

10 Study on Various International Issues over Intellectual Property Disputes

With the rapid spread of the Internet, new types of cross-border intellectual property disputes are increasing, and it is desired to establish appropriate rules to solve international intellectual property disputes. In particular, with respect to the handling of intellectual property disputes in cyberspace on the Internet, sufficient consideration on the basis of actual situations is required. While the Hague Conference on Private International Law is discussing the draft Convention on International Jurisdiction and Foreign Judgements in Civil and Commercial Matters (draft Hague Convention), it is an important issue to examine and propose measures that Japan should take.

In this study, based on such circumstances, cases of disputes in cyberspace were collected and examined, and rules for preventing and solving new types of intellectual property disputes in cyberspace were studied and analyzed in consideration of dealing with the draft Hague Convention.

I Examination of Cases of Disputes in Cyberspace

1 International Intellectual Property Disputes in Cyberspace

(1) Characteristics of Intellectual Property Disputes

Intellectual property infringements are characterized in that a single offending act is more likely to cause infringements of rights in multiple countries than other types of disputes. In a phase of the determination of applicable law, it is generally understood in the intellectual property field worldwide that the law to be applied shall be determined for the region of each country under the "principle of territoriality." This is a different characteristic from the method of selecting an applicable law for a general act of tort, which seeks to set the law of one country as the applicable law, even when offending acts or results thereof arise over multiple countries. In a phase of the determination of international jurisdiction, it has also been generally understood in the intellectual property field that a court of the country concerned has exclusive jurisdiction in line with the law to be applied in the region of each country. It is now hard to find such requirement for coincidence between applicable law and international jurisdiction in other fields of civil affairs. These characteristics are considered to be major obstacles to the integration of the forum or the applicable law for the efficient resolution of international civil disputes.

(2) Basic Framework of International Jurisdiction in Japan and the U.S. and International Intellectual Property Disputes in Cyberspace

(i) U.S.

As a result of examining 24 judicial precedents in the U.S. concerning international intellectual property

disputes in cyberspace, it was confirmed that in judicial precedents before the emergence of the Internet, the fact of no direct contact between parties concerned in cyberspace was not considered to be an obstacle to the finding of "minimum contact," which is a requirement for due process under the Constitution. It was also confirmed that even if users of telecommunications spread over various areas, jurisdiction is not granted to a state due to only such a fact that a user resides in the state concerned or the network is registered in the state concerned and that such facts are merely taken into consideration as one of the various factors.

The following were confirmed in judicial precedents concerning intellectual property rights after the emergence of the Internet. In cases where an act as such in cyberspace does not constitute an infringement of intellectual property right, jurisdiction is not granted to a state for the reason alone that the website in question is accessible from the state concerned, and another factor is an important decisive factor in granting the jurisdiction. It was found, however, that in cases where an act as such in cyberspace constitutes some infringement of intellectual property right, jurisdiction may be granted to a state for the reason alone that the website in question is accessible therefrom or the server is located there.

(ii) Japan

Differently from the U.S., Japan has not yet accumulated judicial precedents related to international disputes in cyberspace, so analysis cannot be conducted in line with actual cases in the same way as for the U.S. However, if applying the framework established by the decisions of the Supreme Court, in which jurisdiction is determined referring to the provision of territorial jurisdiction prescribed in the Code of Civil Procedure and in consideration of "special circumstances," it is expected that Japanese courts shall make decisions similar to decisions by U.S. courts.

(3) Basic Framework for the Application of law in Japan and the U.S. and International Intellectual Property Disputes in Cyberspace

(i) U.S.

The U.S. adopts the methodology in which the relation of application of laws is determined with emphasis on the content of substantive laws such as the purposes or policy to be achieved by the laws, and does not follow the traditional law selection system under private international law, differently from Japan. Therefore, for cases in which related factors spread over multiple countries, a U.S. court tends to consider damage there as infringement of U.S. intellectual property right and extraterritorially apply the U.S. intellectual property law to such cases.

(ii) Japan

It has been considered in Japan that the issue of the application of law should be handled within the framework of the applicable law selection system under private international law. Recently, however, objection to this premise has come to the surface. For example, there is an opinion that the Japanese Patent Law may be applied extraterritorially beyond the region in some cases, considering the Patent Law to be handled in the same way as norms like “public law” such as the Antimonopoly Law and administrative laws.^(*)

2 Examination of Cases of Disputes in Cyberspace (Trademark) **- From the Viewpoint of U.S. Law -**

It is considered here from the viewpoint of U.S. law whether jurisdiction can be granted to a country for the reason alone that the language used in the website is a language used in the country concerned or that the server is located there, for a hypothetical case suggested by the Committee for this Study (a case in which a Japanese corporation applies its trademark registered in Japan to its in-house products and introduces them on its website, and in response to this, a U.S. corporation, which has obtained a federal trademark registration for a name similar to the trademark of the Japanese corporation, files a suit with the U.S. court for the reason of infringement of its trademark right).

(1) Basic Idea on Jurisdiction under U.S. Law

Under U.S. law, jurisdiction is considered from two viewpoints, “subject matter jurisdiction” and “personal jurisdiction.”

According to U.S. law, a court must be granted not only subject matter jurisdiction but also

personal jurisdiction to hold a trial. Generally, personal jurisdiction is granted to a court when the defendant concerned has domicile in the forum state or when the defendant conducted “substantial” or “continuous and systematic” activity in the forum state. Jurisdiction in such cases is called “general jurisdiction.” Personal jurisdiction may also be granted to a court in other cases, namely, in cases where there is minimum contact, which is sufficient to meet the requirement for due process under the federal constitution, between the defendant concerned and the forum state. Jurisdiction in such case is called “specific jurisdiction.” In relation to cyberspace, the focus in many cases is whether the exercise of personal jurisdiction is appropriate, and especially, whether there is minimum contact. A statute based on this minimum contact theory, called the long arm statute, has been established in each state.

(2) Trend of the U.S. Judicial Precedents for Cyberspace-Related Cases

Looking only at judicial precedents, it is rare that subject matter jurisdiction comes to an issue in relation to cyberspace-related cases, so the trend of judicial precedents is introduced below focusing on personal jurisdiction.

Judicial precedents show the following consistent stance: When the defendant concerned does not have any place of business in the forum state, the defendant is not considered to be conducting “substantial” or “continuous and systematic” activities in the forum state for the reason alone that the defendant is conducting business through a website, and general jurisdiction is not granted to a court there. Therefore, whether personal jurisdiction is granted to a court depends on whether the court is granted specific jurisdiction and whether the court can enforce it.

In the U.S. judicial precedents related to cyberspace, tests such as “effects doctrine” and “sliding scale analysis” are often used in judging whether a court is granted specific jurisdiction.

The effects doctrine requires that an intentional act of tort by the defendant was clearly aimed at the forum state and the act caused damage to the plaintiff concerned in the forum state as well as that the defendant knew that the act would cause the damage. Some decisions show reluctance to adopt this doctrine, so it is difficult in some aspects to predict how the doctrine will be applied to cyberspace-related cases in the future.

The sliding scale analysis is doctrine established by case law which has been formed mainly in cyberspace-related cases, and this has

(*) Naoki Matsumoto, “Cross-Border Injunction Ni Tsuite (About Cross-Border Injunction),” (Edited by Shimizu = Shitara), “Gendai Saibanhou Taikei (26) Chitekizaisanken (Outline of Contemporary Court Law (26) Intellectual Property Law),” p. 46, from p. 60 onward (Shinnippon-Hoki, 1999).

been adopted in many judicial precedents. In this analysis, websites concerned are classified into the following three categories, and the exercise of personal jurisdiction is determined based on the classification.

① Active website

When the defendant's website is considered to be one enabling the conducting of actual business in the forum state, the website falls under this category. When a website falls under this category, the exercise of personal jurisdiction is approved.

② Passive website

Websites that merely provide information accessible by Internet users fall under this category. When a website falls under this category, the exercise of personal jurisdiction is denied.

③ Interactive website

This is a website that falls under a gray zone. When the defendant's website falls under this category, the propriety of exercise of personal jurisdiction is determined considering the degree of interactivity on the website.

(3) Application to the Hypothetical Case

Based on the above, issues in the above-mentioned hypothetical case are considered below. First of all, a website that only "introduces" in-house products is considered to be passive, and personal jurisdiction is unlikely to be granted to the U.S. court concerned. Unless there is evidence proving that the company actually conducted business with residents in the forum state, it will be determined that there is no minimum contact. Secondly, there was no case found in which a language in use directly came to be an issue. However, in the case that the website is written in Japanese only, the website is unlikely to be considered to "aim at the forum state" in the U.S., since there are few people who can understand Japanese in the U.S. The location of the server seems to hardly have any effect on the conclusion in case of suits for infringement of a trademark.

3 Basic Theory to Examine Patent Right Infringement Cases Arising in Cyberspace

(1) Possibility of Patent Right Infringement That May Arise through a Network

(i) Examination under Japanese law

The Japanese Patent Law prescribes for patented invention that the exclusive effect of a patent right extends to acts of commercially conducting "working" acts, which are prescribed in Section 2 (3) of the law. Moreover, the law prescribes acts of "working" by category of invention. For an invention of a product, the law defines acts of working as acts of manufacturing, using, assigning, leasing, importing or offering for assignment or lease of the product, and for an

invention of a process, it defines them as acts of using the process, respectively.

Due to these, it may be understood as an act of "working" to advertise or seek orders for a product to which the effect of patent right for an invention of a product extends (corporeal thing in this case) on the website for the purpose of selling or renting the product, and to make advertisements or give offers in relation to the provision of free samples or the act of lending for trial use.

The Examination Guidelines of the Japan Patent Office provide that computer software shall be handled as an invention of a "product" even if it is incorporeal, so inventions of a "product" that consist of incorporeal things are also discussed here. For example, an act of downloading a software item as a component of a software product of patented invention, from different servers and making up one complete item of software may be considered to be "manufacturing" of the patented invention in some cases. In addition, an act of providing a software product of patented invention by sending and receiving it through a network will be considered assignment or lease.

In the case where an act of working is conducted and completed within Japan, there is no room for arguing that the effect of the Japanese patent right concerned extends to the case. It, however, comes into a question whether it can be considered that the effect of the Japanese patent right extends to cases where all or part of the act is conducted outside Japan.

(ii) Examination under U.S. law

Under U.S. law, the effect of patent are provided in 35 USC 154(a)(1), and the infringement of patent is provided in Section 271(a).

Differently from the Japanese Patent Law, the U.S. law does not provide the scope of effect based on the concept of "working" by category of invention, but provides for patented inventions in general that the effect of patent extend to acts of "making," "using," "selling," "offering to sell" and "importing." It also provides geographical scope as "within the United States."

Under U.S. law, as an act through networks to which the effect of patent extends, for patented inventions worked as a corporeal thing, "offering to sell" is considered, and for patented inventions worked as an incorporeal thing, the act of "making," "using," "selling," "offering to sell" and "importing" respectively are considered. The geographical scope of the effect of patent is provided in a statutory form as "within the United States," and this provision has been supported by judicial precedents, in principle.

In terms of a patented invention of an incorporeal thing such as software, when a person downloads parts of a software item through the Internet and combines them to create, use or sell

a complete software item that meets the features of the patented invention, each act is understood as “making,” “using” and “selling.” In addition, the act of advertising through a network and the act of downloading may be considered as acts of “offering to sell” and “importing” respectively.

In the case where all or some of the features of an invention are worked outside the U.S., the acts concerned are formally conducted outside the U.S. but may not be substantially different from a case where the features are worked within the U.S. There is room for considering that the effect of the U.S. patent right extends to such acts.

(2) Possibility of Infringement of Patent Right that Includes a Network as a Feature

(i) Examination under Japanese law

There may be a patented invention that includes an information and telecommunication network that forms cyberspace as one of the features. As an example, a business method-related patent consists of processing means of user side, processing means of server side and an information and telecommunication network connecting them.

In case of this patented invention, it is also assumable that some of the features are worked outside Japan or by a different person. Therefore, it comes to an issue whether such cases can also constitute an infringement of a patent right. For an act that is completed in Japan, it is considered that the effect of the patent right concerned may be recognized to extend to the act even if part of the act is conducted by a different person. Furthermore, how about cases where some of the features are worked by a different person as well as outside Japan? It cannot be determined that the conclusion that as long as some of the features of the claims are worked outside Japan, the act does not constitute an infringement of a Japanese patent right is applicable to cases of working some of the features of the patented invention outside Japan, which are not substantially different from cases of working all of the features in Japan.

(ii) Examination under U.S. law

It is in principle understood that the effect of the patent concerned extends only to the case where all features in a claim are worked in the U.S. However, in the U.S. patent law, there is the provision stating that “active inducement” of infringement of a patent shall be considered to infringe the patent concerned. It is considered that the effect of this provision extends to acts conducted outside the U.S.

II Coping with the Draft Hague Convention

1 History and Actual Conditions of the Draft Hague Convention

The Hague Conference on Private International Law is an international organization, which has been continuing activities with the aim of the international unification of applicable law and international civil procedure law since 1893. The Hague Conference started discussing the “draft Convention on International Jurisdiction and Foreign Judgments in Civil and Commercial Matters,” which is now under preparation, in response to the U.S. proposal in 1992, and the first Diplomatic Conference was held in June 2001.^(*)

(1) Actual Conditions - Direction for Breaking through Divisive Points

Participating States have almost reached a consensus on the approval and execution of judgments, but there are many divisive points concerning reasons for the grant of jurisdiction. Main issues are as follows.

- (a) Whether it is possible to put rules for “activity-based jurisdiction” on the white list
- (b) Whether to place “doing business jurisdiction as general forum” on the black list
- (c) The relative merits between Article 7 or 8 and Article 4 for cases concerning contracts concluded by consumers or individual contracts of employment
- (d) Handling of the Internet
- (e) Handling of intellectual property right suits. In particular, whether suits for infringement of a foreign patent shall be placed under the exclusive jurisdiction of the country of registration
- (f) How to adjust relation of application with other conventions

(2) Jurisdiction over Intellectual Property Right Suits

Regarding patent rights, the first Diplomatic Conference discussed, in a comparing manner, a proposal (from the U.K.) that suits for infringement of a patent shall also be placed under the exclusive jurisdiction of the country of registration and a proposal (from Switzerland) that suits for the validity and so on of a patent shall be placed under the exclusive jurisdiction of the country of registration but infringement suits shall be handled in line with general rules of jurisdiction. In addition, the Conference discussed the handling of cases where the validity of a patent is contested as an incidental question in another suit such as one for license agreement, as well as a proposal that suits for a copyright or a neighboring right of copyright should

(*) Refer to Masato Dogauchi, “Saiban Kankatsu Tou Ni Kansuru Joyaku Saitaku Wo Meguru Genkyo --- 2001 Nen 6 Gatsu No Daiikkai Gaiko Kaigi No Kekka (jyo) (ge) (Present State concerning Adoption of the Convention on Jurisdiction --- Results of the First Diplomatic Conference in June 2001 (First half) (Last half)),” *Jurist*, No. 1211, p. 80, No. 1212, p. 87 (2001).

be placed under the exclusive jurisdiction of the country to which the applicable law belongs and so on.

2 Jurisdiction over Rights Required Registration such as Patents

(1) Handling of Jurisdiction over Rights Required Registration such as Patents from the Viewpoint of the Industries

The following are the opinions of a representative of industries who participated in the Committee for this study, concerning the handling of jurisdiction over rights required registration such as patents in the draft Hague Convention.

(i) Basic idea of jurisdiction over intellectual property rights in the draft Hague Convention

Intellectual property legislation is established and utilized reflecting the industrial policy of each country. The intellectual property legislation of each country is inconsistent in many important points. Therefore, it is proposed not to handle jurisdiction over intellectual property rights in the same way as jurisdiction over general acts of tort but to handle it in line with (ii) to (v) and II 3 (1) below by setting up an independent article.

(ii) Jurisdiction over rights required registration such as patents and dealing with the “incidental question” in Article 12, Paragraph 6 Intellectual property rights required registration such as patents should be placed under the exclusive jurisdiction of the country of registration for both the judgments of validity and infringement suits. It is considered necessary to handle the “incidental question” in Article 12, Paragraph 6 as follows. Proposal ①: The whole provision of “incidental question” in Article 12, Paragraph 6 should be deleted (common opinion). Proposal ②: Supposing that Proposal ① is not adopted, the subjects covered by the paragraph should be limited to “license contracts and contracts on the assignment of right” in order to at least clarify the definition of an “incidental question” (opinion of some representatives).

(iii) Handling of intellectual property rights in cyberspace

Problems that arise on the Internet, etc. should be excluded from the subjects of the draft Hague Convention while considering them as matters to be continuously discussed.

(iv) Jurisdiction for the reason alone that a branch is located (Article 9)

It should be stipulated that jurisdiction for the reason alone that a branch is located is not applicable to intellectual property rights.

(v) Other points to be noted

The draft Convention must be properly revised so as to state that the provision of exclusive jurisdiction does not take effect on relations with a country other than the Contracting States of the Hague Convention.

(2) International Jurisdiction over Suits for Intellectual Property Rights Required Registration such as Patents

(i) Idea of international jurisdiction in Japan

Theory in Japan have affirmed the exclusive jurisdiction of the country of registration over suits for the grant of a patent or validity thereof, but neither theory nor judicial precedents have supported the exclusive jurisdiction of the country of registration over infringement suits. The draft Hague Convention is considered from such stance of Japan hereinafter.

(ii) Suits for the grant of a right required registration and the validity thereof such as a patent

Article 12, Paragraph 4 of the draft Hague Convention proposes “In proceedings in which the relief sought is a judgment on the grant, registration, validity, abandonment, revocation or infringement of a patent or a mark, the courts of the Contracting State of grant or registration shall have exclusive jurisdiction” as Alternative A.

① Suits for the grant, validity, abandonment or revocation of a right

There is probably no problem in granting the exclusive jurisdiction over suits for the grant, validity, abandonment or revocation of a right to the courts of the country of registration, since the grant, revocation and invalidation of a patent right or the like is considered to have the nature of administrative disposition by the country which granted the patent right or the like and parties concerned in such suits are generally a private person who filed the application concerned and the administrative office.

② Suits for registration

For patent rights and exclusive licenses as well as the pledges thereof, registration of right including the issue of their attribution is the requirement for coming into effect. Suits for registration may be disputes between private persons, such as claim for registration of assignment in the case when a registered right is to be assigned. Such cases should be considered to be in legal relation under private law. However, even if suits for registration procedure are disputes between private persons, the rights concerned cannot be established without act of the state, i.e. registration. So the suits are closely related to administration for registration. Therefore, it cannot be considered unreasonable to grant the exclusive jurisdiction over such suits to the country of registration.

(iii) Infringement suits based on rights required registration such as patents

There are opinions in favor of the grant of exclusive jurisdiction to the country of registration, mainly in the industries. If the grant of exclusive jurisdiction is prescribed, jurisdiction by general forum, jurisdiction created by response to the

action and jurisdiction by agreement, which have been approved from the viewpoints of Japanese courts, will be denied. The grant of the exclusive jurisdiction over infringement suits is questionable, since it lacks rationale for depriving the jurisdiction of Japanese courts as well as causes cases that are inconvenient to both parties concerned.

(v) The incidental question

The main clause of Article 12, Paragraph 6 of the draft Hague Convention proposes that "Paragraphs 4 and 5 shall not apply where one of the above matters arises as an incidental question in proceedings before a court not having exclusive jurisdiction under those paragraphs." A defense for the invalidation of a patent in an infringement suit or a dispute over license is assumed here as a case "where one of the above matters arises as an incidental question". Regarding a defense for the invalidation of a patent in a patent infringement suit, there are both opinion considering it inappropriate to determine the validity of administrative dispositions overseas and opinion approving determining the validity of foreign patents. For cases where a defense for the invalidation of a patent is submitted against a claim for the payment of license fee, it is considered that there is less ground for granting the exclusive jurisdiction over such cases than infringement suits.

3 Jurisdiction over Rights not Required Registration such as Copyrights

(1) Dealing with Jurisdiction over Rights not Required Registration such as Copyrights from Viewpoint of Industries

The thoughts of representatives of the industries are mentioned below.

Jurisdiction over intellectual property rights not required registration such as copyrights or the like (including Trade secrets and other intellectual properties protected under the Unfair Competition Prevention Law. The same applies below.) should be dealt with as follows. Proposal ①: A country to which the law giving grounds for the right concerned belongs shall have the exclusive jurisdiction over both the determination of validity and infringement suits (opinion of some representatives). Proposal ②: For both the determination of validity and infringement suits, the jurisdiction of a country to which the law giving grounds for the right concerned belongs as well as jurisdiction by general forum, jurisdiction created by response to the action and jurisdiction by agreement shall be approved by setting an independent provision.

(2) Copyright Law and International Jurisdiction --- Preparatory Consideration from the Theoretical Viewpoint

Discussion on intellectual property right and international jurisdiction has been held focusing on industrial property law (especially, the Patent

Law). However, in the Internet society, there is a high possibility that infringement cases concerning the Copyright Law will occur. Therefore, it is necessary to consider issues concerning the Copyright Law and international jurisdiction from the viewpoint of comparison with the Patent Law.

(i) Characteristics of the Copyright Law

Copyrights become effective without registration of works concerned, so it is hard in many cases to discuss a "country of registration" in the same way as for industrial property law that requires registration. Copyrights may be registered in some manner, but even if they are registered by chance, the registration thereof probably does not have sufficient meaning to grant jurisdiction to the country of registration. Even if there is some kind of registration agency for copyrights, since copyrights become effective without registration of works concerned, the registration agency does not keep track of the existence of copyrights. Moreover, it is difficult to adopt the premise that copyrights are "granted by act of the state." From such viewpoints, it is considered that there is little basis of argument for the adoption of exclusive jurisdiction over copyright suits.

The Copyright Law adopts the non-substantive examination system. This cannot be avoided as long as the law adopts the non-formality system. Even if the existence of a copyright and the scope thereof is questioned in a copyright infringement suit, the registration agency cannot provide any answer. It can also be found from this viewpoint that the adoption of exclusive jurisdiction over copyright suits lacks basis of argument.

(ii) Examination

It is found that the Copyright Law relatively lacks basis of argument for granting the exclusive jurisdiction over copyright suits to any country in comparison with industrial property law.

With regard to the jurisdiction over copyright suits, there is a proposal that "a country to which the law giving grounds for the right concerned belongs shall have the exclusive jurisdiction." It seems that no primary and clear common understanding of the wording "a country to which the law giving grounds for the right concerned belongs" has been established. It is desired to clearly indicate the interpretation of this wording.

4 Examination of the Draft Hague Convention from Practical Viewpoints

The provision of intellectual property in the draft Hague Convention has been discussed from the theoretical viewpoint. The draft Hague Convention is examined with an assumed concrete example below.

(1) Trend of Protection of Software Patents and Draft Hague Convention

The Ministry of Economy, Trade and Industry

published a draft revision of the Patent Law and other Laws,^(*) which aims to strengthen the protection of software patents or the like, and clarified that an act of transmitting a patented program and so on through a network without prior consent or similar act fall under infringement of a patent right. Under this draft revision, as to software patent, it becomes possible to capture not only the transfer of software through a medium such as a floppy disk but also a provision thereof via the Internet as an infringement act.

On the other hand, in the U.S., whereas it is considered for software patents that the act itself of storing software on a medium such as a floppy disk without prior consent constitutes an infringement act in the same way as under the current Japanese law, it cannot be said that sufficient measures have been taken against the act of distributing software as the subject of patent without prior consent in cyberspace.

Therefore, the patentability of propagated signal claim, in which computer programs under transmission are claimed, independently from media, has been actively discussed recently in the U.S.

“A computer data signal embodied in a carrier wave comprising: reciting source code” is cited as a specific example. Such claim is discussed since a transmitting act must be captured as it falls under offer for sale.

Taking the following typical example: In country A, Y copied software, for which a patent is owned by X, without X’s prior consent, uploaded it on a bulletin board system (BBS) and sold it at a low price to X’s customers throughout the world.”, remedy for X will be considered below.

Article 12, Alternative paragraph A4 of the draft Hague Convention, which was proposed at the Diplomatic Conference in June 2001, provides that “In proceedings in which the relief sought is a judgment on the grant, registration, validity, abandonment, revocation or infringement of a patent or a mark, the courts of the Contracting State of grant or registration shall have exclusive jurisdiction,” and the Contracting State which registered a patent concerned shall have exclusive jurisdiction over infringement of the patent.

Then, in the above example, X must institute infringement suits with courts throughout the world.

On the other hand, Alternative paragraph B5A provides that “In relation to proceedings which have as their object the infringement of patents, trademarks, designs or other similar rights, the courts of the Contracting State referred to in the preceding paragraph [or in the provisions of Articles [3 to 16]] have jurisdiction.” According to this alternative, a court which has jurisdiction by

“defendant’s forum” provided in Article 3 has jurisdiction, so X can file suits asserting infringements of its patent rights throughout the world with the court of country A.

It is considered from such viewpoints that Alternative paragraph B5A matches the trend of protection of software patents better and shows appropriate direction.

(2) Decisions for Claim for Registration

According to the above-mentioned Alternative paragraph A4, the following example will be considered below: Researcher A created a great number of inventions when he was working for company B. Company B acquired patent rights for these inventions by stating A as the inventor of the inventions in Japan as well as throughout the world. After A’s retirement from company B, A filed suits for the return of patent rights concerned, asserting that the inventions concerned are not employee’s inventions but free inventions and that the patent rights attribute to himself.” According to Alternative paragraph A4, the courts of the Contracting State granting or registering a patent are granted exclusive jurisdiction. Therefore, in this example, A needs to file suits with courts throughout the world.

However, taking into account that A is a Japanese and B is a Japanese corporation, it is considered rational to hold a trial for all patent rights concerned at a court of Japan. Moreover, according to judicial precedents and practices in Japan, if all parties concerned are Japanese or Japanese corporations in this example, all disputes can be solved in a court or the like of Japan.

Therefore, proceedings for requesting registration should be at least excluded from the subject of exclusive jurisdiction.

5 Some Intellectual Property Issues Appeared in the Draft Hague Convention

Two issues concerning the preliminary draft Hague Convention will be picked up hereinafter for consideration: the theory of exemption from application of the Convention to suits for infringement of an intellectual property right and an issue on Article 12, Paragraph 6.

(1) Exclusion from Application of the Convention

It has been disputed since the preparation of the preliminary draft in 1999 whether the country of registration should be granted exclusive jurisdiction over suits for infringement of an intellectual property right required registration. It seems, after all, impossible to try to decide on whether the country of registration has either exclusive jurisdiction or general jurisdiction. Thus, the third alternative in which this issue is excluded

(*) The draft revision was promulgated as Law No. 24 on April 17, 2002. Refer to the Japan Patent Office website.

from application of the Convention is considered to be promising.

(i) Handling without setting a particular provision

This Convention does not positively define international suits to which the Convention applies, and for other than suits in which all the parties are habitually resident in the same State, there is no such restriction that there is the residence of the parties or another specific factor of the case in any one of the Contracting States of the Convention. Therefore, unless a provision of exclusion from application is set, the provisions of the Convention are to be applied to all cases but that both parties are resident in Japan. The no provision does not mean that the Convention is inapplicable.

(ii) To include intellectual property rights as matters of exclusion from application

It is conceivable to exclude “intellectual property” from the scope of application of the Convention and to add it to matters of exclusion from application provided in Article 1, Paragraph 2.

(iii) Idea of putting the jurisdiction of countries other than the country of registration over infringement suits into a gray list

The only divisive point concerning the draft Convention is the issue on jurisdiction over infringement suits. Therefore, it is worth examining to exclude only the issue of jurisdiction of countries other than the country of registration over infringement suits from the scope of the Convention and to put the issue into a gray list (Article 17).

(iv) Idea of giving priority to jurisdiction of the country of registration

The following idea is also possible: Infringement suits are not included into matters over which the courts of the country of registration have exclusive jurisdiction under Article 12, Paragraph 4 of the Convention, but infringement suits filed with a country with general jurisdiction other than the country of registration must be suspended if an invalidation suit is filed in the country of registration afterwards.

(2) Issue on Article 12, Paragraph 6

The following provision is proposed as Article 12, Paragraph 6: Paragraphs 4 and 5 shall not apply where one of the above matters arises as an incidental question in proceedings before a court not having exclusive jurisdiction under those paragraphs. However, the ruling in that matter shall have no binding effect in subsequent proceedings, even if they are between the same parties. A matter arises as an incidental question if the court is not requested to give a judgment on that matter, even if a ruling on it is necessary in arriving at a decision.

The purport of this provision is that the

provision of exclusive jurisdiction does not exclude judgements in general suits that contain a matter under exclusive jurisdiction as an incidental question. Regarding this provision, there is a question whether foreign courts can judge the validity of a Japanese patent in an infringement suit under the Hague Convention though Japanese courts cannot judge the validity of a patent in an infringement suit under Japanese legislation.

6 Analysis of Public Comments Submitted to the United States Patent and Trademark Office (USPTO)

The USPTO invited public comments on the part related to intellectual property right in the draft Hague Convention in August 2001.^(*4) In response to this, 15 comments were submitted up to February 7, 2002.^(*5) The results of analysis by sorting out the comments into those from jurists, private companies, etc. and private bodies, etc. will be introduced below.

(1) Comments from jurists

Three interesting points will be introduced below, by summarizing comments from Professor Rochelle Dreyfuss and Professor Jane Ginsburg, from Professor J.A.L. Sterling and from Professor Doris Estelle Long.

Firstly, arguments stating that special rules are required for intellectual property since the intellectual property law largely differs in each country are noticeable. Examples of such arguments are a doubt over the fact that countries, which do not protect intellectual property rights, may have jurisdiction and an opinion that decisions made in such countries should be approved and executed in a limited way.

Secondly, a suggestion that a single fact situation may cause damage in multiple countries or infringe multiple intellectual property rights is noted. In relation to the former, Professor Dreyfuss and Professor Ginsburg made a comment that disputes arising from the same fact situation should be judged together before a single court, except for patent-related cases (to be treated as exclusion from application of the Convention) and cases where the validity of registration is contested (exclusive jurisdiction of the place of registration). For the latter, Professor Long stated that some adjustment is necessary and that it is also necessary to consider a provision for concurrent suits (*Lis pendens*).

Thirdly, oppositions to the standpoint of considering registration to be a ground for jurisdiction drew attention. Professor Dreyfuss and Professor Ginsburg affirmed dispute settlement at a single court, and agree to dispute settlement by

(*4) 66 Fed. Reg. 43575.

(*5) <http://www.uspto.gov/web/offices/dcom/olia/haguecomments/index.html>.

each place of registration for only limited cases. Professor Long also expressed doubts about using the place of registration as a basis for forum selection not only for copyrights but also for trademarks, and stated that activities should rather be considered as a basis for forum selection.

(2) Comments from Private Companies and so on

Comments were submitted from four private entities, Verizon Communications, AT & T Corp, AOL Time Warner, Inc. and Morrison & Forster LLP. Their positions and common opinions will be introduced below.

(i) Positions of four commentators

Verizon, AT & T and AOL are some of the world's greatest telecommunication companies, and engage in Internet-related businesses including provider business. Morrison & Forster LLP submitted comments at the request of the Internet Coalition on Jurisdiction. This coalition is an organization consisting of the above-mentioned Verizon, AT & T and AOL as well as Cable & Wire USA, the Computer and Communication Industry Association, the U.S. Internet Industry Association and Yahoo! Inc.

(ii) Common opinions

Common opinions recognizable from each comment are as follows.

① The draft Hague Convention should not be applied to torts related to e-commerce (Article 10), contracts concluded by consumers (Article 7) and protective measures (Article 13).

② If these articles are applied to e-commerce and Internet businesses, since websites are accessible from any country throughout the world, it will be claimed that torts have caused damage and loss in any country throughout the world and providers and e-commerce companies will be sued in any country worldwide. This means that the standard of "minimum contact" under due process established in the U.S. is not applied.

③ E-commerce as such has been rapidly developing, so it is unpredictable what legal issues will arise in the future and by what rules they should be resolved. Since the draft Hague Convention does not assume such e-commerce, the establishment and application of the Convention will hinder the future development of Internet businesses.

④ The draft Hague Convention should be applied to business-to-business (B2B), and should not be drafted so as to be applied to business-to-customer (B2C).

(3) Comments from Private Bodies and so on

Comments were submitted from seven bodies, the Computer & Communications Industry Association, the Free Software Foundation, the Society of American Archivists, the American Library Association, the United States Council for International Business, the International

Trademark Association and the Software & Information Industry Association. Points to be noted in comments from each body will be introduced below.

(i) Computer & Communications Industry Association

The Association expressed concerns about the overall draft Hague Convention and stated "we should not enter into any agreement that would diminish the constitutional protections guaranteed to our citizens and American companies or undermine our legal system."

(ii) Free Software Foundation

The Foundation explained adverse effects, which will arise if international jurisdiction is admitted by the Hague Convention, by citing specific cases, and insisted on exclusive jurisdiction by stating that "only the country where the distributor or transmitter operates should have jurisdiction."

(iii) Society of American Archivists

The Society cited merits, which are brought since the U.S. Copyright Law does not protect moral rights differently from continental law, and expressed an opinion that negative consequences would arise for U.S. citizens if matters related to copyright law were included in the Hague Convention.

(iv) American Library Association

The Association urged for the exclusion of intellectual property cases, including copyright cases, from the scope of the draft Convention or adopting such language as necessary to assure that public service institutions such as non-profit libraries in the U.S. can continue to benefit from the constitutionally based protections they currently enjoy.

(v) United States Council for International Business

The Council stated that since a consensus on jurisdiction has not been established among the Contracting States in the present circumstances, the time is not ripe for the enactment of the Hague Convention.

(vi) International Trademark Association

The Association limited the subject of its comments to trademarks and took up a stance agreeing to grant exclusive jurisdiction over suits for the infringement or validity of a trademark right to the courts of the country in which the right arose, regardless of whether the trademark concerned is required to be registered.

(vii) Software & Information Industry Association

While agreeing with the framework of the Hague Convention, the Association proposed narrowing the scope of the Convention to those affecting business-to-business environments and business-related aspects.

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