

# Annex

## Guidelines on Intellectual Property and Private International Law (“Kyoto Guidelines”)

by ILA Committee on Intellectual Property and Private International Law

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### RESOLUTION 6/2020

#### ILA COMMITTEE ON INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW

The 79th Conference of the International Law Association, held in Kyoto, Japan, November 29 – December 13, 2020:

**RECOGNIZING** that the enforcement of intellectual property rights in the global context of the information society raises new challenges to the traditional models of structuring transactions and adjudicating international disputes;

**APPRECIATING** the importance and benefits of providing legal certainty with regard to the jurisdiction of courts and the law applicable, as well as fostering cooperation to

enhance the cross-border recognition and enforcement of judgments in civil and commercial matters involving intellectual property claims;

**BELIEVING** that the adoption of model provisions on the private international law aspects of intellectual property, which may guide the interpretation and reform of national legislation and international instruments, contributes to the building of a more reliable and predictable legal framework;

**TAKING INTO ACCOUNT** the development of international, regional and national rules, as well as the previous efforts to draft model provisions in this field, especially those undertaken by the American Law Institute, the European Max Planck Group on Conflicts of Laws in Intellectual Property, the Japanese Transparency Project, and members of the Private International Law Association of Korea and Japan;

**HAVING CONSIDERED** the reports of the Committee on Intellectual Property and Private International Law;

**ADOPTS** the Kyoto Guidelines on Intellectual Property and Private International Law annexed to this Resolution;

**COMMENDS** the Guidelines to organizations, States and interested groups that are working on national, regional or international initiatives in the field, with a view to foster international cooperation, achieve greater legal certainty and an adequate balance of all interests involved;

**REQUESTS** the Secretary-General of the International Law Association to forward a copy of this Resolution and its annex to appropriate international organizations, in particular the Hague Conference of Private International Law and WIPO;

**RECOMMENDS** to the Executive Council that the Committee on Intellectual Property and Private International Law, having accomplished its mandate, be dissolved.

## ANNEX

# Guidelines on Intellectual Property and Private International Law (“Kyoto Guidelines”)

## General Provisions

### 1. Scope of the Guidelines

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

### 2. Definitions

1. “Intellectual property right” means copyright and related rights, patent, utility model, plant breeder’s right, industrial design, layout-design (topography) of integrated circuits, trademark and similar rights.

2. “Judgment” means any judgment rendered by a court or tribunal of any State, irrespective of the name given by that State to the proceedings that gave rise to the judgment or the name given to the judgment itself, such as decree, order, decision, or writ of execution. “Judgment” also includes court-approved settlements, provisional and protective measures, and the determination of costs or expenses by an officer of the court.

## Jurisdiction

### Basic Forum

#### 3. Defendant’s Forum

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

### Alternative Fora

#### 4. Contracts

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

### 5. Infringements

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

- a) In the courts of the States where the alleged infringer has acted to initiate or further the alleged infringement; the courts’ jurisdiction to award remedies arising from those acts shall be territorially unlimited; or
- b) In the courts of the States where the infringement may have caused direct substantial harm unless it could not be anticipated that the infringement would cause that harm there; the courts’ jurisdiction shall be territorially limited to the State in which the court is situated.

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

In cases concerning disputes on a statutory remuneration for the lawful use of copyrighted works or the subject-matter of related rights, a person may be sued in the courts of the State where the right to remuneration accrues; the court's jurisdiction shall be territorially limited to the State in which the court is situated.

## 7. Consolidation

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

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

## 8. Title and Ownership

In cases concerned only with title and ownership, the court of the State where the intellectual property right exists or for which application is pending shall have jurisdiction.

## Other Fora

### 9. Choice of Court

The parties to a particular relationship may designate in an agreement a court to have jurisdiction over any dispute that has arisen or may arise in connection with that relationship. The chosen court shall have jurisdiction to decide all contractual and non-contractual obligations and all other claims arising from that legal

relationship unless the parties express their intent to restrict the court's jurisdiction. Such jurisdiction shall be exclusive unless the parties have agreed otherwise.

### 10. Submission and Appearance

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

### 11. Validity Claims and Related Disputes

1. In proceedings which have as their main object the grant, registration, validity, abandonment, or revocation of a registered intellectual property right the court of the State of registration shall have exclusive jurisdiction.
2. Any other court having jurisdiction may decide on these matters when they arise in proceedings other than those referred to in paragraph 1. However, the resulting decision shall not have any effect on third parties.

### 12. Declaratory Actions

A court may hear an action for a negative or a positive declaration on the same ground as a corresponding action seeking substantive relief.

### 13. Provisional and Protective Measures

1. A court having jurisdiction as to the merits of the case shall have jurisdiction to order provisional and protective measures.
2. Other courts shall have jurisdiction to order provisional and protective measures within their territory.

### 14. Scope of Injunctions

The scope of an injunction is limited by the extent of the jurisdiction of the court. In addition, the scope shall not be broader than necessary to protect the intellectual property rights enforced.

## 15. Counterclaims

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

## 16. Insufficient Grounds for Jurisdiction

Insufficient grounds for exercising jurisdiction include inter alia:

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

## Coordination and Cooperation

### 17. Proceedings Between the Same Parties on the Same Cause of Action

1. Where proceedings between the same parties on the same cause of action are brought in the courts of more than one State, such courts shall consider the coordination of proceedings in the following terms:
  - a) Where the court that is not first seized has authority to suspend its proceedings on grounds of *lis pendens*, it shall do so until such time as the jurisdiction of the court first seized is established, and thereafter it shall terminate its proceedings. A suspension may be lifted if the proceedings

in the court first seized does not proceed within a reasonable time or this court concludes that it is not the appropriate forum to hear the dispute.

- b) Where the court that is not first seized has authority to dismiss on *forum non conveniens* grounds or to transfer to a more convenient forum, it shall consider which court is the most convenient forum, taking into account the private interests of the litigants, the interests of the public, and administrative issues. If the court first seized is more convenient, the court second seized shall dismiss or transfer the case unless the court first seized has dismissed or transferred the case.

### 2. This Guideline does not apply if:

- a) the proceeding is within the exclusive jurisdiction of the court subsequently seized;
- b) the proceeding is for provisional or protective measures; or
- c) it is shown by the party invoking the jurisdiction of the court subsequently seized that a judgment of the court first seized would not be recognized in the State of the court subsequently seized.

## 18. Related Proceedings

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

## Applicable Law

### General Rules

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

The law applicable to determine the existence, validity, registration, duration, transferability, and scope of an intellectual property right, and all other matters concerning the right as such,

is the law of the State for which protection is sought.

## 20. Initial Ownership and Allocation of Rights

(1) (a) Initial ownership in registered intellectual property rights, unregistered trademarks and unregistered designs is governed by the law of the State for which protection is sought.

(b) In the framework of a contractual relationship, in particular an employment contract or a research and development contract, the law applicable to the right to claim a registered intellectual property right is determined in accordance with Guidelines 21 to 23.

(2) (a) Initial ownership in copyright is governed by the law of the State with the closest connection to the creation of the work. This is presumed to be the State in which the person who created the subject-matter was habitually resident at the time of creation. If the protected subject-matter is created by more than one person, they may choose the law of one of the States of their habitual residence as the law governing initial ownership. This paragraph applies *mutatis mutandis* to related rights.

(b) If the underlying policy of the law of the State for which protection is sought so requires even in international situations, the allocation of rights which cannot be transferred or waived is governed by the law of that State.

## Contracts

### 21. Freedom of Choice

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

### 22. Absence of Choice

1. In the absence of choice of law by the parties pursuant Guideline 21, a contract other than an employment contract shall be governed,

a) if the contract deals with intellectual property granted for one State only, by the law of this State, unless it is clear from all the circumstances of the case that the contract is manifestly more closely connected with another State. Then the law of that other State shall apply;

b) if the contract deals with intellectual property granted for more than one State, by the law of the State with which the contract is most closely connected; in determining this State, the court shall take into consideration among other possible factors:

- the common habitual residence of the parties;
- the habitual residence of the party effecting the performance characteristic of the contract;
- the habitual residence of one of the parties when this habitual residence is located in one of the States covered by the contract.

2. For the purpose of this provision, the habitual residence of a party shall be determined at the time of conclusion of the contract.

### 23. Employment Contracts

1. An employer and its employee whose efforts give rise to an intellectual property right may choose the law governing their contractual relationship in accordance with Guideline 21. Such a choice of law shall not, however, have the result of depriving the employee of the protection afforded to him by the provisions that cannot be derogated from by agreement under the law that, in the absence of choice, would be applicable pursuant to paragraphs 2 and 3.
2. In the absence of choice of law by the parties, the contractual relationship between employer and employee shall be governed by the law of the State in which or, failing that, from which the employee habitually carries out his work in performance of the contract.
3. The State where the work is habitually carried out shall not be deemed to have changed if the employee is temporarily employed in another State. Where it is clear from all the circumstances of the case that the contract is more closely connected with a State other than that indicated in paragraph 2, the law of that other State shall apply.

## 24. Formal Validity

1. Any contract dealing with intellectual property rights shall be formally valid to the extent that it satisfies the formal requirements:
  - a) of the law of the State which governs the contract pursuant Guidelines 21-23, or
  - b) of the law of the State in which either of the parties has its habitual residence at the time of the conclusion of the contract, or
  - c) of the law of any other State with which the contract is connected.
2. This provision shall not deprive creators, performers and employees of the protection resulting from Guideline 21 paragraph 2 and Guideline 23, paragraph 1.

## Infringements

### 25. Basic Rule on Infringement

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

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

1. When the infringement in multiple States is pleaded in connection with the use of ubiquitous or multinational media, the court may apply to the infringement as a whole the law or laws of the State(s) having an especially close connection with the global infringement. Relevant factors to determine the applicable law (or laws) in these situations include:
  - the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety;
  - the parties' habitual residences or principal places of business;
  - the place where substantial activities in furthering the infringement have been carried out.

2. In situations where paragraph (1) is applied, any party may prove that, with respect to particular States covered by the action, the solution provided by any of those States' laws differs from that obtained under the law(s) chosen to apply to the case as a whole. The court must take into account such differences when fashioning the remedy.
3. Paragraphs (1) and (2) above may apply *mutatis mutandis* in cases of secondary or indirect infringements of intellectual property rights.

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

1. The law of the State where a collective rights management organization has its actual seat of administration shall govern
  - a) the requirements for the specific corporate structure of collective rights management organizations;
  - b) the rights, conditions and principles concerning the relationship of the right holder, as well as of another collective rights management organization representing right holders, vis-à-vis a collective rights management organization, such as
    - (i) the right and conditions for becoming a member of this organization;
    - (ii) the right and conditions for entrusting rights to this organization;
    - (iii) the rights and conditions for withdrawing the management of rights from this organization;
    - (iv) the requirements regarding the calculation and distribution of the organization's revenue to the right holders and other collective rights management organizations representing right holders; and
    - (v) the rights and conditions on access to alternative dispute resolution to be offered by the collective rights management organization; and

- c) in absence of a choice of law by the parties, the contract under which the right holder entrusts rights to this organization.
2. The law of the State for which protection is sought shall govern
    - a) the presumption that a collective rights management organization is empowered to seek protection for certain works or subject-matter of related rights;
    - b) mandatory collective rights management;
    - c) the power of an individual collective rights management organization to grant licenses or collect statutory remuneration without prior consent of the right holder;
    - d) the issue of whether and under which conditions a collective rights management organization has to license rights to users; and
    - e) the requirements regarding the calculation of the royalty rates and statutory remuneration.
  3. The law of the forum shall govern legal standing of a collective right management organization before a court.
  4. This guideline applies without prejudice to the applicable competition law rules.

## Other Provisions

### 28. Public Policy

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

### 29. Overriding Mandatory Provisions

1. Nothing in these Guidelines shall restrict the application of the overriding mandatory provisions of the law of the forum.
2. When applying under these Guidelines the law of a State to a contract, the court may give effect to the law of another State where the obligations arising out of the contract have to be or have been performed.

### 30. Renvoi

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

### 31. Arbitrability

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

## Recognition and Enforcement

### 32. Object of Recognition and Enforcement

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

### 33. Effects of a Foreign Judgment

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

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

1. A court shall not recognize and enforce a foreign judgment if:
  - a) such recognition or enforcement would be manifestly incompatible with a fundamental public policy of the requested State;
  - b) the proceedings leading to the judgment were manifestly incompatible with the fundamental principles of procedural fairness of the requested State;
  - c) the judgment was rendered by default where
    - (i) the defendant to the proceeding was not adequately and timely notified of the proceeding, or
    - (ii) the defendant was deprived of an adequate and meaningful opportunity to present its case before the rendering court;
  - d) the judgment is inconsistent with a prior judgment rendered in the requested State that has preclusive effect;
  - e) the judgment is inconsistent with an earlier judgment given in another State between the same parties and having the same cause of action, provided that the earlier judgment fulfils the conditions necessary for its recognition in the requested State;
  - f) the rendering court exercised jurisdiction in violation of the rules of jurisdiction under these Guidelines.
2. A court may decline to recognize and enforce a foreign judgment if the rendering court designated the applicable law in violation of the rules in Guidelines 20 – 24 protecting creators, performers and employees.
3. In assessing the rendering court's jurisdiction, the requested court is bound by the findings of fact made by the rendering court in the original proceeding.
4. Without prejudice to such review as may be necessary for the application of Guidelines 33 and 34, the requested court shall not review a foreign judgment as to its merits.

### 35. Partial and Limited Recognition and Adaptation

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