



## HCCH Judgments Project

### National/Regional Group: The Netherlands

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### Questions

1) Relating to Article 2(1)(m) of the November 2017 Draft Convention:

*“This Convention shall not apply to the following matters - ... [(m) intellectual property rights [and analogous matters].”*

a) Should any intellectual property rights be included in the scope of the Convention? Please explain why or why not.

*Please answer Questions 1)b)-d) even if you have answered NO to Question 1)a) (you may e.g. have views on the definition anyway, for the event intellectual property rights would be included) (Note Dutch Group: we have done so, but the general position to question 1a) remains NO, so any affirmative answers should not be taken as detracting from this)*

### **NO**

*We are not against the principle of a simplified set of rules for the recognition and enforcement of intellectual property (IP) judgments as such. Increasing such can be beneficial for those parties seeking enforcement in cross-border cases. However, the Convention can have serious adverse consequences that in our view, at least with the current wording and coverage, outweigh the potential benefits.*

*Therefore, at least for the time being, intellectual property rights should be excluded from the scope of the Convention. In the future, the exclusion should be evaluated though in the light of (i) any future harmonization of IP and procedural laws (including rules on jurisdiction, which are not part of the current Draft Convention) and (ii) (in due course) based on the functioning of the Convention in other fields of law (e.g. if the Convention shows to be delivering good results in other fields of law which are comparable to IP laws with respect to territorial nature and complexity).*

*Furthermore, a less far-reaching alternative implementation of the above principle that can be considered, is achieving such on a bilateral basis based on a mutual understanding of, and trust in, the legal system of specific countries.*

*Negative consequences and issues of including intellectual property rights in the scope of the Convention may include the following:*

- the Convention would require recognition and enforcement of decisions that have been rendered by courts that may not be specialized in IP law, by courts applying foreign law or by courts in which respect otherwise valid concerns can arise; while the latter is to some extent dealt with by Article 7(1), this is not entirely the case and issues of proof may arise;*
- there is still far too much uncertainty on the wording of the Convention, should intellectual property be included in its scope; also, the wording does not show sufficient grasping of the concept and technicalities of intellectual property rights as our answers to the following questions show; thus, we do not know what we would be saying "yes" to and are concerned about the quality of the wording from an IP perspective;*
- in its present form, mostly because jurisdiction is not covered by the Convention as well as because of the uncertainty regarding the wording and the complex interaction of the various Articles (in particular 5-8, which in an indirect way to some extent seem to try to deal with jurisdiction), the Convention may not adequately take into account the complexity or territorial nature of intellectual property rights and could lead to increased litigation as well as forum shopping and legal uncertainty;*
- broad disparity between the amounts of damages (not only triple or punitive damages, but in particular the calculation of actual damages) typically awarded by e.g. US courts and those awarded in most European countries. Similar differences can apply between other countries. Further, judgments rendered by juries may be under criticism from countries that do not provide for jury trials and vice versa;*
- an obvious issue with the current text of the Draft Convention is furthermore that it only deals with monetary judgments, while in fact the primary objective of IP litigation is often to stop the infringement (an injunction) and to obtain information so that the infringement can also be stopped elsewhere in the chain. Damages (and costs) are often claimed as well and can be important, but are often not the main focus.*

- b) Should intellectual property rights be included in the scope of the Convention, what should be included within the concept of "intellectual property"? For example, should the concept of "intellectual property" be limited to the "traditional" intellectual property rights, e.g. patents, designs, trademarks,

copyright? Alternatively, should the concept of "intellectual property" also include related rights, such as rights relating to trade secrets, rights arising from licences, unfair competition, etc.? Please explain and specify why or why not certain types of "intellectual property" should be included or excluded.

*If intellectual property rights were to be included in the scope of the Convention, the concept of "intellectual property" should not only be limited to certain intellectual property rights, or to the "traditional" intellectual property rights only. We do not see convincing grounds for treating various intellectual property rights differently: artificial differences in the treatment of IP rights are to be avoided. Also, IP disputes may involve a combination of different intellectual property rights. The concept of intellectual property should thus be applied in the widest sense and include both registered and non-registered rights as well as trade secrets (in line with the TRIPs definition).*

*In the opinion of the Dutch group, disputes that are mainly contractually driven, such as license disputes, should be excluded from the definition of "intellectual property", because rights (and obligations) arising from licenses are not intellectual property rights as such.*

- c) Do you think the wording "... and analogous matters" is clear enough? Please explain why or why not.

**NO**

*It is not sufficiently clear what would be covered by "analogous matters", which makes it difficult to determine what matters would be excluded from the scope of the Convention.*

*In general, we appreciate the purpose of using a "catch-all" term in order to also exclude IP rights that are recognised as IP rights according to certain national laws, but not so under other national laws now and in the future. However, the wording "analogous matters" is in our opinion too vague and leaves too much space for a broad interpretation (resulting in legal uncertainty and an unintended exclusion or, as the case may be, inclusion of certain matters in the Convention). A concern is that the concept of intellectual property will not be interpreted autonomously, but rather by reference to national law. Consequently, differences of interpretations may occur between the Contracting States. Further discussion may arise as to what matters would be covered by the term, potentially resulting in extensive litigation and legal uncertainty.*

*For example and without further guidance, it is not immediately clear whether this wording relates to rights which are similar to the intellectual property rights that are universally recognised or whether it also extends to certain matters relating to rights in neighbouring legal areas (such as unfair competition) or contractual litigation (licenses, selective distribution, franchising).*

*The above reasoning also applies to the term "analogous right", as included in Article 5(3).*

- d) Please provide any proposals regarding the refinement of the wording of Article 2(1)(m) of the Draft Convention.

*If intellectual property were to be excluded from the Convention, we would recommend the following:*

- *to remove the wording "(...) and analogous matters (...)" in Article 2(1)(m); and*
- *to include a detailed but non-exhaustive list of all intellectual property rights to be excluded; a non-exhaustive detailed list would provide greater predictability and transparency to litigants as to the (non-) applicability of the Convention and would thus give guidance on the interpretation of the term "intellectual property";*
- *to thus replace the wording in Article 2(1)(m) with our following proposed wording:*

*"intellectual property, which includes all intellectual property rights, whether registered or not, including but not limited to trademark rights, patent rights, supplementary protection certificates, model and design rights, internet domain names, topographies of semiconductor products, plant breeders' rights, copyrights, neighbouring rights, portrait rights, moral rights, database rights, trade name rights and trade secrets, as well as any other rights similar to the aforementioned rights."*
- *the same could be achieved by replacing the wording in Article 2(1)(m) with "intellectual property rights" and defining this term in Article 3 along the above lines; this may actually be more practical in case intellectual property rights will fall within the scope of the Convention (because this term will then also be used elsewhere in the text);*
- *the wording should be clarified to make clear if matters relating to rights in neighbouring legal areas (such as unfair competition) or contractual litigation (licenses, selective distribution, franchising) are intended to be covered by the Convention or not.*

- 2) Relating to Article 5(3)(a) of the November 2017 Draft Convention:

*“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –*

- (a) *the judgment ruled on an infringement in the State of origin of an intellectual property right required to be granted or registered and it was*

*given by a court in the State in which the grant or registration of the right concerned has taken place or, under the terms of an international or regional instrument, is deemed to have taken place[, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State];”*

- a) Should a judgment that ruled on the infringement of an intellectual property right required to be granted or registered only be eligible for recognition and enforcement if given by a court of the contracting state in which the intellectual property right in question was granted or is registered? Please explain why or why not.

*As set out in the answer to question 1a, our primary position is that intellectual property rights should be **excluded** from the scope of the Convention.*

*Should the Convention also cover intellectual property matters, then we think that this question should be answered with **YES** to safeguard the quality of case law. This is also in accordance with the broadly accepted principle of *lex loci protectionis* (see e.g. Berne Convention).*

*Notably, a number of types of dispute do not seem covered by the current wording, e.g. (i) disputes regarding reasonable compensation (e.g. a patent applicant claims such for the period after application but prior to registration of an intellectual property right) and (ii) disputes regarding a compulsory license.*

*Another issue is whether the state of origin of a regional right is always clear, and if so, thinking this through, what the implication is if the infringement occurs in a country covered by the regional right that is not the state of origin.*

- b) Should there be an exclusion in the case where the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.

**NO**

*Since this seems to be a matter of substantive law, we deem it undesirable from a legal methodology perspective to include this in the Convention.*

- c) Should there be an exclusion in the case of purely inter partes judgments? Please explain why or why not.

**NO**

*We see no reason to exclude purely inter partes judgments.*

- 3) Relating to Article 5(3)(b) of the November 2017 Draft Convention:

*“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –*

...

*(b) the judgment ruled on an infringement in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed [, unless the defendant has not acted in that State to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State;”*

- a) Should a judgment that ruled on the infringement of a copyright or related rights, an unregistered trademark or unregistered industrial design, only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.

*Reference is made to the answer given under 2a). Our primary position is thus that intellectual property rights should be **excluded** from the scope of the Convention, but if included this question should be answered with **YES** for the reasons given above.*

*We furthermore note that the list of unregistered rights is limitative. Although we appreciate that this provides for more predictability, this excludes non-listed unregistered intellectual property rights which we believe should be included (e.g. moral rights, trade names etc.) (or at least aligned with the definition of intellectual property rights used). We also note that national laws may differ in what they consider registered rights and unregistered rights.*

- b) Should there be an exclusion in the case were the defendant has not acted in that State or their activity cannot reasonably be seen as having been targeted at that State? Please explain why or why not.

**NO**

*Reference is made to the answer to question 2b).*

- c) Should there be a requirement that the infringement in question is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.

**NO**

*We would be against a requirement of double actionability. If the court of the state of origin would establish that there is IP infringement (observing the above), this decision should in our opinion be eligible for recognition and enforcement abroad.*

- 4) Relating to Article 5(3)(c) of the November 2017 Draft Convention:

*“Paragraph 1 does not apply to a judgment that ruled on an intellectual property right or an analogous right. Such a judgment is eligible for recognition and enforcement if one of the following requirements is met –*

...

*(c) the judgment ruled on the validity[, subsistence or ownership] in the State of origin of a copyright or related right, an unregistered trademark or unregistered industrial design, and it was given by a court in the State for which protection was claimed.”*

- a) Should a judgment that ruled on the validity, subsistence or ownership of a copyright or related right, an unregistered trademark or unregistered industrial design only be eligible for recognition and enforcement if given by a court in the State for which protection is claimed? Please explain why or why not.

*Reference is made to the answer given under 2a). Our primary position is thus that intellectual property rights should be **excluded** from the scope of the Convention, but if included this question should be answered with **YES** for the reasons given above.*

- b) Should there be a requirement that the validity, subsistence or ownership referred to in Article 5(3)(c) is actionable in both the State in which the judgment was issued, and in the State in which the judgment is sought to be enforced? Please explain why or why not.

**NO**

*If the court of the state of origin would establish that there is e.g. validity (etc.), this decision should in our opinion be eligible for recognition and enforcement abroad.*

- 5) See Article 6(a) of the November 2017 Draft Convention; and also Article 8(3) of the November 2017 Draft Convention:

- a) Should a judgment that ruled on the validity of an intellectual property right only be eligible for recognition and enforcement if given by a court of a contracting State in which grant or registration has taken place? Please explain why or why not.

*Reference is made to the answer given under 2a). Our primary position is thus that intellectual property rights should be **excluded** from the scope of the Convention, but if included this question should be answered with **YES** for the reasons given above.*

*As also mentioned above, an issue to be addressed is whether the state of origin of a regional right is always clear, and if so, thinking this through, what*

*happens if the infringement occurs in a country covered by the regional right that is not the state of origin.*

- b) In your jurisdiction, does the word “validity” subsume “registration”? If not, are they related, and if so, how?

**NO**

*Under Dutch law, validity and registration do not have the same meaning. Registration may lead to a valid IP right, although this is not necessarily the case (a right that has been registered can later be declared invalid). At the same time, some IP rights may be valid without registration. Notably, unlike Article 5(3)(c), ownership is not mentioned in Article 6. Therefore, is it intended to exclude disputes on entitlement from the Convention?*

*Just by way of an example, the following disputes regarding registered intellectual property rights (leaving aside infringement for the moment) can take place (not meant exhaustively):*

- *a dispute regarding the validity of a registered intellectual property right (e.g. claiming that a trademark is not distinctive, or that a patent does not involve an inventive step);*
- *a dispute regarding ownership of a registered intellectual property right (a third party e.g. files a claim against a patentee claiming that the third party, and not the registered patentee, is entitled to the patent);*
- *proceedings to determine whether a person was correctly registered as the proprietor of a trademark (see also CJEU 5 October 2017, C-341/16).*

- c) Should there be an exception in the case of purely inter partes validity judgments? For example, if validity is subsidiary to infringement and a finding regarding validity is only effective as between the parties in the infringement case, or if the validity judgment only acquires in rem effect once it has been fully appealed and becomes final. Please explain why or why not.

**NO**

*We see no reason to make an exception for purely inter partes judgments.*

- 6) Should a decision from a body other than a court, such as a branch of government or an Intellectual Property Office, in relation to an intellectual property right required to be granted or registered have the same status under Articles 5(3), 6(a) and 8(3) of the Draft Convention as decisions of a court (particularly in view of the fact that it is not just courts that can revoke intellectual property rights, but e.g. also national and regional offices)? Please explain why or why not.

## YES

*The Dutch group does not see any convincing reason to make a distinction in the Convention between decisions of administrative bodies (such as IP offices) and courts. In certain countries administrative bodies may e.g. exclusively deal with (in)validity, while in other countries both courts and administrative bodies can have jurisdiction. The current wording is thus not sufficient.*

- 7) Relating to Article 8(3) of the November 2017 Draft Convention:

*“However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, or refused under the preceding paragraph, only where –*

*(a) that ruling is inconsistent with a judgment or a decision of a competent authority on that matter given in the State referred to in Article 6, paragraph (a); or*

*(b) proceedings concerning the validity of that right are pending in that State.*

*A refusal under sub-paragraph (b) does not prevent a subsequent application for recognition or enforcement of the judgment.”*

- a) Should the wording of Article 8(3) of the Draft Convention be adjusted, particularly in view of the fact that in intellectual property matters, it is not just courts that can e.g. revoke intellectual property rights (see also above)? Please explain why or why not.

## YES

*The wording should provide for recognition of decisions by competent authorities. The current wording of this Article does not sufficiently take into account if an appeal is still possible or pending. Also, what happens if a judgment is recognised and later on the patent is declared invalid by a competent authority (postponement of the recognition is then no longer possible - can it be withdrawn)?*

- b) Please provide any proposals regarding the refinement of the wording of Article 8(3) of the Draft Convention.

*Potential refinement of the wording can consist of the following:*

*“However, in the case of a ruling on the validity of a right referred to in Article 6, paragraph (a), recognition or enforcement of a judgment may be postponed, **withdrawn** or refused under the preceding paragraph, only where –*

*(a) that ruling is or has become inconsistent with a judgment or a decision of a competent authority on that matter that is not subject of an appeal and/or in respect of which the appeal term has passed given in the State referred to in Article 6, paragraph (a); or*

*(b) proceedings concerning the validity of that right are pending in that State.*

*A refusal under sub-paragraph (b) does not prevent a subsequent application for recognition or enforcement of the judgment."*

- 8) Should the application of a law other than the internal law of the State of origin of a judgment ruled on an infringement of an intellectual property right be a ground for refusal for recognition or enforcement? Please explain why or why not.

*(see Article 7(1)(g) of the November 2017 Draft Convention)*

**YES**

*Intellectual property rights are territorial rights by nature.*

- 9) See Article 11 of the November 2017 Draft Convention:
- a) Should the Convention only cover judgments ruling on an infringement to the extent that they rule on a monetary remedy in relation to harm suffered in the State of origin (in addition to the enforceability of a cost award, see Article 15 of the Draft Convention)? Please explain why or why not.

**NO**

*Should intellectual property rights be included in the scope of the Convention (which we are against as explained above), we believe that infringement judgments should be enforceable, irrespective of the scope of the infringement decision (so including ancillary measures like an order to provide information, to destroy infringing products, to publish a rectification etc.).*

- b) Do you agree with the reformulation of Article 11 (previously 12)? Please explain why or why not.

*(see also Article 12 of the February 2017 Draft Convention)*

**NO**

*Reference is made to the answer to question 9a) above. Should a limitation to monetary remedies however receive majority support, we do think that the reformulation is an improvement as it also allows partial recognition of judgments that include more than an order for monetary damages.*

- c) If you have answered NO to Question 9)b), how could the wording of Article 11 be refined? Please explain why or why not.

*We do not think that rewording is required.*

- 10) Should there be a rule, such as res judicata, to prevent the re-litigation of issues which have already been determined by the court of a State? Please explain why or why not.

**NO**

*The Dutch group is against an extensive res judicata rule in the context of the validity and infringement of intellectual property rights which we understand may exist in certain other countries.*

*In our opinion, the non-applicability of a res judicata rule would be consistent with the doctrine of lex loci protectionis which is the basis for the answers provided to question 2) et seq. In other words: the issues are not the same, as the infringement and invalidity to patent A in state A will concern issues particular to that patent - thus, e.g. invalidity of patent A does not mean that patent B in country B is also invalid (assuming for the sake of argument that both patents are parallel national patents).*

- a) If YES, should the rule only apply between the same parties, and in relation to issues that have been finally determined with no possible appeals remaining?

*N/A*

- b) If YES, should res judicata only apply in the case of in rem judgments, or also in the case of inter partes judgments? In particular, should a prior inter partes determination of validity prevent the later re-litigation of validity, e.g. if new prior art is found which is said to invalidate a patent?

*N/A*

- 11) To the extent not yet mentioned above (e.g in your reply to question 1) above) do you have concerns in relation to res judicata rules possibly being applicable (e.g. through national laws) should intellectual property be included within the scope of the Draft Convention? Please explain your concerns and potential ways to address those.

*The Dutch group does not foresee significant concerns relating to the doctrine of res judicata. As a civil law country, the Netherlands does not have an extensive res judicata rule. Therefore, a Dutch court would generally not easily rely on res judicata. This can be different in case of: (i) identical parties, (ii) identical rights (including in terms of geographical scope) and (iii) identical infringing actions. Combined with the general application of the lex loci protectionis under the Convention, this should however not raise concerns.*

*Having said that, it could be problematic if, in the example described above under our reply to question 10), a court in country B would be of the view that under its national procedural laws, recognition of an invalidity decision from a court from country A regarding patent A, would mean that it would have to declare patent B invalid as well.*

- 12) Do you have any other comments (including wording suggestions) in relation to the intellectual property related aspects of the Draft Convention?

**NO**

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