

# Recognition and Enforcement of Foreign Judgments in Intellectual Property:

## a Comparison for the International Law Association

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**Abstract:** The following comparison was written for the first meeting of the International Law Association's newly established (2010) Committee on Intellectual Property and Private International Law (Chair: Professor Toshiyuki Kono, Kyushu University; Co-Rapporteurs: Professors Pedro de Miguel Asensio, Madrid Complutense University, and Axel Metzger, Hannover University) (hereinafter: ILA Committee),

which was hosted at the Faculty of Law of the University of Lisbon in March 16-17, 2012. The comparison concerns the rules on recognition and enforcement of judgments posed by four sets of academic principles.

**Keywords:** Recognition, enforcement, judgments, provisional measures, intellectual property

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## A. Introduction

1 The following pages compare the rules on recognition and enforcement of judgments posed by four sets of academic principles, namely the American Law Institute Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes, adopted on 14 May 2007 (will be referred to as the ALI Principles); the "Principles for Conflict of

Laws in Intellectual Property, prepared by the European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP)," published on 31 August 2011 (will be referred to as the CLIP Principles); the "Transparency of Japanese Law Project, Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property" finalized in 2009 (will be referred to as the Transparency Proposal); the "Prin-

ciples of Private International Law on Intellectual Property Rights, Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan (Joint University Global COE Project),” of 14 October 2010 (will be referred to as the Joint Korean and Japanese Proposal). As the comparison demonstrates, in practice, all four sets of principles lead to similar results allowing for recognition and enforcement of judgments defined in a broad and flexible way inclusive of non-final judgments, as well as of provisional measures. The similarity among the principles at stake is grounded on the great need, particularly in connection with IPRs, for the effective protection of a rights holder from infringement; and is a natural consequence of the favor shown towards the consolidation of claims provided for by all four sets of principles in question.

## B. Scope of Application

### 1. Differences

2 Pursuant to Section 401.1, the ALI Principles’ provisions on recognition and enforcement apply only to foreign judgments rendered by courts that applied the Principles. By contrast, if the rendering court did not apply the Principles, then the enforcement court should determine whether to recognize or enforce the judgment pursuant to its domestic rules on recognition and enforcement of foreign judgments.<sup>1</sup> All of the other sets of Principles here analyzed, however, provide that their provisions on recognition and enforcement apply to foreign judgments rendered by any courts, whether they applied the set of principles at stake or not. Additionally, reciprocity is not a precondition for recognition and enforcement under the ALI Principles, CLIP Principles and Joint Korean and Japanese Proposal, whereas it is a precondition according to the Transparency Proposal (Article 402 (vi)).<sup>2</sup> The Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters of 30 October 1999 and then of February 2001 (hereinafter, Hague Judgment Convention or Hague Draft Convention) does have an element of reciprocity, being a draft for an international convention, as is outlined below in paragraph B.IV. Finally, only the CLIP Principles explicitly pose the *favor recognitionis* principle.<sup>3</sup>

### 2. Rationale

3 The ALI Principles limit the application of its recognition and enforcement rules to judgments that were rendered according to the ALI Principles (§ 401). Thus, according to the comments to this provision it “creates [the] condition[...] on enforcement and Recognition [...] that the dispute was declared

by the rendering court as within the scope of the Principles.”<sup>4</sup> “If the rendering court did not apply the ALI Principles, the enforcement court shall determine whether to recognize or enforce the judgment pursuant to its domestic rules on recognition and enforcement (subsection (l)(b)).”<sup>5</sup>

4 By contrast, the recognition and enforcement rules of the CLIP Principles, the Transparency Proposal, and the Joint Korean and Japanese Proposal are not limited to judgments that applied their respective rules. Not limiting the applicability of the proposal to “situations in which the rendering court has applied the Principles seems to be more flexible than the one adopted under §401(1) ALI Principles. This flexibility may be helpful for designing a model not only for international or treaty legislators but also for national legislators when drafting their own national systems to be applied to decisions adopted in any country in the world.”<sup>6</sup>

5 Additionally, the CLIP Principles and the Joint Korean and Japanese Proposal do not require reciprocity as a precondition for recognition and enforcement. Thus, a judgment otherwise entitled to recognition will not be denied recognition simply because the rendering country might not recognize the judgment of the country where recognition is sought if the circumstances were reversed. The approach of the CLIP Principles “is based on the idea that public or state interests are affected only indirectly by the recognition of judgments that resolve civil controversies between private parties.”<sup>7</sup> As such, “[t]he protection of public interests does not justify recourse to reciprocity, since other alternatives more respectful of the rights of the private parties involved and the policy goals behind recognition provide the necessary safeguards, especially the use of public policy as a ground for non-recognition.”<sup>8</sup> In contrast, reciprocity is a precondition for recognition and enforcement under the Transparency Proposal (Article 402 (vi)). With respect to this Proposal the presence of the reciprocity requirement is influenced by the corresponding rule in the Japanese system, namely Article 118 of the Code of Civil Procedure. However, this rule has been criticised, both in the context of the Japanese system and in the Transparency Proposal, as will be recalled in the Discussion section below. Notwithstanding this criticism, the Transparency Proposal keeps the reciprocity requirement for the following reason, well expressed by the commentary’s exact wording: “due to considerable differences of legal policies on IP rights and unfair competition, there are many varieties concerning the scope, degree and method of the protection of rights. Under these circumstances, it is still unclear if for only Japan to abandon the reciprocity requirement would create more protection of IP rights or fair competition. Thus, the Transparency Proposal still maintains the reciprocity requirement to recognize and enforce foreign judgments

relating to IP rights or unfair competition. However, the standards for determining the reciprocity should be relaxed as explained below. (2) Standards for Reciprocity. The requirement of reciprocity would be satisfied, if, in the rendering court, a Japanese judgment of the same kind relating to IP or unfair competition would be recognized or enforced under substantially the same conditions as those prescribed in the Transparency Proposal. This is based on academic opinions and judgments so far, which have generously recognized the existence of reciprocity.”<sup>9</sup>

- 6 With regard to reciprocity, the ALI provisions on recognition and enforcement are drafted as an instrument to be applied only to judgments that followed the principles. Hence there is no need for reciprocity as a condition for recognition and enforcement of judgments.<sup>10</sup>

### 3. International Context

7 Notwithstanding the fact that the existing and negotiated universal international instruments on IP, especially the ones concluded and negotiated in the past two decades among which the TRIPs agreement and the ACTA, strongly emphasise the need to effectively enforce intellectual property rights (IPRs), and albeit enforcement of IPRs across national borders is crucial for their effective protection,<sup>11</sup> those international instruments focus their emphasis on purely domestic issues,<sup>12</sup> while at the same time “ignore” transnational disputes,<sup>13</sup> fail to address problems of cross-border enforcement of IPRs through civil litigations, and do not deal with cross-border recognition and enforcement of judgments. Yet, international conventions on recognition and enforcement of judgments concerning civil and commercial matters in general can have an impact on IPRs judgments. Among those conventions at the regional level in the EU/EFTA frame worth remembering are the 1968 Brussels Convention, now Brussels I Regulation (Regulation 44/2001), and the Lugano Convention (hereinafter Brussels system), which achieved significant uniformity. Yet, the Brussels system’s recognition and enforcement rules apply only to judgments given by a court of another Member State, even though the recasting of this Regulation will also address third States’ judgments,<sup>14</sup> mainly in line with the European Group of Private International Law Proposed Amendment of Regulation 44/2001 in Order to Apply it to External Situations (Bergen, 21 September 2008, Padua 20 September 2009, Copenhagen, 19 September 2010),<sup>15</sup> Thus, for the time being the Brussels system is subject to reciprocity. Furthermore, conventions in this field aim at creating a special regime that favors recognition of judgments.

- 8 In contrast, national rules do not pose reciprocity as a precondition for recognition and enforcement of

foreign judgments. See, for instance, the PIL Swiss law as well as the Italian law on the matter. Also, the majority of U.S. courts do not impose a reciprocity requirement for the recognition and enforcement of foreign judgments.<sup>16</sup> This approach is reflected in U.S. legislation (e.g., the Uniform Foreign Money-Judgments Recognition Act) as well as in American treaties (e.g., Restatement (Third) of Foreign Relations Law).<sup>17</sup> While some national legal systems do include a reciprocity requirement, such as in Spain and Japan, it typically does not play a significant role in practice and the generally held view is that the requirement should be abolished.<sup>18</sup>

### 4. Discussion

9 The extension of the provisions on recognition and enforcement of foreign judgments of the CLIP Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal to situations in which the rendering court has not applied the Principles corresponds to their aim to be model rules. In fact, “contrary to international conventions, model rules made by national or private bodies in the area of recognition and enforcement of judgments are not expected to be applied as such by courts in typical situations. Indeed, Part 4 of the CLIP Principles may in practice mainly be useful as a reference to interpret or supplement international and domestic law and as a model for national and international legislators, in line with the possible uses of the CLIP Principles as stated in the Preamble. Therefore, the provisions of Part 4 of the CLIP Principles are not drafted to be applicable only to situations in which the rendering court has applied the Principles.”<sup>19</sup> In contrast, notwithstanding the fact that this aim is also proper to the rules of the ALI Principles, their limited application to judgments rendered by courts of countries adopting the Principles seems to be subject to criticism.

10 Reciprocity should not be a precondition for recognition and enforcement, as it is under the Transparency Proposal, since other alternatives already provide the necessary safeguards for the protection of public interests involved, especially the use of public policy as a ground for non-recognition.<sup>20</sup> Also, the questionable aspects of reciprocity are highlighted by the commentary on the Transparency Proposal according to which the requirement of reciprocity should be deleted from Article 118 of the Code of Civil Procedure<sup>21</sup> as well as from the Transparency Proposal,<sup>22</sup> since first, it is “theoretically problematic that the lack of efforts of the concerned government to establish reciprocity would bring about burdens on private persons as users of the system of the recognition and enforcement of foreign judgments.”<sup>23</sup> Second, “it takes too much time and costs to gather and translate foreign legal materials for examining the requirement of reciprocity.”<sup>24</sup> Third, only a few

countries still pose the reciprocity requirement.<sup>25</sup> In this context the reason given by the Transparency Commentary to include the reciprocity requirement, indicated in paragraph B.II. on rationales, does not seem so convincing as the same commentary recognizes and states that “keeping this requirement would certainly need careful consideration”<sup>26</sup> and also that in any case “the standards for determining the reciprocity should be relaxed” as explained<sup>27</sup> in paragraph B.II. on rationales.

- 11 Although the 2001 Hague Draft Convention does not explicitly limit the scope of the Convention to judgments adopted by contracting States, the fact that it was a draft for an international convention makes it clear that its provisions would only apply to decisions adopted by the courts of other contracting States. Therefore the Convention technically supports the reciprocity requirement embodied in the Transparency Proposal, but it is in an entirely different context, namely that of an international convention where some degree of reciprocity is implicit.
- 12 Finally, Art. 4:103 of the CLIP Principles’ *favor recognitionis* principle is to be welcomed.

## C. Definition of judgment and provisional measures

### I. Differences

- 13 According to Professor de Miguel Asensio, the term judgment in the CLIP Principles is to be understood in a very broad way, as covering “appealable judgments, provisionally enforceable orders [...] judgments rendered in default of appearance [...] Orders for the payment of money, orders for the transfer and delivery of property, orders regulating the conduct of the parties, and orders declaring the rights and liabilities of the parties, including negative declarations such as declarations on non-infringement of IP rights [...], monetary and non monetary judgments.”<sup>28</sup> By contrast, interlocutory decisions of a procedural nature are not covered. Particularly, “money judgments are usually the result of the authority granted to the courts to order the infringer to pay damages to the right holder. Typical non-money judgments include court orders for a party to desist from an infringement as well as “money penalties, such as coercive fines, *astreintes*, substituted performance of not strictly personal acts, coercive detention, and, in the common law world, the institution of contempt of court.”<sup>29</sup> Non-money judgments exist also in the form of injunctions stopping the marketing or production of a good and the use of protected subject matter; orders for delivery of infringing items; and other specific performance orders. Furthermore, declaratory judgments and even negative declarations can also be included in the notion of non-money judgments.<sup>30</sup>
- 14 Article 401.1 of the Transparency Proposal leads to the same result as the CLIP Principles,<sup>31</sup> as clarified by the commentary according to which this rule “basically accepts the existing interpretation of Japanese law,” including “(a) a money or a non-money judgment, (b) a judgment ordering affirmative relief, or a declaratory judgment, (c) a judgment given after contesting proceedings or a judgment given in default of the appearance of the defendant, and (d) a judgment given in a summary procedure, etc., whatever the judgment might be called.”<sup>32</sup> With respect to the recognition and enforcement of injunctions see *infra* the parts related to the effects of judgments, to the public policy and to the recognition and enforcement procedures.
- 15 Finally, with respect to the Transparency Proposal the literature makes it clear that “a ‘foreign court’ means the authority of a foreign country that exercised civil jurisdiction, whatever name is given to that authority”<sup>33</sup> and therefore, includes administrative agencies, such as a national patent office. The same result is reachable under the other sets of principles, since for instance the notion of judgments in the CLIP Principles is intended as “including writs of execution and the determination of costs or expenses by an officer of the court, which in some countries are decisions of the registrar.”<sup>34</sup>
- 16 There are minor differences between the sets of principles, notably: the Transparency Proposal is the only proposal analyzed here that gives no special treatment to default judgments, and furthermore, of the four proposals, only the CLIP Principles explicitly specify that the term “judgment” also encompasses settlements to which a court has given its authority. In addition, unlike the Transparency Proposal, which defines provisional measures, the CLIP Principles, the ALI Principles and the Joint Korean and Japanese Proposal do not explicitly characterize the notion of provisional measures in the recognition and enforcement of judgments, but refer to their respective rules on international jurisdiction with regard to those measures.
- 17 Notwithstanding those minor differences, it is reasonable to conclude that “the basic meaning of ‘judgment’ of Art. 401.1 of the Transparency Proposal is to the same effect as in the ALI Principles § 101.2 and in the CLIP Principles.”<sup>35</sup> The same can be said with regards to the Joint Korean and Japanese Proposal. The broad idea of “judgment” encompassed in all sets of principles is supported by the 2001 Hague Judgment Convention, in Article 23, as is outlined in paragraph C.IV. below. The Convention is also in agreement with the majority of the Principles in having special rules for default judgments.

- 18 In respect of default judgments, see *infra* paragraph H., which discusses them in the context of verification of jurisdiction, paragraph J., which discusses them in relation to the limitation on fact-finding, and paragraph O., which discusses the protection of the defendant during the proceedings, and the implications of default judgments in that regard.

## II. Rationale

- 19 The similar results reached by the four sets of principles addressed with regard to the recognition and enforcement of judgments, defined in a broad and flexible way,<sup>36</sup> as well as to provisional measures, are grounded on the great need, particularly in connection with IP, for the effective protection of a rights holder from an infringement.<sup>37</sup>
- 20 With respect to the ALI Principles, the CLIP Principles and the Joint Korean and Japanese Proposal conferring a special treatment to default judgments, the rationale is to protect the interests of the defendant and that “these additional protections are necessary in light of the expanded bases of personal jurisdiction that the Principles establish, and because of the absence of a supranational court competent to ensure that the Principles’ norms are properly applied.”<sup>38</sup> According to the Joint Korean and Japanese Proposal, “an expedient and effective remedy for the winning party’s rights takes priority if the defendant appears, but Section 402 protects the defendant who failed to appear in court. Review of the jurisdiction over the default judgment shall be reviewed in a more restrained manner - this idea is associated with the issue of facts found by the rendering court [...], and has been written into more and more international conventions.”<sup>39</sup> In contrast, the Transparency Proposal protects more the plaintiffs’ interests; albeit the interests of the defendants are also safeguarded by adopting the rules related to the general requirements of recognizing and enforcing a foreign judgment<sup>40</sup>.
- 21 Paragraph H.II further considers default judgments in the context of verification of jurisdiction, including the conclusion that imposing additional controls on the verification of jurisdiction for default judgments is inappropriate.

## III. International Context

- 22 Art. 32 of the Brussels I Regulation adopts a broad definition of judgments, which states that “for the purposes of this Regulation, ‘judgment’ means any judgment given by a court or tribunal of a Member State, whatever the judgment may be called, including a decree, order, decision or writ of execution, as well as the determination of costs or expenses by an

officer of the court.” The Lugano Convention determines “judgment” to mean “all decisions given by a court or tribunal, whatever they may be called.” including “orders on costs or expenses made by an officer of the court” as outlined in Professor Pocar’s Explanatory Report.<sup>41</sup> This report also makes it clear that provisional and protective measures fall within the meaning of “judgments,” provided that both parties were given a chance to be heard in the State of origin. With regard to non-monetary judgments, although not specifically in the IP field, the ECJ in the *Realchemie* case clarified that the recognition and enforcement rules of the Brussels system also apply to the non-monetary judgments such as “a decision of a court or tribunal that contains an order to pay a fine in order to ensure compliance with a judgment given in a civil and commercial matter.”<sup>42</sup> This decision is in line with other recent ECJ decisions with respect to the scope of non-monetary injunctions related to EU IPRs.<sup>43</sup> Those decisions “mark an important passage in the cross border enforcement of IPRs, explicitly pronouncing themselves in favour of the circulation of injunctive mechanisms which are so important in this field.”<sup>44</sup> With regard to the procedures to enforce an injunction in the Brussels system see paragraph R. related to the recognition and enforcement procedures. Finally, in the EU Brussels system “the term ‘court’ means an authority which regularly exercises judicial functions and is entitled to give a judgment as regards legal relationship under private law.”<sup>45</sup> Thus, a foreign judgment to be recognised may also be rendered by an administrative authority or a criminal one.

- 23 At the national level non-monetary judgments posed by the different systems can highly vary, as emphasised in paragraph C, related to the definition of judgment.<sup>46</sup> In the past, certain common law systems did not admit the recognition and enforcement of foreign non-monetary judgments, but legislation and practice has recently overcome this trend.<sup>47</sup>
- 24 The majority of the four sets of principles find special treatment for default judgments, which is also sometimes established at the national level, including in Japan.<sup>48</sup>

## IV. Discussion

- 25 The broad approach adopted by the four sets of Principles is to be welcomed, especially in light of the need for effective enforcement of IPRs.
- 26 The 2001 Hague Judgment Convention defines “judgment” in Article 23(a) as “any decision given by a court, whatever it may be called, including a decree or order, as well as the determination of costs or expenses by an officer of the court, provided that it relates to a decision which may be recognised or en-

forced under the Convention.” Article 23(b) excludes provisional and protective measures from the scope of “judgment.” The same broad definition of judgments is to be found in Art. 4 of the 2005 Hague Convention on Choice of Court Agreements. Therefore the Hague Draft Convention supports the broad approach adopted by all of the Principles.

- 27 As for the issue of the establishment of special rules related to the enforcement of default judgments, the approach of the Transparency Proposal, unlike that of the ALI Principles, the CLIP Principles, the Joint Korean and Japanese Proposal and the 2001 Hague Judgment Convention, is grounded in the fact that the defendants’ interests are already well-protected by the general requirements for recognising and enforcing a foreign judgment.<sup>49</sup>
- 28 For further discussion on default judgments, see paragraph H.IV., which discusses them in the context of verification of jurisdiction, and reaches the conclusion that imposing additional controls on the verification of jurisdiction for default judgments is inappropriate, and paragraph J.IV., which discusses them in the context of finding facts. Furthermore, paragraph O.IV. discusses default judgments in the context of service to the defendant, and when non-service will be grounds for refusal of recognition and enforcement.

## D. Finality of judgments

### I. Differences

- 29 In practice, all four sets of Principles lead to similar results allowing for the recognition and enforcement of non-final judgments as well as of provisional measures. Yet, the ALI Principles adopt the term “final” to designate a judgment that indeed can also be of a non-final nature, in conformity with the U.S. internal system.<sup>50</sup> Furthermore, the Transparency Proposal’s relevant rule (Article 403.2) acknowledges the possibility of making enforcement of non-final judgments conditional on the provision of security by the party seeking enforcement. This possibility is understood as compatible with the CLIP Principles as well.<sup>51</sup> The Article 23A of the 2001 Hague Judgment Convention also supports the recognition and enforcement of non-final judgments, as is outlined in paragraph D.IV.

### II. Rationale

- 30 The similar results reached by the four sets of principles addressed with regard to the allowance of the recognition and enforcement of non-final judgments, as well as of provisional measures, are

grounded on the great need, particularly in connection with IP, for the timely and effective protection of a rights holder from an infringement. As such, provisional measures and non-final judgments “may practically speaking bring the dispute to an end.”<sup>52</sup> Thus, all the sets of Principles “on recognition and enforcement of foreign judgments take on more significance upon the creditor’s rights and interests, intended to protect those rights and interests efficiently and effectively at an international level to as great an extent possible. It’s safe to say the most recent treaties related to this issue also value most highly the rights and interests of the creditor.”<sup>53</sup> The possibility of requiring the party seeking enforcement to provide securities is understood as a remedy to avoid precluding recognition and enforcement of the foreign judgment, therefore granting the effective enforcement of IPRs.<sup>54</sup>

- 31 The ALI Principles’ notion of final judgments for judgments that are still subject to appeal derives from the U.S. legal notion as will be discussed at paragraph E.III.

## III. International Context

- 32 The recognition and enforcement of non-final judgments as well as of provisional measures is allowed by the EU Brussels System, as will be recalled in paragraph E.III., as well as by the most recent national laws adopted on that point.<sup>55</sup> From a comparative perspective, various States follow the view that national non-final decisions can be enforced in their legal system<sup>56</sup> and therefore are more favorable to the possibility of enforcing foreign non-final decisions whenever they are recognised as enforceable by the rendering court’s system.
- 33 Yet, some national rules, including Italy<sup>57</sup> and Japan,<sup>58</sup> still only allow recognition and enforcement of final judgments.. In particular, while Italy explicitly requires a foreign judgment to have become *res judicata* in order for it to be recognised and enforced in Italy, as will be discussed in paragraph E.III., Japan adopts the wording “final and binding” (Art. 118 of the Code of Civil Procedure, Art. 24(3) of the Civil Execution Act). The literature clarifies that “it is generally understood that a judgment becomes final and binding at the point in time when it is no longer subject to ordinary forms of review under the law of the rendering country.”<sup>59</sup>
- 34 In the EU under the current Brussels system it is generally accepted that provisional measures can be recognized abroad, but only if a court that is competent over the merit grants them. In contrast, when a different court, namely the one of the territorial State, grants them, they cannot be recognized. This approach is codified by the EU Commission proposal for the recasting of the Brussels I Regulation since

under the Brussels Regulation Article 2(a) of the Commission Proposal restricts cross-border enforcement to those provisional measures that have been “ordered by a court which by virtue of this Regulation has jurisdiction as to the substance of the matter” (Recital 25 second sentence). In contrast, provisional measures adopted by other courts “should be confined to the territory of that Member State” (Recital 25 third sentence)<sup>60</sup>.

- 35 In the U.S. the notion of final judgments is also adopted with respect to judgments that are still subject to appeal, as will be highlighted in the paragraph E.III.

## IV. Discussion

- 36 The approach adopted by the four sets of Principles is to be welcomed, especially in light of the need for effective and timely enforcement of IPRs. This approach is also supported by the 2001 Hague Judgment Convention, which states that non-final judgments as well as provisional measures shall be recognised. Yet, the ALI Principles’ adoption of the term “final” to characterize a judgment that can also be non-final could potentially cause confusion.

## E. Effects of judgments

### I. Differences

- 37 All four sets of Principles avoid the adoption of the term *res judicata*. However, the ALI Principles and the CLIP Principles explicitly clarify that the effects attributed to a foreign judgment throughout the recognition and enforcement procedures should be no greater than the effects of the judgment in the rendering State under the doctrine of extension of effects.<sup>61</sup> So the effects of a foreign judgment should be determined by the *lex originis*. More specifically, this law determines when the judgment is enforceable.
- 38 Yet, several derogations are established. First, the CLIP Principles and the ALI Principles make it clear that enforcement of foreign judgments takes place according to the *lex fori*, and therefore the requested state can limit the enforcement of foreign judgments or injunctions if they are contrary to its public policy, or if they establish remedies that are unknown in the forum State’s legal system. Second, preclusive effects that are against the right to a fair trial should also be denied recognition. Third, the effects of injunctions or judgments should be limited especially with regard to the Internet context and in light of the need to respect the territorial nature of IPRs; this limitation derives from specific rules (CLIP Principles on the scope of injunctions) or from

the rules on partial recognition and enforcement of judgments (severability). Fourth a specific limitation relates to foreign judgments declaring the invalidity of IP rights. A final limitation relates to the provision of suitable compensation in cases where a compulsory license is granted (Art.404(3) of the Transparency Proposal).

- 39 Therefore the extension of effects doctrine is combined with the equalization of effects doctrine under which the effects of a foreign judgment is equivalent to a similar judgment of the requested court. Finally the *Kumulationstheorie* applies, under which “the extension of effects of the legal system of origin normally applies only to the extent that they are compatible with the legal system of the requested state.”<sup>62</sup>
- 40 The 2001 Hague Judgment Convention, supports this approach, with the alternatives provided for in Article 25 all grounded in the doctrine of extension of effects, as is outlined below at paragraph E.IV.
- 41 By contrast, the adoption of the doctrine of equalization of effects is not made explicitly clear in either the Transparency Proposal or the Joint Korean and Japanese Proposal. However, the commentary to the Transparency Proposal highlights that a non-final judgment can be enforced only if it is enforceable in the rendering court,<sup>63</sup> thus making it clear that the *lex originis* determines the ability of the requested state recognizing the effect of a judgment, as well. The same result seems to be reachable under the Joint Korean and Japanese Proposal. Finally, Article 404(3) of the Transparency Proposal allows for courts to decline the enforcement of a foreign injunction in Japan under circumstances in which the defendant is authorised by the Government of Japan to use the intellectual property right in question without the authorization of the right holder. This provision explicitly provides that refusal to enforce an injunction is subject to monetary compensation to the rights holder.
- 42 None of the four sets of principles have adopted a provision on the evidential use of foreign judgments.
- 43 With respect to the recognition and enforcement of injunctions, see also the paragraphs related to the public policy (M.), recognition and enforcement procedures (R.) and severability (G.).

### II. Rationale

- 44 All sets of principles avoid the adoption of the term *res judicata* since “it has different meanings in different places. Instead, [the ALI Principles] [...] utilize the terms enforcement, recognition, and preclusive effect. These terms should be understood to cover the gamut of consequences that a judgment may

have.”<sup>64</sup> The CLIP Principles and the ALI Principles clarify that the *lex originis* determines the effect of a foreign judgment to be recognised by the requested court, in particular whether and when the judgment is enforceable. This is so because “applying the rendering court’s law on the upper limit of the preclusive effect of the judgment is necessary to allow the parties to understand the stakes of the litigation at the time when they are making litigation decisions. Moreover, if another jurisdiction applies preclusion that would be denied by the rendering court, the parties could inadvertently lose claims or arguments. It could be argued that the enforcement court should not give an effect lesser than that of the rendering court because that would also undermine the finality of the decision.”<sup>65</sup>

45 Yet, certain derogations are established. First, the CLIP Principles and the ALI Principles make clear that enforcement of foreign judgments takes place according to the *lex fori*, and therefore “legal and procedural constraints in the requested state may affect the available remedies, especially to the extent that enforcement of injunctions is at stake.”<sup>66</sup> Second, according to Professor De Miguel, under the CLIP Principles the general rule that foreign judgments should be given the same effect as what the rendering country provides should be mitigated in the following case: “to the extent that the country of recognition has broader rules on preclusion than the country of origin (for instance, because only under the law of the country where recognition is sought does such a judgment preclude re-litigation as to matters actually not litigated) restraint should be exercised by the recognizing court.”<sup>67</sup> So, for instance Professor De Miguel recalls recent case law where “before applying the doctrine of collateral estoppel to judgments rendered in countries where such concepts are unknown, a U.S. court must satisfy itself that the party to be bound had fair opportunity and incentive to litigate in the foreign court the issue sought to be precluded from relitigation in the U.S.”<sup>68</sup> Third, with regard to the effects of injunctions, the CLIP Principles specifically deal with the issue of the interpretation of the scope of injunctions by the court of enforcement, namely at Article 4:102(3), allowing the requested court to limit the effects of foreign injunctions to be recognised in exceptional cases related to the Internet context. In fact, “the displaying, offering for sale, or download of a product protected by IP might be legal in some countries of reception but not in others. Under such circumstances, a court’s injunction must only encompass the illicit part of the behaviour, and the infringer must be allowed to continue his legal Internet activities or be able to adapt his Internet presence without the right holder having the possibility of preventing him from doing so on the basis of the original judgment.”<sup>69</sup> The ALI Principles’ Section 412(1)(b) reaches the same result, which provides that if the court limits the effects of an injunction it must award monetary relief. Indeed,

the rationale underlying the CLIP Principles’ rules on the issue of the interpretation of the scope of injunctions by the court of enforcement is a need to limit the scope of those injunctions especially in ubiquitous infringements cases.<sup>70</sup> Yet, the corresponding rules in the ALI Principles are not explicitly justified on that rationale, but rather on the basis of safeguarding strong public policies of the country of enforcement. In any case the limitation of effects of injunctions, similar to the same limitation of effects of judgments, can be derived from the rules on partial recognition and enforcement of judgments (severability). With respect to the recognition and enforcement of injunctions see also the paragraphs related to the public policy (M.), to the recognition and enforcement procedures (R.) and to severability (G.).

46 The lack of provisions on the evidentiary use of foreign judgments in the four sets of Principles is based on the fact that this matter falls within the law of evidence and is to be determined in accordance with the law of the forum.<sup>71</sup>

### III. International Context

47 The Brussels system does not make any reference to the term *res judicata*. This is because *res judicata* is not a requirement for recognition under the Convention. Furthermore, the Pocar Report on the Lugano Convention explains that Article 38 of the Convention provides for foreign judgments to be declared enforceable only when they are already enforceable in their State of origin.<sup>72</sup> So, the Brussels system adopts the doctrine of effects together with the *Kumulationstheorie*.<sup>73</sup>

48 The avoidance of the reference to the term *res judicata* is based also on the fact that this term is subject to significant variation across jurisdictions. Particularly, common law countries adopt the notions of issue preclusion and collateral estoppel, which are not known to civil law systems<sup>74</sup> and are much broader than the corresponding notion of *res judicata*.<sup>75</sup> In fact, “in the U.S., issue preclusion, also known as collateral estoppel, prevents a party and its privies from re-litigating questions of fact or law which were actually litigated and determined in a prior suit, even if the later suit involves a different claim or cause of action.”<sup>76</sup> In contrast, in civil law systems such as the European and South American ones, “the preclusive effect of a judgment is limited to a later suit that is identical with the previous judgment in object, cause, and parties. In addition, the effects are restricted to the dispositive part of the judgment and do not extend to the grounds.”<sup>77</sup> Furthermore, “in common law countries *res judicata* typically arises when the judgment on the merits cannot be reconsidered by the same court in ordinary proceedings, even though the decision may be subject to appeal.

Hence, the term final, even as a condition for recognition and enforcement, is understood in a very flexible way. By contrast, in some civil law countries a judgment may only be considered final and produce the preclusive or binding effect of *res judicata* (materielle Rechtskraftwirkung) when it is no longer subject to ordinary forms of review (formelle Rechtskraft).<sup>78</sup>

- 49 To demonstrate the broad notion of the issue of preclusion it is significant to refer to the IPRs field. For a discussion on the approach taken by the U.S., see *infra* at paragraph I. Among the civil law countries, Italy adopts the notion of *res judicata*, dictating that the foreign judgment can be recognized only when it became *res judicata* “according to the law of the country where it was rendered.”<sup>79</sup> This law will then determine also the preclusive effects to be recognized for the judgment to become *res judicata*.
- 50 Finally, in the majority of national legal systems, foreign judgments may be partly recognized and enforced.<sup>80</sup> The Hague Draft Convention and, at the EU level, Art.48 of the Brussels I Regulation and of the Lugano Convention confirm this approach at the international level. It has also been academically supported.<sup>81</sup>

#### IV. Discussion

- 51 The avoidance of the term *res judicata* by all four sets of principles should be applauded, particularly in light of the differences among the common law and the civil law legal systems on this issue. Also to be welcomed is the adoption of the *Kumulationstheorie* by all sets of principles involved. In addition, all sets of principles follow the same grounds to limit the effects of foreign judgments even though they may adopt different rules to reach this result. So, for instance a rule such as the one of the CLIP Principles on the issue of the interpretation of the scope of injunctions by the court of enforcement dealt with by Article 4:102(3) is to be welcomed as a way to temper the necessarily broad international jurisdiction related to ubiquitous infringement cases. The same limitation of effects can be derived, however, from the rules on severability. With respect to the recognition and enforcement of injunctions issues, see also the paragraphs related to the public policy (M.), to the recognition and enforcement procedures (R.) and to severability (G.). Among the other reasons for the limitation of effects are the public policy exception, the right to a fair trial, the reason related to the invalidity of IP rights, and the reason concerning suitable compensation in cases where a compulsory license is granted.
- 52 The 2001 Hague Judgment Convention supports the approach taken by the ALI Principles and the CLIP Principles, as it is outlined by its Report, according

to which common law and civil law systems see the issue of when a judgment becomes *res judicata* differently.<sup>82</sup> For example, England and the United States will consider a decision *res judicata* whenever the same court cannot reconsider the issue, but many civil law systems consider that a decision only becomes *res judicata* when the decision has exhausted all forms of ordinary review. The Hague Draft Convention therefore states, “1. A judgment based on a ground of jurisdiction provided for in Articles 3 to 13, or which is consistent with any such ground, shall be recognised or enforced under this Chapter. 2. [In order to be recognised, a judgment referred to in paragraph 1 must have the effect of *res judicata* in the State of origin.] or [A judgment referred to in paragraph 1 shall be recognised from the time, and for as long as, it produces its effects in the State of origin.] 3. [In order to be enforceable, a judgment referred to in paragraph 1 must be enforceable in the State of origin.] or [A judgment referred to in the preceding paragraphs shall be enforceable from the time, and for as long as, it is enforceable in the State of origin].” Each of those alternatives is grounded on the doctrine of the extension of effects (*Wirkungserstreckung*), together with the *Kumulationstheorie*.<sup>83</sup> The same result is reachable on the basis of the Transparency and Joint Korean and Japanese Proposals.

#### F. Postponing the recognition or enforcement of foreign non-final judgments

##### I. Differences

- 53 The relevant rules of the CLIP Principles and Joint Korean and Japanese Proposal grant judicial discretion to a court to stay recognition and enforcement of foreign non-final judgments when they are subject to review in the rendering State, each using the word “may” in the relevant provisions. The 2001 Hague Judgment Convention uses the same discretionary terminology in Article 25(4), as is discussed further in paragraph F.IV. The ALI Principles go even further, mandating that courts “should” stay the proceeding pending appeal. The Comments to the ALI Principles provide that “§ 401(2) instructs a court to delay both recognition and enforcement until the time for reviewing the decision is over.”<sup>84</sup> The Transparency Proposal also goes even further in that even though it adopts the word “may” it allows the requested court to stay the proceeding “when the court deems it necessary to do so,” and therefore not only when the non-final judgment is being appealed.

## II. Rationale

54 While the CLIP Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal adopt the wording “may” and therefore grant courts judicial discretion to stay recognition and enforcement of foreign non-final judgments when they are the subject of reviews in the rendering State, the ALI Principles use the term “should” and clarify in the comments that “§ 401(2) instructs a court to delay both recognition and enforcement until the time for reviewing the decision is over.” Professor Dessemontet explains the reason behind this rule by referring to the *Hilmarton* case, which “illustrates the grave risk of allowing enforcement of arbitral awards that are not yet final and binding. This risk also exists with respect to enforcement of foreign judgments in intellectual property cases.”<sup>85</sup> Regardless of whether staying a proceeding is discretionary or mandatory, the corresponding rules in each of the Principles are based on the fact that the contrasting approach, which would entitle a judgment to enforcement as soon as it was entered irrespective of whether an appeal is pending, would be risky in “a multijurisdictional system such as the one contemplated here.”<sup>86</sup> In fact, “since a not ‘final and binding’ judgment involves difficulties in the possible rehabilitation, a flexible consideration of the circumstances of each case is extremely necessary. Therefore, like provisional measures, it is necessary to grant the court discretion to flexibly deal with a case, and thus a court may stay proceedings in order to determine whether or not enforcement should be granted (*mutatis mutandis* application of Art. 403(3) by Art. 403(4) of the Transparency Proposal). In the court’s exercise of its discretion, while the specific circumstances of the case will be usually considered, important factors for consideration also include whether there is an urgent need to provide a remedy for the judgment creditor, whether or not an appeal has been brought in the country of origin, how far those appeal proceedings have progressed, and what the prospect is for that appeal.”<sup>87</sup> Professor De Miguel “explained that, under the CLIP Principles, judgments that are not yet final do not have to be enforced. The court has the possibility of postponing or refusing recognition and enforcement (Art. 4:102 CLIP Principles). He suggested that it could perhaps be clarified in the comments that enforcement can also be made conditional, *e.g.* on the provision of security by the party seeking enforcement”<sup>88</sup> (for more on the issue of security, see *infra* within paragraph L.).

## III. International Context

55 According to Professor De Miguel Asensio a “trend to favor the availability of enforcement for decisions of

first-instance courts is becoming more common in a comparative perspective. In this connection, some systems in which regular enforceability is only possible once some or all methods of appeal available have been exhausted, accept that judgments may become provisionally enforceable before, by operation of law, or by judicial declaration. Those cases raise similar issues to those posed by all situations in which the enforceable judgment may be revised on appeal, such as the possibility of staying provisional enforceability or making enforcement subject to a security; and the liability of the claimant in case a judgment was vacated on appeal after having been enforced. At any rate, the basic principle in the enforcement context remains that only judgments that are enforceable under the law of the country of origin may be enforced in foreign countries”<sup>89</sup> (for more on the issue of security, see *supra* within paragraph F.).

56 The Brussels system also adopts an approach giving the requested State discretion to stay the proceedings related to the recognition and enforcement of a foreign judgment when an appeal has been lodged in the State of origin. In fact, Article 37 of the Brussels Regulation states that “1. A court of a Member State in which recognition is sought of a judgment given in another Member State may stay the proceedings if an ordinary appeal against the judgment has been lodged. 2. A court of a Member State in which recognition is sought of a judgment given in Ireland or the United Kingdom may stay the proceedings if enforcement is suspended in the State of origin, by reason of an appeal.” The same rule is found in the Lugano Convention. According to the Pocar Report to this Convention “no change has been made to the rule that allows the court in which recognition is sought for a judgment delivered in another State bound by the Convention to stay the proceedings if an appeal has been lodged against the judgment in the other State. Article 37 reproduces Article 30 of the 1988 Convention, and does not require special comment (see the Jenard report, p. 46, and the Schlosser report, paragraphs 195-204).”<sup>90</sup>

## IV. Discussion

57 The ALI Principles’ establishment of the requested court’s obligation to stay the recognition and enforcement of foreign but not final judgments when they are the subject of review in the rendering State achieves the aimed for result much better than mere judicial discretion on the point, which is what the other three sets of Principles rely on. This discretionary approach is also taken by Article 25.4 of the 2001 Hague Judgment Convention, which says that “recognition or enforcement may be postponed [or refused] if the judgment is the subject of review in the State of origin or if the time limit for seeking a

review has not expired,” leaving suspension to judicial discretion. Yet it is to be welcomed that the CLIP Principles and Transparency Proposal acknowledge the possibility of making enforcement of final judgments conditional on the provision of security by the party seeking enforcement (the issue of security is discussed above).

## G. Severability

### I. Differences

- 58 The CLIP Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal each establish that foreign judgments may be partly recognised and enforced. Even though the ALI Principles are silent on this point, Section 411(2) allows enforcement of a part of foreign judgments awarding punitive damages.
- 59 The 2001 Hague Judgment Convention also establishes that partial recognition and enforcement may occur in Article 34, albeit with two alternative provisions, outlined in paragraph G.IV.

### II. Rationale

- 60 The CLIP Principles (in Article 4:101(6)), the Transparency Proposal (in Article 404(1)) and the Joint Korean and Japanese Proposal (in Article 402) permit severability of judgments. According to the commentaries to the Transparency Proposal the reason for this rule is that “if grounds for refusal would apply to only a part of a foreign judgment or provisional measures, refusing the recognition and enforcement of the entire judgment or order would be excessive, especially for the convenience of the parties. Accordingly the remaining part of the judgment or order not subject to the grounds for refusal will be recognized or enforced, and only that part of the foreign judgment or provisional measure will have effect (Art. 404(1)).” According to the Transparency Proposal commentary then, the relevant rule also allows courts to reduce the scope of the judgments or of the injunctions to be recognized and enforced. The commentary warrants full quotation: “the scope of effect of a judgment or order will be closely related to the content of the procedural due process granted to the parties in the court proceedings in the foreign country where the judgment or order was given. Therefore it will be appropriate, in principle, to decide that scope in accordance with the law of that foreign country. However, if Japanese procedural public policy (Art. 402(iii)) would be prejudiced, because the foreign judgment or provisional measure in question has been given excessive effect in light of the fundamental principles of Japa-

nese procedural law, there will be no alternative to an exceptional reduction of the effect of the judgment or order. Article 404(1) is a provision that implies this sort of process.”<sup>91</sup> With respect to the recognition and enforcement of injunction issues see also the paragraphs related to the effects of judgment (E.), public policy (M.) and recognition and enforcement procedures (R.).

- 61 According to the comments to the Transparency Proposal the severability of foreign judgments could be derived from the general provisions. The Proposal however inserts a specific rule due to the need to provide legal certainty.<sup>92</sup>
- 62 The ALI Principles are silent on the issue of severability even though they allow the partial recognition of judgments in, for example, cases of punitive damages.

## III. International Context

- 63 The Brussels system allows for the partial recognition of foreign judgments. In fact, Article 48 establishes that “1. Where a foreign judgment has been given in respect of several matters and the declaration of enforceability cannot be given for all of them, the court or competent authority shall give it for one or more of them. 2. An applicant may request a declaration of enforceability limited to parts of a judgment.” The Pocar Report confirms this result in relation to Article 48 of the Lugano Convention, which “permits the applicant to request a partial declaration of enforceability.”<sup>93</sup> This report clarifies in detailed terms the reasons why the partial recognition and enforcement of foreign judgments are to be allowed. In fact, according to the report, “The most likely instances of a declaration of enforceability of this kind are those where a section of the judgment might be contrary to public policy, or where the applicant seeks a declaration of enforceability only for one or more sections of the judgment because he has no interest in the others, or more frequently where the foreign judgment deals with some matters that fall within the scope of the Convention and others that do not. It should be pointed out that for the application of this provision the matters dealt with in the judgment need not be formally distinct. If a judgment imposes several obligations only some of which are within the scope of the Convention, it may be enforced in part, provided that it clearly shows the aims to which the different parts of the judicial provision correspond.”<sup>94</sup>
- 64 According to the commentary to the Transparency Proposal in both Korea and Japan, foreign judgments may be partly recognized and enforced, which has been academically supported.<sup>95</sup>

## IV. Discussion

- 65 From a comparative perspective, the partial recognition and enforcement of judgments is a principle that is generally accepted. Thus, the ALI Principles' silence with regard to the severability of foreign judgments is questionable. Yet, commentary to the Joint Korean and Japanese Proposal clarifies that the partial recognition of foreign judgments could be derived from the general rule. This seems to be exactly the case with the ALI Principles since those Principles allow, for instance, recognising and enforcing partially foreign judgments on punitive damages. Thus, they could be interpreted as not impeding the partial recognition and enforcement of foreign judgments even in cases other than those related to punitive damages.
- 66 Art. 34 of The Hague Draft Convention adopts two alternatives on severability. Alternative A establishes that "[i]f the judgment contains elements which are severable, one or more of them may be separately recognised, declared enforceable, registered for enforcement, or enforced." According to Alternative B, "[p]artial recognition or enforcement of a judgment shall be granted where: a) partial recognition or enforcement is applied for; or b) only part of the judgment is capable of being recognised or enforced under this Convention; or c) the judgment has been satisfied in part." Therefore the Convention explicitly supports the approach taken by all of the sets of Principles, aside from the ALI Principles, by accepting the possibility of partial recognition and enforcement of foreign judgments.

## H. Verification of jurisdiction

### I. Differences

- 67 All sets of principles adopt the so-called standard of equivalence approach,<sup>96</sup> under which, to be recognized and enforced abroad, a foreign judgment should have been rendered by a court that would have had jurisdiction according to the rules of each set of principles or that established its jurisdiction according to rules equivalent to the ones in the principles. The sets of principles involved do not follow the mirror-image approach under which judgments can be recognized and enforced only if they were rendered by courts that ascertained their jurisdiction on the basis of being identical to the principles. Thus, for all sets of principles, judgments formally based on exorbitant grounds of jurisdiction, and thus incompatible with the international jurisdiction rules of those principles, can still be recognised and enforced when the rendering court would have had jurisdiction under the principles themselves due to the existence of other connections be-

tween the dispute and the country of origin.<sup>97</sup> The standard of equivalence approach is supported by the 2001 Hague Draft Convention in Article 27 as is discussed below in paragraph H.IV. However, the Transparency Proposal is not so clear on this point. This leads to different opinions with respect to the Proposal. In fact, even though according to one opinion, this Proposal "adopts the view that the standards for indirect jurisdiction are identical to that for direct jurisdiction,"<sup>98</sup> according to another view the approach adopted by this Proposal does not seem to be very much different from the CLIP Principles approach. This seems to be supported by the commentary to the relevant CLIP Principles rule according to which, "under these Principles, where the foreign state in which the judgment was rendered and the requested state share the same jurisdictional rules, we are afraid it's not reasonable to differentiate between direct and indirect jurisdictions which would otherwise complicate recognition of foreign judgments. We considered creating different rules to govern the recognition and enforcement of foreign judgments rendered upon direct and indirect jurisdictions respectively. These rules should be included in Part II (Jurisdiction). If such those rules are not found in Part II, it may be inferred that no such limitation be put upon foreign judgments to be recognized and enforced."<sup>99</sup>

- 68 For all Proposals it is not necessary to list the grounds of jurisdiction that are deemed to be insufficient because the connection with the direct jurisdiction rules required by all sets of principles to recognise and enforce the judgments is intended to be enough, and also "considering the potential application of the Principles to judgments coming from any country in the world, it could not be a closed list."<sup>100</sup> Yet, the understanding of the CLIP Principles by Prof. De Miguel Asensio is that among those unacceptable grounds are to be included "jurisdiction founded solely on the document instituting the proceedings having been served on the defendant during his temporary presence in the rendering country, or jurisdiction based only in the presence within the country of origin of property belonging to the defendant not directly related to the dispute."<sup>101</sup>
- 69 However, there are also some differences among the sets of principles at stake. In fact, only the ALI Principles differentiate explicitly between mandatory and discretionary grounds for non-recognition, whereas the CLIP Principles reach implicitly the same result and the other sets of principles only provide for mandatory grounds of non recognition.
- 70 Also, with regard to default judgments, "only the ALI Principles impose additional controls on foreign judgments in the form of a verification of jurisdiction under the law of the rendering State. See also

paragraph C.I. on default judgments, and paragraphs C.II. and C.IV. for a discussion.

## II. Rationale

- 71 All sets of principles adopt the standard of equivalence approach, which requires that the connection between the dispute and the rendering court be equivalent to the connections that may provide direct jurisdiction under the respective principles. The rationale for following this approach is to provide the requested court with the necessary flexibility in a multilateral context where States do not have the same direct jurisdiction rules among themselves and even with regard to the sets of principles.<sup>102</sup>
- 72 In addition, this approach allows courts to follow more the “purposes of the system of recognition and enforcement of foreign judgments,” which “are to establish the well-balanced international order for movement of judgments by giving weight to, *inter alia*, (a) the convenience of the parties, (b) the prevention of incompatible judgments, (c) judicial economy, and (d) the maintenance of public policy. In any particular case of recognition and enforcement, indirect jurisdiction will be examined taking the standard for direct jurisdiction and these purposes into consideration.”<sup>103</sup> Also, this approach is in line with the one followed more on a comparative perspective, as will be explained in paragraph H.III.
- 73 With regard to default judgments the ALI Principles alone impose additional controls upon foreign judgments by also requiring verification of jurisdiction under the law of the rendering State. The Comments to the ALI Principles describe the reason for this as needing to provide a “‘second look’ on jurisdictional issues that is necessary to safeguard due process interests in the absence of a multidistrict coordination authority.”<sup>104</sup> This seems to go too far however, as verification of jurisdiction under the law of the rendering state is an obligation between the states of the U.S., and the idea does not translate well into the international context (see paragraph H.IV. below for further discussion on this point related to default judgments).<sup>105</sup>

## III. International Context

- 74 The Brussels system outlines that there may be no review of a court’s jurisdiction regarding a judgment to be recognised and enforced, provided that the rendering court belongs to a State that is party to the Brussels system, independently of whether this court applied the Brussels rule on direct jurisdiction or its national rules referred to by Art.4 of the Brussels I Regulation. There are, however, some excep-

tions to this rule, so that jurisdiction can be reviewed when the judgment concerns matters of insurance and consumer contracts, or where the rules of exclusive jurisdiction are involved (art.35). The Pocar Report on the Lugano Convention explains that the working party originally considered removing any references to reviewing jurisdiction, but it was decided that some exceptions to the general rule that courts shall not review the jurisdiction of the court of origin should remain.<sup>106</sup>

- 75 As for the national rules it is worth noting that while the mirror-image approach is followed by certain national codifications of private international law<sup>107</sup> as well as several international conventions, the standard of equivalence approach has attained significant acceptance from a comparative perspective.<sup>108</sup> For instance, in Japan, Article 118(i) of the Code of Civil Procedure provides that “[t]he jurisdiction of the foreign court is recognized under laws or regulations or conventions or treaties.” This rule is interpreted according to the sense that the foreign court must have jurisdiction in the view of Japanese law.<sup>109</sup> According to a Japanese Supreme Court ruling of 28 April 1998, the rules grounding the jurisdiction of foreign courts shall not be identical to the Japanese ones, but should be equivalent and the equivalent requirement should be assessed in light of the circumstances of the case.<sup>110</sup>

## IV. Discussion

- 76 All sets of principles adopt the standard of equivalence approach, which requires that the connection between the dispute and the rendering court be equivalent to the connections that may provide direct jurisdiction under the respective principles. This approach shall be favoured because it facilitates the necessary flexibility and is in line with the more adopted approach from a comparative perspective. In the light of the same flexibility, the approach of the ALI Principles (explicitly) and of the CLIP Principles (implicitly) with regard to the discretionary grounds to deny the recognition and enforcement of foreign judgments is to be welcomed. In contrast, the Joint Korean and Japanese Proposal and its related commentary do not seem to be so clear on the point.
- 77 Under the Hague Draft Convention, according to Art. 27 on “Verification of jurisdiction,” “1. The court addressed shall verify the jurisdiction of the court of origin. 2. In verifying the jurisdiction of the court of origin, the court addressed shall be bound by the findings of fact on which the court of origin based its jurisdiction, unless the judgment was given by default. 3. Recognition or enforcement of a judgment may not be refused on the ground that the court addressed considers that the court of origin should

have declined jurisdiction in accordance with Article 22.” Those rules apply the standard of equivalence approach to determine at the recognition and enforcement stage whether the jurisdiction of the court of origin is acceptable, as opposed to the mirror-image principle, because the standards to assess the jurisdiction of the rendering court need not be identical with the direct jurisdiction rules of the Draft Hague Convention. Therefore, the Hague Draft Convention supports the approach taken by all of the sets of Principles. Under Article 27(1), the Report to the Hague Draft Convention states that the court can take the initiative to investigate the court of origin’s jurisdiction, without the debtor raising the issue.<sup>111</sup>

- 78 With regard to default judgments the ALI Principles impose additional controls on foreign judgments in the form of verification of jurisdiction under the law of the rendering State. Yet, such a verification of the jurisdiction under the law of the rendering state, which is imposed between the states of the U.S. by the rules on full faith and credit, does not seem appropriate in the case of judgments rendered in foreign countries.<sup>112</sup>

## I. Validity and registration

### I. Differences

- 79 All sets of Principles present the following similarities. First, they allow recognition and enforcement of foreign judgments on registered IPRs over ownership and entitlement issues that are not covered by the exclusive jurisdiction rules, even though the recognition and enforcement of such decisions requires changes in the records of the registries of the State that granted the IPR at stake. Second, all sets of Principles allow for recognition and enforcement of foreign judgments rendered in infringement or contractual proceedings where the IPR validity issue was incidentally raised and addressed by courts sitting in a State that was not the country of registration, provided that the decision resulting from such a dispute does not affect the validity or registration of those rights as against third parties, or as against the same parties to the dispute at stake in subsequent proceedings, thus having no binding effect beyond the proceeding concerned. This approach is supported by Article 12(6) of the 2001 Hague Draft Convention.
- 80 Yet, the different scope of exclusive jurisdiction rules in the ALI Principles, the CLIP Principles, the Joint Korean and Japanese Proposal, and the non-existence of those rules in the Transparency Proposal plays an important role with regard to the recognition and enforcement of foreign judgments. Thus, since the Transparency Proposal does not encompass exclusive jurisdiction rules covering validity issues of foreign registered IPRs principally raised (under certain requirements), Art. 402.(i) does not preclude the recognition and enforcement of foreign judgments rendered when validity has been principally challenged. However, Article 404(2) does provide that a decision concerning the validity of a foreign IPR is only effective “to resolve the dispute between the parties to the litigation.” The same result is reachable according to the ALI Principles, which adopt a limited exclusive jurisdiction rule and allow for the exercise of jurisdiction over foreign IPRs validity issues principally raised under certain conditions, provided that the effects of the decisions on those issues are limited to the parties of the proceeding at stake. In contrast, the CLIP Principles and the Joint Korean and Japanese Proposal do not allow for adjudication of validity issues principally raised by foreign courts and therefore do not allow the recognition and enforcement of foreign judgments on validity principally raised, not even with effects limited to the parties of the proceeding. The 2001 Hague Draft Convention supports the CLIP Principles and the Joint Korean and Japanese Proposal in regards to validity issues principally raised, since it does not allow for adjudication of validity issues principally raised by foreign courts, as is outlined below in paragraph I.IV.
- 81 When the validity or scope of a IP right on which a foreign judgment is based is discrepant with that of one in the granting country, the literature commenting on the Transparency Proposal suggests applying the public policy exception in order to not recognise the foreign judgments at stake.<sup>113</sup> “Such a case occurs, for example, when a Japanese patent right had already been invalidated by a final and binding trial decision of the Japanese Patent Office at the time of conclusion of oral proceedings in a foreign court, or when, although the scope of claims had been restricted by a trial decision of correction or the Japan Patent Office, a foreign judgment awarded compensation of damages or ordered injunction based on the original claims. In these cases, the contrariety to public policy may be assumed, because in these cases it is safe to say that the factual premise of the foreign judgment had been mistaken by the foreign court.”<sup>114</sup> Yet with regard to the effect of subsequent invalidation of IPRs on earlier infringement judgments that became final, the commenting literature to the Transparency Proposal makes clear that even though there are discussions on the possibility of applying the public policy exception to avoid recognising the foreign judgment on infringement at stake, “this is an issue to be further discussed and hence the Transparency Proposal is not yet in the position to decide its standpoint.”<sup>115</sup> The literature commenting on the CLIP Principles also seems to suggest the non-recognition of the foreign judgment at stake at least when a non-validity challenge is pending before the requested state.<sup>116</sup> For more about the pub-

lic policy exception in relation to exclusive jurisdiction, see *infra* paragraph M.I. (the tenth point).

- 82 Finally only the literature commenting on the CLIP Principles refers to the impossibility of recognizing foreign judgments resulting from proceedings which, have as their object, the validity or legality of entries in these public registers related to copyright, and therefore that are based only on a facilitation of evidence purpose since the recognition would determine a change in the registry at stake.<sup>117</sup>

## II. Rationale

- 83 All of the sets of Principles here analyzed adopt rules that demonstrate the decisive role of exclusive jurisdiction rules not only directly in allocating competence to the courts but also indirectly in the stage related to the recognition and enforcement of foreign judgments. Yet, this rationale is well expressed by the Joint Korean and Japanese Proposal's comments according to which such a rule on recognition and enforcement of judgments on validity and registration of foreign IPRs "should be located in the jurisdiction chapter [...] and it would be sufficient. Nevertheless, we wrote and include this Article for clarity." Also, the literature commenting on the CLIP Principles is clear on the point by stating that "the interpretation and scope of the exclusive jurisdiction rules are decisive not only directly to allocate competence to the courts but also indirectly because due to their mandatory character they may decisively influence non-recognition of foreign judgments. A judgment which falls foul of the provisions on exclusive jurisdiction does not benefit from the system of recognition and enforcement under the Principles."<sup>118</sup>

- 84 Yet, all sets of Principles favor the recognition and enforcement of foreign decisions on disputes in which not only the infringement of rights registered in countries other than the adjudicating country is addressed, or the first entitlement and ownership of the same right, but also when their validity or registration is raised incidentally and sometimes even principally, even though these Principles limit the effects of the recognition and enforcement of the decisions on validity to the parties of the proceeding. "This approach facilitates the adjudication before the courts of a single country of infringement claims in cases in which validity is incidentally challenged because it makes possible the cross-border enforcement of decisions rendered in these situations."<sup>119</sup> The rationale underlying the recognition and enforcement of such decisions is to foster effective cross-border litigation. The ALI Principles' Comment on this point warrants full quotation: "as patent law becomes harmonized and more national trademarks and patents stem from single, multi-ju-

isdiction applications (such as the Madrid Agreement, the PCT or the EPC), the need to limit the effect of declarations of invalidity may recede."<sup>120</sup> This comment is reasonably extendable, *mutatis mutandis*, to all IPRs – not just patents and trademarks. The literature commenting on the CLIP Principles renders it clear that "the rationale behind the exclusive jurisdiction established in Article 2:401 CLIP Principles rests on the close connection of certain disputes with the public proceedings that determine the existence of the exclusive right and with the functioning of the public registries involved. The scope of the exclusive jurisdiction must be limited to what is essential to achieve its purposes. Therefore, not all disputes that may result in decisions that can be the basis for changes in the records of the registries of a state fall within the exclusive jurisdiction of the courts of the respective state. Judgments on some of those issues may not be concerned with the registration, grant, or the validity of the IP right as such. Only judgments that interfere in the functioning or operation of the public registry may be deemed to have as their object the registration of the right."<sup>121</sup>

- 85 All sets of Principles invoke the public policy exception in order not to recognize and enforce a judgment on the infringement of a foreign IPR where the validity was adjudicated incidentally, in favor of a subsequent judgment on the validity of the IPR at stake rendered by the court of its registration state. Yet, the literature commenting on the Transparency Proposal tempers this result with regard to the effect of subsequent invalidation of IPRs on earlier infringement judgments that became final, as is referred to in the relevant public policy parts.
- 86 Finally, the literature commenting on the CLIP Principles makes it clear that "under the rationale of Article 2:401 it may be appropriate to conclude that foreign judgments resulting from proceedings which have as their object the validity or legality of entries in these public registers cannot be recognized in the country where the registry is kept."<sup>122</sup>

## III. International Context

- 87 At the international and universal level, rules impeding recognition and enforcement of foreign judgments dealing with issues related to IPRs granted by countries other than the State of the rendering court are absent. In contrast, The Hague Convention on Choice of Court Agreements provides an important example of an international convention explicitly allowing for the recognition and enforcement of judgments that contain an incidental ruling on the validity of IPRs. Thus, although Article 2(2) leaves the validity and infringement of IPRs other than copyright and related rights outside the scope of application of the Convention, save where infringement

proceedings are brought for breach of a contract between the parties relating to such rights, the Convention allows in Article 10(3) for the recognition and enforcement of judgments in which the validity of IPRs arises as a preliminary question in infringement proceedings for breach of a contract, including a choice of court agreement.

- 88 In the EU/EFTA framework, Article 35 of the Brussels system establishes that a judgment shall not be recognised if it conflicts with Section 6 of Chapter II, which establishes the exclusive jurisdiction rule concerning foreign IPRs validity issues principally and incidentally raised. However, foreign judgments on IPRs claims that do not fall within the exclusive jurisdiction rules shall be recognised and enforced by the requested EU Member State, namely decisions concerning infringement of foreign IPRs, both unregistered and those subject to registration, as well as decisions concerning the validity of foreign unregistered IPRs. In addition, although exclusive jurisdiction rules exist with respect to foreign registered IPRs validity claims even incidentally raised, judgments on those claims are also being recognised and enforced, at least when a non-validity challenge is not pending before the court of the enforcing country.<sup>123</sup> Finally, the understanding of the Brussels system that the foreign judgment on validity of an IPR given by the court at the place of registration having an exclusive jurisdiction on this issue cannot be recognised if in the requested State another judgment was already rendered or a third State already recognised another judgment on the infringement of the same IPR is notable. This is true even if this last judgment had also adjudicated the validity issue incidentally raised if the two judgments lead to irreconcilable results.<sup>124</sup> This understanding acknowledges the breach to exclusive jurisdiction rules of the Brussels system as interpreted by the ECJ in GAT that derives from the preference given to the latter judgment on the former. To overcome this breach, then, the interpretation at stake purports to apply the Brussels system under the presumption that the court that rendered the infringement judgment that excludes the recognition of the validity judgment did not adjudicate on the validity incidentally raised “for definition”<sup>125</sup> in conformity with the GAT judgment. So interpreted, in fact, the two judgments would not lead to different results and therefore the judgment on validity could be recognised even if contrary to the judgment on the infringement, which is presumed not to have entered into the validity issue. It is to be noted that the same understanding that a judgment on validity is reconcilable with a judgment on infringement that adjudicated the validity incidentally differently to the judgment on the validity issue principally raised, is adopted, for instance, with respect to purely internal cases in the Italian system by the Supreme Court.<sup>126</sup>
- 89 At the national level, while certain rules refuse recognition and enforcement of foreign judgments that adjudicated the validity of registered IPRs of the requested State,<sup>127</sup> those rules do not impede recognition and enforcement when the judgments in question relate to unregistered IPRs validity and infringement issues, or in the case of registered IPRs infringement claims and validity issues incidentally raised.
- 90 In addition, certain national systems go even further and establish that foreign infringement and validity decisions on IPRs of the requested State that have been recognised and enforced in the requested State and that have become *res judicata* are typically not affected by a subsequent declaration of invalidity by a requested State to the extent the judgments at stake have been enforced prior to the requested State’s declaration of invalidity.<sup>128</sup>
- 91 Other legal systems are even more advanced. For example, in Japan, it seems to be possible to recognise and enforce a foreign judgment on a Japanese IPR infringement claim or on the incidental validity of this right, even if the status of the Japanese IPR in question is now different to what it was at the time the foreign judgment was rendered if the change in status arose after the termination of the foreign proceedings.<sup>129</sup>
- 92 Certain legal systems go even further and allow national courts not only to recognise and enforce foreign judgments on national IPRs claims, but also to adopt those judgments in order to preclude litigation in the forum State concerning national parallel IPRs cases. Among those systems is the U.S. system, where courts have already applied in several cases the doctrines of *res judicata* and collateral estoppel to use foreign judgments related to foreign IPRs claims to preclude litigation in the U.S. concerning national parallel IPRs cases on the corresponding relevant issues. Those cases enable the conclusion that “US courts have doctrinal authority to apply the doctrines of *res judicata* and collateral estoppel to prevent parties from making their transnational intellectual property disputes ‘a war of attrition’. To date, they have shown some willingness to apply collateral estoppel.”<sup>130</sup> It is evident that certain U.S. decisions have rejected attempts to rely on foreign judgments concerning foreign IPRs to preclude litigation in U.S. courts on the same issues of corresponding U.S. IPR, considering that the foreign judgments in question do not present the same issues as U.S. IPR disputes.<sup>131</sup> However, “none of the[se] decisions foreclose courts from exercising this option.”<sup>132</sup>

## IV. Discussion

- 93 In light of the need to effectively enforce cross-border IPRs, the approach adopted by all sets of Principles favoring the recognition and enforcement of foreign decisions in disputes in which not only the infringement of rights registered in countries other than the adjudicating country is addressed, or the first entitlement and ownership of the same right, but also when their validity or registration is raised incidentally and sometimes even principally (ALI Principles, Transparency Proposal), limiting however the effects of the recognition and enforcement of the decisions on validity to the parties of the proceeding, is to be particularly favored. There is a trend in this respect in the international context. The 2001 Hague Draft Convention, supports this result, by not impeding the recognition of judgments on validity issues incidentally raised.
- 94 Furthermore, in light of what has been said with respect to the need to also overcome exclusive jurisdiction rules for registered IPRs validity issues principally raised, that the ALI Principles as well as the Transparency Proposal do not preclude the recognition and enforcement of foreign judgments rendered on validity issues principally addressed by courts sitting in a State that is not the country of registration of the rights whose validity has been principally challenged, is to be welcomed, albeit the decision resulting from such a dispute is enforceable only between the parties to the litigation, thus it has no binding effect beyond the proceeding concerned.
- 95 The Principles refer to the public policy exception in cases of conflicts between a decision on validity incidentally raised, taken by courts sitting in a State that is not the country of registration of the rights, and a judgment on validity principally raised adopted by courts sitting in the State of registration of the rights. Yet, the commentaries to the Transparency Proposal explicitly ground this possible adoption of the public policy exception not on the need to safeguard exclusive jurisdiction rules (which the Proposal does not establish anyway), but on the fact that the judgment to be recognised is grounded on false factual premises. Furthermore, the possibility left open by the Transparency Proposal that “non recognition of the foreign judgment should not always be expected despite the fact that the status of IP rights in the granting country is now different due to the changes which arose after the termination of the foreign proceedings”<sup>133</sup> is a good approach to take. This restrictive approach is also in line with the understanding of the Brussels system.

## J. Finding of facts

### I. Differences

- 96 Rules on the finding of facts are absent in the Transparency Proposal.<sup>134</sup> By contrast, the other three sets of Principles prevent the court from re-examining the “finding of facts” (4:203 CLIP) or the “substance or merit” (Art.401.2 Waseda) to the rendering court. According to Section 401(2) of the Joint Korean and Japanese Proposal, “[a] foreign judgment may not be reviewed as to its substance or merits.” The Comments to the Joint Korean and Japanese Proposal explicitly state that this provision “includes the stipulation that the requested court shall be bound by the facts found by the rendering court.”<sup>135</sup>
- 97 Under the CLIP Principles, this limitation relates only to the verification of jurisdiction. The ALI Principles and the Joint Korean and Japanese Proposal extend such a limitation to the verification of all requirements that shall be met in order for a foreign judgment to be recognised and enforced. The 2001 Hague Draft Convention follows the approach of the CLIP Principles, in Article 27.2, and limits re-examining the facts only in relation to the verification of jurisdiction, as is outlined below in paragraph J.IV. The limitation related to the finding of facts applies also to default judgments under both the CLIP Principles and the ALI Principles, unlike the Hague Draft Convention where it does not extend to default judgments.

### II. Rationale

- 98 The rules preventing the requested court from re-examining the relevant facts present in the CLIP Principles (only with respect to the verification of jurisdiction)<sup>136</sup> as well as in the Joint Korean and Japanese Proposal and in the ALI Principles (with regard to the verification of all requirements to be met by a foreign judgment in order for it to be recognised and enforced abroad), aim at avoiding duplication and waste of resources,<sup>137</sup> since “rearguing facts is costly and time consuming. The traditional private international law restriction on re-examining factual predicates represents an attempt to strike a balance between the interest in finality and the interest in accuracy.”<sup>138</sup> Also, these rules are “common to most international instruments dealing with the recognition and enforcement of foreign judgments.”<sup>139</sup> As Professor Dessemontet pointed out “assessment by the court in the State where enforcement is sought would always be based on the facts as stated in the foreign judgment. Hence, at least with respect to the facts, the case would not have to be re-litigated.”<sup>140</sup>

99 Yet, the limitation of this rule to the verification of jurisdiction posed by the CLIP Principles is in line with the current situation in those legal systems that do not have a concept of issue preclusion in their *res judicata* doctrine, whereas the broader scope of the same rule in the ALI Principles is grounded on the concept of issue preclusion in the common law countries, especially the U.S.<sup>141</sup>

100 Finally, the absence of such a limitation in the Transparency Proposal is based on the fact that “concern rests upon keeping the requested court from unduly reviewing indirect jurisdiction and thus from failing to sufficiently protect the defendant’s procedural rights.”<sup>142</sup>

### III. International Context

101 A “traditional private international law restriction”<sup>143</sup> adopted by “quite a few international conventions”<sup>144</sup> is that in its verification of the rendering court’s jurisdiction the requested authority shall be bound by the findings of fact on which the rendering State’s court based its jurisdiction. At the international level see, for instance, the Hague Draft Convention already recalled, as well as Art. 25 of The Hague Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children of 1996. At the EU level see Article 35(2) Brussels I Regulation, according to which, “In its examination of the grounds of jurisdiction referred to in the foregoing paragraph, the court or authority applied to shall be bound by the findings of fact on which the court of the Member State of origin based its jurisdiction.”<sup>145</sup>

### IV. Discussion

102 The rules preventing the requested court from re-examining the relevant facts present in the CLIP Principles, Joint Korean and Japanese Proposal and the ALI Principles avoid a waste of resources and therefore shall be favored.<sup>146</sup> According to Art. 27.2 of the Hague Draft Convention on Verification of Jurisdiction, “in verifying the jurisdiction of the court of origin, the court addressed shall be bound by the findings of fact on which the court of origin based its jurisdiction, unless the judgment was given by default.” Thus, this limitation only applies to the verification of jurisdiction, supporting the approach taken in the CLIP Principles, but not to other circumstances. Furthermore, the limitation related to the finding of facts does not concern default judgments. The concerns at the absence of those rules in the Transparency Proposal related to those find-

ings can be addressed by the recourse to the public policy exception.

## K. Jurisdiction rules protecting consumers or employees

### I. Differences

103 The CLIP Principles are the only set of Principles to include rules on the recognition and enforcement of foreign judgments manifestly incompatible with specific jurisdictional rules protecting consumers and employees. Yet, those principles adopt a flexible approach leaving to the court discretion in deciding whether to recognise the foreign judgment at stake or not. Also, “this ground for non-recognition is to be interpreted restrictively, because it requires that the foreign judgment is ‘manifestly incompatible’ with the specific jurisdictional rules protecting consumers or employees in the state of recognition.”<sup>147</sup>

104 No such rules are present in the ALI Principles, the Transparency Proposal, or the Joint Korean and Japanese Proposal. However, in some cases, international jurisdictional protection of consumers and employees may be regarded as a public policy issue and then the general clauses of public policy included by the three sets of Principles at stake may be used to decline recognition and enforcement of a foreign judgment that is clearly discrepant with such protection. Furthermore, with regard to the ALI Principles, Section 403(1)(f) may be relevant, because it establishes a mandatory ground for non-recognition of foreign judgments when the rendering court exercised jurisdiction on the basis of a standard form choice of court agreement, which was contrary to the safeguards mentioned in § 202(4). Thus, although this Section applies generally to situations in which standard form agreements are used and only foresees involvement in choice of forum agreement cases, it could play a role in consumer and employee contracts in which a standard form agreement is used.

### II. Rationale

105 The only sets of Principles with special rules specifically aimed at consumers or employees are the CLIP Principles. These rules were adopted to reflect the fact that many countries have adopted legislative rules on jurisdiction aimed at protecting consumers and employees<sup>148</sup> and are grounded in the fact that there is no common understanding on the grounds for jurisdiction in relation to the matters at stake.<sup>149</sup>

### III. International Context

**106** In the international legal order, due to the diversity of the standards on consumer and employee protection both at the substantive and at the PIL level, uniform jurisdiction and enforcement rules in global conventions have not been adopted as of yet. Furthermore, those rules were greatly debated and raised “insurmountable problems”<sup>150</sup> in the negotiations at the Hague Conference on the proposed Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, and in the end it did not include jurisdictional rules specifically protecting consumers or employees. The 2005 Hague Convention on Choice of Court Agreements excludes consumer and employment contracts from its scope of application (Article 2.1).<sup>151</sup>

**107** At the EU level, Art. 35.1 of the Brussels system does not include the jurisdiction rules on employee protection subject to mandatory verification at the stage of recognition and enforcement. The Pocar Report to the Lugano Convention explains that the idea of adding the violation of rules of jurisdiction on individual employment contracts to the group of exceptions that allow verification of the court of origin’s jurisdiction was ultimately rejected. This is because in employment disputes, the employee normally brings the action. Therefore, if the employee is trying to gain recognition of the ruling in his or her favor in a foreign court, allowing the court to verify the jurisdiction of the court of origin will normally benefit the employer (as the defendant), by delaying proceedings.<sup>152</sup>

**108** At the national level, States adopt highly different levels of protection in their respective substantive and PIL rules on consumer and employee protection.<sup>153</sup>

### IV. Discussion

**109** The CLIP Principles inclusion of a specific rule related to the recognition and enforcement of foreign judgments manifestly incompatible with specific jurisdictional rules protecting consumers and employees is to be welcomed. It is true that the same practical outcome can be reached throughout the general clauses of public policy included by the other three sets of Principles. Nevertheless, given the exceptional nature of such a clause it is better to rely on a more specific provision. The same can be said with regard to the possibility of relying on Section 403.1.f of the ALI Principles to achieve consumer and employee protection with respect to international jurisdiction. Hence, this Section only envisages cases in which a choice of forum agreement is involved,

which is not always the case in consumer and employee situations.

## L. Provisional and protective measures

### I. Differences

**110** Under the ALI Principles and the CLIP Principles, provisional measures adopted by courts that do not have the jurisdiction to hear the merits cannot be recognized or enforced abroad, in line with the approach adopted by the proposal to recast the Brussels Regulation (Art. 2 of the Commission Proposal), by the European instruments on unitary industrial property rights and by the Hague Draft Convention, as will be outlined below in paragraphs L.III. and L.IV. respectively. The CLIP Principles clarify that this restrictive approach does not preclude the application of a more liberal approach i.e. in a context of regional integration or under a conventional regime, according to the *favor recognitionis* principle.<sup>154</sup> In contrast, the Joint Korean and Japanese Proposal is unclear on the point, although the explanatory notes seem to adopt the same requirement by stating that “it is meaningful to clarify that extraterritorial enforcement is available only for provisional or protective measures rendered in the state that has the jurisdiction to hear the merits.”<sup>155</sup> The Transparency Proposal does not adopt this requirement, which can lead to different results.

**111** Under the CLIP Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal, provisional or protective measures adopted *inaudita altera parte* cannot be recognised or enforced abroad. Although the ALI Principles do not expressly exclude the recognition and enforcement of *ex parte* provisional measures, the same conclusion can be reached under § 403 (1)(a)-(d). This provision ensures the respect of procedural guarantees, including proper and timely notice and an opportunity to be heard. This criterion is in line with the Brussels system corresponding rule, as will be highlighted in paragraph L.III. Yet, the critics to this limitation pursued the Commission Proposal related to the recasting of the Brussels I Regulation to overcome it, as will be explained in paragraphs L.III. and L.IV.. Finally, the Transparency Proposal includes the requirement that the measure should be adopted after the opposing party is given an opportunity to state an opinion on the validity of rights in question in the foreign proceedings in which the provisional measures were granted. While this requirement is not explicitly present under the other three sets of Principles, a similar result can be reached in practice since those sets of Principles grant to opponents the gen-

eral right to be heard, which presumably would include the right to state an opinion as to the validity of the IPR involved.

- 112 The Transparency Proposal includes the requirement that “if a court implements the execution of a provisional measure of a foreign court, the court may require the party seeking enforcement to provide security.” Yet, this requirement is not present under the other three sets of Principles. However, as mentioned above in paragraph D.I., a court requiring the party seeking enforcement to provide security is generally understood to also be compatible with the CLIP Principles.<sup>156</sup>

## II. Rationale

- 113 The limitation that provisional measures adopted by courts that do not have the jurisdiction to hear the merits cannot be recognised and enforced abroad is grounded in the traditional distinction between provisional measures adopted by a court competent over the merits and those adopted by a court lacking such jurisdiction. This approach is also in line with the view emerging in the international context, as will be recalled at paragraph L.III. Yet, the absence of this limitation in the Transparency Proposal seems to favor the recognition and enforcement of provisional measures, in line with the view emerging in literature that criticises the limitation at stake.<sup>157</sup>

- 114 The rationale of the limitation that provisional or protective measures adopted *inaudita altera parte* is that although Art. 50.2 of the TRIPs Agreement allows courts to adopt provisional measures *inaudita altera parte*,<sup>158</sup> the TRIPs agreement does not harmonise the standards concerning the protection of the right to be heard and the characteristics of *ex parte* procedures and does not impose on Member States an obligation to recognize foreign decisions on *ex parte* measures, since it does not address PIL issues. The exclusion of the recognition and enforcement of foreign measures adopted *inaudita altera parte* is grounded on the fact that those Principles are applicable to judgments rendered by countries where standards concerning the protection of the right to be heard and the characteristics of *ex parte* procedures may vary significantly. The same result is reachable under the Transparency Proposal’s corresponding rule, which requires that the provisional measures should only be adopted if the opposing party was given an opportunity to state an opinion on the validity of rights in question in the foreign proceedings in which the provisional measures were granted. The purpose of this rule is “to exclude foreign provisional measures that were issued simply based on a petition filed for the purpose of abuse or harassment on the basis of an IP right of dubious creation or existence.”<sup>159</sup> In other words, this limita-

tion is posed “for the purpose of equally protecting the debtor, only when he/she is given an opportunity to challenge the judgment shall such protective measures against him/her be recognized and enforced.”<sup>160</sup>

- 115 The Transparency Proposal also poses a rule that “if a court implements the execution of a provisional measure of a foreign court, the court may require the party seeking enforcement to provide security.” This rule reflects the reality that “provisional measures will sometimes be petitioned for in an IP or unfair competition dispute in order to pressure the obligor and just to observe his/her reaction and response,” and therefore the purpose of this requirement “is to make good use of provision on security for testing the obligee’s seriousness about protecting his/her own right.”<sup>161</sup> Yet, the provision of security is based on the requested court’s discretionary power. The other proposals do not explain why they do not provide this requirement, although as mentioned in paragraph L.I supra, a requirement for the party intending to enforce the judgment to provide security is generally understood to also be possible under the CLIP Principles.<sup>162</sup>

## III. International Context

- 116 In the international framework, the limitation that provisional measures adopted by courts that do not have jurisdiction to hear the merits shall not be recognised and enforced abroad is posed by Art. 23(b) of the Hague Draft Convention, as will be explained in paragraph L.IV.

- 117 In the EU the limitation that provisional measures adopted by courts that do not have the jurisdiction to hear the merits shall not be recognised and enforced abroad is posed by Article 103.2 Council Regulation (EC) No 207/2009 of 26 February 2009 on Community trademarks (OJ L 78, 24 March 2009, pp. 1-42, p. 25); and Article 90 Regulation (EC) 6/2002 of 12 December 2001 on Community designs (OJ L 3, 5 January 2002, pp. 1-24).<sup>163</sup> The same limitation is posed by the 2010 Commission Proposal on the reform of the Brussels I Regulation, according to which for the purposes of recognition and enforcement, “the term ‘judgment’ includes provisional, including protective measures ordered by a court which by virtue of this Regulation has jurisdiction as to the substance of the matter” (Art. 2). Yet, if the court that has jurisdiction as to the merits with regard to the recognition and enforcement adopts the provisional measure at stake, the Draft Proposal for a recasting of the Brussels Regulation can lead to important achievements, as Professor Ricolfi highlights: “let us imagine a provisional, including protective, measure issued by State A in our hypothetical case [...], concerning infringement of a patent in Germany

(Member State of the Court seized and of defendant's domicile) and in the UK. The infringement proceeding may well be stayed as far as the UK patent is concerned, if an invalidity issue is raised by defendant; this rather unfortunate consequence may be rather effectively counterbalanced by the possibility that the German Court may nevertheless give interim relief not only for Germany but also for the UK. The novel feature, indeed a giant leap forward, is that now this relief is immediately enforceable by combining Art. 36, 38(2)" on the abolition of *ex equatur* (see the paragraph on the recognition and enforcement procedures (R.)) "and the definition of judgments under Art. 3(a) of the Draft proposal."<sup>164</sup> Furthermore, "even provisional, including protective, measures may be assisted by penalties. If this is the case,"<sup>165</sup> then what will be mentioned in the paragraph on recognition and enforcement procedures (paragraph R.) applies with regard to injunctions as well.

**118** In the EU, the limitation that excludes from recognition and enforcement foreign provisional measures adopted without prior hearing to the adverse party and enforceable without prior service of process to that party (although Art.50(2) TRIPS as well as the EU enforcement Directive 2004/48 implementing TRIPS recognize those measures), is posed by the current version of the relevant rules of the Brussels System, as interpreted by the ECJ starting from the *Denilauler* case.<sup>166</sup> Yet, critics to the *Denilauler*'s approach led the EU Commission to revisit it. In fact, Recitals 22 and 25 of the 2010 Commission Proposal on the reform of the Brussels I Regulation recalls the harmonisation rules of Directive 2004/48 on provisional *ex parte* measures, and Article 2(a) also extends the recognition and enforcement system of the Brussels Regulation to *ex parte* measures provided that "the defendant has the right to challenge the measure subsequently under the national law of the Member State of origin."<sup>167</sup> This more liberal approach is being favored by the literature according to which "the Commission is right to revisit the thirty-year-old *Denilauler*-jurisprudence [...] and to clarify that [ex parte provisional] measures can be recognised and enforced on the basis of the Regulation if the defendant has the 'right to challenge the measure subsequently under the national law of the Member State of origin' (Art. 2(a), Recital 25 4th sentence CP). As it has been pointed out in legal scholarship, both consistency with Directive 2004/48/EC153 (which explicitly requires Member States to introduce *ex parte* relief) and the more flexible approach of both the ECJ and the ECHR in the interpretation of the right to be heard in the context of provisional measures militate in favour of such a more liberal approach."<sup>168</sup>

**119** Finally, at the national level, certain countries do not allow recognition and enforcement of provisi-

onal and protective measures (e.g., see Italian Law, Japanese law).<sup>169</sup>

## IV. Discussion

**120** The limitation proper to the ALI Principles, the CLIP Principles and the Joint Korean and Japanese Proposal related to the provisional measures adopted by courts that do not have the jurisdiction to hear the merit and cannot be recognised and enforced abroad is in line with the same approach adopted by the Hague Draft Convention. This Convention says in Article 23: "[Alternative A. 1. A decision ordering a provisional and protective measure, which has been taken by a court seized with the claim on the merits, shall be recognised and enforced in Contracting States in accordance with Articles [25, 27-34]. 2. In this article a reference to a provisional or protective measure means - a) a measure to maintain the status quo pending determination of the issues at trial; or 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 current or imminent future harm.];" "[Alternative B. Orders for provisional and protective measures issued in accordance with Article 13 shall be recognised and enforced in the other Contracting States in accordance with Articles [25, 27-34]." Thus, both alternatives establish that provisional measures adopted by courts that do not have the jurisdiction to hear the merits shall not be recognized and enforced abroad: Alternative A by referring to "a decision ordering a provisional and protective measure, which has been taken by a court seized with the claim on the merits;" Alternative B by referring to "orders for provisional and protective measures issued in accordance with Article 13" and thus by connecting Art. 23.A alternative b) to Art. 13 of the Hague Draft Convention. Yet, the Transparency Proposal's absence of such requirement is in line with the view that criticizes this limitation, highlighting the "disadvantages" to which it may lead.<sup>170</sup>

**121** The approach adopted by the CLIP Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal explicitly, and by the ALI Principles implicitly, with respect to the exclusion of the recognition and enforcement of *ex parte* provisional measures can be criticized for the same reasons, *mutatis mutandis*, highlighted in relation to the correspondent limitation of the current Brussels system, which led the EU Commission to overcome the limitation at stake.<sup>171</sup> This approach could therefore be overcome by rules such as the *favour recognitionis* principle explicitly posed by the CLIP Principles and by allowing the recognition of such measures in the context of regional integration, especially in light of the EU

Brussels system's future overcoming of the limitation at stake.<sup>172</sup>

## M. Public policy

### I. Differences

**122** All sets of Principles refer to the public policy exception as a ground to refuse recognition and enforcement of foreign judgments. Yet, the CLIP Principles refer to procedural public policy and substantive public policy in different rules, and the literature commenting on those principles discusses some examples from the CLIP Principles in a more general way.<sup>173</sup> The Joint Korean and Japanese Proposal refers to procedural public policy together with substantive public policy. In contrast, the Transparency Proposal refers to “public policy” without any further distinction, but the literature accompanying the Transparency Proposal provides a very long and precise list of cases where public policy can be adopted. The ALI Principles refer to “public policy” as such, but then contain three specific grounds for non-recognition and enforcement in connection with procedure. The 2001 Hague Draft Convention also refers to both substantive and procedural policy, as is outlined below in paragraph M.IV. Furthermore, the CLIP Principles and the Transparency Proposal both deem the rule on procedural public policy to be sufficient to refuse recognition in cases of fraud and therefore do not contain a separate ground for non-recognition related to fraud. This point is well explained by Professor Pedro de Miguel Asensio in his discussion of recognition and enforcement in the CLIP Principles: “fraud provisions in the field of recognition are typically aimed at providing a defense against situations in which a fraudulent action by the prevailing party deprived the other party of a reasonable opportunity to defend its case. To the extent that one of the parties, typically the defendant was deprived of such an opportunity in the original proceedings, recourse to the provision on procedural public policy seems sufficient to refuse recognition.”<sup>174</sup> In contrast, the ALI Principles do not deem the rule on procedural public policy to be sufficient to deal with cases of fraud and therefore contain a specific rule for non-recognition or enforcement related to fraud in connection with procedure.

**123** Under the CLIP Principles, the incompatibility with public policy should be manifest to allow refusal to recognize and enforce a foreign judgment. Also, the Comments to the ALI Principles make clear that “the intent [of Section 403.1.a)-c) and e)] is to describe a narrow category of cases.”<sup>175</sup> The intent of the Transparency Proposal to describe a narrow category of cases is expressed well by the specifications of the

public policy exception provided for by the corresponding Comments or relevant literature interpreting the principles. In contrast, in the Joint Korean and Japanese Proposal concrete illustrations are lacking, except for typical cases referred to by the commentary on the rule on public policy and further specified in Articles 406 and 407, involving a foreign judgment that awards punitive damages and inconsistency with a precedent domestic judgment.<sup>176</sup> In contrast, the Joint Korean and Japanese Proposal does not refer either to the “manifest” incompatibility of the foreign judgment with the public policy of the requested State, or to the “degree” of such incompatibility being of an important nature, and therefore uses wording that does not immediately highlight the exceptional character of the public policy rule.

**124** For simplification purposes, the following remarks will examine each of these specifications of the public policy exception, with the footnotes recalling the relevant sets of principles that provide for the specification at stake, and with the text recalling the rationales. Therefore, the corresponding paragraph M.II. will refer to this paragraph as far as the rationale for each specification is concerned.

**125** Recourse to public policy can be adopted to deny recognition and enforcement of foreign judgments in the following cases.

**126** First, where a foreign judgment on the scope of a national patent has strong consequences on the availability of products necessary to meet health and safety requirements, the requested State may choose to adopt the public policy exception to deny recognition of this type of judgment.<sup>177</sup>

**127** Second, the public policy exception may be adopted to exclude the recognition of a foreign judgment on the patentability of bio-technological inventions that can be interpreted in the requested State to be against human dignity.<sup>178</sup>

**128** Third, the public policy exception could be adopted to deny recognition to foreign judgments that disregard the moral rights of authors.<sup>179</sup>

**129** Fourth, recognition of foreign judgments can be denied when it is determined that the foreign court admitted evidence accessed through certain mechanisms used to fight allegedly infringing activities on the Internet, but obtained in a way that failed to respect the fundamental right to the accused infringer's private life and data protection.<sup>180</sup>

**130** Fifth, recourse to procedural public policy can be made to refuse recognition and enforcement of foreign judgments when the foreign judgment was adopted without respecting the right of the parties

to substantiate their claims, in light of the fact that the parties had not been given “a proper opportunity to produce allegations concerning the validity and scope of a right.” This is because in infringement proceedings, parties shall always be granted the opportunity to produce a defence of invalidation or a counter-defence of correction, since those defenses “concern the validity and scope of the right itself and will have a great influence on the conclusion of the disputes.”<sup>181</sup>

**131** Sixth, recourse to procedural public policy can be made to refuse recognition and enforcement of foreign judgments when the foreign judgment was adopted without respecting the right of the parties to present all relevant evidence, for instance, as a consequence of a fraudulent behaviour.<sup>182</sup>

**132** Seventh, the public policy exception can be adopted for refusing to recognize or enforce a foreign judgment rendered on the basis of a procedure contrary to the right to a fair trial posed by Article 6 ECHR, as the ECtHR maintained on several occasions<sup>183</sup> and the ECJ confirmed by interpreting the public policy exception of Article 34(1) of the Brussels I Regulation in light of the ECtHR jurisprudence on Article 6 ECHR.<sup>184</sup>

**133** Eighth, the public policy exception can be adopted where a foreign court ruled on an invention that employed extremely advanced technology without the aid of specialists with sufficient knowledge to understand the content of the invention.<sup>185</sup>

**134** Ninth, the public policy exception can be adopted to refuse recognition and enforcement of a foreign judgment in light of the fact that the judgment was concluded on matters “not to be decided in courts proceedings under the law of the granting country,” because in certain systems, such as Japan, the compulsory licence of patent rights and copyrights (award systems) are decided by administrative authorities, and thus their adjudication by judicial bodies allowed under other systems, such as France, cannot be recognised in the former systems due to the recourse to public policy.<sup>186</sup>

**135** Tenth, “contrariety to public policy may come into question when the validity or scope of a IP right on which a foreign judgment is granted is discrepant with that in the granting country.”<sup>187</sup> Yet, this result should be tempered: “there are discussions on whether or not circumstances after the delivery of a foreign judgment can be taken into account under public policy where the system of automatic recognition is adopted. Even if such circumstances can be taken into consideration, non-recognition of the foreign judgment should not always be expected despite the fact that the status of IP rights

in the granting country is now different due to the changes which arose after the termination of the foreign proceedings. For example, when allegations on the invalidation or correction of a Japanese patent right had not been produced in a timely manner in foreign proceedings, or when the actual content of a request for correction to be made by the Japan Patent Office was discrepant from that asserted in foreign proceedings, there might be room to recognize the foreign judgment in Japan. This conclusion might be justified, since, according to Article 104-3 of the Japanese Patent Act which allows parties to produce allegations for the invalidation of a patent in infringement proceedings, overdue allegations must be dismissed.”<sup>188</sup> This conclusion finds support in the Transparency Proposal itself. First, the Proposal implicitly rejects the safeguarding of exclusive jurisdiction rules as a grounding basis for a public policy exception, as it is not included in the list of cases provided for by the comments to the same Proposal, where the public policy exception can be adopted to refuse to recognize or enforce a foreign judgment. Second, while this proposal acknowledges the possibility of adopting the public policy exception for non-enforcement of a judgment that was based on the (in)validity or the scope of an IPR that is discrepant with that in the granting country, it grounds this possibility not on the need to safeguard exclusive jurisdiction rules but rather on the fact that the foreign judgment at stake is based on a mistaken factual premise related to the validity of the IPR involved.<sup>189</sup> The same conclusion finds support in the comparative perspective, particularly in light of the understanding of the Brussels system in relation with the inconsistency of judgments (see *infra*).

**136** Eleventh, according to the Transparency Proposal the public policy exception prevents recognition and enforcement of foreign judgments in cases where the judgment at stake does not apply certain provisions of the granting State. In fact, the recourse to public policy can be grounded on the granting State’s nature of the rules that have not been applied regulating “matters such as the filing of application, registration, or cancellation of registration” of IPRs;<sup>190</sup> “initial ownership for a right to obtain a patent;” “the existence, validity and initial ownership of a non-registered right, and matters such as the protection period, effect (scope of protection, etc.) and transferability of both registered rights and non-registered rights.”<sup>191</sup> In fact, “it seems to be unarguable that, for instance, grounds for the invalidation of patents should be governed only by the law of the registered country. In other words, these provisions are a sort of internationally mandatory rules, the application of which is always to be ensured,” and “application of such rules [...] come into question under the Transparency Proposal because it does not provide for exclusive jurisdiction for the actions concerning the validity of registered IPRs (see Article

103 and the Comments) and, as a result, even a foreign judgment determining the validity of patents of Japan or of a third country may be recognised and enforced in Japan. It cannot be accepted that those matters may not be governed by the law other than that of the registered country, even if the effect of a foreign judgment pertaining to the invalidity of a registered right is limited to having an *inter partes* effect as set forth in Articles 103(3) and 404(2).<sup>192</sup> This approach is then in line with the opinion that to overcome exclusive jurisdiction rules, it requires the requested State to verify the law applied by the court that rendered the judgment to be recognised and enforced.<sup>193</sup> In any case, recourse to the public policy exception to refuse to recognize and enforce a foreign judgment with the aim of safeguarding the granting State's internationally mandatory rules shall be excluded in the following cases. First, when the foreign court did not apply the granting State's rules on remedies for infringement of IPRs or IPRs contracts, since those provisions cannot be characterised as internationally mandatory rules. Second, when the foreign court failed to apply the granting State's rules in case of IPRs ubiquitous infringements, since "it cannot be supposed that the law of the granting country should always be applied in such a case."<sup>194</sup> Finally, under the principle of no review on the merits of foreign judgments in the recognition and enforcement stage, which is generally accepted around the world, the appropriateness of the interpretation and the application of the granting State's relevant rules by the foreign court cannot be questioned in principle. Consequently the requested court cannot refuse to recognize and enforce a foreign judgment in cases of misappropriation and misapplication of the granting State's provisions. Similarly, from a judicial economy perspective the requested court cannot refuse to recognize and enforce a foreign judgment when the application of the relevant provision of a State other than the granting State, instead of this latter State's mandatory rules "does not affect the conclusion of the judgment."<sup>195</sup>

**137** Twelfth, the ALI Principles establish "some connection between the rules on applicable law and the rules on enforcement. If the original court did not apply the ALI Principles on applicable law, it need not recognize or enforce the foreign judgment."<sup>196</sup> In fact, the ALI Principles allow for the adoption of the public policy exception to deny recognition and enforcement of foreign judgments when the rendered court applied national laws or laws other than the ones established as applicable by the ALI Principles, i.e. without respecting the territoriality principle or awarding damages "deleteriously impact[ing] local interests."<sup>197</sup> The reason for so doing is well expressed by the ALI Principles' Comments, according to which "the Principles recognize that much of the

controversy concerning adjudication of multiteritorial intellectual property claims derives from apprehensions that the court will apply laws inappropriate to the multinational character of the case, in particular, that the court will apply its own State's law to the full range of alleged infringements occurring outside the forum. [...] For this reason, Part III offers provisions on applicable law. The general rule of territoriality strongly informs these provisions [...] Judgments applying laws designated in a manner consistent with territoriality will not be enforced and recognised."<sup>198</sup> "By contrast, both the CLIP Principles and the Transparency Proposal seem to separate these aspects completely."<sup>199</sup> In fact, the Transparency Proposal explicitly declines this possible adoption of the public policy exception in relation to the recognition and enforcement of foreign judgments issues, in light of the fact that "such a strict meaning of the principle of territoriality"<sup>200</sup> should not be taken, accepting derogations to this principle on some occasions. The absence of control (save for the respect of the territorial nature of IPRs with regard to injunctions, see the relevant paragraphs related to the effects of judgments (E.)) is explained by the literature commenting on the CLIP Principles, emphasising that those principles are in line with the international trend to focus on the verification of jurisdiction rather than on the verification of the law applied. In fact, "making enforcement of a foreign judgment conditional on the application of the right law inevitably leads to a very in-depth review of the case. In the end, this comes down to a review of the merits and this is exactly what recognition and enforcement proceedings are supposed to avoid."<sup>201</sup> Yet, the literature commenting on the Transparency Proposal highlights that in patent law, procedural and substantive aspects are often inextricably interwoven. In such cases, should a foreign judgment that applied a law different from the one designated by the applicable law rules of the enforcement court be recognized and enforced? Wouldn't that result in the rules of the enforcement court being bypassed and couldn't this be problematic in situations where procedural and substantive issues are interwoven? In this respect, one could wonder whether the ALI Principles aren't more appropriate, because they do establish a connection between the applicable law rules and the rules on recognition and enforcement."<sup>202</sup>

**138** Apart from the aforementioned exceptional situations, public policy is a last resort mechanism. Therefore, even when the public policy exception can, in principle, be adopted to deny recognition and enforcement of foreign judgments, it should be limited in the following two ways. First, "the enforcement court should consider only the *outcome* of litigation, not the substance or procedure by which the outcome was achieved. Second, the court should consider how the outcome affects interests in the fo-

rum State and whether any clash with local interests can be softened through the remedial procedures,” an approach that “allow[s] the enforcement court to tailor the remedy to local concerns”<sup>203</sup> rather than to deny recognition and enforcement of the foreign judgment in question. “In fact, the remedial approach is particularly appropriate in an international setting, where cultural differences and levels of technological development are so widely disparate.”<sup>204</sup>

**139** In any case, a civil judgment based on a jury verdict, in principal, should not be regarded as contrary to public policy in countries that do not use civil juries.<sup>205</sup> Also, differences with respect to the availability of discovery devices between the country of origin and the requested country should not be an obstacle to the enforcement of the judgment.<sup>206</sup> Also, the CLIP Principles and the ALI Principles both provide that the public policy exception shall not be adopted with regard to punitive damages, since a part of those damages might be acceptable under the severability of the foreign judgment approach (see above). The Transparency Proposal also provides that sometimes the public policy exception will not be invoked in relation to punitive damages, and that “a part of punitive damages award might be acceptable in Japan.”<sup>207</sup> The Comments to the ALI Principles provide that the public policy exception “should not provide an opportunity for relitigation of the case.” This requirement is also explicitly mentioned in the Transparency Comments.

**140** So, the different sets of Principles and their related commentaries and literature contain many different public policy grounded specifications for the refusal of recognition and enforcement. However, as discussed at paragraph M.IV. below, this does not necessarily mean the different sets of Principles will reach different results where the specifications mentioned differ between them.

## II. Rationale

**141** Professor de Miguel Asensio explains the rationale for explicitly including both substantive and procedural public policy within the public policy exception: “Article 4:401 CLIP Principles refers to substantive and procedural public policy in separate provisions. Although in some conventions substantive and procedural public policy are mixed in the same provision and some international, regional, and national instruments do not include a specific reference to procedural public policy, it has been considered appropriate to deal with substantive and procedural public policy in different provisions. This approach is also a feature of many national systems.”<sup>208</sup>

**142** The reasoning behind the rejection of the approach that provides for the specification of the public policy exception directly in the relevant rule, rather than in the corresponding commentary, is well expressed by the commentaries to the Transparency Proposal Comments: first, “there were difficulties in creating an exhaustive list of stipulations due to the wide variety of circumstances peculiar to IP disputes” and second, “there were concerns raised that a public policy clause with a long list of considerations would lead to the misconception that the Transparency Proposal was very reluctant to recognise foreign judgments regarding IP disputes.”<sup>209</sup>

**143** The intent of all of the sets of Principles is to describe a narrow category of cases, as explained in detail in paragraph M.I. Furthermore, while the different sets of Principles and their accompanying commentaries and literature may set out different specifications for where public policy can ground refusal of recognition and enforcement, the Principles may all reach the same result in the end, as is discussed below in paragraph M.IV.

## III. International Context

**144** The common view is that the public policy exception should be adopted in a restrictive way in IPRs transnational litigation.<sup>210</sup> The same view highlights that the public policy exception to the recognition and enforcement of foreign judgments includes both substantive and procedural public policy.<sup>211</sup> Although public policy is typically a national defense based on the basic values and fundamental principles of a national legal system, in the case of public policy as a ground for non-recognition the doctrine is to be understood within the stricter sense of international public policy in both categories of substantive and procedural public policy. It should be applied in a restrictive and exceptional way, limited to situations in which requested court can easily ascertain the violation of public policy; and the incompatibility with the requested State’s public policy must be manifest.<sup>212</sup> Usually, the rules on public policy are general rules that do not specify the cases where this exception can be adopted to deny recognition and enforcement of foreign judgments. Yet, the literature and case that comments and applies those rules renders this specification.

**145** With respect to IP law, the literature and case law highlight that the important approximations of national substantive and procedural laws regarding the means of enforcing IPRs reduce the level of disparities between national legislations, particularly with respect to basic principles.<sup>213</sup> Furthermore, owing to the economic component of IP law civilization, conflicts are lacking in this field.<sup>214</sup> Therefore, the forum

State court cannot adopt the public policy exception of a substantive nature to avoid the recognition and enforcement of a foreign judgment based on whatever differences there are in substantive laws, but rather in very limited cases where the differences reflect diverging options followed by the countries involved as to where to strike the balance between IPRs and other conflicting values, interests and even fundamental rights, such as the freedom of expression and information, the right of education and the protection of health care.<sup>215</sup>

**146** Recent case law originating in various countries of the world also confirm the exceptional nature of public policy with regard to the recognition and enforcement of foreign judgments. In the U.S., in the *Sarl Louis Feraud International v. Viewfinder, Inc.* Judgment,<sup>216</sup> the U.S. Court of Appeals for the Second Circuit had to determine the enforceability of a French judgment that found copyright infringement in France under French law on a subject matter that was not copyrightable in the U.S. The question before the court was whether the fact that the object of the infringement was not copyrightable in the U.S. made the foreign judgment contrary to U.S. public policy. In answer to this question, the U.S. Court of Appeals for the Federal Circuit supported the view of the district court that copyright is not a matter of “strong moral principle”<sup>217</sup> but rather represents “economic legislation based on policy decisions that assign rights based on assessments of what legal rules will produce the greatest economic good for society as a whole,”<sup>218</sup> concluding that “the fact that the foreign judgment found copyright infringement under foreign law on a subject matter that is not copyrightable in the US does not make the foreign judgment contrary to public policy.”<sup>219</sup>

**147** In the EU, in the *Renault v. Maxicar* case,<sup>220</sup> Renault sought to enforce a French judgment in Italy, in which the defendant was found guilty of forgery for having manufactured and marketed body parts for Renault vehicles. The Italian First Instance Court dismissed the application on the ground that the French judgment could not be declared enforceable in Italy because it was contrary to public policy in economic matters. The Court of Appeal of Torino then decided to stay proceedings and refer the following question to the ECJ for a preliminary ruling: “is a judgment handed down by a court of a Member State to be considered contrary to public policy within the meaning of Article 27 of the Brussels Convention if it recognises industrial or intellectual property rights over such component parts which together make up the bodywork of a car, and affords protection to the holder of such purported exclusive rights by preventing third parties trading in another Member State from manufacturing, selling, transporting, importing or exporting in that Member

State such component parts which together make up the bodywork of a car already on the market, or, in any event, by sanctioning such conduct?”<sup>221</sup> The ECJ answered in the following terms. First the ECJ highlighted that “recourse to the clause on public policy in Article 27, point 1, of the Convention can be envisaged only where recognition or enforcement of the judgment delivered in another Contracting State would be at variance to an unacceptable degree with the legal order of the State in which enforcement is sought inasmuch as it infringes a fundamental principle.”<sup>222</sup> Second, the ECJ recalled that “the court of the State in which enforcement was sought is in doubt as to the compatibility with the principles of free movement of goods and freedom of competition of recognition by the court of the State of origin of the existence of an intellectual property right in body parts for cars enabling the holder to prohibit traders in another Contracting State from manufacturing, selling, transporting, importing or exporting such body parts in that Contracting State.”<sup>223</sup> Third, the ECJ emphasised that “the court of the State in which enforcement is sought cannot, without undermining the aim of the Convention, refuse recognition of a decision emanating from another Contracting State solely on the ground that it considers that national or Community law was misapplied in that decision.”<sup>224</sup> Finally, the ECJ concluded that “Article 27, point 1, of the [Brussels] Convention, [now 34 point 1 of the Brussels I Regulation] [...] must be interpreted as meaning that a judgment of a court or tribunal of a Contracting State recognising the existence of an intellectual property right in body parts for cars, and conferring on the holder of that right protection by enabling him to prevent third parties trading in another Contracting State from manufacturing, selling, transporting, importing or exporting in that Contracting State such body parts, cannot be considered to be contrary to public policy.”<sup>225</sup>

**148** In the Brussels system the European Commission Proposal to recast the Brussels I Regulation suggests that the notion of public policy as a ground for refusal of recognition should be removed.<sup>226</sup> The same Proposal was presented by the Commission in the framework of the Lugano Convention. However this was rejected by the *ad hoc* working party, who, although acknowledged that the exception was rarely used in real life, felt that the public policy rule was still necessary as a safeguard for nation States’ fundamental interests. However, the requirement that the judgment be “manifestly” contrary to public policy was added. The Pocar Report on the Lugano Convention mentions that the two concepts of substantive public policy and procedural public policy were discussed by the *ad hoc* working party in trying to determine whether the concept of public policy in the Convention covered both of them.<sup>227</sup>

## IV. Discussion

**149** The distinction between substantive public policy and procedural public policy, as well as the specific reference to procedural public policy made by certain sets of principles like the CLIP Principles and the Joint Korean and Japanese Proposal, which is in line with the approach of many international conventions as well as domestic legislation, is to be welcomed. The approach followed by only the ALI Principles, which specifies the cases where the public policy exception can be adopted to deny recognition and enforcement of foreign judgments in the rule related to the recognition and enforcement of foreign judgments, seems to be questionable for the reasons referred to by the Transparency Proposal. Thus, this Proposal avoids listing the cases where the public policy exception could lead to the non-recognition and enforcement of the foreign judgment at stake, and rather includes some examples in the Proposal's comments, following the CLIP Principles' approach. In any case, it seems sufficient to refuse the recourse to the rule on procedural public policy, in line with the approach adopted by the CLIP Principles and the Transparency Proposal, in the case of fraud unlike the corresponding rules of the Hague Draft Convention, as well as the ALI Principles, which contain a ground for non-recognition and enforcement related to fraud in connection with procedure. In fact, according to Art. 28.1(c) of the 2001 Hague Draft Convention on "grounds for refusal of recognition or enforcement," "recognition or enforcement of a judgment may be refused [only] if - [...] [c] the [judgment results from] proceedings [in the State of origin were] incompatible with fundamental principles of procedure of the State addressed, [including the right of each party to be heard by an impartial and independent court];]." Furthermore, according to Art. 28.1(f), "recognition or enforcement of a judgment may be refused [only] if - [...] recognition or enforcement would be manifestly incompatible with the public policy of the State addressed." Thus, the Hague Draft Convention distinguishes between procedural public policy (Art.28.1.c) and substantive public policy (Art.28.1.f), following the recent tendency to include specific reference to both kinds of public policy.

**150** The intent of all sets of principles to describe a narrow category of cases, as well as the expression of this intent in the wording of the ALI Principles and Comments, the CLIP Principles, and the Transparency Proposal is to be welcomed. In contrast, the wording of the Joint Korean and Japanese Proposal and its related Comments does not seem to sufficiently express this intent.

**151** With respect to the different specifications of the public policy grounds mentioned by the commentaries to the relevant principles and by the literature

related to them, it is to be noted that even though differences exist between them, this does not mean that the sets of principles involved necessarily lead to different results. In fact, each commentary to the sets of principles under examination makes it clear that the specifications provided are only examples and do not mean to be exhaustive. Therefore, even if a ground of non-recognition is not found in the specifications with regard to one set of principles that is present in another set, the same ground could still be adopted by the former set of principles and therefore reach the same result. Under this premise, it seems important at this point to just refer to paragraph (M.I.) where an analysis is made of what appears to lead to different results and the reasons for that. With respect to the adoption of the public policy exception in relation to validity see also the validity relevant paragraphs (I.).

## N. Non-compensatory damages

### I. Differences

**152** The ALI principles, the CLIP Principles and the Joint Korean and Japanese Proposal introduce a specific ground for non-recognition of money judgments on non-compensatory damages. In contrast, the Transparency Proposal does not provide for such a rule. However, the result is the same because the Transparency Proposal invokes the possibility of adopting the public policy exception in relation to punitive damages. Yet, as mentioned above, the Transparency Proposal does not foresee that punitive damages will always be contrary to public policy.<sup>228</sup> Instead, it advocates resolving the issue on a flexible basis, scrutinizing the foreign judgment according to a case-by-case approach, by stating that "whether foreign damages awards are punitive and shall not be recognized or enforced depends upon the particular facts of the cases concerned, and is to be determined by the requested court."<sup>229</sup> In addition, Section 411 of the ALI Principles and the literature commenting on the CLIP Principles require a comparison of both the function and the amount of the sums awarded, making significant to that comparison amounts aimed at covering costs and expenses relating to the proceedings, attorneys fees and liquidated damages.<sup>230</sup> Finally, the commentaries to the ALI Principles explicitly acknowledge the need to recognize and enforce reasonable royalties.<sup>231</sup>

### II. Rationale

**153** The rules on non-compensatory damages of the sets of principles at stake are all based on the same rationale of facilitating the (partial) recognition and

enforcement of foreign judgments awarding punitive damages despite the differences related to the “principles on the purposes and functions of the liability system.”<sup>232</sup> In fact, “this approach reflects the trend to assume that refusal to recognize judgments imposing punitive damages is mainly a reaction against the excessive amount of money awarded.”<sup>233</sup> Those rules are “modelled”<sup>234</sup> on Art. 33 of the Hague Draft, which, however, includes certain specifications on the debtor’s role before the court, as well as on the impossibility of the requested court reducing the damages awarded beyond the sum that would have been imposed by it in the same circumstances of the case. Article 33 of this Draft Convention is outlined in more detail in paragraph N.IV. below.

### III. International Context

**154** In the international context, a tendency to favor the (partial) recognition and enforcement of foreign judgments awarding non-compensatory damages is expressed by Art. 11 of the Hague Convention of Choice of Forum, which is modelled on Art. 33 of the Hague Draft Convention.

**155** In the EU the same tendency is established by the Rome II Regulation (Regulation (EC) No 864/2007 of the European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations (Rome II)). In fact, under Art. 15(c) the applicable law to the IPR infringement determines also “(c) the existence, the nature and the assessment of damage or the remedy claimed.” Yet, Recital 32 of the Rome II Regulation establishes that “Considerations of public interest justify giving the courts of the Member States the possibility, in exceptional circumstances, of applying exceptions based on public policy and overriding mandatory provisions. In particular, the application of a provision of the law designated by this Regulation which would have the effect of causing non-compensatory exemplary or punitive damages of an excessive nature to be awarded may, depending on the circumstances of the case and the legal order of the Member State of the court seised, be regarded as being contrary to the public policy (*ordre public*) of the forum.” Thus, the requested court can exercise discretionary evaluation just to reduce the amount of the damages awarded.<sup>235</sup>

**156** At the national level, courts in several states that do not impose punitive damages have found recognition and enforcement of such decisions to be contrary to public policy, refusing to recognise entirely the judgment at stake. This approach was followed for instance in Italy by the Supreme Court in 2007.<sup>236</sup> However, this approach is criticised by the view that invokes a less restrictive approach with regard to

public policy and aims to restrict the non-recognition of the judgment imposing punitive damages to the amount of compensatory damages.<sup>237</sup> A trend can be identified in this respect to (partially) recognise and enforce foreign judgments imposing punitive damages,<sup>238</sup> as is demonstrated by the relevant Supreme Court decision in Japan.<sup>239</sup> In other civil law systems even more favourable results have been reached. For example, in Spain, the Supreme Court declared a U.S. judgment enforceable that awarded punitive damages in a dispute involving the infringement of IP rights.<sup>240</sup>

### IV. Discussion

**157** The rules of the ALI principles, the CLIP Principles and the Joint Korean and Japanese Proposal that introduce a specific ground for non-recognition of monetary judgments on non-compensatory damages, with the aim of facilitating the partial recognition of those judgments, are to be welcomed. The Transparency Proposal’s understanding of punitive damages as being eventually included in the public policy exception leads to the same result. Thus, those rules are in line with the international tendency to favour the (partial) recognition and enforcement of foreign judgments imposing punitive damages that is well-expressed by the Hague Convention on Choice of Court Agreement and by the Hague Draft Convention. The Hague Draft Convention states in Article 33: “1. A judgment which awards non-compensatory damages, including exemplary or punitive damages, shall be recognised and enforced to the extent that a court in the State addressed could have awarded similar or comparable damages. Nothing in this paragraph shall preclude the court addressed from recognising and enforcing the judgment under its law for an amount up to the full amount of the damages awarded by the court of origin. 2. a) Where the debtor, after proceedings in which the creditor has the opportunity to be heard, satisfies the court addressed that in the circumstances, including those existing in the State of origin, grossly excessive damages have been awarded, recognition and enforcement may be limited to a lesser amount. b) In no event shall the court addressed recognise or enforce the judgment in an amount less than that which could have been awarded in the State addressed in the same circumstances, including those existing in the State of origin. 3. In applying paragraph 1 or 2, the court addressed shall take into account whether and to what extent the damages awarded by the court of origin serve to cover costs and expenses relating to the proceedings.” This rule favors the (partial) recognition and enforcement of foreign judgments awarding punitive damages, which is in line with the current international trend.<sup>241</sup> The Report to the Hague Convention makes it clear that Ar-

article 33(1) was intended to exclude reliance by States on any public policy objection they may have raised to enforce punitive damages.<sup>242</sup> The same report explains how the effect of paragraph 2(a) is to be limited, using the example of a “woman who receives several millions of dollars for being scalded by hot coffee” to show what is meant by “grossly excessive damages.”<sup>243</sup> Furthermore, the report states that assessing what is “grossly excessive” is to be done by comparing the award given to the norm in similar cases in the State of origin – comparing the award to the norm in the State addressed is not enough on its own.<sup>244</sup> The rule of the Hague Draft Convention at stake goes even further in that paragraph two specifies the role of the debtor in proving to the court the excessive nature of the damages awarded as well as clarifying that the requested court shall not recognize or enforce the judgment in an amount less than that which could have been awarded in the State addressed in the same circumstances.<sup>245</sup>

**158** Unlike the Hague Draft Convention, all sets of Principles do not refer either to the role of the debtor in proving before the court the excessive nature of the damages awarded, or to the fact that the requested court shall not recognize or enforce the judgment in an amount less than that which could have been awarded in the requested State in the same circumstances. The high standard of clarity provided by the literature commenting on the CLIP Principles and the ALI Principles’ commentaries in relation to how to compare the amount of damages awarded by the rendering court to the ones that would have been imposed by the requested court is to be welcomed. The same results could also be reached under the Transparency Proposal and the Joint Korean and Japanese Proposal, recalling the need to scrutinize the foreign judgment according to a case-by-case approach.

## O. Other grounds for non-recognition of foreign judgments

### I. Differences

**159** Each set of principles enumerates exhaustively the other grounds for non-recognition so that no other checks may be used to control recognition of foreign judgments.<sup>246</sup>

**160** The CLIP Principles, the ALI Principles, the Transparency Proposal, and the Joint Korean and Japanese Proposal all raise the failure to provide timely and lawful service/notice as a basis for non-recognition of judgments. Yet, the adoption of the words “service” or “notice” could be avoided as they are in the Hague Draft Convention, which uses the word “no-

tify.”<sup>247</sup> Certain differences among the sets of Principles concern whether this ground for non-recognition applies when the defendant is improperly served but still appears in court. Under the CLIP Principles, improper service cannot serve as a basis for non-recognition in “situations in which the defendant entered an appearance and presented his case without contesting notification in the court of origin, provided that the law of the state of origin permitted notification to be contested.”<sup>248</sup> Under the Transparency Proposal, a judgment shall be recognized even if the defendant did not receive proper service if, *inter alia*, the defendant “appeared in the action without receiving such service” (Article 402(ii)). Unlike the CLIP Principles, there is no mention of such a requirement. As for the Joint Korean and Japanese Proposal, while the Comments note that “the Article clarifies that the defendant’s appearance does not legitimate the non-compliance with the formality,”<sup>249</sup> the text of the Article provides that improper service as a ground for non-recognition shall not apply “if the defendant has appeared without receiving such timely service” (Article 401(1)(ii)). Furthermore, the Joint Korean and Japanese Proposal clarifies that service by publication or any other service similar thereto is excluded (Article 401(ii)). By contrast, the ALI Principles seem to provide an even broader basis for non-recognition than the corresponding rules of the CLIP Principles and the Transparency Proposal with respect to the ground for non-recognition related to “notice,” because the ALI Principles appear to allow for non-recognition when there was improper service even when the defendant appeared and did not contest service.<sup>250</sup> The ALI Principles’ approach is not in line with the solution adopted by the Hague Draft Convention.<sup>251</sup>

**161** Another difference concerns service that is sufficient to ensure protection of the defendant’s rights, but is not in compliance with international conventions binding upon the states involved. The CLIP Principles and the ALI Principles reflect one approach, requiring only that the defendant receive notice in time sufficient to respond to the suit, but do not explicitly require that the service be made in compliance with binding conventions<sup>252</sup> and even state that, “process serving not undertaken in accordance with a treaty on judicial cooperation to which the country of origin and the enforcing country are parties does not necessarily make recognition contrary to Article 4:501(1).”<sup>253</sup> By contrast, the Transparency Proposal provides, consistent with the Hague Draft Convention as will be discussed in paragraph O.IV., that if there is a treaty between the country of judgment and Japan that provides that the service of the document required for the commencement of litigation must be effected in a certain manner, service must comply with the requirements of the treaty or it will not be regarded as timely and lawfully made.

Yet the results of both approaches seem to be the same since the commentary to the Transparency Proposal recognizes that service that was not compliant with international conventions or was insufficient to protect the defendant's rights cannot serve as a basis for non-recognition if the defendant appeared in the foreign proceedings.<sup>254</sup> Furthermore, the literature commenting on the CLIP Principles states that "at any rate, from the practical perspective, it seems reasonable to advise any party who may be interested in the future enforcement of the judgment abroad to ensure that service is through a method admitted in the future requested state, to avoid possible risks of non-recognition given the current state of the law in many countries."

**162** Finally, none of the sets of Principles examined include a provision like Article 9(c)(ii) of Hague Convention on Choice of Court, which refers to an additional ground for non-recognition as the situation in which notification to the defendant in the requested State was made "in a manner that is incompatible with fundamental principles of the requested State concerning service of documents." Hence, those situations are covered by the procedural-specific rules of the ALI principles as well as by the procedural public policy provisions of the other sets of Principles.<sup>255</sup>

**163** All sets of Principles establish as a ground for non-recognition the pending of proceedings as well as the inconsistency between judgments in terms closely related to their specific coordination of jurisdiction principles. With respect to those grounds for non-recognition in relation to the validity issue see the validity relevant paragraphs (I).

**164** Therefore, a first ground for non-recognition in this respect is related to the pending of proceedings. In fact, the CLIP Principles provide a chronological criterion, like the Hague Draft Convention (see paragraph O.IV.), and establish that a foreign judgment shall not be recognized if proceedings between the same parties that have the same cause of action are pending before a court of the requested state, provided that those proceedings were the first to be instituted, even if the proceeding did not come to a judgment by the time the foreign judgment was required to be recognized and enforced (otherwise the rules on the irreconcilability of judgments hereafter mentioned should prevail).<sup>256</sup> The Joint Korean and Japanese Proposal's relevant rule is modelled on the CLIP Principles' corresponding provision.<sup>257</sup> The ALI Principles adopt the same chronological criterion but do not limit it to the forum state proceeding. Instead, they extend it to whatever previously pending proceeding is in the non-rendering states, when the previously seized court has jurisdiction according to the relevant jurisdiction rules or when this court coordinates or cooperates in the adjudication or in the consolidation court. By contrast, the

Transparency Proposal provides that the Japanese proceeding always prevails over the foreign judgment in terms of recognition in Japan, thus allowing for non-recognition even if the proceeding in the requested State (e.g., the Japanese proceeding) starts after the proceeding that led to the judgment to be recognised, even if the Japanese proceeding did not come to a judgment by the time the foreign judgment was required to be recognised and enforced. The Transparency Proposal does not pose the requirement of same parties and same subject matter but just adopts the notion of "parallel litigation," leaving its characterisation in relation to the concrete case to the court requested in light of the relevant jurisdiction rules.

**165** A second ground for non-recognition in this respect is based on the "irreconcilability" of judgments. The CLIP Principles establish that a foreign judgment cannot be recognised if it is irreconcilable with another judgment given by the requested State's court of between the same parties, or given between the same parties and having the same cause of action by a third State's court earlier or already recognised by the requested court. Thus, with respect to the inconsistency of the judgment to be recognised with another judgment rendered in a third State's court, the CLIP Principles pose either a priority criterion or a requirement related to the same cause of actions of both judgments involved, whereas those two requirements are absent with regard to the irreconcilability of the rendered judgment with the one given in the requested State. The Joint Korean and Japanese Proposal's relevant rule is modelled on the CLIP Principle's corresponding provision.<sup>258</sup> The ALI Principles do not pose a priority requirement but rather impose the same cause of action for any case related to the irreconcilability of judgments, allowing recognition to be refused when the foreign judgment at stake is irreconcilable with a judgment rendered by the forum state's courts, or even by third states that had jurisdiction according to the relevant rules or were had coordinated or cooperated in the adjudication or in the consolidation court. In any case, the CLIP Principles specify the strict understanding of the same parties requirement, as well as the irreconcilability of judgments requirement. and the fact that the CLIP Principles leave to the requested court the decision as to whether the judgment given in the rendered State has to have become *res judicata* or if it is sufficient for the judgment to be final and conclusive at that stage of procedure.<sup>259</sup> Once again the Joint Korean and Japanese Proposal's relevant rule is modelled on the CLIP Principle's corresponding provision.<sup>260</sup> In contrast, Article 402(v) of the Transparency Proposal regulates "a situation where, if the recognition and enforcement of a foreign judgment is sought, there already exists a Japanese judgment incompatible with that foreign judgment which did not result from international parallel litigation. In

this situation, the Japanese judgment should have priority over the foreign judgment if the former had become final and binding earlier than the latter had.” Thus, the Transparency Proposal does not pose any requirement related to the same subject-matter and the same parties, but refers only to the notion of “incompatibility,” leaving its characterisation in relation to the concrete case to the court requested in light of the relevant jurisdiction rules. Furthermore, the Proposal does not refer to the inconsistency of the judgment to be recognised with another judgment given in a third country eventually recognised in the requested State. Also, the Transparency Proposal requires explicitly that the Japanese judgment become final and binding to allow for the non-recognition of the foreign judgment at stake. Yet, even though this rule seems to be stricter than the corresponding ones of the other sets of Principles, which do not require the finality of the judgments of the forum State or third States, the result in this respect could still be the same because the rendered judgment to be recognised cannot be recognised whenever a Japanese proceeding is pending in Japan, irrespective of any chronological criterion. Thus, even if the pending Japanese proceeding is still in the first instance phase, the requested judgment cannot be recognised.

## II. Rationale

**166** The ground for non-recognition related to the timely and lawful service is posed by all sets of Principles to ensure the protection of the defendant during the proceeding. This ground for non-recognition is therefore “based on an understanding of the importance of procedural fairness that finds expression in the requirement for notice of the commencement of the suit to the defendant as a core of the system of the recognition and enforcement of foreign judgments.”<sup>261</sup> Furthermore, the Transparency Proposal commentary clarifies that the rule related to service incorporates the Supreme Court of Japan’s interpretation of the corresponding rule of the Japanese Code of Civil Procedure.<sup>262</sup> As for the differences between the sets of principles with respect to methods of service, as already noted they do not lead to different results since each of the principles involved, save for the ALI Principles which is not so clear on the point, focuses on the verification that the defendant was notified and received knowledge of the proceedings in a way that did not hinder his right of defense, and therefore had the opportunity to defend himself.<sup>263</sup> Yet, the commentaries to the Transparency Proposal clarify that “the functions of giving notice and creating defense possibilities, which the service must fulfil under this provision, could be required through interpretation of the term ‘service.’ However interpretation does not always lead to the requirement of complying with the applicable con-

ventions. Thus, the Transparency Proposal, from the viewpoint of stressing the significance of international judicial assistance conventions and ensuring the stability of the procedure, provides for the requirement for the compliance with such conventions in Article 402(ii).”<sup>264</sup>

**167** All sets of principles establish the pending of proceedings as well as the inconsistency between judgments in terms closely related to their specific coordination principles as a ground for non-recognition. The reasoning for those grounds is well-explained by the Comments to the ALI Principles: “in order to promote efficient adjudication, it is important not only to facilitate parties’ applications to coordinate, but also to discourage continued proceedings in other fora once an action has been coordinated. An effective way to discourage those proceedings is to deny enforcement to any resulting judgment.”<sup>265</sup>

**168** The approach adopted by the CLIP Principles, the Joint Korean and Japanese Proposal and ALI Principles in relation to the pending of proceedings under which a chronological criterion is established is grounded on its being in line with the view followed by many international conventions and instruments.<sup>266</sup> Yet, the absence of any chronological criterion in the Transparency Proposal, which always grants prevalence to the proceedings in Japan, is explained in this way: “giving priority to the Japanese proceedings and the Japanese judgment in the future is logically consistent, because, in this case, Japanese courts would justify the exercise of jurisdiction as the place of performance of the primary obligation or the place of occurrence of the primary facts adopted by Article 201 (1)(2), *i.e.* the ‘the proper forum approach.’ Thus the foreign judgment is not to be recognized or enforced, even if it has been rendered or has become final and binding earlier than the existing or future Japanese judgment has. Article 402(iv) clarifies that purpose.”<sup>267</sup>

**169** The approach adopted by the CLIP Principles, the Joint Korean and Japanese Proposal and ALI Principles with regard to the irreconcilability of judgments (though maintaining some differences) is grounded on the fact that it “reflects criteria that have achieved significant acceptance from a comparative perspective.”<sup>268</sup> The commentaries to the Transparency Proposal make it clear that their approach aims at “protecting the domestic legal order.”<sup>269</sup>

**170** Finally, with respect to those grounds for non-recognition in relation to the validity issue, see the validity relevant paras.

### III. International Context

171 At the international level an exhaustive list of grounds of refusal “is common in the drafting of international conventions concerning the recognition and enforcement of judgments, as illustrated by the approach followed in the” Hague Draft Convention.

172 With respect to the ground for non-recognition related to services, at the international level, rules imposing the control of the defendant’s rights of defense by proper service in adequate time before the court of origin are posed e.g., by Article 9(c)(i) Hague Convention on Choice of Court Agreements of 2005, Section 4(c)(1) Uniform Foreign-Country Money Judgments Recognition Act (2005) and Art.28(1)(d) of the Hague Draft Convention on Jurisdiction, which will be discussed in paragraph O.IV.<sup>270</sup> At the EU/EFTA level, rules imposing the control of the rights of defense of the (defaulting) defendant by proper service in adequate time before the court of origin are posed by Art. 34.2 of the Brussels I Regulation and of the Lugano Convention. In light of the relevant ECJ jurisprudence, the Pocar Report to the Lugano Convention discusses how the *ad hoc* working party saw the need to balance the protection of the defendant (through the requirements of the document being “duly” served, and the defendant having “sufficient time to enable him to arrange for his defence,” present in the 1988 Convention), against the possibility of the defendant abusing the provision and relying on “insignificant irregularities of service” to frustrate the recognition and enforcement procedure.<sup>271</sup> This led to Article 34(2) dropping the requirement of service being in due form. Instead, this issue was considered in combination with the issue of giving the defendant “sufficient time to enable him to arrange for his defence.”<sup>272</sup> Furthermore, even if the service did not give the defendant sufficient time to prepare his defense, the judgment is still to be enforced if the defendant did not challenge the service in the State of origin when it was possible for him to do so.<sup>273</sup> At the national level, rules controlling the rights of the defendant before the court of origin (namely requiring proper summons and giving sufficient time) are established by many legal systems such as 64.b) Italian Act of Private International Law of 1995.

173 With respect to the ground for non-recognition related to parallel litigation “many international conventions on recognition and enforcement as well as national legislations follow [the] approach”<sup>274</sup> taken by the CLIP Principles and the Joint Korean and Japanese Proposal particularly. Yet, in Japan Article 118 of the Code of Civil Procedure and Article 24 of the Civil Execution Act contain no provision to deal with international parallel litigation. The relevant jurisprudence adopted the public policy exception in certain occasions to deal with those issues. The

literature is divided on the point.<sup>275</sup> In contrast, at the EU/EFTA level, a pending proceedings rule that says that at the recognition and enforcement stage, the proceeding of the court first seized shall prevail against judgments given by courts at later stages (save when the requested court’s proceedings that were however later seized had come to a judgment at the time when recognition was sought) is lacking in the Brussels system. This is so because the *lis pendens* rule provided for by Article 27 Brussels I Regulation should prevent such proceedings from developing in parallel.

174 With respect to the ground for non-recognition related to irreconcilability of judgments many international conventions on recognition and enforcement as well as national legislations follow the view of the CLIP Principles and the Joint Korean and Japanese Proposal particularly, which is also adopted by Art. 34(3) and (4) of the Brussels system.<sup>276</sup> Particularly, the Pocar Report to the Lugano Convention clarifies that the ground for non-recognition of irreconcilability between judgments will apply only rarely. However, it does have a broad scope, and thus two judgments can be held as irreconcilable where they only have the same parties to the action, not the same subject matter.<sup>277</sup>

175 At the national level, different approaches can be found in national systems regarding the status of the judgment given by the Court of origin, and whether it has to be *res judicata* or if it can simply be “final and conclusive” regarding that stage of the procedure. In Italy for instance, the Italian judgment that can preclude the recognition and enforcement of the foreign judgment at stake has to have become *res judicata*. In Japan, Article 118 of the Code of Civil Procedure and Article 24 of the Civil Execution Act contain no provision to deal with the existence of an incompatible Japanese judgment. The relevant jurisprudence adopted the public policy exception in certain occasions to deal with those issues. The literature is divided on the point.<sup>278</sup>

176 With respect to those grounds for non-recognition in relation to the validity issue, see the validity paragraph (i).

### IV. Discussion

177 Each sets of Principles enumerates exhaustively the other grounds for non-recognition so that no other checks may be used to control recognition of foreign judgments.<sup>279</sup> This approach is in line with the Hague Draft Convention, which in Art. 28 on the “grounds for refusal of recognition and enforcement” adopts the wording “only.” The Hague Draft Convention adopts an exhaustive list of grounds of refusal as Art. 28 on “Grounds for refusal of recognition or enforce-

ment” establishes that “recognition or enforcement of a judgment may be refused [only] if.” Therefore, as the Report to the Hague Draft Convention highlights, while the list is exhaustive, courts have discretion as to whether they actually refuse recognition or enforcement when a grounds of refusal exists.<sup>280</sup>

**178** With respect to the ground for non-recognition related to services, the ALI Principles’ approach is to be understood as too broad in that it does not restrict the operating of this ground to default judgments or to judgments when the defendant appears in order to contest service, but it also covers cases where the defendant appears and does not contest service. Yet the approach adopted by all other sets of Principles is more in line with Art. 28(1)(d) of the Hague Draft Convention, which highlights that the non-recognition ground at stake applies “unless the defendant entered an appearance and presented his case without contesting the matter of notification in the court of origin.” In any case this Article requires that the two requirements of notification to the defendant of the document instituting proceedings and the allowance of sufficient time to arrange for a defense must be fulfilled; otherwise the judgment may be denied recognition and enforcement. Finally, on a terminology note the adoption of the words “service” or “notice” is contrary to the result of the Hague Draft Convention, which uses the word “notified” instead, as “notify” has no technical meaning in English legal terms in order to avoid references to national law.<sup>281</sup>

**179** With respect to the pending of proceedings and the inconsistency of judgments requirements, the absence of references to the inconsistencies with third countries’ judgments in the Transparency Proposal, as well as the too broad prevalence conferred by the Transparency Proposal to Japanese proceedings according to which the foreign judgment is not to be recognized or enforced, even if it has been rendered or has become final and binding earlier than the existing or future Japanese judgment has, is subject to criticism. In both aspects the Transparency Proposal is not in line with the Hague Draft Convention, which adopts an approach similar to the CLIP Principles and Joint Korean and Japanese Proposal, listing among the other grounds for refusal of recognition and enforcement of foreign judgments the following: “a) proceedings between the same parties and having the same subject matter are pending before a court of the State addressed, if first seised in accordance with Article 21; b) the judgment is inconsistent with a judgment rendered, either in the State addressed or in another State, provided that in the latter case the judgment is capable of being recognised or enforced in the State addressed.” Furthermore, the Transparency Proposal approach may lead to dangerous results. Thus, similarly to what happened for instance in Italy in the frame of the previ-

ous PIL system, this rule can give rise to many abuses and sharp practices given that parties in a foreign proceeding in the finalizing or finalized stage can start proceedings in Japan as soon as they are aware of the fact that their counterparties are in the process of asking for the recognition and enforcement of the foreign judgment in a Japanese court. In this way the recently instituted Japanese proceeding can prevent the recognition and enforcement of the foreign judgment at stake. It is to be welcomed the literature commenting on the fact that the CLIP Principles leave to the requested court the decision as to whether the judgment given in the State addressed needs to have become *res judicata* or if it is sufficient for the judgment to have become final and conclusive at that stage of the procedure.

**180** Finally, with respect to the inconsistencies of the judgment to be recognized with another judgment rendered in the requested State, the CLIP Principles’ absence of clarification as to why they do not pose either a priority criterion or a requirement related to the same cause of actions of both judgments involved is subject to criticism, whereas for instance in the Joint Korean and Japanese Proposal the “same cause of action” is posed as an additional requirement to deny recognition of the foreign judgment. Yet, it seems that an explanation for the CLIP Principles approach can be inferred from the Hague Draft Convention Report according to which, “the quality of being inconsistent should not be confused with *lis alibi pendens*. A *lis pendens* situation can lead to compatible results: the main problem there is the duplication of time, effort and money. Inconsistent judgments, on the other hand, can result from causes of action in respect of subject matters which are different and may even arise when the parties are different as when one judgment condemns a guarantor to pay for a debt that as between the creditor and principal debtor has been annulled in another judgment. Nor is preference necessarily given to the inconsistent judgment which is prior in time or which results from proceedings which are instituted prior in time.”<sup>282</sup> This is in line with the Brussels system understanding mentioned at the corresponding paragraph O.III. Therefore, the CLIP approach in this respect should be favored and even extended to inconsistent judgments of third states. On the irreconcilability of judgments with regard to the validity issue, this was already referred to in the paragraphs related to validity (I.) and to public policy (M.).

**181** Finally, on a terminology note the Hague Draft Convention on Jurisdiction adopts the notion of “inconsistency” in line with the ALI Principles and the Joint Korean and Japanese Proposal, rather than “incompatibility” (Transparency Proposal) or “irreconcilability” (CLIP Principles). In fact, “in the English version the word ‘inconsistent’ was preferred

to ‘irreconcilable’ as a counterpart to the French ‘inconciliable.’”<sup>283</sup>

## P. Exclusion of substantive review

### I. Differences

**182** The CLIP Principles and the Joint Korean and Japanese Proposal explicitly prohibit substantive review of the merits of a case when determining whether to enforce a foreign judgment. Therefore, “consideration of the merits of foreign judgments is limited to the verification of the grounds for non-recognition, especially to ensure it does not infringe public policy.”<sup>284</sup> The commentary to the Transparency Proposal clarifies that “the Transparency Proposal still maintains and is based on some fundamental principles prerequisite for Article 118 of the Code of Civil Procedure and Article 24 of the Civil Execution Act. They are as follows: (i) no review of the merits of the foreign judgments or the prohibition of review of their merits for recognition (the prevailing interpretation) and enforcement (Art. 24(2) of the Civil Execution Act) [...]. Although [the Transparency Proposal] includes no provisions setting forth these principles, it presupposes them as a matter of course.”<sup>285</sup> This approach is in line with the approach taken by the 2001 Hague Draft Convention, in Article 28(2), which is outlined below in paragraph P.IV. The ALI Principles is silent on the point,<sup>286</sup> whereas their Section 403(4) impedes the requested court from reviewing “the facts found by the rendering State and the governing law.” On the finding of facts issue see, however, above at paragraph J.I.

### II. Rationale

**183** The CLIP Principles prohibit substantive review of a foreign judgment in Article 4:601, which is a “criterion [that] is common to almost all international, regional, and national systems of recognition and enforcement, since it results from the separation of judicial systems and the essence of recognition and enforcement.”<sup>287</sup> The same rationale is adopted by the Joint Korean and Japanese Proposal (in Article 401(2)) in support of its corresponding provisions.<sup>288</sup> The commentary to the Transparency Proposal recalls the relevant Japanese internal rule in this respect.

## III. International Context

**184** “This criterion is common to almost all international, regional, and national systems of recognition and enforcement, since it results from the separation of judicial systems and the essence of recognition and enforcement.”<sup>289</sup> At the EU level the exclusion of substantive review is established by Arts. 36 and 45.2 of the Brussels I Regulation and 2007 of the Lugano Convention. The same exclusion is provided for by the Hague Draft Convention, as will be discussed in paragraph P.IV.

## IV. Discussion

**185** The approach taken by the CLIP Principles, Transparency Proposal and Joint Korean and Japanese Proposal is to be welcomed because i.e. it is in line with the scope of the recognition and enforcement of foreign judgments as well as with the international tendency in this field. In contrast, the ALI Principles’ silence on the point is regrettable. In fact, despite the fact that those Principles provide for the rule on the finding of facts, they do not seem to reach with this rule the same results as the provisions here addressed. The absence of a clear rule in this respect in the Transparency Proposal could be an issue for those who might not be aware of its relevant commentary recalling the exclusion at stake as a general grounding principle of the Proposal.<sup>290</sup>

**186** Additionally, the reference by the literature commenting on CLIP Principles to certain substantive review that can be rendered under the public policy exception is to be welcomed. Yet, even in the absence of such referral the other sets of Principles lead to the same result. The Hague Draft Convention’s relevant rule, Art. 28(2), states that “without prejudice to such review as is necessary for the purpose of application of the provisions of this Chapter, there shall be no review of the merits of the judgment rendered by the court of origin.” The Report to this Draft Convention clarifies that a substantive review is necessary to verify the jurisdiction of the rendering court; that the judgment was not obtained by fraud and that it does not conflict with the public policy exception; and to reconsider the damages in cases of punitive damages.<sup>291</sup> As mentioned it seems that all sets of Principles lead to the same results by way of interpretation.

## Q. General principles related to the procedure

### I. Differences

**187** The ALI Principles and the Transparency Proposal lack rules on the general principles related to the procedures unlike the CLIP Principles (at Article 4:701) and the Joint Korean and Japanese Proposal (at Article 409(2)). Yet, as the Joint Korean and Japanese Proposal's commentary clarifies "because these expectations are self-evident, an independent provision in the [principles] is not be a must. That's why it does not appear in the *Transparency Proposal*. However, because it is universally accepted as a model rule in conflict of laws, we've written it into these Principles to reconfirm it with certainty."<sup>292</sup> In other words, even in the absence of specific rules on the point it is clear that recognition and enforcement procedures shall not be unnecessarily complicated or costly, or entail unreasonable time limits or unwarranted delays. This result derives i.e. from "the general obligations imposed by Article 41(2) TRIPS Agreement."<sup>293</sup>

### II. Rationale

**188** The relevant CLIP Principles and the Joint Korean and Japanese Proposal rules are in line with the "general obligation" imposed on member States by Article 41(2) TRIPS Agreement.<sup>294</sup> Furthermore, the Joint Korean and Japanese Proposal provides a rationale for the absence of such a provision in the Transparency Proposal, stating that the result to which this proposal leads to are self-evident by way of interpretation.<sup>295</sup>

### III. International Context

**189** At the international level Article 41(2) TRIPS Agreement obliges States to act in an expeditious way when dealing with domestic IPRs enforcement issues. At the recognition and enforcement level, certain provisions of international conventions impose on contracting states an obligation to use in the field of the convention concerned the most rapid procedure established in the requested State and, if necessary, to speed up existing procedures. A similar provision may be found in Art. 30 of the Hague Draft Convention, which will be referred to in paragraph Q.IV. In the EU/EFTA system the Pocar Report on the Lugano Convention rule related to the enforcement of foreign judgments (Art. 43) states that although the review of whether there are any grounds to reject the application for enforceability may take some

time, the "free movement of judgments should not be hindered by obstacles such as delays in proceedings for enforcement."<sup>296</sup>

## IV. Discussion

**190** Even in the absence of a specific provision on the point, all Principles lead to the same result of making the requested court act expeditiously, as explicitly established by the CLIP Principles, and in a simpler way, by the Joint Korean and Japanese Proposal. Furthermore, the 2001 Hague Draft Convention supports the approach taken by the Joint Korean and Japanese Proposal and the CLIP Principles by saying in Art. 30 that "the court addressed shall act [in accordance with the most rapid procedure available under local law] [expeditiously]." The Report to this Convention also states that where it is appropriate, Article 30 may require courts to speed up existing procedures, obliging member States "to use, for the purposes of recognition, declarations of enforceability and enforcement the most rapid procedure they possess in their national law and, where appropriate to speed up existing procedures."<sup>297</sup>

## R. Recognition and enforcement procedures

### I. Differences

**191** The CLIP Principles (at Articles 4:702 and 4:703) and the Joint Korean and Japanese Proposal (at Article 409(1)) refer to the law of the requested State to rule the recognition and enforcement procedures. However, the rules of the CLIP Principles are much more specific on the point. In fact, the CLIP Principles render it clear that the recognition of foreign judgments shall be rendered without any special procedure, e.g. automatic recognition. Yet, the literature commenting on the CLIP Principles acknowledges that in specific cases a party may want to obtain a formal declaration of recognition or non-recognition and that "litigation in one country of activities carried out through ubiquitous media makes this possibility more significant than ever before."<sup>298</sup> As an example this literature refers to the case where a party defeated in a foreign country is interested in obtaining a decision declaring that the foreign judgment cannot be recognized or enforced in the forum state, as happened in the *Yahoo! Inc. and La Ligue contre le racismisme et l'antisemitisme* cases, although the case was not concerned with the exploitation of IP rights.<sup>299</sup> As far as the enforcement of foreign judgments is concerned the CLIP Principles and their commenting literature clarify that "the possibility of enforcing a foreign judgment follows from the declaration of en-

forceability (recognition) of the relevant judgment. The basic criterion is that once the foreign judgment becomes enforceable in the requested state it has to be treated as a judgment of the requested state and hence the law of the enforcing country applies to the execution process.”<sup>300</sup> Yet, certain problems might arise in relation to the enforcement of non-monetary judgments or injunctions, which shall be enforced on the basis of the law of the requested State under the CLIP Principles. In summary, the literature commenting on those principles makes it clear that “under Article 4:703(3) CLIP Principles, all these issues are left to the legislation of the enforcing country and no specific provisions have been adopted. Therefore, the procedural law of the enforcing country determines issues such as the following: organs of enforcement, including the judicial or administrative nature of enforcement; modes of enforcement of money and non-money judgments; methods of coercion (such as a levy on assets or garnishment); the possibility of the cumulative employment of several types of monetary enforcement; the relevant time for the conversion of the foreign currency in which the judgment was expressed into the domestic currency; sanctions against non-compliance with enforceability; the consequences of irregular enforcement; and the level of intervention by the courts as an ultimate guarantee of legality.”<sup>301</sup> The ALI Principles and the Transparency Proposal lack rules on the point. Yet, the Transparency Proposal reaches the same result as the CLIP Principles and the Joint Korean and Japanese Proposal. In fact, the commentary to the Transparency Proposal clarifies that this Proposal is “based on some fundamental principles prerequisite for Article 118 of the Code of Civil Procedure and Article 24 of the Civil Execution Act. They are as follows: [...] (ii) the recognition of foreign judgments without any special procedure, i.e. automatic recognition (see Art. 118 of the Code of Civil Procedure); and (iii) an action seeking an execution judgment for foreign judgments (Art. 24 (1) of the Civil Execution Act). Although [the Transparency Proposal] [...] includes no provisions setting forth these principles, it presupposes them as a matter of course.”<sup>302</sup>

**192** Also the 2001 Hague Draft Convention provides that the law of the State addressed governs in this regard, and the Report to this Draft Convention refers to the automatic recognition cases, as is highlighted below in paragraph R.IV.

**193** With respect to the recognition and enforcement of injunctions see also the paragraphs related to the effects of judgments (E.), to public policy (M.), and to severability (G.).

## II. Rationale

**194** The procedures for recognizing and enforcing a foreign judgment may differ, given the differences between the two judicial concepts. Professor Pedro de Miguel Asensio provides an explanation of their differences in his analysis of the CLIP Principles: while the conditions for denying recognition or enforcement of a judgment are the same, “the only additional requirement is that in order to be enforceable, a judgment must be enforceable in the state of origin. Although a judgment cannot be enforced unless it is previously recognized, recognition has significance outside the enforcement context because a foreign judgment also must be recognized in order to be given preclusive effect or to produce in the requested state its so-called dispositive effects regarding the creation, modification, or termination of a legal relationship or situation.”<sup>303</sup> By contrast, “enforcement means that the courts of the destination country will take the necessary steps to give one party the relief granted to it by the foreign judgment, having recourse to public coercive force when needed.”<sup>304</sup> Finally, another distinction is to be made between enforcement and declaration of enforceability. In fact, “the possibility to enforce a foreign judgment normally requires a previous declaration of enforceability by the courts of the enforcing country. In particular, the grant of enforceability is typically subject in the different systems to a specific procedure, usually referred to as *exequatur* in some European and Latin American countries and registration in some common law countries.”<sup>305</sup>

**195** According to Professor de Miguel, the differences with respect to the recognition and enforcement procedure under the CLIP Principles are in line with the prevailing international approach.<sup>306</sup> As such, the CLIP Principles provide for “automatic recognition,” meaning that foreign judgments may be recognized without any special procedure, or more precisely, “foreign judgments may take effect *ipso iure* whenever recognition is invoked as an incidental question or as a main question before a competent authority of the recognizing country.”<sup>307</sup> By contrast, the enforcement of a foreign judgment may be subject to special procedures.<sup>308</sup> Article 4:703 provides that the law of the requested state determines the methods by which a foreign judgment can be declared enforceable. The principle that the declaration of enforceability and enforcement shall be regulated by the law of the requested country posed is in line with the international, EU and national tendencies related to enforcement of foreign judgments.<sup>309</sup> The Joint Korean and Japanese Proposal also adopts this approach even though the related rules and comments are much simpler than the ones of the CLIP Principles. The Transparency Proposal does not encompass rules on the point, but addresses the is-

sue also in a simple way in the Commentaries, referring to the Japanese internal system. Yet, all sets of Principles seem to lead to the same results.

### III. International Context

**196** At the international level, the approach that the law of the requested court applies with respect to the procedures for declaration of enforceability and the enforcement of foreign judgments is adopted by various Conventions, as it is also emphasised by the Report to Art.30 of the Hague Draft Convention, which adopts the same approach as will be examined in paragraph R.IV. At the European level, the distinction between recognition, declaration of enforceability, and enforcement of a judgment is posed by Art. 33 of the Brussels I Regulation and of the Lugano Convention. The Brussels system is based on the mutual trust between member States and therefore on the automatic recognition of judgments rendered by the courts of the EU/EFTA member States. The characteristics of this system are well highlighted by the Explanatory Report to the Lugano Convention by Professor Pocar, who states that the rules for recognition and enforcement are intended to limit the intervention of the State, so that the “declaration of enforceability of a judgment can be reduced to little more than a formality.”<sup>310</sup> Furthermore, the Explanatory Report establishes that member states should always declare a judgment from another member state as *prima facie* enforceable, without any inquiry. Only if a party to the proceedings challenges the declaration of enforceability will the Court of the requested State examine the judgment more closely, and the burden is on the objecting party.<sup>311</sup> Finally, the Pocar Report states that, if the proper formalities have been complied with, Article 41 requires the requested Court to declare the judgment enforceable “immediately.”<sup>312</sup> In relation to the Brussels system, it is also notable that with regard to non-monetary judgments, although not specifically in the IP field, the ECJ in the *Realchemie* case clarified that the recognition and enforcement rules of the Brussels system apply to the non-monetary judgments, and other relevant decisions reached the same result with respect to non-monetary injunctions related to EU IPRs.<sup>313</sup> In the EU the recasting process of the Brussels Regulation will address the recognition and enforcement procedures given by non EU/EFTA member States and will abolish the *exequatur* proceeding. This is said to be “one of the great achievements of the new text.” In connection with IP the impact of the *exequatur*’s abolishment is “especially remarkable.” First “, a permanent injunction by any Member State Court (however unlikely in actual practice under the circumstances indicated in § 3) is automatically enforceable in all other Member States without need for a declaration of enforceability.”<sup>314</sup> Second,

under Art. 49 of the Brussels Regulation, the judgment rendered in a Member State that orders the payment by way of penalty is enforceable in a different Member State but only if and to the extent such a payment has been finally determined by the Court of the rendered Member State. This has been criticized in the following way: “if the permanent injunction issued by the Court of the Member State of origin is not respected in a different Member State, the right holder has to go back and forth between Courts several times before he sees the money. If I get it right, non compliance with the permanent injunction in the Member State of enforcement must be proved to the satisfaction of the Court of the same; an application for the ‘final determination’ has then to be submitted to the Court of the Member State of origin; finally the determination of this latter Court has to be brought back to the Court of the Member State of enforcement, to obtain the *exequatur* and finally to be enforced.”<sup>315</sup> However, with the Draft Proposal “these four separate steps are folded into one just by combining Art. 38(2) and 67,” and this is defined as a true “achievement.”<sup>316</sup>

**197** At the national level the distinction between recognition, declaration of enforceability, and enforcement of a judgment is posed by Art. 118 of the Japanese Code of Civil Procedure (recognition) in connection with Art. 24 of the Japanese Civil Execution Act (declaration of enforceability)<sup>317</sup> and by other rules such as Arts. 64-67 of the Italian PIL Statute.

### IV. Discussion

**198** The CLIP Principles, the Transparency Proposal (according to their commentary) and the Joint Korean and Japanese Proposal lead to the same result of making the requested court apply its law to the recognition, enforcement, and declaration of enforceability issues. Furthermore, the CLIP Principles and the Joint Korean and Japanese Proposal approach are in line with Art. 30 of the Hague Draft Convention. It is emphasised also by the Report to this Draft Convention, according to which, “the *renvoi* to national law corresponds to the current practice of international Conventions on enforcement of judgments, and was unhesitatingly adopted by the Special Commission, which felt it would be difficult to devise a simplified uniform procedure for obtaining a declaration of enforceability in a worldwide Convention. The only common indicator is the requirement for the court addressed to act expeditiously,”<sup>318</sup> as was discussed at paragraph Q.

**199** Furthermore, the same Art. 30 of this Hague Draft Convention adopts the distinction among “recognition, declaration of enforceability [...] and the enforcement of the judgment,” and the Report to this rule acknowledges the possibility of establishing

a system of automatic recognition by stating that “where no procedure is required for the recognition of foreign judgments, it may take place automatically without intervention by a judicial or other authority.”<sup>319</sup> However, the academic projects considered do not include a rule such as the one inserted in Art. 30 of the Hague Draft Convention according to which, “[The law of the State addressed must provide for the possibility to appeal against the declaration of enforceability or registration for enforcement].”

**200** Finally, it is regrettable that the ALI Principles do not provide for similar rules. The absence of a clear rule in this respect in the Transparency Proposal could be an issue for those who might not be aware of its relevant commentary recalling the Japanese internal rules on the recognition and enforcement at stake as a general grounding principle of the Proposal.<sup>320</sup>

## S. Settlements

### I. Differences

**201** The ALI Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal lack rules on the point. In addition, the commentary to the Transparency Proposal makes it clear that “the Transparency proposal does not [...] allow for the recognition and enforcement of settlements.” In contrast, the CLIP Principles explicitly specify that the term “judgment” also encompasses settlements to which a court has given its authority. The approach taken by the CLIP Principles is supported by the 2001 Hague Draft Convention, as is outlined below in paragraph S.IV.

### II. Rationale

**202** The rationale of allowing the recognition and enforcement of judicial settlements is the willingness to favor solving international disputes by agreement. This provision is in line with the Hague Draft Convention and other similar rules at the international and EU level. In contrast, the commentary to the Transparency Proposal adopts the view that such an approach is “quite liberal and may potentially be abused.”<sup>321</sup> Yet, the same commentary does not exclude that in the future, recognition and enforcement of settlements could be established under the Transparency Proposal as well, even though it is necessary “to think about how such abuse can be avoided.”<sup>322</sup>

## III. International Context

**203** At the international level, Article 2 of The Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters of 1971 as well as Art. 12 of The Hague Convention on Choice of Court Agreements of 2005 can be mentioned among the provisions on the recognition and enforcement of judicial settlements.<sup>323</sup> Also, Article 36 of the Hague Draft Convention includes a definition of settlements,<sup>324</sup> as will be referred to in paragraph S.IV.

**204** At the EU level, Art. 58 of the Brussels I Regulation<sup>325</sup> and of the Lugano Convention of 2007, and Art. 2.d of the Draft Proposal for a Recasting of the Brussels I Regulation can be mentioned among the provisions on the recognition and enforcement of judicial settlements. Particularly, the Pocar Report to the Lugano Convention makes references to its “preamble [which] states that the aim of the Convention is to strengthen in the territories of the contracting parties the legal protection of persons therein established, and for this purpose to determine the international jurisdiction of the courts, to facilitate the recognition of judgments, authentic instruments and court settlements, and to introduce an expeditious procedure for securing their enforcement.”<sup>326</sup>

## IV. Discussion

**205** Because the facilitation of cross-border enforcement of judicial settlements can favor their potentiality to solve international disputes by agreement also in the context of cross-border litigation on IPRs, it may be regrettable that the ALI Principles, the Transparency Proposal and the Joint Korean and Japanese Proposal lack rules on the recognition and enforcement of settlements. In contrast, such a rule is present in the CLIP Principles and even though it is criticized by the commentary to the Transparency Proposal as being too liberal and therefore subject to potential abuses,<sup>327</sup> the CLIP Principles’ relevant rule is in line with the recognition and enforcement of “in-court settlements”<sup>328</sup> established by Art. 36 of the Hague Draft Convention and other similar norms at the international and EU level.

## T. Conclusions

**206** The comparison just exposed demonstrates that in practice, all four sets of Principles lead to similar results allowing for the recognition and enforcement of judgments defined in a broad and flexible way, inclusive of non-final judgments, as well as of provisional measures. This similarity among the principles at stake is grounded on the great need, par-

ticularly in connection with IPRs, for the effective protection of a rights holder from an infringement, and is a natural consequence of the favor shown towards the consolidation of claims provided for by all four sets of Principles. Thus, such need grounds, for instance, the understanding by all four sets of Principles of the public policy exception as a last resort mechanism to deny recognition and enforcement of foreign judgments; the favor by the same principles for the (partial) recognition and enforcement of foreign judgments imposing punitive damages; and the approach adopted by all sets of Principles favoring the recognition and enforcement of foreign decisions in disputes in which not only the infringement of rights registered in countries other than the adjudicating country is addressed, or the first entitlement and ownership of the same right, but also when their validity or registration is raised incidentally and sometimes even principally (ALI Principles, Transparency Proposal). They do limit, however, the validity of the effects of the recognition and enforcement of the decisions to the parties of the proceeding.

207 In light of these conclusions, the comparison explains that despite certain minor differences among the rules on recognition and enforcement of the four sets of academic Principles, in the majority of cases, further studies and the work of the ILA Committee could help in overcoming these differences and achieving common results which could eventually be codified in a future ILA Resolution.

- 1 Pedro de Miguel Asensio, 'Recognition and Enforcement of Judgments in Intellectual Property Litigation: The CLIP Principles' in Jürgen Basedow, Toshiyuki Kono and Axel Metzger (eds), *Intellectual Property in the Global Arena* (Tübingen, Mohr Siebeck 2010) p. 245.
- 2 De Miguel Asensio, (n 1), p. 246.
- 3 De Miguel Asensio, (n 1), p. 250.
- 4 American Law Institute, (Philadelphia, 2007), 266, on which see De Miguel Asensio, (n 1), p. 245.
- 5 Toshiyuki Kono, Nozomi Tada, and Miho Shin, 'Recognition and Enforcement of Foreign Judgments Relating to IP Rights and Unfair Competition' in Basedow, Kono and Metzger, (n 1), p. 329.
- 6 De Miguel Asensio, (n 1), p. 246.
- 7 De Miguel Asensio, (n 1), p. 246.
- 8 De Miguel Asensio, (n 1), p. 246.
- 9 Kono, Tada, Shin, (n 5), p. 330.
- 10 Kono, Tada, Shin, (n 5), p. 329.
- 11 Marketa Trimble Landova, 'When Foreigners Infringe Patents: an Empirical Look at the Involvement of Foreign Defendants in Patent Litigation in the U.S.' (2011) 27 Santa Clara Computer and High Technology Law Journal 500. See also Pedro de Miguel Asensio, 'Cross-border Adjudication of Intellectual Property Rights and Competition between Jurisdictions' (2007) 41 AIDA 107.
- 12 See Trimble Landova, 'The Future of Cybertravel: Legal Implications of the Evasion of Geolocation' (2012) 22 Ford. Intell. Prop. Media & Ent. L.J. (forthcoming), with specific reference to the TRIPS agreement, as well as to the EU enforcement Directive 2004/48/EC and the Anti-Counterfeiting Trade Agreement.
- 13 Trimble Landova, (n 11).
- 14 The Brussels I Regulation is undergoing a recasting process. See Commission, 'Proposal for a Regulation of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters' COM (2010) 748 final, available at <<http://eur.lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52010PC0748:EN:HTML>>.
- 15 <http://www.gedip-egpil.eu/documents/gedip-documents-35EN.htm>. See also the Le règlement « Bruxelles I » et les décisions judiciaires rendues dans des Etats non membres de l'Union européenne, notice explicative (Copenhagen, 17-19 septembre 2010), available at [http://www.gedip-egpil.eu/gedip\\_documents.html](http://www.gedip-egpil.eu/gedip_documents.html).
- 16 De Miguel Asensio, (n 1), p. 246.
- 17 De Miguel Asensio, (n 1), pp. 246-247.
- 18 De Miguel Asensio, (n 1), p. 247. Further references in Kono, Tada, Shin, (n 5), p. 330, fnt. 120.
- 19 De Miguel Asensio, (n 1), p. 246.
- 20 De Miguel Asensio, (n 1), p. 246.
- 21 Kono, Tada, Shin, (n 5), p. 329.
- 22 Kono, Tada, Shin, (n 5), p. 330.
- 23 Kono, Tada, Shin, (n 5), p. 329.
- 24 Kono, Tada, Shin, (n 5), p. 329.
- 25 Kono, Tada, Shin, (n 5), p. 330 and especially fnt. 120.
- 26 Kono, Tada, Shin, (n 5), p. 330.
- 27 Kono, Tada, Shin, (n 5), p. 330.
- 28 De Miguel Asensio, (n 1), p. 251.
- 29 De Miguel Asensio, (n 1), p. 266. See also Costanza Honorati, 'Il riconoscimento delle decisioni in materia di proprietà intellettuale', in Andrea Giussani (ed.), *Processo industriale*, forthcoming with Giuffrè, 2012 para 5.
- 30 De Miguel Asensio, (n 1), p. 252.
- 31 Kono, Tada, and Shin, (n 5), p. 302, fnt. 26.
- 32 Ibid.
- 33 Kono, Tada, Shin, (n 5), p. 303.
- 34 De Miguel Asensio, (n 1), p. 251.
- 35 Kono, Tada, Shin, (n 5), p. 302, fnt. 26.
- 36 De Miguel Asensio, (n 1), p. 251.
- 37 De Miguel Asensio, (n 1), p. 252, with particular regard to the need to recognise also non-monetary judgments in the IP field.
- 38 American Law Institute, (n 4), p. 271.
- 39 Commentary on Principles of Private International Law on Intellectual Property Rights, (Joint Korean and Japanese Proposal Drafted by Members of the Private International Law Association of Korea and Japan (Joint University Global COE Project)), October 14, 2010, p. 44.
- 40 Kono, Tada, Shin, (n 5), p. 302.
- 41 See the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2007] OJ L339/3 (Lugano Convention) and Explanatory Report by Professor Fausto Pocar (*Chair of International Law at the University of Milan*) [2009] OJ C 319/36, para 130.
- 42 See ECJ, 18 October 2011 (reference for a preliminary ruling from the Hoge Raad der Nederlanden - Netherlands) - *Realchemie Nederland BV v. Bayer CropScience AG* (Case C-406/09), conclusions. On this case see Honorati, (n 29), para 5.
- 43 See ECJ 12 April 2011 (reference for a preliminary ruling from the Cour de cassation - France) - *DHL Express France SAS, formerly DHL International SA v. Chronopost SA* (Case C-235/09), ac-

- ording to which “Article 98(1), second sentence, of Regulation No 40/94, as amended by Regulation No 3288/94, must be interpreted as meaning that a coercive measure, such as a periodic penalty payment, ordered by a Community trade mark court by application of its national law, in order to ensure compliance with a prohibition against further infringement or threatened infringement which it has issued, has effect in Member States to which the territorial scope of such a prohibition extends other than the Member State of that court, under the conditions laid down, in Chapter III of Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, with regard to the recognition and enforcement of judgments. Where the national law of one of those other Member States does not contain a coercive measure similar to that ordered by the Community trade mark court, the objective pursued by that measure must be attained by the competent court of that other Member State by having recourse to the relevant provisions of its national law which are such as to ensure that the prohibition is complied with in an equivalent manner.” On this case see Honorati C., (n 29), para 5.
- 44 Honorati, (n 29), para 5.
- 45 Kono, Tada, Shin, (n 5), p. 298.
- 46 De Miguel Asensio, (n 1), p. 266.
- 47 De Miguel Asensio, (n 1), p. 252, and there further references.
- 48 Joint University Global COE Project, (n 39), p. 45.
- 49 Kono, Tada, Shin, (n 5), p. 302.
- 50 See American Law Institute, (n 4), p. 269; Kono, Tada, Shin, (n 5), p. 300 particularly at fnt. 21; Joint University Global COE Project, (n 39), p. 41; De Miguel Asensio, (n 1), p. 267.
- 51 De Miguel Asensio, (n 1), p. 269.
- 52 As such, Kono, Tada, Shin, (n 5), p. 304 and p. 306.
- 53 Joint University Global COE Project, (n 39), p. 41.
- 54 De Miguel Asensio, (n 1), p. 269.
- 55 Kono, Tada, Shin, (n 5), p. 301, fnt. 24.
- 56 De Miguel Asensio, (n 1), p. 268.
- 57 Maurizio Maresca, Sub artt.64-66 l. d.i.pr., in Stefania Bariatti (ed.), *Commentario alla legge di riforma del sistema italiano di diritto internazionale privato*, in *Le nuove leggi civili commentate* 1996, 1475 ff.
- 58 Kono, Tada, Shin, (n 5), 297 ff.
- 59 Kono, Tada, Shin, (n 5), p. 299.
- 60 See Christian Heinze, ‘Choice of Court Agreements, Coordination of Proceedings and Provisional Measures in the Reform of the Brussels I Regulation,’ in *RabelsZ* 2011, pp. 611 et seq., in favor even though highlighting certain risks. Contra see Honorati, (n 29).
- 61 De Miguel Asensio, (n 1), p. 253; American Law Institute, (n 4), p. 266.
- 62 De Miguel Asensio, (n 1), p. 253.
- 63 Kono, Tada, Shin, (n 5), p. 303.
- 64 American Law Institute, (n 4), p. 270.
- 65 American Law Institute, (n 4), p. 266
- 66 De Miguel Asensio, (n 1), p. 254.
- 67 De Miguel Asensio, (n 1), p. 258.
- 68 De Miguel Asensio, (n 1), p. 258, fnt.64.
- 69 De Miguel Asensio, (n 1), p. 263.
- 70 De Miguel Asensio, (n 1), pp. 261-262.
- 71 De Miguel Asensio, (n 1), p. 253.
- 72 See also the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2007] OJ L339/3 (Lugano Convention) and Explanatory Report by Professor Fausto Pocar (n. 41), at para 142, p. 40.
- 73 De Miguel Asensio, (n 1), p. 255, referring to the Jenard Report and the relevant ECJ case law.
- 74 De Miguel Asensio, (n 1), p. 255.
- 75 De Miguel Asensio, (n 1), p. 255.
- 76 De Miguel Asensio, (n 1), p. 255.
- 77 De Miguel Asensio, (n 1), p. 256.
- 78 De Miguel Asensio, (n 1), p. 267.
- 79 See Consolo, *Il ruolo del giudicato formale quale requisito per il riconoscimento delle sentenze straniere*, in *Rivista di diritto processuale* 1990, 1074.
- 80 Joint University Global COE Project, (n 39), p. 46.
- 81 Ibid.
- 82 The Hague Preliminary Draft Convention on Jurisdiction and the Effects of Judgments in Civil and Commercial Matters (adopted on 30 October 1999), with an explanatory report by Peter Nygh and Fausto Pocar, ‘Preliminary Document No. 11’ in Fausto Pocar and Costanza Honorati (eds), *The Hague Preliminary Draft Convention on Jurisdiction and Judgments: Proceedings of the Round Table held at Milan University on 15 November 2003* (Milan, Wolters Kluwer 2005) 296.
- 83 De Miguel Asensio, (n 1), p. 253.
- 84 American Law Institute, (n 4), p. 269.
- 85 Jurčys P and Vande Walle S, ‘Summary of Comments and Discussion on Recognition and Enforcement’ in Basedow J, Kono T and Metzger A (eds), (n 1), p.343.
- 86 American Law Institute, (n 4), p. 269.
- 87 Kono, Tada, Shin, (n 5), p. 336.
- 88 Jurčys, Walle, (n 85), p. 343.
- 89 De Miguel Asensio, (n 1), p. 268.
- 90 Pocar, (n 41), p. 39.
- 91 Kono, Tada, Shin, (n 5), p. 338.
- 92 Joint University Global COE Project, (n 39), p. 46.
- 93 Pocar, (n 41), p. 46.
- 94 Ibid.
- 95 Joint University Global COE Project, (n 39), p. 46.
- 96 See Kono, Tada, Shin, (n 5), p. 310.
- 97 De Miguel Asensio, (n 1), p. 274, referring to relevant case-law adopting the same approach.
- 98 Kono, Tada, Shin, (n 5), p. 310, with respect to a prior version of the proposal, though.
- 99 Joint University Global COE Project, (n 39), p. 44.
- 100 De Miguel Asensio, (n 1), p. 274.
- 101 De Miguel Asensio, (n 1), p. 274.
- 102 De Miguel Asensio, (n 1), p. 274 according to whom: “The approach underlying Article 4:201 is flexible and commands the authorities of the country where recognition is sought to assess the circumstances under which the rendering court assumed jurisdiction.”
- 103 Kono, Tada, Shin, (n 5), p. 312.
- 104 American Law Institute, (n 4), p. 271.
- 105 De Miguel Asensio, (n 1), p. 273, fnt. 109.
- 106 Pocar, (n 41), p. 39.
- 107 De Miguel Asensio, (n 1), p. 273 fnt. 110 referring to Italy: 64.1.a of the PIL Statute; Venezuela: 53.4 Act PIL.
- 108 De Miguel Asensio, (n 1), p. 274.
- 109 Kono, Tada, Shin, (n 5), p. 308.
- 110 Kono, Tada, Shin, (n 5), p. 308.
- 111 Nygh, Pocar, (n 84), p. 301.

- 112 De Miguel Asensio, (n 1), p. 273, fnt. 109.
- 113 Kono, Tada Shin, (n 5), p. 322.
- 114 Kono, Tada, Shin, (n 5), p. 322.
- 115 Kono, Tada, Shin, (n 5), p. 323.
- 116 De Miguel Asensio, (n 1), p. 277.
- 117 De Miguel Asensio, (n 1), p. 278.
- 118 De Miguel Asensio, (n 1), p. 276.
- 119 De Miguel Asensio, (n 1), p. 276.
- 120 American Law Institute, (n 4), p. 300.
- 121 De Miguel Asensio, (n 1), p. 278.
- 122 De Miguel Asensio, (n 1), p. 278.
- 123 See the references in De Miguel Asensio, (n 1), p. 277 referring to a “trend” in this respect. See also Honorati, (n 29), para 3 advocating in favor of this result.
- 124 Honorati, (n 29), para 3.
- 125 Honorati, (n 29), para 3.
- 126 See Cassazione n. 24859/2006, on which see Borghesi, *Gli effetti ultra partes delle pronunce in materia di proprietà industriale*, in Giussani (Ed.), (n 29).
- 127 As illustrated by Article 111(2) of the Swiss Federal Act of Private International Law of 1987, and Article 95 Belgian Code of Private International Law of 2004.
- 128 By contrast, “other countries are more favorable to the possibility of a retrial of a previous infringement dispute based on the later invalidation of the relevant patent, and consider that the retroactive effect of a revocation or a decision on invalidity allows for a reopening of past infringement proceedings,” see Christopher Heath, ‘Wrongful Patent Enforcement – Threats and Post-Infringement Invalidity in Comparative Perspective’ (2008) 39(3) IIC 307-323, p. 316.
- 129 *Ibid.* 318; Kono, Tada, Shin, (n 5), p. 323.
- 130 Peter Nicolas, ‘The Use of Preclusion Doctrine, Antisuit Injunctions, and Forum Non Conveniens Dismissals in Transnational Intellectual Property Litigation’ (1999) 40 Va J. Int’l L. 374, quoting relevant US judgments on the point among which is the case *Vas-Cath Inc. Mahurkar* 745 F. Supp. 517, 525 (N.D. Ill. 1990). The para of this judgment recalling the rationale for applying collateral estoppel warrants full quotation: “conservation of resources is the principal objective of the law of preclusion, and that is a vital objective when costs are high, the more so when similar patents have been secured in many of the industrial countries. Patent litigation should not be allowed to become a war of attrition, in which after the conclusion of one battle parties move on to another and duplicate the engagement,” *ibid.* 525.
- 131 See the references to those cases in Nicolas, (n 130) p. 374 and p. 365.
- 132 See Nicolas, (n 130), p. 374.
- 133 Kono, Tada, Shin, (n 5), p. 323.
- 134 Joint University Global COE Project, (n 39), p. 45.
- 135 Joint University Global COE Project, (n 39), p. 45.
- 136 De Miguel Asensio, (n 1), pp. 279-280.
- 137 De Miguel Asensio, (n 1), p. 279.
- 138 American Law Institute, (n 4), p. 288.
- 139 De Miguel Asensio, (n 1), p. 280.
- 140 Jurčys, Walle, (n 85), p. 344.
- 141 De Miguel Asensio, (n 1), p. 280.
- 142 Joint University Global COE Project, (n 39), p. 45.
- 143 American Law Institute, (n 4), p. 288.
- 144 Joint University Global COE Project, (n 39), p. 45.
- 145 De Miguel Asensio, (n 1), p. 280, fnt. 126.
- 146 De Miguel Asensio, (n 1), p. 279.
- 147 De Miguel Asensio, (n 1), p. 279.
- 148 De Miguel Asensio, (n 1), p. 279.
- 149 De Miguel Asensio, (n 1), p. 279, according to whom: “it can be noted that although Article 50(2) TRIPS Agreement establishes that courts shall have the authority to adopt provisional measures *inaudita altera parte* where appropriate, it does not impose on member states an obligation to recognize foreign decisions adopted under these circumstances. Given the paramount importance of ensuring adequate protection to the rights of the defendant, it seems justified to exclude enforcement of those foreign provisional measures in an instrument such as the CLIP Principles. However, if the measure is confirmed after the defendant has been served with the judgment and been given the opportunity to appear and seek its discharge in due time, it may be enforceable abroad.”
- 150 De Miguel Asensio, (n 1), p. 279, fnt. 125.
- 151 De Miguel Asensio, (n 1), p. 279, fnt. 125.
- 152 Pocar, (n 41), p. 39, para 139.
- 153 De Miguel Asensio, (n 1), p. 279.
- 154 De Miguel Asensio, (n 1), p. 270.
- 155 Joint University Global COE Project, (n 39), p. 48.
- 156 De Miguel Asensio, (n 1), p. 269.
- 157 See paragraph C.
- 158 De Miguel Asensio, (n 1), p. 270.
- 159 Kono, Tada, Shin, (n 5), p. 333.
- 160 Joint University Global COE Project, (n 39), p. 49.
- 161 Above two quotes from Kono, Tada, Shin, (n 5), p. 334.
- 162 De Miguel Asensio, (n 1), p. 269.
- 163 De Miguel Asensio, (n 1), p. 270, fnt. 98.
- 164 Marco Ricolfi, ‘The Recasting of Brussels I Regulation in an IP lawyer’s perspective’, forthcoming in *Giurisprudenza commerciale*,” para 4.
- 165 Ricolfi, (n 164), para 4.
- 166 De Miguel Asensio, (n 1), p. 270.
- 167 See Christian Heinze, *Choice of Court Agreements, Coordination of Proceedings and Provisional Measures in the Reform of the Brussels I Regulation*, in *RabelsZ 2011*, (Mohr Siebeck), p. 615.
- 168 Heinze, (n 167), p. 615. See also the literature according to which this limitation is to be criticized “for obstructing an expedient remedy for the creditor, which reveals the limitation of current international civil provisional remedy law,” see the references to the view of Shunichiro Nakano recalled in Joint University Global COE Project, (n 39), p. 49.
- 169 See Kono, Tada, Shin, (n 5), p. 331.
- 170 See Heinze, (n 167), p. 614, with regard to the Brussels I Regulation recasting, who however acknowledges the merit of this limitation posed by the Proposal to recast the Brussels I Regulation in providing for “a welcome clarification”. In critical terms with respect to the limitation at stake see Honorati, (n 29).
- 171 See para M.III.
- 172 See para M.III.
- 173 See De Miguel Asensio, (n 1), p. 282.
- 174 De Miguel Asensio, (n 1), p. 282.
- 175 American Law Institute, (n 4), p. 285.
- 176 See Joint University Global COE Project, (n 39), p. 44 and also Kono, Tada, Shin, (n 5), p. 317.
- 177 De Miguel Asensio, (n 1), p. 282. See also Article 27(2) of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, (signed in Marrakesh,

- Morocco, 15 April 1994) available at <[http://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm](http://www.wto.org/english/docs_e/legal_e/legal_e.htm)>, permitting a State to exclude otherwise patentable subject matter from the scope of protection when: necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment. Similarly, Article 31(b) of the TRIPS Agreement contemplates that efforts to obtain authorization for certain usages can be waived in the case of “national emergenc[ies]” or “extreme urgency.” See the American Law Institute, (n 4), p. 286.
- 178 De Miguel Asensio, (n 1), p. 282. See the ECJ judgment in Case C-34/10 *Oliver Brüstle v. Greenpeace eV* [2011], according to which “the exclusion from patentability concerning the use of human embryos for industrial or commercial purposes set out in Article 6(2)(c) of Directive 98/44 also covers the use of human embryos for purposes of scientific research, only use for therapeutic or diagnostic purposes which are applied to the human embryo and are useful to it being patentable.”
- 179 De Miguel Asensio, (n 1), p. 282.
- 180 See de Miguel Asensio, (n 1) p. 282. See also the Judgment of the ECJ, 16/02/2012, Sabam, Case C-360/10 according to which “the Directives 2000/31/EC on electronic commerce, 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society; and 2004/48/EC on the enforcement of intellectual property rights, “read together and construed in the light of the requirements stemming from the protection of the applicable fundamental rights, must be interpreted as precluding a national court from issuing an injunction against a hosting service provider which requires it to install a system for filtering: - information which is stored on its servers by its service users; - which applies indiscriminately to all of those users; - as a preventative measure; - exclusively at its expense; and - for an unlimited period, which is capable of identifying electronic files containing musical, cinematographic or audio-visual work in respect of which the applicant for the injunction claims to hold intellectual property rights, with a view to preventing those works from being made available to the public in breach of copyright.” In the same terms see also ECJ 24 November 2011, *Scarlet Extended SA v. Société belge des auteurs, compositeurs et éditeurs SCRL (SABAM)*, Case C-70/10). On those cases see De Miguel Asensio, *Imponer a las redes sociales una supervisión de amplio alcance de sus contenidos para proteger la propiedad intelectual también es contrario al Derecho de la UE*, posted in his blog on 16 February 2012 and available at <http://pedrodemiguelasensio.blogspot.com/2012/02/imponer-las-redes-sociales-una.html>.
- 181 Kono, Tada, Shin, (n 5), p. 324.
- 182 De Miguel Asensio, (n 1), p. 292.
- 183 De Miguel Asensio, (n 1), p. 286.
- 184 See De Miguel Asensio, (n 1), p. 287, referring to the ECJ Judgments of *Krombach*, paras 38-39; Case C-341/04 *Eurofood IFSC Ltd* [2006] ECR I-3854 para 65; and Case C-394/07 *Marco Gambazzi v. DaimlerChrysler Canada Inc.* [2009] ECR I-2563 para 28.
- 185 Kono, Tada, Shin, (n 5), p. 325.
- 186 Kono, Tada, Shin, (n 5), p. 322.
- 187 Kono, Tada, Shin, (n 5), p. 322.
- 188 Kono, Tada, Shin, (n 5), p. 323.
- 189 Kono, Tada, Shin, (n 5), p. 320. See the following remarks also.
- 190 Kono, Tada, Shin, (n 5), p. 320.
- 191 Ibid.
- 192 Ibid.
- 193 Etienne Pataut, *Principe de souveraineté et conflits de juridictions Étude de droit international privé, préface par Paul Lagarde* (Paris, LGDJ 1999), para 665.
- 194 Kono, Tada, Shin (n 5), p. 320.
- 195 Ibid., p. 322.
- 196 Jurčys, Walle S, (n 85), p. 342.
- 197 American Law Institute, (n 4), p. 277.
- 198 American Law Institute, (n 4), pp. 281-282.
- 199 Jurčys, Walle, (n 85), p. 342.
- 200 Kono, Tada, Shin (n 5), p. 324.
- 201 Jurčys, Walle, (n 85), p. 344.
- 202 Jurčys, Walle, (n 85), p. 342.
- 203 American Law Institute, (n 4), p. 277.
- 204 Ibid., p. 285.
- 205 See also American Law Institute, (n 4), p. 275, according to which “ a question may arise as to whether a State that has jury trials should consider their unavailability in the rendering court to be ‘incompatible with fundamental principles of fairness.’ As most States do not afford civil jury trials, it is unlikely that, as a matter of international norms, unavailability of a jury trial would violate fundamental principles. Moreover, even in States where jury trials are common, they may be regarded as necessary only for adjudication in courts where they are expressly required.”
- 206 De Miguel Asensio, (n 1), p. 288. See also American Law Institute, (n 4), p. 275, according to which “the availability of discovery could also raise difficult questions. If the State addressed has discovery rules that are more liberal than the State where the trial was conducted, important procedural opportunities would appear to have been lacking. However, before enforcement is denied on this ground, the enforcement court must consider whether there were issues in the case that required more discovery than was available, whether other courts could have provided that discovery in aid of the court entertaining the case, and whether the lack of discovery amounted to a violation of *fundamental* principles of procedure.”
- 207 Kono, Tada, Shin, (n 5), p. 325.
- 208 De Miguel Asensio, (n 1), p. 280.
- 209 Kono, Tada, Shin, (n 5), pp. 318-319.
- 210 See Marta Pertegás Sender, *Cross-Border Enforcement of Patent Rights: An Analysis of the Interface Between Intellectual Property and Private International Law* (Oxford, OUP 2002) p. 197; Nerina Boschiero, ‘Beni immateriali (diritto internazionale privato e processuale)’ *Enciclopedia del diritto* and available at <[http://www.dirppie.unimi.it/lezioni/0910/commercio\\_inetnazionale\\_aa\\_0910/privato/boschiero\\_voce\\_beni\\_immateriali.pdf](http://www.dirppie.unimi.it/lezioni/0910/commercio_inetnazionale_aa_0910/privato/boschiero_voce_beni_immateriali.pdf)>, p. 115; Marketa Trimble Landova, ‘Public Policy Exception to Recognition and Enforcement of Judgments in cases of Copyright Infringement’ (2009) 40 IIC 654; De Miguel Asensio, (n 1), p. 239; Kono, Tada, Shin, (n 5) p. 293; Trimble Landova, (n 11) p. 499. See also the judgments referred to in Toshiyuki Kono and Paulius Jurčys, ‘XVIIIth International Congress on Comparative Law, Intellectual Property and Private International Law’ (provisional draft of the general report) (July 2010) in Toshiyuki Kono (ed), *Intellectual Property and Private International Law* § II(4) (forthcoming, Hart Publishing), part IV; and the following national reports on *Jurisdiction and Applicable Law in Matters of Intellectual Property* (forthcoming) *ibid.*; Marie-Christine Janssens, ‘The Relationship between Intellectual Property Law and International Private Law viewed from a Belgian Perspective,’ § I(II)(2)(1)(3); Joost Biew, ‘Report for Canada (including Quebec),’ subsection II(A); Ivana Kunda, ‘Report for Croatia,’ subsection I(B); Marie-Elodie Ancel, ‘Report for France,’ subsection I(ii); Axel Metzger, ‘Report for Germany,’ subsection I(2)(a)(1); Vandana Singh, ‘Report for India,’ subsection I(2); Nerina Boschiero and Benedetta Uber-tazzi, ‘Report for Italy,’ subsection II. Case 2, available at (2010) 16 *Cardozo Electronic Law Bulletin* 291 (<<http://www.unipa.it/scienze/politiche/files/Italian%20National%20Reports%20to%20Washington%202010.pdf>>); Dai Yokomizo, ‘Report for Japan,’ subsection 1(1)(2); Alexandre Dias Pereira, ‘Report for

- Portugal,' subsection I(B)(2)(2); Damjan Možina, 'Report for Slovenia,' subsection I(II)(1); Pedro de Miguel Asensio, 'Report for Spain,' subsection 1(2)(1)-(3); Amélie Charbon, 'Report for Switzerland,' subsection I(1); Dick van Engelen, 'Report for The Netherlands,' subsection 3(6).
- 211 De Miguel Asensio, (n 1), p. 280, for references. See the literature just referred to and also Nerina Boschiero, 'L'ordine pubblico processuale comunitario ed europeo' in Patrizia De Cesari and Marco Frigessi di Rattalma (eds), *La tutela transnazionale del credito* (Torino, Giappichelli 2007) p. 193. As for the relevant case-law, see the ECJ judgments: Case C-7/98 *Dieter Krombach v André Bamberski* [2000] ECR I-1935 para 37; Case C-38/98 *Régie Nationales des Usines Renault SA v. Maxicar SpA* [2000] ECR I-1935; and Case C-420/07 *Meletis Apostolides v. David Charles Orams and Linda Elizabeth Orams* [2009] ECR I-3571 para 59. See 'ALI/UNIDROIT Principles of Transnational Civil Procedure of 2004' [2004-4] Uniform Law Review 758. Finally see Article 56-6 of the 'Resolution on Le règlement « Bruxelles I » et les décisions judiciaires rendues dans des Etats non membres de l'Union européenne' adopted by the European Group for Private International Law (GEDIP) at Copenhagen (17 - 19 September 2010) available at <[http://www.gedip-egpil.eu/gedip\\_documents.html](http://www.gedip-egpil.eu/gedip_documents.html)>. According to this rule "une décision n'est pas reconnue si la reconnaissance est manifestement incompatible avec l'ordre public substantiel ou procédural de l'Etat membre requis ou de l'Union européenne, en particulier si cette décision résulte d'un manquement aux principes qui régissent le droit au procès équitable ou résulte d'une fraude commise dans la procédure."
- 212 De Miguel Asensio, (n 1), p. 280.
- 213 See Ubertazzi B., *Exclusive Jurisdiction in Intellectual Property*, Mohr Siebeck, 2012, para 40. See De Miguel Asensio, (n 1), p. 281.
- 214 *Ibid.*
- 215 De Miguel Asensio, (n 1), p. 282. On the balance between IPRs and other fundamental human rights see Ubertazzi B., (n 213), para 12.
- 216 *Sarl Louis Feraud International v. Viewfinder, Inc.* 406 F. Supp. 2d. p. 274, p. 281 (S.D.N.Y. 2005).
- 217 *Sarl Louis Feraud*, (n 216), 281. On this case see De Miguel Asensio, (n 1), p. 282.
- 218 *Ibid.*
- 219 *Ibid.*
- 220 *Renault v. Maxicar*, (n 211). On this case see De Miguel Asensio, (n 1), p. 282.
- 221 *Renault v. Maxicar*, (n 211) para 15.
- 222 *Ibid.*, para 30.
- 223 *Ibid.*, para 31.
- 224 *Ibid.*, para 33.
- 225 *Ibid.*, conclusions.
- 226 See Honorati, (n 29), para 3.
- 227 Pocar, (n 41), p. 37, para 133.
- 228 Kono, Tada, Shin, (n 5), p. 325.
- 229 Joint University Global COE Project, (n 39), p. 51.
- 230 De Miguel Asensio, (n 1), 285; American Law Institute, (n 4), pp. 292-293.
- 231 American Law Institute, (n 4), p. 292.
- 232 De Miguel Asensio, (n 1), p. 283 and there referring in details to the differences at stake. See also American Law Institute, (n 4), p. 291 according to which "a major difference between jurisdictions is the approach to punitive damages. In some States, these are considered necessary to deter infringement, and awarded as punishment in an amount that reflects the defendant's ability to pay or by applying a multiple to the proven damages. In other places, different approaches are taken to deterrence. Section 411 accommodates this disparity by relieving the court where enforcement is sought of the obligation to award non compensatory damages in an amount greater than that which would have been awarded under its domestic law."
- 233 De Miguel Asensio, (n 1), p. 285.
- 234 De Miguel Asensio, (n 1), p. 285.
- 235 See Honorati, (n 29), para 4.
- 236 De Miguel Asensio, (n 1), p. 284. Kono, Tada, Shin, (n 5), p. 316, with respect to Japan.
- 237 With respect to the Italian Supreme Court decision see Marco Lopez de Gonzalo, 'Punitive damages e ordine pubblico,' in Riv. dir. int. priv. proc. 2008, p. 77; Honorati, (n 29), para 4.
- 238 De Miguel Asensio, (n 1), p. 284.
- 239 Kono, Tada, Shin, (n 5), p. 325.
- 240 De Miguel Asensio, (n 1), p. 284, for references.
- 241 De Miguel Asensio, (n 1), pp. 284-285.
- 242 Nygh, Pocar, (n 82), p. 314.
- 243 *Ibid.*, p. 315.
- 244 *Ibid.*, p. 316.
- 245 See para 14.2.
- 246 De Miguel Asensio, (n 1), p. 289.
- 247 See para O.II.
- 248 De Miguel Asensio, (n 1), p. 289.
- 249 Joint University Global COE Project, (n 39), p. 44.
- 250 Yet, the commentary is silent on the point.
- 251 See para O.IV.
- 252 Kono, Tada, Shin, (n 5), pp. 313-314
- 253 De Miguel Asensio, (n 1), p. 289.
- 254 Kono, Tada, Shin, (n 5), pp. 313-314.
- 255 De Miguel Asensio, (n 1), p. 289.
- 256 De Miguel Asensio, (n 1), pp. 290-291.
- 257 Joint University Global COE Project, (n 39), p. 50 according to which "this Article is formulated by reference to paragraphs 2 and 4, Article 4:501, the CLIP Principles by the EMPG."
- 258 Joint University Global COE Project, (n 39), p. 49 according to which this rule "could be handled by the interpretation of public policy [...]. Nevertheless, these Principles, following the CLIP Principles by the EMPG, incorporate this Article and reaffirm the particular case in which public policy applies."
- 259 De Miguel Asensio, (n 1), p. 291.
- 260 Joint University Global COE Project, (n 39), p. 49 according to which this rule "could be handled by the interpretation of public policy [...]. Nevertheless, these Principles, following the CLIP Principles by the EMPG, incorporate this Article and reaffirm the particular case in which public policy applies."
- 261 Kono, Tada, Shin, (n 5), p. 314.
- 262 See para O.III.
- 263 De Miguel Asensio, (n 1), p. 289.
- 264 Kono, Tada, Shin, (n 5), p. 314.
- 265 American Law Institute, (n 4), p. 283.
- 266 De Miguel Asensio, (n 1), p. 290 fnt. 165.
- 267 Kono, Tada, Shin, (n 5), p. 327.
- 268 De Miguel Asensio, (n 1), p. 291 referring to the Brussels Regulation and fnt. 167 referring to other international relevant rule.
- 269 Kono, Tada, Shin, (n 5), p. 327.
- 270 De Miguel Asensio, (n 1), p. 289. See also Nygh, Pocar, (n 82) p. 209, p. 308 for other references.
- 271 Pocar, (n 41), p. 37, para 134.

- 272 Pocar, (n 41), p. 37, para 135.
- 273 Pocar, (n 41), p. 38, para 136.
- 274 De Miguel Asensio, (n 1), p. 290 fnt. 165 for the references.
- 275 Kono, Tada, Shin, (n 5), pp. 325-326.
- 276 De Miguel Asensio, (n 1), p. 291 fnt. 167 for references.
- 277 Pocar (n 41), p. 39, para 138.
- 278 Kono, Tada, Shin, (n 5), pp. 325-326.
- 279 De Miguel Asensio, (n 1), p. 289.
- 280 Nygh, Pocar, (n 82), p. 303.
- 281 Nygh, Pocar, (n 82), p. 307.
- 282 Nygh, Pocar, (n 82), p. 304.
- 283 Nygh, Pocar, (n 82), p. 304.
- 284 De Miguel Asensio, (n 1), p. 261.
- 285 Kono, Tada, Shin, (n 5), p. 296.
- 286 See Joint University Global COE Project, (n 39), p. 45 according to which “the final ALI Principles delete the exclusion of substantive review.”
- 287 De Miguel Asensio, (n 1), p. 261.
- 288 Joint University Global COE Project, (n 39), p. 45 according to which “it is generally accepted that substantive review shall be excluded, so paragraph (2) has thus been written into these Principles to reaffirm that accepted point of view.”
- 289 De Miguel Asensio, (n 1), p. 261 fnt. 75, for references. See Kono, Tada, Shin, (n 5), p. 296 with regard to the relevant Japanese national rule in this respect.
- 290 Kono, Tada, Shin, (n 5), p. 296. See supra, para 15.1.
- 291 Nygh, Pocar, (n 82), p. 310.
- 292 Joint University Global COE Project, (n 39), p. 52.
- 293 De Miguel Asensio, (n 1), p. 265.
- 294 De Miguel Asensio, (n 1), p. 265.
- 295 Joint University Global COE Project, (n 39), p. 52. See also supra.
- 296 Pocar, (n 41), p. 44.
- 297 Nygh, Pocar, (n 82), p. 312.
- 298 De Miguel Asensio, (n 1), p. 265 for references.
- 299 De Miguel Asensio, (n 1), p. 265 for references.
- 300 De Miguel Asensio, (n 1), p. 266.
- 301 De Miguel Asensio, (n 1), p. 266.
- 302 Kono, Tada, Shin, (n 5), p. 296.
- 303 De Miguel Asensio, (n 1), p. 263.
- 304 De Miguel Asensio, (n 1), p. 263.
- 305 De Miguel Asensio, (n 1), p. 263.
- 306 De Miguel Asensio, (n 1), p. 263.
- 307 De Miguel Asensio, (n 1), p. 264.
- 308 De Miguel Asensio, (n 1), p. 264.
- 309 De Miguel Asensio, (n 1), p. 265.
- 310 Pocar, (n 41), p. 36.
- 311 Ibid.
- 312 Pocar, (n 41), p. 41, para 148.
- 313 See ECJ 12 April 2011 (reference for a preliminary ruling from the Cour de cassation - France) - DHL on which see Honorati, (n 29), para 5.
- 314 Ricolfi, (n 164).
- 315 Ricolfi, (n 164).
- 316 Ricolfi, (n 164).
- 317 Kono, Tada, Shin, (n 5), p. 296.
- 318 Nygh, Pocar, (n 41), p. 312
- 319 Nygh, Pocar, (n 41), p. 312.
- 320 Kono, Tada, Shin, (n 5), p. 296. See supra, para R.I.
- 321 Jurčys, Walle, (n 85), p. 342.
- 322 Ibid.
- 323 De Miguel Asensio, (n 1), p. 251 fnt. 43; Kono, Tada, Shin, (n 5), p. 301 fnt. 23.
- 324 De Miguel Asensio, (n 1), p. 251 fnt. 43.
- 325 De Miguel Asensio, (n 1), p. 251 fnt. 43; Kono, Tada, Shin, (n 5), p. 301 fnt. 23.
- 326 Pocar, (n 41), p. 4.
- 327 Jurčys, Walle, (n 85) p. 342
- 328 Nygh, Pocar, (n 85), p. 319.