

# 15 Judicial Protection of Intellectual Property Rights Rendered in Foreign Forum: A Japanese Perspective (\*)

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*The application of the rules of conflict of laws on the stage of recognition and enforcement of foreign judgments to international civil litigation has dramatically increased than ever before. Some recommendations have been made to the need for legislation in any particular area such as a uniform law of judgments dealing with foreign intellectual property rights as one of the most frequently issues for those right owners is whether their rights obtained by the court in one forum can be recognized or enforced in another forum where the judgment debtor has assets. In Japan, foreign judgments can be recognized and enforced under domestic statutory provisions which do not create special rules for judgments related to foreign intellectual property rights. The recognition and enforcement of foreign judgments in Japan has also been limited to a judgment rendered by the court in the state where a mutual guarantee exists with Japan. This research will examine the policies underlying the principles of recognition and enforcement at common law which is widely applied in many countries then examine the mechanisms for foreign judgments to be recognized and enforced in Japan. The research has demonstrated that the restriction on recognition and enforcement of non-reciprocity judgments in Japan need to be considerably reviewed in order to achieve the objective of recognition and enforcement and to make an effective international protection of intellectual property rights.*

## I Introduction

As a consequence of rapid increasing of international commercial transaction, without the effective recognition and enforcement of foreign judgments, the cause of action may have to re-litigated and the tendency of inconsistent judgment may occurred at the forum where recognition and enforcement cannot be sought. From the beginning, the problem of non-recognition and non-enforcement arises out of the principle of territorial sovereignty. In most countries where their policies favor the doctrine of recognition and enforcement, nonetheless, the number of restriction is required as the safeguard for securing their public interests.

While there has been an attempt to propose revision of the statutory provisions related to the system of recognition and enforcement of foreign judgments in Japan in order for the courts to deal specifically with the matter of intellectual property rights, the requirement of reciprocity which deemed as the barrier to recognition and enforcement of foreign judgments at common law still exist in those legislative proposals.

The research has its objective to serve as recommendation for the revision of the relevant

Japanese law, to provide a basis for further debate in this subject area with the hope in the end of harmonization and effectiveness of the recognition and enforcement of foreign judgments, and to be a foundation for forming new policies of Japanese recognition and enforcement of foreign judgments related to intellectual property rights which could be considered as one of the most effective system without the violation of Japanese public interests and legal order.

## II Distinction & Definition: Recognition and Enforcement

Recognition means “one court treats the decision of another court as binding on it”<sup>1</sup> Enforcement means the process in which “one court will uses its coercive powers to compel a defendant to satisfy a judgment rendered abroad”<sup>2</sup> While “there can be no enforcement without recognition”<sup>3</sup>, however, there can be recognition without enforcement. For example, in cases where a foreign judgment concerning divorce and nullity decrees<sup>4</sup> or a foreign judgment given in the defendant’s favor<sup>5</sup> or a foreign judgment given in the plaintiff’s favor but the defendant had satisfied that judgment.<sup>6</sup>

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### **III Principles Underlying the Recognition and Enforcement of Foreign Judgments**

#### **1 International comity**

In spite of the fact that the specific requirements for the recognition and enforcement of foreign judgments may vary depends upon the national laws of each independent countries, the theory of international comity has played an important role at common law as one of the fundamental approach to the recognition and enforcement of foreign judgments.

*Comity, in the legal sense, is neither a matter of absolute obligation, on the one hand, nor of mere courtesy and good will, upon the other. But it is the recognition which one nation allows within its territory to the legislative, executive or judicial acts of another nation, having due regard both to international duty and convenience, and to the rights of its own citizens or of other persons who are under protection of its laws.*<sup>7</sup>

#### **2 The doctrine of obligation or vested rights**

The doctrine of obligation is the theory explaining the reason underlying the recognition and enforcement of foreign judgments that “a foreign judgment creates a vested right or legal obligation that is entitled to enforcement wherever the judgment debtor or his property can be found.”<sup>8</sup>

#### **3 Judicial Finality**

The fundamental purpose of the recognition and enforcement of foreign judgments is to avoid re-litigation of the merits of disputes that have been fairly resolved abroad.<sup>9</sup> Judicial finality also included an interest in conserving judicial resources by precluding re-litigation of disputes as well as an interest in treating private litigants fairly.<sup>10</sup>

### **IV Principles Overriding the Recognition and Enforcement of Foreign Judgments**

#### **1 Public Policy**

It is widely acceptable at Common law that a court in one nation will not recognize and enforce a judgment rendered in another nation if it would violate their national public policy. However, it is difficult for the court to determine and for the foreign judgment creditor to predict whether such recognition and enforcement of a foreign judgment would violate a public policy of the requested country. The question is how the scope of public policy should be limited in accordance with the objective of recognition and enforcement of foreign judgments. The recognition and enforcement of foreign judgments should be overridden by the principle of public policy only in exceptional circumstances and foreign judgments should not be denied recognition or enforcement merely by the reason that the law applied to the case by the rendering court is different from the law of the countries where the requested court is situated. In regard to some industrial intellectual property rights, a foreign judgment concerning the issue of the patentability may be refused enforcement as contrary to basic values of the country where enforcement is sought.<sup>11</sup>

#### **2 Reciprocity**

This theory is applied as the use of retaliation to the country where recognition and enforcement will not be operated to judgments rendered by the court of the requested forum under similar circumstances. The role of reciprocity as a condition for enforcement of foreign judgments in the U.S. Supreme Court in 1895 has been criticized and most U.S. courts did not follow.<sup>12</sup>

### **V Method of Recognition and Enforcement**

#### **At Common law**

#### **1 International jurisdiction or Personal Jurisdiction**

If foreign courts assume jurisdiction over the case in accordance with its domestic rules which are deemed incompetent under the English conflict of laws, the judgment will not be recognized or enforced at common law. In general, the foreign court had jurisdiction in cases where there is a submission of the judgment debtor to the jurisdiction of the foreign court or a sufficient

territorial connection between the judgment-debtor and the country of origin.<sup>13</sup>

## **2 Final and conclusive**

At common law, only final and conclusive judgment of a foreign court can be recognized or enforced. The foreign judgment is not final and conclusive if, according to the foreign law, the judgment can be challenged by the losing party in the same court with the possibility of its being set aside.<sup>14</sup>

## **3 A judgment for a fixed sum of money**

One of the conditions for the recognition and enforcement of foreign judgments at common law is that foreign judgments which shall be recognized or enforced must be judgment for a fixed sum of money not an order for specific performance or for an injunction. In addition, foreign judgment for a tax or a fine or other penalty will not be enforced.<sup>15</sup>

## **Defenses to recognition and enforcement**

### **1 Fraud**

Foreign judgments which were obtained by fraud will not be recognized and enforced at common law.

### **2 Natural or substantial justice**

It is fundamental principles of natural justice that the defendant must have been given an opportunity of defend in the foreign proceedings otherwise a foreign judgment may be denied recognition and enforcement.

### **3 Res judicata**

At common law a foreign judgment will be not recognized or enforced if it is irreconcilable with a previous English judgment because the English judgment is res judicata.<sup>16</sup>

## **By statute**

There are statutes provided for a specific method for the courts of some countries or the courts of a Contracting State to examine a foreign judgment or a judgment given in a Contracting State to be recognized or enforced. Although there is difference in the provisions of each

statutory but mostly it copy the provisions at common law and not intended to establish a specific regimes to a problems of intellectual property related cases.

## **VI Thailand: Recognition and Enforcement by Common law or Statutes**

Thailand has neither domestic statutory provision nor bilateral or multilateral treaty or agreement with other countries regarding to the recognition and enforcement of foreign judgments. Only the English traditional rules of recognition and enforcement of foreign judgments at common law has been applied to disputes concerned.

## **VII Recognition and Enforcement of Foreign Judgments in Japan**

The recognition and enforcement of foreign judgments in Japan is purely governed by domestic law since there is none of any bilateral or multilateral treaty or international agreement between Japan and foreign countries related to recognition and enforcement of foreign judgments. The statutory principles of recognition and enforcement of foreign judgments in Japan has only been laid down in the Code of Civil Procedure and the Civil Execution Act. However, Japanese courts have played an important role in providing meaning or scope of application of undefined statutory provision in Japanese law.

The requirements for recognition of foreign judgments under Article 118 of the Code of Civil Procedure are as follows:

1. A foreign judgment must be final and binding judgment;
2. The foreign court would have jurisdiction pursuant to the law or treaties (Japanese law);
3. The unsuccessful defendant received service of a summons or order as required for the commencement of the proceedings (except by publication in a bulletin board at the court or similar methods) or appeared in the action without receiving such service (Principle of natural justice);
4. The contents of the judgment of foreign court proceedings are not contrary to public order or good morals in Japan (Principle of public policy);
5. Reciprocity is assured. (Principle of reciprocity)

The requirements for enforcement of foreign judgments under Article 24 of the Civil Execution Act are as follows;

1. The conditions set forth in Article 118 of the Code of Civil Procedure must be met.
2. An action for a judgment granting execution of a judgment of a foreign court without reviewing the substance of the judgment of a foreign court is needed.
3. In the judgment granting execution, it shall be declared that the execution is granted under the judgment of a foreign court.

### **International Jurisdiction over IP disputes**

In Japan, there is no specific provision for Japanese courts to justify the jurisdiction of a foreign court over intellectual property disputes. The provision of general jurisdiction of Japanese courts in the Code of Civil Procedure as a domestic law has been applied in the context of foreign court jurisdiction. However, if the foreign judgments which is sought to be recognized or enforced in Japan concerning the issue of validity or registration of intellectual property rights, the foreign courts rendered the judgment must be the court of the country where intellectual property rights are registered otherwise its judgments cannot be recognized or enforced in Japan as a lack of jurisdiction in viewpoint of Japanese law.

### **Natural Justice**

As the common law principle of recognition and enforcement that the defendant must be given the proper time and means to defend their suit in the foreign court otherwise a foreign judgment is unenforceable in other forum. Therefore, Article 118(ii) of the Code of Civil Procedure required for the recognition of the foreign judgments that “the unsuccessful defendant received service of a summons or order as required for the commencement of proceedings (except by publication in a bulletin board at the court or by similar methods), or appeared in the action without receiving such service”.

### **Public Policy**

To satisfy this requirement, the contents of foreign judgment and proceeding by which foreign

judgment was rendered must not be contrary to public order or good morals in Japan. However, there are few cases in which public policy defense has been successfully operated in Japan. The ground for non-enforcement of foreign judgments under public policy exception has been found in the situation where conflicting judgment or *res judicata* between a prior Japanese judgment and foreign judgment exist and in the case where a punitive damages ordered by foreign judgment. The latter Japanese Supreme Court stated that “the punitive damage system under the California Civil Code has a clear purpose of punishment and general prevention. Thus it is incompatible with the fundamental principles of the Japanese system of compensatory damages because the Japanese system just purports to restore the actual loss caused to a victim. In Japan, punishment of the offender and general prevention are left to criminal or administrative sanctions.”<sup>17</sup>

### **Reciprocity**

One of the most criticized principle of the recognition and enforcement of foreign judgments has been found in Japanese statutory law of civil procedure as a requirement for foreign judgments to be recognized and enforced in Japan. The word “reciprocity or mutual guarantee” has never been defined in Japanese statutory. The approach to the meaning and scope of application has only been appeared in some Japanese court precedent. It seems that Japanese courts had considered the conditional rules of recognition and enforcement of foreign judgments under foreign law whether comparable Japanese court judgments could be recognized or enforced in those countries under similar circumstances provided by their law otherwise by their judicial practices or not. Only Chinese court judgment case was found lack of reciprocity because Japanese court judgment was refused enforcement in China. Japanese courts have rarely rejected to recognize foreign judgments on the ground of lack of reciprocity under Japanese Code of Civil Procedure. Nonetheless the requirement of reciprocity in Japanese rules of recognition and enforcement of foreign judgments has been subject to various criticisms.<sup>18</sup> This requirement is inconsistent with the objective of recognition and enforcement especially in the context of intellectual property rights protection at cross-border. Although there are reasons support the reciprocity that this requirement will encourages the mutual recognition and enforcement of Japanese court

judgment in foreign forum and it is unfair to recognize or enforce foreign judgments in spite of Japanese court judgment was refused enforcement in those foreign countries under similar circumstances, the recognition and enforcement of foreign judgments should be overridden by the principle of reciprocity only in exceptional circumstances such as in situation where a foreign judgment debtor is Japanese.

## VIII Conclusion

The question of whether a foreign judgment should have any effect beyond the limits of the sovereignty of the state where the rendering court is situated was grounded on the principle of international comity. Other reason for the recognition and enforcement of foreign judgments is based on the doctrine of obligation or vested right in which a foreign judgment is entitled to enforcement wherever the judgment debtor or his property can be found.<sup>19</sup> In addition, judicial finality reflects the fundamental purpose of the recognition and enforcement of foreign judgments in avoiding re-litigation of the merits of disputes that have been fairly resolved abroad.<sup>20</sup>

Japan, even though the rules of recognition and enforcement of foreign judgments have been provided by some domestic statutory provisions without special rules for judgments related to foreign intellectual property rights and has no relevant bilateral or multilateral treaty, should be deemed as one of the countries where the latest development in this subject matter has been found in a legislative proposal regarding intellectual property rights in foreign judgments. Nevertheless, the foreign judgments are entitled to recognition and enforcement in Japan only upon the law or court precedent of the country where the judgment was obtained has provided a reciprocity or mutual guarantee with Japanese courts judgment. The requirement of reciprocity has been subject to many criticisms as one of the fundamental purpose of recognition and enforcement is to avoid an endless of litigation. Concerning of sovereignty and national interests is in some occasion necessary, however, the revision of private international law on the recognition and enforcement of foreign judgments should refer to the initial principle of international comity and the vested right which “rest on the notion that standards governing the recognition and enforcement of foreign judgments should reflect the interest in fostering stability and unity in an international order in which many aspects of

life are not confined to any single jurisdiction.”<sup>21</sup>

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<sup>1</sup> WD Park & SJH Cromie, *International Commercial Litigation* (Butterworths 1990) 460.

<sup>2</sup> Born & Westin, *International Civil Litigation in United States Courts*, (2<sup>nd</sup> edn, Kluwer Law and Taxation Publishers 1992) citing Restatement (Second) Conflict of Laws, Chap. 5, Topic 2, Introductory Note & §§99-102 (1969); Restatement (Third) Foreign Relations Law of The United States §481, comments a & b (1987).

<sup>3</sup> CMV Clarkson & Jonathan Hill, *Jeffery on the Conflict of Laws* (Butterworths, 1997) 143.

<sup>4</sup> J.G. Collier, *Conflict of Laws* (3<sup>rd</sup> edn, Cambridge) 109.

<sup>5</sup> Clarkson & Hill (n 3) 143

<sup>6</sup> Collier (n 5) 109.

<sup>7</sup> *Hilton v. Guyot*, 159 U.S. 113 (1895) 163-164.

<sup>8</sup> Born & Westin (n 2) 745.

<sup>9</sup> Born & Westin (n 2) 754.

<sup>10</sup> Born & Westin (n 2) 746.

<sup>11</sup> Pedro A. DE MIGUEL ASENSIO, ‘Recognition and Enforcement of Judgments in Intellectual Property Litigation: The CLIP Principles’ in Basedow, Kono and Metzger (eds), *Intellectual Property in the Global Arena* (Mohr Siebeck 2010) 282 citing D. Moura Vicente, “La propriete intellectuelle en droit international prive”, *R.des C.*, 335(2008) 422.

<sup>12</sup> Born & Westin (n 2) 763.

<sup>13</sup> Clarkson & Hill (n 1) 147.

<sup>14</sup> *ibid* 158 citing *Nouvion v Freeman* (1889) 15 App Cas 1.

<sup>15</sup> Clarkson & Hill (n 1) 159.

<sup>16</sup> Collier (n 5) 123.

<sup>17</sup> Supreme Court, Judgment, July 11, 1997, Minshu Vol.51, No.6, p.2573

<sup>18</sup> See Prof. Toshiyuki Kono, Prof. Nozomi Tada, Dr. Miho Shin, ‘Recognition and Enforcement of Foreign Judgments Relating to IP Rights and Unfair Competition: The Transparency Proposal’ in Jürgen Basedow, Toshiyuki Kono & Axel Metzger (eds), *Intellectual Property in the Global Arena: Jurisdiction, Applicable Law, and the Recognition of Judgments in Europe, Japan and the US* (Mohr Siebeck 2010)

<sup>19</sup> Born & Westin (n 2) 745.

<sup>20</sup> Born & Westin (n 2) 754.

<sup>21</sup> Born & Westin (n 2) 745.