

Commentary on Principles of Private International Law on Intellectual Property Rights

(Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan)

Waseda University Global COE Project October 14, 2010

Commentary

on

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Part I: GENERAL PROVISIONS

Article 101: Purpose and scope

- (1) These principles are intended to provide principles for international judicial jurisdiction, the applicable law and the enforcement of foreign judgments regarding intellectual property rights.
- (2) These Principles apply to any transnational civil disputes that involve the existence, effect, validity, infringement and contract of intellectual property rights.

Explanatory Notes

1. Purpose

The nature of the Principles is discussed here. Most East Asian countries have a statutory law system and allow less room for judicial discretion than common law countries, such as the United States. Considering

the legal tradition in East Asia, the Principles aim to create a model law with minimum statutes that could provide influence over legislation in these countries. The Principles, which consider principles created by US and European projects (to be mentioned later), as well as current relevant legal systems in East Asian countries, reiterate and confirm rules that are commonly agreeable. On the other hand, the Principles propose new rules for East Asian legal systems on issues for which few shared rules can be found. Though not aimed specifically at providing direction for courts, they are expected to function as a set of judicial interpretation guidelines for courts and as a supplemental source of laws for issues that are not covered by statutory laws.

The Principles were originally called *Principles for Private International Law Governing Intellectual Property*. This name was inspired by the wordings of “Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes” (the American Law Institute, *hereinafter* ALI), and “Principles for Conflict of Laws in Intellectual Property” (the European Max-Planck Group, *hereinafter* EMPG). However, these Principles have to do with the rights over intellectual property rather than intellectual property itself, and a movement has grown to have the wording “intellectual property rights” take the place of “intellectual property.” That is why these Principles are called *The Principles of Private International Law on Intellectual Property Rights*. Paragraph (1) of Article 101 specifically provides that these Principles apply to jurisdiction, choice of law and foreign judgments of transnational cases of intellectual property rights. Paragraph (2) sets forth the typical cases in which these Principles apply.

Another title — “*The Principles Governing International Intellectual Property Disputes*” — was also suggested and reviewed. Even though Articles 101 (purpose) and 103 (scope) provide that these Principles apply to civil and commercial disputes, the purpose of these Principles would remain intact. It is the same case in Section 102 of *Intellectual Property: Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes* (drawn up by the American Law Institute, and hereinafter referred to as the “ALI Principles” for short).¹ However, as explained below, since these Principles include those who have power to make the choice of law, we don’t think they ought to apply only to disputes.² Disputes arise when at least one party presents a claim on the issue in which both parties have conflicting interests.³ However, principles of private international law may be applied to cases that concern transnational civil or commercial relations but in which both parties have no conflicting interest or claim. For example, non-contentious cases and cases involving applicants’ legitimate right to file or register are often not based on disputes. In other words, besides disputes, the principles governing choice of law apply to many other matters including substantial requirements to acquire an intellectual property right, and the existence and attribute of that right (so as to safeguard the stability of law), which are not necessarily accompanied by disputes. Therefore, an ungrounded exclusion of non-disputed cases from the Principles would mitigate the usefulness and effectiveness of the applicable law rules.

Consequently, the wording of “civil and commercial disputes” in Section 102 of the ALI Principles is not used in paragraph (1) of this Article.

2. Scope

Article 101 (2) applies to the issues of intellectual property rights, including existence, infringements and

contracts of those rights as well as disputes arising out of them. Also, it applies to the conclusion of license agreements that are not necessarily accompanied by disputes. In addition, the Principles cover the non-disputed conclusion of licensing issues, i.e. clarify that the dispute is not the prerequisite for application, and thereby the predictability and legal stability of the applicable rules are secured.

It's necessary to point out that these Principles do not apply to a purely domestic case. For example, the Principles are not applied to cases in which the infringement of a domestic intellectual property right is disputed between domestic parties in a domestic court. In view of that point, here we use the wording of "transnational cases," manifesting the scope of these Principles. "Transnational" means that "a foreign element" is involved in such relations, due to which conflict of laws arises. For the purposes of these Principles, one of the most significant elements is that more than one state (or jurisdiction) is involved. Examples include cases in which the intellectual property right protected in state of the forum (hereinafter "foreign" state) or at least a part of the act that affects such right occurred in a foreign state is disputed.

Article 102: Definitions

- (1) "Intellectual property" means an intangible property derived from human being's creative activities, including invention, device, new plant variety, industrial design, works and trademarks of commodity as well as service.
- (2) "Intellectual property right" means any right provided by law or interested in legal protection for intellectual property.
- (3) "Registered intellectual property right" means the intellectual property right which is not valid unless and until registered or deposited. Otherwise intellectual property rights are "non-registered intellectual property rights."
- (4) "State" means a territory with an independent legislative and judicial body rather than a sovereign state in the sense of international law.
- (5) "State of registration" means the state where intellectual property rights are registered or deposited or where those rights are deemed to have been registered or deposited under the international convention or domestic law.
- (6) "Habitual residence" means the place where the party concerned habitually resides for a rather long time, including his or her principal office or place of business. It also includes the place where the head office of a corporation or any other legal person is located, and the place under the law of which that corporation or legal person is established.
- (7) "Enforcement" means the use of intellectual property rights, such as utilization of patented inventions, utility devices, new plant varieties, industrial designs, trademarks, copyrights and other similar rights.

Explanatory Notes

1. Intellectual property & Intellectual property rights (paragraphs (1) and (2))

Paragraph (1) defines what intellectual property is like, and paragraph (2) defines intellectual property rights. Intellectual property rights differ from intellectual property in that they are the rights themselves that the law creates over intellectual property, while the latter are the objects over which those rights exist. Intangible property derived from human being's intelligence may be generally called intellectual property. Japan's *Basic Law for Intellectual Property*⁴ creates a broad meaning for intellectual property, defining it as "intangible property derived from a human being's creative activities including inventions, devices, new plant varieties, industrial designs, works, trademarks or trade names of commodity as well as service, trade secrets and undisclosed technical or business information." Paragraph (1) makes the same distinction and offers a very similar definition of intellectual property.

Different states have different laws governing intellectual property rights. Those laws probably differ in the meaning of intellectual property over which intellectual property rights may exist. The principles of private international law ought not to narrow the meaning of intellectual property, but instead make it as broad as possible. For the purposes of paragraphs (1) and (2), intellectual property rights are "the rights created over the intangible property derived from human being's creative activities," including but not limited to patents, utility devices, industrial designs or trademarks, new varieties, copyright, etc.

Under Section 102 (1) of the ALI Principles, those Principles apply to trade secrets, geographical indications and related intellectual property rights. Thus, intellectual property rights in the sense of the ALI Principles are not necessarily "exclusive rights." This principle is open-ended, so that it may keep adapting to the constant international development of intellectual property rights. For example, Section 301 (2) of the ALI Principles provides that the law applicable to a non-contractual obligation arising out of an act of unfair competition, such as infringement of trade secrets, is the law of each state in which the direct and substantial damage results or is likely to result. In contrast, Article 1:101 (2) of the CLIP Principles created by the EMPG defines intellectual property rights as exclusive rights, such as "copyright, neighboring rights, patents, marks, industrial design rights and similar exclusive rights."

The variance among definitions of intellectual property rights probably derives from inconsistent *lex protectionis* rules over intellectual property. Originally, In accordance with Professor E. Ulmer's Draft Principles (1975), there were only two types of intellectual property rights: copyrights and industrial property rights; the principle of the *lex protectionis* covers only those exclusive rights.⁵ Professor Ulmer thought it ought to be "the law of the state which protects such rights" (Draft Section A, Section I of Ulmer's Draft; Article 3:102 of the CLIP Principles by the EMPG). His view was then generally accepted, and for a period guided academics and judges in resolving conflicts affected by intellectual property right laws. Ulmer's principles were later revised and developed into "the law of the State for which protections is sought," the basic rule for determining *lex causae* of intellectual property rights. For instance, in Section 301 (Territoriality), the ALI Principles provide that the law applicable to determine the existence, validity, duration, ownership, and infringement of intellectual property rights and remedies for their infringement is: (a) for registered rights, the law of each State of registration; (b) for other intellectual

property rights, the law of each State for which protection is sought. But it does not apply in the case of agreements pertaining to choice of law (Section 302), ubiquitous infringement (Section 321) and public policy (Section 322). With regard to *lex causae*, the ALI Principles (2004) introduced the market impact theory as the principle to determine *lex causae* of intellectual property rights but it was argued pro and con in 2005. The latest ALI Principles adopt the market impact theory in a better-advised way. The market impact theory may ultimately direct *lex protectionis*. Thus, to that extent, it may be said that both the ALI Principles and the CLIP Principles by the EMPG use the same conflict rule to determine *lex causae* governing intellectual property rights.⁶ Essentially, it is *lex protectionis* that governs the requirements to acquire such rights. But *lex protectionis* may vary from case to case and thus may be confusing. It means that the same connecting factor in the conflict rule may direct different governing laws. But some may disagree. Provided that the intellectual property right was “an exclusive right,” its meaning would depend upon the question of whether the legal relation it involves is purely domestic or foreign. For example, the intellectual property rights that ought to be created by laws of trademarks and industrial designs may be created by competition law or other similar laws. Provided that these Principles did not apply to those rights created by such laws other than intellectual property law, different principles of private international law may apply so that the same intellectual property right would not be protected in a purely domestic case as much as in a foreign case. Therefore, unlike the CLIP Principles drafted by the EMPG, intellectual property rights for the purposes of these Principles are not “the exclusive rights.” Intellectual property rights are governed by *lex protectionis*. All the points above ought to be taken into consideration while applying and interpreting *lex protectionis*.

2. Registered and non-registered intellectual property rights (paragraph (3))

Paragraph (3) distinguishes between registered and non-registered intellectual property rights. The registered intellectual property rights are not valid unless and until registered. Otherwise intellectual property rights are non-intellectual property rights. As we will find later, some industrial property rights, like patents and other industrial property rights, are not valid unless and until registered or deposited. But other intellectual property rights like copyrights are acquired and valid as soon as the target intellectual property comes into being. Due to this difference in nature between those two types of intellectual property rights, different principles of choice of law and of jurisdiction ought to be formulated and apply to the choices of law and jurisdiction respectively. The rights over trademarks and industrial designs are generally taken as registered intellectual property rights. In some states in the US, the rights over trademarks are non-registered rather than registered intellectual property rights because trademarks are not required to be registered, and thus the rights over them may be acquired without registration. It is the same case with unregistered design rights in the EU.

The classifications, registered and non-registered intellectual property rights, are important in interpreting US intellectual property law. Section 101 of the ALI Principles provides that “‘registered right’ means any right... that is not valid unless and until granted by a competent State authority.” In accordance with this section, to grant a “registered right” is an act of a State and thus no foreign court may overturn such an act (Comment (c), Section 102 of the ALI Principles). No matter whether or not the ALI Principles follow US judicial practice, that provision applies to registered intellectual property rights. According to

the ALI Principles, Sections 213 and 413 (the State's coordination of registration in declaratory judgments), 221 (coordination authority of the court first seized) and 223 (disposition of the dispute by other court or courts seized with the action) and Section 222 (4) (consolidation of claims and suspension of proceedings) may ensure the exclusive jurisdiction of registered intellectual property rights. Even though there are other states like the US that take the act to grant a registered intellectual property right as an act of a state, these Principles before us still confer the exclusive jurisdiction over registration and validity of registered intellectual property rights on the court of the state of registration (Article 209). Intellectual property rights are private property rights, which may explain why they are subject to these Principles.

3. Meaning of “state” under these Principles (paragraph (4))

East Asia is a distinctive region where several countries or territories are not recognized as sovereign states. Conflict over intellectual property rights also involves those countries or territories. For example, neither Japan nor South Korea recognizes North Korea as a sovereign state. But North Korea, as a member state of the United Nations, has entered into the Paris Convention, the Berne Convention and other international treaties on intellectual property rights. Also, it has its own domestic law on intellectual property rights and it is the state which grants those rights within its territory under that law. Another example is Taiwan. Taiwan is recognized as a sovereign state by South Korea, but not by Japan, due to the Sino-Japanese Joint Declaration. In addition, China is a multi-jurisdiction country. Both Hong Kong and Macao employ different social systems than that of Chinese Mainland. The Chinese government has promised to keep those systems intact within at least 50 years of their reunifications. In other words, within those 50 years, socialism and capitalism will co-exist within Chinese territory. Each jurisdiction within China, namely, the Chinese Mainland, Hong Kong and Macao, has its own intellectual property rights law. Furthermore, Taiwan, Hong Kong, Macao and the Chinese Mainland are all WTO Members. In consequence, the TRIPs may treat China itself as different than an ordinary “Member.” Since intellectual property rights are recognized as private property rights, no matter what the political entity which grants those rights is like in the sense of international law, for the purpose of these Principles, it ought to be taken as a state, as paragraph (4) shows.

4. The law of the state of registration (paragraph (5))

In accordance with these Principles, the state of registration has exclusive jurisdiction over disputes arising from registration and the validity of registered intellectual property rights (Article 209). It is the law of the state of registration that governs the interpretation and protection of registered intellectual property rights (Article 301 (2)). Consequently, it's necessary to define the state of registration. Here, we refer to Article 2:401 (1) of the CLIP Principles by the EMPG and define the state of registration. In practice, the state of registration is not only the state that actually deals with registering or depositing intellectual property rights, but may also be another state that is deemed to have registered or deposited those rights under international treaties or domestic laws. For the purposes of these Principles, at least, as far as choice of law concerns, the state for which protection is sought includes the state of registration. In that

sense, the law of the state for which protection is sought for the purpose of these Principles differs from that in the ALI Principles but appears similar to that in the CLIP Principles by the EMPG (the CLIP Principles by the EMPG does not define the state of registration). In sum, for the purposes of these Principles, the state for which protection is sought is the superordinate concept of the state of registration.

5. Habitual residence (paragraph (6))

The necessity of defining “habitual residence” was discussed. These Principles are expected to be the model law governing the conflict of laws on intellectual property rights in East Asia. Habitual residence, as one of the significant grounds for international jurisdiction, ought to be defined clearly. For the purpose of these Principles, “ ‘habitual residence’ means the place where the party concerned habitually resides for a rather long time.” The place where the party has his or her principal office or place of business ought to be taken as his or her habitual residence. In the case of an artificial person, its head office or the state under whose laws it was established may be its habitual residence.

6. Enforcement (paragraph (7))

Paragraph (7) defines the concept of “enforcement.” Enforcement means the exploitation of intellectual property rights, including use of patents, trademarks and copyrights.

Article 103: Application of foreign laws and international judicial jurisdiction

- (1) The forum court which has international judicial jurisdiction under these Principles cannot apply any other substantive law which is applicable under these Principles.
- (2) The forum court which has international judicial jurisdiction under these Principles must not dismiss proceedings or reject claims merely because the case arises from foreign matters.

Explanatory Notes

As paragraph (1) provided, the choice of law and international jurisdiction ought to be treated respectively. A similar provision is also found in Section 103 (2) of the ALI Principles. Although Section 103 (2) of the ALI Principles does not treat the choice of law and jurisdiction differently from this Article, it's enough to show that there is distinction between those two issues, either independent from the other. No express provision might be necessary, because paragraph (1) is self-evident under Japanese private international law. However, whereas these Principles are expected to be the common principles governing the conflict of intellectual property rights between East Asian states, paragraph (1) is necessarily included. Next, paragraph (2) embodies the US doctrine of forum non conveniens. Where *lex causae* is a foreign law, the forum court may refuse to exercise jurisdiction owing to the doctrine of forum non conveniens. Additionally, this paragraph also says something about exclusive jurisdiction. Specifically, any action concerning registration or validity of the intellectual property right shall be exclusively dealt with in the State

of registration. Nonetheless, besides the exclusive jurisdiction enjoyed by the state of registration, according to Article 201 of these Principles, the court of defendant's habitual residence also enjoys general jurisdiction. It means that where the court of defendant's residence deals with an action of infringement of intellectual property rights, that court may not dismiss the action merely because the law of the state of registration or *lex protectionis* is a foreign law.

Part II: INTERNATIONAL JUDICIAL JURISDICTION

Section I: General Provisions

Article 201: Defendant's habitual residence

A person involved in a dispute over intellectual property rights may be sued in the courts of any state in which the person is habitually resident.

Explanatory Notes

This Article is the general jurisdictional rule applying to disputes concerning intellectual property rights. According to Japanese law, a person may be sued in the state where the person is domiciled.⁷ But the Korean Group proposes the (defendant's) habitual residence rather than domicile be the ground upon which personal jurisdiction is established. Similarly, habitual residence instead of domicile has been adopted internationally by the *Preliminary Draft Convention on Jurisdiction and the Effects of Judgments in Civil and Commercial Matters (hereinafter referred to as the "Hague Preliminary Draft, 1999"* for short), the ALI Principles, the CLIP Principles by the EMPG, etc.⁸ Habitual residence is defined in Article 102 (6) of these Principles. According to this Article, a natural person's habitual residence is the place where the person has lived for a long time while an artificial person's habitual residence is its principal place of business or business place. Also, the state in which its head office is located or the state under whose law it is incorporated has jurisdiction over that artificial person under this Article.

Under this Article, the court of the state which has general jurisdiction does not have international jurisdiction if held against the exclusive jurisdiction clause of Article 209 of the Principles. For instance, choice-of-court agreements (Article 205) and jurisdiction by appearance entered by defendant (Article 206) may exclude this Article, which must be paid attention.

Article 202: Place of business

A person who has a business office or other office may be sued in the state in which the person has such business office or other office only with respect to the business conducted at such business office or other office.

Explanatory Notes

This Article regulates the condition of International judicial jurisdiction in the state of non-head office. The words "with respect to the business conducted at such business office or other office" must be interpreted widely. Take the Malaysia Air Case (decided on October 16, 1981, 2nd Division, Supreme Court of

Japan, Civil Cases Report, Number 7, Vol. 35, p.1224) as an example. In that case, the Japanese victims bought air tickets in Malaysia, took the Malaysian domestic flight run by Malaysia Air and encountered an air crash there. Malaysia Air had its place of business in Japan, advertised its domestic flights in Japan and sold the tickets therein. It was held that those facts were enough to establish the jurisdiction of a Japanese court over that case. In the same manner, in case of disputes of intellectual property rights, a person may be sued in the state where he or she has his or her business, and where he or she shows or advertises the intellectual properties for the purpose of transferring them instead of directly manufacturing or selling them.

When a person has no habitual residence for the purpose of Article 102 (6), that person may be sued in the state in which it has its business place. As Article 102 (6) provided, “[h]abitual residence means the place where the party concerned habitually resides for a rather long time, including his or her principal office or place of business. It also includes the place where the head office of an artificial person or an organization is located and the place under whose law that artificial person or the organization is incorporated.” A non-head office is not the “habitual residence” defined by the previous Article. Under such circumstances, so long as this Article is satisfied, the international jurisdiction may be established.

Article 203: Infringement

- (1) In case of infringement of an intellectual property right, a person may be sued in the courts of any state where the alleged infringement occurs. Provided that the injuries thereof occur in multiple states, regardless of the sequence of those injuries, the person whose infringement activities give rise to those injuries may be sued in the courts of the state in which the major part of his or her activities that initiate the alleged infringement. The court’s international judicial jurisdiction extends to claims with respect to all the injuries arising out of that activity or those activities within the state that initiates the alleged infringement, wherever the injuries occur.
- (2) Where an alleged infringement of an intellectual property right is directed against a particular state, the court of that state may have international judicial jurisdiction over only those claims with respect to injuries occurring in that state.

Explanatory Notes

This Article governs the jurisdiction over infringement of an intellectual property right. A person may be sued in any state in which infringement activities occur (the 1st sentence of paragraph (1)). The so-called “state in which its activities to initiate an alleged infringement occur” means not only the state in which those activities to initiate that infringement occur but also the state in which the injuries arising out of those activities occur.⁹ Where injuries occur in multiple states, all the claims respecting all the injuries arising out of those activities to initiate the alleged infringement may be filed in the state in which the major part of those activities occur (the 2nd sentence of paragraph (1)). The so-called “the state in which the major part of those activities occur” means the state in which the essential and substantial part of

those activities occur. Paragraph (1) generally supports a broad centralized jurisdiction as proposed in the Korean Preliminary Draft.¹⁰ Under the CLIP Principles by the EMPG, centralized jurisdiction applies only to the infringement carried out through ubiquitous media such as the Internet (2:203 (2)). Similarly, the *Japanese Preliminary Draft* originally suggested that “where the same intellectual property right protected by multiple states is infringed at the same time through ubiquitous media like the Internet,” all the claims arising out of that infringement may be (objectively) dealt with by a single court which has jurisdiction.¹¹ But this Article goes furtherer, affirming that centralized adjudication applies to not only the particular infringement carried out through ubiquitous media but also a general infringement initiating injuries in multiple states. There is much difficulty in definitely specifying the circumstances under which this Article applies and it may be unduly applied. Notwithstanding the fact that Article 211 requires some special considerations be taken into account, it will be sufficient to prevent the excessive application of this Article. Although provisions such as this Article help intellectual property rights be enforced more efficiently, we insist it be written into these Principles. Of course, some special considerations ought to be taken into account so as to ward off an unduly centralized jurisdiction.

Where an alleged infringement of an intellectual property right is directed against a particular state, the court of that state may have international jurisdiction (paragraph (2)). Paragraph (2) on one side confers jurisdiction on the court of the state which an alleged infringement is directed against. On the other hand, the reference to the *Shevill* case (the EU)¹² emphasizes that jurisdiction should be limited to those claims respecting the injuries occurring within that state.

Article 204: Contract

- (1) In disputes arising out of a contract on transferring or enforcing an intellectual property right, a person may be sued in the court of the state in which where that right is to be enforced under the contract.
- (2) Where an intellectual property is agreed to be enforced in multiple states, the court of each state in which enforcement occurs may deal with only those disputes arising out of the local enforcement.

Explanatory Notes

In accordance with Article 7 of the *Japanese Preliminary Draft 2008*, any dispute arising out of such contract may be delivered to the court of the “state in which that contract is to be performed.” However, in case of a contract regarding transferring or enforcing a given intellectual property right, the state in which that contract is to be performed does not often differ from that in which that right is to be enforced. As proposed by the Korean Group, the latter is a more appropriate connecting factor as jurisdictional ground. The text of paragraph (1) shows that Korean proposal has been generally accepted.

Under paragraph (2), where an intellectual property right is to be contractually enforced in multiple states, only those disputes arising out of local enforcement or exploitation of that right may be delivered to a local court. Since paragraph (1) is enough to resolve the conflict of jurisdiction over those transna-

tional contracts on transferring or enforcing intellectual property rights, paragraph (2) needn't have been added. Nevertheless, crystal-clear guidance should be established for East Asian countries. Therefore, paragraph (2) has been included, following paragraph (1).

Section 2: Agreement on International Judicial Jurisdiction; Jurisdiction by Appearance

Article 205: Agreement on international judicial jurisdiction

- (1) The parties may agree that a court or the courts of a state are to have international judicial jurisdiction to settle any disputes which have arisen or may arise in connection with a particular legal relationship involving an intellectual property right.
- (2) If that foregoing choice-of-court agreement have been in any communication by electromagnetic means (including electronic, magnetic and those other means imperceptible by human beings but acknowledgeable through electronic computers), that agreement shall be treated equivalent to “written form.”
- (3) The designated court is generally assumed to have exclusive international judicial jurisdiction unless there are special circumstances.
- (4) The validity of the choice-of-court agreement is governed by the law of the designated state, provided that it does not comply with the mandatory rules relating to the protection of consumers or employees under *lex fori*.
- (5) This Article does not apply to any dispute arising out of acquiring, registering, disclaiming or revoking and validity of intellectual property rights, except in the case where the dispute is a preliminary or incidental question instead of the principal one.

Explanatory Notes

1. Paragraph (1)

Paragraph (1) governs the requirements that a valid choice-of-court agreement concluded by the parties concerned shall satisfy. A choice-of-court agreement is valid if (i) the parties have concurrently conferred jurisdiction over any dispute arising out of their specific legal relationship (ii) by a written agreement and (iii) in a court of a particular state. Where a court of a particular state has jurisdiction in general terms, the parties may derogate that jurisdiction by selecting a court of another state. According to Article 11 of Japanese *Civil Procedure Code* and Article 3 (1) (i) of *The Midterm Draft Bill on International Jurisdiction*, drawn by the Japanese Law Commission, only the trial court may be selected by the parties. However, an agreement on international judicial jurisdiction is addressed to the state rather than specific court(s) in that state. Therefore, for the purposes of these Principles, a limitation like that in Japanese *Civil Procedure Code* or *the Midterm Draft Bill on International Jurisdiction* is not necessary. As matter of fact, the limitation on choice of court has been deleted from Article 3:7 of *Bill of Amendments to Civil Procedure Code and Civil Provisional Remedies Act* (hereinafter referred to as “*Bill of*

Amendments” for short).

A choice-of-court agreement ought to be in written form in general terms (e.g. Article 11 of Japanese *Civil Procedure Code*). In case of a rigid written form like that under Article 126 of *German Civil Code* (BGB), a choice-of-court agreement is not valid unless and until the parties sign on it. The EC Court initially took such a rigid approach and interpreted the “written form” in Article 17 of the Brussels Convention in this narrow sense. Since then, it has come to take on a more and more flexible approach to interpreting the “written form,” softening the requirements that a valid choice-of-court agreement shall satisfy. Under Article 11:2 of the Japanese Civil Procedure Code, according to general interpretation, a choice-of-court agreement shall be in writing but the parties’ signs or seals are not necessarily required. Take *the Chisadane case* (Supreme Court, Judgment 28 November 1975, Minshu Vol. 29, No. 10, p.1554) for example. In that case, the validity of an agreement for exclusive jurisdiction in the back page of the bill of lading was disputed. It was held that the “formality of an agreement of international judicial jurisdiction is satisfied when a particular state is expressly specified in a paper written by at least one party and thus existence and content of the parties’ agreement are evident. Written format stating both the request and acceptance need not be certified by both parties’ signatures.” That interpretation of “written form” accords with this paragraph in essence.

2. Paragraph (2)

In the original *Korean Preliminary Draft*, a provision similar to this paragraph appeared in Part I: General Provisions (Article 102). For simplicity, we propose that the agreement of jurisdiction be made in written form, and that the agreement conducted electromagnetically be deemed to satisfy the written requirement. The same provision is found in paragraphs 2 and 3, Article 107 of the *Transparency Proposal*.

3. Paragraph 3

Also, in the original *Korean Preliminary Draft*, the court the parties have selected will have exclusive jurisdiction unless the parties’ agreement provides otherwise. This was made by reference to Article 2:301 (1) of the CLIP Principles by the EMPG and Section 202 (1) of the ALI Principles. We have it written into these Principles with much caution. Since a choice-of-court agreement may be in any communication by electromagnetic means and the parties making that agreement may be diversified, we have to be more careful in creating the presumption. Thus, this paragraph provides a rebuttable presumption of the agreement of exclusive jurisdiction, unless the agreement of additional or exclusive jurisdiction is expressly certified by a jurisdictional agreement or any other evidence.

4. Paragraph (4)

This paragraph deals with the substantial requirements that a valid choice-of-court agreement shall satisfy. Its text is modeled on Section 202 (2) of the ALI Principles and Article 2:301 (2) of the CLIP Principles by the EMPG. According to this paragraph, those requirements are governed by the law of the desig-

nated forum state. Both Korean and Japanese civil cases in the past show that *lex fori* ought to govern them. However, according to this idea, the existence and validity of the agreement on jurisdiction may not be decided until an action is filed. Whereas these Principles are expected to resolve the conflict of intellectual property rights in East Asia, it's apt to predict the forum state due to a choice-of-court agreement, so it's better to let the law of the designated forum state govern the validity of that agreement.

This paragraph protects consumers and employees the proviso: the agreement is valid only so long as it complies with the mandatory rules relating to the protection of consumers or employees under *lex fori* and is effective under the law of the agreed jurisdiction.

5. Paragraph (5)

This paragraph clarifies that disputes concerning the acquisition, registration, validity, renunciation or revocation of registered intellectual property rights are not be the subject matter of the agreement on jurisdiction, because such disputes are exclusively governed by the state of registration under Article 209 (text). On the other hand, where acquisition, registration, validity, renunciation or revocation of registered intellectual property rights are not the principal, but rather the preliminary or incidental question in the lawsuit involving the infringement or contract of an intellectual property right, the choice-of-court agreement may be valid between the parties but not against any third party (proviso). The *Korean Preliminary Draft* takes the most liberal attitude toward parties' choice-of-court agreement. In accordance with this draft, the choice-of-court agreement still applies "when parties agree the adjudication thereon be effective only between them" as well as when the above preliminary issues are disputed. However, the limitation of the scope of the judgment to the parties at their will may cause inconsistent legal outcomes for third parties. Thus, we add the proviso which was modeled after Article 2:401 (2) of the CLIP Principles by the EMPG.

Article 206: Jurisdiction by appearance

- (1) The court of the state which has no international judicial jurisdiction derived from these Principles, but before which defendant enters an appearance, shall have international judicial jurisdiction except when the appearance is entered to contest the international judicial jurisdiction.
- (2) In case of appearance by a defendant subject to the preceding paragraph, the provision of paragraph (5), Article 205 applies.

Explanatory Notes

According to this Article, the court of the state which has no jurisdiction derived from these Principles but before which defendant enters an appearance shall have jurisdiction except when the appearance is entered to contest the jurisdiction (Paragraph (1)). It's a newly written provision, not found in the *Japanese Preliminary Draft 2008* (Dec. 15, 2008). Due to this paragraph, the *Japanese Preliminary Draft*

does not essentially differ from its Korean counterpart with regard to jurisdiction established upon defendant's appearance.

As for the deadline for the submission of counterclaim asserting breach of jurisdiction (paragraph (1), Article 206 of the *Korean Preliminary Draft*, prepared on Dec.11, 2006), we don't think this is a major problem; it is subject to the local law of the forum state. Thus, for the sake of simplicity, the provision concerning this deadline as suggested by the Korean Group is not accepted into this paragraph.¹³

Paragraph (2) applies mutatis mutandis pursuant to Article 205 (5) and thereby clarifies that jurisdiction by appearance, like agreement on jurisdiction, is unavailable for disputes concerning acquisition, registration, validity, renunciation or revocation of registered intellectual property rights.

Section 3: Consolidation of Claims

Article 207: Objective consolidation

- (1) In the case that the plaintiff has more than one claim against the same defendant, the court that has international judicial jurisdiction over one of those claims may have international judicial jurisdiction over any other claim that closely connects with the former. However, subject to the international judicial jurisdiction derived from the provision of Article 203 (2), any claim arising out of transaction or infringement occurring in any state other than the forum state may not be consolidated.
- (2) The consolidation of claims subject to the preceding paragraph shall not be contrary to Article 209.

Explanatory Notes

Paragraph (1) prescribes the general circumstances under which claims may be consolidated. Article 11 of the *Japanese Preliminary Draft 2008* provided that the objective consolidation of claims only applied to infringements carried out by ubiquitous means, such as the Internet. From the perspective of the function of that consolidation, this Article transforms a special jurisdiction into a general jurisdiction. But it is not universally accepted. For civil law states, claims may not be consolidated or centralized except when such consolidation or centralization is of the utmost necessity. On the contrary, under the *Korean Preliminary Draft* (paragraph(1), Articles 208: 1, prepared on Dec. 11, 2006 (hereinafter referred to as "Korean Preliminary Draft 2006" for short)¹⁴ and paragraph(1), Article 15, prepared on Mar. 26, 2009 (hereinafter referred to as "*Korean Preliminary Draft 2009*" for short)¹⁵), those claims of the plaintiff against the same defendant may be consolidated as long as they connect with each other to some extent. The conditions necessary to consolidate claims were that the claim arose from the same or series of transactions and related to the same or series of infringements. The scope of the relevancy was interpreted to be broad. On the other hand, the Ultra-man case (2nd Division, Supreme Court of Japan, July 24, 2002, Civil Cases Report, Number 4, Vol. 44, p. 727) and another Korean case decided on July 24, 2003 by the Incheon District Court both show that "such relation between those claims that may be consolidated ought

to be close.” On account of Article 3 (6) of the *Bill of Amendments* concerning the consolidation of claims, we have reached an agreement with the Korean Group and no longer limit consolidation of claims to those arising out of infringement carried out through ubiquitous media. Thus we include this paragraph.

Nonetheless, subject to the jurisdiction derived from paragraph (2) of Article 203, any claim arising out of a contract or infringement occurring in any state other than the forum state may not be consolidated (proviso of paragraph (1)). For example, an alleged infringement is committed against states A, B and C. For the court in state A, only the claims arising out of the injuries occurring within A’s territory may be consolidated. As for those claims arising out of the injuries occurring within state B or C, they may not be dealt with in state A and thus may not be objectively consolidated.¹⁶

Paragraph (2) affirms that any dispute arising out of acquisition and validity of intellectual property rights is exclusively resolved in the state of registration. So paragraph 1 does not apply to this dispute.

Article 208: Subjective consolidation

- (1) A person who is one of a number of defendants may be sued in the state in which any of those defendants has a habitual residence, provided that those claims against the person and any other defendants are so closely connected that they should be adjudicated together to avoid a risk of inconsistent judgments resulting from separate proceedings.
- (2) The provision of the preceding paragraph does not apply to a co-defendant invoking an exclusive choice-of-court agreement with the plaintiff.

Explanatory Notes

Paragraph (1) also appears in the *Hague Convention on Choice of Court Agreements and Brussels I Regulation*, under which the claims against co-defendants may be consolidated. It applies to not only the disputes arising out of infringement but also contracts regarding intellectual property rights. In accordance with Article 10 of the *Japanese Preliminary Draft 2008*, only those claims “against the co-defendants who have infringed the same intellectual property right” may be subjectively consolidated. In the case of a dispute involving an intellectual property right, the most typical case to which subjective consolidation of claims applies is a case in which more than one wrongdoer infringes the same intellectual property right. Claims that are so closely connected should be dealt with together so as to protect that infringed right more effectively. Nonetheless, we’ve modified that earlier provision, adjusted it to dovetail with the *Korean Preliminary Draft*, and made the subjective consolidation of claims applicable to more general cases. Thus paragraph (1) regards the consolidation to a state in which one of the co-defendants has a habitual residence. Its proviso clarifies two conditions of subjective consolidation: close connection between claims against the co-defendants and the necessity to avoid inconsistent judgments. An additional condition was also discussed: a “substantive and direct foreseeable connection between intellectual property rights in the forum state and other co-defendants.” However, if the above two conditions are satisfied, “connection between intellectual property rights in the forum state and other co-defendants”

would not be denied. The connection can be analyzed in the two conditions. Therefore it is not mentioned herein.¹⁷

Whereas there is an exclusive choice-of-court agreement between a co-defendant and the plaintiff, the claim against that co-defendant may not be consolidated, and the parties' interests need to be respected. Paragraph (2) clarified this point.¹⁸

Section 4: Exclusive Jurisdiction

Article 209: Exclusive international judicial jurisdiction over disputes arising out of registration and validity of registered intellectual property rights

- (1) Any dispute arising out of acquiring, registering, disclaiming or revoking and validity of intellectual property rights is exclusively resolved in the state of registration.
- (2) The provision of preceding paragraph does not apply where such dispute arises in a context of a preliminary or incidental question. The decisions resulting from those disputes do not affect later claims.

Explanatory Notes

As paragraph (1) provides, any dispute arising out of acquisition, registration, validity, disclaiming or revocation of registered intellectual property rights is exclusively resolved in the state of registration. We found no objection to the provision that exclusive jurisdiction would apply to disputes arising out of acquisition and registration of intellectual property rights. However, these disputes may vary in kind. According to Article 3-5 (3) of the Japanese *Bill of Amendments*, exclusive jurisdiction applies to “any disputes arising out of acquisition and validity [of registered intellectual property rights]” while under Article 103 (1) of the *Transparency Proposal*, it applies to “any dispute arising out of acquisition, registration, validity or attributes [of intellectual property rights].” Article 10 of the *Korean Preliminary Draft 2009* simply provided that exclusive jurisdiction applied to any “existence/validity disputes”; meanwhile, Article 2 (2) defined “existence/validity disputes” as “disputes regarding granting, validity, abandonment, or cancellation of intellectual property rights.” Additionally, in accordance with Article 2:401 of the CLIP Principles by the EMPG, exclusive jurisdiction applies to “the disputes having as their object a judgment on the grant, registration, validity, abandonment or revocation of a registered intellectual property right.” This paragraph draws upon a comprehensive review of similar concerned provisions.

Paragraph (2) provides an exception to exclusive jurisdiction. According to (2), paragraph (1) does not apply where a dispute arises as a preliminary or incidental question. The decisions resulting from those disputes do not affect the validity or registration of those rights in subsequent cases. Under paragraph 3, Article 103 of the *Transparency Proposal*, the decisions resulting from such disputes only bind the concerned parties. Even for the parties in such a dispute, the decision rendered by the court that has exclusive jurisdiction derived from these Principles ought to prevail over that rendered by any other court, and the decisions in preliminary questions do not affect the subsequent proceedings.

Section 5: Provisional and Protective Measures

Article 210: Provisional and Protective Measures

- (1) A court which has international judicial jurisdiction under these principles has the international judicial jurisdiction to order any provisional or protective measure. Provisional or protective measures may also be ordered by a court in any state in which the property to be seized or in dispute is located.
- (2) The provisional or protective measures ordered by a court of the state in which the property to be seized or in dispute is located must be limited to the territory of that state.

Explanatory Notes

In accordance with paragraph 1, the court that derives jurisdiction from Articles 201–209 is not the only one able to order provisional or protective measures. The court in the state in which the property to be seized or in dispute is located can also order such measures. On one hand, the provisional or protective measure ordered by the court with jurisdiction under Articles 201–209 may be recognized and enforced abroad, not necessarily limited to the territory of the forum state. On the other hand, the provisional or protective measure ordered by the court of the state in which the property to be seized or in dispute is located shall be limited to the territory of that state (paragraph 2). Because these Principles consist of the distinct principles exclusively governing the conflict of intellectual property rights, this Article was not written into the *Japanese Preliminary Draft 2008* (Dec. 15, 2008). Nevertheless, as these Principles are expected to explore commonly shared rules in East Asia, we finally agreed that it is better to include it here.¹⁹

Where it is necessary to take protective measures (order for interim relief before the final decision on the merits, such as provisional seizure and preliminary injunction, upon motion of a party) upon the given intellectual property right itself (for example, to prevent disposing of or to seize the patent, to extend the protection term and other similar temporary injunctions), particularly in case of non-registered intellectual property rights, jurisdiction should not be given only to the “state of registration.” On this account, by reference to paragraph 2, Article 13 of the *Hague Preliminary Draft 1999*, drawn by a Special Commission of the Hague Private International Law Conference, we propose that the state in which the property to be seized or is disputed is located has the jurisdiction. In the case of any provisional or protective measure to be ordered or taken upon the given intellectual property right itself, the state in which the property in dispute is located can be interpreted to include the state for which protection is sought.

Any provisional or protective measure ordered by a court other than that having jurisdiction under Articles 201–209 of these Principles may be recognized by foreign states. However, because the jurisdiction of this court is interim and the provisional or protective measure thereof is *in rem*, it is more appropriate to make it enforceable merely within the state in which it was ordered.

Section 6: Dismissal of an Action

Article 211: Consideration of “special circumstances”

The court which has international judicial jurisdiction under the provisions of Articles 201-208 and the preceding Article, when it finds that there are special circumstances that will be harmful to fairness between the parties and prevent due process or prompt trial, considering the nature of the action, convenience for the defendant to enter an appearance, domiciles of the parties and witnesses to be examined, the location of material evidence to be collected and any other circumstances, may dismiss an action partly or wholly.

Explanatory Notes

This Article sets down special considerations on account of which an action may be dismissed partly or wholly. *The Japanese Preliminary Draft 2008* (Dec. 15, 2008) did not deal with exceptional situations in particular with a view to safeguarding the stability of the principles concerned. On the contrary, the *Korean Preliminary Draft* (Article 201, December 11, 2006; Article 8, March 26, 2009) prescribed that “the state which has no substantial connection with either the parties or the case in dispute” shall not have jurisdiction (paragraph (1)); and thus seven elements are set down of which one or more can cause a substantial connection to not be recognized (paragraph 2). Indeed, with regard to those principles on international jurisdiction, when compared to the *Korean Preliminary Draft*, the *Japanese Preliminary Draft 2008* is more definite and more stable, which helps the parties more easily discern their legal relationship. However, these Principles involve so many kinds of situations that the requirements for jurisdiction have to be softened (e.g. paragraph 1, Articles 203 applies where injuries triggered by the same alleged infringement occur in multiple state; Articles 207 and 208 apply to consolidation of claims). Without an escape for each case, unfairness between the parties, injustice or tardiness might arise. Theories and cases in both Japan and Korea show that it is not only possible but also justified to add an escape clause like this Article.

Nevertheless, the Korea Group strongly insists that an escape clause be alleged rather than justified. The Korea Group desires that the substantial connection between the forum state and the parties or the case be normalized and govern international jurisdiction. The *Korean Private International Law, 2001* adopts the test of substantial connection and justification to decide international jurisdiction so as to prevent an Americanized undue personal jurisdiction (Article 2 (1)). This path has been followed and supported by Korean cases and theories since then. Yet, as a principle governing international jurisdiction, it was formulated upon a most careful review of almost every big potential problem concerning its application and thus appears too abstract, failing to be sufficiently definite. Indeed, besides Article 2 (2) of *Korean Private International Law*, Korean cases also show that there exists “exceptional cases in which no jurisdiction may be established.” We think it is appropriate to add this Article, after “Provisional and Protective Measures.”

Take the 2nd sentence of Article 203 (1) as an example. Where injuries caused by the same alleged infringement occur in multiple states and the claims concerned may be consolidated, it would be difficult to limit the application of the escape clause. Even in the event that the court in the state in which a major part of the infringement activities occur generally has jurisdiction over those claims, there still may be some special considerations which ought to restrict consolidation, e.g. fairness between the parties, the place where evidence is located, etc.

Section 7: Prohibited Bases for Jurisdiction

Article 212: Prohibited bases for jurisdiction

For the purpose of these Principles, the court must not exercise international judicial jurisdiction solely on the basis of one or more of the following:

- (i) the nationality or habitual residence of the plaintiff in the forum state;
- (ii) the nationality of the defendant in the forum state;
- (iii) the temporary presence of defendant or service of writ upon the defendant;
- (iv) the performance of the formalities necessary to enter into a contract.

Explanatory Notes

This Article sets down the bases upon any one or more of which jurisdiction over transnational disputes may not be established. Jurisdiction established upon each of those listed above may turn out to be a typical “undue jurisdiction.” This Article is formulated by reference to Article 18 (2) of the *Hague Preliminary Draft 1999* and Section 207 of the ALI Principles. It requires that the due jurisdiction be established upon the substantial connection between the forum court and the given dispute. A court in the state that is not closely related to the dispute shall be restrained from exercising jurisdiction. Indeed, the US has introduced a flexible jurisdictional system by which the conflicting interests are balanced and, to enhance predictability by limiting the flexibility, some factors are listed that ought not to be taken into account. Otherwise, under the *Hague Preliminary Draft 1999*, where a court exercises jurisdiction under its local law (gray area), the negative grounds for jurisdiction must be explicitly provided. Instead, we adopt a different approach. We explicitly point out the typical circumstances under which the forum state is not substantially related to the dispute, listing them as negative grounds for jurisdiction. This Article aims to provide useful guidance as a model law.

Moreover, this Article also means something to the recognition of foreign judgment. According to the CLIP Principles by the EMPG, foreign judgments delivered by the court that has jurisdiction derived from those Principles ought to be recognized, while others may not. On the contrary, under the *Hague Preliminary Draft 1999* and the ALI Principles, voluntary as well as compulsory recognition of foreign judgments is permitted (mixed convention approach). Unlike the relevant provision of either the *Hague Preliminary Draft 1999* or the ALI Principles, this Article clarifies typical cases in which foreign judgments shall be refused to be recognized.

Article 401 (1) of these Principles provides that foreign judgments are not recognized if the state in which the court is located has no international jurisdiction under the Principles. It may be paraphrased as saying that any foreign judgment rendered in violation of these Principles shall not be recognized.

As we explained before, a substantial relation as a sufficient ground for jurisdiction was emphasized and construed in the *Korean Preliminary Draft* (General Provisions). Thus, under the ALI/UNIDROIT Principles and Korean Private International Law, it may be taken as the fundamental principle governing international jurisdiction. However, as a positive ground to exercise jurisdiction, the substantial relation between the forum court and the dispute is so abstract and indefinite that legal certainty might be lessened. Therefore, like the *Hague Preliminary Draft 1999* and the ALI Principles, we formulate the negative prohibitive jurisdiction and locate this Article at the end of Part II.

Section 8: International Parallel Litigation

Article 213: International parallel litigation

- (1) Where actions involving the same cause of action and between the same parties are brought in the courts of the different states, the court later seized shall stay its proceedings if the judgment from the court first seized will be recognized under these Principles.
- (2) Where the judgment rendered by the court first seized is capable of being recognized under these Principles, the court later seized shall dismiss the pending action before it without any delay.
- (3) Any court other than the court first seized may terminate the stay of its proceedings if the plaintiff in the first pending suit fails to proceed or the proceedings in the court first seized do not proceed within a reasonable period of time.
- (4) The proceedings in the court first seized for a declaratory judgment to declare that no debt exists shall be stayed if an action for payment judgment is brought before the court of another state before the defendant files his or her original defense; that judgment to be rendered by the court second seized may be recognized under these Principles.
- (5) For the purpose of this Article, the court is “seized”
 - (i) when the document instituting the action, or an equivalent document, is filed with the court, provided that this shall not apply if the plaintiff subsequently fails to take the required steps to provide notice to the defendant; or
 - (ii) if that document has to be served before being filed with the court, when it is served or received by the authority responsible for service, provided that this shall not apply if the plaintiff subsequently fails to file the document with the court.

Explanatory Notes

This Article deals with coordination of multi-territorial actions among the states that will accept these Principles. A general provision is preferred to govern cases in which actions involving the same cause of

action and between the same parties are brought into courts of different states, in legal systems with rules on international jurisdiction and the enforcement and recognition of foreign judgments: to govern cases in which actions involving the same cause of action and between the same parties are brought in the courts of the different states.²⁰ Grounded upon the doctrine of foreseeable recognition, if the judgment to be rendered by the court first seized may be recognizable in accordance with these Principles, the action in that court ought to take priority over that in any other court, and actions in other courts ought to be stayed (paragraph (1)).²¹ The *Korean Preliminary Draft* suggests that the court first seized ought to take priority over any other court and thus also ought to exercise jurisdiction. However, the purpose of this suggestion is rather unclear. Under paragraph 1, Article 27 of the *Brussels I Regulation*, the action proceeding in any court other than that first seized shall be stayed. Still, Article 12 (1) of the *Japanese Preliminary Draft 2008*, posed two options for *concursum actionum*, (a) the action in the court first seized shall take priority over that in any other court; and (b) the jurisdiction of the court in the state which grants a given intellectual property right shall take priority over that of the court in any other state. It was originally proposed that a general system relating to the *concursum actionum* be governed by international civil procedure laws. It was even proposed that coordination of multi-territorial actions apply only to cases in which special issues are discussed concerning intellectual property rights such as revocation, invalidity, infringement of registered intellectual property rights. And (b) suggested that with regard to an action of infringement of an intellectual property right over a certain technology or something promoting industry development, the decision rendered by the court of the state that grants that right ought to take priority.²² Were these Principles to apply only between Japan and Korea, only (b) would be sufficient. However, these Principles are expected to apply across East Asia, so we agree with the Korea Group that a more general approach to dealing with *concursum actionum* has come into being in this Article. Yet, where the action in the court first seized proceeds, the principles do not provide cooperation with foreign courts or the right of coordination.²³ This Article does not deal in particular terms with coordination among the courts before which multi-territorial actions are brought. We cannot promise this paragraph will promote as much coordination between courts as expected, but we hope for other opportunities and other scholars to pursue more in-depth research into this problem.

Paragraph (2) regulates the measures that should be taken by a subsequent court when the first court to be seized renders judgment. It draws upon the theory of the doctrine of foreseeable recognition. In the case that the court first seized is expected to render a judgment capable of being recognized under these Principles, any other court shall dismiss its proceedings without any delay.

Paragraph (3) presents two exceptional cases in which the proceedings in any court other than that first seized may resume. Where the plaintiff fails to proceed within a reasonable time or the court first seized fails to proceed within a reasonable time, any court other than that first seized may resume its proceedings. Whereas this paragraph is an exception, it ought to be applied very carefully.

Paragraph (4) applies where an action for a judgment to declare no debt happens concurrently with an action for payment between the same parties. Although connected to the same debt, both claims are filed for different reasons and do not have the same cause of action, so they are actually not *concursum actionum*. But for the purpose of paragraph 4, they are treated like *concursum actionum*. The action for that declaratory judgment in the first court seized shall be stayed, if: (a) the defendant has filed a payment action with a court of another state before first pleading in the action for the declaratory judgment; or (b)

the court second seized is expected to render a judgment capable of being recognized under these Principles. A similar provision also appears in Article 21 (6) of the *Hague Preliminary Draft 1999*. But Paragraph (4) has additional features: the defendant filed an action for payment judgment with a court in another state first, pleading for declaratory judgment; and the first filed court must suspend the declaratory judgment procedures even without the party's request.

Paragraph (5) explains what happens when a court is seized, which determines the order of filing under the previous paragraphs. It is formulated based upon Section 221 (4) of the ALI Principles and by reference to Article 21 (5) of the *Hague Preliminary Draft 1999*. Firstly, (under the local civil procedure rules of the forum state, the court is seized when the document instituting the proceedings, or an equivalent document is filed with the court) the court is seized when the document necessary for instituting the proceedings, or an equivalent document, is lawfully filed with the court (text of item (i)). The plaintiff ought then to take the required steps to provide notice to the defendant, or the action will "fail to be filed" (proviso of item (i)) (under the local civil procedure rules of the forum state)/ If this document has to be served to the defendant before being filed with the court, the court is seized when it is served or received by the authority responsible for service (text of item (ii)). Furthermore, the plaintiff ought to subsequently file the document; otherwise the action will fail to be filed (proviso of item (ii)). This paragraph copies similar provisions in the ALI Principles; thus further analysis will be required to compare this paragraph to Article 21 (5) of the *Hague Preliminary Draft 1999*) and make sure it fits well with the service system of East Asian states like Japan and Korea.

Part III: APPLICABLE LAW

Section 1: General Rules

Article 301: General principles on applicable law

- (1) All matters concerning an intellectual property right as such, including its existence, validity, content, revocation and the like, shall be governed by *lex protectionis* unless otherwise provided by these Principles.
- (2) Subject to the preceding paragraph, *lex protectionis* is the law of the state for which protection is sought. In the case of a registered intellectual property right, this state is presumed to be the state in which that right is or will be registered, or which is deemed to be a state of registration under the convention to which that state belongs or the local law of that state.

Explanatory Notes

Article 301 applies to “all matters concerning an intellectual property right as such.” It’s a general principle, succinct but flexible. The forum court may interpret it and ultimately decide what particular matters fall into the scope. As for other matters like transferability of such rights, they are governed by special principles.

Paragraph (2) defines *lex protectionis*. If an intellectual property right, whether registered nor not, is taken as an exclusive right granted by a state over intangible property, the state of protection may be viewed as a general connecting factor in the conflict of intellectual property rights. With regard to registered intellectual property rights, the particular connecting factors to be employed may differ. However, we use the state of registration as an example of the state of protection. The state of protection is concisely defined by Article 3: 102 of the CLIP Principles by the EMPG, as the state for which protection is sought, and is explained in the footnote. Nevertheless, the state of registration is widely used in both judicial practice and academic circles as a major connecting factor in the conflict over registered intellectual property rights. Therefore paragraph (2) clearly defines the state of registration and presents an example of the state of protection of registered intellectual property rights. This paragraph thus presumes that the law of the state of registration is identical to *lex protectionis*.²⁴ This presumption may be rebutted by proof that the two laws are not identical.

Article 302: Agreement on applicable law

- (1) The parties may at any time designate a law that will govern all or part of their dispute. However, where that agreement on applicable law is concerned with the matters of an intellectual property right as such, including its existence, validity, revocation and transferability, that agreement affects only the contracting parties.

- (2) The parties' agreement on applicable law may not affect the vested rights of third parties.
- (3) The law designated by the parties governs the existence and validity of the parties' agreement on applicable law.

Explanatory Notes

Subject to paragraph (1), the parties may only choose the law governing their mutual relationship and concerning an exclusive right, such as an intellectual property right. The existence, validity, and scope of that alleged right might be very different from those registered by the state of registration or those vis-à-vis a third party. This would not only complicate the relationship between the parties but lead to difficulties in interpreting the foreign judgment involved. Several opinions were discussed regarding this matter. For those questions that are incidental to principal issues, like infringement or breach of contract of an intellectual property right, or that can be solved, under the nature of the dispute, by parties' negotiation, the parties may choose the law under which these matters will be adjudicated.²⁵ This Article deals with the most typical case in which those preliminary or incidental questions are disputed. In addition, the question of who owns the intellectual property right in dispute does not affect any third party. In East Asia, unlike EU countries, no crystal clear and stable rules have yet been established for the protection of intellectual property rights – the outcome of specific disputes over intellectual property rights cannot be foreseen with a certain probability. Therefore, though subject to Article 301, the law chosen by the parties may still govern those questions, but “that agreement affects only the contracting parties.”²⁶ It's much expected that paragraph (1), as an important principle governing the conflict of intellectual property rights, promotes transference and exploitation of those rights between East Asian states. Also, in the case of contracts, when copyrights and other intellectual property rights relating to the Internet are concerned, the most appropriate approach to deal with them is to let them be governed solely by the law that the parties choose, which may facilitate the exploitation of intellectual property rights.

Article 302 (2), based upon Article 14 (2) of the *Japanese Preliminary Draft 2008*, deals with the effects that the parties' choice of law may have upon third parties. Under this paragraph, this choice shall not be effective against any third party. This is based on the idea that denial of the parties' agreement is not necessary if the third party knew the choice-of-law agreement and posed no objection. However, we revised this point to ward off confusion, ensuring that the wording “that agreement affects only the contracting parties” is very clear.

Paragraph (3) states that the existence and validity of such agreements ought to be governed by the law that the parties designate. By taking advantage of this provision, the parties may thus shape their relationship and how they can expect to be protected. A similar provision is also found in Section 302 (4) (a) of the ALI Principles and Article 3:505 (1) of the CLIP Principles drafted by the EMPG. However, owing to the following subsection (4) (b) and paragraph (2), those provisions do not necessarily have the same effect as this paragraph does. It is also suggested that because some states broadly recognize and express consent (for example, Article 509 of Japanese *Commercial Code*), the party may apply the law of the state where he/she habitually resides in order to deny the effect of his/her consent. This Article protects not only the parties' choice of law but also the parties' intent.

Previously, paragraph (3) had a proviso providing that “the agreement does not comply with the manda-

tory rules relating to the protection of consumers or laborers under *lex fori*.” This was purposed to protect consumers and employees with the proviso that the agreement is valid only where it complies with the mandatory rules relating to the protection of consumers or employees under *lex fori* and is effective under the law of the agreed jurisdiction. However, in the conference at the Seoul University, it was insisted that it was not necessary to provide such proviso in order to restrict the agreement between the parties since Article 312 was enough to protect such consumers or employees. Many people agreed with this opinion, and therefore the proviso was deleted.

Article 303: Application of *lex fori*

In these Principles, procedural matters are governed by the law of the forum state.

Explanatory Notes

It's universally accepted that civil procedure shall be governed by the law of the forum state. How to tell procedure from substance is a vital question of characterization. It's possible that no provision may be necessary to decide the matter. This Article reaffirms one of the most accepted conflict rules: that civil procedure be governed by *lex fori*, emphasizing the importance of characterization of procedure and substance. It is necessary and thus ought to be written into these Principles in order to focus more attention on the matter.²⁷ The authors of this Article discussed whether or not typical examples of procedural matters should be given. Yet it is believed and laid out in this Article that the question of characterization should be referred to each state as often as possible. We expect that East Asian states would not choose to handle it under their own domestic substantive laws, but rather under their private international laws as often as possible, which may help cases to reach a uniform answer to the question of characterization among those states.

Section 2: Infringement of Intellectual Property Rights

Article 304: Infringement and remedies

- (1) The law applicable to an alleged infringement and remedies is the law of each state for which protection is sought, provided that this shall not apply if the parties have chosen another law under the provisions of Article 302.
- (2) The provision of the preceding paragraph may apply to unjust enrichment arising out of such infringement and claims arising out of agency of necessity (*negotiorum gestio*).
- (3) The applicable law to non-contractual obligation arising out of an act or acts initiating unfair competition is the law of the state in which a direct and substantial damage caused by the act(s) occurs or is expected to occur.

Explanatory Notes

In Japan, there are different views on characterization with regard to the infringement of intellectual property rights. One is that infringement and remedies ought to be characterized as matters of the effect of those rights. Another is that injunctive reliefs ought to be characterized as matters of the effect of those rights, while damages and other remedies are matters of tort. And the third is that all matters concerning infringement of intellectual property rights ought to be characterized as tort. Under paragraph (1), those matters are basically governed by the law of the state for which protection is sought. Nonetheless, the parties may, subject to Article 302, choose the law governing those matters, concerning the right to do as such (proviso of paragraph (1)) but that choice only binds the concerned parties. That exception has no implication for the principle that the agreement concerning the right as such is effective only vis-à-vis the contracted parties.

In the case of infringement of intellectual property rights, apart from remedies like damages, claims arising out of unjust enrichment and voluntary service may be raised at the same time. In accordance with paragraph (2), such claims are also governed by the law of the state for which protection is sought without any question. Since injunctive relief and damages claims are often accompanied by those claims arising out of unjust enrichment and *negotiorum gestio*, which connect with infringement of intellectual property rights, it's justified to have those two types of claims governed by the same law as that applicable to infringement and remedies, which are often raised as simultaneous or supplemental claims. The law applicable to non-contractual obligation is similar to that designated by Article 13 of the *Rome II Regulation* governing laws applicable to non-contractual debts.

Article 102 (1) and (2) of these Principles define the kinds of intellectual property right that are covered by the Principles. If it did not include the intellectual property right under competition law, paragraph (3) would be unnecessary. But that is not the case. Additionally, the intellectual property regulated by some states' competition laws may instead be regulated by other states' laws of trademarks and industrial design. Therefore, these rights should also be covered by the Principles. Nevertheless, rights protected under the unfair competition prevention law have been regarded as rights protected by special provisions of tort law and are different in nature than other intellectual property rights, such as industrial property rights and copyrights. Thus, paragraph (3) ought to be written into these Principles, making clear the definition of an infringement is according to the theory of market impact. The role that paragraph (3) plays depends upon the meaning of *lex protectionis*. *Lex protectionis*, under the ALI Principles, has a different meaning, under the CLIP Principles by the EMPG.²⁸ If *lex protectionis* means the law under the ALI Principles, this paragraph is only a particular provision of special notice; if *lex protectionis* means the law under the CLIP Principles by the EMPG, it is more than that.²⁹ The right of publicity which has become the project of much discussion recently may be dealt with under paragraph(3).

Article 305: Recognition of Infringement due to Extraterritorial Activities

Courts that apply *lex protectionis* find the infringement of intellectual property rights as long as the direct inducement, accessory-ship and substantive preparatory acts of such infringement are di-

rected to the state of protection, even if whole or part of the act was done outside the state of protection, and there is the threat of direct and substantive injury within its territory.

Explanatory Notes

This Article sets down the requirements that ought to be satisfied when the court in the state for which protection is sought exceptionally acknowledges the existence of the infringement occurring partly or wholly outside of the territory of the state of protection. Only when (i) the activity initiating the alleged infringement is directed against the state of protection; and (ii) such activity causes the direct infringement or threatens to cause the direct and substantial injury in that state, the court may acknowledge the existence of the infringement.

Finding of infringement in view of the principle of territoriality is an important issue, which was disputed at the *X Girl Case* (The Supreme Court of Korea, July 22, 2004) and the *Card Reader Case* (Supreme Court of Japan, September 26, 2002, *Minshu*, Number 7, Volume 56, p. 1551). According to the *Card Reader Case*, Japanese Court acknowledges the existence of the infringement only when an aid or abetment or preparatory act occurs in Japan may a Japanese court exercise jurisdiction. Where it occurs abroad, because “any activity initiating or furthering an alleged infringement but occurring in a foreign state, as well as its effect upon the patent, falls out of the scope of Japanese law,” it may not be held to be illegal, and thus does not satisfy the condition of a tort. The judgment thereof was adduced by the Supreme Court of Korea in the *X Girl Case*. In the Korean case, the use of the T-shirt trademark in dispute did not constitute an infringement, although it was registered in Japan and a Japanese country owned the stores, because the T-shirts in question were manufactured in Korea and sold in stores situated within Korea. Even though those T-shirts had also been sold in Japan, the sale would not infringe intellectual property regarding the Japanese trademark.

However, the strict territoriality rule employed in both cases has become outdated in the era of globalization, and fails to offer sufficient protection for intellectual property rights. As the world is becoming more and more widely and deeply globalized, new questions will continue to arise in the future. We believe that it's necessary to specify no more than insufficient protection and overprotection of intellectual property rights, as this Article does. A similar provision may be found in Article 3:602 of the CLIP Principles by the EMPG.³⁰ Strictly speaking, Article 3:602 is not a conflict rule but an interpretation of how to apply the applicable law(s). It's a question about the application of the applicable law (substantive law), and in particular, the matters governed by *lex causae*.³¹

Article 306: Ubiquitous infringement

- (1) In case of disputes concerned with an infringement that occurs or has occurred in unspecified and multiple states, the court shall apply the law of the state that has the closest connection with that infringement in its entirety.
- (2) For the purpose of these Principles, the closest connection ought to be on the account of the following:

- (i) the infringer's habitual residence; or the infringer's particular place of business in case of infringement activity occurring in its business operation;
 - (ii) the state in which the infringement activity mainly occurs; the state against which the infringement activity is directed, and the state in which a substantial injury occurs;
 - (iii) the state in which the owner of such right has principal interests.
- (3) In the provisions of the preceding two paragraphs, where the existence, validity, content, revocation, transferability and effect of transfer on third parties of an intellectual property right are in dispute as a preliminary or incidental question, the applicable law of such a preliminary or incidental question is also determined in accordance with choice-of-law rules provided in the provisions of preceding two paragraphs.
- (4) Notwithstanding the provisions of the paragraphs (1) and (2), the party may prove that the law of the state or states in which the alleged infringement occurred leads to a different solution other than that provided by the law of the state designated by the provisions of paragraphs (1) and (2). In that case, the court shall apply that other law and fashion the liability and remedy unless it leads to an inconsistent judgment.

Explanatory Notes

Section 321 of the ALI Principles and Article 3:603 of the CLIP Principles by the EMPG deal with ubiquitous infringement against an intellectual property right in which many states are involved as the state for which protection is sought. According to those provisions, an alleged ubiquitous infringement ought to be governed by the law of the state which has the closest connection with it. In the case of the traditional conflict rule to be applied to ubiquitous infringement, where protection is sought for more than one state, the choice of law would be more than a mosaic question, and the state for which protection is sought often cannot be identified. Therefore, special provisions such as this Article, Section 321 of the ALI Principles or Article 3:603 of the CLIP Principles by the EMPG must be recognized in order to provide substantial protection of intellectual property rights. This Article differs from those others only in definition of ubiquitous infringement and the factors that ought to be taken into account to determine the state which has the closest connection. The ubiquitous infringement under the CLIP Principles by the EMPG is a transnational infringement carried out through ubiquitous media like the Internet, while under the ALI Principles, the Internet may be viewed as an example of the means through which ubiquitous infringement is carried out. It implies that ubiquitous infringement may be carried out through other means than the Internet, say, publications sold in multiple states. Paragraph (1) defines ubiquitous infringement as “an infringement that occurs or occurred in unspecified and multiple states,” similar to that under the CLIP Principles by the EMPG.

Some may argue that paragraph (1) be not justified because Internet users have the right to know. Nevertheless, Article 302 (1) of the *Transparency Proposal*, the particular rule relating to ubiquitous infringement, is in accordance with paragraph (1) of this Article. This Article, similar to Article 3:603 of the CLIP Principles by the EMPG, limits ubiquitous infringement to some extent. If it were not thusly limited, it could hardly be differentiated from general infringement. On the other hand, due to the characteristics

of ubiquitous infringement, the rights of the owner/holder of the intellectual property ought to be protected rather than the interests of the general public. And thus it's held that ubiquitous infringement be limited as much as possible.

Paragraph (2) sets down three factors that shall be taken into account to decide the law of the state which has the closest connection with an alleged ubiquitous infringement.³² Those factors include the habitual residence of the alleged infringer of an intellectual property right (item (i)), the state in which the major infringement activity occurs, the state against which the infringement activity is directed, or the state in which substantial injury occurs (item (ii)), and the state in which the owner of the intellectual property right has principal interests (item (iii)). If the infringer has his/her place of business and has committed an alleged infringement in his/her business activities at this business place, this place may be taken as his/her habitual residence (proviso of item (i)).

Paragraph (3) aims to establish a simple principle: the law of the state that has the closest connection is applied in ubiquitous infringement cases, where the existence, validity, content, revocation, transferability and effect of transfer on third parties of an intellectual property right are in dispute as a preliminary or incidental issue; in such cases, paragraphs (1) and (2) are applied.

Under paragraph (4), where the party proves that there is another law which has a closer connection with the dispute than the applicable law subject to the preceding paragraphs, the forum court shall apply that law unless it leads to an inconsistent judgment. Section 321 (2) of the ALI Principles and Article 3:603 of the CLIP Principles by the EMPG offer similar provisions. Essentially, the party has to prove that the law of any of the states covered by the action leads to a different solution other than that provided by the applicable law subject to paragraphs (1) and (2). To be exact, in the case of ubiquitous infringement, if the party proves that the law of another state in which an infringement occurs would lead to a different solution than that resulting from the applicable law subject to paragraphs (1) and (2), then the law of that state shall govern the liabilities and remedy arising from that infringement, except that which leads to an inconsistent judgment. Thus, this paragraph limits the applicability of paragraphs (1) and (2).

Section 3: Contract

Article 307: Applicable law in the absence of choice of law

- (1) In the absence of a contractual agreement on applicable law, the contract shall be governed by the law of the state with which the contract is most closely connected at the time its conclusion.
- (2) The court shall apply the law of the state in which the transferee or licensee is habitually resident if it finds that that state connects more closely with that contract on account of the following:
 - (i) the express or implied obligation to exploit the right;
 - (ii) exclusiveness of the licensed right;
 - (iii) the connection between the place of substantial exploitation of intellectual property and habitual residence of the parties.
- (3) The law applicable to the contract shall govern any tortious infringement by the party with

contractual relationship.

Explanatory Notes

Subject to Article 302, the parties may choose the law governing their contractual relationship and the law concurrently designated by the parties shall apply. Paragraph (1), as a default rule, designates the law of the state which has the closest connection with the contract in dispute as the governing law, in cases where the parties fail to make their own choice of law. Then the question is how to determine the law of the state that has the closest connection with the contract. According to the theory of characteristic performance, it's generally inferred that the law of the state in which the characteristic performer has his/her habitual residence or principal place of business be that law. The developed and developing states have totally different answers to the determination of characteristic performance.

Paragraph (2) provides three connecting factors that ought to be taken into consideration. Provided that the transferee or licensee of intellectual property rights has a closer connection, he/she ought to be taken as characteristic. Article 20 (2) of the *Japanese Preliminary Draft 2008* suggested that the law of the state in which the transferor or licensor habitually resides was presumed to be the law of the state with the closest connection. However, some strongly held that the state in which the transferee or licensor habitually resides is presumed to have the closest connection with the contract. Also, Article 3:502 of the CLIP Principles by the EMPG sets down those factors that ought to be taken into consideration in determining the state with the closest connection, and tends towards the law of the state in which the transferee or licensee has a habitual residence, or in which the creator, transferor or licensor habitually resides.

Paragraph (3) provides an accessory connecting factor. This provision was proposed by the Korean research group and accepted into this Article. In the case where both breach of contract and tort liability are disputed between the same parties, complicated issues concerning the relationship between the two claims may arise. Paragraph (3) solves such issues and designates the law applicable to the contract to govern any tort liability, which is held to be appropriate.³³

Section 4: Initial Title and Transferability

Article 308: Initial ownership

- (1) Initial ownership of intellectual property rights is governed by the law of the state for which protection is sought.
- (2) Initial ownership of a copyrighted work is governed by the law of the state in which the copyrighted work is initially created. If the law of this state is not clear, the applicable law is assumed to be the law of the creator's habitual residence at the time of creation. If there is more than one creator, the applicable law is assumed to be the law of a creator's habitual residence at the time of the creation, as designated by agreement between or among the creators. In the absence of such an agreement, the applicable law is assumed to be the law of the state in

which the majority of the creators habitually reside at the time of the creation.

- (3) If the applicable law under paragraph (2) does not extend protection to intellectual property, then the initial title is governed by the law of the state in which the subject matter is first exploited and protected.
- (4) If the intellectual property right was vested pursuant to an employment or any other preexisting relationship, the applicable law is the law governing that contract or relationship.

Explanatory Notes

Paragraph (1) clearly provides that the law of the state for which protection is sought also applies to the initial title to intellectual property rights. What's most significant in designating the applicable law to that initial title is to determine whom it goes to. In the United States, there have been a series of judgments in which the law of the state of origin is given priority.³⁴ Affected by that practice, the initial title to registered intellectual property rights, subject to Section 311 (1) of the ALI Principles, is governed by the law of each State of registration, while the initial title to non-registered intellectual property rights is governed by another law. In the case of copyrights, under Section 313 of the ALI Principles, where there is only one creator, the initial title is governed by the law of the State in which that creator resided at the time when the subject matter was created. If there is more than one creator, the determination of the applicable to initial title to copyrights is more complicated. In Europe, Mr. Ulrich Drobnig, Director of the Max Planck Institute for Foreign Private and Private International Law (Hamburg), strongly holds that no matter what law protects the copyright of its original owner, its initial title absolutely connects with the state of origin so that the subject matter circulate more easily.³⁵ Instead, Article 3:201 (1) of the CLIP Principles by the EMPG provides that *lex protectionis* governs the initial title to copyrights. In East Asia, application of the same law to initial ownership and transferability of copyrights seems to lessen unauthorized use of copyright works and promote the transfer and licensing of copyrights. Assuming that no solid principle has been established in East Asia, finding appropriate principles will contribute to the development of East Asian states.

According to paragraph (2), the law governing the initial title to copyrights, different from that subject to paragraph (1), is the law of the state in which the subject matter is initially created. If that state is not clear, it is presumed to be the creator's habitual residence at the time of creation. If there is more than one creator, it is presumed to be the creator's habitual residence at the time of the creation of the subject matter, as designated by the contract between or among the creators (proviso of paragraph (2)). In the absence of such a contract, it is presumed to be the state in which majority of the creators habitually reside at the time of the creation of the subject matter.³⁶

Paragraph (3), like Section 313 (2) of the ALI Principles, is a supplemental rule applicable to non-registered intellectual property – mainly copyrights. This paragraph provides a supplemental connecting factor to protect the rights holder of intellectual property in case the law determined by Article 308 (2) does not extend to the title of intellectual property.

Paragraph (4) deals with initial titles to patents and copyrights in cases of employees' inventions or works and those created arising from other pre-existing relationships. The initial title to inventions and copy-

rights in those cases may also be subject to the law applicable to pre-existing contracts or relationships. A similar provision is found in Section 313 (1) (c) of the ALI Principles. A significant number of important modern inventions have been created jointly by multiple employees. Ownership of such inventions is governed by the applicable law determined by this paragraph.

Article 309: Transferability

- (1) The transferability of intellectual property rights is governed by the law of each state for which protection is sought.
- (2) The transferability of copyrights may be governed by the same law which is designated by the provision of paragraph (2) of the preceding Article if the parties' agreement under Article 302 is available.
- (3) The effect that the transference of an intellectual property right may have upon a third party shall be governed by the law designated by the provision of paragraph (1).

Explanatory Notes

Paragraph (1) shows that transferability, including the possibility to transfer or license an intellectual property right, is basically governed by the law of the state for which protection is sought. Due to its nature, an intellectual property right is capable of being transferred. A similar provision is also found in Section 314 (1) of the ALI Principles and Article 3:301 of the CLIP Principles by the EMPG.

Under paragraph (2), the transferability of copyrights may be governed by the law applicable to the initial title to copyrights, subject to Article 308 (2) instead of that of the state for which protection is sought if the parties' agreement under Article 302 is available. The purpose of this rule is to facilitate the transfer contract of the copyright. Due to the strong interest of the protecting state, the transferability of industrial properties, such as patents, is governed by *lex protectionis*. On the other hand, copyrights are less connected to the state of protection than registered intellectual property such as industrial properties, because registration is not a condition of the right under the non-formality principle of the Berne Convention. Thus, the transferability as well as initial ownership of a copyright should be sufficiently flexible considering the parties' choices. This arrangement would enhance the transaction of copyrights.

As to the effect that the transference of an intellectual property right may have upon a third party, according to paragraph (3), it may be governed by the law designated by paragraph (1). In the judicial practice of Japan, lower courts applied *lex protectionis* and dealt with that effect in a series of cases, e.g. the Kewpie Case (Tokyo High Court, May 30, 2003, *Hanrei Jihou*, Number 1797, p. 111) and Salvador Dali Case (Tokyo High Court, May 28, 2005, *Hanrei Jihou*, Number 1831, p.135).

Section 5: Supplementary Rules

Article 310: Exclusion of renvoi

The law of any state declared applicable by these Principles does not include its rules of private international law.

Explanatory Notes

Section 321 of the ALI Principles and Article 3:803 of the CLIP Principles by the EMPG deal with *renvoi*, too. In accordance with Article 9 of Korean *Private International Law*, *renvoi* is accepted in general but the law applicable to the contract, chosen by the parties or otherwise designated, does not include conflict rules (paragraph (2) (i)-(vi)). While in Japan, under Article 41 of *Act on General Rules for Application of Laws*, *renvoi* is permitted only if *lex partiae* is applied. Due to differences in application of *renvoi* between East Asian states, if *renvoi* were accepted into these Principles, the law actually governing a foreign civil relationship could possibly not be the right one designated by these Principles. Permitting *renvoi* would run counter to the purpose of these Principles. For that reason, *renvoi* is refused.

Article 311: Proof of foreign law

- (1) In case of foreign law designated by these Principles, the forum court shall ascertain the substance of that law upon its authority and apply that law. The forum court may instruct the parties to help it find proof of foreign law to ascertain the content.
- (2) Notwithstanding the preceding paragraph, where the parties are required under the law of the forum state to prove the content of foreign law, they shall do so.

Explanatory Notes

In the case that a foreign law is designated subject to these Principles, it were not surveyed accurately and therefore were not actually applicable, the principles governing choice of law would ultimately be frustrated and fail. Subject to paragraph (1), the forum court is responsible for proving the foreign law concerned. Unlike facts to be proven, the foreign law involved ought to be examined by the forum court with all its authority, and then be applied. However, where the party raises his/her claims or submits pleadings under the foreign law designated subject to these Principles, it is appropriate to have the party assist the forum court and prove that law so as to ascertain the character of that foreign law. Therefore, as the proviso of paragraph 1 provides, the forum court may have the parties help it find proof of that foreign law.³⁷ Article 5 of Korean *Private International Law 2001* provides the same idea.

Paragraph (2) pays attention to particular practices in Common Law states like Hong Kong and Singa-

pore. Those states shift the burden of allegation and proof to the parties. Paragraph (2) applies where a transnational dispute is dealt with in such a state.

Article 312: Application of mandatory rules

- (1) The court shall apply the absolutely mandatory rules of the forum state.
- (2) The court may give effect to the mandatory rules of foreign state regardless of applicable law on account of the nature and purpose of those rules, or the consequences of their application.

Explanatory Notes

While formulating this Article, we considered where it ought to be placed. Some of the authors advised putting it in Section 3 (Contract) but others proposed including it in both Sections 3 and 5 (Residual Rules). At last, to avoid duplication and to consider mandatory rules other than contracts, it appears here in Section 5 only as a residual rule, like Section 323 of the ALI Principles. The mandatory rules, for the purpose of this Article, are not the same as those under domestic substantive law, but are instead mandatory rules in private international law. The rule is absolutely mandatory and not shall be judged In accordance with its nature, purpose and the consequence it induces. Although this Article does not necessarily endorse the theory of special-connection, mandatory rules in this Article mean so-called international, absolute mandatory rules in private international law, which are specially connected or mandated across borders.

Those mandatory rules, for the purpose of this Article, are not limited to those of the forum state but include otherwise mandatory rules of any third state. However, we should ensure that the application of the third state's mandatory rules do not have the same effect as the forum state's. Some argued that only the absolutely mandatory rules of the forum state should apply. This Article, like Article 9 of the *Rome I Regulation on the law applicable to contractual obligations*, treats the mandatory rules of the forum state differently from those of a third state. Paragraph (1) applies to the former while paragraph (2) applies to the latter.

Subject to paragraph (1), the absolutely mandatory rules of the forum state shall be applied. However, in the wording “[t]he forum court may give effect to the mandatory rules of another state,” paragraph (2) leaves application of foreign mandatory rules to judicial discretion, a decision which is being questioned in scholarly debate.³⁸ But since both the ALI Principles and the CLIP Principles by the EMPG treat foreign mandatory rules in the same way, we decided to keep the provision in these Principles.

Article 3:801 (1) of the CLIP Principles by the EMPG holds that “..... In considering whether to give effect to these overriding mandatory provisions, regard shall be had to their nature and purpose and to the consequences of their application or non-application.” Compared to that provision, this Article has more concise wording, but does not imply a different meaning.

Article 313: Public policy

The application of rules of foreign law under these Principles may be excluded if such application leads to a manifestly repugnant consequence for public policy in the forum state.

Explanatory Notes

This Article is formulated on account of Section 322 of the ALI Principles, Article 42 of Japanese Act on *General Rules of Application of Laws*, Article 10 of Korean *Private International Law* and Article 14 of Chinese *Model Law of Private International Law*. It is worded with reference to Section 322 of the ALI Principles, Article 10 of *Korean Private International Law*. The adverb “manifestly” is added, as it is used institutionally in the *Hague Conventions*. “Public policy in the forum state” means so-called *l'ordre public international*. It includes international standards that have previously been formed relating to intellectual property, constitutional law, public welfare under international conventions and fundamental rights. Such public policy is assumed to be stricter than domestic private international law. With regard to the exclusion of a foreign law, subject to this Article, only when “the application” of that foreign law leads to a repugnant result may it be excluded, which definitively resolves the conflict between foreign law and local public policy.

Part IV: RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS³⁹

Article 401: Foreign judgments not to be recognized or enforced

- (1) A foreign judgment shall not be recognized or enforced if:
 - (i) the international judicial jurisdiction of the foreign judicial body is not recognized under these Principles;
 - (ii) the defeated defendant has not received a service (excluding a service by publication or any other service similar thereto) of a summons or order necessary for the commencement of the suit in a lawful and timely manner, provided however that this shall not apply if the defendant has appeared without receiving such timely service; or
 - (iii) the content or procedure of the judgment violates the public policy of the requested state.
- (2) A foreign judgment may not be reviewed as to its substance or merits.

Explanatory Notes

1. Until now, a foreign judgment capable of being recognized and enforced has been called “the final judgment rendered by a foreign court.” Under Article 118 of Japanese *Civil Procedure Code*, “the judgments” means final judgment such as judgments, decisions or orders, irrespective of the name, which are rendered by foreign courts and resolve legal disputes between parties, excluding interim judgment. Pending foreign judgments or injunctive relief shall not be recognized or enforced.⁴⁰

On one side, under Article 401 (1) of the *Korean Preliminary Draft 2006*, “final foreign adjudication” shall be recognized and enforced. The so-called “adjudication” generally means any decision rendered by a court including judgment, decision and order, etc. In that sense, it may be inferred that “final foreign adjudication” excludes “protective measures ordered through ex parte procedure” but “includes otherwise protective measures and interim adjudication.”⁴¹ Subject to Article 401 (2), even pending foreign judgments may be recognized and enforced. Where a pending foreign judgment is involved, the requested court may stay the proceedings of its recognition and enforcement.

On the other side, subject to Section 401 (2) of the ALI Principles, foreign judgments to be recognized and enforced “must be final in the rendering States.” The “final judgment” for the purposes of those Principles, In accordance with Section 101 (2) of the ALI Principles, means any judgment that is “subject to enforcement in the State of origin and not stayed by a court in that State.” In accordance with Section 401, comment b of ALI Principles, even though the foreign judgment is subject to appeal, it is capable of being recognized and enforced. Where a foreign judgment is subject to appeal, in order to avoid confusion, the rendering court shall stay to enforce it and the requested court shall stay the proceedings of its recognition and enforcement. Foreign judgments need not be “final” in the sense of Japanese or German law, so pending foreign judgments may be recognized and enforced, if they are enforceable.⁴² Furthermore, subject to Section 401 (4) of the ALI Principles, “... a provisional or protective order rendered In

accordance with § 214 (1)” shall be recognized and enforced.⁴³

It is the same case with the CLIP Principles by the EMPG. Subject to Articles 4:101 and 4:102 (4), any foreign judgment enforceable, though pending, in the state of origin may be recognized and enforced. However, the recognition or enforcement may be postponed or refused if an ordinary appeal against the judgment has been lodged in the state of origin or if the time limit for seeking ordinary review has not expired. Foreign protective or provisional measures shall not be recognized or enforced if they are adopted by a court that has no jurisdiction under the CLIP Principles by the EMPG, without a prior hearing for the adverse party or without prior service of process to that party (Article 4:301).

All those aforesaid proposals on recognition and enforcement of foreign judgments take on more significance upon the creditor’s rights and interests, intended to protect those rights and interests efficiently and effectively at an international level to as great an extent possible. It’s safe to say the most recent treaties related to this issue also value most highly the rights and interests of the creditor.⁴⁴ Making reference to Article 32 of the *Brussels I Regulation* and Article 32 of the *Lugarno Convention*, we write down this Article, under which foreign judgments capable of being recognized and enforced include not only final judgments, but also pending judgments and provisional or protective measures.⁴⁵

Where provisional or protective measures are to be recognized and enforced, the particulars shall be taken into consideration, including the grounds upon which the rendering court established its jurisdiction, prior hearings of the defendant debtor and so on, subject to Article 402. Recognition and enforcement of a pending foreign judgment or protective measure may be stayed if an appeal against that judgment has been filed or a judgment inconsistent with that measure has been rendered, subject to Article 408.

2. Form

On the one hand, Article 401 of the *Korean Preliminary Draft 2006* lists positive requirements for the recognition and enforcement of foreign judgments. So does Article 402 of the *Transparency Proposal*. However, the *Brussels I Regulation*, the *Lugarno Convention* and the ALI Principles regulate foreign judgment as not to be recognized or enforced. Subject to Article 34 of the *Brussels I Regulation*, Article 34 of *Lugarno Convention* and Section 403 of the ALI Principles, the debtor that has the burden to prove that the foreign judgment concerned shall not be recognized or enforced. Compared to the approach employed in *Korean Preliminary Draft 2006* or the *Transparency Proposal*, it helps foreign judgments be recognized and enforced much more easily. We believe it is a more desirable practice to state the negative requirements for recognition and enforcement.⁴⁶

On the other hand, Section 403 of the ALI Principles lists absolute grounds for the rejection of recognition and enforcement (the court is prohibited from recognition or enforcement) (subsection (1)) and voluntary grounds for the rejection (the court has no obligation) (subsection (2)). Section 403, as something of model law, is supposed to have the requested court determine whether to recognize or enforce foreign judgments at its own discretion. However, since the court ought to recognize and enforce foreign judgments subject to the mandatory rules, there is hardly justification to willfully do otherwise. On the contrary, the *Korean Preliminary Draft 2006* did not generally differentiate between foreign judgments to be recognized and enforced and those not to be. Neither does the *New York Convention* (1958). In ac-

cordance with Article 5 (1) and (2) of the *New York Convention* (1958), recognition and enforcement of foreign awards may be refused subject to domestic law but there is no general difference between foreign awards to be recognized and enforced and those not to be so. In the event that foreign judgments were generally grouped into those two types, quite a few points shall be taken into consideration including due service (as well as sufficient jurisdictional grounds) and default judgments⁴⁷ (which ought to be recognized and enforced under exceptional circumstances) so that the principles governing recognition and enforcement of foreign judgments would become rather complicated. Therefore, for the purposes of these Principles, foreign judgments are not generally classified like they are under the ALI Principles.

3. Jurisdictional grounds (Article 401 (1) (i))

In Europe, the requested court shall be bound by the findings of fact on which the court of the Member State of origin based its jurisdiction (Article 35 of the *Brussels I Regulation*). Throughout the world, it's generally accepted that the rendering court ought to have jurisdiction (indirect jurisdiction). But the grounds upon which indirect jurisdiction is established vary.

In accordance with the *Korean Preliminary Draft 2006*, indirect jurisdiction ought to be established subject to “the law of the requested state,” “the convention” concerned or “these Principles.” Subject to Article 402 of the *Transparency Proposal*, jurisdiction ought to be recognized “subject to this Proposal” and “for the purposes of the system of recognition and enforcement of foreign judgment.” Article 4:201 of the CLIP Principles by the EMPG provides, (1) a foreign judgment rendered by a court which has no jurisdiction under those Principles shall not be recognized or enforced but; (2) if the court applied those Principles, it shall be presumed that the foreign judgment does not conflict with those Principles (in Third preliminary draft, paragraph (2) is included in square brackets). Part II of these Principles sets forth the grounds upon which the court may exercise jurisdiction. Subject to Part II, a foreign judgment ought to be recognized or enforced unless it was rendered by a court which had no jurisdiction.⁴⁸ Under the *Transparency Proposal*, “for the purposes of the system of recognition and enforcement of foreign judgments,” direct and indirect jurisdictions may not be established upon the same grounds, so that foreign judgments can be recognized and enforced more easily.⁴⁹ In case that those grounds applicable to two types of jurisdictions appear indispensable to each other (the so-called “mirror image rule”), the circumstances under which the defendant shall appear in court and respond may be specified and predictable, which facilitates the requested court to decide whether to recognize and enforce a foreign judgment.⁵⁰ Particularly under these Principles, where the foreign state in which the judgment was rendered and the requested state share the same jurisdictional rules, we are afraid it's not reasonable to differentiate between direct and indirect jurisdictions which would otherwise complicate recognition of foreign judgments.

We considered creating different rules to govern the recognition and enforcement of foreign judgments rendered upon direct and indirect jurisdictions respectively. These rules should be included in Part II (Jurisdiction). If such those rules are not found in Part II, it may be inferred that no such limitation be put upon foreign judgments to be recognized and enforced.

A “judicial body” in this paragraph may be any type of courts, such as criminal or administrative courts dealing with incidental suits, or even tribunals, provided that they make judgments on civil and commercial cases.

4. Service (Article 401 (1) (ii))

A foreign default judgment shall not be recognized or enforced if the defendant was not served in a lawful and timely manner. It is endorsed by Article 118 (ii) of *Japan's Civil Procedure Code*, Article 401 (1) (ii) of the *Korean Preliminary Draft 2006*, Section 403 (1) (c) of the ALI Principles and Article 4:501 (1) of the CLIP Principles by the EMPG. These Principles follow that general practice. Subject to this Article, the defendant ought to be served in a “lawful and timely” manner (text of item (ii)). Subject to paragraph (1) (ii), a foreign default judgment may be recognized and enforced where the defendant was served in a timely way. As to a foreign default judgment against the defendant who was not served in a “timely” manner (proviso of item (ii)), the Article clarifies that the defendant’s appearance does not legitimate the non-compliance with the formality.

5. Public policy (Article 401 (1) (iii))

It goes without saying that any foreign judgment repugnant to the local public policy shall not be recognized or enforced. This is written into Japanese *Civil Procedure Code* (Article 118 (iii)) and the *Brussels I Regulation* (Article 34 (1)). So-called “public policy” is too broad to be specified item by item. Instead, it’s better to show the most typical cases in which public policy applies. Subject to Articles 406 and 407, the foreign judgment inconsistent with the prior local judgment or awarding punitive damages shall not be recognized or enforced.

6. Review of the jurisdiction over the default judgment (Article 401 (2))

Under Section 402 of the ALI Principles, a foreign default judgment may not be recognized or enforced unless the enforcement court “determines that the rendering court’s assertion of personal jurisdiction was consistent with the law of the rendering State.” This Section focuses on whether the defendant was absent: an expedient and effective remedy for the winning party’s rights takes priority if the defendant appears, but Section 402 protects the defendant who failed to appear in court.⁵¹ Review of the jurisdiction over the default judgment shall be reviewed in a more restrained manner this idea is associated with the issue of facts found by the rendering court (see the following paragraph), and has been written into more and more international conventions.⁵² Subject to Section 402 of the ALI Principles, “the law of the rendering State” shall govern jurisdiction upon which a foreign judgment may be recognized and enforced, but why? Is it possible to incorporate such a provision into domestic laws? Neither the *Korean Preliminary Draft 2006* nor the CLIP Principles by the EMPG give a positive answer.

7. Facts found by the rendering court (Article 401 (2))

In accordance with Section 403 (3) of the ALI Principles, “in making any determination listed in subsections (1) (e)-(g) or (2), the enforcement court should defer to the facts found by the rendering court.” A similar provision is found in Article 4:203 of the CLIP Principles by the EMPG. As quite a few interna-

tional conventions stipulate, the facts found by the rendering court shall bind the requested court.⁵³ Nevertheless, as a model law for domestic legislation, heavy concern rests upon keeping the requested court from unduly reviewing indirect jurisdiction and thus from failing to sufficiently protect the defendant's procedural rights. For this reason, neither the *Korean Preliminary Draft 2006* nor the *Transparency Proposal* incorporates this provision, but this Article includes the stipulation that "the requested court shall be bound by the facts found by the rendering court."

8. No substantive review (Article 401 (2))

Japanese Civil Enforcement Code (Article 24 (2)) denies the local court authority to review foreign judgments as to their substances or merits. Also, Section 403 (4) of the ALI Principles (2006) kept the requested court from reviewing "the facts found by the rendering State and the governing law." Still, subject to Article 4:601 of the CLIP Principles by the EMPG, substantive review shall be excluded. The final ALI Principles delete the exclusion of substantive review. Neither the *Korean Preliminary Draft 2006* nor the *Transparency Proposal* definitively denies substantive review. Nevertheless, it is generally accepted that substantive review shall be excluded, so paragraph (2) has thus been written into these Principles to reaffirm that accepted point of view.⁵⁴

Article 402: Foreign judgments to be partly recognized and enforced

A foreign judgment may be partly recognized or enforced.

Explanatory Notes

1. Extraterritorial effect

Article 404 (1) of the *Korean Preliminary Draft 2006*⁵⁵ and Section 401 (3) of the ALI Principles have been amended. According to the amended provisions, the scope of the preclusive effect given to a foreign judgment should be no greater than the preclusive effect of the judgment in the rendering state. No similar provision is found in either the *Transparency Proposal* nor the CLIP Principles by the EMPG. On the part of Japan,⁵⁶ the extension of the preclusive effect given in the rendering state to the requested state (the extraterritorial effect as such) will almost unanimously be supported by Japanese theories. We were considering the escape clause of that general rule. However, as *res judicata* has different meanings for different states,⁵⁷ we'd rather make a general rule governing recognition and enforcement of foreign judgments than prescribe particular cases in which those judgments shall be or not be recognized or enforced. Therefore, no escape clause has been attached to this Article.

2. Partial recognition

Subject to Article 405, the *Korean Preliminary Draft 2006*,⁵⁸ paragraph (5), Article 4:102 of the CLIP

Principles by the EMPG and Article 405 (1) of the *Transparency Proposal*, foreign judgments may be partly recognized and enforced. But the ALI Principles offer a different perspective. In both Korea and Japan, foreign judgments may be partly recognized and enforced,⁵⁹ which has been academically supported. This issue could be dealt with by the interpretation of general provision. However, from the viewpoint of clarifying the rule, the Principles have an express provision in Article 402.

Article 403: Injunctions and other remedies

A foreign injunctive relief and other remedies, including the case of infringement, seizure and destruction of infringing articles and the means of their manufacture or reproduction, may be recognized or enforced as long as equitable measures are available under the same condition in the state in which the requested court lies.

Explanatory Notes

Subject to subsection (1), Section 412 of the ALI Principles, a foreign injunction and other remedies may be recognized and enforced. Also, under Article 406 (2) of the *Korean Preliminary Draft 2006*, “a foreign injunctive relief may be enforced when a similar remedy is available under the same situation” subject to the local law.⁶⁰ Take the *Card Reader case*⁶¹ as an example of the law at work in Japan. In that case, injunctive relief was ordered due to “the sole and exclusive license granted subject to US law.” “Validity of that license” was governed by the law of the state of registration, namely, US law,⁶² and to enforce an injunction which ordered that any act to be stopped that was actively initiating or furthering an alleged infringement which occurred in any other state than the state of registration, namely, the US, would violate the public policy, because to enforce that injunctive relief is repugnant to the basic principle of Japanese Patent Act (Principle of territoriality). This shows that foreign injunctions against those acts, occurring in any state other than the rendering state, shall not be recognized or enforced because their recognition and enforcement is repugnant to Japanese public policy. However, this rigid territoriality test must be questioned, and might not be maintained. In transnational intellectual property disputes, injunctive reliefs as well other remedies are so important that they may be recognized and enforced at an international level under Article 401.

In accordance with subsection Section 412 (1) (b) of the ALI Principles, “[i]f injunctive relief would not have been available for the enforcement court’s territory had the enforcement court been the rendering court and reached the same decision on the merits, the enforcement court may decline to enjoin or to order the commission of acts within the territory that impact exclusively within the territory. If the court so limits the scope of the injunction, it shall award monetary relief in lieu of the injunction.” It shows that where a foreign injunction is denied recognition and enforcement, a local monetary relief shall be awarded, which is unique to US law. This seems to assume cases in which the enforcement of foreign injunction is declined due to the US law tradition – monetary damages are the general remedy, whereas injunction is exceptional – and compulsory license is present under the TRIPS Agreement.⁶³ Article 405 (3) of the *Transparency Proposal*, incorporating Article 31 (h) of the TRIPS, provides that “where a foreign in-

junction which enjoins or orders the commission of acts within Japanese territory is declined to be enforced partly or wholly, a proper monetary compensation shall be paid.” However, this kind of situation can be examined on a case-by-case within the public policy clause. In addition, the issue of monetary damages does not fit well in the recognition and enforcement rules, in view of the statutory structure. Thus, Article 403 simply rules that foreign judgments ordering injunction or destruction can be subject to recognition or enforcement under Article 401.

Article 404: Foreign judgments invalidating intellectual property rights registered in another state

A foreign judgment invalidating intellectual property rights registered in another state may be recognized or enforced only between the parties.

Explanatory Notes

Article 404 (3) of the *Korean Preliminary Draft 2006* modeled on Section 413 (2) of the ALI Principles states that a judgment declaring an intellectual property right registered outside of the forum state to be invalid is enforceable only between or among the parties engaged in litigation.⁶⁴ The same provision is also found both in Article 4:202 of the CLIP Principles by the EMPG and Article 405 (2) of the *Transparency Proposal*. This rule should be located in the jurisdiction chapter (Article 203 (2) of the *Korean Preliminary Draft 2006*), and it would be sufficient. Nevertheless, we wrote and include this Article for clarity.

Article 405: Provisional or protective measures

The provision of Article 401 shall apply to provisional or protective measures ordered by a foreign judicial body which has international judicial jurisdiction under these Principles; provided, however, that this shall not apply if such measures are adopted without prior hearing of the adverse party.

Explanatory Notes

Generally speaking, international jurisdiction of provisional or protective measures is given both to the state that has the jurisdiction to hear the merits, and another in which the disputed property is located.⁶⁵ A protective measure ordered by a foreign court that has jurisdiction over the dispute at hand ought to be recognized, because it helps the requested court to easily judge the necessity of protection and the probability of success. A protective measure ordered by the court in a state in which the property in dispute is situated ought to be recognized because it is enforceable within that state. Therefore, a protective measure ordered by a foreign court which has jurisdiction over the dispute ought to be recognized and enforced; while other foreign protective measures ought not to be recognized or enforced unless they are ordered by a court in the state in which the property in dispute is situated. The *Hague Preliminary*

Draft 1999 adopts this approach (Article 13). The same is true for the ALI Principles (Section 214) and the *Korean Preliminary Draft 2006* (Article 211). However, subject to the *Japanese Preliminary Draft 2009*, only the protective measures ordered by the court that has jurisdiction over the dispute concerned may be recognized and enforced. It is meaningful to clarify that extraterritorial enforcement is available only for provisional or protective measures rendered in the state that has the jurisdiction to hear the merits, which is similar to the CLIP Principles by the EMPG (Article 4:301 (1)). No equivalent provision is found in the ALI Principles, the *Korean Preliminary Draft 2006*⁶⁶ or the *Transparency Proposal*. Under the Brussels Regulation, though foreign judgments ought to be recognized and enforced as much as possible, foreign protective measures rendered through *ex parte* procedure shall not be enforceable.⁶⁷ This provision has been criticized for obstructing an expedient remedy for the creditor, which reveals the limitation of current international civil provisional remedy law.⁶⁸ The ALI Principles leave this question open, while the CLIP Principles by the EMPG (Article 4:301 (2)) refuse to enforce foreign protective measures, except that the adverse party was given an opportunity to challenge. Likewise, the *Korean Preliminary Draft 2006* (Article 402 (2)) also provides that a foreign protective measure shall not be enforced unless it is ordered through an argumentation or similar procedure. Subject to this Article, only the foreign protective measures ordered by the court which has jurisdiction may be recognized and enforced. And, for the purpose of equally protecting the debtor, only when he/she is given an opportunity to challenge the judgment shall such protective measures against him/her be recognized and enforced.

Article 406: Foreign judgment inconsistent with the local judgment or another

A foreign judgment shall not be recognized or enforced if:

- (1) it is inconsistent with the prior local judgment of the judicial body in a state in which the recognition or enforcement is requested on the same cause of action between the same parties;
- (2) it is inconsistent with another foreign judgment on the same cause of action between the same parties which was earlier rendered and capable of being recognized and enforced under these Principles; and
- (3) the requested court is the court first seized to deal with the same cause of action between the same parties.

Explanatory Notes

Subject to Article 4:501 (3) of the CLIP Principles by the EMPG, a foreign judgment incompatible with an earlier rendered local judgment shall not be recognized. It could be handled by the interpretation of public policy under Article 401 (1) (iii); therefore a similar provision was not written into the *Korean Preliminary Draft 2006*. Nevertheless, these Principles, following the CLIP Principles by the EMPG, incorporate this Article and reaffirm the particular case in which public policy applies.⁶⁹ It may be suggested that only when a foreign judgment conflicts with a final local judgment rendered earlier shall it be denied. However, finalization of the foreign judgment is not a condition of recognition under Article 401. As pro-

vided by this Article, a foreign judgment inconsistent with “the prior local judgment of the judicial body in a state in which the recognition or enforcement is requested” on the same cause of action between the same parties shall not be recognized or enforced.

In case of concurrent foreign jurisdictions, the foreign judgment earliest applied to be recognized may be recognized subject to Article 401 while otherwise foreign judgments may not. If the court with earlier pendency has the priority over concurrent foreign jurisdiction, as Article 406 (3) rules, a foreign judgment on the same dispute may not be recognized even while the local judgment is pending. This Article is formulated by reference to paragraphs 2 and 4, Article 4:501, the CLIP Principles by the EMPG. No similar provision is found in the *Korean Preliminary Draft* (2006).

Subject to Article 402 (1) of the *Transparency Proposal*, where a foreign court and a local court are both seized, a foreign judgment may be recognized “if the local proceedings have been dismissed or stayed” (item (iv)) or “the local judgment on the merits has not yet been rendered” (item (v)). Item (iv), though we do not support its structure of positive requirement for recognition of foreign judgment, overlaps with Article 4:501 (2) of the CLIP Principles by the EMPG. However, paragraph (1) (v) of the CLIP Principles by the EMPG is not crystal clear.⁷⁰

Article 407: Punitive damages

A foreign judgment which awards punitive damages or similar monetary relief manifestly exceeding compensatory damages shall not be recognized or enforced beyond the amount of compensatory damages.

Explanatory Notes

Subject to Section 411 (2) of the ALI Principles, a foreign order “awarding non-compensatory damages ... should be enforced at least to the extent that similar or comparable damages could have been awarded in the State of the enforcement court.” Under Article 118, Japan’s *Civil Procedure Code*, exactly in accordance with its interpretation, it’s generally accepted that any foreign judgment awarding punitive damages, at least beyond the amount of compensatory damages, violates Japanese public policy or falls outside of the scope of foreign judgments capable of being recognized and enforced so that it shall be denied recognition and enforcement.⁷¹ This point of view is not unique to Japan, but is shared by most Civil Law states. This Article reaffirms it.

This issue can be dealt with by interpretation of Article 401. The *Transparency Proposal* sets forth the cases in which public policy applies.⁷² From the perspective of stability as well as certainty of law, this Article is of much significance. Similarly, subject to Article 403 (1) of the *Korean Preliminary Draft 2006*⁷³, recognition and enforcement of foreign judgments awarding punitive damages may be refused. It is the same case with Article 4:402 (1) of the CLIP Principles by the EMPG. The wording “may be refused” could cause confusion so herein we use “shall not be recognized or enforced.”

Article 403 (2) of the *Korean Preliminary Draft 2006* and Article 4:402 (2) of the CLIP Principles by the EMPG both follow Section 411 (2) of the ALI Principles, subject to which the requested court ought

to take into account whether and to what extent the damages awarded by the rendering court are not just punitive, but also serve to cover costs and expenses relating to the proceedings. Subject to Article 403 (3) of the *Korean Preliminary Draft 2006*, a foreign judgment awarding excessive attorney's fees and costs as well as expenses relating to the proceedings may not be recognized or enforced.⁷⁴ Section 411 (2) of the ALI Principles deals with foreign damages awards in terms of characterization, punitive or compensatory, while Article 403 (3) of the *Korean Preliminary Draft 2006* involves application of public policy in the case of foreign damages awards. Whether foreign damages awards are punitive and shall not be recognized or enforced depends upon the particular facts of the cases concerned, and is to be determined by the requested court.

Article 408: Stay of proceedings

Where a foreign judgment may be changed during the normal appeal procedures or trial on the merits in the rendering state, the judicial body of the requested state may stay procedures concerning the recognition or enforcement of that foreign judgment or protective measures.

Explanatory Notes

Under these Principles, foreign pending judgments and protective measures may be recognized and enforced. Therefore, where there is a probability that foreign judgment is altered during the normal appeal procedures or trial on the merits in the rendering state, its recognition and enforcement ought to be stayed.⁷⁵ Although Article 402 (2) and Article 404 (2) of the *Transparency Proposal* have the same effect, providing that recognition and enforcement of pending foreign judgments and protective measures are often left at judicial discretion, it is simple to provide the stay provision. Thus, these Principles allow a stay of proceedings regarding recognition or enforcement of foreign judgment in Article 408.⁷⁶

Article 409: Procedure of recognition and enforcement

- (1) Recognition and enforcement procedures shall be governed by the law of the requested state, provided that this shall not apply where this Part has special provisions.
- (2) Any authority involved in the recognition and enforcement of foreign judgments shall deal with procedures expeditiously.

Explanatory Notes

Subject to Article 406 (1) of the *Korean Preliminary Draft 2006*, recognition and enforcement of foreign judgments shall be governed by the law of the requested state and be dealt with as soon as possible.⁷⁷ Similarly, Article 4:701 of the CLIP Principles by the EMPG provides that recognition and enforcement procedures shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwar-

ranted delays. The requested court must act expeditiously. Because these expectations are self-evident, an independent provision in the domestic law is not be a must. That's why it does not appear in the *Transparency Proposal*. However, because it is universally accepted as a model rule in conflict of laws, we've written it into these Principles to reconfirm it with certainty.

(Endnotes)

- 1 It was adopted on May 14, 2007 (2008). For the text of the “ALI Principles” (in Japanese), see Toshiyuki Kono, *Intellectual Property and Transnational Civil Litigation* (Koubundou, 2010) at pp.10 ff.
- 2 Principles for Conflict of Laws in Intellectual Property Prepared by the European Max Planck Group pm Conflict of Intellectual Property, Third Preliminary Draft, June 16, 2010 (hereinafter referred to as the “CLIP Principles by the EMPG” for short). As Article 1:101 (2) “Scope of application” provided, those Principles apply to the “civil matters involving intellectual property rights.”
- 3 See Yoshioaki Nomura, *The Concepts of Negotiation, Discussion, Debate, and Dialogue in Dispute Resolution*, Arbitration and ADR, Number 2, pp.16-29, 2007.
- 4 For example, Article 2 (1) of Japanese *Basic Law for Intellectual Property* provides that, “intellectual property means intangible property derived from human being’s creative activities including inventions, devices, new plant varieties, industrial designs, works and similar property derived from human being’s creative activities, trademarks of commodity as well as service, trade secrets and undisclosed technical or business information.” Paragraph 2 of the same article defines intellectual property rights as “such rights that include “patents, utility devices, cultivator’s rights, industrial designs, copyrights, trademarks and similar rights or interests that the law on intellectual property creates or protects.”
- 5 Eugen Ulmer, *Die Immaterialgüterrechte im Internationalen Privatrecht* (1975); *Intellectual Property Rights and the Conflict of Laws* (1978). In Japanese, see Shoichi Kidana, *Research on International Industrial Property Rights* (Nihon-Hyoron-sha, 1989) at pp.136 ff. In Korean, see Shoichi Kidana, *Research on International Industrial Property Rights*, translated by Hwong-Pe Choe et al., (Chisan, 2002) at pp. 163 ff.
- 6 For details of the differences between those three versions of the ALI Principles, see Shoichi Kidana, *Draft Principles of Private International Law in Intellectual Property Rights—Japanese Proposal on Principles Governing Choice of Law*, Number 2, Vol. 6, The Quarterly Review of Corporation Law and Society, December 2009, p.163.
- 7 Article 6 of the *Preliminary Draft* prepared by the Japanese Group (December 15 2008) (hereinafter referred to as the “*Japanese Preliminary Draft, 2008*” for short) and Article 101, the Japanese proposal titled of “*Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property*” (May 2009) (hereinafter referred to as the “*Transparency Proposal*” for short). For more details of the *Japanese Preliminary Draft, 2008*, see The Quarterly Review of Corporation Law and Society, Number 2, Vol. 6, p.243. For more details of the *Transparency Proposal*, see Kono, *supra* note (1) at pp.2 ff.
- 8 Another reason we choose habitual residence rather than domicile is that there are common law jurisdictions in Asia, like Singapore, Hong Kong, etc., all of which make domicile a little bit more confusing.
- 9 The same provision is also found in the *Transparency Proposal* (Article 105). However, an infringement of intellectual property rights differs than a traditional tort. Any conduct infringing the absolute intellectual property right is enough to constitute an infringement. The difference between the place where the injuries thereof occur and where the facts initiating those injuries occur is questionable (Christian Heinze, *Jurisdiction A Framework for International Enforcement of Territorial Rights: The CLIP Principles*, in Kono, *supra* note (1) at p.118). As Dr. Heinze argued, intellectual property rights are exclusive and territorial, so infringements of these rights may be initiated within the state where that right exists. In this regard, the CLIP Principles by the EMPG take a more flexible approach. Under Article 2:202 (2) of the CLIP Principles

- by the EPMG (2nd Preliminary Draft), the activity may refer to either the activity initiating the infringement (a) or the substantial effects thereof, (b) implying that the place where an infringement of intellectual property right occurs includes both the place where the activity initiating that infringement occur and that where the injuries thereof occur. Therefore, it may be said that the problem of how to interpret the place of infringement has already been solved.
- 10 Article 105 of the *Transparency Proposal* deals with the domestic jurisdiction over domestic infringements of intellectual property rights involved in unfair competition. It's suggested that an action of such infringement ought to be filed with the court of the place where the injury thereof occurs (text) and in the case of ubiquitous infringement, the court of the place where the most substantial injury occurs (proviso).
- 11 Article 15 of the *Japanese Preliminary Draft, 2008*, see Number 2, Vol. 6, *The Quarterly Review of Corporation Law and Society*, p. 245.
- 12 ECJ 7.31995, Case C-68/93.
- 13 Sung-Ho Lee, *Comprehensive Review on the Conference in September 2009*, Number 2, Vol. 7, *The Quarterly Review of Corporation Law and Society* at p.45.
- 14 Number 2, Vol. 6, *The Quarterly Review of Corporation Law and Society*, pp. 258 ff.
- 15 Number 2, Vol. 7, *The Quarterly Review of Corporation Law and Society* at pp.128.
- 16 Sung-Ho Lee, Number 2, Vol. 6, *The Quarterly Review of Corporation Law and Society*, p.134.
- 17 Sung-Ho Lee, Number 2, Vol. 7, *The Quarterly Review of Corporation Law and Society* at p.47.
- 18 *Ibid.*
- 19 The same case is with Article 214 of the ALI Principles, Article 2:501 of the CLIP Principles by the EMPG and Article 111 of the *Transparency Proposal*.
- 20 For the purposes of these Principles, the so-called *concursum actionum* is the same as that under paragraph (1), Article of the *Hague Preliminary Draft* (1999). Under Article 221 of the ALI Principles, where the actions "involving the same transaction, occurrence, or series of transactions or occurrences in the courts of different States," the court first seized may, by the party's motion, have those actions coordinated through cooperation or consolidation. There is no ground upon which the court first seized may consolidate those concurrent actions found in either Japan or Korea.
- 21 According to the test provided in Article 201 of the *Transparency Proposal* on how to decide the proper venue, the place where the major obligation is to be performed or that where the substantial facts prevails. See Kono, at pp. 270 ff (Dai Yokomizo). Under *Tatakidai* (4)-8 based upon the doctrine of potential recognition, the party's challenge against stay of the proceedings may be supported in some cases (Variant 1:a) but not in others (Variant 1:b) while Variant 2 suggest leaving it open.
- 22 See Satoshi Watanabe, *The Principles on Transnational Disputes Involving Intellectual Property Rights: Jurisdiction* (proposed by the Japanese Group), *The Quarterly Review of Corporation Law and Society*, Number 2, Vol. 6 (December 2009), at pp. 152 ff.
- 23 This inference is drawn through reference to Article 201 (4) of the *Transparency Proposal*, Article 25 (2) of the *UNCITRAL Model Law on Cross-Border Insolvency with Guide to Enactment*. It's expected that international communication between the courts in different states be promoted so that the forum court may directly communicate with its foreign counterpart and access the information concerned first-hand. This provision leads to the desired coordination between the forum court and foreign courts.
- 24 Article 305 of the *Transparency Proposal* employs "the state which grants the given right" rather than the state of protection as a connecting factor because the state of protection may include multiple states. "The state which gives the right" is the best connecting factor respecting choice of law in case of registered intellectual property rights such as patents. The law of that state governs the acquisition, registration, existence, and validity of rights like patents. However, in the case of non-registered intellectual property rights like copyrights, which are acquired without registration, and similar other rights which are registered without administrative examination, "to grant such a right" is necessarily unclear. These Principles are expected to apply in East Asia so the state of protection for the purpose of these Principles has a broad meaning and includes

- the state of registration as its subordinate. Paragraph (2) defines the state of registration and helps to more easily determine the applicable law.
- 25 See Article 302 of *Korean proposal 2006* (See Kwang-Hyun Suk, *The Quarterly Review of Corporation Law and Society*, Number 2, Vol. 6, at p. 178) and the proviso of Article 14 (1) of the *Japanese Proposal 2008* (See Kidana, *The Quarterly Review of Corporation Law and Society*, Number 2, Vol. 6, at pp.164 ff). The Japanese proposal was written into the proviso of Article 302 (1) of the Japanese Preliminary Draft, July 26, 2009 (hereinafter referred to as “*Japanese Proposal 2009*” for short).
- 26 Finally, this part of the Article is similar to Section 302 (1) and (3) of the ALI Principles. Under the CLIP Principles by the EMPG, the parties may not designate the applicable laws except in the cases of contracts (Article 3:501), employment relationships (Article 3:503) and remedies (Article 3:605). Subject to Article 305 of the Transparency Proposal, the parties may not designate the law applicable to existence, attributes or validity of an intellectual property right. In accordance with Article 302 of these Principles, the parties are capable of choosing the law by which they want to be adjudicated to the furthest extent possible, though such freedom may somewhat be restrained by Articles 312 (Mandatory rules) and 313 (Public policy).
- 27 Article 3:101 of the CLIP Principles by the EMPG deals with the application of *lex fori*. It sets forth some procedural matters, say, procurement of evidence, that shall be governed by the law of the forum state, while this Article does not do so. Besides, subject to Article 3:806 of the CLIP Principles by the EMPG, presumption of law and burden of proof are substantial matters and shall be governed by *lex causae*. The *Rome I and II Regulations* have made a uniform test of characterization for the EU states which justifies Article 3:806. However, there is no such uniform test in East Asia, so characterization has to be subject to the law of each state.
- 28 Section 301 (2) of the ALI Principles provides that the law applicable to a non-contractual obligation arising out of an act of unfair competition is the law of each State in which direct and substantial damage results or is likely to result and; Section 301 (1) (a) of the ALI Principles provides that the law applicable to non-registered intellectual property rights is the law of the State for which protection is sought. Those provisions may be affected by the theory of market impact. On the contrary, subject to Article 1:101 (2) of the CLIP Principles by the EMPG, the intellectual property right for the purpose of those Principles is not so broad as that subject to the ALI Principles. In accordance with Article 1:101 (3) of the CLIP Principles by the EMPG, *mutatis mutandis* shall be applied to the protection of undisclosed information and geographical indications or similar forms of protection (a) or disputes involving allegations of unfair competition arising from the same set of facts as related allegations involving intellectual property rights (b).
- 29 See Shoichi Kidana, *Applicable Law Governing Transnational Disputes on Intellectual Property Rights: From the Perspective of Japan*, *The Quarterly Review of Corporation Law and Society*, Number 1, Vol. 4 (June 2007) at pp.165 ff.
- 30 De minimis rule, provided in Article 3:602 of the CLIP Principles by the EMPG mainly applies to the cases in which the infringement occurs in more than one state. See Axel Metzger, *Applicable Law under the CLIP Principles: A Pragmatic Reevaluation of Territoriality*, in Kono, *supra* note (1) at p.150.
- 31 *Ibid*, at pp. 150-151.
- 32 This paragraph is similar to Section 321 (1) of the ALI Principles and Article 3:603 (1) and (2) of the CLIP Principles by the EMPG in that they designate the law of the state which has the closest relation to the dispute to govern it. But they are different in the factors set forth. This Article tries to set down the connecting factors that can easily be discerned and grasped. Thus it's necessary to take into consideration the factors of minimum relation. Conversely, Article 302 (1) of the *Transparency Proposal* pays more attention to the state in which the most significant damage consequences occur. It dictates that “the law of the state in which the most significant consequences resulted from exploitation of intellectual property rights have occurred or are expected to occur.” These Principles hold that significance hinges upon three factors, namely, the state which closely relates to the parties (items (i) and (iii)), the state in which the act initiating an alleged infringement occurs and, the state in which the major damaging consequences occur (item (ii)).

- 33 Article 301 (2) of the *Transparency Proposal* has a similar provision as well.
- 34 See *Intar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998); Graeme B. Dinwoodie, William O. Hennessey and Shira Perlmutter, *International Intellectual Property Law and Policy* (2001) at p.1167. Particularly, France designates the law of the state in which the subject matter is initially created while Germany, Austria and Belgium, the law of the state for which protection is sought (See Metzger, *supra* note (31) at p. 137).
- 35 Drobniġ, *Originärer Erwerb und Übertragung von Immaterialgüterrechten im Kollisionsrecht*, 40 (1976) *RabelsZ.* S. 200; in Japanese, See Shoichi Kidana, *supra* note (5) at pp. 188 ff.
- 36 According to Article 3:201 of the CLIP Principles by the EMPG, authorship of a copyrighted work and entitlement to intellectual property rights arising out of registration is governed by the law of the state for which protection is sought (paragraph (1)). In the framework of a contractual relationship like an employment contract or a research and development contract, the law applicable to the right to claim a registered right, say, the right to acquire a patent, is determined in accordance with the law governing that contract (paragraph (3)). Additionally, paragraph (2) of the same Article provides that if the situation has a close connection with another state that has a work made for hire provision, or that deems a transfer or exclusive license of all economic rights in the work to have taken place by virtue of the parties' contractual relationship, the forum court may decide whether to give effect to such rules by construing the parties' relationship under *lex protectionis* as involving a transfer or exclusive license of all economic rights in the work. This provision is criticized for insufficient stability, failing to provide a criterion that the forum court ought to comply with while making that decision. It's suggested that initial ownership be governed by the law concurrently designated by the parties. See Jürgen Basedow, *Foundations of Private International Law in Intellectual Property*, in Kono, *supra* note (1) at pp. 72 ff.
- 37 A provision like that in paragraph (1) is found neither in the ALI Principles nor the CLIP Principles by the EMPG. But for East Asian states, paragraph (1) is indispensable to resolving the conflict between them regarding proof of foreign law.
- 38 See Kwang-Hyun Suk, *Opinion on Applicable Law in Japanese Preliminary Draft of Principles of International Intellectual Property Law 2009*, *The Quarterly Review of Corporation Law and Society* Number 2, Vol. 7, at p.81. Article 9 (2) of the *Rome I Regulation*, the overriding mandatory provisions of the law of the forum shall be absolutely applied. Effect may be given to the overriding mandatory provisions of the law of the country where the obligations arising out of the contract have to be or have been performed, in so far as those overriding mandatory provisions render the performance of the contract unlawful. In considering whether to give effect to those provisions, regard shall be had to their nature and purpose and to the consequences of their application or non-application (paragraph (3)). Subject to Section 323 of the ALI Principles, mandatory rules of the law of the State which closely relate to a given dispute may be applied. Also, under Article 3:801 (1) of the CLIP Principles by the EMPG, "when applying under these Principles the law of a country, effect may be given to the overriding mandatory provisions of another country with which the situation has a close connection."
- 39 In the *Japanese Preliminary Draft 2008*, the part of recognition and enforcement of foreign judgments consisted of no more than three Articles, namely, foreign judgments to be recognized (Article 28), punitive damages and foreign judgments conflicting with local judgments (Article 29), and stay of the proceedings (Article 30). However, there were seven Articles in the *Korean Preliminary Draft 2006* dealing with recognition and enforcement of foreign judgments. The *Japanese Preliminary Draft 2008* provided the minimum principles that most significantly relate to recognition and enforcement of foreign judgments. We held a detailed discussion about this aspect with the Korean research team. It was acknowledged that transnational civil disputes of intellectual property rights, which have increased in leaps and bounds, are unique and so complicated so much that it is of utmost importance to specify the model law governing recognition and enforcement on foreign judgments resolving those disputes. Here in Part IV of these Principles, we introduce academic research achievements throughout the world, including the ALI Principles, the CLIP Principles by

- the EMPG, the *Korean Preliminary Draft 2006*, the *Korean Preliminary Draft 2009* and *Transparency Proposal*. Additionally, *Korean Preliminary Draft 2008* refers to Professor Gyoo-Ho Lee's proposal, presented on December 2008.
- 40 See Shunichiro Nakano, *Final Judgments*, in Akira Takakuwa and Masato Dogauchi (eds), *International Civil Procedural Law: Property* (Seirin Shoin, 2002) at pp.313 ff.
- 41 Gyoo-Ho Lee, *Recognition and Enforcement of Foreign Judgments*, *The Quarterly Review of Corporation Law and Society*, Number 1, Volume 3 (2007), p.196.
- 42 Also, subject to Section 1 (b) of the ALI Proposal on Recognition and Enforcement of Foreign Judgments, "a judgment is final for the purposes of these Principles even it is subject to appeal or an appeal is pending." American Law Institute, *Recognition and Enforcement of Foreign Judgments: Analysis and Proposed Federal Statute*, 2006, p.29.
- 43 Subject to Section 12 (a) (i) of the ALI Proposal on Recognition and Enforcement of Foreign Judgments, an "American court, regardless of finality of the foreign judgment, may enforce the provisional remedy ordered by that foreign court in support of the judgment to be recognized and enforced subject to these Principles."
- 44 Shunichiro Nakano, *Enforcement of Pending Foreign Judgments (1)-(4)*, *International Commercial Law and Practice*, Number 9-12, Volume 13 (1985) and *The Current Situation of International Attachment Law and Its Problems*, in Japanese Society of International Law (ed.), *A Centenary of Japan and International Law*, Vol. 9, (Sanseido, 2001) at pp.54 ff.
- 45 "Foreign judgments" to be recognized and enforced, for the purposes of the *Korean Preliminary Draft 2008* include pending foreign judgments and protective measures.
- 46 Both the *Korean Preliminary Draft 2008* and the *Japanese Preliminary Draft* set forth the cases in which foreign judgments shall be denied recognition and enforcement.
- 47 In Anglo-American Law, the default judgment is a binding judgment, often in favor of the plaintiff based upon the failure to take actions by the defendant. It is treated like default judgment in Japanese or German law in some regards, e.g. finality. Further research is expected on whether those foreign judgments are capable of being recognized and enforced.
- 48 In the same vein, under the *Korean Preliminary Draft 2008*, "where the court or administrative organ that rendered the foreign judgment or order has no jurisdiction subject to these Principles, that judgment or order shall not be recognized or enforced."
- 49 Kono, *supra* note (1) at p.345 (Toshiyuki Kono, Nozomi Tada and Miho Shin)
- 50 See Shunichiro Nakano, *International Judicial Jurisdiction as Requirement of Recognition of Foreign Judgments*, <http://www.cdams.kobe-u.ac.jp/archive/dp07-2j.pdf>, (CDAMS discussion paper, 07/2J: 2007) at pp.10 ff.
- 51 Subject to Section 403 (1) (h) of the ALI Principles, "foreign judgments which are rendered in violation with the local jurisdictional rules of the enforcement State" shall not be recognized or enforced. It's not clear whether foreign default judgments shall not be recognized or enforced.
- 52 For example, subject to Article 8 (2) of the *Hague Convention on Choice of Court Agreements* "... The court addressed shall be bound by the findings of fact on which the court of origin based its jurisdiction, unless the judgment was given by default." In Japanese, see Masato Dogauchi, *The Hague Convention on Choice of Court Agreements 2005*, *Japanese Yearbook of Private International Law*, Volume. 7 (2005) at pp.193 ff. See also Article 27 (2) of the *Hague Preliminary Draft 1999* (Masato Dogauchi, On "*Preliminary Draft Convention on Jurisdiction and the Effects of Judgments in Civil and Commercial Matters*," *International Commercial Law and Practice*, Number 1172 (2000) at pp. 82 ff).
- 53 *Ibid.*
- 54 Subject to Article 401 (2) of the *Korean Preliminary Draft 2008*, a foreign judgment shall not be reviewed as to its substance.
- 55 See also Article 403 (1) of the *Korean Preliminary Draft 2008*.
- 56 For example, Yasunori Honma, Shunichiro Nakano and Hajime Sakai, *International Civil Procedural Law*,

- (Yuhikaku, 2005) at p.176 (Nakano).
- 57 *Ibid.* p. 177.
- 58 See Article 404 of the *Korean Preliminary Draft 2008*.
- 59 Mikio Akiyama et. al., *A Commentary on International Civil Procedural Law II* (2nd ed., Nihon-Hyoron-Sha,2006) at p.513.
- 60 See Article 403 (3) of the *Korean Preliminary Draft 2008*.
- 61 Supreme Court of Japan, September 26, 2002, *Minshu*, Number 7, Volume 56 at p.1551.
- 62 In academic terms, quite a few scholars hold that injunctive relief be an issue arising out of torts. See Miho Shin, *Conflict of Laws: International Infringement of Intellectual Property Rights (1) and (2)*, Law Review, Number 2 and 3, Volume 154 (2003) at p.68, p.111.
- 63 The ALI Principles (Commentary 1, Part I), pp.192 ff.
- 64 See Article 403 (4) of *Korean Preliminary Draft 2008*.
- 65 Masato Dogauchi, *International Judicial Jurisdiction over Injunctive Relief*, in Takakuwa and Dogauchi, *supra* note (41) at pp.400 ff.; Nakano, *supra* note (45), at pp.55 ff.
- 66 The *Korean Preliminary Draft 2008* keeps it.
- 67 Denilauler v. Couchet Freres, C-125/79, [1980] ECR 1553. See Nakano, *supra* note (45) at p.66; Asako Matoba, *The Decisions of ECJ concerning Provisional or Protective Measures-Interpretation of Article 24 of the Brussels Convention*, Kobe Law Journal, Number 2, Vol. 58 (2008) at pp.99 ff.
- 68 Nakano, *supra* note (45) at pp. 66, 77.
- 69 In accordance with Article 401 (1) (iii) of *Korean Preliminary Draft 2008*, to recognize and enforce a foreign judgment inconsistent with a local judgment violates the local public policy.
- 70 In case that the local action prevails, a foreign judgment between the same parties on the same dispute shall be denied no matter whether the local judgment has been rendered.
- 71 See Civil Cases Report by Supreme Court of Japan, Number 6, Vol. 51, p. 2573 (July 11, 1997); Shunichiro Nakano, *Recognition and Enforcement of Foreign Punitive Damages Awards*, Number 627, NBL, p. 19 (1997).
- 72 Kono, *supra* note (1) at p.357 (Kono, Tada and Shin).
- 73 This is maintained in the *Korean Preliminary Draft 2008* (Article 402 (2)). Subject to Article 402 (1) of the *Korean Preliminary Draft 2008*, foreign punitive damages awards shall not be recognized or enforced. These two paragraphs are not clear enough to be integrated.
- 74 See Article 402 (3) and (4) of the *Korean Preliminary Draft 2008*.
- 75 A similar provision is not found in the CLIP Principles of the EMPG. The procedure through which foreign judgments are recognized and enforced may be governed by the law of the requested state.
- 76 See also Article 405 of the *Korean Preliminary Draft 2008*.
- 77 See Article 406 of the *Korean Preliminary Draft 2008*.