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S Michelle K. Lee  
Under Secretary of Commerce for Intellectual Property  
and Director of the United States Patent and Trademark Office  
600 Dulany St,

Alexandria, VA 22314

Re: Submission of Comments to USPTO questionnaire of November 18 on Draft Hague Convention

Dear Ms. Lee,

On behalf of the International Trademark Association (INTA), I would like to submit the attached responses to the questionnaire published in the Federal Register on November 18 concerning the Draft Hague Convention on the Recognition and Enforcement of Foreign Judgments (Draft Convention). INTA appreciates the opportunity to submit these comments and thereby join the discussion about the issues raised by the inclusion of IP in the Draft Convention. While the subject matter is complicated, including all stakeholders in interactive discussions will enable legislators to adopt the best possible measures to ensure that the goals of this piece of legislation are achieved.

We look forward to the USPTO's responses and position following the evaluation of all submissions.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Etienne Sanz de Acedo". The signature is stylized and cursive.

Etienne Sanz de Acedo  
CEO

**INTA Answers\* to Questions by the USPTO on Draft Hague Convention  
as published in the Federal Register on November 18, 2016**

1. .-.

**2. What are the benefits, if any, of increasing the recognition and enforcement of U.S. judgments involving IP matters in foreign courts through joining a multilateral treaty?** Increasing the enforceability of US (or other) judgments in foreign jurisdictions will allow judgments to “travel” and therefore successful plaintiffs to enforce their rights in jurisdictions where the defendant may have a place of business and/or assets, or where infringing activity may be ongoing. In a marketplace which is more and more global and does not stop at country borders, it is an advantage for IPR owners to be able to ensure that judgments protecting their rights don’t either.

**4. What are the risks, if any, of increasing the recognition and enforcement of foreign judgments involving IP matters by U.S. courts through joining a multilateral treaty?** Since the Hague Convention determines that, once a judgment is deemed eligible for recognition and enforcement, no further review of the merits of the case and ruling by the court of the “requested State” are permitted, there probably is a perceived insecurity about the recognition of orders based on unreviewed, unverified legal findings. If a judgment originates from a jurisdiction with a legal system that differs from the US system or is based on principles that do not comply with US policy or principles, the question may arise whether the content of the judgment meet US standards. In addition, enforcing IP judgments across borders seemingly contradicts the principle of territoriality of at least some IP rights, such as trademarks.

**5. Are uniform rules for international enforcement of IP judgments desirable?** INTA supports any measure that will increase and improve the protection of IPR in the face of rapidly expanding abuses and infringements in the physical and especially the digital, borderless marketplace. As a consequence, the ability for IPR owners to enforce eligible judgments across borders is generally desirable to achieve this goal.

**6. What impact, if any, would the territorial nature of IPR have on enforcing rights across borders?** Generally, the territorial nature of IPR signifies that the validity of such rights is restricted to a certain territory determined by the system governing the registration or recognition of these rights. The Draft Convention takes the territoriality of IPR into account in Articles 5.1.k and 6, 8 by requiring that a judgment on the validity of IPR be issued by the State of Registration/Recognition in order for it to be eligible for enforcement under the Convention. It thereby acknowledges that the validity of an IPR should only be decided on and determined by the courts in the state of registration of such right. Furthermore, a judgment on infringements of IPR may also be enforced only where such IPR has effect or is recognized, which does restrict the extent to which IPR can be enforced in foreign jurisdictions.

**7. What impact, if any, would differences in procedural practices across borders have on enforcing IPR across borders?** While the enforcement of a judgment that is based on a procedural system incongruent with the US principles of law and policy may cause some concern, it is necessary to bear in mind that in accordance with the territoriality principle of most IPR, the eligible judgment will be issued by and be in force in the state in which the respective IPR was registered or recognized, and therefore will have followed the procedural rules and be based on the legal principles of the jurisdiction of such right. By nature, with the exception of the reasons for refusal set out in Article 7, the requested court therefore cannot dispute or contest the decision based on differing local procedural practice.

**8. What impact, if any, would differences in substantive law have on enforcing IPR across borders?**

Similar to the answer to question 7, differences in substantive law should not impact the enforceability of judgments that were issued in accordance with the requirements in the Convention. Significant violations of principles of “ordre public” or other fundamental discrepancies are addressed by way of providing exceptions to the obligation to recognize and enforce a judgment as in Article 7. Note also that the recognition and enforcement of foreign judgments based on foreign legal systems without a review on the merits is standard practice under US law (*2005 Recognition Act*).

9. .-.

**10. Please identify problems that could occur from recognizing or enforcing judgments rendered on IP matters in other Contracting States that have policies or laws that are inconsistent with US IP laws and policies.** See above 8 – the mere fact that a judgment is based on laws which may be inconsistent with US law and policy should not prevent its recognition as long as none of the exceptions caused by infractions of basic principles of fair procedure and public order apply.

**11. Please identify any challenges with respect to enforcement in foreign courts of US judgments, or in US courts of foreign judgments, involving IP matters.** The challenge will certainly be to ensure that the court executing the recognition and enforcement order is aware of the nuances and exceptions when dealing with a judgment in IP matters, for example regarding the enforceability or lack thereof of judgments touching on the validity of IPR.

**12. How often are US nationals also foreign IP owners who would then be able to use this Convention to have judgments they obtained in foreign courts enforced by US courts? Would that be useful for US nationals?** Global brand expansion has translated into significant numbers of foreign TM registrations and foreign based business operations by US brand owners. At the same time, global distribution of goods and services means that infringing activity may occur far from the actual source of the products. Therefore, the option to enforce a judgment obtained in one jurisdiction for example for damages resulting from an infringement of TM rights at the source of the product in another jurisdiction in an

efficient way, will facilitate IPR protection and enforcement for US and other IPR owners and should be considered useful.

13. .-

**14. What effect, if any, would the Preliminary Draft have on the enforcement of IP R in the digital environment? In particular, should the language in the Preliminary Draft be revised to take into account issues that arise in connection with infringement and enforcement of IPR on the internet?**

Assuming that the recognition and enforcement of judgments in foreign jurisdictions will be facilitated and streamlined by the application of the Convention rules, the enforcement of judgments against online infringers of IPR in remote locations seems to be one of the most important applications for this piece of legislation. The fact that digital commerce has allowed the immediate worldwide accessibility of content and products regardless of the geographic location of the vendor has made enforcement of IPR against online infringers very difficult and costly for brand owners. As a consequence, the prospect of being able to obtain a title against an online infringer in the State of Registration (and/or infringing activity) and enforcing it at the source, should be a significant improvement for brand owners. At the same time, the provisions regulating all factors and requirements for legal action against an online infringer, including any difficulties arising from the very specific circumstances surrounding online infringements – quality of infringing activity, geographic directionality, rights involved, correct forum, applicable laws – are all subject to the laws of the jurisdiction of origin. The Convention applies only to the final, enforceable judgment, which is why there does not seem to be any need for adjustments to meet the specific requirements of online infringements.

#### **Exclusions from Scope**

**15. Should judgments on the validity and/or the infringements of IPR, other than copyrights or related rights, be excluded from the scope of the treaty under Article 2(2)? Please identify the specific IPR at issue and the specific concerns, if any, raised by including it within the scope of this convention?** The applicability of the Convention to judgments on the validity of IPR (other than copyright) are already restricted by Article 6 and 8. Excluding judgments on infringement of IPR would deprive IPR owners of a valuable tool to protect and enforce their IPR.

16. .-

17. .-

## **Bases for Recognition and Enforcement**

**18. Should judgments on the infringement of IPR, other than copyright and related rights, be included as bases for recognition and enforcement in Article 5(1)(k)?** Judgments on infringements and their consequences such as cease and desist orders and damage awards are probably the most important legal defenses IPR owners have in cases where other efforts to resolve the infringement case have failed. If therefore IPR are to be included in the Convention, judgments ruling on infringements must be as well.

19. .-

20. .-

**21. Should judgments on the validity or infringement of unregistered designs and trademarks be included in Article 5(1)(l)?** In accordance with the discussions during the Special Commission Meeting in June 2016 as well as the WIPO recommendations and the ultimate amendment of the Draft Convention in Article 5(1)(l), this provision covers unregistered trademark rights, which is appropriate considering the many jurisdictions where trademarks acquired by means of consistent, genuine use are awarded rights similar to and at times equivalent to registered trademarks. Potential restrictions to the validity or effect of these rights will be accounted for by the local laws of the court of origin of the right. Excluding these rights from the Convention would create an unwarranted distinction between registered and unregistered rights and put owners of unregistered rights at a distinct disadvantage

**23. Should the bracketed language in Article 5(1)(l) be included?** See above 21 – the second bracket concerns unregistered rights which should be included. The first bracket expands judgments on validity or IPR to those ruling on their ownership or subsistence, which are related issues surrounding the active legitimation of a plaintiff and therefore should be treated in the same way as questions concerning the validity of an IPR.

24. .-

**25. Should such judgments be included in Article 5(1)(l) where the right did not arise under the law of the state of origin but where another basis for jurisdiction set forth in Article 5 is satisfied?** If this question is suggesting that a court outside of the state of registration/recognition of an IPR rules on the validity of this IPR, it should not be enforceable under Article 5(1)(l), since this would open the door to

random worldwide decisions of foreign courts over the validity of IPR anywhere. This does not seem to be in accordance with the principle of the territorial nature of IPR.

### **Exclusive Jurisdiction**

**26. With respect to a judgment on the validity of patents, trademarks, designs, or other similar rights that are required to be deposited, registered, or issued, the Preliminary Draft provides for the exclusive jurisdiction of the court in the State of origin where the right issued or registration took place or is deemed to have taken place under an international or regional instrument (Article 6).**

**Please comment on the appropriateness of this rule.** Since questions pertaining to the validity of the IPR must take local, national laws and regulations governing the conditions and requirements for IPR registration or recognition into account, and courts should be experienced in applying these laws and deciding these cases, it seems appropriate that only judgments issued by courts in the jurisdiction of origin of the IPR or equivalent under international instruments should be enforceable. This provision will ensure that judgments on the validity of an IPR are considered reliable and well-founded, which is vital since the validity of an IPR is the basis for any subsequent or consequential enforcement judgment or activity.

27. .-

### **Preliminary matters**

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29. .-

**30. Does Article 8 provide an appropriate framework for resolving problems, if any, related to recognition and enforcement of rulings on preliminary questions and judgments based on such rulings?** Considering the consequences of this provision, it seems appropriate to request clarification on the definition and scope of what a “preliminary” question is.

**31. How much discretion should a court in the requested state have to refuse or postpone the recognition or enforcement of a ruling on the validity of a patent, trademark, design and other similar rights raised as preliminary matter in a court in the State of origin?** If this question was raised and decided in the state of *origin of the IPR*, there is no reason to grant the requested court any discretion – the competent court in accordance with Article 6 has ruled. For other courts ruling on this question, subject to clear definition of “preliminary”, there should be restrictions on the requested court’s

discretion in order to avoid abusive tactics to prevent recognition and enforcement of judgments. This is addressed in Art. 8(3). The question arises, however, whether the ruling on a validity of an IPR as a precursor to an infringement judgment can per se be “preliminary”, unless it is completely undisputed.

**32. Article 9 provides that recognition or enforcement of a judgment may be refused if, and to the extent that, the judgment awards damages, including exemplary or punitive damages, that do not compensate a party for actual loss or harm suffered. Should the court in requested state be allowed to recognize and enforce non-compensatory damages in judgments involving IP matters?** Due to the difficulty of calculating damages in IP matters, non-compensatory damages in different forms are a commonly applied instrument for the recognition of damage to a plaintiff’s IPR. Excluding these damages from the Convention therefore could restrict IPR owners’ benefits from the circulation of judgments significantly. Instead, clarification should be requested with regards to the question whether the damage calculation in IP matters (such as hypothetical royalty/license payment, profits made by the infringer) should simply be considered an alternative option to the actual strict definition of an accountable loss on the side of the plaintiff and therefore not covered by Article 9. In other words, the calculation methods in IP cases might not be considered “non-compensatory” damages. The same question arises for jurisdictions with statutory damages for IPR infringements.

**33. Does Article 9 include the types of damages that would provide effective relief for IPR owners? If not, what other types of damages or other remedies ought to be included? Why?** See above – clarification is required in the point of which damage calculation options would be considered excluded by Article 9.

**34. .-**

**35. When a judgment for infringement of an IPR covered by the convention includes injunctive relief, should a court in the requested State be required to recognize and enforce the award of injunctive relief?** According to the most recent discussions, it seems that permanent injunctions and decisions containing injunctive relief should be covered by the Convention so long as the decision is a final, enforceable one issued by a court in a Contracting State.

**36. If so, should there be any limitation on the circumstances under which such awards should be recognized and enforced (for example by specifying the limitation in Article 5)? If not, should a judgment for infringement of an IPR covered by the Convention that includes injunctive relief be excluded as a basis for recognition and enforcement, in whole or in part, under Article 5?** If injunctions fall under the scope of the Convention because they are final, enforceable decisions issued by a court in a Contracting State, and provided the other conditions for the recognition and enforcement are met, the limitations set out in Article 6-9 should be sufficient. If on the other hand injunctions were excluded, the

enforcement of a judgment containing parts awarding injunctive relief necessarily would need to be restricted to the part to which the Convention is applicable without restrictions.

\* Please note that INTA has refrained from answering any questions that called for personal experience of the respondent or for an opinion on IPR other than Trademarks