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PRIVATE INTERNATIONAL LAW AND INTELLECTUAL PROPERTY RIGHTS  
A COMMON LAW OVERVIEW

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## I. INTRODUCTION

1. Private international law is a body of domestic law which deals with cases involving one or more foreign elements.<sup>1</sup> In the Internet era, there is a not inconsiderable degree of bathos about such a characterisation: where, for example, a single copyright work can be rendered available everywhere to anyone with an Internet connection, the “foreign elements” in any dispute concerning the exploitation of the work are likely to be numerous.

2. Legal practitioners now are required, far more often than in the past, to contend with an expanding range of private international law issues. Most notably, private international law doctrines provide a key part of the legal background against which much advice to clients seeking to have any kind of Internet presence must be framed.

3. Legal practitioners are increasingly being asked to engage with issues such as:

- (a) When—if at all—will a court exercise subject matter jurisdiction over foreign intellectual property laws?
- (b) In an era of unprecedented opportunities for cross-border commercial dealings in intellectual property rights, which laws should govern:
  - (i) ownership of intellectual property rights;
  - (ii) the validity of transactions involving intellectual property rights;
  - (iii) the character of those rights; and
  - (iv) the infringement of those rights?
- (c) What kind of Internet-based activity will be regarded as impacting sufficiently on the forum to warrant exercise of personal jurisdiction?

4. Writing in 1990, a leading commentator called for the “construction of a much needed private international law of intellectual property”<sup>2</sup> In the common law tradition, much superb work towards that end has already been undertaken by numerous distinguished commentators.<sup>3</sup> Answers are slowly emerging. However, there is still insufficient certainty to be able to provide clients firm advice on many of the issues that now impact significantly on their day-to-day business activities. Many clients would be forgiven for thinking that it should all be easier than it seems.

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<sup>1</sup> EDWARD I SYKES & MICHAEL C PRYLES, AUSTRALIAN PRIVATE INTERNATIONAL LAW 1 (3<sup>rd</sup> ed. 1991).

<sup>2</sup> PB Carter (1990) 6 BYIL 400, 402.

<sup>3</sup> Book length studies include: JAMES J FAWCETT & PAUL TORREMANS, INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW (1998); C WADLOW, ENFORCEMENT OF INTELLECTUAL PROPERTY IN EUROPEAN AND INTERNATIONAL LAW (1998).

5. Before undertaking an overview of common law private international law doctrine as it touches on intellectual property issues, it may be helpful to consider some of the causes for the current state of uncertainty. Partly responsible is the incremental character of the common law. The common law can achieve little that is akin to the dramatic rationalisations facilitated by major codification exercises or ratification of major international conventions.<sup>4</sup>

6. Another cause for uncertainty might also be the nature of the discipline of private international law itself. Private international law is intensely practical,<sup>5</sup> in that its object is to ensure, so far as possible, that disputes involving foreign elements are determined by the court best placed to do so in the interests of justice and of the parties, and that selection of the forum should not affect the substantive outcome of the dispute. In addition, private international law seeks to ensure that the appropriate law is applied to the dispute—or, as is often the case, that the appropriate law is applied to each issue raised in the dispute. In most respects, particularly in commercial contexts, its aims are consistent with those of purely domestic litigation—prompt and efficient resolution of disputes, and consistency and predictability of outcomes.<sup>6</sup>

7. At the same time, however, private international law distils intensely difficult theoretical problems, such as the authority of domestic courts to apply the laws of foreign jurisdiction and the role and scope of the principle of the comity of nations.<sup>7</sup> The importance of these issues is sometimes directly reflected in substantive rules, such as the common law

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<sup>4</sup> Consider eg the common law development of the *lex fori* rule. The orthodox view was that, for a wrong committed abroad to be justiciable in an English Court, it needed to have been of “such a character that it would have been actionable if committed in England;” in addition, the wrongful act must not have been “justifiable according to the law of the place where it was done”: *Phillips v Eyre* (1870) L.R. 6 Q.B. 1, 28-29. In *Boys v Chaplin* [1971] AC 356, the House of Lords recognised there could be an exception to this rule whereby a particular issue between the parties may be governed by the law that has the most significant relationship with the occurrence and the parties, leading in that case to displacement of the *lex loci*. In *Red Sea Insurance Co v Bouygues SA* [1995] AC 190, the Privy Council recognised that displacement of the *lex fori* might also be warranted, if, for instance, the *lex loci* had a more significant relationship than the *lex fori* to the case as a whole or to a particular issue. See further, DICEY & MORRIS ON THE CONFLICT OF LAWS 1512-13 (13<sup>th</sup> ed., Lawrence Collins (ed), 2000) (hereinafter “DICEY & MORRIS”). The English Court of Appeal has recently adopted the approach of the Privy Council in a cross-border copyright infringement case, *Pearce v Ove Arup Partnership Ltd* [1999] 1 All ER 769. In other jurisdictions, the *lex fori* rule appears gradually to be waning. See *Tolofson v Jensen* [1994] 3 SCR 1022 (Supreme Court of Canada—*lex loci* ordinarily applies); *John Pfeiffer Pty Limited v Rogerson* [2000] HCA 36 (21 June 2000) (*lex loci* generally applicable in the inter-State context, the Court observing that rules that crystallised to serve the dynamics of British colonial rule are ill-suited to modern Australian conditions). In the United Kingdom itself, the *lex fori* rule has been abolished by statute: Private International Law (Miscellaneous Provisions) Act 1995 (UK).

<sup>5</sup> Indeed, practical exigencies—arising out of increased opportunities for international trade and the British colonisation agenda—account for its accelerated (and relatively late) development in the 19<sup>th</sup> century in England. DICEY & MORRIS 7-8.

<sup>6</sup> DAVID GODDARD, CONFLICT OF LAWS: JURISDICTION AND FOREIGN JUDGMENTS 4 (1999).

<sup>7</sup> The recent dispute over the order by a French Court against a California-based ISP, requiring it to block access to a site featuring anti-Semitic material is illustrative. The ISP subsequently filed in the United States District Court in San Jose California, seeking to render the order of Judge Jean-Jacques Gomez unenforceable, arguing that the order secured in France violates the 1<sup>st</sup> Amendment to the United States Constitution and the Communications Decency Act’s immunisation of ISPs from liability for third party content. See <http://www.thestandard.com/article/display/0,1151.20320,00.html?partner=law>.

prohibition against the justiciability of torts involving foreign land<sup>8</sup> and the application of foreign revenue and penal statutes.<sup>9</sup> To be sure, practical considerations also account for such rules: common law courts seldom, if ever, wish to be involved in the recognition of rights that cannot be enforced. However, such concerns are in large part informed by deeply held values about the appropriate relationships between sovereign nations.

8. In the intellectual property context, these values find expression in the principle of “territoriality.”<sup>10</sup> National trade marks, for instance, are “*territorially limited and granted independently of each other in accordance with the principles stated in Article 6 of the Paris Convention.*”<sup>11</sup> Justice Ginsburg has recently reminded us in a concurring opinion in a United States Supreme Court decision that “[c]opyright protection is territorial. The rights granted by the United States Copyright Act extend no farther than the nation’s borders.”<sup>12</sup> In the patent context, the following comment from Mr. Justice Aldous, as he then was, in *Plastus Kreativ A.B. v Minnesota Mining and Manufacturing Co.* captures the essence of these concerns:

“Although patent actions appear on their face to be disputes between two parties, in reality they also concern the public. A finding of infringement is a finding that a monopoly granted by the state is to be enforced. The result is invariably that the public have to pay higher prices than if the monopoly did not exist. If that be the proper result, then that result should, I believe, come about from a decision of a court situated in the state where the public have to pay the higher prices.”<sup>13</sup>

9. In a recent United States decision from within the Ninth Circuit, a dissenting judgment made similar points about the nature of copyright law. Objecting to the majority’s dismissal of the case on *forum non conveniens* grounds, Judge Fergusson opined:

“A copyright may not be as important as the Congressional Medal of Honor, but the district court and the majority have completely disregarded the fact that a copyright is a valued benefit granted by the United States Government for the primary purpose of benefiting the general public good; therefore, a copyright infringement claim must not be treated as a mere private cause of action like a tort or breach of contract. ... [T]he district court failed to consider the enormous impact on the general public good resulting from its decision to leave to a Singapore court unsettled issues relating to the intellectual freedom to

<sup>8</sup> *British South Africa Co v Companhia de Moçambique* [1893] AC 602; *Hesperides Hotel Ltd v Muftizade* [1979] AC 508.

<sup>9</sup> *Huntington v Attrill* [1893] AC 150 (PC); *Re Vissar* [1928] Ch 877.

<sup>10</sup> See further Graeme W Austin, *Social Policy Choices And Choice Of Law For Copyright In Cyberspace*, \_\_ Oregon Law Rev. \_\_ (2001) (forthcoming).

<sup>11</sup> *Automotive Network Exchange Trade Mark* (1998) RPC 885, 887 (UK). For discussion in the context of European Community Trade Marks, see Gordon Humphreys, *Territoriality in Community Trade Mark Matters: The British Problem* [2000] EIPR 405. It is noteworthy that the Madrid Agreement Concerning the International Registration of Marks (1891), the subsequent Protocol of 1989 and the Paris Convention on Industrial Property of 1886 do not determine issues of jurisdiction. See further, Richard Garnett, *The Internet and Trademark Rights: Some Problems of Jurisdiction* 39 Intellectual Property Forum 18 (1999).

<sup>12</sup> *Quality King Distributors, Inc v L’Anza Research International, Inc* 523 US 135 (1998).  
<sup>13</sup> [1995] RPC 438, 447.

*create American copyrights to computer software in a rapidly expanding market.”*<sup>14</sup>

10. In the Anglo-American tradition, the conceptual underpinnings of intellectual property rights have much to do with the public interest. While it is important not to overstate the point, intellectual property regimes are regarded as primarily utilitarian in their aims and policies. Accordingly, it is not surprising that the policies of *private* international law should generate some friction when they are required to interface with rights and principles that have a decidedly *public* character.

## II. JURISDICTION AND ENFORCEMENT

11. Jurisdiction has two aspects. First, will a court exercise jurisdiction over the particular defendant? This issue is referred to as “personal jurisdiction.” Secondly, if a court is called on to apply “foreign” intellectual property laws, will it be prepared to do so? This issue is referred to as “subject matter jurisdiction.” As we shall see, the issue of jurisdiction is also pertinent to the enforcement of judgments rendered in foreign fora.

### A. Personal Jurisdiction

12. Beyond the purview of international treaties such as the Brussels<sup>15</sup> and Lugano<sup>16</sup> Conventions, in the Anglo common law tradition, personal jurisdiction follows service. A court may exercise personal jurisdiction if the defendant has been validly served with the documents necessary to initiate the proceedings. In general, the forum has personal jurisdiction over corporations or entities that are “present” in the jurisdiction. These may be served as of right, according to domestic law principles. Presence can be established by showing that the defendant has a reasonably permanent place of business in the forum.<sup>17</sup> The domestic court may hear all claims against a defendant that is present in the forum—even if some or even all of the causes of action do not involve acts done in the forum.

13. For defendants that are not “present” in the forum, special rules of the domestic forum determine whether service on the defendant is permitted. Jurisdiction may be exercised, for instance, where a claim is founded on a tort and the damage was sustained in<sup>18</sup> or resulted from an act committed in the home forum.<sup>19</sup>

<sup>14</sup> *Creative Technology, Ltd v Aztech System Pte, Ltd*, 61 F.3d 696 (9<sup>th</sup> Cir 1995).

<sup>15</sup> Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters 1972 OJEC (L299) 32 (hereinafter “Brussels Convention”).

<sup>16</sup> Lugano Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters 1988 OJEC (L319) 9 (hereinafter “Lugano Convention”).

<sup>17</sup> Some jurisdictions require overseas companies doing business in the forum to register under the local corporations law. See, e.g., Companies Act 1993, ss 334 and 2(1) (NZ).

<sup>18</sup> Some difficult questions may arise with respect to whether passive availability of a material on a website comprises a tort committed in the forum. In the United States America, it is reasonably clear that making a work available to the public is regarded as a breach of the copyright owner’s bundle of rights in the territory in which the relevant public is situated. See eg, *Playboy Enterprises Inc. v Webworld, Inc.* 991 F.Supp. 453 (N.D. Tex. 1997). For a similar analysis in the trade marks context, see *Playboy Enterprises inc. v. Chuckleberry Pub’g, Inc.* 939 F.Supp. 1032 (SDNY 1996) (operator of an Italian website effected a distribution of copies

14. In the United States of America, constitutional due process requirements inform courts' approaches to the exercise of personal jurisdiction.<sup>20</sup> To justify the exercise of jurisdiction over an out-of-state defendant, there must exist a sufficient nexus between the defendant and the forum.<sup>21</sup> Where a defendant is resident in the forum or is doing business in a "systemic and continuous" fashion in the forum, a court will have "general" jurisdiction over all claims against the defendant, even though some of the defendant's action may have been done outside of the forum. Absent presence or sufficient business activity, plaintiffs must rely on the forum's "specific jurisdiction" over forum state-related acts. Even here, the plaintiff must establish that the defendant had certain "minimum contacts" with the forum, such that maintenance of the suit does not offend "traditional notions of fair play and substantial justice."<sup>22</sup>

15. The rise of Internet-based commerce has required a number of United States Courts to engage with the issue of the degree of Internet "presence" that provides a sufficient basis for the forum to exercise jurisdiction over the website operator.<sup>23</sup> It now seems that a "passively accessible" website is insufficient to sustain general jurisdiction.<sup>24</sup> A more sustained

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in the United States of America in violation of Playboy Enterprises' United States trade marks). In the trade mark context, an issue may arise as to whether mere "use" of a trade mark on a website is "use in a trade mark sense." However, the notion of trade mark use appears to be expanding: see, eg, *Coca Cola Co v All-Fect Distributing Co* [1999] FCA 1721. In addition, expansive notions of passing off may also assist in showing that a tort has been committed within the jurisdiction. See Part III, *infra*.

<sup>19</sup> See e.g., ord. 11, r.1(1)(f) Rules of the Supreme Court (United Kingdom). In this aspect, ord. 11 parallels Art 5.3 of the Brussels Convention, as interpreted by the European Court of Justice in *Shevill and Others v Presse Alliance S.A.* Case 68/93 [1995] ECR 415. In New Zealand, service may be effected as of right "where any act or omission for or in respect of which damages are claimed was done or occurred in New Zealand": High Court Rules R 219(a). Where a case does not fit within the rules permitting service on a foreign defendant as of right, application must be made to the Court to serve the defendant, and the plaintiff must satisfy the Court that the New Zealand Court is the forum in which the case can most suitably be tried for the interests of all the parties and for the ends of justice. Within the scope of the Brussels Convention, application may be made to the Courts of a Contracting State for such provisional measures as may be available under the laws of that State: Art. 24. This rule applies notwithstanding the fact that a different forum may have jurisdiction over the substance of the claim.

<sup>20</sup> Federal Courts seized of cross-border dispute borrow the "long arm" statutes of the particular states in which they are situated. A similar approach has been adopted in Australia, where all jurisdictions have "long arm" statutes, allowing for exorbitant jurisdiction. The bases for the exercise of exorbitant jurisdiction in Australian law include: claims founded on a tort committed within the forum (or, under the rules of the Federal Court, "in the Commonwealth"), and claims in respect of damages suffered wholly or partly in the jurisdiction and caused by a tortious act or omission wherever occurring. Breach of statutory intellectual property rights are classified as "torts" for the purposes of the relevant rules: *Spotless Group v Proplast* (1987) 10 IPR 668, 670.

<sup>21</sup> *International Shoe Co. v Washington*, 326 US 310 (1945).

<sup>22</sup> *International Shoe Co. v Washington*, 326 US 310 (1945).

<sup>23</sup> Professor Ginsburg discusses recent cases in detail in *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted Through Digital Networks – 2000 Update*, 2-4.

<sup>24</sup> Cf *Bensusan Restaurant Corp. v King* 937 F.Supp. 295 (SDNY 1996), *aff'd on other grounds*, 126 F.3d 25 (2d Cir 1997).

connection with the forum, such as an ability for forum residents to order goods or services from the website, appears to be required.<sup>25</sup>

16. In addition to these threshold matters, a court may *deny* jurisdiction on the grounds that forum chosen by the plaintiff chosen forum is “*forum non conveniens*.”<sup>26</sup> In broad terms, a Court may deny jurisdiction if it concludes that another forum will be the most convenient and will best serve the interests of justice.<sup>27</sup>

17. A range of other factors may be taken into account by a court in its *forum non conveniens* analysis. These include: the strength of the plaintiff’s case; the relative cost and convenience of proceedings in each of the available fora; the location and availability of evidence; the state of any related proceedings in other jurisdictions;<sup>28</sup> whether all issues may be disposed of in one proceeding; whether the law to be applied is the *lex fori*; whether any judgment can be enforced; whether the defendant genuinely would prefer the proceedings to be heard in another forum or whether the defendant’s objections are merely “tactical.”

18. In the Anglo common law tradition, there was until recently a rigid prohibition against the exercise of subject matter jurisdiction over all claims involving infringement of “foreign” intellectual property rights. At one level, this can be understood as reflecting a general reluctance to apply foreign laws (the necessity for which may inform a court’s *forum non conveniens* analysis).<sup>29</sup> However, as we shall see below, intellectual property disputes have been considered to distil particular difficulties of their own, over and above more general concerns surrounding the application of foreign laws. As a result of the jurisdictional prohibition, the application of the *forum non conveniens* doctrine has received only scant analysis in the intellectual property context.<sup>30</sup>

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<sup>25</sup> See eg, *Westcode v RBE Electronics* 2000 US Dist LEXIS 815 (E.D. Pa. Feb 1, 2000) (personal jurisdiction not available where defendants operated a promotional website and goods could not be ordered by forum residents). See also, *Zippo Manufacturing Co v Sippo Dot Com Inc.* 952 F.Supp 1119 (WD Pa 1997).

<sup>26</sup> See generally, J FAWCETT (ed.), *DECLINING JURISDICTION IN PRIVATE INTERNATIONAL LAW: REPORTS TO THE XVITH CONGRESS OF THE INTERNATIONAL ACADEMY OF COMPARATIVE LAW: ATHENS, AUGUST 1994*, (1995).

<sup>27</sup> *Gulf Oil Corp. v. Gilbert*, 330 US 501 (1947) (US); *Spiliada Maritime Corp. v Cansulex Ltd* [1987] AC 460 (UK); *Wendell v Club Mediterranee NZ* [1989] 1 NZLR 216 (NZ).

<sup>28</sup> In the *lis alibi pendens* context, compare Brussels Convention, art. 21: “*When proceedings involving the same cause of action and between the same parties are brought in Courts of different Contracting States, any Court other than the Court first seised shall of its own motion decline jurisdiction in favour of that Court.*” Professor John Adams has adverted to the difficulties caused by this article where, to avoid a likely infringement action, parties file an application for a declaration of non-infringement in a jurisdiction known for slow procedures. See John Adams, “Industrial Property in a Globalised Environment” in RICKETT & AUSTIN (eds.) *INTERNATIONAL INTELLECTUAL PROPERTY AND THE COMMON LAW WORLD* 259 (2000).

<sup>29</sup> *The Eleftheria (Owners)* [1970] P 94; *Primesite Outdoor Advertising Ltd v City Clock (Australia) Ltd* (1991) 4 PRNZ 472.

<sup>30</sup> GW Austin, *The Infringement of Foreign Intellectual Property Rights* (1997) 113 LQR 321, 323. Leading scholars have suggested that, even if the rigid jurisdictional prohibition had not been in place, domestic Courts would have been reluctant to apply foreign intellectual property laws and would have been likely to dismiss cases on *forum non conveniens* grounds. See eg the



19. United States Courts have greater experience in the application of the *forum non conveniens* doctrine to intellectual property disputes, at least in the copyright context. In the United States of America, judicial reluctance to engage with foreign copyright laws did not crystallise into a rigid rule.<sup>31</sup> Whereas some reluctance to engage with foreign copyright laws has been manifest,<sup>32</sup> there appears to be a growing willingness on the part of United States Courts to hear claims involving allegations of infringement of foreign copyright laws.<sup>33</sup> While there have been the occasional notorious dismissals on *forum non conveniens* grounds,<sup>34</sup> United States courts appear now to be quite *unsympathetic* to the argument that foreign copyright laws are too exotic to ascertain and apply.<sup>35</sup>

#### B. Subject Matter Jurisdiction—Special Rules for Intellectual Property Disputes?

20. In addition to the question of whether a domestic court has jurisdiction over a particular *defendant*, common law courts have traditionally been concerned with whether infringement of foreign intellectual property rights is a proper *subject matter* to be heard within a domestic forum.

21. Concerns arising from perceptions as to the connection between intellectual property rights and the exercise of the sovereign powers of the foreign state have caused some courts to adopt a particularly restrictive approach to the issue of subject matter jurisdiction—over and above concerns that might typically inform a *forum non conveniens* analysis. Common law courts are well used to applying foreign contract or tort laws.<sup>36</sup> However, unlike contractual obligations (which arise primarily from parties' own decisions) and tortious claims (which arise from fortuitous circumstances rather than from anything resembling an act of state),

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analysis of Professor Cornish in *Intellectual Property Infringement and Private International Law, the Common Law Approach*, GRUR Int. 1996.

<sup>31</sup> See, eg, *London Film Productions Ltd v Intercontinental Communications Inc* 580 F.Supp 47 (SDNY 1984). See further the analysis by Professor Dinwoodie in *Affirmation of Territorial Limits of United States Copyright Protection: Two Recent Decisions* [1992] EIPR 136.

<sup>32</sup> See *ISTV Prod. Inc v California Authority of Racing Fairs* 785 F. Supp 854, 866 (ED Cal 1992), *reversed on other grounds* 3 F3d 1289 (9<sup>th</sup> Cir 1993).

<sup>33</sup> *Carrell v Shubert Org* 104 F.Supp. 2d 236 (SDNY 2000); *Worldfilm v RAI*, 50 USPQ2d 1187 (SDNY 1999); *Armstrong v Virgin Records*, 91 F. Supp. 2d 628 (SDNY 2000). Jurisdiction of *federal* Courts in these cases is based on supplemental and/or diversity jurisdiction. No comparable analysis exists with respect to other forms of intellectual property rights, whose validity depend on registration. Such rights are regarded as “immovable” and claims with respect to them founder on the local action rule. However, see John R Thomas, *Litigation Beyond the Technological Frontier: Comparative Approaches to Multinational Patent Enforcement*, 27 Law & Pol’y Int’l Bus 277 (1996) for cogent criticism of the jurisdictional prohibition in the patents context.

<sup>34</sup> *Creative Technology, Ltd. v Aztech System Pte., Ltd.*, 61 F.3d 696 (9<sup>th</sup> Cir. 1995). Compare *Murray v British Broadcasting Corp.*, 906 F. Supp 858 (SDNY 1995) *aff’d* 81 F.3d 287 (2d Cir. 1996) (case dismissed on the basis that it had only the most attenuated connection with the United States).

<sup>35</sup> See, eg: *Worldfilm v RAI*, 50 USPQ2d 1187 (SDNY 1999); *Armstrong v Virgin Records*, 91 F.Supp. 2d 628 (SDNY 2000).

<sup>36</sup> See generally, DICEY & MORRIS, Part Seven “Law of Obligations”.

intellectual property rights exist at the sufferance of the domestic sovereign.<sup>37</sup> With respect to patents and trade marks, whose existence depends on bureaucratic action, this characterisation is fairly clear. Individual copyrights do not depend on state action to come into existence.<sup>38</sup> However, individual domestic copyright statutes still define the circumstances in which copyrights come into existence and the nature and content of authors' rights.

22. Concerns for international comity led to the common law rule that a domestic court does not have subject matter jurisdiction over disputes involving foreign land.<sup>39</sup> In an early decision from the High Court of Australia, *Potter v BHP*,<sup>40</sup> the Court recognised an “analogy” between foreign land and foreign intellectual property rights and held that a similar jurisdictional prohibition existed. The rule was later extended to copyright infringement actions.<sup>41</sup>

23. The jurisdictional prohibition was reinforced by the “*lex fori*” (or “double actionability”) rule applying to foreign torts claims. While the *lex fori* rule is strictly a choice of law, rather than a jurisdictional rule,<sup>42</sup> it is convenient to discuss it here, as its application in foreign intellectual property cases supported the courts' refusal to entertain such claims. The *lex fori* rule requires a plaintiff to establish that the alleged wrong was actionable according to the *lex fori* and not defensible according to the law of the place where the alleged wrong occurred. Cases involving allegations of infringement of foreign intellectual property rights foundered on the first limb. Because, for instance, infringement of United States copyright law was not an infringement of the *English Copyright Act*, in an English Court, the requirement that the wrong be actionable according to the *lex fori* could never be satisfied.<sup>43</sup>

24. Recently, the English Court of Appeal has retreated from the rigid jurisdictional prohibition, at least in copyright cases. In *Pearce v Ove Arup*<sup>44</sup> the Court held that there was

<sup>37</sup> See generally, RICKETSON, COPYRIGHT, DESIGNS & CONFIDENTIAL INFORMATION, Supplement No 1 75 (2000).

<sup>38</sup> Berne Convention for the Protection of Literary and Artistic Works, Art. 5(2).

<sup>39</sup> *British South Africa Co v Companhia de Mozambique* [1893] AC 602; *Hesperides Hotel Ltd v Muftizade* [1979] AC 508. In some common law jurisdictions, the “Mozambique rule” has been abolished by statute. See Civil Jurisdiction and Judgments Act 1982, s 30(1) (UK) and Jurisdiction of Courts (Foreign Land) Act 1989, s 3 (NSW). The United Kingdom statute resulted from the United Kingdom's accession to the Brussels Convention. For a detailed analysis of the provenance of the rule, see, Stephen Lee, *Title to Foreign Real Property in Transnational Money Claims*, 32 Colum J Transnational L 607 (1995).

<sup>40</sup> [1905] VLR 612; (1906) 3 CLR 479. See also *Norbert Steinhardt & Sons Ltd v Meth* (1961) 105 CLR 440.

<sup>41</sup> *Tyburn Productions v Conan Doyle* (1990) 19 IPR 455; *Def Lepp Music v Stuart-Brown* [1986] RPC 273 (*obiter*) (UK); *Atkinson Footwear Ltd v Hodgskin International Services Limited* (1994) 31 IPR 186 (NZ).

<sup>42</sup> *Pearce v Ove Arup Partnership Ltd* [1999] 1 All ER 769.

<sup>43</sup> *Pearce v Ove Arup Partnership Ltd* [1999] 1 All ER 769; *Potter v BHP* [1905] VLR 612; (1906) 3 CLR 479.

<sup>44</sup> *Peace v Ove Arup Partnership Ltd* [1999] 1 All ER 769. A Judge of the Australian High Court has questioned whether this case should be regarded of general application in the common law, or whether the case needs to be “understood against the background of...The nascent federalism which is developing from the structure of the European Union”. Hon. Justice Gummow, “Introduction” in RICKETT & AUSTIN (eds.) INTERNATIONAL INTELLECTUAL PROPERTY AND THE COMMON LAW WORLD 5 (2000). However, another Australian commentator has suggested that “the decision of the Court of Appeal in *Pearce v Ove Arup* with

no *per se* objection to the application of Dutch Copyright Laws by an English Court. In addition, the Court adopted the more flexible approach to the *lex fori* rule that had been recognised by the Privy Council some four years earlier,<sup>45</sup> and took the view that a foreign copyright claim could be actionable in an English Court as the claim was not “conceptually unknown in English law” and was one for which an English Court would have given a remedy had the facts alleged arisen in England.<sup>46</sup>

25. Informing United States Courts’ more flexible approach to cases involving foreign copyrights is a conviction that infringement of copyright, unlike patents and trade marks, is a “transitory,” rather than a “local,” action.<sup>47</sup> Like their Anglo counterparts, United States Courts continue to take a more restrictive view toward the exercise of subject matter jurisdiction in cases involving allegations of infringement of foreign registered rights, such as patents<sup>48</sup> and trade marks.<sup>49</sup> In addition to its status as a common law principle,<sup>50</sup> this rule is also mandated by the Brussels Convention, where applicable: where the validity of the rights sued upon is put in issue (almost invariably in patent infringement actions, and frequently in trade mark infringement actions) only the Courts of the place where the rights are registered may exercise jurisdiction.<sup>51</sup>

### C. Enforcement of judgments

26. Frequently of concern in cross-border cases is the issue of the enforceability of any judgment rendered. In the United States of America, enforcement of judgments is a matter of state law. Many States have enacted the Uniform Foreign Country Money-Judgments Recognition Act of 1962.<sup>52</sup> The statute provides for the enforcement of “*any judgment of a foreign state granting or denying recovery of a sum of money.*”<sup>53</sup> The judgment may be

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its clear preference for the *lex loci delicti* would provide useful guidance to an Australian court faced with the same issue.” RICKETSON, COPYRIGHT, DESIGNS & CONFIDENTIAL INFORMATION, Supplement No 1, 89 (2000).

<sup>45</sup> *Red Sea Insurance Co v Bouygues SA* [1995] AC 190.

<sup>46</sup> The facts in *Pearce* arose prior to the operative date of the Private International Law (Miscellaneous) Provisions Act 1995 (UK), which abolished the *lex fori* rule.

<sup>47</sup> See eg, M Nimmer, 3 NIMMER ON COPYRIGHT s 17.03 (1995).

<sup>48</sup> *Packard Instruments Co. v Beckman Instruments Inc* 346 F.Supp. 408 (ND Ill, 1972). But compare *Ortman v Stanray Corp.*, 163 USPQ 331 (ND Ill, 1969).

<sup>49</sup> *Vanity Fair Mills v T Eaton Co.*, 234 F.2d 633 (2d Cir., 1956).

<sup>50</sup> Cf *Peace v Ove Arup Partnership Ltd* [1999] 1 All ER 769 (upholding the analysis in cases such as *Coin Controls Ltd v Suzo International UK* [1997] FSR 660, and *Fort Dodge Animal Health Ltd v Akzo Nobel NV* [1998] FSR 222).

<sup>51</sup> See Arts. 16(4) and 19 of the Brussels Convention. On the different interpretations of these articles provided by English and some Continental courts, see further John Adams, “Industrial Property in a Globalised Environment” in RICKETT & AUSTIN (eds.) INTERNATIONAL INTELLECTUAL PROPERTY AND THE COMMON LAW WORLD 261 (2000). The distinction between copyright and registered rights is also reflected in the October 1999 Draft of the Hague Convention on Jurisdiction and Foreign Judgements in Civil and Commercial Matters. See draft art. 12.

<sup>52</sup> See eg, California Code of Civil Procedures, ss 1713-1713.8.

<sup>53</sup> The statute excludes judgments for taxes, a fine or other penalty or a judgment for support in matrimonial or family matters. See eg California Code of Civil Procedures, sec 1713.1.

enforced if final and conclusive.<sup>54</sup> Where the uniform act does not apply, enforcement of judgments is governed by the common law.<sup>55</sup> Similar principles apply in other common law jurisdictions.<sup>56</sup>

27. An important limitation on the enforceability of foreign judgments is that a judgment will not be enforced if the foreign Court lacked personal jurisdiction over the defendant. This matter is to be determined by the *forum's* own principles. The critical factor is usually whether the defendant was *resident* in the forum.<sup>57</sup> Alone, assumption of jurisdiction in accordance with rules of the country rendering the judgment will not suffice.<sup>58</sup>

28. In addition, the circumstances in which judgments may be enforced at common law are different from the circumstances in which a domestic court will *itself* exercise jurisdiction. As we have seen, specific jurisdiction may be exercised over the defendant following forum related activities—even though the defendant was not present in the forum. The difference is probably partly explained by History. Enforcement of judgments is a much older procedure than that permitting jurisdiction over non-resident defendants. In addition, the existence of the *forum non conveniens* principle may provide further justification for the difference in approach. Whereas in theory jurisdiction over a non-resident defendant may be quite expansive, judicious application of the *forum non conveniens* doctrine may prevent its abuse where practical considerations indicate that the exercise of personal jurisdiction would be inappropriate.<sup>59</sup>

29. A foreign judgment may be impeached on a number of grounds, the most notable being for breach of natural justice.<sup>60</sup> A judgment is *not* impeachable, however, on the ground that the Foreign Court misapplied either the *lex fori* or some other body of law.

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<sup>54</sup> It is immaterial that the judgment is appealable. See eg California Code of Civil Procedures, sec 1713.1.

<sup>55</sup> Following principles laid down by the Supreme Court in *Hilton v Guyot* 159 US 113 (1895).

<sup>56</sup> The Brussels Convention does not apply where the judgment to be enforced was not from a Convention party: eg, a judgment of a United States Court. In the United Kingdom, the procedure adopted depends on whether the source country of the judgment is within an applicable statute providing for “registration” of judgments from particular countries. See eg, Administration of Justice Act 1920 (United Kingdom); Foreign Judgments (Reciprocal Enforcement) Act 1933. Where no such system is available, enforcement is a matter of common law. For example, enforcement of United States judgments in the United Kingdom falls into the latter category. DICEY & MORRIS para 14-016. In the United Kingdom, special rules established in the Civil Jurisdictions and Judgments Act 1982 make provision for the recognition and enforcement of judgments emanating from Scotland and Northern Ireland and States which are parties to the Brussels and Lugano Conventions. The 1982 Act extends to non-monetary judgments, such as injunctions.

<sup>57</sup> It is possible that mere presence will suffice: *Adams v Cape Industries plc* [1990] Ch 433. A range of other connecting factors may also apply. Circumstances in which a judgment will be enforced at common law may include the following: (1) the judgment debtor was the plaintiff or counterclaimed in the proceedings; (2) the judgment debtor submitted to the jurisdiction of the foreign court by voluntarily appearing in the proceedings; (3) the judgment debtor had agreed to the jurisdiction of the forum with respect to the particular issue.

<sup>58</sup> *Sirdar Gurdyal Singh v Rajhah of Faridkote* [1894] AC 670.

<sup>59</sup> Canadian courts have adopted a more expansive approach, ruling that a real and substantial connection with the forum rendering the judgment is a sufficient basis for its recognition and enforcement. *Morguard Investments Ltd v De Savoye* [1990] SCR 1077.

<sup>60</sup> *Adams v Cape Industries plc* [1990] Ch 433.

### III. CHOICE OF LAW

#### A. Infringement

30. The dominant choice of law approach in intellectual property infringement actions flows from the territoriality of intellectual property rights.<sup>61</sup> The issue really only arises in copyright infringement actions. As noted already, the opportunities for domestic courts to engage with choice of law principles with respect to infringement of foreign *registered* rights, such as patents and trade marks, are quite remote. In Anglo common law systems, Courts adopt the view that an international copyright is a mosaic of territorially confined copyrights—an English copyright, a French copyright, an Australian copyright, and so on.

31. For the most part, United States Courts have also embraced the territoriality principle:<sup>62</sup> different national copyright laws apply to different acts, depending on where they occur.<sup>63</sup> Some strands of United States judicial authority recognise exceptions to the territoriality principle, however. For instance, where a single “root copy” has been made within the United States and this copy facilitated the making of unauthorised copies abroad, United States Courts may award damages that extend to damage sustained as a result of the foreign infringements.<sup>64</sup> Some leading scholars, most notably Professor Ginsburg, have argued that there is a need to build upon such exceptions, particularly in cases of infringements facilitated by Internet transmissions.<sup>65</sup>

32. Extraterritorial approaches have clear parallels in other branches of private international law doctrine. At common law, Courts determine the “proper law” of a contract.<sup>66</sup> As we have seen, the traditional common law rule for choice of law in tort was “double actionability.” In

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<sup>61</sup> “In principle the law of copyright is strictly territorial in its application”: *Abkco Music & Records, Inc. v Music Collection International Ltd.* [1995] RPC 657, 660 (per Hoffmann LJ).

<sup>62</sup> *Quality King Distributors, Inc. v L’Anza Research International, Inc.*, (1997) 523 US 135 (concurrence of Justice Ginsburg). The territorial approach may apply both to infringement *and* to other issues, such as qualification for copyright protection. See eg, *Hasbro-Bradley v Sparkle Toys*, 780 F.2d 189 (2d Cir. 1985); *Bridgeman Art, inc. v Corel, Inc.* 25 F.Supp.2d 191 (SDNY 1999).

<sup>63</sup> See eg *Psihoyos v Liberation, Inc* US Dist Lexis 5777 (SDNY 1997); *Boosey & Hawkes v Disney*, 145 F.3d 481 (2d Cir. 1998).

<sup>64</sup> *Update Art v Modiin Publishing Ltd*, 843 F.2d 67, 82 (2d Cir. 1988).

<sup>65</sup> See eg Jane C Ginsburg, *Extraterritoriality and Multiterritoriality in Copyright Infringement*, (1997) 37 Va J Int’l L 587; Jane C Ginsburg, *The Cyberian Captivity of Copyright: Territoriality and Authors’ Rights in a Networked World* (1999) 15 Santa Clara Computer & High Tech LJ 347.

<sup>66</sup> See eg *Mount Albert Borough Council v Australasian Assurance Society Ltd* [1938] AC 224, 240 (analysis focussing on “the intention of the parties... ascertained in each case on a consideration of the terms of the contract, the situation of the parties, and generally on all the surrounding facts.”) See further DICEY & MORRIS para 32-007. As to theories supporting scission of a contract depending on the place of performance, see DICEY & MORRIS, 32-048. For an example of acceptance by an English Court that different parts of a contract could be determined by different laws, see *Hamlyn v Talisker Distillery* [1894] AC 202, 207. Absent any agreement between parties to a contract as to the applicable law, the Rome Convention dictates that the law of a contract is the law of the country with which the contract is most closely connected. See DICEY & MORRIS, para 32-106 *et seq.*

the United States of America, different approaches to choice of law in tort have been adopted from time to time, and debates on these issues continue. However, the general aim of choice of law analysis in tort is to establish a single law that governs the plaintiff's claims.<sup>67</sup>

33. Much has been written about the viability of adopting "single governing law" approaches in the intellectual property context, particularly for cross-border copyright disputes.<sup>68</sup> Some of the suggestions have been specific to the Internet context. For cross-border copyright infringement, suggestions for governing law have included: the law of the place of the upload of the work, the law of the author's residence, or the law of the country of the initiation of the infringement.

34. Such approaches may well bring efficiency gains for litigants, Courts, and Contracting Parties. The need to engage with *one* law, rather than a potential *multiplicity* of foreign copyright laws, may simplify many cross-border intellectual property issues.<sup>69</sup> In addition, particularly in the copyright context, public international law developments may support such initiatives. Territorial approaches may need to give way in the light of the shift in international copyright relations "from a bundle of national copyright laws to a supranational code."<sup>70</sup> Indeed, so long as individual Nations remain content to have key aspects of their

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<sup>67</sup> At common law, the *lex fori* rule effectively rendered the applicable law an amalgam of the *lex fori* (establishing liability) and the *lex loci* (applicability of defences). In the United Kingdom, the new statutory regime imposes a general rule "that the applicable law is the law of the country in which the events constituting the tort or delict in question occur" (Private International Law (Miscellaneous Provisions) Act 1995, s 11(1)). The general rule may be displaced as follows: "If it appears, in all circumstances, from a comparison of – (a) the significance of the factors which connect a tort or delict with the country whose law would be the applicable law under the general rule; and (b) the significance of any factors connecting the tort or delict with another country, that it is substantially more appropriate for the applicable law for determining the issues arising in the case, or any of those issues, to be the law of the other country, the general rule is displaced and the applicable law for determining those issues or that issue (as the case may be) is the law of that other country" (Private International Law (Miscellaneous Provisions) Act 1995, s 11(1)).

<sup>68</sup> See eg Jane C Ginsburg, *The Private International Law of Copyright in an Era of Technological Change*, 1998 RECUEIL DES COURS DE L'ACADEMIE INTERNATIONALE DE LA HAYE (1999); Jane C. Ginsburg, *Copyright without Borders? Choice of Forum and Choice of Law for Copyright Infringement* (1997) 15 Cardozo Arts & Ent LJ; Jane C Ginsburg, *Global Use/Territorial Rights: Private International Law Questions on the Global Information Infrastructure*, 42 J Copyright Soc'y USA 318; Paul E Geller, *The Universal Electronic Archive: Issues in International Copyright* (1994) 25 IIC 54; Andreas Reindl, *Choosing Law in Cyberspace: Copyright Conflicts on Global Networks* (1998) 19 Mich J Int'l L 799; Francois Dessemontet, *Internet, le droit d'auteur et le droit international privé*, SJZ 92 (1996).

<sup>69</sup> But note the concerns expressed in Proposal for a European Parliament and Council Directive on the Harmonisation of Certain Aspects of Copyright and Related Rights in the Information Society, COM(97)628 final, and Explanatory Memorandum to the Proposal for a Directive, chap. 2, No. 8 (Dec. 10, 1997), regarding risks associated with rigid choice of law approaches that would apply the law of the place of upload as the governing law. Hence the suggestion that a "cascade" approach be adopted where the otherwise applicable law provides inadequate protection.

<sup>70</sup> Jane C Ginsburg, *International Copyright: From a "Bundle" of National Copyright Laws to a Supranational Code?* 47 J of the Copyright Society of the USA 265 (2000). Note the question mark: Professor Ginsburg's article presents a particularly detailed and nuanced evaluation of the opportunities for national copyright laws to take precedence over certain issues. Professor

domestic information policy shaped by public international copyright law norms, the relevance of strictly territorial approaches to choice of copyright laws must inevitably wane.<sup>71</sup>

35. For other forms of intellectual property, however, there may be too much friction caused by perceptions of the public policy importance of the property rights at stake for extraterritorial approaches to choice of law to be entertained. We have already referred to the observations of Justice Aldous, as he then was, on the possibility of exercising subject matter jurisdiction over infringement of foreign patent rights, a view that is underscored in the Brussels and Lugano Conventions and the draft Hague Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters.

## B. Ownership and Commercial Dealings

36. For private international law purposes, the common law tradition borrows the “immovable”/“movable” categorisation. Land is paradigmatically “immovable”, as are certain interests in land that, within domestic law frameworks would be categorised as personal property.<sup>72</sup> Although it may seem artificial, intangible property, such as intellectual property rights, are categorised in the same way. The *situs* of the property in question determines whether something is immovable or movable and, according to the editors of Dicey and Morris, choses in action generally are situated in the country where they are properly recoverable or can be enforced.<sup>73</sup> Accordingly, because “the essence of an intellectual property right is the owner’s right to take action to prevent others from engaging in certain types of activity in a given territory,” it follows from this analysis that a patent, a trade mark, or a copyright “is situated in the country whose law governs its existence.”<sup>74</sup> There “can be no doubt,” the editors of Dicey and Morris conclude “that an Australian patent is situated in Australia.”<sup>75</sup> Similarly, the editors conclude that the assignability of an

[Footnote continued from previous page]

Ginsburg develops these themes further in *Toward Supranational Copyright Law? The WTO Panel Decision and the “Three Step Test” for Copyright Exceptions. RIDA Jan 2001 (forthcoming)*, which examines the recent panel decision of the World Trade Organization(WTO) concerning 17 USC s 110(5).

<sup>71</sup> Although, as many commentators have observed, public international law documents touching on intellectual property are notoriously *unhelpful* on choice of law issues. The Berne Convention itself contains few express choice of law principles. Article 5(2) provides in material part that “the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed.” No clear consensus has emerged determining whether the country “where protection is claimed” means, for example, the country of the *forum* or the country for which protection is demanded against infringing acts done there. Article 14*bis* of the Berne Convention includes special rules for choice of law with respect to ownership of and contracts involving films. The TRIPs Agreement contributes significantly to the upward harmonisation agenda by incorporating intellectual property rights within the WTO framework but, at the same time, appears to accommodate differences between domestic intellectual property systems: recital (c) records the need for “new rules and disciplines concerning... the provision of effective and appropriate means for the enforcement of trade-related intellectual property rights, *taking into account differences in national legal systems*” (emphasis added).

<sup>72</sup> *Pepin v Bruyere* [1900] 2 Ch 504.

<sup>73</sup> DICEY & MORRIS, para 22R-023.

<sup>74</sup> DICEY & MORRIS, para. 22-051.

<sup>75</sup> DICEY & MORRIS, para 22-051.

intellectual property right “must inevitably be governed by the law under which the intellectual property right was itself created.”

37. This approach appears to be consistent with a territorial approach both to initial copyright ownership and transfers of ownership. The result might be, for example, that a purportedly global transfer of copyright might not be effective for particular countries if, according to the laws of those countries, the transfer was inconsistent with a procedural requirement. This approach, the inevitable corollary of territoriality, links the law governing ownership and transfers of rights to the law governing infringement and enforcement.<sup>76</sup>

38. United States Courts have recently needed to engage with the issue of determining the governing law for initial copyright ownership. At issue in *Itar-Tass Russian News Agency v Russian Kurier, Inc.*,<sup>77</sup> a recent decision of the Second Circuit was whether Russian or United States Copyright Law determined the ownership of copyright as between newspaper reporters and newspaper publishers. The underlying *infringement* involved occurred in the United States of America and it was assumed that United States law governed the latter aspect of the case.<sup>78</sup>

39. The Second Circuit adopted the approach of *the Restatement (Second) of the Conflict of Laws*, holding that interests of parties in property are determined by the law of the state with “*the most significant relationship*” to the property and the parties. As the works in question were created by Russian nationals and first published in the Russian Federation, the Court regarded Russian law to be the appropriate source of law to determine issues of ownership.

40. This approach—*viz.* a *single* law governing ownership of copyright—will be welcomed by those especially concerned to see private international law principles facilitate frictionless international trade in intellectual property rights. Divided ownership of intellectual property rights may increase transaction costs significantly. Of course, such a situation already exists for many works: exclusive rights in a copyright work are frequently divided on a territory-by-territory basis. However, the difference is that a territorial approach to choice of law for copyright ownership, possibly leading to different owners for different territories, would arise by operation of law, rather than prior commercial exchange.

41. *Itar-Tass* was a fairly clear case. Almost all of the relevant factors supported the conclusion that Russian law governed the issue. In an era of increased opportunities for international collaboration in the creation of copyright works, and increased cross-border flows of capital to facilitate investment in their creation, determining the place “with the most significant relationship with the property and the parties” may prove quite difficult in some cases. Where the facts render the test less easy to apply (and, moreover, might be applied differently by courts in different jurisdictions), the efficiency gains of single governing law approaches of the kind adopted by the Second Circuit may be less obvious.

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<sup>76</sup> Michel Walter, *Contractual Freedom in the Field of Copyright and Conflict of Laws*, (1976) 87 RIDA 45.

<sup>77</sup> 153 F.3d 82 (2d Cir 1998).

<sup>78</sup> The Court recognised that US law applied because the United States of America was the place of the tort, but also because “the defendant is a United States corporation”. This reflects the “supervisory” role adopted by some United States Courts when determining choice of law issues in cases involving parties domiciled in the United States. See eg *American Rice, Inc v Arkansas Rice Growers Co-operative Ass’n*, 701 F.2d 508 (5<sup>th</sup> Cir. 1983).



42. The tension between the Second Circuit's approach in *Itar-Tass* and a more strictly territorial view can perhaps be illustrated more clearly by mentioning some of the kinds of issues that were *not* at stake in the United States litigation. For instance, what if it could be demonstrated that rules designating an employee (or even an employer) as the first owner of a particular intellectual property right reflected a deliberate policy of a particular country? What if the substantive law of a particular country includes unique features or characteristics—such as a right to reclaim a right that was initially assigned? What if the transfer overrides a law of “imperative application” in one of the countries for which the transfer purports to be effective<sup>79</sup>—and if this country is not the forum, will the forum necessarily regard it as such?<sup>80</sup>

43. Because common law private international law principles on ownership and transfer of intellectual property remains in a fairly underdeveloped state, we are left with many more questions than answers. However, it seems likely that some of the issues that are distilled in this context in future cases will reflect a tension between the rights of individual parties and the public policy character of many aspects of intellectual property rights.

### C. Common Law and Equitable Causes of Action

44. As all intellectual property lawyers know, statutory intellectual property rights provide only part of the legal armoury available to protect clients' interests. Common law and equitable causes of action are frequently invoked to supplement, or as alternatives to, statutory rights. Two, passing off and breach of confidence, will be briefly discussed here.

45. With respect to passing off, the jurisdictional prohibition precluding the exercise of jurisdiction over foreign torts did not apply. Instead, the *lex fori* rule determined actionability.<sup>81</sup> In the United Kingdom, the passage of the 1995 Private International Law (Miscellaneous Provisions) Act means that the governing law is the *lex loci* (unless displaced by a more appropriate “proper law of the tort”<sup>82</sup>). In other jurisdictions, where the double actionability rule remains intact, the *lex fori* approach will presumably prevail.<sup>83</sup>

46. An important exception to traditional notions of jurisdiction and choice of law has long been recognised in Anglo common law. In *John Walker & Sons Ltd v Ost*,<sup>84</sup> an English Judge recognised that an English Court had jurisdiction over acts done in United Kingdom

<sup>79</sup> See eg *Huston v Law Cinq* Judgment of May 28 1991, Cass Civ 1re, 1991 JCP.II.21731.

<sup>80</sup> In addition, it might be prudent to consider the interrelationship between approaches that arguably further particular *intellectual property* policies and policies of other branches of the legal system, such as domestic property laws.

<sup>81</sup> C WADLOW, *THE LAW OF PASSING OFF* (2d ed.) 1<sup>st</sup> supplement 25 (1997).

<sup>82</sup> Private International Law (Miscellaneous Provisions) Act 1995, s 12.

<sup>83</sup> Albeit as ameliorated by *Red Sea Insurance Co v Bouygues SA* [1995] AC 190 and *Pearce v Ove Arup Partnership Ltd* [1999] 1 All ER 769. While goodwill is, according to traditional conceptions, territorially confined (*Star Industrial Co Ltd v Yap kwee Kor* [1976] FSR (PC)), the existence of goodwill in foreign territories based on reputation (rather than business presence) is becoming increasingly easy to establish. See eg *Fletcher Challenge Ltd v Fletcher Challenge Pty Ltd* [1981] 1 NSWLR 196. Accordingly, within a territorial paradigm, the tort of passing off protects goodwill existing in a particular territory and the law of the particular territory should govern.

<sup>84</sup> [1970] 2 All ER 106.

comprising supply of “instruments of fraud” which facilitated passing off abroad.<sup>85</sup> Some clear parallels with the United States “root copy” approach to copyright infringement in foreign territories will be apparent.<sup>86</sup> In addition, this strand of common law theory has recently been resurrected in “cybersquatting” disputes. Recognising that “*the Court will not stand by and allow what can graphically be called “an instrument of fraud” to remain in the hands of a trader*”<sup>87</sup> courts have demanded that “cybersquatters” relinquish domain names to which they were not entitled.

47. In common law jurisdictions in which no statutory protection for data exists, the cause of action described by the label “breach of confidence” is frequently relied on to prevent misappropriation of trade secrets. Misappropriation of confidential information remains a hybrid cause of action, partaking of elements of property, tort and equity.<sup>88</sup> It is the latter characterisation that is of concern here. Howsoever the wrong of “breach of confidence” is characterised, it is clear that the equitable duty of good faith plays a significant role.

48. There exists little definitive authority delineating private international law approach to equitable wrongs.<sup>89</sup> In the broad context of claims sounding in equity, some of the analysis favours application of the law governing the *relationship* between the parties whose abuse by the defendant gave rise to the claim.<sup>90</sup> In the analogous context of claims for unjust enrichment, the editors of Dicey & Morris favour application of the proper law of the contract, where the obligation to restore an unjust enrichment arose out of a contractual relationship.<sup>91</sup>

49. Further work is needed with respect to applicable private international law principles for equitable harms and common law claims. In the present context, these areas of concern and emerging doctrine provide useful reminders of possible alternatives to the territorial approaches that dominate in the private international law of copyright, trade marks and patents.

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<sup>85</sup> For a particularly stark first instance application of the principle, see *Modus Vivendi (Ronson) v Keen* (Lightman J, July 5, 1995), concerning allegations of passing off arising from the manufacture of goods in England for supply in China. Lightman J stated: “... *since the “instruments of deception”... were put into circulation in this jurisdiction, under English law the tort of passing-off has been committed in England, though the damage, in respect of which compensation is sought in this action, has been suffered outside the jurisdiction, i.e. in China. Accordingly, not only is United Kingdom the proper forum for the trial, but English law is the proper law to apply in deciding whether [the defendant’s] conduct constitutes a tort giving rise to a claim in damages.*” See also, *Merklermedia Corp v DC Congress GmbH* [1998] Ch 40.

<sup>86</sup> See *supra*.

<sup>87</sup> *British Telecommunications v One in A Million Ltd* [1998] 4 All ER 475, 486 (UK).

<sup>88</sup> See eg, ROBERT DEAN, *THE LAW OF TRADE SECRETS* 34 (1990).

<sup>89</sup> See Laurette Barnard, *Choice of Law in Equitable Wrongs: A Comparative Analysis* [1992] CLJ 476.

<sup>90</sup> See, eg, *Attorney-General (UK) v Heinmann Publishers Australia Pty Ltd* (1988) 165 CLR 30 (Aust.); *Arab Monetary Fund v Hashim* [1996] 1 Lloyd’s Rep. 589.

<sup>91</sup> DICEY & MORRIS, para 34R-001.

## IV. REMEDIES

50. For the intellectual property litigation, as in many other areas of the law, the remedies and procedural assistance offered by the forum are particularly important. At common law, all matters of procedure are governed by the law of the forum.<sup>92</sup> Remedies are generally regarded as procedural matters. It follows that particular remedies may not be available in the forum, despite being permitted by the *lex causae*. In addition, however, a remedy available under the *forum*'s law may be refused if it is radically different from remedies available under the *lex causae*.<sup>93</sup>

51. Because of the limited opportunities for the exercise of *any* kind of subject matter jurisdiction over foreign intellectual property rights, there is scant authority on issue of the approach to remedies in cross-border cases.<sup>94</sup> However, there would appear to be at least some scope for tension between the forum's approach to damages, for example, and that of the applicable foreign laws.<sup>95</sup>

52. When forging private international law rules for transnational intellectual property disputes, careful consideration is needed as to whether departure from the common law rule that the *lex fori* governs relief is warranted.<sup>96</sup> Within the territoriality paradigm, damages are most often sought to compensate for the defendant's usurpation of particular markets. The marketing opportunities lost are those created by the intellectual property protections afforded by the laws of the foreign states. The close link between the existence of the rights and the means of their protection might support the view that remedies and rights should be governed by the same body of law.

53. Finally, mention should be made the issue of interim relief. Many intellectual property infringement actions do not reach a full trial. Interim relief—such as preliminary injunctions—is usually sufficient to shut down an infringing operation.<sup>97</sup>

54. In the Internet era, the willingness of courts to provide interim relief which may have international effects will increasingly be an important issue. Some courts may be reticent to offer even preliminary relief which may have the result of cutting across international borders.

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<sup>92</sup> DICEY & MORRIS, 7R-001.

<sup>93</sup> *Phrantzes v Argenti* [1960] 2 QB 19.

<sup>94</sup> Where domestic law is applied, in effect, *extra-territorially*, the issue can be avoided. Explaining the “root copy” approach the Second Circuit in *Sheldon v Metro-Goldwyn Pictures Corp* 106 F.2d 45, 52 (2d Cir 1939), *affid*, 309 US 390 (1940) said of profits realised in a foreign jurisdiction from an unauthorised copies made in the United States of America: “[A]s soon as any of the profits so realized took the form of property whose *situs* was the United States of America, our law seized upon them and impressed them with a constructive trust...”.

<sup>95</sup> A tension might arise where, for instance, the forum's law requires proof of damage as a precondition to monetary relief, whereas one or more of the applicable *foreign* laws makes statutory damages available. See eg 17 USC 504(c).

<sup>96</sup> In the United Kingdom, the Contracts (Applicable Law) Act 1990 may provide a useful analogy. A number of important matters that ordinarily would be regarded as a matter for the *lex fori* are now to be governed by the *lex causae* in compliance with the Rome Convention on the Law Applicable to Contractual Obligations 1980. These include assessment of damages, some matters of evidence and burden of proof.

<sup>97</sup> See eg *Oggi Advertising Ltd v McKenzie* [1999] 1 NZLR 631; *New Zealand Post Limited v Leng* High Court, Auckland Williams J 17/12/98 CP 573/98.

In a recent Australian decision, for example, a New South Wales Judge dismissed an *ex parte* application for an interim injunction to restrain dissemination *via* the Internet of allegedly defamatory material.<sup>98</sup> In a recent cybersquatting case, a New Zealand Judge was apparently less inhibited by the international dimensions of the relief sought, ordering the defendant to delete the words “NZ Post” or any similar name, from any Internet service or site any domain name over which he had control.<sup>99</sup> This was in a passing off action. However, there was no evidence before the Court that plaintiff had goodwill in the name “NZ Post” in any of the jurisdictions outside of New Zealand where the website was accessible.

55. Many of these issues might be resolved by establishing clear rules on burden of proof. In an era of increasing standardisation of international intellectual property norms, a key issue will be to determine which party should bear the burden of establishing that, in one or other of the jurisdictions in which the courts’ order will have effect, there exist material differences in the relevant law or the parties’ rights. Issues such as burden of proof warrant particular emphasis in the present context: proprietors of intellectual property rights want effective international protection of these rights. Sound substantive principles are critical to this. However, on a practical day-to-day level, efficient procedural mechanisms are also essential.

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<sup>98</sup> *Macquarie Bank Ltd v Berg* [1999] NSWSC 526 (June 2 1999).

<sup>99</sup> *New Zealand Post Limited v Leng* High Court, Auckland Williams J 17/12/98 CP 573/98.