art. 208 Waseda Principles

I. Differences

180 All legislative proposals contain special rules dealing with controversies involving multiple defendants. The establishment of such rules marks a significant leap towards the adjudication of multi-state IP disputes. The provisions dealing with the adjudication of disputes involving several defendants were drafted in the light of different legal backgrounds. Such differences between legal frameworks and court practices have to a large degree affected the structure of the legislative proposals as well as the particular conditions for bringing actions against multiple defendants. The following sections focus on specific features concerning the exercise of international jurisdiction in cases involving multiple parties.

1. Multiple Defendants

181 These legislative proposals generally accept that the court seised with several related claims against multiple defendants can consolidate those claims if they are closely connected and/or there is a danger of inconsistent judgments. Before going to a more detailed discussion, some remarks should be made with regard to the *overall structure* of the rules dealing with adjudication of multiple claims:

The Japanese proposals are drafted in the light of the Japanese law and provide for two sets of rules: (a) ‘*objective joinder*’ of closely related claims; and (b) ‘*subjective joinder*’ of related claims against multiple defendants.

Both the ALI Principles and the Waseda Principles deal with consolidation of claims against multiple defendants in one Article and do not differentiate different possible constellations.

The CLIP and the Transparency Principles contain several rules for consolidation of claims against multiple defendants: (a) more general provisions concerning claims against multiple defendants; and (b) so-called ‘*spider-in-the-web*’ situations.

a) Close Connection Requirement

182 All legislative proposals establish a requirement of a close connection between claims. It means that to be able to join claims against multiple defendants, these claims must be so closely connected that there is a need to adjudicate them in one court to avoid irreconcilable judgments. While other legislative proposals do not expound on the precise notion of close connection, the ALI Principles provide for some additional guidance. Namely, Section 206(1) stipulates that actions against several defendants can be joined if (a) there is a substantial, direct and foreseeable connection between the forum’s IP rights at issue and each non-resident defendant; or (b) as between the forum and the states in which the added defendants are resident, there is no forum that is more closely related to the entire dispute.

183 In the Transparency Principles, besides the ‘close connection’ requirement, an additional requirement of foreseeability was introduced (Art. 110(2)). This requirement means that claims against several defendants may be joined if defendants could ordinarily foresee that Japanese courts would have international jurisdiction over them. This aims to strike the balance between the interests of different stakeholders (plaintiffs and defendants, right holders and alleged infringers). In addition, the requirement of foreseeability aims to strike a balance between legal certainty and flexibility.¹⁹⁵

b) The Notion of ‘Inconsistent Judgments’

184 It should also be noted that the notion of ‘inconsistent judgments’ is addressed differently. For instance, the Transparency and the Waseda Principles do not elaborate on the issue of inconsistent judgments. On the other hand, the ALI Principles provide that the risk of ‘inconsistent judgments’ exists if the ensuing judgments (a) would impose redundant liability; (b) would conflict with a judgment in another

case; or (c) would conflict in that a party would not be able to conform its behaviour to both judgments.

185 The CLIP Principles establish a notion of ‘irreconcilable judgments’ which is designed in the light of the CJEU *Roche Nederland*¹⁹⁶ judgment. Namely, the CLIP Principles aim to fine tune the CJEU practice to make adjudication of multi-state IP infringement claims possible in situations where the defendants act in concert. Therefore, Article 2:206(2) provides that (a) disputes involve essentially the same factual situation if the defendants have acted in an identical or similar manner in accordance with a common policy; or (b) if relevant national laws are harmonised to a significant degree by rules of a Regional Economic Integration Organisation or by international conventions which are applicable to the disputes in question.

186 The ALI and Waseda Principles additionally provide that consolidation would not be possible with regard to a defendant who is invoking an exclusive choice of court agreement with the plaintiff (s 206(3) ALI and Art. 208(2) Waseda). It is likely that this provision was taken from the 1999 Draft of the Hague Convention.¹⁹⁷

2. ‘Spider-in-the-Web’ Doctrine

187 The CLIP and the Transparency Principles provide for additional rules covering so-called ‘spider-in-the-web’, i.e. situations where parallel IP rights are infringed by legal entities belonging to the same corporate group. Here the wording of the provisions differ. In Article 2:206(3), the CLIP Principles refer to the requirements of close connection between the claims and the objective to prevent situations where inconsistent judgments are rendered. In addition, the CLIP Principles clearly state that it should be ‘manifest from the facts’ that one of the defendants has coordinated the activities or is otherwise most closely connected with the dispute in its entirety.

188 Article 110(3) of the Transparency Principles provides for a more stringent requirement regarding the objective connection between claims. Namely, IP rights must be ‘substantively’ connected (whereas Art. 110(1) requires ‘close’ connection). In addition, Japanese courts could have jurisdiction against multiple defendants only if the primary obligations (in case of contractual disputes) or primary facts (in case of infringement of parallel IP rights) occur in Japan. Therefore, it appears that Article 110(3) would be applicable only if the dispute has a close objective connection to Japan (e.g. if essential coordination activities should have taken place in Japan).

189 In addition, both the CLIP Principles and the Transparency Principles establish additional *limitations* of the court’s jurisdiction in spider-in-the-web situ-

ations. Namely, the Transparency Principles reiterate the ‘defendant’s foreseeability’ clause, which means that Japanese courts could hear a case only if defendants could have ordinarily foreseen that Japanese courts would assert jurisdiction over claims against them (Art. 110(3)). The CLIP Principles state that in the situations where the defendant is coordinating infringing activities, the jurisdiction to adjudicate the dispute is conferred only to the courts of the state where the coordinating defendant is habitually resident.

3. Peculiarities of Japanese Law: Objective Joinder

190 Another difference among proposals concerns the peculiarities of the Japanese law. Namely, Japanese law draws a distinction between objective joinder and subjective joinder. Objective joinder implies situations where the related claims are at stake, while subjective joinder refers to situations where the claims are brought against multiple related parties. In light of this background, the Waseda and Transparency Principles provide for special rules dealing with objective and subjective joinder. Namely, Article 110(1) of the Transparency Principles and Article 207(1) of the Waseda Principles establish that a court can consolidate claims which are mutually related. However, in this situation, the jurisdiction of the court is limited to the claims which concern obligations to be performed in the forum state.

II. Rationale

1. Stringent ‘Close Connection’ Requirement in the 1999 Hague Draft

191 Article 14 of the 1999 Hague Draft of Judgments Convention contained a special jurisdiction rule concerning actions against multiple defendants. Despite the fact that this rule was later removed from the 2001 Draft of the Hague Judgments Convention, this provision remains noteworthy because it has paved the way to addressing the issue of claims against multiple defendants in subsequent legislative proposals. Article 14 of the 1999 Draft of the Hague Convention established that a plaintiff, bringing action against a defendant in a court of the state in which that defendant is habitually resident, may also proceed in that court against other defendants who are not habitually resident in that state if two conditions are fulfilled: first, the claims against the defendant habitually resident in that state and the other defendants are so closely connected that they must be adjudicated together to avoid a serious risk of inconsistent judgments; and, secondly, as regards each defendant who is not habitually resident in that state,

there must be a substantial connection between that state and the dispute involving that defendant. As can be seen, the provisions of the 1999 Hague Draft are quite restrictive. Two additional conditions of close relationship between the claims and the connection between the forum and the dispute which involves a non-resident defendant were imposed to limit possible procedural advantages that a plaintiff might obtain by instituting proceedings against multiple defendants before courts of a single country.¹⁹⁸ Further, in order to avoid situations where a non-resident defendant is sued before a clearly inappropriate forum, the Draft Convention required a substantial connection between the dispute concerning that particular defendant and the state of the forum seised.¹⁹⁹

2. Objective Joinder in Japanese Law

192 As regards objective joinder of claims, the Transparency and Waseda Principles provide that Japanese courts shall have international jurisdiction over joint claims or counterclaims between the same parties if, first, Japanese courts have jurisdiction over one of the claims and, secondly, the claims or counterclaims are closely connected to each other (Art. 110(1) of the Transparency). Thus, according to Article 110(1), a Japanese court would be competent to join claims which are related to infringement of IP rights held in different countries, even if those infringing acts are not identical. The underlying requirement for such a joinder would be the close connection between the claims.²⁰⁰ Therefore, a Japanese court could join claims seeking legal redress on the basis of infringement of IP rights and claims of the counter-party, based on unfair competition statutes.²⁰¹ Besides the requirement of close connection between the claims, Article 110(1) sentence 2 adds an additional condition that objective joinder of claims is possible if Japan is the country where primary contractual obligations were performed or primary infringing acts occurred. This approach reflects previous Japanese court practice.²⁰²

III. International Context

1. Actions against Multiple Defendants in the US

193 With regard to US law, parties have tried to enjoin claims related to foreign IP rights on the basis of supplemental jurisdiction. In particular, 28 USC Section 1367 confers district courts with a ‘supplemental jurisdiction’ to entertain certain non-federal claims brought in the same action that are not otherwise supported by the original jurisdiction. Courts can enjoin claims that are related so that they form

part of the same controversy under Article III of the United States Constitution (S 1367(a)). However, the Federal Circuit has consistently denied the possibility of entertaining foreign IP claims.

194 In *Mars Inc v Nippon Conlux Kabushiki-Kaisha*,²⁰³ an action was brought against Nippon Conlux, a Japanese corporation, and its subsidiary in the United States. The plaintiff argued that an alleged direct infringement of the United States and respective Japanese patent constituted an act of unfair competition pursuant to 28 USC Section 1338(b) (1988). The defendant argued that the claim concerning the alleged infringement of the Japanese patent should be dismissed on the ground that the court did not have subject-matter jurisdiction. The Federal Circuit first interpreted Section 1338(b) and held that Congress did not intend to establish a notion of ‘unfair competition’ which would cover infringements of foreign patents. The court also found that the foreign patent infringement was not related to the United States patent since the underlying patents, devices, alleged acts and governing laws were different. In addition, the Federal Circuit noted that ‘public interest’ implies that localised controversies had to be decided at home, and that the hearing of claims related to matters involving a Japanese patent would undermine international comity.

195 Another landmark judgment was handed down in the *Voda v Cordis* case²⁰⁴ where the Federal Circuit reversed the decision of the district court, which found subject-matter jurisdiction over foreign patent infringement claims pursuant to the rules of supplemental jurisdiction (Section 1367). Voda was a proprietor of patents issued under the Patent Cooperation Treaty in the United States, Canada and a number of European Patents in the UK, Germany and France. The defendant, Cordis, was a US-based corporation established in Florida with foreign affiliates in France, Germany, Italy and the Netherlands. Voda filed a suit against Cordis US alleging infringements of US patents. Later, Voda amended his complaint and added claims of alleged infringements of European, British, French, German and Canadian patents. The district court decided it had supplemental jurisdiction over foreign patent claims. Yet, despite Voda’s arguments that a consolidated multinational patent adjudication would be more efficient, the Federal Circuit decided that the district court erred in asserting supplemental jurisdiction over foreign patent infringement claims. In particular, the Federal Circuit decided that the district court abused its discretion by asserting jurisdiction and held that considerations of comity, judicial economy, convenience, fairness and other exceptional circumstances constituted compelling reasons to decline supplemental jurisdiction. In coming to this conclusion, the Federal Circuit relied on such notions as independence of national patents (stating that ‘only a British court, applying British law, can determine the valid-

ity and infringement of British patents'). In discussing an issue of comity, the court noted *inter alia* that the plaintiff had not succeeded in identifying an international duty for American courts to adjudicate foreign patent infringement claims.

2. Actions against Multiple Defendants in the Brussels I Regulation

a) Article 6(1) in the CJEU Practice

196 The Brussels Regulation does not contain any specific rules for the consolidation of actions. However, there are some specific rules which allow the plaintiff to consolidate proceedings. One such possibility is established in Article 6(1),²⁰⁵ which states that a person domiciled in a Member State may also be sued, where that person is one of a number of defendants, in the courts of the place where any of them is domiciled. Article 6(1) was considered to be quite lenient as it enables the plaintiff to choose one of several states where actions against multiple defendants could be brought. Nevertheless, for Article 6(1) to be applicable, a connection between the actions against multiple defendants has to be established (e.g. joint liability of defendants for the performance of contractual obligations).²⁰⁶ Some argued that such a narrow interpretation of Article 6 could help maintain the general jurisdictional ground of a defendant's domicile and prevent national courts from exercising exorbitant jurisdictions.²⁰⁷

197 Such a restrictive interpretation of Article 6(1) of the Brussels Convention was affirmed by the CJEU. In one of its early judgments the CJEU decided that Article 6(1) is an exception to the principle that jurisdiction is vested in the courts of the state where the defendant is domiciled and the existence of such a principle should not be challenged by an extensive application of exceptions to the general jurisdiction rule established in Article 2.²⁰⁸ Thus, Article 6(1) could be applied where there is a connection between actions against different defendants that makes it expedient to determine those actions together to avoid the risk of irreconcilable judgments resulting from separate proceedings.²⁰⁹ However, the CJEU allows the national courts to decide on a case-by-case basis whether such a connection between the actions exists or not.²¹⁰

198 In subsequent cases, the CJEU provided some additional guidance concerning the existence of a close connection between claims. For example, in *Réunion européenne*, it was decided that two claims in an action, one regarding compensation directed against different defendants and based in one instance on contractual liability and the other on the liability in tort or delict, cannot be regarded as connected.²¹¹

It should be noted, however, that the CJEU borrowed the notion of 'irreconcilable judgments' from Article 22 of the Convention (Art. 28 of the Regulation), which deals with the coordination of related proceedings.

199 Although not mentioned in Article 6(1) of the Brussels Convention, the requirement of close connection between claims against multiple defendants was later included in the text of Article 6(1) of the Brussels I Regulation, which provides that 'a person domiciled in a Member State may be also sued where he is one of a number of defendants, in the courts for the place where any of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings'. Within the framework of the Brussels Convention, Article 6 of the Regulation is an exception from the general defendant's domicile rule (Art. 2). Therefore, in order to assure legal certainty as to the place of litigation, the Regulation allows proceedings against several defendants only in exceptional cases.

b) Application of Article 6 before National Courts

200 The application of Article 6(1) to IP matters raised many controversial questions, and the practice of the national courts varied significantly. For instance, English courts have usually adhered to the territorial nature of IP rights and refused to exercise jurisdiction over foreign IP rights. In *Coin Controls v Suzo International*,²¹² the plaintiff, who was an owner of three European patents in the UK, Germany and Spain for the coin-dispensing device used in gaming machines, sought interlocutory relief before the English courts against four defendants: a Dutch company and its three subsidiaries established in the UK, Germany and the Netherlands. The plaintiff argued that the Dutch and German subsidiaries were responsible for the development and manufacturing of the coin-dispensing device, while the Dutch parent company provided financial assistance. The defendant requested that the court remove all of the defendants except Suzo UK. Justice Laddie decided that the court had jurisdiction only with regard to claims against Suzo UK and Suzo Holland concerning the infringement of the UK patent. All other claims were dismissed on the basis that there was not enough evidence that the defendants had taken part in infringing different national patents. Such a decision was largely based on two main legal arguments. First, as regards claims related to the infringement of foreign patent rights, Justice Laddie decided that English public policy considerations prevented UK courts from adjudicating foreign IP rights.²¹³ Secondly, joinder of actions against multi-

ple defendants according to Article 6(1) of the Brussels Convention was not possible because the validity of each of the patents was challenged and such matters related to the validity of registered foreign IP rights are subject to exclusive jurisdiction of the courts of granting states.²¹⁴

201 In the *Fort Dodge* case, the first plaintiff, Akzo, was a Dutch company and a proprietor of corresponding English and Dutch patents. The second plaintiff, Intervet International, was a fully owned subsidiary which also had exclusive licence under the patent. The patents concerned were granted by the European Patent Office. Akzo and Intervet instituted proceedings before Dutch courts seeking preliminary and final injunctions against a group of companies for alleged acts of infringements of both the Dutch and the UK patent. The action brought before Dutch courts was against various companies that either produced, imported or distributed allegedly infringing products in the Netherlands and the UK. The representative of Akzo and Intervet argued before the English Court of Appeal that the decision reached in the previous *Pearce v Ove Arup* case should be reversed so as to enable the proceedings related to infringement of the UK patent at stake to be brought against the defendants before Dutch courts. The Court was not persuaded by the arguments and stated that strict interpretation of Articles 2, 5(3) and 6(1) as established in the jurisprudence of the CJEU should be followed, which in this case meant that Akzo and Intervet had to initiate separate proceedings before the English courts if they wished to enforce their rights stemming from the UK patent. The reasoning behind such a decision was based on the territorial nature of patent rights, which meant that there could be no irreconcilable judgments relating to the infringement of two national patent rights.²¹⁵

202 The courts of continental European countries took a more liberal approach and allowed the consolidation of actions related to infringements of national bundle patents granted in accordance with the EPC. A number of remarkable decisions were made by Dutch courts. In one of its landmark judgments, *Expandable Grafts v Boston Scientific*,²¹⁶ the Hague Court of Appeal had to decide (a) whether it had jurisdiction over an action for an injunction brought by a proprietor of a European patent who sought to prohibit the defendant domiciled in the Netherlands from infringing the Dutch Patent of the European bundle of patents, and (b) whether its jurisdiction could also be extended with regard to an action for an injunction against a French defendant, seeking the prevention of an infringement of the French patent. The plaintiff's argument was based on the fact that the same infringing products were put into different domestic markets by corporations belonging to the same corporate group.

203 The Hague Court was of the opinion that the general rule allowing the suing of the defendant before courts of the country where it is domiciled should be maintained. However, the Court also noted that the need for a proper administration of justice requires simultaneous hearing of actions brought against several companies belonging to the same corporate group if such companies are selling identical products in different national markets based on a joint business plan. Nevertheless, this joinder of actions should not result in a situation where the plaintiff is given the possibility of suing all the parties in the courts, of the plaintiff's own choosing, of the domicile of any one of the companies belonging to the group. The Hague Court of Appeal held that the best way to strike a balance between Article 2 and Article 6(1) is to allow the bringing of actions in their entirety only before courts of the domicile of the head office which is in charge of the business operations in question or from which the business plan originated.

204 The decision in the *Expandable Graft* case restricted the possibility of bringing actions only before the courts of the domicile of the main infringer, and thus limited forum-shopping possibilities. Hence, a great number of previous cases where Dutch courts assumed jurisdiction over actions for the infringement of bundle patents brought against multiple alleged infringers were reversed.²¹⁷ The approach taken by the Hague Court of Appeal, whereby the plaintiff was allowed to sue alleged infringers belonging to the same group of companies before the courts of the main infringer, was labelled the 'spider-in-the-web' doctrine and was subsequently applied by courts of other European countries.²¹⁸

c) CJEU Decision in 'Roche Nederland'

205 To a large extent, the decision of the CJEU in *Roche Nederland* put an end to divergent interpretations of the applicability of Article 6(1) of the Brussels Convention to IP disputes. In this case, two American companies, Primus and Goldenberg, which were proprietors of the European patent in 10 EU states, brought an action in the Hague, where the main infringer (Roche Nederland) was established. The plaintiffs also sought to enjoin eight other companies belonging to the Roche group. Primus and Goldenberg argued that those companies had all infringed the patents by committing infringing acts in accordance to the common policy elaborated by Roche Nederland. Both the trial court and the court of second instance approved the existence of jurisdiction; the Dutch Supreme Court (*Hoge Raad*), however, was not so convinced and referred the case to the CJEU for a preliminary ruling. The CJEU was asked to clarify whether it is possible to bring a lawsuit for an infringement of a bundle of European patents against a defendant whose registered office is in

the forum state and also sue other defendants having their registered offices in Contracting States other than that of the forum.

206 The CJEU decided that Article 6(1) of the Brussels Convention does not apply in European patent infringement proceedings involving a number of companies established in various Contracting States which concern acts committed in one or more of those states even where those companies, belonging to the same group, may have acted in an identical or similar manner in accordance with a common policy elaborated by one of them.²¹⁹ In coming to such a conclusion, the CJEU followed the same line of reasoning as was established in its previous case law. The court again emphasised that for Article 6(1) of the Convention to be applicable, actions against multiple defendants must have a connection of such a kind that it is expedient to determine the actions together in order to avoid the risk of irreconcilable judgments which might result from separate proceedings.

207 The parties in the *Roche Nederland* case suggested different interpretations as to the meaning of ‘irreconcilable judgments’. The plaintiffs argued that the Court should follow a broader notion of irreconcilable judgments, as established in the interpretation of Article 22 of the Convention which dealt with the coordination of related proceedings. If this interpretation were adopted, ‘irreconcilable judgments’ would have meant that the risk of conflicting judgments would not necessarily cause the risk of giving rise to mutually exclusive legal consequences.²²⁰ On the other hand, the defendants and the Advocate General supported a narrower understanding of the notion of ‘irreconcilable judgments’. In their view, the Court should have followed its established jurisprudence when applying rules related to the recognition of judgments where irreconcilable judgments were interpreted as entailing legal consequences which are mutually exclusive.²²¹ The CJEU did not find it necessary to decide on this issue. Instead, it merely stated that even if broader interpretation of the notion of ‘irreconcilable judgments’ is accepted, there is no risk of such decisions being given in European patent infringement proceedings.²²²

208 The Court followed the proposal of AG Léger in deciding that decisions rendered in separate domestic proceedings could be contradictory if they are related to the same factual and legal situation. The CJEU stated that in the case of infringements of parallel patent rights, factual situations are not the same, because different persons are sued in different Member States for varied infringing acts.²²³ Furthermore, the principle of the independence of national patent rights, even though the patents at stake were granted under the European Patent Convention, led the Court to the conclusion that the legal situation is also different.²²⁴ Similarly, as regards ‘spider-in-the-

web’ situations where individual companies pursue a common business policy that leads to infringements of patents held in different countries, the CJEU acknowledged that although factual circumstances are similar, from a legal perspective, infringements were not identical because of the independence of national patent rights.²²⁵ The CJEU explored further the policy objectives of the Brussels Convention, namely, the predictability of the rules of jurisdiction, the prevention of forum shopping and the need to assure speedy litigation.²²⁶ Finally, even if an action against multiple infringers were possible, it is very likely that the defendants would raise invalidity defences which, according to the previous judgment in *GAT v LuK*, would again lead to territorial litigation according to exclusive jurisdiction rules.²²⁷

209 The practical outcome of the CJEU decisions in the cases of *Roche* and *GAT* is that cross-border IP litigation, at least insofar as it is related to the registered IP rights, should be conducted on a country-by-country basis before the courts of each protecting state.²²⁸ Even though it is possible to sue the main infringer in a court of the infringer’s domicile and try to bring actions concerning infringements in other countries, such actions would fail if the plaintiff does not succeed to prove the causal link between the infringements of sister IP rights protected abroad. As a result of the CJEU decision in the *Roche* case, a proprietor of parallel patent rights would be able to sue the coordinator of the infringement and in the same court seek a consolidation of claims against a number of defendants who belong to a group of corporations that jointly infringe parallel patent rights. There are some domestic cases where the CJEU reasoning in the *Roche* case was adopted²²⁹ or where it is expected that the domestic international jurisdiction rules might be adjusted to reflect the recent CJEU decision on the *Roche* case.²³⁰

210 The CJEU decision in the *Roche Nederland* case ignited many discussions within the patent community. On one hand, the common law scholars claimed that the CJEU decision affirmed the earlier practice of English courts.²³¹ On the other hand, legal scholars – mainly from the continental countries – were quite sceptical of the approach adopted by the CJEU.²³² Taken together, the criticism of the CJEU judgment in *Roche* rests upon three main arguments. First, the conclusion that there can be no inconsistent judgments in so-called ‘spider-in-the-web’ situations was considered unconvincing. By stating that the infringements and defendants are different and that infringing acts would usually occur in different states, the CJEU decided that there can be no contradictory decisions even if patents were granted according to the EPC. However, it has been argued that the CJEU could have come to a different conclusion if it had taken into account what constitutes an object of infringement in disputes such as the *Roche* case. In particular, it has been argued that in European patent

infringement proceedings the object of an infringement is the same; therefore, there actually is a likelihood of contradictory judgments.²³³ Even though national law plays a certain role in European patent infringement proceedings, to the extent provided in Article 64 of the EPC, usually the allegedly infringed invention would be the same and the court dealing with the infringement case would have to determine the scope of the allegedly infringed patent according to the patent claims, which would be identical to all patents in the bundle (Art. 69(1) EPC).²³⁴

211 The second criticism is related to the need to protect the interests of the non-resident defendants. It stands to reason that the general principle of a defendant's domicile should be maintained, and only limited exceptions to this rule are desirable. Although predictability of jurisdiction rules is one of the underlying policy objectives of the Brussels regime, it does not pre-empt jurisdiction rules from a dynamic interpretation. Insofar as cross-border IP litigation is concerned, it is argued that the CJEU should have adopted the interpretation of Article 6(1) as it was established in the *Expandable Grafts* decision of the Hague Court of Appeal because it 'has laid a solid foundation for a balanced and pragmatic solution'.²³⁵ Further, commentators submit that the 'spider-in-the-web' doctrine does not threaten the objectives of predictability or legal certainty; instead, it balances the interests of both parties and facilitates efficient dispute resolution.²³⁶

212 Thirdly, the *Roche* judgment is criticised on the basis that it failed to take into account the interest of the business community for an efficient patent litigation structure. By referring to its previous decision in *GAT*, the CJEU reiterated the existence of exclusive jurisdiction rules which would come into application whenever the invalidity defence is raised. Taking into account relatively high litigation costs, the combined effects of the CJEU rulings in the *GAT v LuK* and *Roche* cases will cause litigation costs to be even higher because of the segmentation of state-to-state patent litigation. This might have dramatic effects on small and medium undertakings that might no longer be able to enforce their IP rights. Therefore, it might be questioned whether another fundamental right to access of justice is not undermined. On a more general scale, territorially based litigation might have further systemic effects, namely, because of high costs associated with the enforcement of patent rights, companies might be discouraged from applying for the legal protection of their creative products.

213 Nonetheless, some scholars argued that the CJEU judgment in *Roche* did not completely eliminate the possibility of a joinder in multi-state IP infringement proceedings.²³⁷ The post-*Roche* jurisprudence of some national courts illustrates that, notwithstanding the strict approach taken by the CJEU, there

might be further possibilities for the application of the 'spider-in-the-web' doctrine. In this regard there is one noteworthy decision, handed down by the Hague Court of Appeal in 2007,²³⁸ where the Court applied the *Roche* test requiring an investigation into the likeliness of inconsistent judgments in actions brought before courts of the country where each defendant is domiciled. As regards factual sameness, the Court decided that they may be the same where the defendant companies, belonging to the same corporate group, act in an identical or similar manner in accordance with the common policy prepared by one of them. Since the case at hand involved infringement of a Community trade mark, the Court had the opportunity to test whether this infringement would lead to the same factual situation even if the actions were litigated before the courts of each protecting country. Different from proceedings concerning the infringement of European bundle patents, the Hague Court of Appeal found that in the case of Community IP rights, the danger of irreconcilable judgments actually does exist because Community IP rights regulations create truly uniform supranational IP rights, which are effective within the entire European Union.²³⁹ It follows that the 'spider-in-the-web' doctrine was not completely eliminated by the CJEU and could still be applied in cases of multi-state infringements of Community IP rights by companies who belong to the same group and who act in an identical or similar manner. Similarly, in one of several trade mark cases, an Italian court interpreted Article 6(1) broadly and joined claims related to the ownership of Italian and US trade marks.²⁴⁰ More generally, it seems that the opinions still differ as to whether the implications of the *Roche* case should affect consolidation of claims in cross-border cases concerning other kinds of IP rights (especially non-registered IP rights such as copyrights).²⁴¹

d) Situations Outside of the Scope of the Brussels/Lugano Regime

214 The possibility of consolidating claims against defendants domiciled in third states should be decided according to domestic jurisdiction provisions. At the outset, it should be noted that there are very few (or no) domestic court decisions with regard to this matter. Therefore, the answers could only be derived from existing domestic statutory provisions²⁴² or prevailing academic opinions. Due to the absence of domestic court decisions, in many Member States it remains unclear whether consolidation of the proceedings, where the defendant is not resident in any EU or EFTA Member State, would be possible.²⁴³

3. Joinder of Claims according to Japanese Law

- 215** Japanese law embeds a rather peculiar system concerning the consolidation of claims. There are two main areas of consolidation: (1) 'objective joinder', which means joinder of related claims, and (2) 'subjective joinder', which means joinder of claims brought against different defendants. The legal basis for the joinder of claims is posited in Article 7 of the Japanese CCP which states that joinder of claims is possible if a (Japanese) court has jurisdiction over one of the claims pursuant to jurisdiction rules of the CCP. Objective joinder is considered to be one of the special grounds of jurisdiction. Thus, Article 7 of the Japanese CCP should be interpreted and applied restrictively. Article 7 of the CCP does not directly require that there be any connection between the claims brought before a court; however, the prevailing opinion is that Japanese courts can assert jurisdiction only if there is a close connection between the claims.
- 216** One of the benchmark decisions in the area of objective joinder is the Supreme Court decision in the so-called *Ultraman* case.²⁴⁴ In this case a dispute arose between a Japanese corporation, Tsuburaya Production, and a Thai national. The defendant's corporation did not have its registered office in Japan, but its president was resident there. According to the licence contract concluded between Tsuburaya and the Thai counterparty in 1976, the object of the contract was a transfer of rights to use copyright products in a number of countries, including Thailand. In 1996 Tsuburaya allegedly sent a letter confirming the transfer of exclusive rights to the Thai counterparty. Later, Tsuburaya licensed the use of the copyright works to another party, a Japanese corporation, Bandai; according to this agreement, the territorial scope of use covered Japan and South East Asian countries. In April 1997 the corporation whose president was the Thai defendant sent warning letters to Bandai and its subsidiaries as well as Sega Entertainment, arguing that it had obtained exclusive licence from Tsuburaya Corporation, and requesting the stopping of infringements. Subsequently, Tsuburaya Corporation brought a suit in Japan against the defendant, making a number of claims for compensation and requiring the court to issue declarations regarding a number of facts.
- 217** Having decided that Japanese courts rightly asserted international jurisdiction, the Supreme Court briefly addressed the question of joinder of claims. It confirmed that joinder of claims is possible only if the close relationship between the claims exists. In the case at hand, the plaintiff made a number of claims, including (1) a claim for compensation of damages for the disturbance of business by the defendant via warning letters; (2) a claim for a declaration that the defendant did not have a copyright over the copyrighted works concerned; (3) a claim for recognition of the fact that the contract of 1976 was not authentic (and indeed, the plaintiff argued that the defendant had forged the contract); and (4) a claim for the recognition that the plaintiff had the copyrights to use the works in Thailand, etc. The Supreme Court found that the first and the second claims were closely related to the third and fourth claims. The Court emphasised that the joinder of claims would facilitate international adjudication of disputes and therefore was justifiable, considering the international allocation of judicial functions among the courts of different countries.
- 218** Another form of joinder of claims is known as subjective joinder, i.e. joinder of claims raised by multiple plaintiffs or multiple defendants. According to Article 38 CCP, 'if rights or obligations that are the subject matter of the suits are common to two or more persons or are based on the same factual or statutory cause, these persons may sue or be sued as co-parties'. This provision is to be read in conjunction with Article 7 CCP which also requires that such a joint claim be brought to a court which has a general venue pursuant to Article 4. In other words, courts which have jurisdiction on the basis of Article 4 (the defendant's domicile, place of establishment or place of business is in Japan) may assert jurisdiction over claims between joint parties if such claims are based on the same factual or statutory cause. In theory, Article 38 aims to allow the consolidation of closely related claims between the same parties, thus facilitating dispute resolution, potentially reducing procedural costs and preventing inconsistent judgments. Besides, it is generally acknowledged that there should be a close connection between the claims and also between joint parties.²⁴⁵ In court practice, this provision has been interpreted in a restrictive fashion.²⁴⁶ Courts have often refused to exercise their international jurisdiction over multiple defendants who do not have residence in Japan. This was generally based on the argument that suing multiple foreign defendants may undermine their right to fair trial and procedural defence rights.²⁴⁷
- 219** Accordingly, although Japanese courts would not in principle have international jurisdiction over infringements of IP rights in foreign countries, they might nevertheless assert international jurisdiction over several closely related claims, provided that jurisdiction could be asserted over one of these claims. However, this close connection would not be affirmed in cases where parallel IP rights are infringed by persons who act independently in different foreign countries. In addition, it is hardly likely that Japanese courts would assert international jurisdiction in so-called 'spider-in-the-web' cases where infringement of parallel IP rights was committed by corporations belonging to the same cor-

porate group. Hence, the question of whether the invalidity defence is raised is not relevant.

220 Consolidation of claims brought for breach of contract might be possible if contractual obligations were to be performed in Japan. However, for claims related to the performance of contractual obligations by different parties to be joined, Japanese courts would apply a special circumstances test. According to the special circumstances test, Japanese courts would consider whether joinder of claims against different parties does not undermine the principle of fairness between the parties, proper and speedy adjudication and the burden of defendants against whom the action is brought before Japanese courts. Hence, a joinder of the foreign parties for the performance of contractual obligations before a foreign court might also be problematic.

221 The drafters of the CCP (2011) were aware of the efficiency gains if several related claims are heard together in the same proceedings. Article 3-6 follows the established court practice and stipulates that Japanese courts can exercise international jurisdiction whenever they are competent to hear at least one claim of the action, provided that there is a close connection between the claims of the action. According to the Explanatory Report to the Interim Proposal, the exercise of international jurisdiction over claims which are not related might be considered an exorbitant exercise of jurisdiction. In addition, the question of whether there is a close connection between the claims should be interpreted in light of territorial jurisdiction rules and, moreover, the discretion of the court should be restricted. Such an approach is said to be in line with the protection of the interests of the defendant, who should be given a fair opportunity to defend the case.²⁴⁸ The special rule concerning the joinder of claims would not apply if the claims are related to matters which fall under exclusive jurisdiction. In cross-border IP litigation this exception will be especially important, because most patent disputes involve issues which are related to registration and fall under exclusive jurisdiction rules.

IV. Discussion

222 The possibility of consolidation of claims against multiple defendants plays a vital role in the adjudication of multi-state IP disputes. In this area there is an obvious need to balance the interests of the parties; hence the rules conferring jurisdiction to decide claims upon the non-resident defendants must require a significantly close connection between the forum and the dispute. Various legislative proposals aimed to address this problem and significant clarification of issues can be seen. At the same time, some of the differences among the legislative pro-

posals should be taken into consideration. Accordingly, it is suggested to draft a clear rule which would unambiguously provide for the conditions when a court can assert jurisdiction over foreign defendants. In this regard, it is necessary to (1) re-consider the meaning of ‘close connection’ of the defendant or claims against a non-resident defendant and forum; (b) discuss whether a more precise explanation of the danger of ‘irreconcilable judgments’ is necessary (the CLIP and the ALI Principles could serve as solid ground for discussion); (c) examine whether there is a need to provide a special rule where a pre-existing exclusive choice of court agreement between the plaintiff and one of the defendants can be invoked; and (d) consider the structure of rules dealing with jurisdiction to hear claims against multiple defendants: whether one general rule will suffice or whether some special rules dealing with particular constellations (such as ‘spider-in-the-web’) are to be established.

223 However, if the drafters of the ILA guidelines intend to adopt a more visionary approach, then the question of jurisdiction over disputes involving multiple parties (possibly, multiple plaintiffs and multiple defendants) could fall into the ambit of rules dealing with the coordination of judicial proceedings. This has already been attempted in the ALI Principles where a separate set of rules merging rules on parallel proceedings as well as proceedings has been adopted. However, one has to beware that such an innovative approach may take some time before gaining wider acceptance in the judicial practice.

G. Coordination of Proceedings: Lis Pendens and Beyond

Arts. 21 of the 1999 Hague Draft; Arts. 2:701-2:706 CLIP Principles; Art. 201 Transparency Principles; Sections 221-223 ALI Principles; Art. 213 of the Waseda Principles

I. Differences

1. General Remarks: From Court Discretion towards Legal Certainty

224 The problems associated with the treatment of parallel proceedings involve many considerations. One of the main ones is the question of how to deal with actions which have been or are about to be instituted before a forum of a third country. The ‘international context’ section highlights different approaches followed by the courts of different states. However, in the context of the legislative proposals one noteworthy remark has to be made. This remark is closely related to the discussion expounded in the section on

personal jurisdiction and the discretion of the courts to decline jurisdiction. Namely, it has been shown above that in the recent legislative proposals, a general trend towards the limitation of a court's discretion to decline jurisdiction could be identified. Accordingly, doctrines such as *forum non conveniens* or the 'special circumstances' test have been criticised due to the legal uncertainty of the litigants.

225 As a result, the need to increase legal certainty and foreseeability leads to the clarification of jurisdiction rules in other fields: infringement, contract, parallel proceedings, etc. In particular, the CLIP and the ALI Principles provide for a comprehensive set of rules to deal with parallel proceedings and negative declaratory actions. These specific rules filled in the gap which was left to the courts' discretion. In particular, the CLIP, Transparency and Waseda Principles adopt a lenient *lis pendens* approach giving the court first seized priority to proceed with the adjudication of the dispute unless there are cases of abuse.²⁴⁹ While the CLIP, Transparency and Waseda Principles establish *lis pendens* rules, the CLIP and the ALI Principles establish a more comprehensive framework to coordinate proceedings before the courts of multiple states (Arts. 2:701-2:706 CLIP and S 221-223 ALI.).

2. Modification of the Lis Pendens Rule

226 All legislative proposals adopt a number of rules which are designed to tackle problems when parallel proceedings are pending before courts of several states. However, here the approaches differ. The ALI Principles generally divide the decisions of the courts based on which court was first seized and what kind of method should be most advantageous in a given situation. Hence, the ALI Principles further require deciding which of the three forms of coordination should be applied: (i) cooperation; (ii) consolidation; or (iii) a combination of cooperation and consolidation.

227 Other legislative proposals adopt a modified *lis pendens* rule. However, the approaches here differ. The CLIP, Transparency and Waseda Principles give priority for the court first seized to decide whether it has jurisdiction to adjudicate the case; the courts later seized generally must stay the proceedings and await the conclusions of the court first seized. However, the Transparency and Waseda Principles contain a special rule according to which a judgment of a foreign court first seized could be recognized in the forum state, while the court later seized *shall* dismiss the case (Art. 201(1) Transparency and Art. 213(2) Waseda). The CLIP Principles specify that a court second seized is not obliged to stay the proceedings if (a) it has exclusive jurisdiction or (b) it is manifest that the judgment from the court first seized will not be recognized (Art. 2:701(1) CLIP).

228 In addition, the CLIP and Waseda Principles specify that in situations where the court first seized does not decide upon its jurisdiction within a reasonable time, the court later seized may reopen the proceedings (Art. 2:701(2) CLIP; Art. 213(3) Waseda). Further, the CLIP, Transparency and Waseda Principles adopt special rules of priority in situations where matters related to exclusive jurisdiction are at stake (Art. 2:703 CLIP; Art. 201(3) Transparency).

3. Court 'Seised' and Court 'First Seised'

229 Another set of differences concern the embodied clarifications when a court is deemed to be 'seised' and 'first seised'. The notion of the court which is deemed seised was provided in Article 21 of the 1999 Hague Draft, which stated that for the purposes of the application of the *lis pendens* rule, a court is deemed to be seised (a) when the document instituting the proceedings is lodged within a court; or (b) if such document has to be served before being lodged within the court, when it is received by an authority responsible for the service on the defendant. This notion of when the court is seised was adopted in the text of CLIP, ALI and the Waseda Principles.²⁵⁰

230 In addition, the ALI Principles also provide for a special rule when the court is considered to the 'first seised': (a) when the subject matter of the action is not within another tribunal's exclusive jurisdiction; and (b) no other court had previously been seised with a coercive action seeking substantive relief; and (c) in the case of actions between different parties, no other court has a pending motion to coordinate actions (S 221(5)). The need to establish for a special rule determining when a court is deemed to be 'first seised' was crucial because the ALI Principles propose for a comprehensive system of coordination of multi-territorial actions.

4. Cooperation between the Courts

231 Three of the legislative proposals adopt a view that in the case of parallel proceedings pending before the courts of different states, the courts should cooperate among themselves in order to promote efficient resolution of multi-state disputes (Art. 2:704 CLIP; Art. 201 Transparency; S 221 ALI). In particular, the legislative proposals seem to be inspired by the previous legislative proposals in the area of multi-state insolvency proceedings.²⁵¹ In particular, the ALI, CLIP and Transparency Principles determine that courts should be encouraged to directly communicate among themselves in order to efficiently manage the proceedings.

II. International Context

1. Coordination of Proceedings in the US

232 The US law does not follow any similar clear-cut doctrine such as the *lis pendens* rule. Instead of priority rules, American courts have taken into consideration the maintenance of international comity. While American courts were applying *forum non conveniens* doctrine in deciding upon international jurisdiction, in the context of parallel proceedings, courts deferred to a standard of ‘international abstention’. This standard was developed in court practice and confers discretion upon the courts to decide how to deal with parallel litigation. As a starting point, it should be noted that American federal courts have a ‘virtually unflagging obligation’ to exercise the jurisdiction conferred on them by Congress.²⁵² However, in ‘exceptional’ circumstances, a court may abstain from hearing a suit and await the outcome of parallel proceedings.²⁵³ In order to be able to defer to foreign proceedings, a finding of some substantial reason is not sufficient. Instead, the court held in *Moses v Mercury* that there should be the ‘clearest of justifications’ so that the court could surrender its jurisdiction over the dispute.²⁵⁴

233 Before deciding whether it is possible to apply the doctrine of abstention, the courts need to determine whether suits are parallel. In *Schneider v Carr*, it was held that suits are parallel if ‘substantially the same parties are litigating substantially the same issues simultaneously in two fora’.²⁵⁵ Nevertheless, suits do not have to be identical to be parallel.²⁵⁶ Furthermore, the mere presence of additional parties or additional questions in one of the cases does not necessarily preclude a finding that the cases are parallel.²⁵⁷ Accordingly, the essential question is not whether suits are formally symmetrical, but whether there is a ‘substantial likelihood’ that the foreign litigation ‘will dispose of the claims’ brought before a federal court.²⁵⁸ In *AAR International Inc v Nimelias Enterprises* it was held that in deciding whether to proceed with an action over a dispute which is also pending abroad, the court needs to consider various factors, including (a) respect for the courts of foreign nations; (b) fairness to the litigants (relative convenience of the forum and possible prejudice); or (c) efficient use of judicial resources.²⁵⁹

2. Parallel and Related Proceedings in the EU

a) The Practice of the CJEU

234 The Brussels I Regulation establishes two cornerstone provisions related to the coordination of par-

allel proceedings. Article 27 of the Regulation provides for a rule which deals with parallel proceedings that arise between the same parties and are based upon the same cause of action. Article 28 applies to situations where related actions are pending before courts of several Member States. The following sections deal with those two rules more specifically as well as focus on the problems which have emerged in the context of cross-border enforcements of IP rights.

235 Article 27 of the Brussels I Regulation²⁶⁰ deals with *lis pendens* situations and entrenches the first-in-time principle. In particular, Article 27 applies to proceedings which fulfil two conditions: first, parallel proceedings must have the same cause of action, and, second, proceedings must be between the same parties. If both requirements are fulfilled, any court other than the court first seised shall of its own motion stay the proceedings until the jurisdiction of the court first seised is established. The court second seised has no discretion and must stay the proceedings. Further, if the court first seised decides to hear the case, any other court later seised shall decline jurisdiction in favour of the court first seised (Art. 27(2)).

236 This *lis pendens* framework as entrenched in the Brussels I Regulation is justified on several grounds. First, the *lis pendens* rule is designed to preclude, as far as possible from the outset, the possibility of a situation where judgment given in a particular case is not recognised on the basis of its irreconcilability with a judgment given in proceedings between the same parties in the state in which recognition is sought.²⁶¹ Second, the *lis pendens* rule contributes to the protection of the right to access courts, which means that parties can submit their dispute only to one court.²⁶² Thus, the underlying objective of the *prior temporis* rule is to eliminate judicial inefficiency and retain mutual trust between the Member States.

237 In its previous case law, the CJEU made it clear that the requirements for the application of the *lis pendens* rule should be interpreted autonomously from those laid down in the national procedural statutes.²⁶³ Such autonomous interpretation should contribute to the proper administration of justice within the EU and prevent parallel proceedings before national courts of different Member States. Hence, according to the CJEU, the application of the *lis pendens* rule does not depend on any other conditions besides that (1) the action should be between the same parties, (2) those involving the same cause of action and (3) the same subject matter.²⁶⁴ Therefore, the determination of the content of these requirements is crucial for the application of Article 27 of the Brussels I Regulation.

238 One of the most controversial issues which the courts of EU Member States had to face was the determination of whether parallel proceedings had the

same cause of action and the same object. In its early case law, the CJEU ruled that the notion of the same 'cause of action' comprises the facts and the rule of law which form the basis of the action, whereas the 'object of the action' for the purposes of Article 21 of the Brussels Convention (Art. 27 of the Regulation) means the ultimate goal of the action.²⁶⁵ According to the CJEU, Article 21 of the Convention should be interpreted broadly so as to cover various situations where cases having the same cause of action are pending before courts of different countries and might end in conflicting decisions.²⁶⁶ Based on these considerations the CJEU found, for example, that a situation of *lis pendens* arises where one party brings an action for the rescission or discharge of an international sales contract whilst another party institutes proceedings before a court of another Member State seeking to enforce the same contract.²⁶⁷ For example, in the *Tatry* case, the CJEU decided an action for a declaration where the plaintiff is not liable; subsequently, an action commenced whereby the plaintiff in the first action is sued for compensation of damages having the same object.²⁶⁸ In this case, the ship-owners brought an action in the Netherlands seeking a declaration that they are not liable for damage to the cargo; subsequently, the cargo owners brought actions before English courts seeking damages for their alleged loss.

239 The second condition of the application of Article 27(1) of the Regulation is the sameness of the parties. According to the CJEU ruling in the *Gubisch* case,²⁶⁹ the 'sameness of the parties' is established regardless of the procedural position of each of the parties in parallel proceedings. Therefore, the parties are considered the same even if one party who is a plaintiff in one proceeding is the defendant in a proceeding before another court. Hence, it is only important that the basic legal relationship from which the dispute arises involves the same parties regardless of their procedural status. The same interpretation of the Brussels I Regulation is also followed by the domestic courts of the EU Member States.²⁷⁰

240 In practice, there may also be situations where more than two parties are involved in parallel proceedings before courts of different countries but not all of the parties are identical. According to the CJEU ruling in the *Tatry* case, where two actions involved the same cause of action but only some of the parties to the second action were the same as those in proceedings instituted earlier before courts of other countries, it would be necessary for the court second seised to stay and eventually decline jurisdiction only on the basis that the parties are also involved in proceedings before a court of another Member State. Hence, the court second seised could (a) continue the proceedings with regard to the parties that are not involved in the proceedings before a court first seised; or (b) stay the proceedings; or (c) decline jurisdiction

according to the rules provided in Article 27 of the Regulation.²⁷¹

241 According to Article 28 of the Brussels I Regulation, a court may stay the proceedings or decline jurisdiction if a related action is pending in another Member State. Notably differently from Article 27, Article 28 does not require absolute sameness of cause of actions which are pending before courts of different Member States. More particularly, Article 27 is designed to solve the problem of two legally *conflicting* judgments that may be rendered in courts of different Member States. The sister rule in Article 28 deals with a broader scope of the matter – *inconsistent* judgments that may be legally compatible but provide for different legal outcomes. In other words, Article 27 deals with conflicting judgments that are legally congruent – those in which parties dispute over the same legal object and may result in competing awards.²⁷² Article 28, on the other hand, applies to parallel proceedings that are related without necessarily having the same legal object.

b) IP Litigation Practices

242 Strict interpretation of Article 21 of the Brussels Convention (Art. 27 of the Regulation) facilitated the development of unseen litigation techniques whereby an alleged infringer of IP rights in one Member State launches action for a negative declaration seeking the establishment that certain acts do not constitute IP infringement, or that certain IP rights are not valid. Such actions are often obviously abusive: they are launched before a court that bears hardly any relationship with the dispute or is known for lengthy adjudication of disputes. In this regard, Italian and Belgian courts became (in)famous as places where such abusive actions were filed. In particular, alleged infringers of IP rights often filed an action for a negative declaratory judgment before Italian courts, where litigation usually takes more time than in other EU Member States. Such abusive actions became ironically known as 'torpedoes'²⁷³ because of the procedural advantages resulting from the mandatory stay of proceedings by the court second seised. Hence, the plaintiff of a torpedo action could win time even in the situation where the court first seised declined jurisdiction.

243 National courts of EU Member States have several times referred to the CJEU to seek clarification concerning the compatibility of such abusive actions with the European jurisdiction framework. In *Turner v Grovit*, the UK courts heard a dispute where an English national, Mr Turner, brought an action against his former Spanish employer. The employer contested the jurisdiction of the English courts and brought another action in Spain. The question in this dispute was whether the English courts could grant restraining orders against defendants who are

threatening to commence or continue legal proceedings before courts in other countries, when those defendants were acting in bad faith and with the intention to frustrate or obstruct proceedings pending before the English courts. The CJEU decided that injunctions, whereby courts of one Member State prohibit a party from continuing the proceedings pending before a court of another Member State, cannot be granted under the Brussels Convention even if that party is acting in bad faith with the purpose of frustrating the existing proceedings.²⁷⁴ The reasoning of the CJEU was based on the principle of mutual trust, which allows a compulsory system of jurisdiction that does not permit the jurisdiction of a court to be reviewed by a court of another Member State. This principle also extends to situations where the defendant threatens to commence or continue legal proceedings before a court of another state. In the view of the CJEU, a court decision that questions whether such a party is acting in bad faith by having recourse to the jurisdiction of courts of another state amounts to interfering with the jurisdiction of the foreign court and therefore undermines the principle of mutual trust.²⁷⁵

244 In another case, *Gasser*, the CJEU again had an opportunity to clarify whether *lis pendens* rules requiring the court second seised to decline jurisdiction should be followed in situations where the proceedings before a court first seised takes an excessively long time. The CJEU did not endorse any possible deviations to the strict interpretation of the *lis pendens* rule. It was decided that the possibility to disregard a duty to stay the proceedings, if the proceedings before the court first seised are excessively long or if it is obvious that the court seised has no jurisdiction over the merits, would run counter to the letter and spirit of the Brussels Convention.²⁷⁶ The court reiterated that the Brussels jurisdiction regime is based on the principle of mutual trust which all courts of Member States have to follow.²⁷⁷ In this decision, the CJEU gave unconditional preference to legal certainty and closed the doors to the introduction of any exceptions which might have allowed some flexibility in the application of Article 27. As a result, the court second seised may only stay the proceedings and cannot *sua sponte* examine the jurisdiction of the court first seised.

245 The practical implications of the territoriality principle should be carefully taken into consideration when dealing with parallel IP proceedings. Namely, torpedo actions had been possible because the CJEU considered infringement actions and actions for negative declaratory judgments to be based on the same cause of action. However, in the area of IP rights, the same cause of action exists only when both actions instituted before courts of different states are related to the same IP right.²⁷⁸ In other words, both actions should concern an IP right protected in the same country. Yet in situations where parallel pro-

ceedings concern the protection of different national IP rights, it is obvious that these proceedings do not have the same cause of action.²⁷⁹ This also follows from the CJEU *Roche* decision, where it was held that parallel proceedings concerning patents granted in different countries have different causes of action.²⁸⁰ In such situations, it is not relevant whether the objective of parallel proceedings is the infringement of IP rights, declaration of non-infringement or validity. It follows that Article 27 of the Regulation would not be applied. Theoretically, a court could exercise its discretion and stay the proceedings pursuant to Article 28 of the Brussels I Regulation. Nevertheless, it is very unlikely that the court second seised would stay the proceedings, especially if a court of another state was previously seised with a torpedo claim.

246 Next it has to be clarified whether the same cause of action exists between the proceedings for the validity of IP rights and IP infringement proceedings. Here, two possible situations should be distinguished. First, the alleged infringer may file a suit challenging the validity of IP rights before a court of a third state which is not the protecting state, and the right holder subsequently brings an infringement action before a court of a state where the alleged infringer is domiciled. Second, the alleged infringer may file a suit challenging the validity of IP rights before a court of the protecting country (in the case of patents – the granting country) and the right holder brings an infringement action before courts where the alleged infringer is domiciled. Both cases are identical in that (a) the right holder seeks legal redress before courts of the defendant's domicile pursuant to Article 2 of the Brussels I Regulation; and (b) the IP rights at stake are the same in all proceedings. Generally, there is no common agreement among European scholars as to whether the invalidity action and the infringement action have the same cause of action and what procedural steps should be taken by the court second seised. In the first scenario where an action for invalidity is brought before a court of a third country which bears no connection to the dispute, if the proceedings are considered to have the same cause of action, the court second seised would be obliged to stay the proceedings (regardless of the fact that the action to the court first seised was a clear abuse of rights) pursuant to Article 27 of the Brussels I Regulation. However, it may be argued that invalidity proceedings and infringement proceedings do not have the same cause of action and therefore the court second seised could continue the proceedings.²⁸¹ Following this approach, these invalidity proceedings would not even be considered to be related proceedings in terms of Article 28, and the court second seised would not be obliged to stay its proceedings. The situation would be rather different in the second constellation where an invalidity action is brought before a court of a protecting state. The question which has to be answered is how to control parallel pro-

ceedings involving the same IP rights. In this case, the CJEU ruling in *GAT v LuK* would imply that the two actions are based on the same cause and that the proceedings before the court second seised have to be stayed and jurisdiction declined as soon as the court first seised asserts jurisdiction.

247 It appears that such territoriality considerations would be equally applicable with regard to unregistered IP rights. Hence, proceedings involving different IP rights, whether registered or not, will not be considered as having the same cause of action, and the *lis pendens* rule requiring the court second seised would not be applicable. In the UK there are several court decisions where English courts refused to defer to foreign parallel proceedings involving parallel IP rights.²⁸² It should also be noted that the only situation where the requirement to stay the proceedings pursuant to Article 27 is if the court second seised has exclusive jurisdiction over the claim which had been previously brought before a court of another state.²⁸³

248 To tackle the torpedo problem, a number of solutions have been proposed. In order to avoid abusive torpedo actions, it has been argued that courts second seised should not defer to foreign proceedings where it is obvious that a judgment of a court first seised cannot be recognised in the forum country. However, as was stated above, such an approach is incompatible with the Brussels I regime.²⁸⁴ Further, it has been proposed that in cross-border IP litigation, actions for a declaration of non-infringement should be allowed only before courts of the state where the proprietor of IP rights has a domicile. The possibility of bringing an action before a court of a foreign protecting state where the proprietor of allegedly infringed IP rights is not domiciled would still keep the gates open for potential abuse of procedural rights. It was argued that this approach should also be adopted with regard to alleged infringements of European bundle patents.

c) Third-Country Situations

249 The provisions of the Brussels I Regulation are applicable only to parallel proceedings pending before the courts of EU Member States. Therefore, Articles 27 and 28 are not applicable when the parallel proceedings occur before courts of a third state. In such situations, national jurisdiction rules of the forum would determine the manner of coordination of parallel proceedings. Upon closer inspection of the existing national laws, two different approaches could be distinguished: first, countries where the control of parallel proceedings depends, inter alia, on the condition of whether a foreign judgment rendered in the parallel proceedings could be recognised in the forum state; and second, countries, where the courts

would not take into consideration the fact that there are pending parallel proceedings in a third state.

250 A number of continental European countries belong to the first group of states where the control of foreign parallel proceedings depends on whether a foreign judgment could be recognised in a forum state. In Germany, for an action brought before a court of a third country, the Code of Civil Procedure would be applied and the rules entrenched in Section 261 paragraph 3 would be applied, *mutatis mutandis*. A German court would decline jurisdiction if there were a likelihood of the judgment being enforced in Germany.²⁸⁵ If an action for a negative declaratory judgment is raised before a court of a third country challenging the validity of foreign patents, German courts would assert jurisdiction on the basis that a judgment rendered by a court of the third country would not be recognised in Germany on the ground that the court would not have jurisdiction over the dispute related to the validity of foreign patent rights (S 328 para. 1 no. 1 of the German Code of Civil Procedure).

251 In Austria, parallel litigation issues related with claims raised before courts of third countries would be decided pursuant to Section 233(1) of the Civil Procedure Act, which provides that the court second seised has to dismiss the claim of its own motion if the same claim is already pending before a court of another state. This rule was originally applied for domestic *lis pendens* situations, but later its application was extended to include foreign parallel proceedings.²⁸⁶ The notion of the 'same claim' is interpreted differently from the notion of 'the same cause of action' of the Brussels I Regulation. However, the most remarkable feature of the Austrian domestic regime is that the control of parallel proceedings is possible only if there is a risk of irreconcilable judgments. Such irreconcilability may arise when a foreign court judgment is rendered and the recognition is sought in Austria (S 233(1) of the Civil Procedure Act). Hence, the Austrian court would have to ascertain whether the disputes are based on the same cause of action and whether a foreign judgment can be recognised in Austria.²⁸⁷ As regards foreign parallel proceedings, the Austrian Supreme Court had previously decided that IP rights are territorial in nature; therefore, the cause of action is different where foreign proceedings are related to the protection of unregistered IP rights in that foreign country and Austrian proceedings are about the protection of Austrian IP rights.²⁸⁸ Such findings of the Supreme Court are in line with the CJEU practice established in the *Roche* judgment.²⁸⁹

252 Italian domestic jurisdiction provisions dealing with foreign parallel proceedings are somewhat similar to the Austrian regime. Pursuant to Article 7(1) of the Italian PIL Statute, a judge shall stay the proceedings in situations where a dispute between the same par-

ties, having the same object and being based on the same grounds, is pending before a foreign court and a judgment rendered in those foreign proceedings can be recognised in Italy.

253 In Switzerland, the issue of parallel proceedings is governed by Article 9 of the Federal Private International Act, according to which the proceedings have to be stayed if an action having the same subject matter and between the same parties is pending before a court of a foreign country, and it is expected that the foreign court will, within a reasonable time, render a decision which can be recognised in Switzerland.

254 In Belgium, Article 14 of the CPIL allows the court to stay the proceedings where, firstly, the parallel disputes have the same cause of action and, secondly, will likely be recognised and enforced in Belgium. Similarly, Dutch courts do not seem to be bound by such strict jurisdiction rules as those entrenched in the Brussels I Regulation. Article 12 Rv leaves more discretion to the courts, which are allowed to stay the proceedings but are not obliged to do so.

255 In Spain there are no procedural rules that would deal with the control of international parallel proceedings. In practice, Spanish courts have been reluctant to take into consideration foreign parallel proceedings. Hence, it is very unlikely that Spanish courts will defer to foreign parallel proceedings in IP disputes.²⁹⁰ French courts usually decline international jurisdiction or stay the proceedings if they are courts second seised.²⁹¹

256 In cases where the Brussels I regime does not apply, the jurisdiction of UK courts would be determined according to the common law. International jurisdiction of UK courts in IP-related cases would to a large extent be affected by the strict territoriality principle and the *forum non conveniens* doctrine. Namely, English courts may decline jurisdiction over disputes involving infringements or validity of foreign IP rights even if *in personam* jurisdiction over the defendant was established. Accordingly, UK courts would not take into consideration proceedings which are brought before a foreign court challenging the validity of UK IP rights.²⁹²

257 Some of the issues concerning the modernisation of the Brussels I Regulation were also related to parallel proceedings. In particular, as regards parallel IP infringement proceedings, the EC Commission proposed to enhance the communication as well as interaction between the national courts of different Member States which deal with parallel proceedings.²⁹³ In addition, some further alternatives were discussed with regard to the coordination of IP infringement and validity proceedings,²⁹⁴ as well as the coordination of proceedings concerning the validity

of the arbitration clause before a national court and an arbitral tribunal.²⁹⁵

3. Efforts to Create a European Patent System

258 To overcome the existing limitations concerning the adjudication of multi-state patent disputes, two possible legal instruments have been proposed: (a) a Community patent and (b) a European and Community Patents Court. One of the objectives of creating a system of Community Patent is to create additional incentives for small and medium enterprises and to make access to the patent system less costly. A unitary Community title would provide for equal protection within the EU and thus help fight against counterfeiting and patent infringements. The Community patent can be granted only in respect of the whole Community (Art. 2(2)). The examination of patent applications, the grant of Community patents as well as other administrative functions are to be carried out by the EPO. In particular, applications for Community patents should be filed through the national patent authorities or directly to the EPO. The EPO shall also be in charge of the administration of the Registry of Community Patent. As for substantive law provisions, the European Patent Convention should be applied together with national law, insofar as it complies with the Community law.

259 The European and Community Patents Court would be for disputes concerning the infringement and validity of European and Community patents. The main objective of establishing a special patents court is to provide for a legal mechanism which would ensure expeditious and high-quality decisions, and would strike a balance between the interests of various stakeholders. The Court would have exclusive jurisdiction concerning (a) actions for actual or alleged infringements of patents, supplementary protection certificates and related defences as well as declarations of non-infringement; (b) actions for provisional and protective measures and injunctions; (c) counterclaims for revocations of patents; (d) actions for damages and compensation derived from the provisional protection conferred by a published patent application; (e) actions relating to the use of the invention prior to the granting of the patent or the right based prior to use of the patent; and (f) actions for the grant and revocation of compulsory licences concerning Community patents (Art. 15(1)).

260 The national courts of Contracting States shall have jurisdiction in actions related to Community and European Patents unless they fall under the exclusive jurisdiction of the Patent Court. In particular, actions referred to in (a), (b) and (d) of Article 15(1) shall be brought to either (a) the court of the Contracting State where the infringement occurred or

may occur, or (b) the local court of the Contracting State where the defendant is domiciled. If the defendant is domiciled outside the territory of Contracting States, the action shall be brought before the courts of the state where the infringement occurred or threatened to occur. Other kinds of actions referred to in Article 15(1) shall be brought before the central division. Such actions may only be initiated if the infringement proceedings have not been initiated before the local or regional division. An action for a declaration of non-infringement that is pending before the central division shall be stayed if an infringement action concerning the same patent between the same parties, or between the holder of the exclusive licence and the person requesting a declaration, is initiated within three months of a local action.

261 The Patent Court may impose measures which are described in the Statute of the Court and Rules of Procedure. In particular, the Court can issue the following: orders to produce or preserve evidence, orders to inspect property, freezing orders, provisional and protective measures, permanent injunctions as well as corrective measures in infringement proceedings (Articles 34–38). The Patent Court may also render a decision upon the validity of a patent and award damages. In the case of Community patents, the decisions of the Patent Court shall have effect within the whole territory of the EU. If the dispute concerns European patents, the effects of the decision shall be limited to the territory in which the European patent has effect (Art. 16).

4. Parallel Proceedings According to Japanese Law

262 The Japanese legal framework concerning international parallel proceedings is also not explicitly addressed in the Code of Civil Procedure. The only pertinent statutory provision is entrenched in Article 142 of the CCP which states that ‘neither of the parties can bring another action regarding the case which is pending before the court’. However, Japanese courts have consistently refused to apply Article 142 to situations where a similar case is pending before a foreign court. Hence, it was questioned whether international parallel proceedings should be prohibited in principle, and if so what jurisdictional rules would be most appropriate. The national report identifies three prevailing approaches: 1) the so-called ‘anticipated recognition’ theory; 2) the theory according to which parallel proceedings should be treated as an issue of standing to sue; and 3) the opinion that the decision concerning parallel proceedings is based on the ‘special circumstances’ test.

263 In early case law, Japanese courts tended to turn a blind eye to parallel proceedings pending before

foreign courts. Recently, however, the prevailing approach among both legal scholars and Japanese courts supports the special circumstances theory. According to this theory, Japanese courts would take into consideration whether there are certain circumstances that would require Japanese courts to decline jurisdiction. Such circumstances affecting whether jurisdiction should be declined or not are those of the burden of the parties, location of evidence, time factors, etc.

264 There are no cases related to the handling of parallel proceedings simultaneously pending before Japanese and foreign courts. Nevertheless, existing case law sheds some light on possible parallel IP litigation situations. Hence, in such situations where the alleged infringer brings an action before foreign courts where IP rights are granted and asks the court to issue a declaration of non-infringement, Japanese courts seized by the right holder with an infringement action of foreign IP rights would consider which court is better situated to adjudicate the dispute. If a Japanese court found that there were some special circumstances showing that a foreign court would be better located to hear the dispute, the Japanese court would decline the jurisdiction. The situation would be the same if the defendant in infringement proceedings challenged the validity of allegedly infringed foreign patents: Japanese courts again would take all relevant factors into consideration to determine in which country the dispute would be best adjudicated.

265 The question of international parallel proceedings was also vigorously deliberated among the members of the CCP reform group. At an early stage of drafting, the majority opinion was that in cases where parallel proceedings concerning the same action are pending before courts of different countries, Japanese courts should dismiss the action if Japanese courts were seized of the case later than the foreign court.²⁹⁶ The Interim Draft (2009) prepared by the Ministry of Justice working group contained several alternative rules for international parallel proceedings. The proposed rules stipulated that Japanese courts would have had the authority to stay the proceedings until the foreign court decides the case, given that such future decisions may be recognised in Japan. However, due to fierce criticism and opposition, the idea of establishing a special rule for parallel proceedings was abandoned during the drafting. Instead, it was decided that the handling of international parallel proceedings should fall under the rule establishing a court’s discretion to dismiss an action if there are special circumstances (Art. 3-9²⁹⁷).

H. Concluding Remarks

266 As has been shown in this paper, a number of controversial questions still exist in relation to the optimal approach concerning the adjudication of multi-state IP disputes. Even though the existing legislative proposals were drafted with the idea of streamlining the adjudication of multi-state IP disputes, the approaches among the legislative proposals differ as well. Some of these differences could be explained in light of the intended scope as well as the addressee of the principles. Therefore, before starting to prepare the workable set of guidelines, the ILA Committee must decide upon several policy questions: (a) Should the draft ILA guidelines merely restate the existing law or be more visionary? (b) Should the draft guidelines adopt a rather general syntax or contain more detailed set of recommendations? (c) How should the draft guidelines strike a balance between different traditions?

267 In this regard a number of problems arise. First, what should the ultimate goal of the future ILA guidelines be – promoting legal certainty or flexibility? According to the answer to this question, the overall structure of the ILA guidelines could be crystallized. If the ILA Committee decides to favour flexibility, then presumably there would be fewer possibilities for replacing discretionary jurisdictional doctrines such as *forum non conveniens* or the ‘special circumstances’ test with more judicial, cooperation-oriented rules. On the contrary, if the parties cannot agree on the place of adjudication, efficiency considerations seem to favour certain clarity as to the outcome of the litigation, i.e. cooperation between the courts or perhaps consolidation of a multi-state dispute before one single court.

268 The second difficulty is related to the subtle divide between the principles of adjudicatory authority of courts in common law and civil law countries. In civil law countries, it is generally conceived that the defendant’s domicile/habitual residence offers a firm jurisdiction rule, and other grounds of jurisdiction are considered merely exceptions from this general principle. In common law countries, the distinction is made between the jurisdiction over the persons (so-called *in personam* jurisdiction) and a court’s competence to hear the dispute (i.e. subject-matter jurisdiction). Whether and how these two approaches to international judicial jurisdiction could be reconciled is a delicate matter. However, the estimated date for finalising the ILA guidelines is scheduled for 2014, which means that the members of the ILA Committee have sufficient time for a careful consideration in finding a balanced approach.

1 The American Law Institute, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes* (Chestnut, ALI Publishers, 2008).

- 2 The European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP), *Principles on Conflict of Laws in Intellectual Property*, available at: <www.cl-ip.eu/files/pdf2/Final_Text_1_December_2011.pdf>.
- 3 See J. Basedow, T. Kono and A. Metzger (eds.), *Intellectual Property in the Global Arena* (Mohr, Tübingen, 2010), pp. 394-402, also available at: <www.tomeika.jur.kyushu-u.ac.jp/ip/pdf/Transparency%20RULES%20%202009%20Nov1.pdf>.
- 4 See <www.hcch.net/index_en.php?act=text.display&tid=149>.
- 5 See T. Kono and P. Jurčys, ‘General Report’, in T. Kono (ed.), *Intellectual Property and Private International Law: Comparative Perspectives* (Hart, 2012), pp. 1-216.
- 6 Available at: <www.hcch.net/upload/wop/jdgm2001draft_e.pdf>.
- 7 See e.g. A. T. von Mehren, *Adjudicatory Authority in Private International Law: A Comparative Study* (Leiden, Martinus Nijhoff Publishers, 2007), at p. 51 et seq.
- 8 See Rationale part below.
- 9 For a more detailed discussion, see Rationale part below.
- 10 The approach adopted in the KOPILA Principles is discussed below, in the Rationale part.
- 11 For the discussion, see the Rationale part below.
- 12 ALI, *supra* note 1, at p. 28.
- 13 See Preliminary Document No. 11, available at: <www.hcch.net/index_en.php?act=publications.details&pid=3494&tid=35>.
- 14 *Ibid.*, at p. 56.
- 15 *Ibid.*, at pp. 78-79.
- 16 Cf. *Gulf Oil Corp v Gilbert*, 330 US 501 (1947).
- 17 For an overview of Korean jurisprudence and the application of the ‘special circumstances test’, see G. Lee, ‘Korea’ in T. Kono (ed.), *supra* note 5, at pp. 793 et seq.
- 18 See T. Kono, Comments to Art. 109, in Basedow/Kono/Metzger (eds.), *supra* note 3, at pp. 107-9.
- 19 *International Shoe Co v Washington* 326 US 310 (1945) 316.
- 20 *World-Wide Volkswagen Corp v Woodson* 444 US 286 (1980) at 297-98.
- 21 *Gulf Oil Corp v Gilbert* 330 US 501 (1947) at 508-9.
- 22 *Ibid.*
- 23 *Piper Aircraft Co v Reyno* 454 US 235 (1968) at 260.
- 24 See e.g. *Dominic Murray v BBC* 81 F3d 287 (2d Cir 1996) at 290; *Skelton Fibres Limited et al v Antonio Linares Canas et al* 1997 US Dist LEXIS 2365; *Boosey & Hawkes Music Publishers Ltd v The Walt Disney Company and Buena Vista Home Video* 145 F3d 481 (1998) at 491.
- 25 *Ralphe A Armstrong and Anna Music v Virgin Records Ltd* 91 F Sup 2d 628 (2000) at 636. For the application of these jurisdiction requirements in patent infringement disputes, see e.g. *Viam Corp v Iowa Export-import Trading Co* 84 F3d 424 (Fed Cir 1996) at 427.
- 26 *SRAM Corporation v Sunrace Roots Enterprise Co Ltd* 390 F Sup 2d 781 (2005).
- 27 Art. 2 of the Lugano Convention and the revised Lugano Convention (2007).
- 28 CJEU, Case C-412/98, *Group Josi Reinsurance Comp v UGIC*, [2000] ECR I-5925, para. 61.
- 29 CJEU, Case C-26/91, *Handte v Traitements Mécano-chimiques des Surfaces*, [1992] ECR I-3967, para. 14.
- 30 For a more detailed discussion as to the application of Articles 2 and 59 of the Brussels I Regulation by domestic courts, see T. Petz, ‘Austria’ in T. Kono (ed.), *supra* note 5, section 4.1.1; M. E. Ancel, ‘France’ in T. Kono (ed.), *supra* note 5, answers to HC 1; N. Boschiero and B. Ubertaini, ‘Italy’ T. Kono (ed.), *supra* note 5, section 1.2.2.

- 31 It should be noted that the Lugano Convention of 1988 in its Art. 53 only refers to the 'seat of a company or association of natural or legal persons' which are to be considered as domicile and mandated by the court to apply its own rules of private international law to determine that seat.
- 32 Art. 5(5) of the Lugano Convention and the revised Lugano Convention (2007).
- 33 CJEU, Case 33/78, *Somafer SA v Saar-Ferngas AG*, [1978] ECR 2183, paras. 7-8.
- 34 CJEU, Case 14/76, *A De Bloos SPRL v Société en commandite par actions Bouyer*, [1976] ECR 1497, paras. 20-21; CJEU, Case 139/80, *Blanckaert & Willems PVBA v Luise Trost*, [1981] ECR 819, para. 9.
- 35 CJEU, Case 139/80, *Blanckaert & Willems PVBA v Luise Trost*, [1981] ECR 819, paras. 12-3.
- 36 CJEU, Case 33/78, *Somafer SA v Saar-Ferngas AG*, [1978] ECR 2183, para. 13. The same practice is established by courts of some Member States.
- 37 See, inter alia, CJEU, Case C-412/98, *Group Josi Reinsurance Comp v UGIC*, [2000] ECR I-5925, paras. 35-7; CJEU, Case C-51/97, *Réunion européenne SA and Others v Spliethoff's Bevrachtingskantoor BV*, [1998] ECR I-6511, para. 16.
- 38 CJEU, Case C-281/02, *Owusu v Jackson*, [2005] ECR I-1383, para. 37.
- 39 *Ibid.*, para. 41.
- 40 See Petz, *supra* note 30, section 3.2.3; M. C. Janssens, 'Belgium' in T. Kono (ed.), *supra* note 5, para. 41; D. van Engelen, 'Netherlands' in T. Kono (ed.), *supra* note 5, section 3.2 and nn 18-19; A. Metzger, 'Germany' in T. Kono (ed.), *supra* note 5, section 2.2.1.2; Boschiero/Ubertazzi, *supra* note 30, answers to HC 1; P. A. de Miguel Asensio, 'Spain' in T. Kono (ed.), *supra* note 5, answers to HC 1.
- 41 Petz, *supra* note 30, section 3.2.3; Metzger, *supra* note 40, section 2.2.1.2; Asensio, *supra* note 40, answers to HC 1, where it is also noted that the issue of applicability of Art. 2 of the Brussels I Regulation to IP infringements which occur on the Internet is still controversial.
- 42 Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark (codified version) [2009] OJ L78/1.
- 43 Arts. 82 and 83(1) Council Regulation (EC) No 6/2002 of 12 December 2001 on Community designs [2002] OJ L3/1.
- 44 Art. 101 of the Council Regulation (EC) No 2100/94 of 27 July 1994 on Community plant variety rights [1994] OJ L 227/1.
- 45 Janssens, *supra* note 40, para. 159 and also nn 159 and 160.
- 46 CJEU, Case C-68/93, *Fiona Shevill and Others v Presse Alliance*, [1995] ECR I-415.
- 47 van Engelen, *supra* note 40, section 3.2; Metzger, *supra* note 40, answers to HC 1; Boschiero/Ubertazzi, *supra* note 30, answers to HC 1; Asensio, *supra* note 40, answers to HC 1.
- 48 C. Wadlow, 'UK' in T. Kono (ed.), *supra* note 5, answers to HC 1.
- 49 For a discussion, see Ancel, *supra* note 30, answers to HC 1; D. Možina, 'Slovenia' in T. Kono (ed.), *supra* note 5, answers to HC 1, question 4.
- 50 U. Maunsbach, 'Sweden' in T. Kono (ed.), *supra* note 5, answers to HC 1.
- 51 E.g. Arts. 42 and 43 of the French Code of Civil Procedure; Art. 3 of the Italian PIL Statute; Art. 48(1) [personal jurisdiction] and Art. 59 [operation of a branch or agency] of the Slovenian PILP Act; Art. 112 of the Swiss Federal Private International Law Act.
- 52 van Engelen, *supra* note 40, section 3.2.
- 53 Asensio, *supra* note 40, answers to HC 1.
- 54 Ancel, *supra* note 30, sections 1.2.1 and 1.2.
- 55 Wadlow, *supra* note 48, answers to HC 1.
- 56 Ancel, *supra* note 30, section 1.2.3.6.
- 57 Wadlow, *supra* note 48, answers to HC 1.
- 58 See <ec.europa.eu/justice_home/doc_centre/civil/studies/doc_civil_studies_en/htm>, Green Paper on the review of Council Regulation (EC) No. 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (21 April 2009), COM(2009) 175, 3-4.
- 59 Supreme Court of Japan, Judgment of 16 October 1981, 35 *Minshū* 1224.
- 60 Supreme Court, Judgment of 11 November 1997, 51 *Minshū* 4055.
- 61 Kokusai saiban kankatsu kenkyū-kai [International Jurisdiction Study Group], *Kokusai saiban kankatsu kenkyū-kai hōkoku (1) [Report of the International Jurisdiction Study Group (1)]*, 883 *New Business Law* (2008.6.15) at p. 6. Art. 22 of the Japanese Civil Code provides: 'The principal place wherein a person lives shall be his/her domicile'.
- 62 P. Nygh and F. Pocar, *Report on the preliminary draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters*, available at <www.hcch.net/upload/wop/jdgmpp11.pdf> (hereinafter referred to as 'Nygh-Pocar Report'), at pp. 40-42.
- 63 See 2001 Hague Draft.
- 64 von Mehren, *supra* note 7, at p. 51 et seq.
- 65 For the discussion, see 'Rationale' part below.
- 66 Section 205 of the ALI Principles; Art. 2:201(2) second sentence of the CLIP Principles and Art. 204(2) of the Waseda Principles.
- 67 S. Chaen, T. Kono and D. Yokomizo, *Jurisdiction in Intellectual Property Cases: The Transparency Proposal*, in Basedow/Kono/Metzger (eds.), *supra* note 3, at p. 93.
- 68 Nygh-Pocar Report, *supra* note 62, at p. 50.
- 69 The proposed Alternative A also established several possible definitions of 'activity'.
- 70 *Ibid.*, at p. 49.
- 71 *Ibid.*, at pp. 50-1.
- 72 J. Basedow, *Foundations of Private International Law in Intellectual Property*, in Basedow/Kono Metzger (eds.), *supra* note 3, at p. 28.
- 73 Chaen/Kono/Yokomizo, *supra* note 67, at pp. 92-93.
- 74 ALI Principles, *supra* note 1, Comments to Section 205.
- 75 J. Fawcett and P. Torremans, *Intellectual Property and Private International Law*, (Oxford University Press, 2nd ed., 2011), para. 11-154.
- 76 See also Art. 5(1) of the Lugano Convention (1988) as well as the revised Lugano Convention (2007).
- 77 CJEU, Case 266/85, *Hassan Shenavai v Klaus Kreischer*, [1987] ECR 239, para. 20; CJEU, Case C-288/92, *Custom Made Commercial Ltd v Stawa Metallbau GmbH*, [1994] ECR I-2913, para. 13.
- 78 CJEU, Case C-288/92, *Custom Made Commercial Ltd v Stawa Metallbau GmbH*, [1994] ECR I-2913, para. 15.
- 79 CJEU, Case C-334/00, *Fonderie Officine Meccaniche Tacconi v HWS*, [2002] ECR I-7357, paras. 22-3.
- 80 CJEU, Case C-26/91, *Handte v Traitements Mécanochimiques des Surfaces*, [1992] ECR I-3967, para. 18; CJEU, Case C-334/00, *Tacconi*, [2002] ECR I-7357, para. 27.
- 81 CJEU, Case 14/76, *A De Bloos, SPRL v Société en commandite par actions Bouyer*, [1976] ECR 1497, para. 10.
- 82 *Ibid.*, paras. 11 and 13; CJEU, Case 266/85, *Hassan Shenavai v Klaus Kreischer*, [1987] ECR 239, para. 20.
- 83 CJEU, Case 14/76, *A De Bloos, SPRL v Société en commandite par actions Bouyer*, [1976] ECR 1497, para. 14.
- 84 *Ibid.*, paras. 8-10; CJEU, Case C-420/97, *Leathertex Divisione Sintetici SpA v Bodetex BVBA*, [1999] ECR I-6747, para. 31.

- 85 CJEU, Case C-420/97, *Leathertex Divisione Sintetici SpA v Bodetex BVBA*, [1999] ECR I-6747, para. 40.
- 86 CJEU, Case 12/76, *Industrie Tessili Italiana Como v Dunlop AG*, [1976] ECR 1473, para. 13.
- 87 CJEU, Case C-288/92, *Custom Made Commercial Ltd v Stawa Metallbau GmbH*, [1994] ECR I-2913, paras. 27–9.
- 88 CJEU, Case 56/79, *Siegfried Zelger v Sebastiano Salitrini*, [1980] ECR I-89, para. 5.
- 89 CJEU, Case C-106/95, *MSG v Gravières Rhénanes*, [1997] ECR I-911, paras. 30–1.
- 90 CJEU, Case C-26/91, *Handte v Traitements Mécanochimiques des Surfaces*, [1992] ECR I-3967, para. 18; CJEU, Case C-440/97, *GIE Groupe Concorde and Others v The Master of the vessel 'Suhadiwarno Pankan' and Others*, [1999] ECR I-6307, para. 24; CJEU, Case 256/00, *Besix SA v Wasserreinigungsbau Alfred Kretzschmar GmbH & Co KG and Others*, [2002] ECR I-1699, para. 26; CJEU, Case C-368/05, *Color Drack GmbH v Lexx International Vertriebs GmbH*, [2007] ECR I-3699, para. 19.
- 91 CJEU, Case C-440/97, *GIE Groupe Concorde and Others v The Master of the Vessel 'Suhadiwarno Pankan' and Others*, [1999] ECR I-6307, para. 32.
- 92 CJEU, Case 256/00, *Besix SA v Wasserreinigungsbau Alfred Kretzschmar GmbH & Co KG and Others*, [2002] ECR I-1699, para. 31.
- 93 CJEU, Case C-381/08, *Car Trim GmbH v KeySafety Systems Srl*, [2010] ECR I-1255, para. 58.
- 94 CJEU, Case 256/00, *Besix SA v Wasserreinigungsbau Alfred Kretzschmar GmbH & Co KG and Others*, [2002] ECR I-1699, paras. 49–50.
- 95 CJEU, Case C-368/05, *Color Drack GmbH v Lexx International Vertriebs GmbH*, [2007] ECR I-3699, para. 40.
- 96 CJEU, Case C-19/09, *Wood Floor Andreas Domberger GmbH v Silva Trade SA*, [2010] ECR I-2121, para. 31; CJEU, Case C-204/08, *Peter Rehder v Air Baltic Corporation*, [2009] ECR I-6073, para. 36.
- 97 CJEU, Case C-368/05, *Color Drack GmbH v Lexx International Vertriebs GmbH*, [2007] ECR I-3699, paras. 43–4.
- 98 CJEU, Case C-420/97, *Leathertex Divisione Sintetici SpA v Bodetex BVBA*, [1999] ECR I-6747, paras. 38–9.
- 99 *Ibid.*, para. 41.
- 100 CJEU, Case C-368/05, *Color Drack GmbH v Lexx International Vertriebs GmbH*, [2007] ECR I-3699, para. 41; CJEU, Case C-19/09, *Wood Floor Andreas Domberger GmbH v Silva Trade SA*, [2010] ECR I-2121, para. 40.
- 101 CJEU, Case C-19/09, *Wood Floor Andreas Domberger GmbH v Silva Trade SA*, [2010] ECR I-2121, para. 42; CJEU, Case C-204/08, *Peter Rehder v Air Baltic Corporation*, [2009] ECR I-6073, para. 38.
- 102 CJEU, Case C-19/09, *Wood Floor Andreas Domberger GmbH v Silva Trade SA*, [2010] ECR I-2121, para. 43.
- 103 CJEU, Case C-204/08, *Peter Rehder v Air Baltic Corporation*, [2009] ECR I-6073, paras. 40–4.
- 104 CJEU, Case C-533/07, *Falco Privatstiftung and Thomas Rabitsch v Gisela Weller-Lindhorst*, [2009] ECR I-3327, para. 40.
- 105 CJEU, Case C-381/08, *Car Trim GmbH v KeySafety Systems Srl* para. 38.
- 106 CJEU, Case C-533/07, *Falco Privatstiftung and Thomas Rabitsch v Gisela Weller-Lindhorst*, [2009] ECR I-3327, para. 29.
- 107 CJEU, Case C-19/09, *Wood Floor Andreas Domberger GmbH v Silva Trade SA*, [2010] ECR I-2121, para. 34.
- 108 CJEU, Case C-533/07, *Falco Privatstiftung and Thomas Rabitsch v Gisela Weller-Lindhorst*, [2009] ECR I-3327, paras. 31 and 36.
- 109 The *Falco* jurisprudence was adopted in the practice of several domestic courts; see A. Pereira, 'Portugal' in T. Kono (ed.), *supra* note 5, answers to HC 3 and n 105 in particular.
- 110 See e.g. Nagoya District Court, Judgment of 12 November 1979, 35 *Minshū* 1241.
- 111 Tokyo District Court, Judgment of 31 January 1994, 837 *Hanrei Taimuzu* 300.
- 112 Tokyo District Court, Judgment of 25 April 1995, 898 *Hanrei Taimuzu* 245; Tokyo High Court, Judgment of 24 March 1999, 1700 *Hanrei Jihō* 41; Tokyo District Court, Judgment of 19 March 1998, 997 *Hanrei Taimuzu* 286.
- 113 Osaka District Court, Judgment of 25 March 1991, 783 *Hanrei Taimuzu* 252.
- 114 Kobe District Court, Judgment of 22 September 1993, 1515 *Hanrei Jihō* 139; Tokyo District Court, Judgment of 17 October 1962, 18 *Kaminshū* 1002.
- 115 Tokyo District Court, Judgment of 17 October 1962, 18 *Kaminshū* 1002; Shizuoka District Court, Judgment of 30 April 1993, 824 *Hanrei Times* 241.
- 116 Tokyo District Court, Judgment of 25 April 1995, 898 *Hanrei Taimuzu* 245.
- 117 Shizuoka District Court, Judgment of 30 April 1993, 824 *Hanrei Taimuzu* 241.
- 118 See CJEU, Case C-616/10, *Solvay SA v Honeywell Fluorine Products Europe BV and Others*.
- 119 CJEU, Case C-391/95, *Van Uden Maritime v Kommanditgesellschaft in Firma Deco-Line and Others*, [1998] ECR I-7091, para. 47.
- 120 n 92 of the 2001 Hague Draft.
- 121 Nygh-Pocar Report, *supra* note 62, at pp. 70–72.
- 122 CJEU, Case C-391/95, *Van Uden Maritime v Kommanditgesellschaft in Firma Deco-Line and others*, [1998] ECR I-7091; CJEU, Case C-261/90, *Mario Reichert, Hans-Heinz Reichert and Ingeborg Kockler v Dresdner Bank AG*, [1992] ECR I-2149, para. 34; CJEU, Case C-104/03, *St Paul Dairy Industries NV v Unibel Exser BVBA*, [2005] ECR I-3481, para. 13.
- 123 See e.g. M. Norrgård, Provisional Measures and Multiple Defendants in the MPI Proposal, in J. Drexler and A. Kur (eds.), *Intellectual Property and Private International Law* (Hart, 2005), at p. 38.
- 124 This has been seen as a confusing matter by some authors; see e.g. Norrgård, *supra* note 123, at p. 38 and 41.
- 125 E. Nodder, Preliminary Injunctions Under European Patents: Comparative Analysis and Future Plans, available at: <fordhamipconference.com/wp-content/uploads/2010/08/EdwardNodder_Preliminary_Injunctions_Under_European_Patents.pdf>.
- 126 Art. 24 of the Lugano Convention and Art. 31 of the revised Lugano Convention.
- 127 C. Heinze, *A Framework for International Enforcement of Territorial Rights: The CLIP Principles on Jurisdiction*, in Basedow/Kono/Metzger (eds.), *supra* note 3, at p. 73.
- 128 Art. 31 provides the following: 'Application may be made to the courts of a Member State for such provisional, including protective, measures as may be available under the law of that State even if under this Regulation, the courts of another Member State have jurisdiction as to the substance of the matter.'
- 129 Recital 11 of the Regulation.
- 130 See e.g. A. Dickinson, Provisional Measures in the 'Brussels I' Review – Disturbing the Status Quo?, *IPRax* (2010), p. 203.
- 131 van Engelen, *supra* note 40, sections 3.1 and 3.5.
- 132 Proposal for a Council Act establishing a Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, COM(97) 607 final OJ [1997] C 33/20.
- 133 CJEU, Case C-391/95, *Van Uden Maritime v Kommanditgesellschaft in Firma Deco-Line and Others*, [1998] ECR I-7091, para. 40; CJEU,

- Case C-99/96, *Hans-Hermann Mietz v Intership Yachting Sneek BV*, [1999] ECR I-2277.
- 134 CJEU, Case C-261/90, *Mario Reichert, Hans-Heinz Reichert and Ingeborg Kockler v Dresdner Bank AG*, [1992] ECR I-2149, para. 34; CJEU, Case C-391/95, *Van Uden Maritime v Kommanditgesellschaft in Firma Deco-Line and Others*, [1998] ECR I-7091, para. 37; CJEU, Case C-104/03, *St Paul Diary Industries NV v Unibel Exser BVBA*, [2005] ECR I-3481, paras. 12–13.
- 135 *Ibid.*, 25.
- 136 CJEU, Case C-104/03, *St Paul Diary Industries NV v Unibel Exser BVBA*, [2005] ECR I-3481, paras. 15–6.
- 137 Asensio, *supra* note 40, answers to HC 11.
- 138 van Engelen, *supra* note 40, sections 3.1 and 3.5.
- 139 Arts. 94(2)(a) and 103 of the Community Trade Mark Regulation.
- 140 Janssens, *supra* note 40, answers to HC 11.
- 141 D. van Engelen, ‘Netherlands’ in T. Kono (ed.), *supra* note 5.
- 142 Bariati/Ubertainzi, *supra* note 30, answers to HC 11.
- 143 Janssens, *supra* note 40, answers to HC 11; Maunsbach, *supra* note 50, answers to HC 11.
- 144 CJEU, Case C-391/95, *Van Uden Maritime v Kommanditgesellschaft in Firma Deco-Line and Others*, [1998] ECR I-7091; CJEU, Case C-125/79, *Denilauler v Couchet Frère*, [1980] ECR I-1553.
- 145 Bariati/Ubertainzi, *supra* note 30, answers to HC 11.
- 146 Možina, *supra* note 49, answers to HC 11.
- 147 Ancel, *supra* note 30, answers to HC 11; Boschiero/Ubertainzi, *supra* note 30, answers to HC 11; Možina, *supra* note 49, answers to HC 11; Maunsbach, *supra* note 50, answers to HC 11.
- 148 Pereira, *supra* note 109, answers to HC 11.
- 149 Asensio, *supra* note 40, answers to HC 11.
- 150 Metzger, *supra* note 40, answers to HC 11.
- 151 Wadlow, *supra* note 48, answers to HC 11.
- 152 CJEU, Case C-391/95, *Van Uden Maritime v Kommanditgesellschaft in Firma Deco-Line and Others*, [1998] ECR I-7091.
- 153 Metzger, *supra* note 40, answers to HC 11; Maunsbach, *supra* note 50, answers to HC 11.
- 154 Pereira, *supra* note 109, answers to HC 11.
- 155 Art. 12 of the Provisional Civil Remedies Act provides that ‘[a] case of a temporary restraining order shall be under the jurisdiction of the court having jurisdiction over the case on the merits or the district court having jurisdiction based on the location of the property to be provisionally seised or the subject matter of the dispute.’
- 156 Supreme Court of Japan, Judgment of 26 September 2002, 56 *Minshū* 1551.
- 157 ALI, *supra* note 1, pp. 89–90 (Reporter’s Notes).
- 158 Chaen/Kono/Yokomizo, *supra* note 67, at p. 106.
- 159 See ‘International Context’ part below.
- 160 Art. 5 (‘Appearance by the Defendant’) of the 2001 Hague Draft provides:
1. *Subject to Article 12 [Exclusive Jurisdiction], a court has jurisdiction if the defendant proceeds on the merits without contesting jurisdiction.*
2. *The defendant has the right to contest jurisdiction no later than at the time of the first defence on the merits.*
- 161 ALI, *supra* note 1, at pp. 38–40; Chaen/Kono/Yokomizo, *supra* note 67, at p. 106.
- 162 The same approach is also adopted in Art. 206 of the Korean Principles.
- 163 Caravaca/Gonzales, in U Magnus and P Mankowski (eds), *Brussels I Regulation* (Sellier, 2007), at p. 237.
- 164 Available at <www.hcch.net/index_en.php?act=conventions.text&cid=98>. Before that, two conventions on choice of court agreements – namely, the 1958 Convention on the Jurisdiction of the Selected Forum in the Case of International Sales of Goods and the 1965 Convention on the Choice of Court – had been adopted but had not entered into force. The Hague Convention of 2005 was already widely discussed in academic literature. See e.g. M. A. Adler, *The Hague Convention on Choice of Court Agreements: The United States Joins the Judgment Enforcement Band*, 27 *Northwestern Journal of International Law & Business* (2007) 1–36; G. Rühl, *Das Haager Übereinkommen über die Vereinbarung gerichtlicher Zuständigkeiten: Rückschritt oder Fortschritt?*, (2005) *IPrax* 410–15; C. Thiele, *The Hague Convention on Choice-of-Court Agreements: Was It Worth the Effort?* in E. Gottschalk, R. Michaels, G. Rühl and J. von Hein (eds.), *Conflict of Laws in the Globalized World* (Cambridge University Press, 2007), at pp. 63–88; P. Beaumont, *Hague Choice of Court Agreements Convention 2005: Background, Negotiations, Analysis and Current Status*, 5 *Journal of Private International Law* (2009), pp. 125–59.
- 165 Status of the 2005 Hague Choice of Court Convention is available at: <hcch.net/index_en.php?act=conventions.status&cid=98>.
- 166 T. Hartley and M. Dogauchi, *Explanatory Report*, available at: <www.hcch.net/upload/exp137e.pdf>, paras. 125–26.
- 167 IP matters were not excluded from the 1965 Choice of Court Convention (Art. 2).
- 168 Hartley/Dogauchi, *supra* note 165, at para. 37.
- 169 *Ibid.*, para. 39.
- 170 The requirements for the enforceability of choice of court agreements according to domestic jurisdiction rules might be somewhat different from those established in the Brussels I Regulation. For instance, Belgian courts might analyse whether the dispute has a significant connection with Belgium (Art. 6 of Belgian CPIL).
- 171 CJEU, Case C-150/80, *Elefant Schuh v Pierre Jaqmain*, [1981] ECR 1671, para. 26.
- 172 Recitals 13 and 14 of the Preamble of the Brussels I Regulation.
- 173 CJEU, Case C-281/02, *Andrew Owusu v NB Jackson* [2005] ECR I-1383, paras. 37–40.
- 174 See e.g. Judgment of the Lisbon Court of Appeal as referred to in the Pereira, *supra* note 109, nn 46 and 118.
- 175 CJEU, Case C-167/00, *Verein für Konsumenteninformation v Karl Heinz Kenkel*, [2002] ECR I-8111, para. 50; CJEU, Joined Cases C-240/98 to 244/98, *Oceano Grupo Editorial v Roció Munciano Quintero*, [2000] ECR I-4941, paras. 29 and 32.
- 176 CJEU, Case C-159/97, *Transporti Castelleti Spedizioni Internazionali SpA v Hugo Trumpy SpA*, [1999] ECR I-1597, para. 40.
- 177 Petz, *supra* note 30, answers to HC 4, where it was also indicated that the same approach would be taken under the Austrian Civil Jurisdiction Act, which would be applicable if neither of the parties is resident in the EU.
- 178 Metzger, *supra* note 40, answers to HC 4.
- 179 D. Stauder, *Die Anwendung des EWG Gerichtsstands- und Vollstreckungsübereinkommens auf Klagen im gewerblichen Rechtsschutz und Urheberrecht*, *GRUR Int* (1976) 465.
- 180 Ancel, *supra* note 30, answers to HC 4, where it is also noted that if an invalidity defence is raised, a French court hearing an IP infringement dispute will stay the proceedings.
- 181 CJEU, Case C-4/03, *GAT v LuK*, [2006] ECR I-6509, para. 24.
- 182 CJEU, Case C-26/91, *Handte v Traitements Mécanochimiques des Surfaces*, [1992] ECR I-3967; CJEU, Case C-334/00, *Fonderie Officine Meccaniche Tacconi v HWS*, [2002] ECR I-7357.
- 183 Petz, *supra* note 30, answers to HC 4.
- 184 Janssens, *supra* note 40, answers to HC 4; A Gramaticaki, ‘Greece’ in T. Kono, *supra* note 5, answers to HC 4.

- 185 Pereira, *supra* note 109, n 130. Similarly also in Switzerland, choice of court agreements concerning disputes which arise out of contractual or tortious relationship or unjust enrichment would be enforceable (see Chabron/Sidler, 'Switzerland' in T. Kono, *supra* note 5, answers to Question 4 of Part II).
- 186 Bariati/Ubertaini, *supra* note 30, answers to HC 4.
- 187 Ancel, *supra* note 30, section 1.2.5.
- 188 *Ibid.*, and answers to HC 4.
- 189 Caravaca/Gonzales, *supra* note 162, p 439, para. 8.
- 190 Osaka District Court, Judgment of 23 March 1986, 1200 *Hanrei Jihō* 97, available at: <tomeika.jp/search/content.php?did=1521>; Tokyo District Court, Judgment of 28 February 1994, 876; *Hanrei Taimuzu* 268, available at: <tomeika.jp/search/content.php?did=1096> (declining jurisdiction on the grounds that parties have concluded choice of court agreement designating courts of California as exclusively competent); Kobe District Court, Judgment of 10 November 1997, 981 *Hanrei Taimuzu* 191, available at: <tomeika.jp/search/content.php?did=1537>; Tokyo High Court, Judgment of 28 November 2000, 1743 *Hanrei Jihō* 137, available at: <tomeika.jur.kyushu-u.ac.jp/procedure/E-label/LA1-H12.11.28.pdf> (where the exclusive choice of court clause in employment contract was upheld); Tokyo District Court, Judgment of 26 September 2003, 1153 *Hanrei Taimuzu* 268, available at: <tomeika.jur.kyushu-u.ac.jp/procedure/E-label/LA1-H15.09.26HT.pdf> (where the Tokyo district court enforced parties' exclusive choice of Hawaiian court agreement).
- 191 Supreme Court of Japan, Judgment of 28 November 1975, 29 *Minshū* 1554.
- 192 Yokomizo, 'Japan' in T. Kono, *supra* note 5, answers to HC 4.
- 193 *Ibid.*
- 194 *Ibid.*
- 195 Chaen/Kono/Yokomizo, *supra* note 67, at p. 142.
- 196 CJEU, Case C-539/03, *Roche Nederland BV and Others v Frederick Primus and Milton Goldenberg*, [2006] ECR I-6535.
- 197 Art. 14 of the 1999 Hague Draft of the Hague Convention; it should be noted that the rule on claims against multiple defendants did not survive in the 2001 Draft.
- 198 Nygh-Pocar Report, *supra* note 62, at p. 75..
- 199 *Ibid.*, at pp. 75–6.
- 200 *Ibid.*
- 201 *Ibid.*
- 202 Supreme Court of Japan, Judgment of 8 June 2001, 55 *Minshū* 727.
- 203 Mars Inc v Nippon Conlux Kabushiki-Kaisha 24 F 3d 1368 (Fed Cir 1994).
- 204 *Jan K Voda v Cordis Corp* 476 F 3d 887 (Fed Cir 2007).
- 205 Art. 6(1) of the revised Lugano Convention.
- 206 P. Jenard, Report on the Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed at Brussels, (27 September 1968) [1979] OJ C59/1 (hereinafter 'Jenard Report'), at p. 49.
- 207 *Ibid.*
- 208 CJEU, Case 189/87, *Kalfelis v Bankhaus Schröder*, [1988] ECR 5565, para. 8; CJEU, Case C-51/97, *Réunion européenne SA and Others v Spliethoff's Bevrachtungskantoor BV and the Master of the vessel Alblasgracht V002*, [1998] ECR I-6511, paras. 46–47; CJEU, Case C-462/06, *Glaxosmithkline v Jean-Pierre Rouard*, [2008] ECR I-3965, where the CJEU decided that Art. 6(1) should be interpreted strictly, and refused to apply Art. 6(1) to unilateral rules of jurisdiction provided for individual employment contracts (paras. 28 and 32).
- 209 CJEU, Case 189/87, *Kalfelis v Bankhaus Schröder*, [1988] ECR 5565, para. 8.
- 210 *Ibid.*, paras. 12–13. For the practice of Italian courts, see Bariati/Ubertaini, *supra* note 30, answers to HC 3 and n 134.
- 211 CJEU, Case C-51/97, *Réunion européenne SA and Others v Spliethoff's Bevrachtungskantoor BV and the Master of the vessel Alblasgracht V002*, [1998] ECR I-6511, para. 50.
- 212 Coin Controls Ltd v Suzo International Ltd et al [1997] Ch 33.
- 213 *Ibid.*, 40–44.
- 214 *Ibid.*, 48 *et seq.*
- 215 *Fort Dodge Animal Health Limited et al v Akzo Nobel NV* [1998] ILPr 732, paras. 21–22 (Lord Woolf).
- 216 IEPT19980423, Hof Den Haag, *EPG v Boston Scientific*.
- 217 For example, in the case of *Organon*, the Hague Court of Appeal enjoined defendants from infringing a European Patent in the Netherlands, Germany, France, Lichtenstein, Luxembourg, Austria, the UK, Switzerland and Sweden (Court of Appeal of the Hague, decision of 3 February 1994, *Applied Research Systems BV v Organon et al* (1995) *GRUR Int* 253 – *Follikelstimulationshormon*).
- 218 van Engelen, *supra* note 40, section 1.1.
- 219 CJEU, Case C-539/03, *Roche Nederland BV and Others v Frederick Primus and Milton Goldenberg*, [2006] ECR I-6535, para. 41.
- 220 *Ibid.*, paras. 22 and 24; CJEU, Case C-406/92, *The Tatry v Maciej Rataj*, [1994] ECR I-5439, para. 58.
- 221 CJEU, Case C-539/03, *Roche Nederland*, [2006] ECR I-6535, paras 23–24; CJEU, Case 145/85, *Hoffman*, [1986] ECR 645, para. 22.
- 222 Case C-539/03 *Roche Nederland* [2006] ECR I-6535, para. 25.
- 223 *Ibid.*, paras. 27–28.
- 224 *Ibid.*, para. 31.
- 225 *Ibid.*, paras. 34–35.
- 226 *Ibid.*, paras. 37–39.
- 227 *Ibid.*, para. 40.
- 228 Janssens, *supra* note 40, answers to HC 3.
- 229 As for the court practice of Belgian courts, *ibid.*, answers to HC 3 and n 349.
- 230 Ancel, *supra* note 30, answers to HC 3.
- 231 Wadlow, *supra* note 48, answers to HC 3.
- 232 Bariati/Ubertaini, *supra* note 30, answers to HC 3; Asensio, *supra* note 40, answers to HC 3. Also RC Dreyfuss, Resolving Patent Disputes in a Global Economy, in R. Moufang and T. Takenaka (eds.), *Patent Law: A Handbook of Contemporary Research* (Cheltenham, Edward Elgar Publishing, 2009), pp. 627–29.
- 233 A. Kur, A Farewell to Cross-Border Injunctions? The CJEU Decisions in *GAT v LuK and Roche Nederland v Primus and Goldenberg*, *International Review of Intellectual Property and Competition Law* (2006), at p. 850.
- 234 See e.g. van Engelen, *supra* note 40, section 1.1; Metzger, *supra* note 40, answers to HC 3; Asensio, *supra* note 40, answers to HC 3; Kur, *supra* note 232, at p. 850; G. Beilfuss, Is There Any Web for the Spider? Jurisdiction over Co-defendants after *Roche Nederland*, in A. Nuyts (ed.), *International Litigation in Intellectual Property and Information Technology* (Kluwer, 2008), pp. 84–86.
- 235 Kur, *supra* note 232, at p. 850.
- 236 Kur, *ibid.*, pp. 580–51; Beilfuss, *supra* note 233, at pp. 85–86.
- 237 Ancel, *supra* note 30, answers to HC 5.
- 238 Decision of the Hague Court of Appeal of 23 August 2007, available at <iept.nl/files/2007/IEPT20070823_Hof_Den_Haag_Bacardi_v_Mad_Bat.pdf> (in Dutch).
- 239 van Engelen, *supra* note 40, section 3.7.
- 240 Boschiero/Ubertaini, *supra* note 30, answers to HC 3 and n 135.
- 241 Asensio, *supra* note 40, answers to HC 3. Similar doubts are expressed in Maunsbach, *supra* note 50, answers to HC 3.

- 242 Art. 5 §1 of the Belgian CPIL; Art. 37 § 1 of the Greek Code of Civil Procedure.
- 243 Wadlow, *supra* note 48, answers to HC 3.
- 244 Supreme Court of Japan, Judgment of 8 June 2001, 55 *Minshū* 727.
- 245 Supreme Court of Japan, Judgment of 28 April 1998, 52 *Minshū* 853.
- 246 Tokyo District Court, Judgment of 25 April 1995, 898 *Hanrei Taimuzu* 245.
- 247 Tokyo District Court, Judgment of 5 February 1997, 936 *Hanrei Taimuzu* 242.
- 248 Kokusai saiban kankatsu kenkyū-kai [International Jurisdiction Study Group], Kokusai saiban kankatsu kenkyū-kai hōkoku (6) [Report of the International Jurisdiction Study Group (6)] NBL No 886 (2008.8.1), p. 72.
- 249 Art. 201 of Transparency Principles, Art. 213 of Waseda, Art. 2:701 et seq. of CLIP Principles.
- 250 Art. 2:706 of the CLIP Principles; S 221(4) of the ALI Principles; Art. 213(5) of the Waseda Principles.
- 251 1997 UNCITRAL Model Law on Cross-Border Insolvency, available at: uncitral.org/uncitral/en/uncitral_texts/insolvency/1997Model.html and 2001 American Law Institute's 'Guidelines Applicable to Court-to-Court Communications in Cross-Border Cases' available at: amercol.org/images/DOC005.pdf.
- 252 *Colorado River Water Cons Dist v United States*, 424 US 800 (1976) 817.
- 253 *Finova Capital Corp v Ryan Helicopters USA Inc*, 180 F3d (7th Cir. 1999) 896, 898.
- 254 *Moses H Cone Mem'l Hosp v Mercury Constr Corp*, 460 US (1983) 25-26.
- 255 *Schneider National Carriers Inc v Carr*, 903 F2d (7th Cir. 1990) 1154, 1156.
- 256 *Caminiti & Iatarola Ltd v Behnke Warehousing Inc*, 962 F2d (7th Cir 1992) 700.
- 257 *Ibid.*, at p. 701; *Lumen Constr Inc v Brant Constr Co Inc*, 780 F2d (7th Cir. 1985) 695.
- 258 *Day v Union Mines Inc*, 862 F2d (7th Cir. 1988) 656.
- 259 *AAR International Inc v Nimelias Enterprises*, 250 F3d (7th Cir 2001) 510.
- 260 Also Art. 27 of the Lugano Convention and the Revised Lugano Convention (2007).
- 261 CJEU, Case 144/86, *Gubisch Maschinenfabrik KG v Giulio Palumbo*, [1987] ECR 4861, para. 8.
- 262 See e.g. T. Schilling, *Internationale Rechtshängigkeit vs Entscheidung binnen angemessener Frist*, *IPRax* (2004) 296.
- 263 CJEU, Case 144/86, *Gubisch Maschinenfabrik KG v Giulio Palumbo*, [1987] ECR 4861, para. 11. For instance, the CJEU held in the *Tatry* case that the distinction which is made between actions *in personam* and actions *in rem* according to English law is not relevant to the interpretation of Art. 21 of the Brussels Convention (CJEU, Case C-406/92, *The Tatry v Maciej Rataj*, [1994] ECR I-5439, para. 46).
- 264 CJEU, Case 144/86, *Gubisch Maschinenfabrik KG v Giulio Palumbo* [1987] ECR 4861, para. 14.
- 265 CJEU, Case C-406/92, *The Tatry v Maciej Rataj*, [1994] ECR I-5439, paras. 38 and 40.
- 266 CJEU, Case C-351/89, *Overseas Union Insurance Ltd et al v New Hampshire Insurance Company Co.*, [1991] ECR I-3317, paras. 12-17.
- 267 CJEU, Case 144/86, *Gubisch Maschinenfabrik KG v Giulio Palumbo*, [1987] ECR 4861, paras. 17-19.
- 268 CJEU, Case C-406/92, *The Tatry v Maciej Rataj*, [1994] ECR I-5439, para. 44.
- 269 CJEU, Case 144/86, *Gubisch Maschinenfabrik KG v Giulio Palumbo*, [1987] ECR 4861.
- 270 Petz, *supra* note 30, section 4.5.
- 271 CJEU, Case C-406/92, *The Tatry v Maciej Rataj*, [1994] ECR I-5439, paras. 33-35.
- 272 U. Magnus and P. Mankowski (eds.), *Rome I Regulation* (Munich, Sellier, 2009), 477 para. 3.
- 273 M. Franzosi, *World-wide Patent Litigation and the Italian Torpedo*, 19 *European Intellectual Property Review* (1997) p. 382; M. Franzosi, *Torpedoes are here to stay*, 3(2) *International Review of Intellectual Property and Competition Law* (2002) pp. 154-63.
- 274 CJEU, Case C-159/02, *Gregory Paul Turner v Felix Fareed Ismail Grovit and Others*, [2004] ECR I-3565, para. 31.
- 275 *Ibid.*, para. 28.
- 276 CJEU, Case 21/76, *Handelskwekerij GJ Bier BV v Mines de potasse d'Alsace SA*, [1976] ECR 1735; CJEU, Case C-116/03, *Erich Gasser GmbH v MISAT Srl*, [2003] ECR I-14693, paras. 71-73.
- 277 CJEU, Case C-116/03, *Erich Gasser GmbH v MISAT Srl*, [2003] ECR I-14693, paras. 70-72.
- 278 Petz, *supra* note 30, section 4.5; Ancel, *supra* note 30, answers to HC 5; Maunsbach, *supra* note 50, answers to HC 5.
- 279 Asensio, *supra* note 40, answers to HC 5. In another French case, the First Instance Court of Paris refused to acknowledge the sameness of the object where French patent infringement proceedings had been instituted in France along with an action for a declaration of non-infringement of a parallel Italian patent. See TGI Paris, decision of 9 March 2001 (2005) 33 *International Review of Intellectual Property and Competition Law* 225.
- 280 CJEU, Case C-539/03, *Roche Nederland BV and Others v Frederick Primus and Milton Goldenberg* [2006] ECR I-6535.
- 281 Janssens, *supra* note 40, answers to HC 5.
- 282 *Abkco Music & Records v Jodorowski* [2003] ECDR 3; *Prudential Assurance Co Ltd v Prudential Insurance Co of America* (No 1) [2003] EWCA Civ 327, [2004] FSR 25.
- 283 CJEU, Case C-351/89, *Overseas Union Insurance td et al v New Hampshire Insurance Company Co* [1991] ECR I-3317; CJEU, Case C-116/03, *Erich Gasser GmbH v MISAT Srl*, [2003] ECR I-14693. The same approach was adopted by the Hague District Court, Rb Den Haag, IEPT20070926 *Nooteboom v Faymonville*.
- 284 Petz, *supra* note 30, section 4.5.
- 285 Metzger, *supra* note 40, HC 5.
- 286 Petz, *supra* note 30, section 4.5.
- 287 *Ibid.*
- 288 Austrian Supreme Court, Decision OGH 4 Ob 91/90 (1991) *GRUR Int* 384.
- 289 Petz, *supra* note 30, section 4.5.
- 290 Asensio, *supra* note 40, answers to HC 5.
- 291 Ancel, *supra* note 30, section 1.2.4.
- 292 Wadlow, *supra* note 48, answers to HC 5.
- 293 Green Paper on the review of Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (21 April 2009), COM(2009) 175, 7.
- 294 *Ibid.*, at p. 6.
- 295 *Ibid.*, 9; Report from the Commission to the European Parliament, the Council and the European Economic and Social Committee on the application of Council Regulation (EC) No 44/2001 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (21 April 2009), COM(2009) 174, 9.
- 296 Kokusai saiban kankatsu kenkyū-kai [International Jurisdiction Study Group], 'Kokusai saiban kankatsu kenkyū-kai

hōkoku (6) [Report of the International Jurisdiction Study Group (6)] 886 *New Business Law* (2008.8.1) 78.

- 297 Art. 3-9 of the Act Amending CCP (2011) provides as follows: 'Courts can reject all or some claims of the action which they are competent to hear (except when parties have made an agreement conferring exclusive jurisdiction on a Japanese court) if from the nature of the case or the extent of the burden of the defendant caused by his/her appearance, the location of evidence or by reason of other circumstances the exercise of jurisdiction would be inequitable to the parties or hinder the conduct of a proper and speedy trial.'