

THE RISE AND FALL OF THE “MIXED” AND “DOUBLE” CONVENTION MODELS REGARDING RECOGNITION AND ENFORCEMENT OF FOREIGN JUDGMENTS

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INTRODUCTION

On June 30, 2005, a new instrument regulating the recognition and enforcement of foreign judgments was adopted at the Hague Conference on Private International Law and opened for countries to join.¹ This new instrument, referred to herein as the “New Hague Convention,” was the culmination of thirteen years of extensive negotiations in which an ambitious attempt has been made to regulate, for the first time in history, the recognition and enforcement of foreign judgments in various fields of law by means of a comprehensive international convention.² The result, however, was a limited convention so “skeletal” that it only regulates recognition and enforcement of judgments in which the jurisdiction of the rendering court was based on an “exclusive choice of court agreement”³ between the parties. The New Hague Convention does not apply to forum selection agreements to which a consumer (defined as a natural person

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1. The full text of the New Hague Convention is available at http://www.hcch.net/index_en.php?act=conventions.text&cid=98 (last visited July 18, 2007).

2. For more elaboration on the history of the New Hague Convention negotiations, see Ronald A. Brand, *Intellectual Property, Electronic Commerce and the Preliminary Draft Hague Jurisdiction and Judgments Convention*, 62 U. PITT. L. REV. 581 (2001).

3. See New Hague Convention, art. 3. This term is defined as an agreement concluded by two or more parties that is concluded or documented in writing; or by any other means of communication which renders information accessible so as to be usable for subsequent reference; and designates, for the purpose of deciding disputes which have arisen or may arise in connection with a particular legal relationship, the courts of one Contracting State or one or more specific courts of one Contracting State to the exclusion of the jurisdiction of any other courts. A choice of court agreement which designates the courts of one Contracting State or one or more specific courts of one Contracting State shall be deemed to be exclusive unless the parties have expressly provided otherwise.

acting primarily for personal, family or household purposes) is a party.⁴ Even this instrument,⁵ despite being so narrow in scope, was not favorably accepted and drew substantial criticism from scholars and various interest groups around the world, primarily due to the fact that it applies to non-negotiated contracts and does not exclude contracts to which small businesses and non-profit organizations are parties. Consequently, it should not be surprising if this instrument never comes into effect due to a lack of participating countries, similar to what occurred with the Hague Convention of February 1, 1971 on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters.⁶

In this Article, I attempt to analyze the reasons for the colossal failure of the international community to agree on a single international comprehensive instrument that regulates recognition and enforcement of foreign judgments. I do so by concentrating on the intellectual property field of law as a model, as it traditionally impedes finalizing such a convention,⁷ and because there is no such thing as uniform intellectual property law that binds all countries (there is no such thing as an international patent, copyright or trademark).⁸ Though all parties to the Trade Related Aspects of Intellectual Property Rights Agreement (hereinafter “TRIPs Agreement” or “TRIPs”)⁹ are required to adhere to minimum standards in terms of protecting minimum subject matter and

4. See New Hague Convention, art. 2.

5. The New Hague Convention does not apply to matters relating to “the validity of intellectual property rights other than copyright and related rights;” or to “infringement of intellectual property rights other than copyright and related rights,” except where infringement proceedings are brought for breach of a contract between the parties relating to such rights, or could have been brought for breach of that contract. *Id.* Other matters that are excluded from the scope of the New Hague Convention are, *inter alia*, the status and legal capacity of natural persons; maintenance obligations; wills and succession; insolvency, composition and analogous matters; marine pollution; antitrust (competition) matters and liability for nuclear damage. *Id.*

6. The 1971 Hague Convention never became effective because only three countries (Netherlands, Cyprus and Portugal) have ratified it. For the reasons that resulted in the failure of the 1971 Hague Convention, see Yoav Oestreicher, Recognition and Enforcement of Foreign Intellectual Property Judgments: Analysis and Guidelines for a New International Convention 144–47 (North Carolina 2004), available at <http://eprints.law.duke.edu/archive/00000700/> (last visited July 18, 2007).

7. I concentrate on intellectual property as these rights have always been considered to be territorial in nature. See Graeme B. Dinwoodie, *(National) Trademark Laws and the (Non-National) Domain Name System*, 21 U. PA. J. INT’L ECON. L. 495, 500 (2000). See also CHRISTOPHER WADLOW, ENFORCEMENT OF INTELLECTUAL PROPERTY IN EUROPEAN AND INTERNATIONAL LAW 9 (1998).

8. For discussion of the term territoriality, see Jane C. Ginsburg, *The Cyberian Captivity of Copyright: Territoriality and Authors’ Rights in a Networked World*, 15 SANTA CLARA COMPUTER & HIGH TECH. L.J. 347 (1999).

9. Agreement on Trade-Related Aspects of Intellectual Property Rights, April 15, 1994, Marakesh Agreement Establishing the World Trade Organization, Annex 1C, 33 I.L.M. 1197 (1994) [hereinafter “TRIPs Agreement”].

providing minimum rights, many see intellectual property as “a bundle of national, territorially defined, rights.”¹⁰

I conclude that the fundamental mistake that scholars have made throughout history is the unjustified continued attempt to base the convention on a “mixed”¹¹ or “double”¹² convention model, thus combining the question of recognition and enforcement with the substantially complicated question of jurisdiction. I argue that the inability to agree on the jurisdiction question resulted in the inability to regulate the recognition and enforcement issue, as the two questions were needlessly intertwined. It is evident that any past and future attempt to mix the two questions in one international instrument is doomed to failure and, unlike what has been done until now, should be avoided at all costs.

Consequently, I propose a somewhat revolutionary solution to the problem in the sense that it is based on a “simple” convention¹³ model that promotes a “presumption of enforceability” rule with very broad exceptions, such as: public policy, due process of law, and jurisdiction.

10. Jane C. Ginsburg, *International Copyright: From a “Bundle” of National Copyright Laws to a Supranational Code*, 47 J. COPYRIGHT SOC’Y U.S.A. 265, 266 (2000).

11. A mixed convention “specifies the authorised [sic] grounds of jurisdiction, the prohibited ones and in which all the other grounds, *i.e.* those falling neither within the category of authorized grounds nor within that of the prohibited grounds, are left as a matter for national law to decide freely.” Catherine Kessedjian, SYNTHESIS OF THE WORK OF THE SPECIAL COMMISSION OF JUNE 1997 ON INTERNATIONAL JURISDICTION AND EFFECTS OF FOREIGN JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS 2 n.1 (Hague Conference on Private International Law, Preliminary Document No. 8) (1997). The most important element in the mixed convention model is that the rendering court may assert bases of jurisdiction other than the mandatory ones provided for in the convention, which leaves it a greater amount of discretion. In other words, “[w]ith a mixed convention . . . States must always make the authorized grounds of jurisdiction available to the litigants, but they may retain other grounds of jurisdiction.” *Id.* See also CONSULTATION PAPER ON THE DRAFT HAGUE CONVENTION ON INTERNATIONAL JURISDICTION AND RECOGNITION AND ENFORCEMENT OF JUDGMENTS IN CIVIL OR COMMERCIAL MATTERS 4 (International Law Division, Department of Justice Hong Kong) (1999) [hereinafter HAGUE CONSULTATION PAPER, HONG KONG], available at <http://www.doj.gov.hk/eng/archive/doc/4499.doc> (last visited July 16, 2007).

12. “A double convention deals with both the question of direct jurisdiction and the recognition and enforcement of foreign judgments. It thus responds to the question as to which court has jurisdiction to entertain proceedings and to that as to the effect of the judgment thus delivered.” Kessedjian, *supra* note 11, at 1.

13.

A simple convention deals only with the recognition and enforcement of foreign judgments and is therefore not concerned with matters of direct jurisdiction. In other words, it does not respond to the question as to when courts have jurisdiction in proceedings instituted for the first time. If a simple convention contains rules on jurisdiction, they are only rules on indirect jurisdiction. These are rules which, only *a posteriori*, at the stage of the recognition and enforcement of the judgment, serve to verify the jurisdiction of the court of origin in order to ascertain whether its decision may or may not be recognized or enforced in the State addressed.

Id.

The proposed convention does not deal directly with the issue of jurisdiction, but rather addresses this issue indirectly as an exception to the general rule of enforcement. By creating the convention within the framework of TRIPs, I expect it to enjoy some of the elements that are already contained therein, including matters of due process, public policy, and international dispute settlement.

It should be noted that if this new proposal is successfully adopted and implemented, it would bring stability and create confidence and trust among potential member countries, and could be expanded in scope to also apply to other fields of law, thus serving as the basis for a broader international solution.

I. WHY PREVIOUS ATTEMPTS FAILED

A solution to the problem of recognition and enforcement of foreign judgments may be found in the sphere of public international law.¹⁴ We can try to create an international treaty or convention signed by governments and countries that would provide a set of rules that regulate the ways in which a judgment rendered in one country can be recognized and enforced in another country. The current absence of such a convention makes things more complicated and creates a substantial hurdle to international commerce as the enforcing court has no guidance and is most likely to apply “the internal rules of the court in which enforcement is sought.”¹⁵

There are several explanations that can be provided for the continuing failure to achieve the goal of creating an international convention for the recognition and enforcement of foreign judgments. I have previously reviewed most of the major past international and regional instruments and drafts that attempted to regulate this problem in order to better understand the reasons for their failure to resolve it.¹⁶

One such explanation could be the mistrust and suspicion that exists between various countries and legal systems. This could be the result of

14. Another recognized potential solution to the problem is the signing of bilateral treaties between countries. However, this solution is far from perfect. For example, during the 1970s, the U.S. engaged in negotiations with the U.K. to create a bilateral treaty to recognize and enforce foreign judgments. This treaty was never signed due to pressure applied by the British insurance industry, which feared the enforcement in the U.K. of punitive damages awards rendered against them in the U.S. See Sean D. Murphy, *Negotiation of Convention on Jurisdiction and Enforcement of Judgments*, 95 AM. J. INT'L L. 387, 419 (2001).

15. WILLIAM D. PARK & STEPHEN J.H. CROMIE, INTERNATIONAL COMMERCIAL LITIGATION 459 (1990).

16. Oestreicher, *supra* note 6.

not sharing the same ideas as to general concepts of justice, because of differences in public policies, or simply because they have different principles of due process of law. The problem with this somewhat psychological explanation is that it is not something that countries or governments acknowledge out loud. It is simply not politically correct. One country cannot declare that the legal system of another country is so mistrusted that its judgments cannot be recognized and enforced in its territory. For example, it is arguably much easier for an American court to enforce a judgment rendered by a British court, than it would be for such a court to enforce a judgment rendered by a religious court in Pakistan or Afghanistan, even if it addresses business disputes. Consequently, one can conclude that the fear of taking a broad international obligation to enforce judgments rendered by all foreign courts with limited discretion is a major obstacle to the adoption of such an instrument.

A second and more important reason is that all these past instruments, to a certain extent, tried to combine the issues of recognition and enforcement with the issue of jurisdiction. These attempts were based on the notion of automatic enforcement of foreign judgments by the court addressed, subject to very limited exceptions, if the rendering court had legitimate jurisdiction based on a list of pre-approved bases of jurisdiction provided for in the same international instrument.¹⁷ Even the comprehensive attempt, at the Hague Conference concluded in 2004, to create an international convention based on a mixed convention model¹⁸ (hereinafter the “2004 Hague Draft”) failed, as many believe, due to the use as a model of the European Community’s Brussels Convention on Jurisdiction and the Recognition of Judgments in Civil and Commercial Matters of September 27, 1968 (hereinafter the “Brussels Convention”),¹⁹ which was drafted as a double convention.²⁰ These proposals all required the potential members to agree on bases for the assertion of jurisdiction,

17. For analysis of past attempts to create an international instrument regulating the recognition and enforcement of foreign judgments, see Oestreicher, *supra* note 16, at 125–79.

18. See Hague Conference on Private International Law, *Summary of the Outcome of the Discussion in Commission II of the First Part of the Diplomatic Conference 6–20 June 2001*, http://www.hcch.net/upload/wop/jdgm2001draft_e.pdf. See also Brand, *supra* note 2 (discussing the history of the 2004 Hague Draft).

19. 1968 O.J. (L 299) 32, *reprinted in* 8 I.L.M. 229 (1969) (as amended by the Convention on Accession of Denmark, Ireland, and the United Kingdom, *reprinted in* 18 I.L.M. 21 (1979)).

20. See Arthur T. Von Mehren, *Drafting a Convention on International Jurisdiction and the Effects of Foreign Judgments Acceptable World-Wide: Can the Hague Conference Project Succeed?*, 49 AM. J. COMP. L. 191, 196–97 (2001). See also The Lugano Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters of September 16, 1988, O.J. (L 319) 1, *reprinted in* 28 I.L.M. 620 (1989) (signed by the Members of EFTA and the European Union) [hereinafter the “Lugano Convention”].

something that the potential signatories and participants were not in a position to do.

One commentator described the importance of the jurisdiction issue as follows:

A claimant wants to be able to take action speedily, in a court close to him and whose rules are familiar to him, in order to protect the rights which he enjoys or thinks he ought to enjoy. As for the defendant, he does not want to have to defend the suit in a court far away from the centre of his personal or economic interests, and he wants the court dealing with the case to uphold his right to adversarial proceedings which respect to the fullest the right of defence. In our view, therefore, the issue is much more one of direct jurisdiction than of the recognition and enforcement of judgments.²¹

The question of whether the rendering court has the right to assert jurisdiction in a specific case is considered by many to be the most fundamental factor in determining whether to recognize or enforce a foreign judgment.²² The thirteen years of negotiations at the Hague Conference have proven that an agreement on the jurisdiction issue will eliminate many of the obstacles involved in the creation of such a convention, but that such an agreement is very hard to reach.

If one decides to pursue the enforcement of a judgment rendered in one's favor in a foreign jurisdiction, or when a suit is filed for relief based on the ruling of a foreign court, one is faced with the problem that the court addressed is under no obligation to abide by the foreign jurisdiction's ruling, and instead, is free to examine the merits of the case independently and refrain from acting on the foreign judgment.²³ If a monetary judgment is involved, for example, the court which rendered the judgment will never be able to enforce its own judgment if the defendant has no assets within the territory over which the rendering court has jurisdiction. The court cannot order the seizure and selling of assets

21. Catherine Kessedjian, INTERNATIONAL JURISDICTION AND FOREIGN JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS (Hague Conference on Private International Law, Preliminary Document No. 7) (1997).

22. In the Anglo-American legal systems, the decision by the enforcing court of whether to recognize or enforce a foreign judgment balances, to a great extent, on the question whether the rendering court had jurisdiction to adjudicate the case from an international perspective. See ARTHUR T. VON MEHREN & DONALD T. TRAUTMAN, *THE LAW OF MULTISTATE PROBLEMS* 836 (1965). See also Paul S. Berman, *The Globalization of Jurisdiction*, 151 U. PA. L. REV. 311, 324 (2002) ("[I]f a community asserts jurisdiction, it must—if it wants its judgment enforced—convince others of the justice of its ruling and the legitimacy of its assertion of community dominion.").

23. *Hilton v. Guyot*, 159 U.S. 113, 227 (1895).

located outside its jurisdiction for the purpose of satisfying its judgment. Similarly, if equitable relief, such as an injunction, is involved, the rendering court is unable to order the enforcing authorities within its jurisdiction (*e.g.*, the sheriff in the U.S. or the execution authority in other countries) to enforce the judgment if the assets, instruments or occurrences involved in the case are outside the jurisdiction.

Consider the following example given by Professor Eugene Ulmer nearly thirty years ago. A French traveling theatre company goes on a tour in Belgium. It is performing a work subject to copyright protection in Belgium, but not in France. Clearly, a suit can be brought against the French entity in Belgium, but can a claim be brought in France for violation of Belgian copyrights in Belgium?²⁴

The most significant explanation to the lack of agreement on the jurisdiction issue is that the potentially participating countries have different political, economical, social and cultural objectives that pull them in different directions and prevent them from reaching common ground.²⁵

There are significant differences in interests among countries with respect to the protection of intellectual property rights²⁶ and, consequently, with respect to foreign judgments enforcing such rights. For example, during the negotiations of the TRIPs Agreement, disagreements arose between different groups of countries that shared contradicting interests and views regarding the protection of intellectual property rights.²⁷ Developed countries such as the U.S., Japan and members of the European Union supported a more protectionist approach, as they are the main producers of intellectual property rights, especially with respect to patents.²⁸ Significant parts of their economies are based on the creation, utilization, and export of inventions protected by intellectual property

24. Eugen Ulmer, *Intellectual Property Rights and the Conflict of Laws: A Study Carried Out for the Commission of the European Communities, Directorate-General for International Market and the Conflict of Laws* 15 (1978).

25. *See id.* at 200. *See also* Arthur T. Von Mehren & Donald T. Trautman, *Recognition of Foreign Adjudication: A Survey and a Suggested Approach*, 81 HARV. L. REV. 1601, 1603 (1968). *See also* Von Mehren & Trautman, *supra* note 22, at 834.

26. Jonathan A. Franklin & Roberta J. Morris, *International Jurisdiction and Enforcement of Judgments in the Era of Global Networks: Irrelevance of, Goals for, and Comments on the Current Proposals*, 77 CHI.-KENT L. REV. 1213, 1244 (2002).

27. For the history of the negotiations of the TRIPs Agreement, see MICHAEL BLAKENEY, *TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS: A CONCISE GUIDE TO THE TRIPs AGREEMENT* 123 (1996).

28. *See* A.O. Adede, *The Political Economy of the TRIPs Agreement: Origins and History of Negotiations* 3–4, available at <http://www.ictsd.org/dlogue/2001-07-30/Adede.pdf> (last visited July 16, 2007).

rights.²⁹ Their greatest fear was the possibility that many of the inventions protected in their territories, which involve significant monetary and technological investments, would be copied, reproduced, and sold in other countries where less emphasis is put on protection measures, thus resulting in significant monetary losses.³⁰ In addition, they feared that such unauthorized and uncompensated utilization of the inventions would reduce the incentive for new developments, since no benefits would result from these inventions if they were easily copied and widely distributed.³¹ On the other side stood the developing countries that engage in the development of technology, but would benefit from weaker levels of intellectual property protection.³²

The TRIPs Agreement attempts to balance and provide several arrangements to satisfy the needs of the developing and least developed countries, while still attempting to protect the rights and interests of the developed countries. For example, the least developed countries were granted a grace period of ten years to adjust their legal systems and laws to the requirements of minimum standards set forth in the TRIPs Agreement.³³ Similarly, Articles 65(2) and (4) allowed the developing countries a grace period of four and five years respectively to comply with their obligations, under certain conditions. Another solution under TRIPs was that governments were awarded the option to grant compulsory licenses to use and manufacture foreign patents in certain unique situations.³⁴

The same problem of contradicting interests in the protection of intellectual property rights arises with respect to the recognition and enforcement of foreign judgments. Courts are reluctant to recognize or enforce foreign judgments if they contradict the enforcing jurisdiction's interests.³⁵ By doing so, these countries risk that their own judgments will not be recognized or enforced abroad. Other countries, on the other hand,

29. *Id.* at 4.

30. *Id.* at 6.

31. See generally Frederick M. Abbott, *Protecting First World Assets in the Third World: Negotiations in the GATT Multinational Framework*, 22 VAND. J. TRANSNAT'L L. 689 (1989) (discussing the economics of intellectual property in the international sphere).

32. See Adede, *supra* note 28, at 6.

33. See TRIPs Agreement, *supra* note 9, art. 6. This broad exception does not include compliance with Articles 3 and 4 which address the issues of National Treatment and Most-Favored-Nation Treatment.

34. See TRIPs Agreement, *supra* note 9, at 31.

35. For example, Sweden and the Netherlands seem to refrain from enforcing foreign judgments if no treaty is available. SYMEON SYMEONIDES ET AL., *CONFLICT OF LAWS: AMERICAN, COMPARATIVE, INTERNATIONAL* 860 (St. Paul 1998).

rely on the idea of reciprocity to solve this problem.³⁶ This is based on the belief that the fear that their own judgments will not be enforced or recognized abroad will deter such countries from not enforcing foreign judgments at home. One major problem with this argument is that those countries that are likely to refuse to recognize or enforce foreign judgments are many times the same countries that have less advanced intellectual property capabilities and provide lower levels of protection (i.e., developing countries). These countries may not be afraid that foreign courts will not enforce their judgments as a penalty or retaliation, because they do not always have such technologies to protect. From an economic perspective, the gain that they may generate as a result of not enforcing foreign judgments that protect advanced foreign technologies is far greater than any loss that they may suffer if their judgments are not enforced abroad in retaliation.

The pattern of the TRIPs negotiations is repeated here. The fact that different countries have contradicting interests and agendas leads to the inevitable conclusion that it will be very difficult to reach common ground. This makes it difficult for them to agree on a single instrument to regulate the jurisdiction issue. Therefore, in order to create such an instrument, a way needs to be found to overcome these differences in interests. This process has already started in the drafting of the TRIPs Agreement.

It should be noted that the only international instrument that did not try to combine the issue of enforcement with the issue of jurisdiction was the 1971 Hague Convention, which was also the only one to ever reach the advanced stage of ratification. Even though this instrument ultimately failed, we can be encouraged by the fact that its failure can be attributed to unrelated reasons, such as its complex structure that required member countries to negotiate bilateral instruments in addition to their signing of the convention.³⁷

To a certain extent, the differences in interest problem may ironically be the very reason and explanation for the relative success of the Brussels and Lugano Conventions, which relate to participants who, at least in recent years, pursued a similar agenda and social, political, cultural and economic interests.³⁸ These two instruments, which are regional

36. See generally *Hilton v. Guyot*, *supra* note 23 (discussing the reciprocity requirement in U.S. jurisprudence).

37. See Oestreicher, *supra* note 6, at 144–47.

38. The Treaty Establishing the European Community, 298 U.N.T.S. 11, signed in Rome on March 25, 1957, included, in Article 220, a requirement that Member States of the European

conventions applicable to the European continent, were relative successes despite the fact that they were drafted as a double convention since the signatories share substantially similar interests and were thus motivated to participate.³⁹

Despite the extensive negotiations which took place in previous years to reach an agreement regarding bases of jurisdiction for issues of intellectual property rights, no such understanding has ever been reached. An agreement will probably not be reached in the near future since the interests and the gaps involved are simply too wide. As one U.S. government official put it: “The group is finding it difficult to draft rules even in a limited number of areas,”⁴⁰ not to mention a more comprehensive instrument. Therefore, the solution should probably be sought in another direction. This means that we will need to find a way to somehow circumvent the jurisdiction problem to avoid antagonism on the part of potential members of such an international instrument.

The term jurisdiction is very broad when used with respect to intellectual property rights. It can include jurisdiction to adjudicate infringement of the rights; adjudication of claims regarding the registration of the rights⁴¹ or their validity or cancellation;⁴² or jurisdiction to adjudicate the misuse of a license granted to use the intellectual property rights and similar claims. In practice, from an international perspective, the most compelling issue is the jurisdiction to adjudicate infringement of intellectual property rights,⁴³ mainly because this is the most controversial.

Community engage in further negotiations “with a view to securing for the benefit of their nationals . . . the simplification of formalities governing the reciprocal recognition and enforcement of judgments of courts or tribunals and of arbitration awards.”

39. For general discussion of conflict of laws in Europe, see DOMINIK LASOK & PETER STONE, *CONFLICT OF LAWS—EUROPEAN ECONOMIC COMMUNITY COUNTRIES* (1987); see also REIMANN MATHIAS, *CONFLICT OF LAWS IN WESTERN EUROPE: A GUIDE THROUGH THE JUNGLE* (1995).

40. William New, *E-Commerce: International Negotiators Divided On Online Contract Disputes*, NAT’L J. TECH. DAILY (Mar. 10, 2003), available at <http://lists.essential.org/pipermail/hague-jur-commercial-law/2003-March/000774.html> (last visited July 18, 2007).

41. See, e.g., Brussels Convention, art. 16(3).

42. See, e.g., Brussels Convention, art. 22(4), which provides that:

in proceedings concerned with the registration or validity of patents, trademarks, designs, or other similar rights required to be deposited or registered, the courts of the Member State in which the deposit or registration has been applied for, has taken place or is under the terms of a Community instrument or an international convention deemed to have taken place [shall have exclusive jurisdiction].

43. See, e.g., Dreyfuss-Ginsburg Proposal, art. 6.

II. THE BASICS OF A POSSIBLE SOLUTION

As indicated above, the common ground for the failure of previous attempts to internationally regulate the recognition and enforcement of foreign judgments is the fact that they all, to some extent, tried to combine the issues of recognition and enforcement with the issue of jurisdiction. In other words, these were all “double convention”-oriented instruments. Even the 2004 Hague Draft attempt to create a mixed convention failed due to the use of the Brussels double convention as a model.⁴⁴ This attempt ignored the economic, political, cultural and social background differences among the negotiating parties, and some view that as the reason this attempt to create an international instrument that regulates the issue was unsuccessful.⁴⁵ Put differently, “[t]he Special Commission in its work premised a higher degree of consensus among the Hague Conference Members than existed and ignored the full implication of the fundamental differences in the economic, political, and institutional situation that made the Brussels and Lugano Conventions workable, and the global setting of a Hague Convention.”⁴⁶ In sum, the debate in the world today among scholars is not about recognition and enforcement, but rather about the bases of jurisdiction.

Consequently, finding a solution to the recognition and enforcement problem requires the participating countries to make concessions and to compromise on some of the issues about which they have very strong feelings. It requires them to be attentive to the needs of others, and to be secure in the knowledge that others will be attentive to their needs. This will not be easy because, as one commentator has put it, “[b]etter the devil we know—and have learned to live with—than the devil we know not.”⁴⁷

The following proposal for the creation of an international instrument regulating recognition and enforcement of foreign judgments is less ambitious in many respects than all recent attempts to create such an instrument. However, this may be the very reason why it has a better prospect of gaining approval and support from many countries.

44. See Von Mehren, *supra* note 20, at 196.

45. See *id.* at 199.

46. *Id.* at 200.

47. *Id.* at 201.

A. Basic Assumption—Bases of Jurisdiction Will Not Work

History has proven that the “double” and “mixed” convention structures are likely to succeed only in situations where the participating countries share the same views as well as the same political, social, cultural and economic interests. The need for a list of bases for the assertion of jurisdiction, and determination in advance of which court will be entitled to adjudicate each case, requires the participating countries to have substantial confidence in each other. This can be usually found in bilateral or regional agreements, and is lacking in the broad international sphere. It is not surprising then that the Brussels and Lugano Conventions were relative successes. At the point which the European countries negotiated these instruments, they shared a joint view of a united Europe and their political, social and economic interests were relatively close to each other. Thus there was a real incentive for and interest in the successful implementation of these new conventions. Even if they did not necessarily agree on everything, they sometimes agreed to swallow the bitter pill for the sake of ultimately enjoying the benefits of belonging to this union of countries.⁴⁸ The gain that they expected from joining the union compensated them for the concessions they had to make and for the fear and risks involved. To some extent, the relative success of these two instruments is similar to the success of the “sister states” recognition and enforcement system in the U.S., which is based on the Full Faith and Credit clause of the United States Constitution. This system requires each U.S. state to give “Full Faith and Credit . . . to the . . . Judicial Proceedings of every other state.”⁴⁹ Both are based on the broader commitment that these members have towards one another.

It is therefore not surprising that during the thirteen years of negotiations resulting in the 2004 Hague Draft, the proponents of a double

48. The Treaty Establishing the European Community, signed in Rome on March 25, 1957, included in Article 2202 a requirement that Member states of the European Community engage in further negotiations “. . . with a view to securing for the benefit of their nationals . . . the simplification of formalities governing the reciprocal recognition and enforcement of judgments of courts or tribunals and of arbitration awards.” 298 U.N.T.S. 11. The purpose of such an arrangement was to enable the players in the European Community to take full advantage of the opportunities that exist as a result of such economical cooperation, by providing them with legal protection upon which they can rely should they decide to engage in economic activities. See Olivia Struyven, *Exorbitant Jurisdiction in the Brussels Convention* 5, available at <http://www.law.kuleuven.ac.be/jura/35n4/struyven.htm> (last visited July 16, 2007). It intended to encourage “free movement of judgments within the European Community, in the same way that there is to be free movement of labour, services, goods, etc.” WILLIAM D. PARK & STEPHEN JH. CROMIE, *INTERNATIONAL COMMERCIAL LITIGATION* 3 (1990).

49. U.S. CONST. art. IV, § 1.

convention were the European countries.⁵⁰ Only in a later stage, a few days before the official publication of the first draft of this convention, was it decided to revise the document and turn it into a “mixed” convention. The reason for this sudden change was the fear that an instrument structured as a “double” convention would never be signed because of the limited discretion available to the participating countries to assert jurisdiction in certain situations.⁵¹ Independent countries do not like the idea of possible interference with their sovereignty, and require the option to decide for themselves how to react to each given situation. The hope was that the mixed convention structure would make it easier for them to accept the limitations on their discretion by providing them with more latitude than that of a double convention.⁵² The American delegation, which pressured the delegates to agree to a mixed convention, argued that, for constitutional reasons, it could not participate in a double convention.⁵³

In a perfect world, where everyone shares the same interests and follows the same agenda, the double convention model would have been the ultimate solution, because it provides certainty and an element of predictability that are so important in the business world. However, we do not live in a perfect world and there are many conflicting interests—economic, cultural and political—that make it very difficult for different countries to reach a mutual understanding as to the way judgments should be internationally recognized and enforced. In light of the above, there currently seem to be no prospects in continuing to explore the option of a double convention based instrument to solve this problem.

A different model is required to address this issue—one that would circumvent or eliminate the lack of agreement on the issue of jurisdiction lying at the base of the continuing failure of the double and mixed

50. HAGUE CONSULTATION PAPER HONG KONG, *supra* note 11, at 4.

51. In fact, the Preliminary Hague Draft was essentially drafted as a double convention and only four days before the closing of its fourth session, the Special Commission accepted the format of a mixed convention:

The Special Commission in its work premised a higher degree of consensus among the Hague Conference Members than existed and ignored the full implication of the fundamental differences in the economic, political, and institutional situation that made the Brussels and Lugano Conventions workable, and the global setting of a Hague Convention.

Von Mehren, *supra* note 20, at 199–200.

52. See Peter Nygh & Fausto Pocar, PRELIMINARY DRAFT CONVENTION ON JURISDICTION AND FOREIGN JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS 28 (Hague Conference on Private International Law, Preliminary Document No. 11) (2000), available at <http://www.hcch.net/upload/wop/jdgmpl1.pdf> (last visited July 16, 2007).

53. HAGUE CONSULTATION PAPER HONG KONG, *supra* note 11, at 4.

convention models. Therefore, the proposed solution must attempt to resolve the problem despite the differences in opinions, agendas and interests, and try to steer clear of the minefield of the jurisdiction issue.

This and every other proposal will fail to achieve its goals if a sincere attempt by the participating countries to resolve the differences is not made. This is mainly about politics and personal agendas, and if the participating countries decide not to cooperate due to their own personal reasons, nothing can force them to go all the way. We can provide the solution, but we cannot force them to adopt and implement it.

B. A Simple Convention Model as a Possible Solution

An alternative solution to the recognition and enforcement problem is the creation of an instrument based on the simple convention model, which only regulates the recognition and enforcement issues and avoids doing so with respect to jurisdiction.

One of the most important elements in entering into an international business transaction is predictability and the ability to know and determine in advance where the litigation would take place in cases of disputes between the parties (*i.e.*, certainty). Knowing which court will assert jurisdiction in cases of disputes will make it easier for the participating parties to calculate the risks involved in entering into the transaction. Even though the solution of a simple convention may be less attractive than that of a double or mixed convention because it provides less predictability and certainty, it is still a good solution, at least in the short run. A simple convention is especially appealing in light of the fact that the chances of reaching an agreement based on these two other models are slim, if not non-existent. A simple convention will make it easier for the parties to join the proposed international instrument, as it would eliminate the need to agree in advance on the bases for the assertion of jurisdiction. The potential participants will not feel as if other nations are interfering with their sovereignty and will feel more comfortable taking the risk of entering into this "adventure."

Most importantly, such a proposed convention creates an international obligation to recognize and enforce foreign intellectual property judgments and that commitment also includes a moral obligation.

One example of a successfully implemented simple convention is the Inter-American Convention on Extraterritorial Validity of Foreign Judgments and Arbitral Awards signed in Montevideo on May 8, 1979

(hereinafter the “Montevideo Convention”).⁵⁴ This convention was ratified and is now in force in nine countries.⁵⁵ The Montevideo Convention ensures the extraterritorial validity of judgments and arbitral awards in the Member countries.⁵⁶ It applies substantially “to judgments and arbitral awards rendered in civil, commercial or labor proceedings in one of the States Parties,”⁵⁷ subject to certain reservations they can make. The instrument contains a set of conditions that, if met, gives the judgment extraterritorial effect in all the member countries. Most pertinent is the fact that the Montevideo Convention does not regulate the issue of jurisdiction. The only reference to jurisdiction can be found in Article 2, which requires the enforcing court as a condition for enforcement of the foreign judgment to verify that the rendering judge or tribunal was competent “in the international sphere” to provide the judgment “in accordance with the law of the State in which the judgment . . . is to take effect” and any debate regarding the potential bases for the assertion of jurisdiction is absent.

A development took place in 1984 that may provide us with an indication about the superiority of the simple convention model. In that year there was an attempt to complement the Montevideo Convention with a new convention that attempted to regulate the issue of indirect jurisdiction. This was the Inter-American Convention on Jurisdiction in the International Sphere for the Extraterritorial Validity of Foreign Judgments signed at La Paz, Bolivia on May 24, 1984 (the “La Paz Convention”).⁵⁸ The purpose of the La Paz Convention was to complement the Montevideo Convention and provide a set of bases of jurisdiction that, if complied with, satisfied the jurisdiction requirement under Article 2(d) of the Montevideo Convention.⁵⁹ The La Paz Convention was signed by thirteen countries, but was ratified at first only by Mexico (1987) and came into effect only twenty years after its adoption (in 2004) upon the ratification of Uruguay.⁶⁰ In other words, once these

54. Inter-American Convention on Extraterritorial Validity of Foreign Judgments and Arbitral Awards, May 8, 1979, [http://www.weil.com/wgm/cwgmhomep.nsf/files/montevio/\\$file/montevio.pdf](http://www.weil.com/wgm/cwgmhomep.nsf/files/montevio/$file/montevio.pdf) [hereinafter Montevideo Convention].

55. Argentina, Brazil, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. *Id.* at 5.

56. Montevideo Convention, *supra* note 54, pmbl.

57. Montevideo Convention, *supra* note 54, art. 1.

58. Inter-American Convention on Jurisdiction in the International Sphere for the Extraterritorial Validity of Foreign Judgments, May 24, 1984, <http://www.oas.org/juridico/english/signs/b-50.html> [hereinafter La Paz Convention].

59. La Paz Convention, *supra* note 58, pmbl.

60. *Id.* Notably, both Mexico and Uruguay have declared, at the time of ratification, that they will apply this instrument to determine the validity of the competence in the international sphere referred to in Article 2(d) of the Montevideo Convention, without prejudice to their ability to order the

countries tried to replace the simple convention model with a double convention model that also regulated the issue of jurisdiction, the whole structure collapsed.

The idea of not addressing the issues of jurisdiction should theoretically be relatively easy to accept for the U.S., which is expected to take an important role in any future negotiations of such an international recognition and enforcement convention. In fact, the Uniform Foreign Money-Judgments Recognition Act (hereinafter the "UFMJRA"),⁶¹ which was drafted by the National Conference of Commissioners on Uniform State Laws and adopted by the American Bar Association in 1964, like a simple convention, does not provide bases for the assertion of jurisdiction of the rendering court as a prerequisite to the enforcement of foreign judgments. All it provides in Section 4 is that a judgment shall not be conclusive and thus available for recognition in the U.S. if the rendering court did not have personal jurisdiction over the defendant, or if it did not have subject matter jurisdiction.⁶² In other words, like in a simple convention model, U.S. courts adopting this model act do not have to address the issues of jurisdiction as a prerequisite for enforcement, or limit themselves to a given set of bases of jurisdiction, very much like the proposal herein advanced.

Before adopting an instrument based on the simple convention model, we must ask what we really accomplish by doing so. Do we really solve the jurisdiction problem by ignoring it? One of the main arguments in opposition of the simple convention idea is that it really does not solve anything, because the jurisdiction problem does not go away, and much uncertainty remains.⁶³ In other words, refraining from including agreed upon bases of jurisdiction in the convention does not mean that the enforcing court can avoid looking into whether the rendering court was entitled to render the judgment. The court will still need to address this issue before recognizing or enforcing the foreign judgment, but will not have a convention to guide it.

It should be noted that when the negotiations at the Hague Conference started in 1992, the idea of creating a simple convention was immediately turned down. Opponents of this proposal suggested that such an

application of this Convention independently.

61. Uniform Foreign Money-Judgments Recognition Act (1963), Prefatory Note and Comments, available at <http://brownwelsh.com/Archive/ufmjra62.pdf> (last visited July 18, 2007) [hereinafter UFMJRA].

62. See UFMJRA § 4.

63. "The idea of a single convention was discarded as it leaves too much uncertainty with regard to jurisdiction." CONSULTATION PAPER HONG KONG, *supra* note 11, at 5.

instrument “would not be an improvement on the current situation and practice”⁶⁴ (*i.e.*, no convention at all). They argued that in the current legal situation each country could decide for itself whether it should assert jurisdiction and whether it should recognize or enforce a foreign judgment. Therefore, they argued, if we do not agree on the bases for the assertion of jurisdiction we do not really do anything new because each country can continue to do whatever it had done before.⁶⁵

This alleged justification for avoiding a simple convention solution is far from accurate. Even though such a convention will not provide a list of agreed upon bases for the assertion of jurisdiction, it will change and improve dramatically the current international regime as it will add a major international obligation and a moral commitment on the part of all of the participating countries to recognize and enforce foreign judgments, something that does not exist under the current regime and should not be underestimated. This is a major improvement on what we have today. Most countries recognize international law or at least pretend to make significant efforts to comply with their international obligations, either out of respect for other countries, to remain part of the international community, or in an attempt to maintain some global order.⁶⁶ Even though the mechanisms that the international community can utilize to force its members to fulfill their international obligations are extremely limited, the very existence of such obligations embodies tremendous power. Even the stronger countries are very careful to comply with them.

C. *Presumption of Enforceability*

The basis for the idea of a simple convention is that a judgment is always recognized and enforced unless there is a good reason not to do so. This proposal includes a rebuttable legal presumption that every foreign judgment is entitled to recognition and enforcement—the “presumption of

64. EUROPA—JUSTICE AND HOME AFFAIRS—RECORD OF PROCEEDINGS, PUBLIC HEARINGS ON THE HAGUE CONFERENCE (Brussels, Oct. 24, 2001), available at http://ec.europa.eu/justice_home/news/consulting_public/24102002/printer/news_hague_conference_en.htm (last visited July 18, 2007).

65. See Nygh & Pocar, *supra* note 52, at 28 (“The Special Commission has accepted the Working Group’s conclusion that a ‘single Convention’ would not be useful.”).

66. See *General Elec. Co. v. Deutz Ag.*, 270 F.3d 144, 160 (3d Cir. 2001) (holding that interests of comity precluded an injunction barring the German guarantor from appealing an arbitration panel’s ruling on the issue of arbitrability sitting in London and within the jurisdiction of an English court). See also *Linkco, Inc. v. Nichimen Corp.*, 164 F. Supp. 2d 203, 214 (D. Mass. 2001) (“[The] central precept of comity teaches that, when possible, the decisions of foreign tribunals should be given effect in domestic courts, since recognition fosters international cooperation and encourages reciprocity, thereby promoting predictability and stability through satisfaction of mutual expectations.”).

enforceability.” Under this rule, the court addressed will always automatically recognize and enforce the foreign judgment when asked to do so. Like other legal presumptions, the party against whom the judgment is recognized or enforced carries the burden of proving that there is a legitimate reason to refrain from doing so. Consequently, the party objecting to the recognition or enforcement of the foreign judgment has to overcome this presumption.

As discussed below, the TRIPs Agreement, which establishes the minimum standards tool, provides a wide enough legal basis to justify the recognition and enforcement of foreign judgments and the existence of a presumption of enforceability. The minimum standards requirement is broad enough to put all of the member countries of the TRIPs Agreement on similar footing that will guarantee that the laws of all member countries are substantially similar, so that it is easier for the participating countries to enforce the judgment even though the laws of the rendering and enforcing forums may not be identical. One must keep in mind that the basic assumption is that identity is not required for recognition or enforcement of judgments. In fact, if identity is required, the international rules guarding the enforcement process are substantially less necessary.

It should be noted that the idea of such a presumption of enforceability may already be found in other legal systems. For example, the recognition and enforcement of judgments system in Germany established in Section 328 of the Code of Civil Procedure (the *Zivilprozessordnung*, or “ZPO”) provides a negative list of grounds for refusal of such recognition. In other words, it assumes the recognition of such judgments as a general rule.⁶⁷ Recognition does not take place for certain reasons, such as lack of jurisdiction, fault in service of process, obvious incompatibility with German legal principles, and the absence of any guarantee of reciprocity.⁶⁸

After the proposed convention is adopted, it is expected that case law interpreting the convention will emerge, creating additional jurisprudence. The new rules created by case law can later be utilized, codified and inserted into the convention through negotiations.

For the presumption to arise, the party addressing the court or seeking recognition or enforcement of the foreign judgment must only prove that the judgment is genuine. For that to happen, that party bears the burden of providing a true, correct, and authenticated copy of the judgment at issue. The purpose of this very simple rule, with which it is easy to comply, is to

67. See Fritz Blumer, *Jurisdiction and Recognition in Transatlantic Patent Litigation*, 9 TEX. INTELL. PROP. L.J. 329, 383 (2001).

68. See *id.* at 383–84.

make it as easy as possible for people to have favorable judgments recognized and enforced in foreign countries. Once this requirement has been fulfilled and the presumption established, the opposing party must prove that there is a legitimate reason for the court addressed to refuse the recognition or enforcement of the judgment.

One may ask what is the source and legal basis for the creation of a presumption of enforceability. After all, this term does not appear in the relevant literature. The answer can be drawn from Article 41 of the TRIPs Agreement. The obligation to recognize and enforce foreign intellectual property judgments is not a new one. In fact, all of the TRIPs Member States acknowledged such an obligation when they signed the TRIPs Agreement in 1994. After all, “the principal motive forces for including intellectual property rights as a subject matter of the Uruguay round of the GATT was the perception that the existing international intellectual property regime lacked effective enforcement.”⁶⁹ There is no logic in arguing that these efforts were intended to be limited to the provision of intellectual property rights within the territories of the member states. This is an international instrument that addresses relations between countries and promotes the desire “to reduce distortions and impediments to international trade, and taking into account the need to promote effective and adequate protection of intellectual property rights, and to ensure that measures and procedures to enforce intellectual property rights do not themselves become barriers to legitimate trade.”⁷⁰ The need for an international instrument that regulates this issue is more procedural than substantive. Certainly the drafters of the TRIPs Agreement did not intend to provide the member states with means to grant and protect intellectual property rights that would not eventually be enforced. Article 41 specifically requires the TRIPs members to ensure that they can effectively take action against infringement of intellectual property rights under the scope of the agreement.⁷¹ Such actions include expeditious remedies to prevent and deter future infringement. The TRIPs Agreement does not limit itself to actions or judgments within the territory of each country.

69. BLAKENEY, *supra* note 27, at 123.

70. TRIPs Agreement, *supra* note 9, pmb1.

71. Article 41 of the TRIPs Agreement provides:

Members shall ensure that enforcement procedures as specified in this Part are available under their law so as to permit effective action against any act of infringement of intellectual property rights covered by this Agreement, including expeditious remedies to prevent infringements and remedies which constitute a deterrent to further infringements. These procedures shall be applied in such a manner as to avoid the creation of barriers to legitimate trade and to provide for safeguards against their abuse.

The language of Articles 41 and 44 is very broad and seems to include acts of infringement of intellectual property rights and even if they originate in the enforcing country. In other words, an international obligation to recognize and enforce foreign judgments with respect to intellectual property rights is already in place and a new one does not need to be established. All we need is the procedural measures to implement it.

A major question that we must pay attention to is whether these exceptions to the presumption of enforceability should be drafted in a broad or narrow manner. The purpose of this exercise is clear. Narrow exceptions allow the presumption to hold up in more cases than if it were the other way around, thus making it more difficult to overcome the presumption of enforceability and vice versa.

The answer to this question depends in many ways on what exactly we want to achieve by adopting such a presumption, and what underlying policies we believe to be suitable. As previously discussed, there are many reasons for the growing need for an international instrument to regulate recognition and enforcement of foreign judgments. Arguably, if the goal is to make such an instrument as effective as possible, the best way would be to draft very narrow exceptions and limitations to the presumption. This enables as many judgments as possible to be recognized and enforced, and only in extreme situations would refusal to do so be justified.

However, adopting such an approach may prove to be extremely dangerous. Countries have trepidations about entering into an international agreement that would force them to recognize and enforce foreign judgments, thus interfering with their sovereignty.⁷² This fear sometimes results from the unexpected. Each country has its own laws and legal traditions, and would oppose any attempt to coerce compliance with rulings of foreign courts.⁷³ This fear is very hard to overcome and is probably another major reason for the failure of previous attempts to achieve this goal. These countries are aware of the advantages that such an instrument may provide their citizens, namely protection of their rights in foreign countries that are also members of the convention, but seem paralyzed by the possibility that other courts would interfere with their

72.

The same idea underlies some of the literature on this topic, when asserting that the recognition and enforcement of foreign judgments impinges on State sovereignty. In fact, it is not the recognition and enforcement themselves which cause the difficulty, but the fact that the court addressed implicitly recognises that the merits of the case were “better” adjudicated, in a procedural sense, by the court of origin, and hence that court was “more appropriate.”

Kessedjian, *supra* note 21, at 9.

73. *Id.*

jurisdiction and sovereignty.⁷⁴ Therefore, when they look at the equilibrium of “pros and cons” of joining such an instrument, they prefer sacrificing the advantages to avoid the disadvantages. The solution, therefore, would be to allow broad exceptions to the general presumption of enforceability and to enable member countries some discretion to avoid recognition and enforcement of foreign judgments. Such a solution would make it easier for many countries to join the instrument despite their fears, because broad exceptions may serve as solace since they know that despite the fact that they undertook such an international obligation, they may still utilize the broad exceptions. After many countries join and sign the instrument and the system functions smoothly for several years, the trust among the participating countries is expected to grow. We can then try to gradually narrow these exceptions to enable the recognition and enforcement of even more judgments. This process will probably take many years and no one should expect a miracle solution as trust builds among sovereign nations, especially when interference with their sovereignty is involved. What is proposed is simply to plant the seeds for the future.

D. Any Solution Should be Part of the Framework of the TRIPs Agreement

There are several arguments to support the idea that an instrument which is limited in scope to intellectual property rights and drafted within the framework of the TRIPs Agreement is more likely to succeed, be adopted, and implemented, than a more general instrument. An example of a general instrument is the one negotiated at the Hague conference. The first to propose this idea were Professors Rochelle Dreyfuss and Jane Ginsburg.⁷⁵ It seems that the benefits that a narrower instrument limited to

74. Interestingly, in the famous *Hilton* case, the U.S. Supreme Court starts its analysis of the doctrine of Comity used in that country to justify the enforcement of foreign judgments with the state sovereignty problem: “. . . No sovereign is bound, unless by special compact, to execute within his dominions a judgment rendered by the tribunals of another State;” *Hilton*, 159 U.S. at 113. Others, on the other hand, have argued that it is a mistake to think that enforcement of a foreign judgment is a challenge to state sovereignty, since usually only private interests are involved. See Kessedjian, *supra* note 21, at 48.

75. See ROCHELLE C. DREYFUSS & JANE C. GINSBURG, DRAFT CONVENTION ON JURISDICTION AND RECOGNITION OF JUDGMENTS IN INTELLECTUAL PROPERTY MATTERS (Oct. 10, 2001), http://www.kentlaw.edu/depts/ipp/intl-courts/docs/treaty10_10.pdf. Professors Dreyfuss and Ginsburg have suggested adopting a unique convention under the auspices of the World Intellectual Property Organization (WIPO) or the World Trade Organization (WTO) that would deal with the recognition and enforcement of judgments enforcing these rights. Such a convention would be more suitable to address all the delicate problems that are unique to intellectual property rights, and better defend the interests of the creative community.

intellectual property related judgments may offer exist both in the negotiations stage and in the implementation stage. First, a limited instrument will enable the negotiating parties to concentrate on the issues that are unique to intellectual property rights and thus conserve time and resources. This will also enable the parties to concentrate on substantive issues that are unique to intellectual property rights and their intangibility.

A second reason to prefer an instrument limited to intellectual property is that such an approach will create synergies that may not be otherwise gained. Those countries that are currently Members of the TRIPs Agreement have already undertaken to protect intellectual property rights. Thus, it may be expected that they will have less objection to recognizing the need for protection and enforcement of intellectual property rights abroad. Furthermore, it would be possible to take advantage of the World Intellectual Property Organization (WIPO) infrastructure and institutions, and will also enable the international community to take advantage of certain features that can already be found within the TRIPs Agreement. For example, parties will be able to use the already existing requirements for due process of law that appear in Articles 41 and 42 of TRIPs, discussed later in detail, thus eliminating certain points of controversy.

From an enforcement and implementation perspective, if a country is not fulfilling its obligations under the proposed convention, we can utilize the dispute resolution mechanism under TRIPs to make this country comply with its international obligations.⁷⁶ This would also provide the participating parties with a certain degree of flexibility in making adjustments to the convention as needed.

E. Procedural Requirements

Before a judgment can be recognized or enforced by a foreign court, certain procedural conditions should be met. The purpose of these conditions is to convince the addressed court that the judgment at issue is indeed what it pertains to be, and that there are no other proceedings in the country where the judgment was rendered (or in another country) that can affect the enforcement proceedings. These procedural requirements are very common in such instruments and include proof of authenticity of the judgment, translation of the judgment to the local language in the enforcing jurisdiction and proof that the judgment has the effect of *res judicata* in the rendering forum and is now enforceable in that state

76. See *id.* at 2.

(namely that the judgment must be final and conclusive before it can be recognized).⁷⁷

F. Exceptions to the General Enforcement Rule

One of the most important goals of this proposed solution is to make it attractive enough so that as many countries as possible would choose to become members of the convention. Naturally, the more countries that join, the more effective and useful the convention will be. It has been indicated above that many countries fear that by joining such an instrument they surrender elements of their sovereignty and independence and, therefore, will not become parties to such a proposed convention. In order to overcome this fear, it is proposed to provide very broad exceptions to the general presumption of enforceability previously discussed. By doing so, we are more likely to convince such hesitating countries that they can comfortably join the convention because if a need arises, they can find refuge by utilizing one of the broad exceptions provided therein to refuse the recognition or enforcement of the specific judgment. These broad exceptions provide a safe harbor that may eliminate, in the eyes of the hesitating countries, some of the risk associated with joining the convention and thus, allow them to undertake comfortably the international obligation while protecting their sovereignty and independence.

1. The Due Process Exception

One of the most significant arguments made against the recognition and enforcement of foreign judgments, especially by American scholars, is the one involving “due process” of law.⁷⁸ The due process requirement is a fundamental pillar of the American legal system and an integral part of its Constitution.⁷⁹ They argue that if courts in other countries around the world do not follow even the basic requirements and notions of due

77. The terms *res judicata* and *autorite de chose jugée* have the same meaning in common law and civil legal systems. See Nygh & Pocar, *supra* note 52, at 96; see also EUGENE F. SCOLES ET AL., CONFLICT OF LAWS, 1141 (3d ed. 2000); PETER BARNETT, RES JUDICATA, ESTOPPEL, AND FOREIGN JUDGMENTS: THE PRECLUSIVE EFFECTS OF FOREIGN JUDGMENTS IN PRIVATE INTERNATIONAL LAW 4 (2001).

78. Office of the Chief Counsel for International Commerce, U.S. Department of Commerce, *Recognition and Enforcement of Foreign Money Judgments* (2002), available at <http://www.osec.doc.gov/ogc/occic/refmj.htm> (last visited July 16, 2007).

79. See, e.g., U.S. CONST. amend. XIV, § 1.

process of law, the judgments they provide are not worthy of being recognized and enforced.⁸⁰

One can argue, however, that this reason for refusing to recognize or enforce foreign judgments is not as convincing with respect to intellectual property judgments as it is perhaps with respect to other judgments. Two elements in the TRIPs Agreement are important to establish this argument. First, in order to be a Member of the General Agreement on Tariffs and Trade (GATT)⁸¹ and the WTO, every country must also sign the TRIPs Agreement. Indeed, many countries have signed TRIPs and undertook to abide by its provisions.⁸² As a result, many countries that do not necessarily have a strong interest in protecting intellectual property rights do so in order to enjoy other benefits they receive by remaining Members of GATT and the WTO. The second element of the argument is that countries that are members of the TRIPs Agreement, but neglect to comply with their international undertakings may be sanctioned for their behavior, i.e., “[t]rade sanctions may be collectively authorized to assure compliance by WTO Members with TRIPS obligations.”⁸³

Indeed, the TRIPs Agreement itself satisfies some of the basic requirements of due process of law and these requirements are inherent in, and an integral part of, this agreement. In fact, Part III of the TRIPs Agreement is dedicated to assuring the enforcement of intellectual property rights. The inclusion of the enforcement mechanism in the TRIPs Agreement is considered by many to be one of the most significant achievements of the TRIPs negotiations.⁸⁴

It is interesting to compare the requirements set forth in the landmark American decision of *Hilton v. Guyot*⁸⁵ with respect to the recognition and enforcement of foreign judgments, with the general obligations that the Members of TRIPs undertook regarding the enforcement of intellectual property rights and more specifically Article 41(1).⁸⁶

80. For example, in *Remington Rand Corporation-Delaware v. Business Systems, Inc.*, 830 F.2d 1260 (3d Cir. 1987), the court refused to recognize a decision rendered by a Dutch court since basic standards of due process of law were not met.

81. General Agreement on Tariffs and Trade, 33 I.L.M. 1154 (1994).

82. “[T]he TRIPs Agreement was concluded as part of a Uruguay Round bargain which included the granting of concessions to developing countries in the field of agriculture and textiles, and the incorporation of transition periods in favor of developing countries in the TRIPs Agreement and other parts of the WTO Agreement text.” FREDERICK ABBOTT ET AL., *THE INTERNATIONAL INTELLECTUAL PROPERTY SYSTEM: COMMENTARY AND MATERIALS* 339 (1999).

83. *Id.* at 359.

84. See DANIEL GERVAIS, *THE TRIPS AGREEMENT: DRAFTING HISTORY AND ANALYSIS* 197 (London 1998).

85. 159 U.S. 113 (1895).

86. This Article does not limit itself to remedies after the infringement had taken place, but rather

Opportunity for a Full and Fair Trial Abroad:

The TRIPs Agreement requires that “[p]rocedures concerning the enforcement of intellectual property rights shall be fair and equitable.”⁸⁷ This requirement provides that the proceedings may not be unreasonably complicated or costly, or entail unreasonable time limits or unwarranted delays. The purpose of this Article is to ensure that when enforcement of intellectual property rights is involved, especially in cases involving non-nationals as the main plaintiff, the procedures should not be more complicated than the customary procedures in the relevant country.⁸⁸ The parties must have an opportunity to be heard and provide evidence to support their position, and the final judgment must be based on this evidence.⁸⁹ Furthermore, the requirement for “fair and equitable procedures” includes the availability of civil judicial procedures.⁹⁰ The merits of the case shall preferably be in writing, well reasoned, and available to the parties without undue delay.

Trial Before a Court of Competent Jurisdiction:

Review under the TRIPs Agreement must be conducted by a “judicial authority of final administrative decisions and, subject to jurisdictional provisions in national laws concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case.”⁹¹

Trial Conducted Upon Regular Proceedings:

There is no obligation on the Members of the TRIPs Agreement to “put in place a judicial system for the enforcement of intellectual property rights distinct from that for the enforcement of laws in general.”⁹² In other words, intellectual property litigation under TRIPs is the same as is

also addresses the issue of prevention of intellectual property infringements, including expeditious remedies to prevent infringement. The availability of measures to prevent future infringements was a major concern of some for the Southeast Asian countries that did not have preventive injunctions in their legal systems. See Gervais, *supra* note 84, at 197.

87. TRIPs Agreement, *supra* note 9, art. 41(2). This Article aims at assuring that procedures concerning the enforcement of intellectual property rights be fair and equitable and “[t]hey shall not be unnecessarily complicated or costly, or entail unreasonable time-limits or unwarranted delays.” *Id.*

88. See Gervais, *supra* note 84, at 198.

89. See TRIPs Agreement, *supra* note 9, art. 41(3).

90. See *id.* art. 42.

91. *Id.* art. 41(4).

92. *Id.* art. 41(5).

litigation of other issues, and it involves the regular legal proceedings provided by the laws of the relevant state.

Trial After Due Citation or Voluntary Appearance of the Defendant:

The TRIPs Agreement goes into great detail to assure the parties the opportunity to appear before the relevant court and present their case. Defendants have a right to receive “written notice which is timely and contains sufficient detail, including the basis of the claims,”⁹³ parties have the right to an independent counsel, and most importantly, these “procedures shall not impose overly burdensome requirements concerning mandatory personal appearances.”⁹⁴ It is a prerequisite for the validity of these proceedings that the parties be offered an opportunity to be heard.⁹⁵

Trial Under a System of Jurisprudence Likely to Secure an Impartial Administration of Justice Between the Citizens of Its Own Country and Those of Other Countries:

This requirement is very easy to establish under TRIPs as it reflects the same idea as the National Treatment provision of this agreement, which is considered by many to be one of its cornerstones. It requires that “[e]ach Member shall accord to the nationals of other Members treatment no less favorable than it accords to its own nationals with regard to the protection of intellectual property,”⁹⁶ subject to certain substantive exceptions. There is nothing in the TRIPs Agreement to support an argument that this requirement only applies to the substantive provisions of TRIPs and not to its procedural parts. Therefore, it can be inferred that in conducting civil legal proceedings regarding the protection of intellectual property rights, the rendering court is obligated to treat foreign nationals in the same manner that it treats its own.

Similarly, the Restatement (Third) of the Foreign Relations Law of the United States (the “Restatement”)⁹⁷ provides that “[a] court in the United States may not recognize a judgment of the court of a foreign state if the judgment was rendered under a judicial system that does not provide

93. *Id.* art. 42.

94. *Id.*

95. *See id.* art. 41(3).

96. *Id.* art. 3.

97. RESTATEMENT (THIRD) OF THE FOREIGN RELATIONS LAW OF THE UNITED STATES § 482 (1987) [hereinafter RESTATEMENT].

impartial tribunals or procedures compatible with due process of law.”⁹⁸ The Restatement, however, does not exactly define what due process of law means in this context, and this is left for the interpretations of the various courts. The Restatement’s Official Comment does make a reference to the *Hilton* case as a potential source for such interpretation. In addition, “[e]vidence that the judiciary was dominated by the political branches of government or by an opposing litigant, or that a party was unable to obtain counsel, to secure documents or attendance of witnesses, or to have access to appeal or review, would support a conclusion that the legal system was one whose judgments are not entitled to recognition.”⁹⁹

This review illustrates the efforts of the drafters of the TRIPs Agreement to ensure that the notion of due process of law, similar to the way it is understood in the U.S., is followed and adopted by Members of the TRIPs Agreement, at least with respect to intellectual property rights. It should be noted that if this basic requirement is not followed by one of the Members of TRIPs, it risks that this issue be raised under the Dispute Settlement provisions of TRIPs¹⁰⁰ by one of the other Members. This, of course, may result in the sanctioning of the violating Member.

Arguably, if basic elements of due process of law, in its American form, already appear in the TRIPs Agreement and every member of the proposed recognition and enforcement convention must also be a Member of this agreement, the justification for the due process exception to the general enforcement rule is significantly reduced, and recognition and enforcement of foreign intellectual property judgments would arguably be substantially easier because the rendering court is already required to provide these minimum standards of due process.¹⁰¹

However, one must remember that TRIPs is a public international agreement between countries and therefore allegedly has no direct influence on private persons. As a result, the fact that the rendering jurisdiction may be sanctioned under international law for not assuring due process of law and not complying with its international obligations does not help the person who eventually suffered from this lack of compliance. Therefore, there is still a need for the proposed convention to include a due process of law exception so that a judge in the enforcing jurisdiction can protect the rights of the defendant without having to wait for the wheels of international law to turn. In other words, such an exception in the

98. *Id.*

99. RESTATEMENT, *supra* note 97, § 482 cmt.

100. TRIPs Agreement, Part V (arts. 63–64).

101. *Hilton*, 159 U.S. at 202–03.

proposed convention is still needed, but it is expected that it will be rarely used in light of the due process obligations already provided in the TRIPs Agreement.

2. *Fraud*

Another recognized ground for refusal by courts to recognize or enforce foreign judgments relates to fraud by the winning party in obtaining the judgment. Long ago it was established in England and the U.S.¹⁰² that a judgment obtained by fraud may be denied recognition and enforcement in the second addressed forum.¹⁰³ One major question that remains unanswered is the exact meaning of the term “fraud” in this context.

There are at least four types of possible frauds that can be differentiated: (1) fraud as to the jurisdiction of the court of origin; (2) fraud in relation to the applicable law; (3) fraud concerning prior notification to the defendant in the original proceeding; and (4) fraud committed in the submission of evidence to the court of origin.¹⁰⁴

While there are examples of all these types of fraud, the example below is based on the fourth type of fraud committed with regard to submission of evidence to the court of origin. Under Article 4 of the Paris Convention, participating countries are expected to recognize the right of priority with regards to patents.¹⁰⁵ Thus, if one managed to apply for a patent in Country A, that person could use the same filing date in order to register the same patent in Contracting State B, although someone else tried to register a similar patent in Country B in the period between the two filing dates. Assume a situation where defendant tries to register a patent in Country B and later realizes that based on the right of priority, plaintiff registered the same patent using an earlier date of registration in Country A. The two parties become involved in legal litigation in Country B over the right for the patent, and the plaintiff wins. In order to succeed in a law suit in Country B, plaintiff introduces a forged certificate of registration,

102. See *Hilton*, 159 U.S. 113 (holding that a court could refuse to enforce a judgment if it was procured by fraud).

103. In the U.S., there is a difference between intrinsic fraud and extrinsic fraud. Intrinsic fraud relates to the actual proceedings that took place in the rendering court, such as forged documents that were presented and perjury. Extrinsic fraud, on the other hand, deals with the rendering court’s jurisdiction and not with the actual proceedings (*e.g.*, lack of opportunity to present the case due to false misrepresentations). SCOLES ET AL., *supra* note 77, at 1169.

104. Kessedjian, *supra* note 13, at 23.

105. Paris Convention, art. 4.

according to which plaintiff registered the same patent in Country A, a few days before the defendant registered the patent in Country B, thus trying to take advantage of the right of priority and win the patent in Country B as well. Based on this decision, the court also awards the plaintiff compensatory damages for patent infringement. Defendant is a resident of Country C and all of defendant's assets are located within this territory. If a court in Country C is asked to enforce a judgment relating to the above-mentioned patent in favor of the plaintiff, it may refuse to do so because the judgment was obtained by fraud and the plaintiff that claimed the patent, never had a legitimate right to receive it.

Section 482 of the Restatement, previously mentioned, also provides for a fraud exception. However, the Comment to this section makes a distinction between "intrinsic" fraud¹⁰⁶ and "extrinsic" fraud.¹⁰⁷ It is argued there that intrinsic fraud should not normally defeat recognition of the judgment of the foreign court, because these are allegedly matters that could be addressed by the rendering court. The purpose of this intrinsic fraud rule was to prevent reconsideration of disputed evidence by the enforcing court. It has been proposed by the Restatement that "[i]f the judgment could be set aside in the rendering state, the court in the United States where enforcement is sought should stay the action for enforcement in order to give the judgment debtor a reasonable opportunity to petition the rendering court to set the judgment aside, subject, in appropriate cases, to the giving of security."¹⁰⁸ This, however, was not the approach taken by the drafters of the Restatement (Second) of Judgments, who refused to make such a distinction.¹⁰⁹

The approach taken by the Restatement (Second) of Judgments, which ignores the distinction between intrinsic and extrinsic fraud, is arguably, the preferable one, and any future international convention containing a fraud exception should be interpreted broadly to contain both kinds of fraud. When justice is the goal, there is no room for such a distinction. After all, it is usually the winning party who engaged in the suspicious activities that resulted in the fraud, and there is no justification to reward such party by requiring the other party to incur additional expenses and initiate further proceedings in the rendering forum to set the judgment

106. For example "that the judgment was based on perjured testimony or falsified documents." Restatement, *supra* note 97, § 482 cmt.

107. For example, "fraudulent action by the prevailing party that deprived the losing party of adequate opportunity to present its case to the court." *Id.*

108. *Id.*

109. RESTATEMENT (SECOND) OF JUDGMENTS §§ 68, 70 (1980).

aside. While it is true that the enforcing court is not and should not be sitting as an appellate court on the decisions of the rendering court, this is not the issue in this case because when it comes to intrinsic fraud, the rendering court was in many cases unaware of the circumstances involving the fraud at the time the judgment was rendered, so the enforcing court is not really second-guessing its decision on this point. Furthermore, one must keep in mind that for various reasons the losing party cannot always return to the rendering jurisdiction to request the setting aside of the judgment.¹¹⁰

Most international instruments addressing recognition and enforcement of foreign judgments contain a fraud exception to the general rule of enforcement,¹¹¹ and so should any future convention.

3. *Public Policy*

Probably the most important exception to the presumption of enforceability is that involving public policy. “This provision is traditionally found in all national laws and in all the international conventions, whether bilateral or multilateral.”¹¹² There seems to be a consensus on the need for a public policy exception.¹¹³ The exact meaning of the term “public policy” or “*ordre public*,” as it is known in several countries, is not entirely clear. Once again, the case law in this field is not uniform, and different opinions have been introduced.¹¹⁴ In order to determine whether it is justified to refuse recognition and enforcement of foreign judgments, courts are using different tests. For example, in the U.S. “[t]he public policy exception operates only in those unusual cases where the foreign judgment is ‘repugnant to fundamental notions of what

110. This can happen for various reasons such as the replacement of the political regime in the rendering jurisdiction, or fear of legal steps that are likely to be initiated against such party if it were to enter the rendering jurisdiction.

111. For example, Article 25(1)(e) of the Dreyfuss-Ginsburg Proposal provides that “[r]ecognition or enforcement of a judgment may be refused if . . . the judgment was obtained by fraud in connection with a matter of procedure.” See also 2004 Hague Draft, art. 28(1)(e).

112. Kessedjian, *supra* note 13, at 21. See also INTERNATIONAL JURISDICTION AND JUDGMENTS PROJECT—REPORT, A.L.I. 26 (Apr. 14, 2000).

113. See Brussels Convention, art. 50; 1971 Hague Convention, art. 5(1); Proposed Hague Draft, art. 28(1). See also New York Convention, art. V(2)(b) (holding that “[r]ecognition and enforcement of an arbitral award may also be refused if the competent authority in the country where recognition and enforcement is sought finds that: . . . the recognition or enforcement of the award would be contrary to the public policy of that country”).

114. See *Vanity Fair Mills, Inc. v. T. Eaton Co.*, 234 F.2d 633, 645 (2d Cir. 1956). See also RESTATEMENT § 482.

is decent and just in the State where enforcement is sought,”¹¹⁵ or when the judgment “‘tends clearly’ to undermine the public interest, the public confidence in the administration of the law, or security for individual rights of personal liberty or of private property.”¹¹⁶ Thus, it is highly unlikely that an American court would agree to assert its jurisdiction over a foreign entity that has a branch in a U.S. territory, if it would be asked to determine the rights of this entity to intellectual property in its home country.¹¹⁷

It was then-Judge Cardozo who defined public policy as “some deep-rooted tradition of the common weal.”¹¹⁸ The Restatement also addresses this issue in Section 482 by providing for an exception to the general rule of enforcement if “the cause of action on which the judgment was based, or the judgment itself, is repugnant to the public policy of the United States or of the State where recognition is sought.” The Comment to this Section defines public policy as “fundamental notions of decency and justice.”

Along these lines, the American Law Institute is drafting its version of the public policy exception in its recent enforcement project. This definition is extremely important when one is dealing with substantively un-harmonized intellectual property regimes. Under this very narrow definition, “[t]he fact that the judgment in question is based on a cause of action not known (or previously abolished) in the United States should not lead to denial of enforcement.”¹¹⁹

Even more important is the fact that different countries have different ideas as to what this term means, and that what is considered to be a public policy in one country is not necessarily a public policy in another.¹²⁰ To a certain extent, the public policy exception is a protection mechanism that provides countries with the ability to protect the very basic ideas and principles that guide them. Generally, the public interests at issue in

115. *McCord v. Jet Spray Int'l Corp.*, 874 F. Supp. 436 (D.Mass. 1994) (enforcing a Belgian judgment as a matter of law and awarding damages to an employee for breach of an employment contract because it was not repugnant to the public policy of Massachusetts, despite the differences between Belgian and Massachusetts law on this point). *See also* Restatement, *supra* note 97, § 482.

116. *Ackerman v. Levine*, 788 F.2d 830, 841 (2d Cir. 1986) (partially enforcing a foreign default judgment rendered by a West German court).

117. *See Vanity Fair Mills*, 234 F.2d at 633.

118. *Loucks v. Standard Oil Co.*, 224 N.Y. 99, 111 (1918). In this case, the question was whether a right of action under a Massachusetts statute might be enforced by New York courts.

119. The American Law Institute, *supra* note 112, at 27.

120. For example, some countries prohibit prostitution and the use of drugs, while others view such activities as legal and allowed. Another even more relevant example is that the United States recognizes awards of punitive damages, while most other countries do not. *See* the discussion of punitive damages, *supra* note 14.

intellectual property cases are the protection of the public domain and incentives to creativity. For example, the Preamble to the TRIPs Agreement recognizes “the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives.”¹²¹ In cases where intellectual property rights are involved, the question is whether a nation could or should be allowed to have idiosyncratic notions (*e.g.*, about the First Amendment) about the public domain, and the protection of intellectual property.¹²²

One can argue, however, that there are other public policies involved that courts should, and are, allowed to take into consideration. For example, the TRIPs Agreement recognizes in Article 31 the concept of compulsory licenses in cases of “a national emergency or other circumstances of extreme urgency.”¹²³ Similarly, Article 27 allows TRIPs Members to exclude inventions from patentability when it is necessary to protect public order, or morality, including protection of human, animal, or plant life or health. As a result, in certain situations there may be conflicting public policies that can influence the decision of whether to recognize or enforce the foreign intellectual property judgment. Since each country is different from the others, there is no wonder that the public policies guiding them vary as well.

This vagueness in determining what public policy means creates numerous problems. One may even argue that the term has an inherent conflict. This term exists in the international sphere as it appears in international instruments and aims at providing countries with a mechanism that will enable them to refrain from recognizing and enforcing foreign judgments, even though all other requirements were met. On the other hand, the determination of what exactly constitutes public policy is done not in the international sphere, but rather in the national sphere, namely by national courts. This means that international law provides a mechanism that can be only interpreted by national laws and courts. Hence, it is assumed that French public policy is different from British public policy, which is different from American public policy, and we accept this notion.

The most complicated question with respect to public policy is how far this concept should be stretched to regulate activities taking place outside

121. See TRIPs Agreement, *supra* note 9, pmb1.

122. See *Yahoo!, Inc. v. La Ligue Contre Le Racisme et L'Antisemitisme*, 169 F. Supp. 2d 1181 (N.D. Ca. 2001).

123. See TRIPs Agreement, *supra* note 9, art. 31.

the geographical and political borders of the recognizing or enforcing jurisdiction. With the changes in technology and the fading of borders, this is expected to become a fundamental question. A distinction needs to be made between the application of the public policy exception to recognition and enforcement of foreign judgments in cases where the behavior to be regulated takes place outside the borders of the enforcing jurisdiction, and those cases in which the regulated behavior is to take place inside the borders of the enforcing jurisdiction. Extraterritorial application of the public policy exception should be viewed very suspiciously because it increases tensions between the relevant jurisdictions. Despite the fading of political and geographical borders, there is still a very strong sense of self-government and control among countries. Therefore, outside interference will not be viewed favorably, and will result in achieving the exact opposite of what we initially wanted to achieve, namely, recognition and enforcement of foreign judgments.

During the negotiations at the Hague Conference, the words “manifestly incompatible” with public policy have been used.¹²⁴ This allegedly means that the right to refuse to enforce or recognize foreign judgments should be carefully and seldom used, and only in extreme situations.¹²⁵ Arguably, it does not mean that simply because the court rendering the first judgment applied a law that is substantively different from the one that the court addressed would have applied in a certain set of facts, had the case been brought to its review, or because the rendering court made a mistake regarding the facts of the case or the law (unless induced by fraud), the addressed court can refuse recognition or enforcement.¹²⁶

In light of the above analysis, one might ask whether it is time to finally abandon the public policy mechanism in international instruments. The writer believes that the answer is no. This negative answer is not because this mechanism is so good, but rather because we have yet to come up with an adequate substitution that would fill the current function that the public policy mechanism fills. Arguably, automatic recognition and enforcement of foreign judgments is unreasonable and will not work now or probably ever. Each country is unique and has its own agenda in the sense that it protects those values and policies that are most important to its development and citizens. Therefore, as long as there is no

124. New Hague Convention, art. 9(e).

125. “This indicates that the weapon of refusal must be rarely invoked and only as a last resort.” Nygh & Pocar, *supra* note 52, at 114.

126. See Nygh & Pocar, *supra* note 52, at 108.

substitution for the public policy mechanism in international law, we will have to preserve it.

One may argue that the use of the public policy exception to international recognition and enforcement of foreign judgments should be extremely narrow. This exception should be rarely used by enforcing courts and limited to extreme situations in which no other solution is available. It would not be unreasonable to argue that as long as the minimum standards of the TRIPs Agreement are complied with, the potential need to refuse to recognize and enforce foreign judgments is reduced. A world with better business relations and better exchange of commodities and products requires an established and reliable system for recognition and enforcement of foreign judgments; overuse of the public policy exception would result in interference with the elements of predictability and certainty.

On the other hand, one may criticize this argument by saying that even if the minimum standards are met, there are still certain situations in which public policies should be used to justify such a refusal for recognition or enforcement of a foreign judgment. This is probably true, but only to a limited extent. The TRIPs Agreement itself provides means to address such situations and therefore, solutions should be almost always limited to those already provided by TRIPs. These means include, for example, the compulsory license provisions of TRIPs,¹²⁷ which enable countries, in particular situations and subject to certain conditions, to utilize foreign patents to achieve certain goals. This means that the drafters of TRIPs were aware of the possibility of certain situations in which compliance with the minimum standards would be difficult to accomplish and, therefore, provided means to cope with this difficulty within the boundaries of this agreement. When faced with such a problem, the recognizing court must look for a solution inside the international obligations of TRIPs, and turn to the public policy exception only as a last resort.

In the preamble to the TRIPs Agreement, the participating States declare that one of their reasons for joining TRIPs is because they are “[r]ecognizing the underlying public policy objectives of national systems for the protection of intellectual property, including developmental and technological objectives.”¹²⁸ This language establishes that the TRIPs Agreement itself already takes into consideration the underlying public

127. See TRIPs Agreement, *supra* note 9, art. 31.

128. See TRIPs Agreement, *supra* note 9, pmb.

policies with respect to intellectual property rights, at least those that are within the scope of this agreement. Therefore, there is arguably no need for the public policy exception as long as the judgment complies with the provisions of TRIPs.

What, then are the underlying public policies referred to in the preamble to TRIPs? Professor Michael Blakeney believes that an answer may be found in Article 7 of TRIPs, which addresses its objectives¹²⁹ and provides that these include “the promotion of technological innovation and . . . the transfer and dissemination of technology, to the mutual advantage of producers and users of technical knowledge . . . in a manner conducive to social and economic welfare, and to a balance of rights and obligations.”¹³⁰ In addition, Article 8 of TRIPs amplifies the objectives referred to in the Preamble and permits Members of TRIPs to “adopt measures necessary to protect public health and nutrition, and to promote the public interest in sectors of vital importance to their socio-economic and technological development.”¹³¹

To many, the complete abandonment of the public policy exception may sound unrealistic and imaginary in the sense that there is always a need for such an exception when recognition and enforcement of foreign judgments is involved.¹³² It is hard to imagine that any international instrument for the recognition and enforcement of foreign judgment addressing intellectual property rights can be adopted, or has any potential of being adopted and implemented, without containing a public policy exception. Logically, in order to ensure the free flow of judgments a narrow public policy exception should have sufficed.¹³³ Nevertheless, it seems that at least at the initial stage, it would be more efficient and appealing to adopt broad grounds for refusal to recognize or enforce foreign judgments as this would enable more countries to join such an international instrument knowing that they always have the option to refuse to do so, if a need should arise in the future. A broad public policy exception, even though, to a great extent, not recommended and unjustified, would serve as a safe harbor and an incentive to attract as many countries as possible to join. At a later stage, once the proposed convention is successfully implemented, confidence in the system grows

129. See BLAKENEY, *supra* note 27, at 42.

130. *Id.*

131. See *id.* at 43.

132. Indeed, all the regional conventions currently in effect, as well as past proposals to regulate the recognition and enforcement of foreign judgments contain a “public policy” exception. For review of analysis of these instruments, see Oestreicher, *supra* note 6, at 125–79.

133. See Blumer, *supra* note 67, at 399.

and relevant case law develops, hopefully it would be possible to try and convince these countries to narrow this exception for the sake of certainty, predictability and free trade.

4. *Parallel Litigation*

Another widely recognized and accepted reason for refusing to recognize or enforce a foreign judgment involves the issue of parallel litigation. It is not uncommon for adverse parties to engage in several parallel proceedings in different courts and forums that involve the very same set of facts and dispute.¹³⁴

It is well accepted within the international community that in such situations, the addressed court has a legitimate reason to refuse the recognition or enforcement of the foreign judgment,¹³⁵ if proceedings between the same parties, based on the same facts and having the same purpose: “a) are pending before a court of the State addressed and those proceedings were the first to be instituted, or b) have resulted in a decision by a court of the State addressed, or c) have resulted in a decision by a court of another State which would be entitled to recognition and enforcement under the law of the State addressed.”¹³⁶

5. *Lack of Jurisdiction—Minimum Contacts*

As previously discussed in detail, the central element in the proposed convention is the attempt to avoid addressing the issue of jurisdiction at the stage of negotiations and eliminate the need to agree in advance on bases for the assertion of jurisdiction, such as with double or mixed model based conventions. In other words, it is for the opposing party to convince the court addressed that the rendering court should not have rendered the judgment, and thus that the judgment should not be recognized or enforced under one of the exceptions to the presumption.

There may be, however, certain scenarios in which we must grant the enforcing court a mechanism to avoid recognizing or enforcing the judgment. These are cases in which there is a so-called “red flag” waving over the judgment indicating that there was not even a minimum contact

134. This doctrine is recognized as *lis alibi pendens*. For more on this doctrine see Martine Stuckelberg, *Lis Pendens and Forum Non Conveniens at the Hague Conference*, 26 BROOK. J. INT’L L. 949 (2001).

135. See, e.g., 2004 Hague Draft, art. 28(1).

136. 1971 Hague Convention art. 5. See also Dreyfuss-Ginsburg Proposal art. 25, and 2004 Hague Draft, art. 28(1).

between the rendering court and the parties or the dispute, such that the rendering court had no right to grant the judgment. This exception may be used only in situations in which it is obvious that the rendering court should not have heard the case. If the judgment survived the proposed “red flag” test, but there may have been a more suitable jurisdiction to hear the case, the judgment should still be recognized or enforced, as long as the minimum contacts between the rendering jurisdiction and the parties or the dispute are met.

The reason for using this test only in extreme situations is the fact that all the member countries of such a convention are expected to be Members of the TRIPs Agreement, under which they are required to adhere to the same minimum standards for protection of intellectual property rights, thus avoiding any significant substantive gaps in the provision of protection, which will only be narrowed as time passes.

One may argue that such an approach will result in “forum shopping.” This is true, but only to a limited extent. Forum shopping can be exercised in such a case, but adjudication of the dispute must take place in a forum with at least minimum contacts with the parties or the dispute. Since all potential forums must provide the minimum protection required by the TRIPs Agreement, the devil is not as scary as it may initially look. Furthermore, forum shopping is not that big of a problem when it comes to intellectual property rights, especially in light of the fact that it happens daily in legal practice all around the world, including in the U.S.¹³⁷

G. Enforcement in Proximity as a Potential Solution

Another set of problems arises when the remedy ordered by the rendering court does not exist under the laws of the country in which recognition or enforcement is sought. For example, some countries provide for injunctive relief, while others do not.¹³⁸ This problem might be solved if we enable the addressed court that is asked to enforce a remedy which is nonexistent in its legal system to use its discretion and replace such remedy with one that exists under its legal system and is most likely to achieve the result intended by the rendering court. In the injunctive relief example, the simplest solution would obviously be to replace the

137. “Where two or more jurisdictions are able to hear a dispute, a plaintiff can “forum shop,” or choose among alternative fora, often with an opportunity to pre-empt a defendant’s choice.” Kimberly A. Moore & Francesco Parisi, *Rethinking Forum Shopping in Cyberspace*, 77 CHL-KENT L. REV. 1325, 1328 (2002).

138. See TRIPs Agreement, art. 44(2).

injunctive relief with a monetary award. Such monetary award may be viewed as “enforcement in proximity,”¹³⁹ and was in fact part of the solution offered by Professors Dreyfuss and Ginsburg in their proposal.¹⁴⁰ The main problem with this idea is that injunctive relief is usually considered an equitable relief that is traditionally available in those cases where remedies at law, such as monetary damages, are simply inappropriate or inadequate.¹⁴¹ In the American legal system, equitable remedies are unavailable if monetary relief can be used to compensate the plaintiff for damages suffered.¹⁴² Therefore, this proposed solution may really not solve anything, because if monetary relief would have been available, it would have been awarded from the beginning. Furthermore, we still need to resolve cases where monetary judgments would be ineffective.

The TRIPs Agreement addresses this very issue. In Article 44(2) it allows its Members, in cases where injunctions are inconsistent with national law, to provide “declaratory judgments and adequate compensation.”¹⁴³ It is clear that this provision aims at solving the problem of differences in remedies between national laws, recognizing that they are not necessarily identical. Therefore, the TRIPs Agreement allows its Member States to provide other remedies to substitute for those that are unavailable. These provisions should be expanded and applied in cases where an addressed court is asked to recognize or enforce a foreign judgment containing a remedy not available in its jurisdiction and enable the court to substitute this remedy with another one.

CONCLUSION

This Article introduces a solution to the problem of recognition and enforcement of foreign intellectual property judgments that is based on a simple convention that includes a presumption of enforceability and a limited number of broadly defined exceptions to this presumption.

139. “Enforcement in Proximity” means that the court addressed attempts to replace the remedy provided by the rendering court with a remedy available in the enforcing jurisdiction, which to the extent possible, accomplishes the same goal.

140. See Dreyfuss-Ginsburg Proposal, art. 31(C).

141. For the four-factor test regarding the award of a permanent injunction in the U.S., see *eBay, Inc. v. MercExchange, L.L.C.*, 126 S. Ct. 1837 (2006); *Praxair, Inc. v. ATMI, Inc.*, 479 F. Supp. 2d 440, 442 (D. Del. 2007)

142. *Id.*

143. See TRIPs Agreement, *supra* note 9, art. 44(2).

One may argue that the breadth of these exceptions threaten the very existence of the presumption in a way that, after considering these exceptions, there is not much left of the presumption. This argument is only partly true and it does not change the benefits that such a solution provides. What we will be left with after the alleged erosion of the presumption of enforceability is still much more than what we have today without it. The real question is not whether this proposed solution is a perfect one. It is clearly not. Rather, the question should be, what exactly is the goal that we are trying to achieve? If indeed we think that recognition and enforcement of foreign judgments generates benefits to society and international trade, every step in that direction, even a small step such as the one proposed here, is by far better than what we have today—namely, nothing.

The absence of an international instrument regulating this issue has consequences that many scholars have attempted to overcome. Since most previous attempts to solve these problems were extremely ambitious in their scope and coverage¹⁴⁴ and therefore failed, maybe it is time to move more slowly and gradually in this direction. This minimalist proposal should be viewed more as the laying of foundations and a first step on a very long journey, than a full-blown comprehensive solution to the problem. It is not that we would not be better off with a solution that promotes narrow exceptions to the presumption. In a perfect world such a solution would probably benefit us more; however, ours is not a perfect world. If we want to make any progress in this direction, we should do it very slowly and carefully, hoping that time will cure any current mistrust and suspicion so that we can gradually narrow these exceptions.

Based on recent history and the failure of previous attempts to solve these problems, the only alternative would be to give up and leave the situation as is. This would continue to suppress present and emerging business relations that depend on trust and stability for survival.

144. See Oestreicher, *supra* note 6, at 125–79.