9 The Positive Impact of Intellectual Property Harmonization on Diversity of National Regulations of International Private Law(*)

Invited Researcher: Petr KOSIK(**)

Intellectual property is a legal area, which is regulated by a number international treaties. One of most important international treaties is TRIPS. According to this treaty each member shall award the nationals of other member states treatment which is no less favorable than the treatment offered to its own nationals.

Currently, patent infringements with certain international aspects are rapidly increasing. Cases, dubbed "patent wars" are becoming more and more common all around the world. The law governing these disputes is usually either elected by the parties or determined in compliance with the EU Regulations known as Rome I and Rome II.

The aim of this research is to compare patent cases with international aspects in Japan, EPO countries and the European Union (with the focus what is possible direct to preparing Unitary Patent Court). The research will focus on the analysis of law enforcement with an international aspect. The choice of law rules which may have an important impact on the result of IP cases with international aspects will be analyzed. Also the most frequently cited Japanese IP cases will be analyzed. One part of the research will focus on the issue of exhaustion of rights with international element in Japan and compare this issue with cases and theory in the European Union. This research should point out that the harmonization of intellectual property law will have a positive impact on the diversity of national private international law regulations to Hague Conference Project for a Global Convention on Jurisdiction, Recognition and Enforcement in Civil and Commercial Matters – An update including specific proposals for new legislation.

Ⅰ Introduction

The first step dels with the national and international historical background of the issue of intellectual property. The historical roots of intellectual property can be traced back to ancient Greece in 500 BC. "Modern intellectual property" was however adopted in 1474 in the Republic of Venice and continued through the United Kingdom "Statute of Monopolies" (1623), the Industrial Revolution, and the French patent system of 1791 (revised in 1844). The development of intellectual property in the national field followed development in the international field. That development relates to private international law. International treaties were adopted with respect to the principle of territoriality. Signing states are obligated to impose the principles contained in these treaties in their own legal culture. This research looked at the national regulations in Japan, China and Korea in Asia, and in the European Union and selected states of the European Union in particular. In the next step this research focused on three issues relating to intellectual property and with an influence on private international law. These groups are 1) jurisdiction 2) the doctrine of equivalence and 3) the exhaustion of rights.

Ⅱ The relationship between intellectual property law and international private law

The definition of intellectual property is one of the first points. Intellectual property is a big area which consists of copyright and industrial property. Both of these groups include subgroups. For example copyright includes literary works, performances, phonograms, broadcasts and usually (with exceptions) computer programs. Copyright law traditionally protected cultural property. Computer programs have been included since 1985 (as a part of technical inventions). On the other side in the USA and Japan it is possible to protect software by patent. In Europe a similar approach is only possible under certain circumstances (software as part of an invention implemented by a computer). Industrial property includes inventions, industrial designs, trademarks and in the business field protection against unfair competition (including brands and trade secrets). It is necessary to define the areas

(*) This is a summary of the report published under the Industrial Property Research Promotion Project FY2013 entrusted by the Japan Patent Office.

(**) Judge, District Court in Usit nad Labem, Czech Republic

which are the point of interest of this research. For that definition the TRIPS Agreement, Paris Convention and Convention Establishing the World Intellectual Property Organization is used.

Private international law is based on the principle of territoriality. The reason behind this principle is the fact that every state has its own private international law. This kind of law is unified by international treaties (the best known are the Hague Conventions about private international law). Some "supranational" regulations also exist in the field of private international law (and intellectual property law as well). That "supranational" regulation is in the European Union. Those regulations are known as Brussels I, Brussels II (this regulation regulates family law and for this reason is not a matter of interest of this research), Rome I and Rome II. Private international law regulates the jurisdictions which will be use in the concrete cause and the kind of law which will be use as well. Part of the focus of this research is on the question of exclusive jurisdiction.

Ⅲ International treaties relating to intellectual property rights and international treaties relating to private international law – a comparison

International treaties are divided into the two basic areas. Those treaties are bilateral and multilateral. Multilateral international treaties can be further divided into those that are open to new members and those that are closed. Another distinction between multilateral treaties is regional (like EPC, ARIPO, OAPI and others) and global (like TRIPS, PCT and the WIPO establishing convention). WIPO divides international treaties into three groups. These groups are IP Protection where basic standards are regulated (e.g. Paris Convention, Bern Convention, Madrid Agreement and others), Global Protection Systems regulating international registration or filing (e.g. Budapest Treaty; Hague Agreement; Lisbon Agreement; Madrid Agreement (Marks); Madrid Protocol and PCT) and Classification treaties creating classification systems (e.g. Locarno Agreement; Nice Agreement; Strasbourg Agreement and Vienna Agreement)[1].

Regional intellectual property treaties are important. One of the leading regional international intellectual property organizations established by the European Patent Convention is the EPO (European Patent Organization). This organization deals with patents throughout Europe, and the force of this organization is in its membership of the major states like Germany, the United Kingdom, France, Spain and Italy. Furthermore Germany and the United Kingdom are one of the world leaders in the intellectual property field.

Out of the international treaties the most important is the Paris Convention for the Protection of Industrial Property from 1883, the Convention Establishing the World Intellectual Property Organization from 1967, the Patent Cooperation Treaty (PCT) from 1984, the Agreement on Trade Related Aspect of Intellectual Property Rights (TRIPS Agreement) from 1994, and the European Patent Convention.

The term industrial property is defined in the Paris Convention and the minimum which states must follow and implement in their domestic laws is established by this treaty. The principle of territoriality forms the basis of this treaty. The establishment of WIPO is important as well. It is a truly global organization in intellectual property, very closely connected with the PCT. The PCT is managed by WIPO and that treaty is about the "easiest way" to get patents around the world. That patents aren't one patent for the all Word. According EPC the EPO doesn't grant one patent for the all Europe (or member states of the EPO) as well. Unified European Patent is coming (with exceptions).

Ⅳ Japanese national treatment and Czech national treatment – a comparison

Japan has a special act about intellectual property, the *Chiteki Zaisan Kihon Hō* Act No. 122 of 2002 (Intellectual Property Basic Act) which sets out the strategic programme of the Japanese government with regard to intellectual property and the establishment of Intellectual Property Strategy Headquarters. Japan has a number of legal regulations in this field, such as, the *Tokkyo Hō*, Act No. 121 of 1959 (Patent Act), *Jitsuyō Shinan Hō*, Act No. 123 of 1959 (Utility Model Act); *Ishō Hō*, Act No. 125 of 1959 (Design Act); *Shōhyō Hō*, Act No. 127 of 1959 (Trade Mark Act); and *Fusei Kyōso Bōshi Hō* Act No. 47 of 1993 (Unfair Competition Act). Copyrights are generally contained in *Chosaku ken Hō* Act No. 48 of 1970 (Copyright Act). Litigation related to the enforcement of intellectual property is regulated by *Minji Soshō Hō* Act No. 109 of 1996 (Code of

Civil Procedure). Choice of law is regulated by *Hōno Tekiyō ni Tsūsoku Hō* (the Act on the General Rules of the Application of Laws) from 2006. In the Czech Republic the basis for intellectual property is in the fundamental law – the Constitution, especially the part of the Constitution called the Charter of Fundamental Rights and Freedoms. The international aspect of intellectual property is regulated in art. 80 as a special provision of Act No. 91/2012 Coll., International Private Law. Procedures before the Czech Industrial Office are regulated by Act No. 500/2004 Coll.; Administrative Procedure Code. Procedures before Administrative Courts in special administrative processes (see chapter 6 of this research paper for further details) are regulated by Act No. 150/2002 Coll.; Code of Administrative Justice. Act No. 527/1990 Coll.; on Inventions and Rationalization Proposals (this law is like the patent acts of other states) which is a special law about intellectual property. Other basic laws relating to intellectual property are: Act No. 121/2000 Coll., on Copyright and Rights Related to Copyright and on Amendment of Certain Acts (the Copyright Act)[2], as well as laws about industrial property as a part of intellectual property. These are Act No. 441/2003 Coll., on Trademarks; Act No. 478/1992 Coll., on Utility Models; and Act No. 207/2000 Coll., on the Protection of Industrial Design and many others. Business and civil law are also related to intellectual property. Both fields of law have been regulated by the new civil code, Act No. 89/2012 Coll., Civil Code, since 1 January 2014. The new civil code also regulates law which is connected with intellectual property, such as trade secrets and competition.

Clearly Japan and the Czech Republic have intellectual property and industrial property regulated by numerous different laws and each of them comes from a different historical and philosophical background.

V Comparison of the European Union and EPO with states with enhanced cooperation in Asia (Japan, China and South Korea)

Private International Law

Private international law in Northeast Asia is according to the principle of territoriality divided into national treatment in separate countries. On the other side in this region Japan, Korea and China have relatively new systems of private international law. Japanese private international law is from 2006. Korean private international law is from 2001 and China adopt private international law in 2011. In the European Union private international law is regulated by the Brussels I Regulation (2000); regarding jurisdiction and the recognition and enforcement of judgments in civil and commercial matters. There are special articles about intellectual property in this Regulation (art. 22 para 4, 27 and 28). Applicable law is regulated in the Rome I Regulation (2007) – law applicable to contractual obligations and in Rome II Regulation – law applicable in non-contractual obligations. In the Rome I Regulation intellectual property is regulated generally and does not have a special chapter. Intellectual property is not excluded from that regulation however and there are no limitations regarding choice of law. Applicable law in contractual obligations is regularly based on the freedom of choice of law - for contracts. The Rome II Regulation about non-contractual obligations has a special provision about the infringement of intellectual property rights in art. 8[3]. This article, which determines that remedies in intellectual property cases are governed by the law of the country for which protection is sought or the law of the country where the infringement occurred. Article 8 para. 3 excludes freedom of choice of law in the field of intellectual property.

Intellectual Property

Intellectual property in China is regulated by separate laws such as the PRC4, Trademark Law (adopted 1982) with later revisions and implementing rules; PRC, Patent Law (adopted 1984) with later revisions and implementing rules; PRC, Copyright Law (adopted 1990) with later revisions and implementing rules; and PRC, Anti-Unfair Competition Law (adopted 1993). National treatment in Korea is currently regulated by the Patent Act (adopted 2011); the Utility Model Act (adopted 2011); the Trade Mark Act (adopted 2011); the Design Protection Act (adopted 2011); the Copyright Act (adopted 2011); and the Unfair Competition Prevention and Trade Secret Protection Act (adopted 2011). Intellectual property in the European Union is regulated by Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights. Intellectual property protection is also covered in other regulations in the European Union. These are Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark; Council Regulation (EC)

No 6/2002 of 12 December 2001 on Community designs; Directive 96/9/EC of the European Parliament and of the Council of 11 March 1996 on the legal protection of databases; Council Directive of 14 May 1991 on the protection of computer programs and Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs. Directives are the minimum with which Member States have to comply. In the European Union every State regulates intellectual property by its own laws and regulations. Council Regulations are directly applicable as national law. The latest developments in the European Union seek a unified patent system and a Unified Patent Court in the European Union (or more precisely for States with enhanced cooperation within the European Union). That cooperation is regulated by Council Decision No. 2011/167/EU of 10 March 2011 authorizing enhanced cooperation in the area of the creation of unitary patent protection and by Regulation (EU) No 1257/2012 of the European Parliament and of the Council of 17 December 2012 implementing enhanced cooperation in the area of the creation of unitary patent protection. The constitution of the Unified Patent Court is based on the International Agreement on a Unified Patent Court. This Agreement has been signed by the States which are able to cooperate and is now in the process of entering into force. Preparations are currently being made to establish this Unified Patent Court[5].

Ⅵ Disputes arising from intellectual property law and international private law maintained before the Japanese Patent Office (compared with the Czech Republic and selected EU countries, selected decisions)

There are two basic forums before which disputes in patent matters can be resolved. The first is proceedings before the patent authority and the second is trials before the courts. Proceedings before the patent authority are usual only for *applications* (typically patents or trademarks) or disputes concerning *validity*. Trials before court are usual for intellectual property disputes regarding *infringement*. In the Czech Republic proceedings before the patent authority are an administrative process. This administrative process includes appeal against the first instance decision. It is possible to make a special administrative appeal to the Municipal Court in Prague against a second instance decision. It is then possible to make a cassation complaint against the decision of the Municipal Court in Prague. The Supreme Administrative Court decides about such cassation complaints. This is the administrative line. Trials regarding compulsory licences are also included in the administrative line but are not the focus of this study. Patent infringement on the other hand is decided through the civil law line. These cases are decided by a special court, one chamber of the Municipal Court in Prague. Appeals against the decisions of that court go to the High Court in Prague. That court as the court of appeal also has a special chamber. It is then possible to have recourse to the Czech Supreme Court against a High Court decision. There is no special chamber for intellectual property in this court. In Germany such litigation is typically an administrative process before the Patent Authority similar to the Czech Republic. There are two basic paths. Administrative procedure before the German Patent and Trade Mark Office and civil procedure. As in Europe, Japan also has a two-path system. One path is a procedure before the Japan Patent Office (JPO) and the other a procedure before the civil courts. "In Japan, the Patent Office had exclusive jurisdiction regarding determinations of validity of a patent until the laws were amended in 2004 in view of the Supreme Court's decision in the *Kilby* decision[6]. Now the courts can decide on an issue of validity of subject patent in an infringement case[7], although such a judgment binds only the parties in the infringement case.[8]"

Selected disputes (doctrine of equivalence)

Disputes about the validity of patents and disputes about patent infringement are common in patent systems. Many problems (problematic cases), examples of disputes, have been based on the doctrine of equivalence. The doctrine of equivalence demonstrates the diversity of legal opinions in different countries. This doctrine of equivalence is very closely related to the principle of territoriality as one of the fundamental principles of international private law, which results in different states having different solutions to the same questions. The problem of the doctrine of equivalence is in that: ***"There is no harmonization and there are no similar opinions"*** which could be fatal for the patent owner or applicant. For the patent applicant there are only two ways the patent authority or court could decide: **"INVENTION IS PATENTABLE**

/ INVENTION IS NOT PATENTABLE", or "THIS SOLUTION IS PATENT INFRINGEMENT / THIS SOLUTION IS NOT PATENT INFRINGEMENT". The doctrine of equivalence demonstrates the diversity of legal opinions. The Epilady case in Europe and the Ball Spin decision in Japan can be used as examples. The Epilady case was decided in Germany, the Netherlands, Italy, Belgium, the United Kingdom, Austria and France. This case illustrates the different scopes of protection and claim interpretation. The main questions in that case was the possibility of replacing a substantial part of an invention. For that replacement a technically skilled person was not necessary as the task was too simple. In Japan the question of the doctrine of equivalence is dealt with in the decision of the Supreme Court of Japan on 24 February 1998, case no. 1994 (O) 1083 known as the *Spin Ball case*. According to the Spin Ball case Japan's approach to patent claim interpretation is very strict. According to Art. 69 EPC it is possible to use very limited patent claim interpretation, while on the other hand according to the Supreme Court in Japan in the Spin Ball decision it is not possible at all. The Epilady case was about the replacement of certain material by other material. Is this solution patentable? If it is not patentable, is it patent infringement? For demonstration purposes the decision of the US Supreme Court in the Hotchkiss v. Greenwood (1850)[9] case can be cited. This case held that it is not an invention if is a change of material only (changing of a wood door handle to porcelain). A skilled person is able to make that change without any special activity, which is necessary for the invention process. In Germany, the subject is not capable of patent protection unless it is not possible to be created by a professional without exercising inventive activity. Only a skilled performance deserves a reward in the form of patent protection. From the Spin Ball decision it is possible to deduce a different approach in Japan. That decision is about similar technical solutions, specifically ball bearings placed in a robotic arm. According to that decision it was possible to use similar solutions and it was up to the applicant to decide which solution to patent. If a third party could easily replace part of the patent the patent holder should have foreseen this and worded the patent very carefully. The opinion of the IP High Court in this case was different than the Supreme Court in Tokyo. But in light of this case an applicant from abroad must expect a different approach in Japan than in several countries in Europe.

Ⅶ Lawsuits arising from intellectual property law and international private law before the Japanese courts (compared with the status in the Czech Republic and selected EU countries, selected decisions)

Validity and infringement of intellectual property trials.

The validity of intellectual property is closely connected with the registration principle, which is in turn linked to **exclusive jurisdiction.** The jurisdiction of the state where the right is registered applies to registration cases or registration validity cases relating to intellectual property law and private international law (or European private international law) (Art. 22 para 4). Nationality (or domicile / country of registration) in cases based on the registration principle is not relevant (Art. 22 Brussels I Regulation introduction). The registration principle (and territoriality) is closely connected to copyright according to UK law and US law as illustrated in Lucasfilm v. Ainsworth. The question of territoriality relating to jurisdiction was also dealt with in two famous decisions of the European Court of Justice, namely decisions of the ECJ C-81/87 (Daily Mail case) and C-366/10 (IATA case). Another example from the industrial property field is ECJ C-4/03 GAT v. LuK. That case is a well-known decision about **jurisdiction** based on the **registration principle** in the European Union. **Infringement of intellectual property** was decided in Japan in the Card Reader case, number 2000 (Ju) no.580. This decision is criticized in Japan by academic authors.

Japan has a little different point of departure to the European approach. In Japan according to the Card Reader case it is against public order to use (from Japan point of view) inappropriate foreign law. In this case it was the law of the registration country that applied. Probably that approach is because Japan is an island country with no direct land neighbours. For Europeans it is hard to understand the Card Reader decision. Why is it against the public order to use foreign patent law especially when the damage was incurred according to the law of the registration country? In Europe only in international private cases is not possible to use foreign law.

Ⅷ Lawsuits about the exhaustion of rights (compared with the status in the Czech Republic and selected EU countries, selected decisions)

Intellectual property rights (registered as well as unregistered) usually give the creator exclusive rights over the use of his creation for a certain time. Along with the owner's right to use his product comes the right to transfer the intellectual property. Once the right is disposed of it is "exhausted". Exhaustion of rights is divided into **national exhaustion** (which means only goods placed on the market *in the territory of that member* with the consent of the rights holder can be sold) or **international exhaustion** (which means goods placed on the market *anywhere in the world* with the consent of the rights holder can be sold). The latter case gives rise to so-called "parallel importation"[10]. **Regional exhaustion** also exists, such as the present Community exhaustion in the European Union. This exhaustion is connected to the TRIPS agreement, Article 4d in particular, and this is one of exemptions from Most-Favoured-Nation Treatment. The other exemptions are in Article 4a-c. In Japan the question of national exhaustion was decided in BBS KRAFTFAHRZEUGTECHNIK AG V RACIMEX JAPAN KK; JAP AUTO PRODUCTS KK (Case No. H-7 (O) 1988, dated 1 July 1997). The website of the University of Melbourne, Melbourne school of law labelled this decision as a little controversial[11]. According to this case patent rights in Japan are exhausted when the patentee or a person equivalent thereto assigns a patented product to a third party outside Japan [12]. Regional exhaustion – Community exhaustion was decided by the European Court of Justice in Case 15/74 Centrafarm v. Sterling Drug. In this case the court decided that if goods protected by patent are sold in one Member State, patent protection is exhausted in the other states as well. In Case C-178/80 Merck v. Stephar the ECJ held that it is the producer's responsibility if he places his product in a country where he has no patent protection. When he placed the goods on this market the patent right was exhausted and it is not possible to require the same protection as in the first market. Another case dealing with the exhaustion of rights was case C-19/84 Pharmon v. Hoechst which is complicated by a compulsory licence. For this reason the court found that it was necessary to give the patent owner the possibility to protect its product in another market (where a patent was also granted).

Ⅸ Assessing the current state of intellectual property law and private international law in the field of litigation on intellectual poperty rights

In patent litigation the first question that needs to be solved is the issue of jurisdiction. The next question is applicable law.

In the area of jurisdiction (*lex fori*) it is important to determine whether the case will be governed by general or exclusive jurisdiction. Domicile or habitual residence is important in the case of general jurisdiction. On the other hand the registration principle is connected to exclusive jurisdiction. The registration principle is based on the principle of territoriality, because national administrations grant registration of intellectual property, as this is a decision of the national administration authority. This principle is regulated *expressis verbis* in the European Union regulation known as the Brussels I Regulation (Council Regulation (EC) No. 44/2001). Art. 22 para 4 expressly mentions exclusive jurisdiction with respect to intellectual property. The Brussels regulation is very similar to Article 74 EPC. Exclusive jurisdiction applies in cases where the rights are registered. This means that a foreign decision would be an interference with the delegated authority of a sovereign state. The word interference here means an administrative decision about protection of any kind of intellectual property. In Japan in the past the question of jurisdiction was solved by decisions which were a little controversial from a European point of view. A prime example was the *Malaysia Airlines case*[13], which was later modified by *the Family Inc Ltd v. Shin Miyahara*[14]. These opinions were further modified by the Civil Procedure Code of 2002.

The current situation concerning lawsuits in the field of international intellectual property is really complicated. Japan has a different approach to European counties, and intellectual property owners must take into account that there are very significant differences. International intellectual property policies are incorporated differently in different states. It is impossible to say which approach is correct and which is incorrect. Every legal system is based on the history, philosophy and sociology of that particular country and the history and philosophy and sociology (social structure) of every state is different. Some

institutions are regulated by international treaties while other are not. At this point it may benefit to touch on how the Hague Conventions regulate general, specific and exclusive jurisdiction in intellectual property cases. The unification of these principles relating to jurisdiction is often criticised as a waiver of sovereignty. On the other side it is about negotiation between states about how this specific legal institute will be regulated. If every state makes concessions the result might be acceptable for all. If "the major players" in the field of intellectual property come to a conclusion, it will be good for the applicants and intellectual property owners of many countries. Japan and the European Union are two of these major players.

X Assessing the current state of intellectual property law and private international law in the field of litigation on the exhaustion of rights

The exhaustion of rights and parallel imports has a huge influence on business and inventions with regard to international relations. Here the principle of territoriality will apply as well as in other intellectual property cases with an international element. In the BBS case the Japanese court interpreted the principle of territoriality according to Article 4bis para. 1 and 2 of the Paris Convention as follows: The principle of territoriality with regard to patents means that patent rights in each country are subject to domestic legal provisions insofar as establishment, transfer, and validity are concerned. This means that patent rights only have effect within the geographical limits of such country [15]. The above can be derived from interpretation of the Paris Convention. Only one international treaty has any sentence *"expressis verbis"* concerning the exhaustion of rights. This is in article 6 of the TRIPS agreement[16]. This article is connected to the principle of National Treatment and Most-Favoured-Nation Treatment. There is a unique situation in the European Union, because of the united European market, where there are four basic freedoms which are the basic pillars of this united market. These pillars are the free movement of goods[17], free movement of citizens (legal and natural persons) [18], free movement of services[19] and free movement of capital[20]. Community exhaustion is *sui generis international exhaustion*. There could be a conflict between community exhaustion and international exhaustion. Art. 4 of the TRIPS Agreement (Most-Favoured-Nation Treatment) and the exemptions in this article, especially the exception in para. d) address this problem. The European Union and the united market of the European Union were established before the conclusion of the TRIPS Agreement.

The Japanese approach may open the door to parallel imports. Here it is necessary for producers to be extremely careful when selling any patent protected goods. The solution might be to include provisions in agreements stipulating that exports to other countries are not allowed. Only a famous (and possibly slightly controversial) decision from Japan and a few famous decisions from the European Union have been shown here. In these examples it is possible to see the different opinions in different countries.

XI Recommendation regarding the current situation

The decisions in similar cases in the field of intellectual property are often too different. It is first necessary to resolve the question of jurisdiction. It is problematic for a foreign country to accept the decision of another state (if it is about the validity of registered intellectual property). There is no big issue regarding the validity of court decisions between the parties only. However the cross-border enforcement of those decisions could be problematic. There are some applicable international principles which are to some extent sufficient for the current situation, however, it would be good if there were a special international treaty regulating jurisdiction in the field of intellectual property or if the Hague project included in an international treaty about jurisdiction a part about jurisdiction in intellectual property. On the other hand according to the principle of territoriality, independent states have the authority to regulate themselves. Harmonization and independence of counties have two poles. One pole is harmonization (to have as much as possible unified). That could be something which is good for applicants and they will have certainty about decisions on their matter. The other side is the diversity of independent states with their own historical, social, and philosophical background. This is something which should be taken into account.

In case of the doctrine of equivalence and the exhaustion of rights, there is no international regulation. In the case of the doctrine of equivalence it could be a problem, because this doctrine is not regulated expressis verbis in

inter-state regulations. This is an academic topic with an overlap in practice (and with significant impact on participants). The exhaustion of rights is a topic which could be regulated easily by international treaties. National states have regulations about the exhaustion of rights and it could be fruitful for international business if this issue were unified. This unification could have an economic impact on international business. The unification of the topic of exhaustion of rights could by one of the most important steps in the harmonization of intellectual property in the field of private international law.

[1] http://www.wipo.int/treaties/en/ (accessed 24 January 2014)

[2] http://www.wipo.int/wipolex/en/details.jsp?id=962 (accessed 16 January 2014)

[3] Rome II Regulation Art. 8 (1) The law applicable to a non-contractual obligation arising from an infringement of an intellectual property right shall be the law of the country for which protection is claimed. (2) In the case of a non-contractual obligation arising from an infringement of a unitary Community intellectual property right, the law applicable shall, for any question that is not governed by the relevant Community instrument, be the law of the country in which the act of infringement was committed. (3) The law applicable under this Article may not be derogated from by an agreement pursuant to Article 14.

[4] PRC – People's Republic of China

[5] http://www.unified-patent-court.org/ (accessed 22 January 2014)

[6] *Texas Instruments v. Fujitsu Ltd.,* judgment rendered on 11 April 2000, Supreme Court, Hei10 (o) 364, Minshu Vol 54, No. 4, p. 1368. The decision held that a patent cannot be enforced under the theory of "abuse of rights" if a clear ground for invalidity is found, even though the patent had not yet been invalidated by the Japan Patent Office (see para 3:37, "Historical Background and the Kilby Decision").

[7] Patent Act, Act No.121 of. 1959, art 104ter (Japan)

[8] Abe, Ikubo & Katayama; Japanese patent litigation, second edition; West and Thomson Reuters business, London 2012, pg. 132

[9] U.S. Supreme Court, Hootchkiss v. Greenwood – 52 U.S. 11 How. 248 (1850) http://supreme.justia.com/cases/federal/us/52/248/ (accessed 15 January 2014).

[10] Daniel Gervais; The TRIPS Agreement, draft history and analysis, third edition; Thomson Reuters (Legal) Limited, London 2008, pg. 198

[11] http://www.law.unimelb.edu.au/files/dmfile/download8eb71.pdf (accessed 9 December 2013).

[12] Kaoru Kuroda and Eiji Katayama, Efforts to establish clear standards for exhaustion in Japan, 7 Wash.J.L. Tech. & Arts pg. 518, http://digital.law.washington.edu/dspace-law/handle/1773.1/1133 (accessed 9 December 2013)

[13] Malaysia Airline System Berhad, 35 MINSHU 7-1224 (Sup Ct, 16 October 1981)

[14] Family Inc Ltd v. Shin Miyahara, 51 MINSHU 4055 (Sup Ct, 11 November 1997)

[15] Thomas Hays, Case Note BBS Kraftfahrzeugtechnik AG v. Racimex Japan KK; JAP Auto Products KK, Japan opens the door to parallel imports of patented goods; pg.5, http://www.law.unimelb.edu.au/files/dmfile/download8eb71.pdf (accessed 9 December 2013)

[16] For the purposes of dispute settlement under this Agreement, subject to the provisions of Articles 3 and 4 nothing in this Agreement shall be used to address the issue of the exhaustion of intellectual property rights.

[17] Art. 28 TFEU

[18] Art. 45 TFEU

[19] Art. 56 TFEU

[20] Art. 63 TFEU