Revised version April 26, 2001

PATENTS[1]

1. In proceedings concerning the grant, revocation, validity[2], invalidity, enforceability, unenforceability,[3] or infringement[4] of a patent[5], the courts[6] of the Contracting State in which, or for which, the patent was granted shall have exclusive jurisdiction; provided that, where, under an international instrument in force in the Contracting State in question, some other court or courts replace the national courts with regard to some or all of the above matters, that court or those courts shall have exclusive jurisdiction to the extent to which they replace the national courts. In this paragraph, "court" includes any organ, administrative agency or entity empowered to give binding decisions on legal controversies; and "international instrument" means an international convention or a binding measure adopted by an organization established by treaty.

2. Paragraph 1 shall not apply where one of the above matters arises as an incidental question. For the purposes of this article, an incidental question is a question that arises in an action which is not itself a claim or counterclaim for patent infringement, for a grant or revocation, or for a declaratory judgment of validity, invalidity, enforceability or unenforceability of a patent.[7]

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[1] If at some further stage this language were to be adopted into a draft of the Convention, it is intended to replace the language of 12(4), 12(5) & 12(6). It was suggested that 12(3) would have to be revised in an effort to exclude Intellectual Property from the language of that provision.

[2] There was complete consensus among the working group members on maintaining exclusive jurisdiction for the validity of patents, assuming that patents are within the scope of the convention.

[3] Unenforceability concerns the acts of a patent owner that create a misuse of the patent, such as antitrust patent tying, collecting double royalties or illegal pooling or inequitable conduct before the patent office in prosecuting a patent application, such as filing false affidavits or omitting known prior art which materially affects the patentability of claim(s). Some participants felt that this was an issue of unfair competition that should not be dealt with in this article.

[4] The prevailing view was that exclusive jurisdiction should exist for the infringement of a patent; however, one member of the group noted its opposition. The concern in creating exclusive jurisdiction in the case of infringement is that under the European Patent Convention State parties are capable of consolidating infringement actions, e.g. at the defendant's domicile. Other European Union countries thought this should be dealt with in Article 37 of the Convention, which would solve this problem by allowing EU Member States and other States party to the European Patent Convention to maintain existing possibilities for consolidating infringement actions through the disconnection clause.

[5] There was some discussion as to whether or not abandonment should be included in paragraph 1, as it has been in the provision on trademarks

[6] The reason for the use of a number of related terms is to cover concepts as they are described in different jurisdictions. It was suggested that it might be better if one generic term were to be used to describe these related concepts, while making it clear in the explanatory report that this one term is intended to reflect related concepts as expressed by different countries in their national law. The concern was that by making a list it might be considered by courts to be exhaustive when we are unlikely to have included all possible and desirable terms.

[7] Concerns were expressed about this paragraph, in particular there was concern about a possible "inter partes" effect of the judgment made on the incidental question. It was also noted that even if the effect of the judgment concerning the incidental question is limited to the parties, the judgment may have a preclusionary effect in other cases in other States, when produced by one of the parties. In other words, there may be some collateral estoppel issues that must be considered when looking at this provision.

TRADEMARKS[8]

1. In proceedings concerning the infringement,[9] validity, abandonment, nullity, cancellation, or revocation of a registered trademark or a mark for which an application for registration has been filed, the courts of the Contracting State in which, or for which, the trademark was registered, or the application has been filed, shall have exclusive jurisdiction; provided that, where, under an international instrument in force in the Contracting State in question, some other court or courts replace the national courts with regard to some or all of the above matters, that court or those courts shall have exclusive jurisdiction to the extent to which they replace the national courts. In this paragraph, "court" includes any organ, administrative agency, or entity empowered to give binding decisions on legal controversies; and "international instrument" means an international convention or a binding measure adopted by an organization established by treaty.

2. In proceedings concerning the infringement, registration, validity, nullity, abandonment, cancellation, or revocation of an unregistered trademark, the courts of the Contracting State in which rights in the trademark arose shall have exclusive jurisdiction; provided that where, under an international instrument in force in the Contracting State in question, some other court or courts replace the national courts with regard to some or all of the above matters, that court or those courts shall have exclusive jurisdiction to the extent to which they replace the national courts. In this paragraph, "court" includes any organ, administrative agency, or entity empowered to give binding decisions on legal controversies; and "international instrument" means an international convention or a measure adopted by an organization established by treaty.

[3. Paragraph 1 and 2 shall not apply where one of the above matters arises as an incidental question. For the purposes of this article, an incidental question is a question that arises in an action which is not itself a claim or counterclaim for trademark infringement, nullity or abandonment, or for a declaratory judgment of validity, invalidity, nullity or abandonment of a trademark.][10][11]

[8] There was complete consensus among the working group members on maintaining exclusive jurisdiction for the validity of trademarks, assuming that trademarks are within the scope of the convention.

[9] Certain members of the working group do not want to include infringement as a ground for exclusive jurisdiction, and there were other comments made with regard to whether or not including infringement of either registered or unregistered trademarks was sensible, because the need for consolidation is greater in the context of trademarks as opposed to patents and the link between validity and infringement was not as clear.

[10] The representative from the International Trademark Association objected to the inclusion of this provision in the context of trademarks. This requires further discussion.

[11] Concerns were expressed about this paragraph, in particular there was concern about a possible "inter partes" effect of the judgment made on the incidental question. It was also noted that even if the effect of the judgment concerning the incidental question is limited to the parties, the judgment may have a preclusionary effect in other cases in other States, when produced by one of the parties. In other words, there may be some collateral estoppel issues that must be considered when looking at this provision.

COPYRIGHT

Possible Inclusion into Article 12:

1. Assuming that copyrights are within the scope of the Convention, no one in the working group was in favor of exclusive jurisdiction over copyrights.

2. Many members of the working group suggested if Article 12 is redrafted to explicitly and exhaustively identify which IP rights will have exclusive jurisdiction under the Convention, then the last sentence of 12(4) is unnecessary. 12(4) reads: "[t]his shall not apply to copyright or any neighboring rights, even though registration or deposit of such rights is possible."

Given that the group agreed that Article 12 should not apply to copyrights, the other bases for jurisdiction over copyright defendants would be Article 3 and 10.

Article 10 Concerns:

1. How can we handle products and/or inventions that are protected by different IP rights? This is a problem if one of these rights falls under an exclusive jurisdiction while the other does not. For example, software can be covered under both patent and copyright law.

2. One concern raised was that plaintiffs could potentially use Article 10 to shop for a forum that would apply a particularly advantageous local law with regard to copyrights. Several participants noted that both the conflict of law rules and the substantive laws on, for example, initial ownership, are very different from State to State. Other members of the group felt that copyright law was sufficiently harmonious throughout the world so that this would not be a serious problem and mentioned such international instruments as the Berne Convention and TRIPs under the WTO. One member of the group responded that TRIPs are not universal and there are real concerns to be addressed here.

Suggestions were:

A. Nothing could be done.
B. Copyrights could be excluded from the scope of the Convention.
C. This issue could be addressed in the section on refusal of recognition by allowing the court addressed to refuse to recognize and enforce a judgment from the court of origin if they disagreed with the court of origin's choice of law.
D. Create a system of declarations/reservations limiting recognition and enforcement to TRIPs members only or to other countries with sufficiently harmonized law for copyrights.

3. It was agreed by all that internet issues are a concern which need to be looked at further. ISP providers were particularly worried that they would be subject to liability in other States.

4. The group also discussed other industrial property rights, for example, models and designs, plant breeders rights, integrated circles and semiconductors. Although the group did not have much time to discuss this topic at length, it was suggested that, at least as far as the registered rights were concerned, these rights might be treated the same way as the group suggested we treat patents.