

12 Intellectual Property and Private International Law

Strangers in the Night?

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12.1 Introduction

The relationship between intellectual property (IP) and private international law (PIL) has become fraught with tension. For many years the two fields barely intersected, as almost all IP disputes were wholly domestic in nature, concerning parties within a single national territory, rights conferred by the law of that territory and local infringements. The emergence of new forms of technology and greater mobility of goods and services have, however, substantially changed the picture. Now that the digital networked environment provides scope for simultaneous multi-territorial communication of works and trade symbols and consequent global infringements of rights in such material,¹ the problem of cross-border enforcement of IP rights cannot be ignored.

An exploration of the relationship between IP and PIL would therefore seem to be an excellent example of the theme of interconnectedness that permeates this volume. Sam Ricketson also addressed this issue in his scholarship.² As a background to considering the relationship between the disciplines, some key topics will first be explored: in the case of IP, harmonisation and territoriality and in the case of PIL, basic principles and rationale. The chapter will then examine the current practice and scholarship concerning the interaction of IP and PIL to determine whether they are, or should be, 'strangers in the night'.

¹ American Law Institute, *Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes* (Philadelphia: American Law Institute, 2008), p. 3 (cited as ALI Principles).

² See, for example, Sam Ricketson and Jane C Ginsburg, *International Copyright and Neighbouring Rights: The Berne Convention and Beyond*, 2nd ed. vol. II (Oxford: Oxford University Press, 2006), p. 1291.

12.2 Public International Law and Harmonisation of IP Rights

A key characteristic of IP compared to other areas of law is the influence of public international law – for example, treaties such as the Berne³ and Paris⁴ Conventions and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement).⁵ Such instruments provide minimum standards for protection and enforcement of rights and therefore some scope for global harmonisation of IP. However, the consensus among scholars is that while some harmonisation has been achieved in the field of copyright, the record in respect of patents and trademarks (at least outside the EU) is much more modest.⁶ This position is not surprising. Not only are the standards in the cited treaties only ‘minimum’ in nature but the instruments grant member states considerable freedom to create rules that best suit their own social and economic conditions.⁷ The varying level of development between countries and whether they are net importers or net exporters of IP creates a diversity of cultural and economic policies. Consequently, nation states, in creating IP protection, will draw the line between providing for competition in the public domain and encouraging innovation differently.⁸

Of course, if substantial global harmonisation of IP were to be accomplished then the problem of cross-border enforcement would in theory decrease since courts, wherever situated, would apply the same IP law to the same fact patterns. Yet in other contexts, such as international commercial arbitration,⁹ experience has shown that achieving globally

³ Berne Convention for the Protection of Literary and Artistic Works, opened for signature 9 September 1886, 828 UNTS 221 (entered into force 5 December 1887).

⁴ Paris Convention for the Protection of Industrial Property, opened for signature 20 March 1883, 828 UNTS 305 (entered into force 7 July 1884).

⁵ Marrakesh Agreement Establishing the World Trade Organization, opened for signature 15 April 1994, 1867 UNTS 3 (entered into force 1 January 1995) annex 1C (Agreement on Trade-Related Aspects of Intellectual Property Rights; cited as TRIPS Agreement).

⁶ Rochelle Dreyfuss, ‘Enforcing intellectual property claims globally when rights are defined territorially’ in Daniel J Gervais and Susy Frankel (eds.), *The Internet and the Emerging Importance of New Forms of Intellectual Property* (Alphen aan den Rijn, The Netherlands: Kluwer, 2016), pp. 15, 21; Dário Moura Vicente, ‘Intellectual property, applicable law’ in Jürgen Basedow, Giesela Rühl, Franco Ferrari and Pedro de Miguel Asensio (eds.), *Encyclopedia of Private International Law* (Cheltenham, UK: Edward Elgar, 2017), pp. 961, 963–4; Mireille Van Eechoud, ‘Bridging the gap: Private international law principles for intellectual property law’ (2016) *Nederlands Internationaal Privaatrecht* 716, 723.

⁷ Graeme Dinwoodie, ‘International intellectual property litigation: A vehicle for resurgent comparativist thought’ (2001) 49 *American Journal of Comparative Law* 429, 436.

⁸ *Ibid.*

⁹ George A Bermann, ‘“Domesticating” the New York Convention: The impact of the Federal Arbitration Act’ (2011) 2 *Journal of International Dispute Settlement* 317.

consistent interpretations of uniform texts or standards can be difficult. Local policies and interests may often still intervene. Substantial global harmonisation of IP rights is, therefore, unlikely to occur soon.¹⁰

12.3 Territoriality and IP Rights

What particularly complicates the issue of cross-border regulation of IP is the deeply rooted notion of the ‘territoriality’ of IP rights. What this concept means is that IP protection is specific to a country (or a region in the case of the EU) in that while there may be a single work, invention or trade symbol, any rights in respect of such subject matter are confined to a single national territory and generally, may be infringed only in that territory. Consequently, for a rights holder to claim protection in multiple countries it must acquire separate rights under the IP law of each individual nation state.¹¹

The territoriality of IP rights rests on the logical foundation that they are the product of uniquely domestic, cultural, social and economic policies, whereby states seek to balance the competing concerns of innovation and competition in granting a person exclusive rights to engage in a certain activity. A further key element underlying IP rights, therefore, is the public, sovereign interests of the state conferring protection.¹² Territoriality is also reflected in the well-accepted choice of law rule for IP infringement cases: the law of the country for which protection

¹⁰ The ICANN Rules accompanying the Uniform Domain Name Dispute Resolution Policy (UDRP) for domain names are sometimes cited as an example of a transnational IP law (see Dinwoodie, ‘International intellectual property litigation’). Under Rule 15(a), a dispute resolution panel may decide a complaint on the basis of the statements and documents submitted and in accordance with the policy, the rules and any rules and principles of law that it deems applicable. UDRP arbitration, however, is directed at only a narrow range of IP disputes – cybersquatting – and provides limited remedies.

¹¹ Methods have been adopted, such as in the European Patent Convention and the Patent Co-operation Treaty, to facilitate *acquisition* of multiple national IP rights, but the scope of protection remains confined to a specific national or regional territory.

¹² Richard Fentiman, ‘Choice of law and intellectual property’ in Josef Drexler and Annette Kur (eds.), *Intellectual Property and Private International Law – Heading for the Future* (Portland, OR: Hart Publishing, 2005), pp. 129, 131–3; Van Eechoud, ‘Bridging the gap’, 718; Benedetta Ubertaini, ‘Intellectual property, jurisdiction’ in Jürgen Basedow, Giesela Rühl, Franco Ferrari and Pedro de Miguel Asensio (eds.), *Encyclopedia of Private International Law* (Cheltenham, UK: Edward Elgar, 2017), pp. 970, 972. IP protection has been said to be ‘a matter of maximising social welfare’: Jürgen Basedow, ‘Foundations of private international law in intellectual property’ in Jürgen Basedow, Toshiyuki Kono and Axel Metzger (eds.), *Intellectual Property in the Global Arena: Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Tubingen, Germany: Mohr Siebeck, 2010), pp. 3, 6.

is claimed.¹³ The effect of such a rule is that where a claimant sues in state A for infringement of an IP right conferred by the law of state A, that law must be applied.

The territoriality of IP rights therefore sharpens the mismatch between national IP laws and the increasingly global nature of production, exploitation and infringement and is at the heart of the relationship between PIL and IP.

12.4 The Nature and Rationale of PIL

To understand properly the relationship between IP and PIL a brief description of the nature and rationale of PIL may be helpful. Each national legal system has its own PIL rules which are designed to resolve cases with a foreign element. PIL rules fall into three groups: first, those that determine whether a court (the forum) has jurisdiction and will exercise jurisdiction in a matter; second, those that identify which law or laws are to be applied by the forum to resolve the merits of the dispute; and third, those that decide whether a judgment of a foreign country should be recognised and enforced in the forum.

Most systems of PIL are, at least in theory, cosmopolitan in nature in that they purport to treat local and foreign laws, judgments and claims to jurisdiction on an equal and non-discriminatory basis. Consequently, most systems strive to allocate jurisdiction to a court of a nation state that has a substantial connection to the dispute and the parties, and to apply a state's laws and enforce its judgments where the same condition is met. Such an analysis reflects the influence of the nineteenth-century writer Von Savigny, who asserted that every transaction has a 'centre of gravity' that should guide selection of the appropriate forum of adjudication and applicable law.¹⁴ In EU law the centre of gravity principle is reflected in the neutral and balanced provisions of jurisdiction and applicable law in the Brussels I Regulation (recast) and Rome I and II Regulations, respectively. In common law countries, Savigny's influence can be seen in jurisdictional doctrines such as *forum non conveniens* and in the applicable law rules for tort, contract and property that emphasise close connection.

A key rationale for PIL is to avoid the injustice that would be caused to the parties and the defeat of their reasonable expectations if foreign laws,

¹³ See, e.g., Regulation (EU) No 864/2007 of the European Parliament and Council on the Law Applicable to Non-Contractual Obligations OJ 2007 L199/40, art. 8.

¹⁴ Friedrich Carl Von Savigny, *System des Heutigen Römischen Rechts*, vol. 8 (Berlin: Veit, 1849).

claims to adjudicate and court decisions were not respected.¹⁵ The prevention of friction between nation states arising from exorbitant exercise of jurisdiction and application of local law is also an important goal. PIL rules also seek to make cross-border litigation efficient by limiting the scope for multiple proceedings in different countries in respect of similar subject matter.¹⁶

PIL does not however require total subservience to foreign laws and institutions: where, for example, giving effect to a foreign law or judgment would offend fundamental values of the forum state, then exceptionally it may not be recognised on public policy grounds. Note, however, that the mere fact that foreign law is 'different' to that of the forum is not sufficient to warrant its exclusion.

12.5 Is IP Compatible with PIL?

12.5.1 *The Position in Principle*

PIL rules aim to accommodate a range of interests: those of the forum state, the foreign state and the parties. The next question to determine is whether the distinctive character of IP should render it immune to the application of PIL rules. As its name suggests, PIL applies to all areas of private law – for example, torts, contracts, transfers and acquisition of rights in property, succession, corporations, trusts and restitution matters. Even areas of law with a more 'public' character based on important cultural and economic policies, such as family and insolvency law, are subject to regulation by PIL where matters cross borders. So, for example, a forum court may determine whether a foreign marriage or divorce is valid or whether a foreign liquidator or creditor is entitled to recover assets in the forum to satisfy claims in a foreign proceeding.

Where does IP fit into this picture? At the outset, it is important to note that the principal IP treaties do not contain PIL rules – namely, provisions allocating jurisdiction to a national court or identifying the law to be applied. A provision in the Berne Convention (article 5(1)) that addresses cross-border issues provides that rights holders must be given the same protection under the law of the country of IP protection,

¹⁵ James J Fawcett and Janeen M Carruthers, *Cheshire, North and Fawcett Private International Law*, 14th ed. (Oxford: Oxford University Press, 2008), pp. 4–5; Lord Collins of Mapesbury and Jonathan Harris (gen. eds.), *Dicey Morris and Collins on the Conflict of Laws*, 15th ed. (London: Sweet & Maxwell, 2012), [1.005]; Christopher M V Clarkson and Jonathan Hill, *The Conflict of Laws*, 4th ed. (Oxford: Oxford University Press, 2011), pp. 9–10.

¹⁶ Clarkson and Hill, *The Conflict of Laws*, 8.

regardless of nationality. This is a rule of 'national treatment'. Importantly also, no provision in the treaties precludes the application of *general* PIL rules to IP.

As noted earlier, IP has a strong public character, based as it is on a nation state's decision to confer exclusive protection for certain activity within its territory in accordance with the state's economic and cultural policies. Yet the public character and state interest in family and insolvency law do not prevent a foreign court from adjudicating such matters; PIL rules are not 'ousted'. In such cases, courts recognise that the 'private' interests of the parties in obtaining vindication of their rights are considered worthy of protection. Such persons would be expected to want prompt and efficient dispute resolution in a convenient forum. Indeed, there are public interests that *support* the application of PIL rules to IP, specifically the encouragement of international trade and commerce and the flow of information and cultural exchange that results from an enhanced transnational regime for enforcement of IP rights.¹⁷

Similarly, the territorial nature of IP should also not, in principle, be a bar to regulation by PIL rules. As noted, all that *territoriality* means is that the protection, use and infringement of an IP right is confined to a single national area. Such a principle says nothing about which national courts have jurisdiction to determine ownership, validity or infringement of an IP right, what law is to be applied to such issues or whether a judgment from a national court on an IP matter should be enforced in another country.¹⁸

12.5.2 *The Position in Practice*

Despite the observations discussed earlier, the legacy of state interests and territoriality in IP still informs many countries' jurisprudence in relation to adjudication of cross-border disputes. In Australia, for example, it remains the case that a court has no subject matter jurisdiction to resolve a

¹⁷ Alexander Peukert, 'Preamble' in European Max Planck Group on Conflict of Laws in Intellectual Property, *Conflict of Laws in Intellectual Property: The CLIP Principles and Commentary* (Oxford: Oxford University Press, 2013), PRE C-23 (cited as CLIP Principles).

¹⁸ For similar views see Graeme Dinwoodie, 'Developing a private intellectual property law: The demise of territoriality' (2009) 51 *William and Mary Law Review* 711; James J Fawcett and Paul Torremans (eds.), *Intellectual Property and Private International Law*, 2nd ed. (Oxford: Oxford University Press, 2011), p. 311; ALI Principles, ch. 3, ss. 221–3.

dispute for damages for infringement of a foreign statutory IP right such as trademark, patent, copyright or design.¹⁹ The most commonly cited rationale for such a position is the act of state doctrine,²⁰ which provides that a court cannot pronounce upon the validity of a foreign state's acts within its own territory in deference to the sensibilities of that state. Such an approach is flawed, however, given that a pure infringement action involves no review of the validity of an act of a foreign state and in the case of copyright, whose rights arise upon creation of a work rather than state registration, there is no relevant 'act of state' at all. English courts as well as one Australian judge²¹ referred to 'the *Moçambique* rule',²² as a further justification for not adjudicating foreign IP rights. This rule prevents a court adjudicating upon questions of title or trespass to foreign land. However, not only is the analogy between land and IP rights dubious but the rule has been statutorily eroded in Australia and the UK.²³

This approach arguably reflects a misplaced deference to foreign state interests and territoriality in IP cases. First, it is not at all clear why a forum court in not enforcing a foreign state's IP laws, at least in infringement cases, is being more respectful towards that state than if the forum adjudicated such matters. Why would foreign state officials not want their rights holders to obtain vindication in any possible tribunal? Also, would it not be 'the highest display of support for another sovereign to facilitate respect for and enforcement of its [IP] rights against a ... defendant [of the forum state]?'²⁴ Significantly, in no national IP legislation is exclusive jurisdiction conferred on the courts of the country under whose law the right arose. As argued, a finding of exclusive jurisdiction also does not follow from the principle of territoriality which speaks only of rights belonging to a territory, not of the adjudicative powers of courts of other states in respect of such rights.

The consequence of this restrictive approach is that where infringements under multiple national laws occur, the rights holder must pursue separate proceedings in each individual state where it enjoys protection, despite the allegations often involving the same conduct by the defendant in respect of similar subject matter. Such an outcome is obviously

¹⁹ For a detailed discussion see Richard Garnett, 'Enhanced enforcement of IP rights in transnational cases in Australia' (2017) 27 *Australian Intellectual Property Journal* 114.

²⁰ *Potter v. Broken Hill Pty Co Ltd* (1906) 3 CLR 479. ²¹ *Ibid.*, 494 (Griffith CJ).

²² *British South Africa Co v. Companhia de Moçambique* [1893] AC 602.

²³ The *Moçambique* rule has been abolished in New South Wales: Jurisdiction of Courts (Foreign Land) Act 1989 (NSW) and limited to cases where title to land is in issue in the UK: Civil Jurisdiction and Judgments Act 1982 (UK) s. 30(1).

²⁴ Dinwoodie, 'Developing a private intellectual property law', 758.

expensive and inefficient and is a deterrent to a claimant obtaining complete redress. Digital use of copyright works and trademarks has only intensified this problem.²⁵

The anomaly of this analysis is also recognised when it is recalled that certain IP rights that are derived from the common law and not statute, such as passing off and protection of confidential information, are not the subject of exclusive jurisdiction. An Australian court, for example, has power or subject matter jurisdiction to adjudicate an action for foreign acts of passing off (a tort) or breach of confidence (equitable or contractual). The situation of passing off is particularly apposite in this context, given that the factual circumstances giving rise to this action are often similar to a claim for infringement of a registered trademark.²⁶

A more balanced approach which recognises the reality and scope of international IP infringements has been adopted in the EU,²⁷ Commonwealth countries such as England²⁸ and New Zealand,²⁹ Japan³⁰ and most US courts.³¹ According to this view, foreign state interests should bar adjudication only where the validity of a foreign registered IP right such as a patent or trademark is raised as a principal question for determination. In such a case the court would be reviewing the determination of a foreign government official on its own territory which may not only be sensitive, but any judgment given likely unenforceable.³² This situation would arise, for example, where a claimant sought a declaration that a foreign registered right had been invalidly granted or the question of validity was raised as a counterclaim in an action for infringement.³³

²⁵ Dinwoodie, 'International intellectual property litigation', 440–1.

²⁶ Sam Ricketson, 'Trade mark liability issues arising out of internet advertising' (2007) 12 *Media and Arts Law Review* 1, 20.

²⁷ Regulation (EU) No 1215/2012 of the European Parliament and Council of 12 December 2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (Recast) OJ 2012 L351/1 arts. 4, 24(4).

²⁸ *Lucasfilm Ltd v. Ainsworth* [2012] 1 AC 208; *Actavis Group HF v. Eli Lilly & Co* [2012] EWHC 3316 (Pat).

²⁹ *KK Sony Computer Entertainment v. Van Veen* (2006) 71 IPR 79; *Stewart v. Franmara Inc* (No. 2) (2012) 96 IPR 554.

³⁰ Toshiyuki Kono, 'Cross border enforcement of intellectual property: Japanese law and practice' in Paul Torremans (ed.), *Research Handbook on Cross Border Enforcement of Intellectual Property* (Northampton, MA: Edward Elgar, 2014), pp. 108, 120–1 citing the *Coral Sand* case (Tokyo District Court, 16 October 2003, 1847 *Hanrei Jiho* 23).

³¹ *London Film Production Inc v. Intercontinental Communications*, 580 F Supp 47 (SDNY, 1984); *Armstrong v. Virgin Records Ltd*, 91 F Supp 2d 628, 637 (SDNY, 2000); *Ortoman v. Stanray Corp* 371 F 2d 154 (7th Cir, 1967).

³² *Voda v. Cordis Corp*, 476 F 3d 887 (Fed Cir, 2007).

³³ *Lucasfilm Ltd v. Ainsworth* [2012] 1 AC 208 [103]; *Satyam Computer Services Ltd v. Unpaid Systems Ltd* [2008] EWHC 31 (Comm) [102]; *Anan Kasei v. Molycorp* [2016] EWHC 1722 (Pat); *Eli Lilly & Co v. Genentech Inc* [2017] EWHC 3104 (Pat).

Where, by contrast, validity arises only as a ‘preliminary question’ in an infringement action then a decision as to validity can be made by the forum court if it has only *inter partes* and not *erga omnes* effect.³⁴

The advantages of such an approach are obvious. A claimant who faces multi-territorial infringements of its rights no longer is required to commence proceedings in every country where the rights are conferred (assuming it has the resources to do so) but may instead consolidate all infringements, local and foreign, in a single action in the forum. The benefits in terms of efficiency of litigation and in achieving full redress are clear. However, a forum court is not *required* to adjudicate a matter involving foreign IP rights. US and English courts have suggested that the forum should rely on discretionary principles of *forum non conveniens* in deciding whether to adjudicate such a claim,³⁵ which would allow the court to consider all the circumstances of the case. Hence, where a matter is strongly connected with the country of protection in terms of the location of evidence and the parties, for example, a decision to decline jurisdiction may be appropriate.

In practice, however, two limitations on claimant recovery may still exist even under this liberal approach. First, in many countries consolidation of claims involving multiple infringements can occur only when a court is exercising ‘general’ personal jurisdiction – that is, where the matter is being heard at the place of the defendant’s habitual residence or domicile. If, by contrast, the foreign-based defendant is sued in the courts of the claimant’s residence,³⁶ the claimant normally can obtain recovery only in respect of infringements that occurred in the forum under local law.³⁷ Claims for infringements under foreign law cannot be ‘tacked on’ in this situation. Since the defendant’s habitual residence may be an undesirable forum in which to sue, other alternative forums for consolidation need to be considered.

In this regard, the ALI Principles would allow a court of a state to exercise jurisdiction where a defendant has substantially acted or taken

³⁴ This distinction is recognised in both the ALI Principles, ss. 211(2), 212(4) and 213(2) and the CLIP Principles, 2:401(2).

³⁵ *Lucasfilm Ltd v. Ainsworth* [2008] EWHC 1878 (Ch) [274]–[275]; *Actavis Group HF v. Eli Lilly & Co* [2012] EWHC 3316; *Boosey & Hawkes Music Publishers v. Walt Disney*, 145 F 3d 481 (2nd Cir, 1998).

³⁶ An exception may arise in common law countries where the defendant was served with process while transiently in the forum: this may also give rise to ‘general’ jurisdiction (although a controversial ground); see *Burnham v. Superior Court of California*, 495 US 604 (1990).

³⁷ Sophie Neumann, ‘Ubiquitous and multistate cases’ in Paul Torremans (ed.), *Research Handbook on Cross Border Enforcement of Intellectual Property* (Northampton, MA: Edward Elgar, 2014), pp. 497, 508.

substantial preparatory acts to initiate or further an infringement there. The court's jurisdiction extends to all damage arising out of such conduct, regardless of the place of injury.³⁸ The CLIP Principles provide that the court of the state where an infringement occurs shall have jurisdiction over ubiquitous infringements in the following circumstances. First, the infringer must have directed its activity at the forum state. Second, the activity must have no substantial effect in the state where the infringer is habitually resident. Third, substantial activities must have been carried out in the forum state or the harm caused by the infringement in the forum state must be substantial in relation to the infringement in its entirety.³⁹ The ALI provision perhaps has the advantage of simplicity, but the overall intent of both proposals is clear.

A second problem is that even if consolidation of infringements under multiple national laws is possible, there remains the logistical burden of having to plead, prove and apply all the relevant laws. Not only do the parties have to lead evidence of foreign law, which is normally through expert witness statements, but courts are required to apply all such laws. The result can be a protracted and expensive proceeding (assuming all laws are pleaded).

The problem has also been addressed in the ALI and CLIP Principles where application of a single law – the law with the closest connection to the dispute – is suggested as a solution in ubiquitous infringement cases – that is, where breaches are ‘instantaneous and worldwide’.⁴⁰ The closest connection law will be determined by the court examining all the circumstances of the case, including the residence(s) of the parties⁴¹ or of the infringer alone,⁴² the place where substantial activities in furtherance of the infringement have been carried out or where substantial harm caused by the infringement has occurred⁴³ or the principal markets towards which the parties have directed their activities.⁴⁴ While some commentators have criticised the closest connection principle because of its breadth and uncertainty,⁴⁵ such an approach is common in other areas of PIL, such as the forum non conveniens doctrine and the applicable law rules for tort and contract, and is designed to balance multiple competing interests. Also, any uncertainty created is surely a worthy price to pay for

³⁸ ALI Principles, s. 204(1). ³⁹ CLIP Principles, art. 2:202, 203.

⁴⁰ Rita Matulionyte, *Law Applicable to Copyright: A Comparison of the ALI and CLIP Proposals* (Cheltenham, UK: Edward Elgar, 2011), p. 178.

⁴¹ ALI Principles, s. 321. ⁴² CLIP Principles, art. 3: 603. ⁴³ *Ibid.*

⁴⁴ ALI Principles, 321(1).

⁴⁵ Andrew Christie, ‘Private international law principles for ubiquitous intellectual property infringement – A solution in search of a problem?’ (2017) 13 *Journal of Private International Law* 152, 179.

avoiding the burden on the parties and the courts of having to plead and apply multiple laws in a ubiquitous infringement situation.

12.5.3 *Extraterritorial Injunctions*

Recently, a question has arisen concerning the capacity of PIL to regulate extraterritorial injunctive relief in IP cases involving the internet. In *Google Inc v. Equustek Solutions Inc*,⁴⁶ the Supreme Court of Canada issued an injunction requiring Google to de-index, on a worldwide basis, websites of a company that had been engaged in conduct in breach of the claimant's rights to confidential information under Canadian law. Similar extraterritorial relief was granted by the Supreme Court of New South Wales in *X v. Twitter*.⁴⁷ In response to the Canadian decree, a US judge then granted an order⁴⁸ that prevented enforcement of the Canadian injunction in the US to the extent that it prohibited Google from publishing search result information within the US.

While such extraterritorial injunctive relief carries the risk of retaliatory orders and conflicts of jurisdiction between national courts, more balanced approaches are possible. For example, issuing courts can exercise self-restraint in granting orders that may impact on persons in other countries, and courts in affected states can enforce such decrees, at least where their vital national interests are not threatened. Such suggestions are entirely consistent with a model of PIL that encourages the recognition of the interests of other states in decisions on jurisdiction and applicable law.

12.6 A Resurgence of State Interests and Territoriality?

12.6.1 *The Hague Draft Convention*

Very recently the US government, with the support of the Chinese delegation, has, in the current negotiations of the Draft Hague Convention on Recognition and Enforcement of Foreign Judgments (Draft Convention),⁴⁹ advocated an even wider operation for state interests and territoriality in IP matters. The Draft Convention currently contains

⁴⁶ [2017] 1 SCR 824. ⁴⁷ (2017) 95 NSWLR 301.

⁴⁸ *Google LLC v. Equustek Solutions Inc*, 2017 WL 5000834 (ND Cal, 2 November 2017).

⁴⁹ Special Commission on the Recognition and Enforcement of Foreign Judgments (24–29 May 2018), 2018 Draft Convention, retrieved from <https://assets.hcch.net/docs/23b6dac3-7900-49f3-9a94-aa0ffbe0d0dd.pdf> (cited as Draft Convention)

provisions (in square brackets) that would require a Contracting State to the Convention (the requested state) to recognise and enforce a judgment given by another Contracting State (the state of origin) where the judgment ruled on the infringement of a registered right such as a patent, trademark or design⁵⁰ or an unregistered right such as copyright⁵¹ where such rights were conferred under the law of the state of origin. The obligation to enforce is subject to the traditional PIL defences of public policy (including lack of procedural fairness),⁵² fraud,⁵³ *res judicata*⁵⁴ and insufficient notification of the defendant.⁵⁵

The US government, however, wants the deletion of these provisions from the Draft Convention, a result that would leave IP rights entirely excluded. Yet the approach taken in the Draft Convention is wholly consistent with the territoriality of IP rights as described earlier: here the requested state is merely being asked to enforce a judgment of the state of origin that ruled on IP rights existing under the law of the latter state. Since the rights arose under the law of the state of origin, its courts are obviously the most appropriate forum to entertain an action for infringement or validity. Denying a claimant the opportunity to have any judgment recognised and enforced elsewhere leaves this person without an effective remedy where the defendant has no assets in the state of origin. Indeed, such provisions are entirely consistent with current national⁵⁶ and supranational laws on foreign judgments, where there is no bar to recognition and enforcement in country A of a judgment of country B that rules only on infringement of IP rights granted under the law of country B.

The US government argues that since IP rights are not globally harmonised, for a requested state to have to enforce an IP judgment from a state with differing protection standards would undermine and distort rights in respect of the same subject matter in the requested state. An example of this situation is where a requested state was asked to enforce a judgment for infringement of rights under the law of the state of origin, but such conduct would not have amounted to an infringement under the law of the requested state. In such a case, it is argued, enforcement of

⁵⁰ *Ibid.*, art. 5(3)(a). ⁵¹ *Ibid.*, art. 5(3)(b). ⁵² *Ibid.*, art. 7(1)(c).

⁵³ *Ibid.*, art. 7(1)(b). ⁵⁴ *Ibid.*, art. 7(1)(e),(f). ⁵⁵ *Ibid.*, art. 7(1)(a).

⁵⁶ See, e.g., in Australia, where section 7(3)(b) of the Foreign Judgments Act 1991 (Cth) provides that a judgment may be registered in Australia where it is given in an action of which the subject matter was immovable property situated in the country of the court of origin. Section 7(4)(a), however, prevents registration where the judgment concerned immovable property situated outside such country.

the foreign rights would weaken the local regime for IP protection in the requested state.

The first and most obvious response to this view is that any system of PIL accepts that laws differ between countries and that a nation state will often be required to enforce a law or a judgment that has no equivalent in the requested state. The public policy defence is there for the extreme cases of offence to local values, but otherwise foreign rights should be enforced. If such a process of recognition did not exist, then a national court would only ever apply its own laws in litigation and any judgment given could only ever be enforced within the same state's territory. Foreign infringers could therefore happily operate beyond the reach of justice, claimants would be left without redress and international co-operation and enforcement of rights across borders would cease to exist.

A second response is that, as discussed, any judgment of the state of origin concerns IP rights arising only under the law of that state. Rights under the law of the requested state are separate and distinct from those in the state of origin, even when applied to similar subject matter. A judgment of the court in the state of origin says nothing about a rights holder in the requested state's capacity to use a mark or exploit the work in that territory.⁵⁷ It is possible that enforcement of such a judgment may have a commercial effect on the exercise of parallel rights in the same subject matter in the requested state, but this result can occur whenever an entity trades in multiple countries and is not confined to the IP context.

Also, it is acknowledged that activity by a person based in the requested state, such as use of a mark, particularly taking place online, may 'spill over' and have effects in the state of origin. This problem can, however, be dealt with by the adoption of limiting devices such as are proposed by the EU in the Draft Convention that narrowly defines 'infringement' in the state of origin to require 'targeting' of and deliberate intent by a user to act in that state.⁵⁸

12.6.2 *The WIPO Study*

Another recent rebuke to PIL has come in a report commissioned by the World Intellectual Property Organization (WIPO) on cross-border

⁵⁷ This is also the view of the chair of the Special Commission responsible for negotiating the Draft Convention: see D Goddard QC, 'The judgments convention: The current state of play', retrieved from <https://bit.ly/2kteF2P>, 14.

⁵⁸ Draft Convention, art. 5(3)(a), (b).

online copyright infringement (WIPO Report).⁵⁹ In the report, Andrew Christie asserts by reference to national data collected for the report that:

the plaintiff in most cross-border online IP infringement disputes appears not to require multistate claims and/or multistate enforcement of orders, apparently because in practice it can get most, if not all, of what it desires from a single action in a carefully chosen jurisdiction.⁶⁰

Christie then goes on to suggest that rather than reforming rules of PIL relating to IP, a better strategy would be to undertake training activities and further research and to develop harmonised national law standards on the issue of what constitutes IP infringement.⁶¹ The likely serious difficulties in achieving global harmonisation or establishing transnational IP 'norms' have already been mentioned. Furthermore, one commentator has recently said in response to the WIPO Report that the data sample used (particularly on US law) arguably underrepresents the position, since there are likely to be many cross-border disputes where parties failed to raise the PIL issues either through ignorance⁶² or because of 'barriers' in national law that made it impractical (or impossible) to sue foreign defendants or bring claims based on foreign IP law.⁶³ This observation certainly rings true in Australia, where the bar on enforcement of foreign statutory IP rights has meant that claimants have had little option to consider cross-border vindication in IP cases. In other words, their path has been blocked by outdated national law restrictions rather than because they exercised a 'free choice'⁶⁴ not to pursue cross-border relief. PIL is still much needed by IP.

12.7 Conclusion

With the rise in cross-border exploitation and infringement of IP, the interaction of PIL and IP has become a focus of scholarly and practical concern. At first glance the strong influence of international treaties, state interests and territoriality on IP would suggest an aversion to regulation by PIL. Yet the need of rights holders to secure effective redress for both local and foreign infringements has led to a breaking down of the insulation of IP. In many countries as well as in 'soft law'

⁵⁹ Andrew Christie, *Private International Law Issues in Online Intellectual Property Infringement Disputes with Cross-Border Elements: An Analysis of National Approaches* (Geneva: World Intellectual Property Organization, 2015).

⁶⁰ *Ibid.*, 29. ⁶¹ *Ibid.*, 29–30.

⁶² Marketa Trimble, 'Undetected conflict-of-laws problems in cross border online copyright infringement cases' (2016) 18 *North Carolina Journal of Law and Technology* 119, 125–6.

⁶³ *Ibid.*, 156–7. ⁶⁴ *Ibid.*, 157.

proposals there is now a clear trend towards liberalising rules of jurisdiction, applicable law and recognition of judgments to facilitate enforcement of IP rights across borders. While a return to strict principles of territoriality has been suggested in the recent WIPO Report and by the US government in the Hague Convention negotiations, this appeal seems to run counter to a world of increasingly interconnected courts and legal systems, whose aim is to provide justice to parties. IP and PIL are strangers in the night no longer.⁶⁵

⁶⁵ The Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters was finally concluded at a Diplomatic Session in July 2019. The Convention excludes intellectual property from its scope in article 2(1)(m).