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# PREAMBLE

[to be drafted]

## GENERAL PROVISIONS

1. **Scope of the Guidelines**

   (1) These Guidelines apply to civil and commercial matters involving intellectual property rights which are connected to more than one country.

   (2) These Guidelines may be applied mutatis mutandis to claims based on unfair competition, if the matter arises from the same set of facts as relating allegations involving intellectual property rights, and on the protection of undisclosed information.

   See as model provisions:
   - Art 1 Hague 2001 Draft
   - S 102 ALI
   - Preamble, and Art 1:101 CLIP
   - Art 001 Transparency
   - Art 101 Joint Korean-Japanese
2. Definitions

“Intellectual property right” means copyright and related rights, patent, utility model, plant breeder’s right, industrial design, layout-design (topography) of integrated circuits, trademark, geographical indication and similar rights.1

See as model provisions:
- Art 23 of the 2001 Hague Draft
- S 101 ALI
- Art 102 Joint Korean-Japanese

JURISDICTION

3. Defendant’s Forum

Unless otherwise provided for in these Guidelines, the defendant should be subject to jurisdiction to the courts of the State in which he or she is habitually resident. The courts’ jurisdiction shall be territorially unlimited.

See as model provisions:
- Arts 3, 9 Hague 2001 Draft
- S 201 ALI
- Arts 2:101, 2:207 and 2:601 CLIP
- Arts 101, 102 and 106 Transparency
- Art 201, 202 Joint Korean-Japanese

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1 Privacy and personality rights are deal with by another ILA Committee. Traditional knowledge and GR to be discussed later.
Alternative Fora

4. Contracts

In disputes concerning intellectual property license or transfer contracts, a person may be sued in the courts of the State for which the license is granted or the right is transferred; the courts' jurisdiction shall be territorially limited to the State in which the court is situated.

See as model provisions
Art 6 Hague 2001 Draft
S 205 ALI
Art 2:201 CLIP
Art 104 Transparency
Art 204 Joint Korean-Japanese

5. Infringements

In case of an alleged infringement a person may be sued

(a) In the courts of the States where the alleged infringer has acted to initiate or further the alleged infringement; the courts' jurisdiction shall be territorially unlimited with regard to any damages caused by those acts; or

(b) In the courts of the States where the infringement may have caused substantial damages unless the defendant could not anticipate that the infringement would cause those damages; the courts' jurisdiction shall be territorially limited to the State in which the court is situated.

See as model provisions
Art 10 Hague 2001 Draft
S 204 ALI
Art 2:202, 2:203, 2:204 CLIP
Art 105 Transparency
Art 203 Joint Korean-Japanese
6. Consolidation

[Consolidation of parties]
A plaintiff bringing an action against a defendant in a court of the State in which the defendant is habitually resident may proceed in that court against other defendants not habitually resident in that State if –

(a) The dispute involves the same or substantially related intellectual property rights granted for one or more States, and

(b) The claims against the defendant habitually resident in that State and the other defendants are so closely connected that they should be adjudicated together to avoid a serious risk of inconsistent judgments, and

(c) As to each defendant not habitually resident in that State, there should be a substantial connection between the intellectual property rights at issue and the dispute involving that defendant.

See as model provisions
Art 14 of the 2001 Hague Draft
S 206 ALI
Art 2:206 CLIP Principles
Art 110 Transparency
Arts 207-208 Joint Korean-Japanese

7. Title and Ownership

The court of the state where the intellectual property right exists or for which application is pending shall have jurisdiction over matters of title to and ownership of that right.

See as model provisions
Section 211 ALI
Art 2:205 CLIP
Art 103 Transparency
Other Fora

6. Choice of Court

The parties to a particular relationship should be allowed to designate in an agreement a court to have jurisdiction over any dispute that has arisen or may arise in connection with that relationship. The chosen court shall have jurisdiction to decide all contractual and non-contractual obligations and all other claims arising from that legal relationship unless the parties express their intent to restrict the court’s jurisdiction. Such jurisdiction shall be exclusive unless the parties have agreed otherwise.

See as model provisions:
Art 4 of the 2001 Hague Draft
S 202 ALI
Art 2:301 CLIP
Art 107 Transparency
Art 205 Joint Korean-Japanese

7. Submission and Appearance

A court should have jurisdiction if the defendant appears and does not contest jurisdiction in the first defense.

See as model provisions:
Art 5 of the Hague Draft of 2001
S 203 ALI
Art 2:302 CLIP
Art 108 Transparency
Art 206 Joint Korean-Japanese

8. Validity claims and related disputes

(1) In proceedings which have as their main object the grant, registration, validity, abandonment, or revocation of a registered intellectual property right the court of the State of registration shall have exclusive jurisdiction.

(2) Any other court having jurisdiction may decide on these matters when they arise in proceedings other than those referred to in paragraph 1. However, the resulting decision shall be binding between the parties only.
9. Declaratory Actions

Subject to Guidelines 8 [validity] and 11 [coordination], a court may hear an action for a negative or a positive declaration on the same ground as a corresponding action seeking substantive relief.

10. Provisional and Protective Measures

(1) A court having jurisdiction as to the merits of [of the claim], shall have jurisdiction to order provisional and protective measures.
(2) Other courts shall have jurisdiction to order provisional and protective measures within their territory.

11. Scope of Injunctions / Jurisdiction

The scope of an injunction is limited both by the extent of the jurisdiction of the court and by the territorial reach of the intellectual property right enforced.
12. Counterclaims

A court which has jurisdiction to determine a claim under these Guidelines shall also have jurisdiction to determine a counterclaim arising out of the same set of facts on which the original claim is based.

See as model provisions
Art 15 of the 2001 Hague Draft
S 212 ALI
Art 2:209 CLIP

13. Insufficient Grounds for Jurisdiction

Insufficient grounds for exercising jurisdiction include:

a) the presence of (any) assets [, physical or intellectual property, or a claim] of the defendant in a State, except when the dispute is directly related to that asset;
b) the nationality of the plaintiff or the defendant;
c) the mere presence of the plaintiff or of the defendant in that State;
d) the mere conduct of commercial or other activities by the defendant in that State, except when the dispute is related to those activities;
e) the service of a writ upon the defendant in that State; or
f) the completion in that State of the formalities necessary to execute an agreement.

See as model provisions
Arts 18, 22 of the 2001 Hague Draft
S 207 ALI
(Art 109 Transparency)
Arts 211-212 Joint Korean-Japanese
Coordination and Cooperation

14. Lis pendens

(1) Where proceedings between the same parties on the same cause of action are brought in the courts of more than one State, any court other than the court first seized shall suspend its proceedings until such time as the jurisdiction of the court first seized is established, and thereafter it shall terminate its proceedings.

(2) A suspension may be lifted or a terminated proceeding may be restored if the proceeding in the court first seized does not proceed within a reasonable time.

(3) This guideline does not apply if:
   (a) the proceeding is within the exclusive jurisdiction of the court subsequently seized;
   (b) the proceeding is for provisional or protective measures;
   or
   (c) it is shown by the party invoking the jurisdiction of the court subsequently seized that a judgment of the court first seized would not be recognized in the State of the court subsequently seize.

See as model provisions
Art 21 Hague 2001 Draft
Ss 221-223 ALI
Arts 2:402, 2:701-2:706 CLIP
Art 201 Transparency
Art 213 Joint Korean-Japanese

15. Related Proceedings

Where related proceedings are pending in the courts of more than one state, any of the courts may take any step permitted by its own procedures that will promote the fair and efficient resolution of the related proceedings considered as a whole. The scope of this guideline includes both consolidating proceedings in one court and coordinating the conduct of proceedings in different courts.

See as model provisions
Ss 221-223 ALI
Art 2:206, 2:702-2:706 CLIP
Art 201 Transparency
Art 213 Joint Korean-Japanese
APPLICABLE LAW

General Rules

16. Existence and Scope (Lex loci protectionis)

The law applicable to determine the existence, validity, registration, duration, and scope of an intellectual property right, and all other matters concerning the right as such, is the law of the state for which protection is sought.

See as model provisions
S 301 ALI
Art 3:101-3:103 CLIP
Art 305 Transparency
Art 301, 303 Joint Korean-Japanese

17. Law Applicable to Initial Ownership

[Single law model]

(a) Initial ownership in registered rights, unregistered trademarks and unregistered designs is governed by the law of the State for which protection is sought.

(b) Initial ownership in copyrights and related rights is governed by the law of the State with the closest connection to the creation of the protected subject-matter. This is presumed to be the State in which the person who created the subject-matter was habitually resident at the time of creation. If the protected subject-matter is created by more than one party, parties may choose the law of one of the States of their habitual residence as the law governing initial ownership.

(c) The applicable law under paragraph (b) does not affect the allocation of rights which cannot be transferred or waived under the law of the State where protection is claimed. Initial ownership of those rights is governed by the law of the State for which protection is sought.
Initial ownership is governed by the law of the State for which protection is sought.

See as model provisions
Ss 311-313 ALI
Art 3:201 CLIP
Art 305 Transparency
Art 308 Joint Korean-Japanese

18. Transferability

[to be drafted after the guideline under ownership is completed]

See as model provisions
S 314 ALI
Art 3:301 CLIP
Art 305 Transparency
Art 309 Joint Korean-Japanese

Contracts

19. Freedom of Choice

Parties may choose the law governing their contractual relationship.

See as model provisions
S 302 ALI
Art 3:501 CLIP
Art 306 Transparency
Art 302 Joint Korean-Japanese

20. Absence of Choice

(1) In the absence of choice of law by the parties pursuant Guideline 1, a contract other than an employment contract shall be governed,
(a) if the contract deals with intellectual property for one State only, by the law of this State, unless it is clear from all the circumstances of the case that the contract is [manifestly] more closely connected with another State. Then the law of that other State shall apply;
(b) if the contract deals with intellectual property for more than one State, by the law of the State with which the contract is most closely connected.

(2) In determining this State, the court shall take into consideration among other possible indicators:
- the common habitual residence of the parties;
- the habitual residence of the party effecting the performance characteristic of the contract;
- the habitual residence of one of the parties when this habitual residence is located in one of the States covered by the contract.

(3) For the purpose of this provision, the habitual residence of a party shall be determined at the time of conclusion of the contract.

See as model provisions
S 315 ALI
Art 3:502 CLIP
Art 306 Transparency
Art 307 Joint Korean-Japanese

21. Employment Contracts

(1) An employer and its employee whose efforts give rise to an intellectual property right may choose the law governing their contractual relationship in accordance with Guideline 18.

Such a choice of law shall not, however, have the result of depriving the employee of the protection afforded to him by the provisions that cannot be derogated from by agreement under the law that, in the absence of choice, would have been applicable pursuant to paragraphs 2 and 3.

(2) In the absence of choice of law by the parties, the contractual relationship between employer and employee shall be governed by the law of the State in which or, failing that, from which the employee habitually carries out his work in performance of the contract.

The country where the work is habitually carried out shall not be deemed to have changed if the employee is temporarily employed in another country.
(3) Where it is clear from all the circumstances of the case that the contract is [manifestly] more closely connected with a State other than that indicated in paragraph 2, the law of that other State shall apply.

See as model provisions
Ss 311-313 ALI
Art 3:503 CLIP
Art 305-306 Transparency
Art 308(4) Joint Korean-Japanese

22. Right to Claim Ownership in Contracts

The law applicable under Guideline 19 to 21 shall also govern the right of a party to claim ownership on the intellectual property rights arising out of the subject-matter created under the contract and eventually the counterbalancing right of the other party to remuneration.

[(2) limitations of the scope of the lex contractus]

23. Formal Validity

Any contract dealing with intellectual property shall be formally valid to the extent that it satisfies the formal requirements:
(a) of the law which governs the contract pursuant Guideline 19-21 [Freedom of Choice, Absence of Choice, Employment Contracts], or
(b) of the law of the State in which either of the parties or their agents is present at the time of the conclusion of the contract, or
(c) of the law of the State in which either of the parties has its habitual residence at that time.

See as model provisions
S 302 ALI
Art 3:504 CLIP
Art 306-307 Transparency

Infringements

24. Basic Rule on Infringement
(1) The law applicable to the infringement of an intellectual property right is the law of each State for which protection is sought.
(2) The law applicable to the remedies for the infringement may be chosen by the parties.

See as model provisions
Ss 301-302 ALI
Art 3:601, 3:602, 3:605, 3:606 CLIP
Art 301, 303, 304 Transparency
Art 304-305 Joint Korean-Japanese

25. Law Applicable to Ubiquitous or Multi-state Infringements

(1) When the infringement in multiple states is pleaded in connection with the use of ubiquitous or multinational media, it may be appropriate to apply to the infringement as a whole only the law or laws of the State(s) having an especially close connection with the global infringement.

(2) Relevant factors to determine the applicable law (or laws) in these situations may be:
   - the place where the harm caused by the infringement is substantial in relation to the infringement in its entirety;
   - the parties' habitual residences or principal places of business;
   - the place where substantial activities in furthering of the infringement have been carried out.

(3) In situations where subsection (1) is applied, any party may claim that, with respect to particular States covered by the action, the solution provided by any of those States' laws differs from that obtained under the law(s) chosen to apply to the case as a whole. The court must take into account such differences when fashioning the remedy.

(4) Subsections (1) to (3) above may apply mutatis mutandis in cases of secondary or indirect infringements of intellectual property rights.

See as model provisions
Ss 301-302, 321 ALI
Art 3:603, 3:604 CLIP
Art 302 Transparency
Art 306 Joint Korean-Japanese
26. Public Policy

The application of the law determined under these Guidelines may be refused only to the extent that its effects would be manifestly contrary to the public policy of the forum.

See as model provisions
S 322 ALI
Art 2:402, 2:701-2:706 CLIP
Art 313 Joint Korean-Japanese

27. Overriding Mandatory Provisions

(1) Nothing in these Guidelines shall restrict the application of the overriding mandatory provisions of the law of the forum.
(2) When applying under these Guidelines the law of a country, the court may give effect to the overriding mandatory rules of any State with which the dispute has a close connection.

See as model provisions
S 323 ALI
Art 3:901 CLIP
Art 312 Joint Korean-Japanese

28. Renvoi

The application of the law of any State determined under these Guidelines means the application of the rules of law in force in that State other than its rules of private international law.

See as model provisions
S 324 ALI
Art 3:903 CLIP
Art 310 Joint Korean-Japanese

[Security rights]
[Consumer protection]
[Unitary rights]
29. Object of Recognition and/or Enforcement

(1) A foreign judgment may be recognized and enforced in accordance with this part of the Guidelines.

(2) For the purposes of these Guidelines, a judgment means any judgment rendered by a court or tribunal of any State, irrespective of the name given by that State to the proceedings that gave rise to the judgment or the name given to the judgment itself, such as decree, order, decision, or writ of execution. A judgment for the purposes of these Guidelines also includes court approved settlements, provisional and protective measures, and the determination of costs or expenses by an officer of the court.

(3) If a judgment is still subject to appeal in the State of the rendering court, or if the period for launching ordinary review has not expired in that State, the requested court may stay the recognition and enforcement until the appeal is decided or the period expires, or may make it a condition of the recognition and enforcement that the party seeking it provides security.

See as model provisions
Art 25 Hague 2001 Draft
S 401 ALI
Art 4:101, 4:102 CLIP
Arts 401-403 Transparency
Art 408 Joint Korean-Japanese
30. The Effect of a Foreign Judgment

(1) The effect of a foreign judgment in the State of the recognizing and/or enforcing court shall to the extent possible be the same, and under no circumstances greater, than the effect enjoyed by the foreign judgment in the State of the rendering court.

(2) A recognizing and/or enforcing court shall not review a foreign judgment as to its merits.

See as model provisions:
Art 27 Hague 2001 Draft
Ss 402-403 ALI
Art 4:201-4:204, 4:401, 4:501 CLIP
Art 403 Transparency
Art 405 Joint Korean-Japanese

31. Grounds for Non-Recognition and Non-Enforcement

(1) A court shall not recognize or enforce a foreign judgment if:

(a) such recognition or enforcement would be manifestly incompatible with the public policy of the requested State;
(b) the proceedings leading to the judgment were manifestly incompatible with fundamental principles of procedural fairness of the requested State;
(c) the judgment was rendered by default where (i) the defendant to the proceeding was not adequately and timely notified of the proceeding, or (ii) the defendant was deprived of an adequate and meaningful opportunity to present its case before the rendering court;
(d) the judgment is inconsistent with a prior judgment rendered in the requested State and having preclusive effect;

Wording A:

(e) the foreign judgment is inconsistent with another foreign judgment that was rendered earlier by a court of competent jurisdiction, where the earlier-rendered foreign judgment addresses the same parties to the same dispute and the same of cause of action, and was either recognized in the state of the recognizing and/or enforcing court, or has not yet been recognized but fulfills the conditions necessary for its
recognition in the recognizing or enforcing state, unless the party against whom recognition and/or enforcement is sought had full opportunity in the second action to argue the binding force of the earlier judgment;

Wording B:

(e) the judgment is irreconcilable with an earlier judgment given in another State between the same parties and having the same cause of action, provided that the earlier judgment fulfils the conditions necessary for its recognition in the requested State.

(f) the rendering court exercised jurisdiction in violation of the rules of jurisdiction under these Guidelines.

(2) In assessing the rendering court's jurisdiction, the recognizing and/or enforcing court is bound by the findings of fact made by the rendering court in the original proceeding.

(3) The requested court shall not review a foreign judgment as to its merits.

See as model provisions
Art 28 Hague 2001 Draft
Ss 402-403 ALI
Art 4:201-4:204, 4:401, 4:501 CLIP
Art 402 Transparency
Arts 401, 405-406 Joint Korean-Jpn
32. Partial and Limited Recognition and Adaptation

(1) If the foreign judgment contains elements which are severable, one or more of them may be separately recognised or enforced.

(2) If a foreign judgment awards non-compensatory, including exemplary or punitive, damages that are not available under the law of the requested state, recognition and enforcement may be refused if, and only to the extent that, the judgment awards damages that do not compensate a party for actual loss or harm suffered and exceed the amount of damages that could have been awarded by the courts of the requested State.

(3) If a judgment contains a measure which is not known in the law of the requested State, that measure shall, to the extent possible, be adapted to a measure known in the law of the requested State which has equivalent effects attached to it and which pursues similar aims and interest.

(4) If a foreign judgment includes a decision concerning the validity of a registered intellectual property right and the rendering court is not a court of the State of registration, the decision on the validity shall be effective only between the parties to which the foreign judgment pertains.

See as model provisions
Art 33 Hague 2001 Draft
S 411-413 ALI
Art 4:103, 4:301, 4:402 CLIP
Art 404 Transparency
Art 402-404, 407 Joint Korean-Jpn
33. Arbitrability of Intellectual Property Disputes

The arbitrability of a dispute concerning intellectual property rights is subject to the law of the arbitration (lex arbitri) and to the law of the country of protection (lex loci protectionis) to the extent that the award has to be enforced in the latter country.