TMPDF
TRADE MARKS, PATENTS & DESIGNS FEDERATION

Advancing Industry's View On Intellectual Property Since 1920

Mr Oliver Parker
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Legal Group
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Ref: C169/05

Dear Mr Parker

Hague Convention on Commercial Choice of Court Agreements

Thank you for your letter of 26 October 2005 and for consulting us on whether the United Kingdom should ratify the convention agreed at The Hague last June.

Subject to the remarks below, which include our views on whether the UK should make any of the declarations provided for under articles 19, 20, 21 and 22 of the convention, the Federation confirms that it is not opposed to ratification by the UK.

International enforcement

In our comments submitted in January 2005 (our reference C8/05 – referred to hereinafter as our previous comments), we suggested that the convention should be adjusted to ensure that a court which is requested, under articles 1(3) and 9, to recognise and enforce a foreign judgment made by a court designated in an exclusive choice of court agreement, should accept the request even when the foreign judgment was a domestic, non-international, one (i.e., article 1(2) did not apply in the case before the foreign court).

The overview accompanying your letter in paragraph 11 refers to this matter by saying that a case that was non-international when the original judgment was given **may** (not "should") become international if proceedings are brought to enforce the judgment in another state. A footnote refers to article 20, which enables a state to declare that its courts may refuse to recognise a judgment from a foreign court concerning a case that is otherwise domestic to that state.

The problem that we pointed out has not been clarified beyond doubt in the convention as adopted, but we do not consider that this is sufficient to withhold ratification. However, we trust that the UK will do all that is possible to persuade other contracting states, if necessary, that their courts should act as suggested in the overview. ***Moreover, we see no reason for the UK to make the declaration allowed for in article 20.***

Exclusive/ "non exclusive" choice of court agreements

In our previous comments, we suggested that the definition of an exclusive choice of court agreement should be widened so that it would be possible to choose courts in more than one contracting state under the agreement.

This point has not been met directly in the convention as adopted, but we are asked to say whether the UK should make a declaration under article 22, whereby a judgment given by a court (the court

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of origin), designated in a choice of court agreement, which might be in one or more contracting states (a non exclusive choice of court agreement), would be recognised and enforced. This would be on a reciprocal basis, i.e., the state of the court of origin should have made such a declaration.

On the understanding that the judgments to be enforced would only be those of courts designated in the agreement between the parties involved, acting in accordance with the terms of the agreement, then ***we agree that the UK should make this declaration***.

Treatment of intellectual property

We do not agree that copyright and related rights should be treated differently under the convention from other IP rights, but concede that the differing treatment provided in the convention as adopted should not bar ratification, particularly as decisions on copyright 'validity' and infringement will only apply as between parties to an exclusive choice of court agreement who are in dispute (confirmed e.g., by overview paragraph 34). As regards the treatment of the remaining IP rights, we agree that choice of court agreements concerning litigation of IP validity should not fall within the scope of the convention and accept that those concerning infringement will not. (Though we still prefer the position suggested in our previous comments, i.e., that IP infringement should fall under the convention when there is a choice of court agreement.)

We agree that rulings on any preliminary questions concerning these matters, which must be decided before trying a main issue such as whether the terms of a licence have been breached, should be strictly between the parties and have no wider effect. It seems unlikely that there will be any great practical difference between the treatment of copyright and related rights and other intellectual property rights.

Key provisions

You ask whether the key provisions, articles 5, 6 and 8, strike a broadly satisfactory balance between legal certainty and flexibility. As far as intellectual property is concerned, we do not see any reason to doubt this.

Damages

You ask whether the provision of article 11, which permits recognition and enforcement to be refused if and to the extent that the damages do not compensate for actual loss or harm suffered. We accept this provision on the basis of the explanation in the agreed statement annexed to the overview. This indicates that the provision deals only with situations where the damages awarded go far beyond the actual loss suffered - though its wording suggests that situations where damages are inadequate may also be covered. We assume that the words "to the extent" imply that that part of the damages that does compensate for actual loss should be recognised and enforced.

Declarations

Possible declarations under articles 20 (No) and 22 (Yes) have been discussed above. We see no reason to make a declaration under article 19 limiting jurisdiction and are not aware of any specific matter justifying a declaration under article 21.

Other points

We note that our previous comments on incidental questions, suspension of proceedings and no retrospection appear to have been taken into account in the convention as adopted.

Yours sincerely,

Sheila Draper

Secretary, TMPDF