

# Submission to the Attorney-General's Department

## Your details

<b>Name/organisation</b>	The Institute of Patent and Trade Mark Attorneys of Australia (IPTA) Contact Person: William Hird (Convenor of the International Patents Committee)
<b>Contact details</b>	Email: mail@ipta.org.au

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- Rich Text Format (RTF)
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Would you prefer this submission to remain confidential? YES / NO

## Your submission

*Please note that your submission may address any one or more of the questions in the consultation paper, or provide any information you consider relevant to a draft convention to establish uniform rules for the recognition and enforcement of foreign judgments in civil or commercial matters.*

**Q1(a). Have you experienced any problems with seeking to recognise or enforce a foreign judgment for matters relating to intellectual property? If so, what have the main problems been?**

Enforcement issues can arise where parties to an agreement or dispute are cross-border. In the context of agreements (whether for IP transactions or otherwise), arbitration has provided a solution to the enforcement issue where the parties to the transaction are both domiciled in a country which is a signatory to the New York Convention for Arbitration. Even where one of the parties is domiciled in a country which is not a signatory to the Convention, it is possible to agree that the place where an arbitration will be held is in a “Contracting State”, which will then allow the arbitration decision to at least be enforced against the party which is domiciled in a country that is party to the Convention. Whatever place is selected for an arbitration, it is a separate question as to what law will apply to the arbitration.

Where both of the parties to a transaction are not both domiciled in a country which is a party to the Convention, arbitration does not provide a solution.

Further, unless the decision is one covered by the Foreign Judgments legislation, the common law, another bilateral treaty, or arrangements between the countries in which all of the relevant parties are domiciled, there remains a gap as to how a “decision” made in favour of one or more parties against another party or all other parties can be recognised and enforced.

For example – a decision of a Canadian Court granting an injunction to a Canadian company against an Australian company or individual cannot currently be enforced at all. Even when the same decision awards damages to the Canadian party, that decision can only be enforced in Australia where the Foreign Judgments Act applies, and this will depend on various matters, including which Province the Canadian Court is situated and whether the proceeding was defended or not.

**Q1(b). What are the benefits for Australian parties in the recognition and enforcement of foreign judgments abroad for matters relating to intellectual property, and what are the risks for Australian parties if foreign judgments are recognised and enforced in Australia or overseas?**

The primary benefit for an Australian party being able to enforce a decision overseas is to complete the legal process they have successfully undertaken. The inability of an Australian party to enforce a decision obtained in Australia – in which the unsuccessful party actively participated – results in a complete frustration of the process. It invites third parties which/who are not “domiciled” in Australia (whether by reason of having assets in Australia, or a legal presence, or by submission to the jurisdiction) - whether they are in a contractual relationship

with the Australian party or not – to either breach the contractual arrangements, or to infringe the Australian party’s rights in Australia knowing that, with limited exceptions, a decision ordered against them in Australia cannot be enforced overseas where that person resides, or has assets.

The “risks” for Australian parties in connection with foreign judgments being enforced against them in Australia depend on what “safeguards” and “limitations” there are in the Convention. For example, it is a considered view that a foreign judgement should not be enforceable if it was not a decision on the merits. For example, a default judgment should not be enforceable (as is the case under the Foreign Judgments legislation). If the goal of the Convention is to enable or facilitate cross-border enforcement of decisions properly obtained in a court “foreign” to the place where the decision is to be enforced, then the risks should be minimal if the process is sufficiently flexible to exclude abuse and to allow a discretion of refusal to follow the decision on the part of the Court in the place where the decision is to be enforced.

**Q2. Have you encountered issues and/or inconsistencies with the current regimes for recognition and enforcement of either Australian judgments in foreign countries or foreign judgments in Australia? If so, please provide details.**

Yes – as noted above in the example of a Canadian decision. It is noted the Foreign Judgments Act does not apply to “Australia” as a whole and to “Canada” as a whole, but rather only to specified Courts in each country.

Similarly, under the current regimes, injunctive relief granted in favour of a party domiciled in the country where the decision is granted cannot be enforced overseas in the country where the defendant is domiciled. In many cases the non-monetary relief granted is more “valuable” than the monetary relief.

**Q7. Should intellectual property matters be included or excluded in the draft Convention (see Article 5(3) and Article 2, respectively)? To what extent should the circulation of intellectual property judgments be treated differently to that of other judgments under the Convention?**

IPTA is of the view there is no reason for a blanket exclusion of intellectual property matters from the application of the Convention. In this respect, it is noted that no such exclusion applies under the New York Convention for Arbitration. However, there may be grounds for limiting the scope or nature of decisions in IP matters being enforceable under the Convention. The fact that the law in the foreign country is different from the law in Australia is not reason alone for refusal. For example, in the context of copyright law, the US doctrine of “Work for hire” does not apply in Australia, where the “employer-employee situation” is different. The fact that under US law the owner of a copyright work may be different from the owner of any copyright in Australia should not mean that a decision of infringement properly obtained in the US (i.e. on the merits and

defended by the Australian party) against an Australian person should not be enforceable against the Australian party in Australia. Similarly, the fact that the remedies ordered under the foreign decision are “different” from those which would have been available under an equivalent proceeding brought in Australia, should not be relevant. (It has long been accepted that Australians travelling overseas are bound by the laws of the country/ies they visit and it is no answer to say when charged with a crime that either there is no crime under Australian law or that the penalties should be limited to those which would apply in Australia.)

The draft Convention currently makes it clear that a foreign decision cannot seek to decide a matter of Australian law, or even if it does, it cannot be enforced in Australia. Coupled with the criteria set out in draft Article 5(1)- Bases for recognition and enforcement and the circumstances for “Refusal of recognition or enforcement” set out in Article 7 (noting – Article 7(1)(e) and (f) are inconsistent with Article 7(1)(g)) specifically applicable to IP infringement cases, decisions in IP matters should be treated as enforceable along with decisions covering other subject matter.

**Q9. Are the suggested discretionary safeguards in the draft convention adequate for intellectual property matters?**

The jurisdictional filters will not be met if the requested court determines that the defendant (i) did not act in the State of origin to initiate or further the infringement; or (ii) did not target the activity to that State (with the onus on the defendant). Also, recognition or enforcement may be refused if a law other than the internal law of the State of origin was applied (for example if a US judgement applied Australian law to an infringement of a US registered trade mark).

As noted, the focus should be on the “safeguards” and “limitations” relevant to IP matters, rather than on a blanket exclusion of enforcement for IP decisions.

The “filters” quoted seek to address a limited scenario where the Internet is involved, or other circumstances where there is no actual “physical” activity in the country where the IP right exists, whether by registration or otherwise. What this ignores is that what constitutes an “offending” or “relevant” activity for the purposes of an IP proceeding is a question for the domestic law of the country where the question arises. This is simply another example of where the same factual scenario may constitute an act of infringement in one country but not in another. The “filters” proposed under draft Article 5(3) are unsupportable for the same reason the Convention does exclude enforcement of a foreign decision (made in the State of Origin) which seeks to make a ruling on a matter pertaining to an IP right in the State of Request.

As for the State of Origin applying a law other than the internal law of the State of Origin, this of itself should not be a bar to enforcement. In cases of arbitration, the parties to the dispute can agree to both the applicable law and the place of the arbitration. Where this arises, it should only

be where an error of law can be shown to have arisen that the parties agreement results in a foreign decision not being enforceable. The remaining general safeguards would also apply.

**Q10. What are your views on the recognition and enforcement of monetary vs non-monetary judgments for infringement in intellectual property matters? Currently the Convention does not permit enforcement of a remedy other than monetary damages in IP matters.**

In intellectual property matters the non-monetary aspects of a decision are often more important to the successful party. For example, ensuring that the offending conduct ceases and securing delivery up or destruction of the infringing goods are often more important than (or at least as important as) an award of damages. The fact that the internal law of the State of origin provides for relief or remedies in IP matters which are different from the relief available in the country where the decision might be enforced is not relevant. Rather, it is the “validity” or “propriety” of the decision which should determine the question of what is or is not enforceable. This brings it back to the safeguard provisions in the Convention. Whilst it would be preferable to have as much certainty as possible in the context of prescribing when a judgment is or is not eligible for recognition and enforcement, the “catch all” could be covered in a discretion granted to the Court determining the application for recognition and enforcement.