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December 11, 2000

Director of the United States Patent and Trademark Office
Box 4
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Washington DC 20231
Attention: Elizabeth Shaw

Re: *Request for Comments on Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, 65 Fed. Reg. 61,306-61.309*

Dear Ladies and Gentlemen:

The following comments are submitted by the Committee on Patents of The Association of the Bar of the City of New York in response to the October 17, 2000 Request for Comments on Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, 65 Fed. Reg. 61,306 *et seq.* (the "Request for Comments"), published by the United States Patent and Trademark Office (the "PTO").

The Association of the Bar of the City of New York is a voluntary association of over 21,000 attorneys, judges and law professors who are professionally involved in a broad range of legal areas. The Association, which was formed 130 years ago, is one of the oldest private bar associations in this country. The purposes of the Association include promoting reform in the law and improving the administration of justice.

The Committee on Patents (the "Committee") is a long-established committee of the Association, whose membership reflects a wide rangy of corporate, private practice and academic experience relating to patents.

The Request for Comments seeks the views of the public on the Future Hague Convention on International Jurisdiction and the Effects of Judgments in Civil and

Commercial Matters (the "Draft Convention"), being prepared for the Hague Conference on Private International Law, in respect of which the next drafting session is scheduled for June 2001.

While the Draft Convention generally concerns jurisdiction and the recognition and enforcement of foreign judgments in civil and commercial matters, the focus of the Request for Comments is on how the Draft Convention might impact intellectual property owners and professional practitioners. Accordingly, the Committee's response is limited to the issues raised in the Request for Comments, and more specifically, to the impact of the Draft Convention on patent practice in particular. (Please note that we are not in this letter addressing any concerns relating to copyright or trademark enforcement, or to civil litigation generally.)

As we understand the present proposal, Article 12 of the Draft Convention would provide for exclusive local adjudication of patent disputes, both as to validity and infringement. We understand that the Diplomatic Conference is considering an alternative, whereby exclusive jurisdiction would not attach to patent infringement actions, but would attach to validity (and presumably enforceability) challenges.

The Convention would provide enhanced possibilities for foreign enforcement of judgments rendered in patent cases. However, the Convention would also eliminate, with respect to parties from member countries, two bases traditionally recognized in the U.S. for the assertion of personal jurisdiction, "doing business" and physical presence, or "tag," jurisdiction.

After due discussion and deliberation, the Committee is of the view that claims arising under patent laws should be expressly removed from the scope of the Draft Convention, by being added as one of the exceptions to substantive scope set forth in Article I, Section 2. There are several reasons for this conclusion.

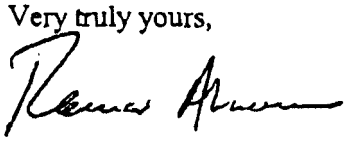
Enforcement of judgments in patent infringement actions against foreign defendants, though sometimes a significant issue, has probably been less of a problem than it has been with respect to other causes of action. This is because of the territorial nature of patent infringement disputes, and because laws have developed in this country that provide additional protection against infringing matter entering our territory. Generally, patent infringement is proved by showing that an infringing article is made, used or sold *in* the United States, or that an infringing process is practiced in the United States. There arc also provisions, however, dealing with the use of patented processes outside the U.S. in order to produce articles that are thereafter imported. Further, to prohibit importation of infringing goods into the United States, patent holders may obtain orders to have the United States Customs Department exclude such goods at the border. *Apart* from injunctive and administrative relief, money judgments against infringers are often enforceable in the United States because substantial sales of infringing goods in the United States typically entail the presence of affiliates and/or assets *in* the United States. Thus, the benefits that would inure to patent litigants from the Convention's expansion of enforcement of judgments among Contracting States might not be as great as for other litigants.

On the other hand, forsaking "doing business" and "tag" bases of jurisdiction in litigation against a party from any member country is a significant limitation on the power of the courts to adjudicate disputes on behalf of its citizens. While expanding potential enforceability of judgments against *some* foreign defendants, this convention would give *all foreign defendants from* Contracting States the benefit of reduced bases of jurisdiction. We view this as an unbalanced trade-off. While patent litigation generally requires making, using or selling an infringing item in the United States, there arc numerous situations where "doing business" and "tag" jurisdiction prove essential to the process of acquiring jurisdiction and selecting an appropriate forum for litigation. We believe that it would be ill-advised for U.S. patent owners to give up this flexibility in exchange merely for the limited and at this point speculative incremental benefit of increased foreign enforceability of money judgments.

We find the alternative to Article 12, suggesting that patent cases be moved partly or entirely outside of the exclusive jurisdiction category, even morn troubling. In this country, it has been a priority to establish in our legal system a structure for the consistent adjudication of patent-related disputes in a manner that understands, protects and enforces patent rights. The concern over inconsistent adjudication among the federal circuit courts of this country led Congress to establish the United States Court of Appeals for the Federal Circuit, and to give it exclusive appellate jurisdiction of all patent-related disputes. It is difficult to imagine an event more antithetical to uniformity in U.S. patent jurisprudence than that of having courts all over the world make determinations on U.S. patent validity or infringement. The prospect of a large number of different foreign courts attempting to apply the U.S. doctrine of equivalents or myriad other patent rules and doctrines unique to U.S. practice - without the benefit of appellate oversight by the Federal Circuit - is one that this Committee finds completely unattractive. The Committee is also concerned that because of wide variations internationally in discovery and trial procedures, extensive forum shopping could result from the possibility of extraterritorial adjudication of disputes concerning the alleged infringement of U.S. patents.

For these reasons, the Committee is strongly of the vices that the U.S. delegation to the Convention take the position that patents should be excluded entirely from the scope of the Draft Convention.

Very truly yours,



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