Cross-border Enforcement of Patent Rights
—— Limits and Solutions in Current Conflict of Laws Regimes

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Ⅰ Introduction

These days, one of the most important issues concerning intellectual property

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(hereinafter, IP) may be how to strengthen its protection at the international level. We could easily find the international trends toward strengthening cross-border IP protection in a recent year.

However, IP Protection has been basically regulated by national law although though not a few conventions exist for encouraging international IP protection. In addition, the conflict of laws[1] rules to determine the governing law and jurisdiction in the international IP litigations still differ from one country to the next, even though there has been also the international movement to converge the conflict of laws rules.[2] Varying national choice of law rules may lead to inconsistent judgments in each forum country. As a result, the issue of the *forum shopping* might arise more easily under the current conflict of laws system.

Likewise, under these current legal situations, it does not seem to be easy to achieve the cross-border protection of IP rights such as patent, trademark and copyright. Indeed, for this reason it has been emphasized that the convergence of rules on this area should be necessary and as a matter of fact, a number of international conventions on substantive IP laws have been concluded so far. Moreover, several Principles on conflict of laws in IP have been proposed by the academic group in America, Europe and Asia.[3] Under these circumstances, my concerns are whether or not the international IP protection can be achieved by the rule-convergence through international conventions and the Principles, especially when their legal characters are taken into consideration, and whether or not those Principles on conflict of laws can overcome the methodological differences in conflict of laws that exist between civil law system and common

1） This subject has an alternative tiles: private international law. In this article the term "conflict of laws" will be used, given that the term "private international law" is sometimes misunderstood as international legal norms directly affecting private sector entities and individuals.

2） The Hague Conference on Private International Law has been drafted more than 40 multilateral conventions to promote the harmonization of conflict of laws rules so far such as Convention of March 1954 on civil procedure, Convention of 2 October 1973 on the law applicable to products liability, Convention of 5 July 2006 on the law applicable to certain rights in respect of securities held with an intermediary, Convention of 30 June 2005 on choice of court agreement.

3） As for the details for those Principles on conflict of laws in IP, see, *infra* Ⅲ1.

law system. And the last concern is about what should be focused on in order to achieve international IP protection through conventions and the Principles.

In this regard, this article will deal with the recent rule-convergence *phenomenon* for the protection of IP rights and its challenges, especially focusing on the cross-border enforcement of patent rights which has been the main debate subject for a long time.

First, this article will make clear why the conflict of laws rules are so important in the cross-border enforcement of patent rights and what are the limits of international protection of Patent rights under the current conflict of laws system (*infra* Ⅱ) and then look into the recent rule-convergence *phenomenon* in IP through the conventions and the Principles, and evaluate it from a conflict of laws perspective, based on the above-mentioned concerns (*infra* Ⅲ). In the following section, the solutions proposed in the Principles will be examined focusing on the cross-border enforcement of patent rights and then critical evaluations will be added in each proposed solutions (*infra* Ⅳ). Finally, as a key element for the (possible) solutions to ease the tension between conflict of laws and IP, the *Territoriality Principle* will be analyzed and reconsidered (*infra* Ⅴ).

Ⅱ Patent Protection in Current Conflict of Laws System and its Limits

In order to understand the relationship between international protection of patent rights and the conflict of laws rules, it would be helpful to clarify what has been suggested by the academia and practitioners so far for the cross-border enforcement of patent rights.

First, many contributions have emphasized that, regarding international IP dispute settlement system, the efficient litigation system should be developed to prevent multiple litigations which deprive the parties of time and cost by bringing an action in multiple countries. Second, regarding the choice of law rules, there has been many arguments that the rules on choice of law should be clear and predictable in order for the party who seek to protect his patent rights

abroad to predict the governing law of the dispute. Furthermore, it has been also insisted that the uniformed choice of law rules should be drafted, given that the governing law could be the same no matter where the action was brought. Third, even for more protectable patent rights, it has been also considered that partent rights should be protected not only inside the country but also outside the country. Indeed, it would be more helpful to the party who looks for patent protection aboard if patent rights could be protected by the same national law which may be probably favorable to patentee. This is concerned with the issue on the extraterritorial application of patent law, which is one of the important topics regarding the cross-border IP protection. And lastly, the judgment including injunction concerning patent rights should be enforceable in foreign countries. If not, the party obtaining favorable judgment could not access the asset of the infringer located outside the country and which means that the international patent protection could not be achieved in the long run.

Likewise, those four points have been regarded as necessary elements for cross-border protection of patent rights. As has described above, all are concerned with the legal issues dealt with in the area of conflict of laws: jurisdiction, choice of law, recognition and enforcement of foreign judgment.[4] Therefore, in order to resolve the problem as to to what extent patent protection can be achieved at the international level, the conflict of laws rules and related issues should be firmly understood.

For the internationally more protectable patent rights, it might be necessary to add some changes to the existing framework of conflict of laws. Since, under the existing conflict of laws systems, multiple litigations have been still taking place in multiple countries as seen in recent Samsung vs. Apple cases where several different litigations on the same issue have been brought to several different countries cross the world.[5] And when it comes to choice of law rules,

4） As for the basic knowledge on these three main questions concerned with the conflict of laws, refer to C.M.V. Clarkson, Jonathan Hill, *The Conflict of laws*, 4th ed.(Oxford University Press, 2011), Dicey/Morris/ Collins, *The conflict of laws*,14th ed.(Sweet & Maxwell, 2006).

5） Samsung vs. Apple cases, which is patent infringement suits regarding the design of smartphone and tablet computers, have been brought to the courts in Korea, Japan, Germany, the Netherlands, France, Italy, Australia, the UK and the USA from 2011

even though they are now heading for the convergence,[6] they still vary from country to country, which may give rise to the *forum shopping* problem. so it means that we need to know the choice of law rules of each forum country.

As for the extraterritorial application of patent law, this is still controversial topic. Most of jurisdictions have been criticizing such an extraterritorial approach of IP law from both perspectives of substantive IP law and conflict of laws.[7] Moreover, the issues as to whether the judgment or injunction rendered by home country in favor to the patentee can be enforceable in foreign country is also not clear under the existing conflict of laws systems, because each jurisdiction has its own rules on recognition and enforcement of foreign judgment and international conventions do not exist regarding this issue at the moment.

These are the limits we are facing regarding international protection of patent rights under the current conflict of laws situations. Under these circumstances, it is crucial to explore the consensus which should be achieved between IP law and conflict of laws.

Ⅲ Convergence

1. Overview: *from diversity to convergence*

All the above-mentioned challenges in the cross-border protection of patent rights seem to be related to the diversity of the conflict of law rules in each country. Such concerns have brought out the convergence movement in conflict of laws rules concerning IP.

As a matter of fact, there have been a lot of international initiatives encouraging IP protection. For instance, for the patent protection, there exist several major international patent conventions and treaties such as the Paris

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until recently.

6〉 See, *supra* note(2).

7〉 From a conflict of law perspective, the issue as to the extraterritorial application of national law is basically confined to the public laws. Kazunori Ishiguro, *Kokusai Chiteki zaisan Ken* [International Intellectual Property Rights] (NTT, 1998) p.36.

convention of 1883,[8] the Patent Cooperation Treaty ("PCT") of 1970[9] and the Trade Related Intellectual Property Rights ("TRIPS") agreement[10] that emerged from the Uruguay Round of trade negotiations in the early 1990s. The Paris convention is contributing to the international protection of patent rights by providing for "national treatment" which requires each signatory country to give to nationals of other signatory countries the same protections under its patent laws as it provides to its own nationals. And it also contributes to the efficiency of patent application proceedings by providing the applicant with "rights of priority" which means if the same patent application is filed within one year in other member countries after the initial filing in one signatory country, the initial applicant will have priority from the date of initial filing, and which is also provided in the PCT drafted for the uniformity of international patent filing process.[11] And the TRIPS agreement broadens the scope of applicability of the Paris convention by requiring that all Member States of the WTO must comply with key substantive provisions found in the Paris convention.[12]

What should be noted is that the international initiatives taken for formulating the above-mentioned treaty or convention regime are restricted to the substantive law aspect of patent right. From an aspect of conflict of laws, by contrast, there has been no internationally binding uniform law under the title of convention or treaty.

With respect to the conflict of laws rules on IP, the principle of the *lex loci protectionis*[13] exists, which is, in general, regarded as a universally recognized

8） The most recent amendment of the Paris Convention occurred in 1967. G. H. C. Bodenhausen, *Paris Convention for the Protection of Industrial Property* (BIRPI, 1968).

9） Patent Cooperation Treaty (PCT), done at Washington on June 19, 1970, amended on October 2, 1979, and modified on February 3, 1984, and regulations under the PCT (as in force on January 1, 1986).

10） Annex 1C to the WTO Agreement. C. Correa, *Trade Related Aspect of Intellectual Property Rights –A Commentary on the TRIPS Agreement* (Oxford, 2007).

11） Under the PCT, the thirty-month priority term is granted to the first patent applicant.

12） See, Article 2 of the TRIPS agreement.

13） E. Ulmer, *Intellectual Property Rights and the Conflict of Law* (Kluwer 1978) p.11, Fawcett/Torremans, *Intellectual Property and Private International Law* (Oxford, 1998) p. 467, C. Wadlow, *Enforcement of intellectual property in European and international law: the new private international law of intellectual property in the United Kingdom and the European Community* (Sweet&Maxwell,1998) p.9. For the

conflict of laws rule, and considered to be derived from Article 5 of the Berne convention on copyright protection.[14] However, there are still ongoing controversial debates concerning the interpretation of the Article 5 of the Berne convention, as will be seen in the following chapter in relation to the interpretation issues of conventions.[15]

On the other hand, new movements concerning the rule-convergence on the conflict of laws, have been found in a recent year. That is, several Principles on conflict of laws in IP have been proposed by the group of scholars in different parts of the world such as the ALI Principles proposed by American Law Institute (ALI) in 2008,[16] the CLIP Principles drafted by the European Max Plank Group for conflicts of laws in IP in 2011,[17] the Japan-Korea Joint Proposal(hereinafter, the JK Joint Proposal)[18] drafted by the Members of the Private International Law Association of Japan and Korea in 2010 as a part of the Waseda University Global COE Project which aims at the Model Law of East Asia, and one more Japanese draft, Japanese Legislative Proposal by Tomeika project (transparency of Japanese law project) presented under the initiative of Kyushu university in 2010.[19]

All of those Principles have no legally binding characters and exist only as Model Laws seeking for being referred to by each legislative institute in the nation state. Nonetheless they will still have a great influence on the rule-making concerning conflict of laws in IP.

Upon those situations, the following section will first discuss the question as

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meaning and scope of the *lex loci protectionis*, see, *infra*, Ⅲ2(1), Ⅳ2.

14）Convention for the Protection of Literary and Artistic Works, Sep. 9, 1886, Berne.

15）See, *infra*, Ⅲ2(1).

16）The American Law Institute (ALI), *Intellectual Property: Principles Governing Jurisdiction, Choice of Laws and Judgments in Transnational Disputes (Final Draft)*, May 14, 2007.

17）European Max Planck Group on Conflict of Laws in Intellectual Property (CLIP), *Principles on Conflict of Laws in Intellectual Property (Final Text)*, Dec.1, 2011.

18）The Private International Law Association of Japan and Korea, *Principles of Private International Law on Intellectual Property Rights (JK Joint Proposal)*, Oct. 14, 2010.

19）*Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property* Oct.2009. Full text can be found in J. Basedow/T. Kono/A. Metzger (eds), *Intellectual Property in the Global Arena* (Mohr Siebeck, 2010) p. 394.

to, under the current conflict of laws regimes, whether the rule-convergence by means of the multinational conventions and the Principles could be helpful or not to strengthen the international protection of patent rights, focusing on the fundamental limits of the harmonization through the convention and the Principles.

2. Fundamental Limits

(1) Legal character: *convention and principles*

The rule-convergence by multinational convention and the Principles pose several fundamental limits from the perspective of the current conflict of laws regimes. First of all, it could be pointed out that the conflict of laws issues would still arise irrespective of the existence of international convention.

It has been thought that the conflict of laws issues may not arise as long as the international convention on the specific legal area is concluded. However, a convention does not cover all the legal issues regarding the specific legal area. It has its own boundaries to cover. As for the issues the convention does not cover, the conflict of laws rules of the forum will be still necessary to determine the governing law and to confirm the exercise of jurisdiction.

On the other hand, in respect of the issues which fall into the scope of the convention, until recently it has been thought that there would be no need to turn to the conflict of laws rules of the forum as long as the issues in question fall into the scope of the convention.[20] However, there are some arguments as to whether or not the conflict of laws rules should be excluded in such cases. It is sometimes held that the conflict of laws rules of the forum should be intervened, irrespective of the problem as to whether or not the issues in question fall into the scope of the convention, in order to determine the governing law by which the applicable provisions in the convention can be

20） Shoichi Kidana, "Chitekizaisan-Ho no Toitsu to Kokusai-Shiho" [The Uniformity of Intellectual Property Law and Private International Law] *Kokusaishiho-Nenpo* [Yearbook of Private International Law] No.3 (2001) p 174.

interpreted.[21] This opinion is likely to be more convincing, given that there could be the legal dispute where one part of the issues in question fall into the scope of the convention and the other part does not. Because it will prevent "*Angleichung*" issues arising out of the difference of the governing law between the issue the convention covers and the one the convention does not cover in the same legal dispute.[22] Moreover, given that the application boundary of the convention is sometimes not so clear to determine the exclusion of the choice of law rules of the forum, it might be more persuasive to apply the choice of law rules of the forum to the issues in question irrespective of whether they fall into the scope of the convention or not.

Consequently, the conflict of laws issues can still arise even though multinational convention have been drafted with the intention of avoiding the conflict of laws issues. The Principles are the same although they are none-binding rules unlike the convention. That is to say, even though the parties chose the Principles on substantive matters as a governing law, otherwise applicable law should be applied pursuant to the choice of law rules of the forum country.[23]

Second, the concerned provisions in the convention can be interpreted in a different way from one Member State to the other. This would be one of the fundamental difficulties in the harmonization through international convention, although there has been a consensus on trying to unify the interpretation of the convention among the Member States. The interpretation issues on Art. 5 of the Berne convention will be a good example. That is, some argue that the *lex loci protectionis* principle, so to speak, the conflict of laws rules in IP is derived from Art 5 (1) of Berne convention which provides for the principle for the national treatment.[24] Others insist that the *lex loci protectionis* is derived from

21） Eonsuk Kim, *Kokusai Chitekizaisan Hogo to Ho no Teishoku* [International Protection of Intellectual Property and Conflict of Laws] (Shinzansha, 2011) pp.95-96, Kazunori Ishiguro, *Kokusai-Shiho (shin-pan)* [Private International Law (New edition)] (Yuhikaku,1990) p.113-115, Kazunori Ishiguro, *Kokusai-Shiho*(2nd ed.) [Private International Law] (Shinsesha,2007) pp.135f.

22） Kim, *ibid*, p. 96.

23） Kim, *ibid*, pp. 96-97. See also. *inpra* note(42).

24） E. Ulmer, *supra* note(13), p.9, Fawcett/Torremans, *supra* note(13), pp.468-469.

Art 5 (2) which provides that "the extent of protection, as well as the means of redress afforded to the author to protect his rights, shall be governed exclusively by the laws of the country where protection is claimed".[25] And some contributions argue that the Berne convention has no express conflict of laws rules.[26] Those kinds of gap in interpreting the provisions of the convention may cause one of the difficulties in harmonizing the rules through the international convention. The same can be said in the case of the Principles.

In the case of international convention, we could point out one more problem regarding the harmonization. That is to say, under the constitutional system, the legal status of the convention varies from one country to another. For example, in Japan, a convention takes precedence over national law under the Japanese Constitutional Law.[27] The same can be said for France,[28] whereas a convention and national law have the equal legal status in Germany[29] and the republic of Korea.[30] On the other hand, in the US, a convention has the same legal status with the State law but it is placed under the Federal law. Moreover, the question as to whether the convention or the related provision in it is self- executing or not, is also different from country to country. For instance, in the US, the Berne convention was regarded as a non-self-executing convention, which means that a special legislative measure should be taken in order for the convention to be effective in the US.[31] In contrast, most of the Member States regard it as a self-

25） Masato Dogauchi, "Chosaku-Ken o meguru Junkyo-Ho oyobi Kokusai-Saibankankatsu" [Choice of Law and Jurisdiction issues regarding Copyright] *Copyright* Vol.40, No.472, p.14-15. Compare with Eonsuk Kim, *Chitekizaisan Ken to Kokusai-Shiho* [Intellectual Property and Private International Law] (Shinzansha, 2006) pp.104, 120-121, Kim, *supra* note (21), pp.91-93, 97-98.

26） Shoichi Kidana, *Kokusai Chitekizaisan Ho* [International Intellectual Property Law] (Nihon-Hyoronsha, 2009) pp.386-387. Dai Yokomizo, "Chitekizaisan-Ken ni kansuru jankan no Teishokuteki Kosatu [Some consideration on intellectual property in conflict of laws]" in Y.Tamura ed. *Shinsedai chitekizaisan-Ho Seisakugaku no Sosei* [Creation of the law and policy of intellectual property in a new generation] (Yuhigaku, 2008). pp. 460-461.

27） See, Art. 98(2) of the Constitution of Japan.

28） See, Art. 55 of La Constitution française du 4 octobre 1958.

29） The Germen Constitution has no express provision on the status of treaty, but it can be interpreted that the treaty does not superior to the national law from Art 15 of Grundgesetz.

30） See, Art 6 (1) of the Constitution of the Republic of Korea.

31） For implementation of Berne Convention, Berne Convention Implementation Act of

executing convention which applied directly in the Member States. Thus, the difference of the legal status of the international convention in each Member States may also show the limits of the function of the convention as a tool of resolving the international issues.

In the field of patent rights, an international convention and Model Law would become much more important tools to harmonize patent law system and to protect the patent rights holder in the future. However, from a conflict of laws perspective, many issues are still remaining as has been mentioned above.

(2) Overcome of methodological differences

As has been already mentioned above, regarding the conflict of laws rules in IP, there are several Principles proposed under the initiatives of academic projects in the US, EU and Asia.

In this subsection, it will be pointed out what limits to the rule-convergence in conflict of laws are present in a current system, focusing on the methodological differences of conflict of laws system between countries. And it will be also looked into whether those kind of special rule-setting on conflict of laws for IP is necessary or not, from the perspective of the current conflict of laws system. It would be essential to take account of those limits of the convergence before considering the solutions to the cross-border enforcement of patent rights.

(a) Methodological difference in the current Conflict of Laws system

It has been considered that there are two different methodological approaches in a current conflict of laws system. One is the traditional approach which was developed by the famous German scholar, F.C. von Savigny in the 19c and mainly adopted by civil law countries, and the other American revolutionary approach which was developed from the 1960s in America.

The former lays stress on conflicts justice rather than on material justice, which represents this approach is value-neutral. Under the traditional approach,

1988 was enacted in the US.

the substantive content of the governing law led by the conflict of laws rules is not decisive in determining the governing law. Savigny himself tried to search for the "seat(sitz)" of legal relationship. In this approach, it has been believed that the law of the country with which the dispute is the most closely connected, should be applied to the case having foreign elements.[32] The thought of traditional approach is based on the idea of the respect of foreign law and the foreign law system. Most of the civil law countries have adopted this approach while it has been seriously criticized for its rigidity and mechanical method.

On the other hand, American revolutionary approach, which has started from the famous leading case *Babcock v Jackson* in 1963,[33] explicitly lays stress on material justice, which means it is a value-oriented and a result-oriented approach. Under this approach, judges may try to apply "better law" and "better rule of law" to the dispute considering material value such as predictability of outcome, maintenance of interstate and international order and simplification of the judicial task.[34] Also, Greater importance has been attached to the governmental interest in choosing the governing law in this approach.[35] In this reason, the revolutionary approach gives a lot of judicial discretion to the judges. One of crucial characteristic of this approach may be the "issue by issue analysis"[36] which at times leads to dépeçage: the separation of governing law in a single legal dispute. That is to say, under this approach, the different issues in the same case may be governed by the law of different states.[37]

32） For the detail of the traditional approach, refer to F. C. von Savigny, *System des heutigen römischen Rechts*, Bd. 8(1849). William Guthrie(translated with notes), *A treatise on the conflict of laws, and the limits of their operation in respect of place and time/ by Friedrich Carl von Savigny* (Edinburgh:T. & T. Clark, 1880).

33） 191 N.E.2d 279 (N.Y. 1963). In this case, the court rejected a traditional method of determining which law should apply, instead weighted the substantial connection to the local government.

34） For the better law approach on choice of law, see, R, Leflar, "Conflicts of law: More on choice Influencing Considerations"54 *California Law Review* 1584 (1966).

35） For the analysis of government interests on conflict of laws, see, B. Currie, *Selected Essays on the Conflict of Laws* (Duke University Press Durham.N.C., 1963).

36） According to the issue by issue analysis, the scope of the *lex loci* rule in traditional approach is narrowed on the particular issue on which the laws of the involved states. Symeon C. Symeonides, *American private international law* (Kluwer Law International, 2008) p. 108.

37） *Dépeçage* is the result of the abandonment of the traditional theory's broad

The CLIP Principles basically take the traditional approach. On the other side, the ALI Principles are generally based on the American revolutionary approach, although they were originally drafted with the intention of the balance between civil law and common law approaches.[38] It is said that the ALI approach is similar to the second restatement of conflict of laws of 1972 which adopted American Revolutionary approach as a whole.

Under the different methodological systems, it may not be easy for the country where the traditional approach has been adopted to refer to the ALI Principles. On the contrary, the US would not intend to refer to the CLIP approach.

As for the JK Joint Proposal, it takes basically traditional approach, but in some part it adopted the ALI approach. For instance, the governing law for IP is divided into registered and non-registered rights in the JK Joint Proposal[39] as is in the ALI Principles.[40] The division between registered and non-registered rights prevents a holistic choice of law approach for IP rights[41] and could lead to *dépeçage* of the governing law in the same case as has already mentioned.

Actually, the existing Korean private international law provides that "the protection of IP is governed by the law of the place where such rights are violated", without separating registered and non-registered rights. If the JK Joint Proposal would be referred to as a Model Law by the parties, especially in

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categories and the adoption of issue by issue analysis. *Id*, p.109.

38) The American Law Institute (ALI), *Intellectual Property: Principles Governing Jurisdiction, Choice of Laws and Judgments in Transnational Disputes* (Proposed Final Draft), March 30, 2007 p.1.

39) See, Art. 301(1),(2) of the JK Joint Proposal. It stipulates that all matters (excluding infringement) concerning an intellectual property shall be governed by *lex protectionis*, and *lex protectionis* is the law of the state of registration in the case of a registered intellectual property.

40) See, Art. 301(1)(a), 301(1)(b) of the ALI Principles. It provides that the law applicable to determine the existence, validity, duration, attributes, and infringement of intellectual property rights and the remedies for their infringement is, for registered rights, the law of the Sate of registration, for other intellectual property rights, the law of each State for which protection is sought.

41) Eckart Gottschalk, "The Law Applicable to Intellectual Property Rights—Is the Lex Loci Protetionis a Pertinent Choice-of –Law Approach?" in E. Gottschalk/R.Michaels/G.Rühl/J.A Hein (eds.), *Conflict of Laws in a Globalized World* (Cambridge, 2007), pp.12-13.

the country such as Korea where the conflict of laws rules on IP is different from the Principles, can the Principles take precedence over the existing private international law rules? This problem is also related to the effect of Model Law in the conflict of laws system. If the forum country regards the domestic conflict of laws rules as mandatory rules, the Model Law referred to by the parties may not have effect in those countries.[42)]

As has shown above, it doesn't seem to be easy to harmonize the conflict of laws rules under the different methodological approaches of the current conflict of laws system.

(b) Special rules for Intellectual Property

Under the current conflict of laws system, the following question would be also arisen: the special conflict of laws rules for IP is necessary? This links to the question as to whether the methodological inconsistency in a single legal system can be allowed just for IP rights.

For example, both the ALI principles and the JK Joint Proposal have its own "general rule(supplementary rules)" regarding mandatory provisions, *renvoi*, public policy, and proof of foreign law. With regard to mandatory rule, both the ALI and the JK provide that mandatory rule of the third country can be applied where it has a close connection with the issue in question.[43)] But this issue is still controversial in current conflict of laws situations, at least in East Asia like Japan and Korea. According to the Principles, only for the IP cases, different general rules on conflict of laws should be applied. Also, both provide for the exclusion of *renvoi*.[44)] *Renvoi* is broadly adopted even for the tort cases under the existing Korean private international law.[45)] If these Principles were applied

42） In general, the private international law (or conflict of laws rules) existing as a national law is considered as mandatory rule in a sense that the party shall not deviate from the application of that law. Takao Sawaki/Masato Dogauchi, *Kokusai-Shiho Nyumon* [Introduction to Private International Law] 7th ed. (Yuhikaku, 2012), p.8.

43） See, Art. 323 of the ALI principles, Art 312 of the JK Joint Proposal.

44） See, Art. 324 of the ALI principles, Art 310 of the JK Joint Proposal. They provide that the law of any State declared by these Principles does not include its choice of law rules or the rules of private international law.

45） See, Art. 9 of Korean private international law.

in Korea, *renvoi* would be excluded only in the IP cases, which means that methodological inconsistency could arise between IP cases and non-IP cases in a single system of law.[46)]

The reason why the special rules for IP have been drafted may be because the current conflict of laws system is not helpful for international protection of IP. However, this reason is extremely something material and substantive from the viewpoint of conflict of laws. Each of the Principles adds substantive value in conflict process and which is at times contrary to the fundamental spirit of traditional conflict of laws approach. Therefore, when we discuss the harmonization of the conflict of laws rules for IP, the first thing to be discussed will be how to deal with those problems from a perspective of conflict justice.

Ⅳ Proposed Solutions and the challenges

In this section, what solutions to the cross-border enforcement of patent rights have been proposed and what challenges have been remained in each of the Principles will be examined, highlighting four points that appear to be very important elements for cross-border protection of patent rights: First, efficiency of litigation system, Second, scope of the *lex loci protectionis*, Third, extraterritorial application of patent law, and the Fourth, enforcement of foreign jndgment.

1. Efficiency of Litigation System

Each of the Principles provides for the extension of jurisdiction with relation to the issues of the exclusive jurisdiction. That is, the validity issue of patent is basically subject to the exclusive jurisdiction of the courts of the country of registration, but when the issue is raised as a counterclaim of invalidity in the infringement case, the court may adjudicate over the validity issue of foreign patent with an *inter partes* effect under the each Principles.[47)]

46) For more details, E. Kim, *supra* note (21), pp. 262-265.
47) See, Art. 213 (3) of the ALI principles, Art. 2:401(2) of the CLIP Principles and Art.

The position taken by all the Principles has been widely shared by the academic community. However, it couldn't convince the European court of justice as shown in *GAT vs.LuK* case in 2006,[48] and couldn't convince EU legislators as shown in the Lugano convention of 2007,[49] and the recently enacted recast of Brussels Ⅰregulation,[50] which stick to the position that, irrespective of whether or not the issue is raised as a counterclaim, the validity issue of patent should be subject to the courts of the country of registration excl usively.

In addition, each of the Principles provides concentrated jurisdiction in order to prevent multiple litigations. Especially, the ALI Principles are noteworthy regarding this point. It gives the authority for coordination of multiterritorial actions to the court first seized.[51] The court first seized can determine how to coordinate multiterritorial actions with the tool of cooperation, consolidation and combination of two, enjoying a wide range of discretion. The ALI approach to the multiple litigations doesn't seem to be easily adopted in a different jurisdiction, given that it gives a lot of discretion to the first seized court in coping with multiterritorial actions.

The CLIP Principles also provide for coordination of the proceedings.[52] However, on the contrary to the ALI Principles, it just provides that the court first seized has jurisdiction and other courts have to stay the proceeding in parallel proceedings, which seems to be a similar approach with *lis pendens* in *Brussels regimes.*[53] But the CLIP Principle is more flexible than Brussels Ⅰ regulation because it allows the court second seized to continue the litigation if

209(2) of the JK joint Proposal.

48） Case C-4/03 13 July 2006.

49） See, Art.16 (4) of the Lugano Convention.

50） Regulation (EU) No 1215/2012 of the European Parliament and of the Council of on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Recast). The recast of Brussels Ⅰ regulation sets forth that exclusive jurisdiction is vested in the courts of the country of registration, irrespective of whether the issue has been raised by way of an action or as by way of defense.

51） The Chapter 3 of the ALI principles provides about coordinating multi-territorial actions.

52） See, Art.2:701(1) and Art. 2:702 of the CLIP Principles.

53） See, Section 10 of the recast of Brussels Ⅰ regulation.

it is manifest that a judgment handed down by the court first seized would not be capable of recognition and enforcement under the Principles.[54] The problem will be whether or not the CLIP Principles involving different rules from Brussels Ⅰ regulation could be accepted as an EU regulation in the future.

2. Scope of the *lex loci protectionis*

As has been already mentioned, both the ALI Principles and the JK Joint Proposal lay down the division between the law applicable to registered rights and the law applicable to non-registered rights.[55] On the other hand, under the CLIP Principles, the law applicable to IP rights is the *lex loci protectionis* without the division between registered and non-registered rights.[56]

The *lex loci protectionis* which is generally defined as the law of the state for which protection is sought and regarded to be derived from Article 5(2) of Berne convention, is considered as a choice of law rule of IP, even though there are still controversial arguments on it.[57] Indeed, it is at times difficult to specify the law of the state for which protection is sought in actual cases.

The *Card reader* case,[58] a leading Japanese Supreme Court case on choice of law in IP could be a good example in thinking about the scope of the *lex loci protectionis* in each Principles. In this case, the plaintiff(X), who is a Japanese national and has an US patent right on one invention, sued the defendant(Y) who is also a Japanese national and has an Japanese patent right on the same invention, insisting that Y's manufacturing and exporting act done in Japan infringed X's US Patent right. X claimed for injunction and damages against Y pursuant to Art 271 (b) of the US patent law which stipulates that whoever

54) See, Art.2:701(1) (b) of the CLIP Principles.
55) See, *supra* note (39), (40).
56) See, Art. 3.102 of the CLIP principles. It provides that the law applicable to existence, validity, registration, scope and duration of an intellectual property right and all other matters concerning the rights as such is law of the State for which protection is sought. As for the infringement, see, Art.3:601. It also indicates that the law applicable to the infringement is the law of each State for which protection is sought.
57) See, *supra*, Ⅲ2(1).
58) The Japanese Supreme Court, Judgment, 26 September 2002, *Munshu* Vol.56, Np.7, p.1551.

actively induces infringement of a patent shall be liable as an infringer.

The biggest issue in this case was the governing law to the injunction and damages X claimed. The Supreme Court held that injunction should be governed by the law of the country of registration, that is, the US patent law because the claim for injunction was classified as the effect of a patent, while damages should be governed by Japanese law pursuant to Article 11 of *Horei*[59] because the claim for damages could be classified into tort. The division of governing law between injunction and damages shown in the Supreme Court decision could be criticized as a dépeçage in choice of law.[60]

If each of the Principles applied to this case, which law could be the applicable law? Under the ALI Principles, the applicable law of this case would be the law of the country of registration, without separating the governing law between injunction and damages.[61] The problem is to specify the law of the country of registration in this case. X's patent is registered in the US, while Y's one in Japan. In this case, which country's registration should be selected, the US or Japan? Is it appropriate to determine that the registration in the US should be more stressed because X's patent is sought to be protected? But what should be focused on in this case is that X was seeking his US patent to be protected in Japan, not in the US.

On the other hand, According to the JK Joint Proposal, the law applicable to the infringement of IP is the law of the state for which protection is sought.[62] However, the claim for injunction and for damages could be divided like in the above Supreme Court decision, depending on the classification of the forum country.

In the case of the CLIP Principles, the applicable law to all matters concerning IP is the *lex loci protectionis* which means the law of the state for

59） Act No.10 of 1898. This first enacted Japanese choice of law rules was replaced with a new Act on General Rules for Application of Laws of 2006.
60） See, *supra* note (37).
61） See, *supra* note (40).
62） See, Art. 304(1) of the JK Joint Proposal. It lays down that the applicable to an alleged infringement and remedies is the law of each state for which protection is sought, providing that this shall not apply if the parties have chosen another law under the provisions of Art.302. Compare with *supra* note (39).

which protection is sought without the division between registered and non-registered right.[63] The *Card reader* case, a patent infringement case, would be also governed law of the state for which protection is sought under the CLIP Principles. If so, what can be the law of the state for which protection is sought? Is it appropriate to determine the US patent law as a governing law because X's patent is sought to be protected? If so, it means that the US patent law can be applied to the act performed outside the US. And it also means that the extraterritorial application of foreign patent law is allowed.

In this cas, X wanted to protect his US patent right in Japan. On the other side, Y expects his Japanese patent right to be protected in Japan. Accordingly, there would be even a possibility that Japanese law could be *lex loci protectionis* in this case depending on the interpretation of "the law of the state for which protection is sought".[64]

The *lex loci protectionis* is not clear concept, although it is regarded as derived from the Article 5(2) of the Berne convention, which is considered as a choice of law rule of IP, because the provision does not specify expressly where can be the state for which protection is sought. In this regard, the choice of law rules of the forum country can be or should be intervened to determine the governing law of IP in an actual case, providing that the *territoriality principle* makes influence on the determination of governing law.[65]

3. Extraterritorial application of Patent Law

The extraterritorial application of patent law is considered an exception of the *territoriality principle* of IP. Each of the Principles regulates the problem relating to ubiquitous infringement. All provide that the law applicable to ubiquitous infringement is the law of the State with the closest connection to the dispute.[66] However, the consideration elements for the determination of the

63）See, Art. 3:102, Art.3.601 of the CLIP principles.
64）The same can be said for the JK joint Proposal.
65）As for how *territoriality principle* impacts the conflict of laws rules, see, *infra* Ⅴ, E.Kim, *supra* note(21),pp.120f.
66）See, Art. 321(1) of the ALI Principles, Art. 3.603(1) of the CLIP principles, and Art.

most closely connected state to the dispute are slightly different in each Principles.[67] Among them, only the CLIP Principles provide that ubiquitous infringements are limited only to the cases involving internet media.[68]

Whereas, the JK Joint Proposal took the most drastic and direct approach. That is, it lays down that the law of the country of protection can be applied to extraterritorial activities including indirect acts when such activities directed to the state of protection and there is the threat of direct and substantial injury within territory.[69] Under the JK Joint Proposal, the law applicable to the above-mentioned *Card reader* case, would be the US patent law.

Likewise, all the Principles provide the extraterritorial application of patent law with the purpose of strengthening the international patent protection as an exception of the *territoriality principle*. However, if the *territoriality principle* had its legal grounds based on the Paris convention[70] and therefore its Member States had the obligation to comply with the *principle*, to what extend the exception could be admitted among the Member States? That would be the crucial issue regarding the extraterritorial application of patent law.

306(1) of the JK joint Proposal.

67） As consideration elements, the ALI Principles provides (a) where the parties reside; (b) where the parties' relationship, if any, is centered; (c) the extent of the activities and the investment of the parties; and (d) the principal markets toward which the parties directed their activities. (Art. 3:102), the CLIP Principles, (a) the infringer's habitual residence; (b) the infringer's principal place of business; (c) the place where substantial activities in furthering of the infringement in its entirety have been carried out; (d) the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety (Art. 3.603(2)), and the JK joint Proposal, (a) the infringer's habitual residence; or the infringer's particular place of business in case of infringement activity occurring in its business operation; (b) 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; (c) the State in which the owner of such right has a major concern.

68） Art.3.603(1) of the CLIP principles provides that in disputes concerned with infringement carried out through ubiquitous media such as the Internet, the court may apply the law of the State having the closest connection with the infringement, if the infringement arguably takes place in every State in which the signals can be received. This rule also applies to existence, duration, limitations and scope to the extent that these questions arise as incidental question in infringement proceedings.

69） See, Article 305 of the JK joint Proposal.

70） See, *infra* note(79).

4. Enforcement of Foreign Judgment

The last issue is related to the enforcement of foreign judgment regarding IP. According to the ALI principles, in order for the foreign court judgment to be enforceable in enforcing country, the choice of law rules by which foreign court determined the governing law should be consistent with the ALI Principles.[71)]

This rule may raise some problems concerning the doctrine of *révision au fond*.[72)] Most of civil law countries prohibit the doctrine of *révision au fond* when determining enforceability of foreign decision, which means that the enforcing court shall not judge whether the governing law determined by the rendering court is appropriate or not in the alleged dispute.[73)] Certainly, unlike the ALI principles, the JK joint Proposal expressly indicates that a foreign judgment may not be reviewed as to its substance or merits and the CLIP Principles also provide that a foreign judgment may not be reviewed as to its substance or merits.[74)] In this regard, the ALI approach would not be easily accepted in other jurisdictions.

Regarding the CLIP Principles, what should be paid attention may be that the differences between the Principle and the Brussels Ⅰregulation. That is, the CLIP Principles as a special rules on IP contain different provisions[75)] from Brussels Ⅰ regulation regarding the conditions of recognition and enforcement of foreign judgments.[76)] In this circumstance, the issue will be how the CLIP Principles could be an influential Model Law under the Brussels regime in EU.

71） See, Art. 403(2)(b) of the ALI Principles.
72） Art.24(2) of the Japanese Civil Execution Act provides that an execution judgment shall be made without investigating whether or not the judicial decision is appropriate.
73） E.Kim, *supra* note(21), pp.388-389.
74） See, Art. 401(2) of the JK joint Proposal, Art.4:601 of the CLIP Principles.
75） See, Art.4:102, Art 4:201 and Art.4:202 of the CLIP Principles.
76） Under the Brussels regulation, a judgment given in a Member State, in principle, is recognised in the other Member States without any special procedure being required and be enforceable in another Member State without the need for a declaration of enforceability (Art.38a(1), Art.39b of the recast of Brussels Ⅰ regulation). the newly enacted recast of Brussels Ⅰ regulation has abolished the declaration of enforceability.

Ⅴ Key Element for the (possible) Solutions: *territoriality principle*

All the solutions proposed in each of the Principles for strengthening cross-border enforcement of patent rights appear to be concerned with the exception of the *territoriality principle* of IP.[77] It may be because the territoriality principle has been regarded as an serious obstacle of international protection of IP.

In general, the territoriality principle of IP means that IP right is granted independently, territory by territory and the effect of IP right is defined by the territory for which the right is granted.[78] There are, however, many different explanations for territoriality principle from a conflict of laws perspective. For instance, some insist that it is a *legal principle* based on the Paris convention,[79] others say that it just expresses an *idea*.[80] According to the former's opinion, the territoriality principle should be complied with by the Member States of the Convention, on the other side, according to the latter's opinion, the principle is not legally binding so that each Member State is not subject to strict compliance with the principle.

In spite of the latter's opinion, the territoriality principle is still alive in court cases such as the above-mentioned *Card reader* case in Japan and the *X-Girl* trade mark case in Korea.[81] That is, the Japanese Supreme Court held in the

77） Especially see, *supra* Ⅳ3.

78） P. Goldstein, *International Copyright*, 2nd (Oxford University Press, 2010) pp.96-97. Cornish/Llewelyn, *Intellectual Property: Patents, Copyrights,Trade Marks and Allied Rights*, 7thed. (Sweet&Maxwell, 2010) pp.27-28.

79） Kazunori Ishiguro, *Kokkyo wo koeru Chitekizaisan* [Cross Border Intellectual Property] (Shinzansha, 2005) p.186. and E.Kim, *supra* note (21) p.113 point out that the legal ground of the territoriality principle can be derived from the Art. 4*bis* and Art. 6(3) of the Paris convention representing the independence of patents and trademarks.

80） See, for example, P. E. Geller, "From Patchwork to Network; Strategies for International Intellectual Property in Flux", *Duke Journal of Comparative and International Law*(1998),Vol.9,at.69; "International Intellectual Property, Conflict of laws, and Internet Remedies", *European Intellectual Property Review* (2000), Vol. 22, no.3, at.125,J. C. Ginsburg, "Global Use/Territorial Rights: Private International Law Questions of the Global Information Infrastruction", 42 *Journal of the Copyright Society of the U. S. A*. at 318, 319.

81） The Korean Supreme Court, Judgment, 27 January 2005 (2003 da 62910). In this case a Japanese Company X registering trade mark *X-Girl* in both Korea and Japan claimed damages against Korean clothing dealer Y, insisting that Y infringed X's

Card reader case that the US patent law cannot be applied in Japan because the application of foreign patent law is contrary to the public policy of Japan where the territoriality principle is adopted. And the Korean Supreme Court held in the *X-Girl* trade mark case that the inducement activity in Korea can be governed by the Japanese law since the result of alleged act occurred in Japan. However it maintained that the Japanese law cannot be applied in Korea given that the territoriality principle is adopted in Japan.

In these circumstances concerning the territoriality principle, it is essential, in order to strengthen cross-border protection of patent right through the rule-convergence on conflict of laws, to make clear the legal ground of the territoriality principle and its relationship with the conflict of laws rules.

Under the current conflict of laws system, if the territoriality principle were just an *idea*, the special conflict rules on IP might not be needed, because the conflict rules on IP would not be affected by a substantive territoriality principle of IP. In other words, the infringement case involving IP would be categorized into *tort* and the extraterritorial application of patent law may be possible in some cases like other *tort* cases.

Whereas, if the territoriality principle were a (*substantive*) *legal principle* (derived from the Paris convention), the principle would affect the existing conflict of laws rules.

First, the extraterritorial application of IP laws may be impossible, because the legal effect of IP is limited within the territory where IP right was granted or registered.

Second, the enforcement of foreign judgment which is contrary to the territoriality principle[82] might be refused in the enforcing country where the territoriality principle is considered as an overriding mandatory rule or public policy.[83]

Korean trade mark in Korea and induced the infringement of X's Japanese trade mark in Korea.

82） For instance, if a foreign court issued an injunction banning the sale of products in Japan holding that the activity performed in Japan infringed the foreign patent rights in accordance with the foreign patent law, it could be said that the ruling is contrary to the territoriality principle.

83） E.Kim, *supra* note (21) p.133.

Third, party autonomy in non-contractual IP matters would be limited.[84] That is, the parties cannot choice or change the governing law in validity and infringement case.

Lastly, the exclusive jurisdiction of the court of registration country might lose its legal grounds because the territoriality principle is the *substantive* legal conception,[85] not procedural one, which means that the territoriality principle shall not affect the determination of the forum.

However, there seem to be no international consensus as to how to understand the territoriality principle from a conflict of laws perspective at the moment. For the convergence of the conflict of laws rules for patent protection, it should be necessary to reach a consensus on the territoriality principle and then, to clarify the relationship between the territoriality principle and the conflict of laws rules.

If there is the consensus on the point that the territoriality principle is a *legal principle*, the next to be discussed would be the scope of the territoriality principle. That is, to what extent and how the territoriality principle can be restricted in order for the patent right to be protected at the international level.

That would be the key steps to the international protection of patent through the rules convergence on conflict of laws, although it appears to take time. At the same time, that would make it more understandable and acceptable to proceed the harmonization for the internationally protectable patent rights.

Ⅵ Conclusion

This article has dealt with the recent rule-convergence *phenomenon* which has been performed by means of international conventions and the Principles, focusing on the question as to whether or not it could be successful under the

84） See,Art,8(3) of the Rome Ⅱ Regulation(Regulation (EC) No 864/2007 of The European Parliament and of the Council of 11 July 2007 on the law applicable to non-contractual obligations). It also sets aside the effect of party autonomy in non-contractual IP matters.

85） H.Schack, *Internationales Zivilverfahrensrecht* (4.Aufl. 2006), Rn. 509, E.Kim, *supra* note (21) p.114.

current conflict of laws system, and has also examined the proposed solutions and the challenges in the Principles.

In conclusion, even though the international conventions and the Principles had achieved the rule-convergence on both substantive law and conflict of laws, the conflict of laws issues would still be left to be considered, judging from their legal characters. In other words, given that the international convention has a different legal status in each Member State, and the Principles on the conflict of laws rules in IP which are recently proposed by the academic communities exist only as a Model Law which is not legally binding, and evenmore at times the provisions in them could be interpreted differently depending on the Member State, the rule-convergence through the international conventions and the Principles doesn't seem to solve all the international issues relating to the IP protection.

Moreover, the convergence on the conflict of laws rules in IP may raise some issues related to the methodologically different approaches in conflict of laws. For example, the question as to whether or not the methodological inconsistency in a single legal system could be allowed only for the area of IP rights may arise under the proposed Principles.

As has examined above, the Principles themselves have a number of problems to be solved related to the existing conflict of laws rules. Thus, it is not likely to easy to achieve the rule-convergence for the international protection of patent rights.

In these circumstances, the key element to the international protection of patent through the rules-convergence will be the *territoriality principle* of IP. As has been shown, the proposed solutions in each of the Principles are concerned with the exception of territoriality principle in IP. Nontheless there seem to be no international consensus as to how to understand the territoriality principle from a conflict of laws perspective (even from a substantive law perspective as well).

Regarding the rule-convergence on conflict of laws rules for patent protection, it is crucial to reach a consensus on the territoriality principle. In this regard, the first thing to make clear is whether it has legal ground or not. If the

territoriality principle has a firm legal ground, the next step is to analyze its legal effects in substantive IP laws and conflict of laws and to clarify the relationship between the terrioriality principle and the conflict of laws rules. And last discussion will be the *scope* of the territoriality principle in specific IP related cases.

By doing so, the rule-convergence on IP could be more easily accomplished and at the same time the cross-border enforcement of patent rights could be realized in a more acceptable way to other countries.