

AN ALERT TO THE INTELLECTUAL PROPERTY BAR: THE HAGUE JUDGMENTS CONVENTION

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As communication technology increases at an ever-faster pace, multinational civil litigation becomes increasingly complex, especially in the intellectual property fields. Professor Rochelle Dreyfuss suggests that the current international standards for intellectual property protection in the Berne Convention, the Paris Convention, and the TRIPS Agreement are not able to tackle the problems presented. Because these agreements do not establish a uniform law, they do not prevent conflicting outcomes when litigants bring suits in multiple fora. These agreements leave unanswered questions of claim and issue preclusion as well as choice of law rules; and they do not provide for the consolidation of multiple claims.

*The proposed Hague Conference on Private International Law Convention on Jurisdiction and the Recognition of Foreign Judgments represents the international litigation community's recent efforts to develop means of streamlining multinational civil litigation and to solve some of the aforementioned problems. Although the Convention is geared toward general civil litigation, and negotiations have apparently stalled, Professor Dreyfuss suggests that it offers a significant hope for the future of multinational intellectual property litigation. Professor Dreyfuss uses the facts from the recent case of *Twentieth Century Fox v. iCraveTV*, to engage the reader in a hypothetical application of the Hague Convention, exposing the virtues and inadequacies of the proposed Convention as applied to an intellectual property case.*

Professor Dreyfuss briefly considers the larger question of whether one nation should be able to adjudicate intellectual property rights of another jurisdiction and decides that the demands of modern

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technology and law sometimes outweigh the strict territoriality approach that has heretofore governed. Then, drawing from the iCraveTV exercise, Professor Dreyfuss argues that the drafters of the Hague Convention could better address a number of issues important to intellectual property actions. Specifically, she looks at the scope of the Convention as it pertains to registered rights claims, questions regarding nonmonetary relief, and the need for the Convention to more explicitly deal with consolidating multistate litigation. Finally, Professor Dreyfuss suggests that the current draft of the Hague Convention does not sufficiently address the special jurisdictional problems that arise in connection with intangible property rights.

I. INTRODUCTION

One of the challenges of the new century lies in developing ways to streamline multinational litigation. This is, of course, a general problem: a claim arises in one location, but the defendant's assets are elsewhere; a business practice creates disputes everywhere the enterprise is active; a defective product causes injuries, and damage actions are brought in all the places it was sold. In these situations, significant difficulties can be encountered by everyone concerned. Defendants may find themselves subject to suit in remote fora and plaintiffs may need to initiate several plenary actions to fully satisfy their claims. Both sides may be exposed to the risk of repetitive litigation on similar issues and to high costs. But as bad as these problems are in the general run of litigation, they can be much worse in intellectual property cases. Digitization, computerization, and the ubiquity of the Internet have altered the delicate balance between creators and users of intellectual property, forcing legal theorists and lawmakers to reconceptualize the substance of intellectual property law. These same developments also affect procedure. Improvements in dissemination technology mean that the owners and users of copyrighted works, trademarks, trade secrets, patents, and like property can find themselves prosecuting or defending actions at every situs at which these new distribution technologies are available. In some cases, disputants will experience not only high litigation costs and repetitive suits, but also conflicting or inconsistent judgments—judgments that expose them to irreconcilable obligations and undermine the underlying objectives of substantive law.

For example, multiple ownership of the same trademark for similar goods is feasible when markets are distinct.¹ On the Internet, however, the markets are not distinct. For practical purposes, there is only one

1. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 101 (1918) (“But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant. . . [unless the second user intended to harm the first user]” (quoting *Hanover Milling Co. v. Metcalf*, 240 U.S. 403, 415 (1915))).

(world) market because the source of a particular use is not always readily identifiable. Thus, multiple usage of marks in cyberspace is problematic because it can give rise to a likelihood of consumer confusion. Although trademark holders may try to resolve worldwide rights to marks through litigation, each of the parties claiming ownership could sue in a different place. Because of differences in substantive law, each party could win. Consumers would then likely remain confused² and the trademark holders' incentive to maintain the quality of their goods or services, diminished. Similar problems can arise in copyright litigation: usage of particular material on a website can be infringing under the law of one of the locations where the site can be accessed; the same conduct may not be actionable elsewhere. Parallel litigation would yield conflicting judgments. Unless technologies for blocking websites are developed, the law of one location could trump the information policies of the other places where the site can be viewed.³

At first blush, one might think that, as compared to other fields, the risks associated with multiple litigation of intellectual property disputes would be low. After all, instruments such as the Berne Convention, the Paris Convention, and the TRIPS Agreement set international standards for protection that are adhered to in most of the world.⁴ Such agreements do not exist in areas like torts or contracts. Unfortunately, however, these international instruments do not go far enough to offer any real solution to the multiplicity problem. These agreements impose minimum standards, not uniform law and, therefore, do not prevent conflicting outcomes. As Jane Ginsburg points out, each leaves important gaps, especially with regard to such crucial issues as the ownership of rights.⁵ Or, as Jerry Reichman argues, intellectual property agreements are designed with "wobble room"—substantial places where member states have discretion to tailor legislation to meet their own culture's intellectual needs.⁶ Because the agreements contain little by way of choice

2. *E.g.*, *Mecklermedia Corp. v. DC Congress GmbH*, 1 All E.R. 148, 160 (Ch. 1998) (reaching a different conclusion on ownership of a mark from the one reached in other countries).

3. *E.g.*, *Twentieth Century Fox Film Corp. v. iCraveTV*, No. 00-121 and 00-120, 2000 U.S. Dist. LEXIS 1013, at *1 (W.D. Pa. Jan 28, 2000); *Content Owners Fight Internet Broadcasting Companies Over Rights to TV Retransmission*, 59 Pat. Trademark & Copyright J. (BNA) 602, 602-03 (Feb. 25, 2000); Plaintiffs' Proposed Findings of Fact and Conclusions of Law with Respect to Issuance of Preliminary Injunction, *NFL v. TVRadioNow Corp.*, available at <http://pub.bna.com/ptcj/00121a.htm> (decided as *Twentieth Century Fox Film Corp.*, 2000 U.S. Dist. LEXIS 1013, at *1) (enjoining defendants' transmission of plaintiffs' copyrighted programming into the United States via an Internet site in Canada).

4. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, *as last revised*, July 24, 1972 (*amended* 1979), 828 U.N.T.S. 221. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, *as last revised*, July 14, 1967, 21 U.S.T. 1583; Agreement on Trade-Related Aspects of Intellectual Property Rights, Dec. 15, 1993, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31 (1994), 33 I.L.M. 81 (1994) [hereinafter TRIPS Agreement].

5. See Jane C. Ginsburg, *International Copyright: From a "Bundle" of National Copyright Laws to a Supranational Code?*, 47 J. COPYRIGHT SOC'Y 265, 276 (2000).

6. *E.g.*, J.H. Reichman, *From Free Riders to Fair Followers: Global Competition Under the TRIPS Agreement*, 29 N.Y.U. J. INT'L L. & POL. 11, 28 (1997); J.H. Reichman, *Universal Minimum*

of law rules, enforcement actions involving gap (or wiggle room) issues will not necessarily lead to the same result in all member states. Besides, only the TRIPS Agreement has any real capacity to force nations to execute their treaty obligations.⁷ It has not been in force long enough to impose whatever uniformity it requires.

These instruments are also not effective ways to streamline litigation. None requires member states to provide a method for consolidating claims arising out of single instances or connected series of alleged infringement. Indeed, quite the opposite: no state is under an obligation to enforce the judgments of other members. Accordingly, a party may have to sue in more than one place to fully satisfy a claim or to end unlawful conduct. A party in this position cannot even rely on a prior judgment to avoid reexamination of particular issues, for nothing in these instruments discusses either the claim or issue preclusive aspects of *res judicata*.

The general problems of multiple litigation and the absence of methods for streamlining it have not escaped the notice of the international litigation community. Indeed, since 1992, there has been a major effort to develop a Convention on Jurisdiction and the Recognition of Foreign Judgments under the auspices of the Hague Conference on Private International Law.⁸ This Convention would promulgate consensus rules on personal jurisdiction and would represent an agreement among contracting states to recognize judgments rendered on approved bases and to refuse to enforce judgments rendered on prohibited bases.⁹ By announcing jurisdictional norms and providing an important incentive to situate a case in an appropriate place, the Convention would reduce the risk that defendants will be haled before distant fora and enhance the ability of plaintiffs to be made whole in a single plenary proceeding.

The Convention could have indirect effects on other aspects of the multiplicity problem as well, leading to changes in both procedural and substantive law. For example, the concept of recognition will require the courts of contracting states to develop a common understanding of claim and issue preclusion and allow parties who confront multiple suits arising from the same facts to save resources by pleading the findings of earlier

Standards of Intellectual Property Protection Under the TRIPS Component of the WTO Agreement, 29 INT'L LAW. 345, 362 (1995).

7. See Rochelle C. Dreyfuss & Andreas F. Lowenfeld, *Two Achievements of the Uruguay Round: Putting TRIPS and Dispute Settlement Together*, 37 VA. J. INT'L L. 275, 327-33 (1997).

8. See Hague Conference on Private International Law, Preliminary Draft Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, Oct. 30, 1999, at <http://www.hcch.net/e/workprog/jdgm.html> [hereinafter Hague Convention] (on file with the *University of Illinois Law Review*). For the history of the convention, see Peter H. Pfund, *The Project of the Hague Conference on Private International Law to Prepare a Convention on Jurisdiction and the Recognition/Enforcement of Judgments in Civil and Commercial Matters*, 24 BROOK. J. INT'L L. 7 (1998); Arthur T. von Mehren, *Recognition and Enforcement of Foreign Judgments: A New Approach for the Hague Conference?*, 57 LAW & CONTEMP. PROBS. 271, 271-73 (1994).

9. See Hague Convention, *supra* note 8.

adjudications.¹⁰ Moreover, once assured that other Convention states will abide by its judgments, courts may be willing to permit the consolidation of worldwide claims.¹¹ Once claims are consolidated, the problem of inconsistency in substantive law would need to be confronted. Courts would then be forced to choose the law suitable for the case, leading ultimately to the articulation of—and international debate over—choice of law rules and principles, as well as “best law” approaches to uniquely international problems.¹²

The Hague Convention is, in sum, a significant hope for the future. Unfortunately, however, it is not much of a hope for the present. For one, negotiations over the Convention have apparently stalled.¹³ More important for the purpose of this article, the Convention was mainly worked out with general litigation matters, such as tort and contract cases, in mind, significantly less attention was given to intellectual property actions, where the intangibility of the subject matter, the territoriality of the law, and the cultural context of its application create special problems. Nonetheless, it behooves the creative community to pay attention to the proposal. Should the negotiations at the Hague get back on track, the perspectives of the copyright, patent, and trademark bars could help shape the Convention’s terms. Alternatively, the proposal can be viewed as a starting point. If its framework is too far removed from what is needed in intellectual property or if the negotiations do not resume, then a freestanding Convention on the procedural issues of importance to innovation could be negotiated under the aegis of a more specialized body, such as the World Intellectual Property Organization (WIPO).

This article begins the process of considering the personal jurisdiction appropriate for intellectual property cases and the recognition that should properly be given by one jurisdiction to the intellectual property judgments of other countries. I start by examining the working draft of the Hague Convention.¹⁴ Using a recent case, I then demonstrate its po-

10. *E.g.*, *Marrese v. Am. Acad. of Orthopaedic Surgeons*, 470 U.S. 373 (1985) (stating that state law governs “the preclusive effect of a state court judgment in subsequent federal” proceedings); *Migra v. Warren City Sch. Dist. Bd. of Educ.*, 465 U.S. 75 (1984) (requiring federal courts “to give a state court judgment the same preclusive effect” as the judgment would receive under state law); *Haring v. Prorise*, 462 U.S. 306 (1983) (rejecting contention that defendant’s guilty plea barred subsequent § 1983 claim); *Kremer v. Chem. Constr. Corp.*, 456 U.S. 461 (1982) (stating that federal courts must give preclusive effect to a state court’s affirmance of an administrative determination); *cf.* *Blonder-Tongue Lab., Inc. v. Univ. of Ill. Found.*, 402 U.S. 313 (1971) (establishing rule of nonmutual estoppel in patent cases).

11. *See generally* Stephen B. Burbank, *Jurisdictional Equilibrium, the Proposed Hague Convention and Progress in National Law*, ___ (forthcoming [cc: needs year]) (on file with author).

12. *See generally* Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. (forthcoming 2000).

13. *See generally* Linda J. Silberman & Andreas F. Lowenfeld, *A Different Challenge for the ALI: Herein of Foreign Country Judgments, an International Treaty, and an American Statute*, 75 IND. L.J. 635, 636 (2000).

14. *See* Hague Convention, *supra* note 8.

tential impact on intellectual property infringement litigation.¹⁵ I end by identifying the issues that require greater attention should the decision to go forward be made at the Hague. But, I leave to another day the question of developing a Convention directed exclusively to the matters of interest to the creative community.

II. THE HAGUE CONVENTION

The proposed Hague Convention is not the first multistate instrument to deal with the problems of personal jurisdiction, recognition of judgments, and the relationship between the two. In the United States, the net effect of the Due Process and Full Faith and Credit Clauses of the Constitution (along with the Full Faith and Credit Act)¹⁶ is that every court must give to the judgment of a state court the same effect that the judgment would have within the rendering state. However, a defect in the rendering court's personal jurisdiction is a defense to such recognition.¹⁷ In Europe, the Brussels and Lugano Conventions on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters are somewhat similar.¹⁸ They set out a series of jurisdictional bases, which the courts of the members of the European Union and the European Free Trade Association, respectively, must follow.¹⁹ No court can base its power over the litigants on a jurisdictional basis that the Convention prohibits; no court can refuse to hear a case in which jurisdiction is required.²⁰ Judgments rendered within the parameters of the Conventions are enforceable in all contracting states.²¹

The structure of the Hague Convention is based directly on the Brussels and Lugano Conventions model in that it too sets out required and prohibited bases of jurisdiction and then links the enforcing court's obligation to the adjudicatory authority of the rendering court.²² There

15. I focus on infringement because multinational license litigation can be centralized with contractual forum selection clauses. However, when these are absent, the Convention will raise many knotty problems. See Linda Silberman, *Can the Hague Judgments Product Be Saved? A Perspective from the United States*, __ (forthcoming [cc: needs year]) (on file with author).

16. See U.S. CONST. amend. V; see also *id.* amend. XIV, § 1; *id.* art. IV, § 1; 28 U.S.C. § 1738 (1948).

17. *E.g.*, *Pennoyer v. Neff*, 95 U.S. 714, 732–33 (1877).

18. See Brussels Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, Sept. 27, 1968, 1968 O.J. (L 299) 32, reprinted in 8 I.L.M. 229 (1969) (as amended by the Convention on Accession of Denmark, Ireland, and the United Kingdom, reprinted in 18 I.L.M. 21 (1979)) [hereinafter Brussels Convention]; see also European Communities–European Free Trade Association: Convention on Jurisdiction and Enforcement of Judgments in Civil and Commercial Matters, Sept. 16, 1988, 1988 O.J. (L 319) 1, reprinted in 28 I.L.M. 620 (1989) [hereinafter Lugano Convention].

19. See Brussels Convention, *supra* note 18, arts. 2–24; see also Lugano Convention, *supra* note 18, arts. 2–24.

20. See Brussels Convention, *supra* note 18, arts. 2–24; see also Lugano Convention, *supra* note 18, arts. 2–24.

21. See Brussels Convention, *supra* note 18, arts. 1–15, 31; see also Lugano Convention, *supra* note 18, arts. 1–15, 31.

22. See Hague Convention, *supra* note 8, arts. 25–26. Note that for purposes of simplification,

are, however, some important differences between the Hague and the Brussels and Lugano Conventions and also U.S. practice. Thus, in an effort to attract states to join, the Hague Convention departs from the Brussels and Lugano model of deeming as prohibited, all jurisdictional bases that are not approved. Instead, the proposed Convention creates a grey area where courts can exercise jurisdiction under their domestic laws, but judgment recognition is left to the discretion of the enforcing court.²³ Also, unlike the Brussels and Lugano Conventions and the Full Faith and Credit Clause, there is no recourse to a higher court, such as the European Court of Justice or the U.S. Supreme Court, for interpretation of the Hague Convention's provisions. Instead, the Convention is made operational only through the obligation of individual contracting states to interpret its terms in light of its international character, the need for uniformity, and the case law of other contracting states.²⁴ Furthermore, although the Hague Convention shares with the United States a principle of *forum non conveniens*, which permits courts to defer to a more appropriate tribunal,²⁵ it has nothing matching U.S. practice and the Brussels and Lugano Conventions to explicitly foster consolidation of similar claims pending before a multiplicity of fora.²⁶

For the most part, the required (and prohibited) bases of jurisdiction will be familiar to U.S. lawyers because they meet (or flunk) U.S. due process standards.²⁷ Thus, the Convention recognizes what Americans would call "general jurisdiction" (jurisdiction to hear any claim, irrespective of the claim's relationship to the forum state). General jurisdiction is available in the courts of the state that is an individual defendant's habitual residence (a concept akin to domicile), a juridical entity's place of incorporation, principal place of business, or place of central administration.²⁸ Choice of forum clauses and the defendant's

the words "enforcement" and "recognition" are used interchangeably here. They are not, however, technically the same: "recognition" means that the judgment has *res judicata* effect, but not all decisions entitled to enforcement render the underlying action *res judicata*. For example, provisional relief orders are enforceable but not *res judicata*. *See id.* arts. 13, 25(b). The converse is also true—a judgment entitled to *res judicata* effect may not always be enforceable.

23. *See id.* art. 17. Technically, the U.S. Constitution is a "single" convention in that it deals directly with recognition and enforcement but only indirectly with jurisdiction; the Brussels and Lugano Conventions are "double" conventions because they deal explicitly with both issues. The proposed Hague Convention is "mixed": it makes the exercise of jurisdiction on an approved basis a condition of enforcement under the Convention, but it does not prohibit the exercise of all nonapproved bases of jurisdiction.

24. *See id.* art. 38. There is also a proposed article, not yet accepted by the drafters, that would have the Secretary General of the Hague Conference on Private International Law convene a commission at regular intervals to review the operation of the Convention. *See id.* art. 39.

25. *See id.* art. 22; *Piper Aircraft Co. v. Reyno*, 454 U.S. 235 (1981) (setting out the factors appropriate to deciding *forum non conveniens* motions).

26. *See* 28 U.S.C. § 1404 (1994) (permitting transfers of venue); *id.* § 1407 (setting out the rules for multidistrict litigation); Brussels Convention, *supra* note 18, art. 22; Lugano Convention, *supra* note 18, art. 22.

27. For a general description of the Convention and its relationship to U.S. law, see Silberman & Lowenfeld, *supra* note 13.

28. *See* Hague Convention, *supra* note 8, art. 3.

general appearance also confer general jurisdiction.²⁹ The Convention similarly has a concept analogous to the United States's "specific jurisdiction" (jurisdiction to hear claims arising out of the defendant's activities in the forum state). A plaintiff may bring a contract action on matters relating to goods and services at the place where they were to be supplied, or where the principal obligation was to take place.³⁰ Tort actions may be brought where the act or omission causing the injury occurred or may occur.³¹ In cases other than antitrust, tort plaintiffs may also sue where the injury foreseeably arose or may occur.³² Courts may not exercise personal jurisdiction based solely on the nationality of any litigant, the presence of property, or the plaintiff's residence.³³ And, as in the United States, litigants can assert counterclaims arising from the same transaction or occurrence that gave rise to the main claim.³⁴

There are a few places where the Convention differs from U.S. practice. The Convention does not permit nonresident tort plaintiffs who are suing in the place where an injury arose or may occur to assert damage claims arising outside the forum jurisdiction.³⁵ There is not a great deal of law on this issue in the United States, but because the rationale for specific jurisdiction is that the defendant has made itself vulnerable to suits arising from its activities in the forum state, theory would lead one to believe that foreign claims cannot be asserted, irrespective of whether the plaintiff is a forum resident or not. In this sense, the Convention is broader than U.S. practice because under the Convention, resident plaintiffs can claim more. Apparently, however, the interest in efficient adjudication has led U.S. courts—even those seized only with specific jurisdiction—to be more generous in their willingness to hear all the claims that the parties wish to assert *inter se*. Because this appears to be true even when the plaintiff is a nonresident, the Convention may actually be derogating from the scope of U.S. specific jurisdiction in this context.³⁶

The Convention certainly derogates from current U.S. practice in at least two respects: it bars both "tag" and "doing business" jurisdiction—jurisdiction based on the defendant's transient presence in the forum at

29. *See id.* arts. 4, 5.

30. *See id.* art. 6.

31. *See id.* art. 10(1)(a), (3). This provision may be broader than traditional specific jurisdiction. Given the limitations on asserting nonlocal tort claims in the place where an injury arose, this provision appears to contemplate the possibility of more expansive power.

32. *See id.* art. 10(1)(b), (2), (4).

33. *See id.* art. 18(b)–(d).

34. *See id.* art. 15. U.S. practice also permits the assertion of nontransactionally related counterclaims.

35. *See id.* art. 10(4).

36. *See, for example, Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770 (1984), where a nonresident plaintiff was permitted to assert libel claims arising all over the United States in New Hampshire, even though the state only had specific jurisdiction over the defendant. It is, however, important to note that because that case concerned libel, where there are free speech interests militating in favor of sparing media defendants repetitive suits, it is not clear how far the result extends.

the time that process is served, or the defendant's systematic, continuous contacts with the forum. The U.S. Supreme Court has found both of these bases to meet due process standards.³⁷ Conversely, the Convention expands jurisdiction in two ways. Whereas U.S. law prohibits "pendent party" jurisdiction (that is, jurisdiction based on the defendant's relationship to the dispute rather than to the forum state),³⁸ the Convention allows a defendant to be joined to an action in the forum of the state where any one defendant is habitually resident, so long as there is a risk of inconsistent judgments and the dispute involving that defendant is substantially related to the state.³⁹ Similarly, courts with authority over one defendant have the power to join, as third party defendants, those against whom the original defendant has a right of contribution or indemnification under local law.⁴⁰ Again, there must be a substantial connection between the forum state and the third party dispute.⁴¹

The basic rule of the Convention is that courts must hear cases when they are seized with power over them, and they must recognize judgments predicated on authorized bases of jurisdiction. There are, however, a few ways for a contracting state to avoid the operation of these general rules. A *lis pendens* provision requires courts to suspend proceedings when the same parties are already litigating the same causes of action in a different contracting state, unless the first action is for a judgment of nonliability.⁴² And, as noted earlier, a court has discretion to suspend proceedings when it is clearly an inappropriate forum and the forum of another contracting state is "clearly more appropriate."⁴³ In addition, courts can refuse to recognize judgments based on "proceedings incompatible with . . . fundamental principles of procedure;" judgments obtained by fraud; or judgments that are "manifestly incompatible with . . . public policy."⁴⁴ And as noted, courts can refuse to recognize judgments when the rendering court was operating within a gray jurisdictional area.⁴⁵

There are particular categories of disputes, defined by their subject matter, that are subject to highly specific rules. There are special juris-

37. Compare *Burnham v. Superior Court*, 495 U.S. 604, 619 (1990) (tag jurisdiction), and *Perkins v. Benguet Consol. Mining Co.*, 342 U.S. 437, 438 (1952) (doing business jurisdiction), with Hague Convention, *supra* note 8, art. 18 (prohibiting these bases).

38. *E.g.*, *Asahi Metal Indus. Co. v. Superior Court*, 480 U.S. 102, 112 (1987) (holding that third party defendant must have minimum contacts with forum state).

39. See Hague Convention, *supra* note 8, art. 14.

40. See *id.* art. 16(1).

41. See *id.*

42. See *id.* art. 21(1).

43. *Id.* art. 22(1). The court is to take into account the "inconvenience to the parties in view of their habitual residence," "the nature and location of the evidence," applicable statutes of limitation, and "the possibility of obtaining recognition and enforcement of any decision on the merits." *Id.* art. 22(2).

44. *Id.* art. 28(c), (e) & (f).

45. See *id.* art. 17.

dictional provisions for consumer, labor, and business disputes.⁴⁶ There are categories of cases that are outside the Convention, and thus form another sort of grey area, where enforcement is at the discretion of the court where recognition is sought. These include cases raising questions of status and legal capacity of natural persons; maintenance obligations; matrimonial-type issues; wills and succession; insolvency matters; social security; arbitration; admiralty and maritime cases; as well as revenue, customs, and administrative matters.⁴⁷

Finally, there are certain classes of cases where jurisdiction is exclusively assigned to a single state. The judgments of the exclusive jurisdiction are entitled to enforcement in all contracting states, but no other court is to hear these disputes. These include cases involving trusts,⁴⁸ actions involving immovable property, the dissolution of a legal person, and the validity of entries in public registers.⁴⁹ Most important for our purposes, the Convention currently provides (with variations subject to ongoing negotiations in brackets):

In proceedings which have as their object the registration, validity, [or] nullity[, or revocation or infringement,] of patents, trade marks, designs or other similar rights required to be deposited or registered, the courts of the Contracting State in which the deposit or registration has been applied for, has taken place or, under the terms of an international convention, is deemed to have taken place, have exclusive jurisdiction. This shall not apply to copyright or any neighbouring rights, even though registration or deposit of such rights is possible.⁵⁰

In other words, if the Hague Convention goes forward, there will often be several jurisdictions where a copyright or neighboring right case could be litigated and receive foreign recognition. As a result, parties will be assured enforcement of their judgments. Moreover, they may be able to rely on the Convention to consolidate actions and save resources. For patent and trademark cases, litigation is limited to the state where the right is registered. Although the recognition requirement will make it easier for winning plaintiffs to be made whole on litigated claims, in one respect, these disputants will be worse off under the Convention than they are now. Now, principles of reciprocity and comity may lead courts to recognize patent or trademark judgments rendered by foreign tribunals, thereby creating at least some possibilities for minimizing litigation costs and consolidating multinational infringement actions.⁵¹ Under the Convention, rights holders will have a choice of suing separately

46. *See id.* arts. 7–9.

47. *See id.* art. 1(1)–(2).

48. *See id.* art. 11.

49. *See id.* art. 12.

50. *Id.* art. 12(4).

51. *See generally* Andreas F. Lowenfeld, *Recognition and Enforcement of Judgments*, in *INTERNATIONAL LITIGATION AND THE QUEST FOR REASONABLENESS* 109 (1996).

in each of the countries where infringement occurred, or abandoning some of their claims. We will return to a discussion of whether these are the right calls after the next section, which is an exercise designed to demonstrate how the Convention would work in a concrete case.

III. APPLYING THE HAGUE CONVENTION

The exercise is based on *Twentieth Century Fox v. iCraveTV*,⁵² a case that involved the activities of a Toronto webcaster whose principals were two Americans from western Pennsylvania, one of whom had recently moved to Canada. The firm was in the business of picking up analog television broadcasts from stations in Buffalo, New York, and Toronto, Canada, converting the signals into digital format, and retransmitting them—allegedly at low quality and with alterations—over the Internet. The firm made its money by selling advertising, which appeared in frames surrounding the transmissions. The plaintiffs, including the National Basketball Association, the National Football League, Twentieth Century Fox, and other motion picture studios, sued in the U.S. federal court for the Western District of Pennsylvania, claiming that their intellectual property rights were violated. Meanwhile, the defendants filed their own action in Canada, seeking, essentially, a declaration that Canadian copyright law permits retransmission. After reaching the tentative conclusion that the activity violated the plaintiffs' U.S. copyrights and constituted false representations of sponsorship, the U.S. court issued a preliminary injunction. The parties then settled the U.S. action, with the defendants agreeing to stop retransmitting unless and until the Canadian court held it permissible and the defendants found a way to build a “firewall” preventing Canadian signals from reaching U.S.-based Internet users.⁵³

To fully appreciate the issues raised by the Hague Convention, it is helpful to go through the exercise imagining what could have happened had the case not proceeded as it did or settled, and to add the additional facts that: (1) the plaintiffs also want to stop retransmission into India; (2) they seek damages on account of unauthorized communications in the United States, Canada, and India; and (3) one of the plaintiffs is the Canadian Football League. Under current (pre-Hague Convention) law, the plaintiffs apparently have three choices. They could choose one of these countries—say the United States—and assert their U.S. rights, claiming as damages under U.S. copyright and trademark law, the losses suffered in the United States, India, and Canada, and asking the court to enjoin the defendants personally from continuing to retransmit. Or, they

52. *Twentieth Century Fox Film Corp. v. iCraveTV*, No. 00-121 and 00-120, 2000 U.S. Dist. LEXIS 1013, at *1 (W.D. Pa. Jan. 28, 2000); see also *Copyright Infringement: NFL v. TVRadioNow Corp.*, 6 INTELL. PROP. LITIG. REP. 4 (2000).

53. See Etan Vlessing, *iCraveTV Settles, Wraps Webcast*, 361 HOLLYWOOD REP., Feb. 29, 2000, at 4.

could sue in one place (again, let us say the United States) and assert in that action infringement claims based on the laws of India and Canada as well as the United States. The third choice is to sue everywhere: the defendants in the United States and India, and the defendants along with the webcasting firm in Canada.

The first two routes, which consolidate all the claims in one court, conserve worldwide judicial resources and are the most economical for the parties. But they are not alternatives that, as a practical matter, are likely to be available. The first route requires the court to deem conduct occurring outside the United States as infringing U.S. copyrights and trademarks. Stretching legislative jurisdiction in this way is not unknown in quite a few areas of the law. It is not, however, common in intellectual property cases, where rights remain largely territorial in nature.⁵⁴ That is, as a general matter, a U.S. copyright, patent, or trademark protects against unauthorized activity only when it takes place within the borders of the United States; conduct in another location (India or Canada, for example), is governed by the law of that location (India or Canada).⁵⁵ There are a few exceptions to this general rule, but only when there is significant enabling activity occurring within the United States, or in trademark disputes, when there is a significant impact on domestic consumers.⁵⁶ In this case, all the important events—copying, digitizing, and retransmitting—occurred in Canada.⁵⁷ Thus, U.S. law will likely be held to cover only injuries arising from website viewing within the United States.

The second route would avoid the territoriality problem because plaintiffs base part of their claim for damages on their Canadian and Indian rights. However, they would be doing it in a U.S. court. U.S. courts have considerable discretion over hearing claims that are supplemental to the one on which their subject matter authority is based.⁵⁸ The court in this case could refuse to exercise its discretion to entertain the Indian

54. See Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505, 510–20 (1997).

55. E.g., *Deepsouth Packing Co. v. Laitram Corp.*, 406 U.S. 518, 531 (1972) (refusing to apply U.S. patent law when assembly of a patented product manufactured in the United States occurred abroad); *Subafilms, Ltd. v. MGM-Pathe Communications Co.*, 24 F.3d 1088 (9th Cir. 1994) (U.S. copyright law not violated by activity occurring outside the United States, even though authorization occurred in the United States). Indeed, it is the territorial nature of intellectual property rights that has led to the accumulation of treaties in this area, see *supra* note 4.

56. E.g., *Los Angeles News Serv. v. Reuters Television Int'l, Ltd.*, 149 F.3d 987, 990 (9th Cir. 1998) (authorization given within the United States for foreign distribution of infringing videocassettes); see Bradley, *supra* note 54, at 520–31 (noting that the doctrine of contributory infringement may give patent law “extraterritorial effect”); Jane C. Ginsburg, Comment, *Extraterritoriality and Multiterritoriality in Copyright Infringement*, 37 VA. J. INT'L L. 587, 588 (1997) (discussing scenarios in which, “despite [the] international flavor of the case, there would be no ‘extraterritorial’ assertions of U.S. law”).

57. Of course, the plaintiffs could try to apply Canadian law extraterritorially to U.S. and Indian conduct, but, as we have seen, Canadian law may not favor them.

58. See 28 U.S.C. § 1367 (1994).

and Canadian causes of action.⁵⁹ Moreover, a U.S. court may find that the need to interpret foreign law, the difficulty in obtaining enforcement of its orders (especially an injunctive order), and the presence of a Canadian plaintiff, all militate in favor of dismissing the non-U.S. claims on forum non conveniens grounds.⁶⁰

The bottom line is that it would not be surprising to find that the parties' only option is the third one: to pursue litigation in a court in each of the locations where infringement occurred. Indeed, that is basically what happened in the actual case, where there were separate proceedings in the United States and Canada. This route has several significant disadvantages. It is expensive to the parties and to the judicial systems of the United States, Canada, and India. (Remember, it is unlikely that any one court will receive help from the lawmaking or fact-finding of the others.) There is also the question of adjudicatory authority over the defendants in India, where the ties to the forum revolve around the unilateral Internet activities of locals. Basing jurisdiction on such passive conduct by the defendants is, at best, problematic. (Indeed, a U.S. court would likely consider it a violation of due process to assert jurisdiction on the sole basis of passive viewing.⁶¹)

Additionally, the plaintiffs could have a hard time moving the case through these courts in a timely fashion. Each of these countries is a member of the TRIPS Agreement, which requires each to protect intellectual property rights.⁶² However, the TRIPS Agreement has a flexible standard regarding enforcement: countries are not required to treat intellectual property cases any differently from the way they "enforce their laws in general."⁶³ In recent years, judicial resources in India have been rather strained;⁶⁴ while the case is pending, infringement could persist

59. *E.g.*, *Mars Inc. v. Kabushiki-Kaisha Nippon Conlux*, 24 F.3d 1368 (Fed. Cir. 1994) (dismissing Japanese patent claims).

60. *E.g.*, *Murray v. British Broad. Corp.*, 81 F.3d 287 (2d Cir. 1996) (copyright action brought by foreign plaintiff); *Fluoroware, Inc. v. Dainichi Shoji K.K.*, 999 F. Supp. 1265 (D. Minn. 1997) (patent action).

[T]he Court must consider any questions regarding the enforceability of a judgment if one is obtained. If this Court were to issue a judgment in the instant case, the Plaintiff would have to seek an enforcement judgment by filing a petition with a district court in Japan. . . . In order to receive such an injunction, the Japanese court would have to conclude that this Court possessed proper international jurisdiction over the Defendant, and if any Japanese courts have made any rulings to the contrary, it would not enforce this Court's order.

Id. at 1273.

61. *E.g.*, *GTE New Media Servs., Inc. v. Bellsouth Corp.*, 199 F.3d 1343, 1349–50 (D.C. Cir. 2000) ("[P]ersonal jurisdiction surely cannot be based solely on the ability of District residents to access the defendant's websites. . . .").

62. TRIPS Agreement, *supra* note 4, art. 9.

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

64. *See Bhatnagar v. Surrendra Overseas Ltd.*, 52 F.3d 1220, 1227 (3d Cir. 1994) (India has a "backlog . . . so great that it could take up to a quarter of a century to resolve this litigation if it were filed in India"); Douglas W. Dunham & Eric F. Gladbach, *Forum Non Conveniens and Foreign Plaintiffs in the 1990s*, 24 *BROOK. J. INT'L L.* 665, 678 (1999) (noting that some believe it would take "15–20 years to resolve" litigation through the Indian court system). This is a problem that is, in fact, plaguing intellectual property owners, *see, e.g.*, Keshia B. Haskins, Note, *Special 301 in China and Mexico: A*

and damages could accumulate. If the defendants do not have significant assets in India— not an impossibility given the ease with which the Internet transmits signals to India— then there is yet another problem. The availability of full relief will be compromised because it will ultimately depend on the willingness of the courts of the jurisdictions in which the defendants have assets to recognize the Indian judgment.

But most disturbing are questions of substantive law, policy, and choice of law. As the facts of the actual case demonstrate, the defendants' U.S. activities apparently violate U.S. copyright and trademark law. But their activities in Canada and India will be judged under Canadian and Indian law. Those countries could have very different views on the proper balance between the producers and users of intellectual property. For example, many countries (including the United States) recognize a "first sale doctrine," which lowers the cost of access to copyrighted materials through a principle of exhaustion: once a copy of a work is purchased under the authority of the copyright owner, the buyer can redistribute it without further authorization.⁶⁵ Although this doctrine is limited in the United States to certain kinds of works and certain types of sale, another country may have a "first transmission" doctrine, which deems the rights in a broadcast exhausted once it aired. In countries that take this view, the defendants' retransmissions will not be actionable. Similarly, although the United States apparently regards streaming an Internet site through a frame as implying a false association between the content provider, the webcaster, and its advertisers, another court might view its state's consumers as savvy enough to resist confusion. If so, an action for misrepresentation will also lose.

The end result is that the outcome in each of these countries could be different. Canada, for example, could decide the activity is entirely lawful; India could agree with the United States on the trademark/framing issue, but side with Canada on copyright/retransmission. If the defendants decide to abide by the U.S. judgment but cannot build effective barriers to access, then retransmissions will stop— and the balance struck by the intellectual property laws of Canada and India will be undermined.⁶⁶ Or, should the principals decide to remain in Canada— outside the reach of the U.S. or Indian injunctions— then Canadian law

Policy Which Fails to Consider How Politics, Economics, and Culture Affect Legal Change Under Civil Law Systems of Developing Countries, 9 *FORDHAM INTELL. PROP. MEDIA & ENT. L.J.* 1125, 1155 (1999) (exploring the difficulties confronted by China and Mexico in preventing piracy of material copyrighted under U.S. law); Inti Linkletter Knapp, Comment, *The Software Piracy Battle in Latin America: Should the United States Pursue Its Aggressive Bilateral Trade Policy Despite the Multilateral TRIPS Enforcement Framework?*, 21 *U. PA. J. INT'L ECON. L.* 173, 200 (2000) (discussing U.S. efforts to combat software piracy in South America).

65. *E.g.*, 17 U.S.C. § 109(a) (1994) ("[T]he owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy . . .").

66. So far, attempts to build firewalls have failed, see A. Michael Froomkin, *The Internet as a Source of Regulatory Arbitrage*, in *BORDERS IN CYBERSPACE* 129, § II(A) (Brian Kahin & Charles Nesson eds., 1997), available at <http://www.law.miami.edu/%7Efroomkin/articles/arbitr.htm> (pointing out that the Internet makes censorship and information export restrictions almost impossible to en-

tside the reach of the U.S. or Indian injunctions— then Canadian law would thwart aspects of both U.S. and Indian information policy. Since each court seized with power over the case could decide it in its own way, and without regard to the policies, interests, or outcomes elsewhere, none would have occasion to consider choice of law rules or policies, or to develop intellectual property law suitable for a global information economy.

What would happen if the Hague Convention had been promulgated and the United States, Canada, and India had joined? By analyzing how these facts sort out under the Convention, we can see the benefits it could potentially bring to international litigation and to the sound administration of intellectual property law. As the analysis proceeds, however, we can also identify the places where further thinking is in order.

Let us start with state-by-state adjudication— that is, separate suits in the United States, Canada, and India. One benefit of the Convention is immediately evident: no matter how delayed India is in reaching judgment, the plaintiffs will likely be made whole. The Indian court would have acquired jurisdiction over the defendants on the basis of their causing tortious injury in India. Because the award would be limited to compensation for these injuries, the judgment would be enforceable in both the United States (a residence of one defendant) and in Canada (the location of business assets and the other defendant's residence).⁶⁷ But problems with the Hague Convention formulation are equally apparent. Consider what would happen if the United States enjoined the retransmission before the other courts entered judgment, and the plaintiffs then sought enforcement of that order in Canada and India.⁶⁸ As with India, the United States could have based its power on tortious injuries arising in the United States— an accepted basis of adjudicatory authority and one that appears to require recognition of the resulting judgment. But what if Canadian and Indian laws on retransmission are different— should the courts nonetheless enjoin the defendants in order to give effect to the U.S. judgment?

There are actually two questions here. The first is whether Canada and India would be obliged to enforce the injunction if it were only a preliminary order. In the real case, the preliminary injunction essentially ended litigation. This is not an uncommon result in intellectual property

force).

67. See Hague Convention, *supra* note 8, arts. 10(1)(b), 25. Jurisdiction in India requires that transmission be foreseeable, but that is not a problem, given the scope of the Internet. Whether such a judgment would deprive the defendants of due process under U.S. standards is, of course, another issue, see *supra* note 8.

68. The Convention's *lis pendens* provision is intended to prevent multiple litigation of the same claim. But it would not apply here. If the plaintiffs decide to go to the United States, the only way Canada would be seized with jurisdiction would be in the manner of the real case: through an action for a declaration of nonliability. Even if that action had been filed first, it would not have given rise to an obligation by the U.S. court to desist, see Hague Convention, *supra* note 8, art. 21(6)(a).

adjudication: the time-value of information and the inability to return what has been learned can combine to make injunctive orders dispositive, regardless of the merits of the case.⁶⁹ But although access to preliminary relief is highly important to rights holders, the Convention is not entirely clear on whether foreign enforcement is required. The basic obligation is to recognize *judgments*.⁷⁰ Judgments are distinct from “decisions ordering provisional or protective measures.”⁷¹ Although these measures are also enforceable,⁷² the language—*provisional* and *protective*—implies measures aimed at securing assets for judgment or maintaining the status quo, not at providing what is essentially permanent relief.⁷³

The second question is more general: if, indeed, U.S. law on retransmission differs sharply from the laws of Canada and India, could the Canadian and Indian courts refuse to enforce the U.S. order on the ground that it is “manifestly incompatible with [their] public policy?”⁷⁴ On the one hand, if a simple conflict in laws is enough to raise a manifest incompatibility problem, then the Hague Convention would be largely ineffectual: every court where recognition is sought would, in essence, retry the case under its own law.⁷⁵ On the other hand, intellectual property suits are in some ways different from run-of-the-mill litigation: outcomes affect not only the parties to the suit, but also the health, safety, intellectual development, expressive capacity, and quality of life of the populace of the enforcing state. Accordingly, more discretion should, perhaps, be given to courts enforcing intellectual property judgments than is accorded in ordinary tort or contract actions. For example, enforcing this order would reduce the flow (or raise the cost) of information—a matter of considerable importance, certainly to Canada, but even more so in developing countries like India, where the need to absorb the world’s knowledge base is critical to its economic future.

But even if state-by-state adjudication would encounter as many problems under the Hague Convention as international cases raise right

69. For example, the value of rights in NFL and CFL games decreases dramatically upon the games’ conclusion.

70. See Hague Convention, *supra* note 8, art. 25.

71. *Id.* art. 23(b).

72. See *id.* art. 13.

73. See Peter Nygh & Fausto Pocar, *Report of the Special Commission*, at 68, Hague Conference on Private International Law, Preliminary Doc. No. 11, at <http://www.hcch.net/e/workprog/jdgm.html> [hereinafter Nygh & Pocar Report] (also available at <ftp://hcch.net/doc/jdgm11.doc>).

74. Hague Convention, *supra* note 8, art. 28(1)(f). Another possibility is to refuse enforcement on the ground that the U.S. court only had power to enjoin activity within the United States. This would work for India, but the only way to stop U.S. viewing is to halt the Canadian transmission, so it would not solve the Canadian court’s problem.

75. The legislative history of the Convention is somewhat informative. See *Hague Conference on Private International Law*, § 32, Hague Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, Preliminary Doc. No. 9, (July 1998) (drafted by Catherine Kessedjian) [hereinafter Kessedjian 9], at <http://www.hcch.net/e/workprog/jdgm.html> (noting that refusal is permissible when *enforcement* is against public policy, not the *judgment* itself).

now, there is a saving grace in the proposed Convention, and that is the potential for consolidating the entire case and channeling it to Canada, the state with the strongest connection with the dispute. The ability to consolidate in Canada is easy to see: the webcasting firm is located in Canada and one of the defendants is now resident there. Using the jurisdictional provision on habitual residents, a Canadian court can probably acquire enough power to satisfy all of the plaintiffs' claims.⁷⁶ Depending on how the inconsistency standard is interpreted, it may even be able to assert jurisdiction over the U.S. defendant under the multiple defendant provision.⁷⁷ Furthermore, capturing, digitizing, and retransmitting signals are Canadian acts causing injury, allowing all the plaintiffs (even the non-Canadian ones) to assert all their claims under the tort provision.⁷⁸

The channeling effect is a little harder to show. The possibility of consolidation in India need not detain us; no one is habitually resident there and it is not the situs of significant volitional activity by the defendants. Besides, the backlogs in Indian courts make it unlikely the plaintiffs would want to try the case there. However, the possibility of adjudication in the United States takes a moment to rule out. At first blush, it appears to be a possible choice, given that federal joinder law permits it.⁷⁹ But closer inspection reveals several problems. First, although the U.S. court apparently thought the defendant who left for Canada retained a sufficient relationship to the United States to make the assertion of jurisdiction over him reasonable, it is not likely that he would qualify as a "habitual resident" within the meaning of the Convention. Rather, this appears to be an exercise of jurisdiction on the basis of nationality (either that of the U.S. plaintiffs or of the defendant), which the Convention expressly bars.⁸⁰ And while the defendant could arguably be joined under the Hague Convention's multiple defendant jurisdiction, that provision applies only if failure to join the nonresident would risk inconsistent judgments.⁸¹ Here, Canada and the United States may take inconsistent positions on retransmission rights, but "inconsistent judgments" might mean that the parties cannot abide by one judgment without running afoul of another.⁸² The defendants subject to a U.S. judgment of infringement and the defendants subject to a Canadian judgment of noninfringement could comply with both by getting the plaintiffs' permission before retransmitting. Authorization, of course, would not be required

76. See Hague Convention, *supra* note 8, art. 3.

77. See *id.* art. 14. If the defendants have a right of contribution under Canadian law, they could also join the absentee as a third party defendant under art. 16 of the Convention. See *id.* art. 16.

78. *Id.* art. 10(1).

79. FED. R. CIV. P. 18.

80. See Hague Convention, *supra* note 8, art. 18(2)(b)–(c).

81. See *id.* art. 14.

82. *E.g.*, *Indianapolis Colts v. Mayor of Baltimore*, 733 F.2d 484, 487 (7th Cir. 1984) (finding that the obligations under two contracts were not inconsistent, even though they required the Colts to play in two different cities on the same day).

by Canada, but Canada certainly would not prohibit it.⁸³

The tort provision also appears to be available, but its applicability is likewise limited.⁸⁴ The United States is obviously a place where a foreseeable injury occurred, but if that is the basis of jurisdiction, then the Canadian Football League could not assert its non-U.S. claims.⁸⁵ To consolidate all the claims, the United States would have to be viewed as a jurisdiction in which the defendants acted. Arguably, it is: infringement and misrepresentation are acts requiring communication,⁸⁶ and there was certainly communication in the United States. But this is a doubtful construction of the tort provision. The European Court of Justice has already rejected it for the Brussels Convention with respect to libel litigation—significantly, it did so on the ground that a broader interpretation would open a multiplicity of fora to identical claims.⁸⁷ Although the contracting states of the Hague Convention are not bound by the European Court's precedents, the absence of a supranational authority to interpret the Hague Convention means that these precedents are likely to be highly influential.⁸⁸

Of course, the fact that the plaintiffs can assert claims under U.S., Indian, and Canadian law in Canada does not mean that a Canadian court would agree to hear them. In part, its willingness will depend on Canadian joinder rules. But if these rules permit non-Canadian claims to be asserted, then the Convention appears to require the court to go forward.⁸⁹ There is no other action pending, so the *lis pendens* provision would not serve as a ground for refusing jurisdiction.⁹⁰ Nor does it seem likely that the court would dismiss on *forum non conveniens* grounds.⁹¹ The Convention specifies the conditions for dismissal and none appears relevant here. This is not an exceptional case (or, given the popularity of the Internet, it will not be one soon), and the analysis so far demonstrates that Canada is not an inappropriate location. Also, there is no

83. Another problem here is the United States' position on pendent party jurisdiction. It is possible that when finalized, the Convention will accommodate U.S. interests by not requiring its courts to adjudicate in these circumstances; more likely, the United States will—as it has done in the past—stretch due process notions in the interest of efficiency. *E.g.*, 28 U.S.C. § 2361 (1994) (enlarging the scope of personal jurisdiction to resolve interpleader actions). But if the United States does this, it will surely adopt an extremely strict test on what counts as inconsistent.

84. See Hague Convention, *supra* note 8, art. 10.

85. The Canadian plaintiff could base its claims on U.S. law, but would then run into the extra-territoriality problems discussed *supra* notes 52–66 and accompanying text.

86. *Cf. Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1253 (Fed. Cir. 2000) (“In the absence of a communication with a third party, it is difficult to imagine any commercial detriment of the rightful patentee taking place.”).

87. See Case C-68/93, *Shevill v. Presse Alliance S.A.*, 1995 E.C.R. I-415, [1995] 2 A.C. 18.

88. The Hague drafters changed the result in *Shevill* by allowing resident plaintiffs to sue for all their damages. See Hague Convention, *supra* note 8, art. 10(4). Interestingly, however, they did not attempt to define an act in a way to include communication. See Nygh & Pocar Report, *supra* note 73, at 61.

89. See Hague Convention, *supra* note 8, art. 17; Nygh & Pocar Report, *supra* note 73, at 74.

90. See Hague Convention, *supra* note 8, art. 21.

91. See *id.* art. 22.

better forum to hear the case in its entirety. Much of the evidence is located in Canada, and the United States and India are, by reason of the Convention, required to enforce the Canadian judgment. Even the special provision creating exclusive jurisdiction over intellectual property rights requiring registration or deposit is unlikely to act as a bar.⁹² This provision explicitly exempts copyright actions from its purview. The misrepresentation claim is somewhat trickier because it sounds in trademark. However, this case is not about use of a registered mark—there is nothing that needed to be deposited or registered to pursue this suit. The case basically can be styled as about unfair competition—a garden-variety tort, within the general scope of the Convention.⁹³

The final result—consolidation in Canada—comports rather well with the goals of the Convention, the needs of the parties, and the interests of the relevant states. Although the Hague Convention is not as geared to identifying a unique forum as the Brussels and Lugano Conventions are, this analysis shows that even under Hague, forum shopping is minimized.⁹⁴ If Canada does hear the whole case, judicial economy will also be achieved. The parties will benefit: the defendants will not be subjected to suit in India; the plaintiffs will receive efficacious relief, and they will all save litigation costs. Canada will be adjudicating a dispute whose most significant contacts are with Canada. Resolving the case in Canada also takes pressure off India to channel to intellectual property litigation resources needed to deal with other, possibly more pressing, local needs.

But more important than all of these are the benefits achieved for the creative community: centralization under the Convention could create a new and potentially powerful way to adapt territorially based intellectual property law to the needs of a global information economy. The importance of developing a vehicle for generating global law cannot be overstated. Presently, no one country has the legislative competence to write it or the judicial competence to enforce it.⁹⁵ As Graeme Dinwoodie has pointed out, treaty making in this area is also ineffective as it is fundamentally too backward-looking to deal in a timely manner with the impact of technological advances.⁹⁶ New institutions can be created, but the one experiment along this line so far—ICANN, which was established to govern certain aspects of information exchange in cyberspace—is hardly a success, as both its legitimacy and efficacy are in substantial

92. See *id.* art. 12(4).

93. See Nygh & Pocar Report, *supra* note 73, at 67 (noting that incidental issues involving registered rights do not deprive the court of jurisdiction under art. 12).

94. See *id.*; see also text accompanying notes 68–93.

95. The United States is apparently trying to impose worldwide regulation on aspects of domain-name registration through the Anticybersquatting Consumer Protection Act, Pub. L. No. 106-113, 113 Stat. 1536 (1999) (codified at 15 U.S.C.A. § 1125(d) (West 2000)), which couples substantive law with in rem jurisdiction over domain-name registrants in the location of the register or registry—which, until recently, was always the Eastern District of Virginia, home of Network Solutions, Inc. (NSI).

96. See Dinwoodie, *supra* note 12, *passim*.

issue.⁹⁷ Although the Hague Convention does not include choice of law rules or other instructions on how courts should deal with conflicts, consolidation of worldwide claims before a single tribunal does force adjudicators to confront conflicting state interests and policies, to consider them in light of relevant treaty obligations, and to develop law on issues that arise when infringement occurs in a multinational context.

Of course, there are also costs attached to such an enterprise. Resolving a consolidated version of the *iCraveTV* dispute could require a single court to determine the law of the United States, India, and Canada on obscure issues such as retransmission rights. Rather than go through that kind of effort, some courts may mistakenly decide to apply their own law—either on the theory that forum law applies as a matter of choice of law, or through an erroneous understanding of the intellectual property treaties as producing uniform law. That choice would undermine each nation's information policy just as surely as the system we have right now. Consolidation also “ups the ante” for the parties because all their claims are decided at once. To the extent that the Hague Convention is effective at designating a unique forum, the parties will not have a role in guiding the case to a tribunal with which they feel comfortable. On the other hand, to the extent that the Convention does not identify a unique jurisdiction, the parties will have a role in choosing—but then there could be rampant forum shopping as some contracting states develop reputations as “information havens” that never find infringement and others become known as hells for siding consistently with rights holders.

For countries where dockets are especially crowded, the efficient adjudication possible under the Hague Convention could be a mixed blessing. As we saw, it will allow countries like India to put their resources where local needs dictate while avoiding the accusation of slighting TRIPS Agreement obligations. However, for any particular country, the expected return from litigation and the level of judicial resources devoted to enforcement are probably fairly accurate reflections of the degree to which intellectual property protection is in that nation's interest. End running these limits through consolidated adjudication and foreign recognition of judgments could lead to enforcement that is supraoptimal. To put it differently, India may have entered the TRIPS Agreement knowing that enforcement within its borders would be difficult; essentially, making enforcement easy is to change the nature of its undertakings.

97. E.g., A. Michael Froomkin, *Of Governments and Governance*, 14 BERKELEY TECH. L.J. 617 (1999); A. Michael Froomkin, *Semi-Private International Rulemaking: Lessons Learned from the WIPO Domain Name Process*, at <http://www.law.miami.edu/~froomkin/articles/TPRC99.pdf> (last modified Aug. 26, 1999).

IV. REFINING THE HAGUE CONVENTION

The *iCraveTV* exercise exposes the issues that the Hague negotiators will need to consider if they go forward with a Convention that covers intellectual property litigation. The questions they will encounter are of two types. One set is interpretive—problems created when principles formulated for the general case are applied to issues unique to intellectual property. These can surely be hammered out, but before they are, it is necessary to resolve the more important question, which is whether it makes sense to give the courts of one state an adjudicative role in the intellectual property rights of other jurisdictions.

The arguments against giving states power over foreign rights were touched on in the previous discussion.⁹⁸ The causes of action at issue are based on highly territorial, complex law: law that is territorial precisely because its contours are importantly influenced by each society's cultural, social, and intellectual needs, technological capacity, and appetite for progress; law that is complex because it must provide adequate incentives to innovate while taking into account the cumulative nature of knowledge development. Countries take divergent approaches to resolving these tensions. And while it is true that membership in international treaties narrows the range of their discretion, the treaties can also create confusion. They are, as already noted, minimum—not absolute—standards, and they impose a framework and lexicon that can mask significant differences in intended outcome. Adjudication of foreign claims and facile use of claim and issue preclusion could easily miss subtle distinctions.

Furthermore, the fear of information havens is not entirely unreasonable. Many less-developed nations agreed to strengthen their intellectual property rights only because entry into the TRIPS Agreement is required by the General Agreement of Tariffs and Trade (GATT).⁹⁹ Not all the member states are finding the requirements imposed by the TRIPS Agreement congenial. For states that do not invent or export the fruits of their creativity, TRIPS obligations raise the cost of acquiring technological sophistication without returning identifiable benefits.¹⁰⁰ And as noted above, expediting adjudication only makes matters worse. While these problems may lead some nations to refuse to join the Hague Convention, they might join and then resist the TRIPS Agreement in the only way that is feasible for them: by taking a very hard line on the validity and scope of the intellectual property rights that come before their courts.¹⁰¹ To the extent the Convention prevents forum shopping, rights

98. See *supra* notes 52–66 and accompanying text.

99. See TRIPS Agreement, *supra* note 4.

100. E.g., Ruth L. Gana, *Prospects for Developing Countries Under the TRIPS Agreement*, 29 VAND. J. TRANSNAT'L L. 735, 740 (1996).

101. Cf. Frederick M. Abbott, *Commentary: The International Intellectual Property Order Enters the 21st Century*, 29 VAND. J. TRANSNAT'L L. 471 (1996) (noting the possibility of passive resistance to

holders will not easily be able to evade such fora.

Nonetheless, the importance of intellectual property to the modern economy, coupled with the vast new technologies of information dissemination, make it unlikely that the dispute resolution procedures of the last century can endure for much longer. Moreover, the choice is not really between adjudication as we have long known it or the Hague Convention. If intellectual property is not covered by the Convention (or the Convention effort dies), rights holders will look for other efficient ways to resolve their disputes, control worldwide infringement, and collect damages. They may lobby legislatures for intellectual property protection that is explicitly extraterritorial.¹⁰² And even though they have so far had mixed results in achieving extraterritorial enforcement of current laws,¹⁰³ or utilizing issue preclusion internationally,¹⁰⁴ or consolidating international cases,¹⁰⁵ they easily could have more success in the future, when the world's increasingly beleaguered judiciary starts looking harder for ways to protect their dockets. As between a systematic process for consolidation and the ad hoc system that will ensue in the absence of a Convention, the former is surely the better choice. If so, the creative community should work to shape the Hague Convention to its needs. To do that, the issues that follow will need to be resolved.

A. *Scope*

The most important of these questions is the subject-matter scope of the Convention's general rules. As it stands, the Convention provides far greater flexibility for adjudicating copyright and neighboring right cases than it does for disputes concerning rights requiring deposit or registration. If disputants value the possibilities that we saw in the *iCraveTV* exercise, then perhaps those possibilities should be available more broadly.

the TRIPS Agreement and attempts to enforce it).

102. *E.g.*, Economic Espionage Act, 18 U.S.C. §§ 1831–1839 (Supp. III 1997) (§ 1837 covering theft of trade secrets abroad when the offender is an American or “an act in furtherance of the offense was committed in the United States”); 35 U.S.C. § 271(f) (1994) (deeming certain acts outside the United States to be infringing of U.S. patents).

103. *E.g.*, *Los Angeles News Serv. v. Reuters Television Int'l Ltd.*, 149 F.3d 987, 990 (9th Cir. 1998) (subsequent extraterritorial acts of infringement cognizable under the Copyright Act where initial act of infringement occurred within the United States); *Fun-Damental Too, Ltd. v. Gemmy Indus. Corp.*, 111 F.3d 993, 1006–07 (2d Cir. 1997) (extraterritorial application of Lanham Act only possible where U.S. defendant's conduct has substantially affected U.S. commerce and there is no conflict with foreign trademark rights); *Subafilms, Ltd. v. MGM-Pathé Communications Co.*, 24 F.3d 1088, 1094 (9th Cir. 1994) (wholly extraterritorial acts of infringement not cognizable under the Copyright Act where only authorization occurred within the United States).

104. *E.g.*, *Cuno Inc. v. Pall Corp.*, 729 F. Supp. 234, 238–39 (E.D.N.Y. 1989) (Weinstein, J.) (refusing to apply issue preclusion on an issue of patent validity adjudicated in Britain).

105. *E.g.*, *Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co.*, 145 F.3d 481, 491–92 (2d Cir. 1998) (acknowledging possibility of consolidating in the U.S. copyright infringement actions from eighteen countries); *London Film Prods. Ltd. v. Intercontinental Communications*, 580 F. Supp. 47, 50 (S.D.N.Y. 1984) (consolidating copyright cases); *Stewart v. Adidas A.G.*, No. 96 CIV. 6670 (DLC), 1997 U.S. Dist. LEXIS 5778, at *9–10, 22–25 (S.D.N.Y. Apr. 30, 1997) (applying U.S. copyright law extraterritorially, but refused to entertain claims under German law).

There are, however, powerful counterarguments. One goes back to the information haven problem: once a registered right is invalidated, the decision will be *res judicata* and the rights holder presumably will not be able to pursue infringement actions in any other contracting state—including the state that registered the right in the first place. If there are states that are too quick to invalidate, then the net effect of the Convention could be to reduce the global value of intellectual property. To put this another (less cynical) way, deposit and registration requirements go hand in hand with detailed examination systems; when a foreign court adjudicates validity, it may fail to fully appreciate all the details. Indeed, some countries are so concerned with the judiciary's ability to examine registered rights, they put all validity determinations in the hands of the administrative agencies that registered the right or accepted deposit in the first instance.¹⁰⁶ If these countries do not permit their own courts to deal with validity, they are unlikely to want foreign courts to do so. The Hague Convention may even take this one step further. In contrast to the Brussels and Lugano Conventions, which put only *validity* determinations within the scope of exclusive jurisdiction,¹⁰⁷ the Hague negotiators are considering a proposal to remove *infringement* determinations from the general rules as well. The theory is that in many countries (including the United States), courts prefer to consider validity and infringement issues together because that makes adjudication easier: the right can be interpreted for infringement purposes in a way that preserves validity.

As discussed further below, the conflict between assuring accurate decision making and consolidating litigation can be somewhat ameliorated through application of other Convention provisions. But the negotiators should also consider three moves. The first is to differentiate between trademarks and patents. Although trademarks are like patents in that they must both be registered, the differences between the two branches of law are significant. Trademark law is extremely straightforward; examination is limited, and is, in any event, becoming harmonized by the Madrid Protocol.¹⁰⁸ Furthermore, national laws on trademark validity are coalescing: because of the TRIPS Agreement, famous marks are identical the world over; there also can be very little variation in the protection of geographic signals.¹⁰⁹ And significantly, trademarks

106. E.g., N. Thane Bauz, *Reanimating U.S. Patent Reexamination: Recommendations for Change Based Upon a Comparative Study of German Law*, 27 CREIGHTON L. REV. 945, 964-69 (1994); Toshiko Takenaka, *Harmonizing the Japanese Patent System with Its U.S. Counterpart Through Judge-Made Law: Interaction Between Japanese and U.S. Case Law Developments*, 7 PAC. RIM L. & POL'Y J. 249, 266-69 (1998); see also David Perkins & Garry Mills, *Patent Infringement and Forum Shopping in the European Union*, 20 FORDHAM INT'L L.J. 549, 591 (1996).

107. Brussels Convention, *supra* note 18, art. 16(4); Lugano Convention, *supra* note 18, art. 16(4).

108. E.g., Carlo Cotrone, *The United States and the Madrid Protocol: A Time to Decline, a Time to Accede*, 4 MARQ. INTELL. PROP. L. REV. 75, 95-98 (2000).

109. TRIPS Agreement, *supra* note 4, arts. 16(2), 22, 23. Another example is the United States' use requirement, which was once highly distinctive, but has become less so now that registration can be initiated at the time the intent to use is formulated, see 15 U.S.C. § 1051(b) (1994).

“travel” in world markets in just the way that copyrights do, so that the impact of recent dissemination technologies is virtually identical. Patents, in contrast, involve meaningful examination; the law is complex; and nations remain in substantial disagreement on substance.¹¹⁰ Because, for the most part, patents are still embodied in goods, continuing use of the last century’s adjudicatory procedure is less of a problem in patent litigation.¹¹¹ If this is right, then the Hague negotiators might do well to abandon the conceptual nicety of registration as the divide, and look instead at the actualities of litigation under the various intellectual property regimes.¹¹²

Another cut at this problem is at the validity/infringement line. It is certainly beneficial to know the arguments on infringement while determining validity. However, even in the United States, where this has been longstanding practice, there is now a degree of bifurcation.¹¹³ Before registered rights litigation is made exclusive in all respects, it is worth thinking about whether the Brussels and Lugano Conventions made the better choice. It may well be that patent and trademark lawyers would prefer the capacity to consolidate infringement suits and avoid splitting up cases that involve infringement of both copyrights and registered rights over litigating infringement and validity together. The negotiators should also consider the approaches that U.S. courts have taken to a situation somewhat analogous to this one: the problem of a federal court seized with a case that involves both a federal and a state law issue. As with validity and infringement, keeping the state issue in mind is helpful in deciding the federal question, but if the state issue is novel, it is also important to allow the state to decide it. One technique for dealing with this dilemma is to delay federal resolution of the entire case until after a separate action in state court is completed;¹¹⁴ a second approach is for the

110. Distinctive features of U.S. law include awarding priority to the first-to-invent rather than the first-to-file, *see* 35 U.S.C. § 102(g) (1994), and the grace period provided to applicants who publish before they file for a patent, *see id.* § 102(b).

111. However, software and business-method patents provide two notable exceptions to the idea that last century’s adjudicatory procedures are adequate. Software patents may be problematic as the programs can be disseminated by e-mail and on the Internet. Business-method patents are also abstract enough to raise difficult enforcement problems.

112. If the negotiators go down this route, they will obviously have to revise Article 12(4), and also the language in Article 1 that removes administrative matters from the scope of the Convention. Even if they do not take this suggestion, they would do well to reconsider Article 12(4)’s reference to “other similar rights”: as noted, it is not clear that trademark and patent rights are similar enough to give this phrase meaning.

113. *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 372–91 (1996), bifurcates patent cases along the traditional lines of infringement and damages, but first leaves it to the court to decide how best to construe terms of art within the patent, before the jury decides issues of infringement. By making claim construction an issue for the court, *Markman* has led courts to interpret patents without regard to the “jury” issues in the case.

114. *E.g.*, *England v. La. State Bd. of Med. Exam’rs*, 375 U.S. 411, 420–22 (1964) (allowing reservation of federal issues pending determination of state case); *cf.* *Wilton v. Seven Falls Co.*, 515 U.S. 277, 286 (1995) (giving federal courts discretion to dismiss or stay declaratory judgment actions pending state court consideration of state issues).

federal court to certify the state question to the highest state court, and then decide the whole case after it receives the state's answer.¹¹⁵ The Convention and contracting states could adopt similar procedures. In particular, contracting states that grant to an administrative agency the exclusive authority to determine validity could create a vehicle for foreign courts to certify validity issues to that agency.

At the behest of the U.S. State Department negotiators, Curtis Bradley suggested yet another way to handle the registered rights problem.¹¹⁶ Under his proposal, courts would distinguish between rights among individuals and rights against the world. Parties would be allowed to litigate their entire case in any forum that has jurisdiction under the general terms of the Convention. However, if the case is litigated outside the state where the right was deposited or registered, the "status or validity of the deposit or registration of . . . rights [would have] effect as between the parties only."¹¹⁷ There is much to say for this solution. It gives the parties the flexibility available in nonregistration cases, but preserves the interest in domestic consideration of validity. Further, the rights holder's vulnerability to suit in an information haven would be limited to the value of its dealings with the other side.

Unfortunately, however, there are also problems with the Bradley approach: it can distort competition, and in many cases, the goal of confining the effect of the judgment to the parties will be illusory. Consider as an example, litigation of a patent case: *X* owns a patent in contracting state *A* that is allegedly infringed by *Y*. *X* brings suit in contracting state *B*; *Y* defends on the grounds that there is no infringement and the patent is invalid. *Y* wins only on invalidity. Now *Y* can use the invention unfettered by the need to pay royalties to *X*. But validity was determined only *inter se*: *X*'s licensees must continue to honor their agreements. As a result, they compete at a disadvantage—the price of their goods will necessarily be higher than *Y*'s. If they go out of business, then *Y* will be alone in the market (there will be no entrants because they too will be required to pay royalties or be liable for infringement). The public will then be paying supracompetitive prices, but to *Y* rather than to *X*. Supracompetitive profits are intended to reward the winner of the race to invent, but in this instance, they will be rewarding the winner of the race to litigate. Of course, new entrants—and *X*'s licensees—could compete effectively by ignoring *X*'s patent, but then the judgment of *B* will, in reality, be one that operates against the world.¹¹⁸

115. *E.g.*, *Redgrave v. Boston Symphony Orchestra, Inc.*, 855 F.2d 888, 890 (1st Cir. 1988) (adjudicating federal claim after a question certified to the Massachusetts Supreme Judicial Court was answered).

116. *See* Special Commission on International Jurisdiction and the Effect of Foreign Judgments in Civil and Commercial Matters, Hague Conference on Private International Law, Work Doc. Nos. 97E, 39, 122 (Nov. 10–20, 1998).

117. *Id.* at Doc. No. 122.

118. *Cf.* *Cardinal Chem. Co. v. Morton Int'l, Inc.*, 508 U.S. 83, 102 (1993) (rejecting the practice of

One way to save the Bradley proposal would be to give a rights holder who loses in a “Bradley action” the ability to vacate the judgment should a court in the jurisdiction where the right is registered subsequently hold it valid in litigation involving third parties.¹¹⁹ This would, of course, be something of an exception to normal rules of *res judicata*, but it would spare the winning party repetitive suits, while at the same time, put users and potential users on better notice that they are liable for infringement. This approach would also permit rights holders to get a more accurate read on the question of validity so long as it remains important and create a way to remove distortions from the market.

If the Hague negotiators do not expand the scope of the usual rules in any of these ways, they should consider removing registered rights from the Convention entirely.¹²⁰ That would allow international civil procedures for handling these cases to develop on their own. If foreign adjudication of these rights and consolidation become more common, or new ways to handle the problem of worldwide infringements are developed, the Hague Convention could be amended in light of these experiences.

B. *Nonmonetary Relief and the Public Policy Exception*

Greater attention could also be profitably paid to questions concerning nonmonetary relief. Even in the United States, where full faith and credit obligations are well entrenched, there are open questions about the duty to enforce injunctive orders. Thus, it was not until 1998 that the Supreme Court unequivocally stated that equitable decrees are subject to the Full Faith and Credit Clause; even so, the Court gave enforcing states more discretion than is available in other situations: the time, manner, and mechanisms of enforcement are, according to the Court, subject to the law of the enforcing forum.¹²¹ A separate provision in the Hague Convention on specific performance—akin to the special section on damages¹²²—could be used to provide similar (or better) guid-

vacating trial-court judgments of invalidity when infringement is not found on appeal, on the theory that an uncorrected judgment of invalidity leads the patentee to lose “the practical value of a patent that should be enforceable against different infringing devices”).

119. In the example, *X* would not be allowed to sue *Y* in contracting state *A*, but if he sues, say, a nonpaying licensee, and *A* holds the patent valid, *X* could then require *Y* to stop its use or pay *X* royalties. Cf. *United States v. Stauffer Chem. Co.*, 464 U.S. 165, 181 (1984) (White, J., concurring) (although *res judicata* may bar a party from pursuing further litigation against a winning opponent, subsequent litigation may make the original decision inoperable).

120. That is, move them from Article 12(4) to Article 1 of the Hague Convention, *see supra* note 8.

121. *See Baker v. Gen. Motors Corp.*, 522 U.S. 222, 235 (1998).

Full faith and credit, however, does not mean that States must adopt the practices of other States regarding the time, manner, and mechanisms for enforcing judgments. Enforcement measures do not travel with the sister-state judgment as preclusive effects do; such measures remain subject to the even-handed control of forum law.

Id. at 235.

122. *See* Hague Convention, *supra* note 8, art. 33.

ance in the international context. For example, a new provision could make clear whether preliminary relief is available to accomplish goals other than securing assets and maintaining the status quo. In intellectual property cases, the nonmonetary relief section could state the conditions when enforcement of an injunctive order could be denied to protect local interests (such as interests in health, safety, or cultural values).¹²³ It could also give an enforcing court power to award monetary relief as compensation for failure to stop the defendant's activity.¹²⁴ If the jurisdiction to hear registered rights cases is expanded, the new provision also could be used to ameliorate concerns about information havens by providing leeway for enforcing courts to refuse to nullify domestic registrations.

In the absence of a special provision on equitable relief, the balance between local concerns and enforcement obligations could be achieved through the general provision on refusing enforcement.¹²⁵ Although it is certainly true that the benefits of the Convention would be eviscerated if courts were to readjudicate every case in which recognition is sought, the strong public component of intellectual property cases makes blind enforcement of equitable orders extremely unpalatable.¹²⁶ However, the circumstances for refusing enforcement could be quite limited. The extra leeway given for nonmonetary relief could be limited to cases where the rendering court did not consider strong public interests, such as health and safety, of the enforcing jurisdiction.¹²⁷ If expanding the public policy provision in this way is considered too drastic, the power to refuse enforcement could instead be styled as a response to inadequate procedure—to the failure to take into consideration the spillover effects of the judgment on people who were not before the rendering court.¹²⁸ For ex-

123. This sort of denial of relief is well known in U.S. intellectual property practice. *E.g.*, 19 U.S.C. § 1337(a)(2) (1994) (permitting importation of infringing product to be barred only when an industry “relating to the articles protected by the patent . . . exists or is in the process of being established” in the United States); *Roche Prods., Inc. v. Bolar Pharm. Co.*, 733 F.2d 858, 865–66 (Fed. Cir. 1984) (instructing the district court to consider the effect of injunctive relief on the American public-health system).

124. *E.g.*, *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 578 n.10 (1994) (“[C]ourts may also wish to bear in mind that the goals of the copyright law, ‘to stimulate the creation and publication of edifying matter,’ . . . are not always best served by automatically granting injunctive relief . . .” (citing Pierre N. Leval, *Toward a Fair-Use Standard*, 103 HARV. L. REV. 1105, 1134 (1990))); *Abend v. MCA, Inc.*, 863 F.2d 1465, 1479–80 (9th Cir. 1988), *aff’d sub nom. Stewart v. Abend*, 495 U.S. 207 (1990) (refusing to enjoin the showing of *Rear Window*, but requiring the film owners to pay royalties to the holder of the copyright in the underlying story).

125. See generally Hague Convention, *supra* note 8, art. 28.

126. It is not insignificant that at one time the public component of intellectual property disputes was thought to preclude their arbitration. See generally Richard H. Kreindler, *Arbitration: A Creative Alternative to Intellectual Property Litigation in Light of Two Recent U.S. Supreme Court Decisions*, 9 WORLD ARB. & MEDIATION REP. 13 (1998) (discussing the history of intellectual property arbitration in the United States).

127. See generally Hague Convention, *supra* note 8, art. 28(f) (removing the obligation to enforce when “recognition or enforcement would be manifestly incompatible with the public policy of the State addressed”).

128. See generally *id.* art. 28(c) (removing the obligation to enforce when “the judgment results from proceedings incompatible with fundamental principles of procedure of the State addressed, in-

ample, a court might be permitted to refuse to give effect to a foreign injunction when it would bar the sale of a patented medicine that the patentee kept in short supply in the enforcing court's region, but only when the rendering court did not consider the issue. Aside from the benefits that nonenforcement would bring to local citizens, the authority to deny injunctive relief would encourage parties seeking that relief to make sure that the court looks beyond its own parochial interests. That would, in turn, promote use of the Convention for developing global intellectual property law.

C. Consolidation, Forum Non Conveniens, and Lis Pendens

The Hague Convention's main thrust is to assure the enforcement of judgments and curb the use of exorbitant bases of jurisdiction. Although there are provisions that combine to make consolidation of multi-state cases possible, streamlining is not an explicit goal. Nevertheless, as the *iCraveTV* exercise demonstrates, consolidation is potentially a great benefit to disputants and to the development of the law. Accordingly, the negotiators may want to consider doing more to encourage and facilitate it—either in all cases or for intellectual property specifically.

The most straightforward way to promote consolidation would be to revise the forum non conveniens and lis pendens provisions. Currently, the forum non conveniens section is drafted to mediate between countries like the United States, where the discretion to dismiss in favor of another forum is commonplace, and certain members of the European Union, where it is almost unheard of.¹²⁹ The provision, therefore, creates a very tight set of rules that are intended to keep cases in the forum first seized unless the situation is truly exceptional. It would not, however, be difficult to make adjustments that would allow the provision to be used for consolidation purposes, and that would, indeed, signal that consolidation is the preferred mode of adjudication. Thus, U.S. doctrine talks in terms of the “convenience” of the parties; it does not require the court where the action is first filed to expressly consider its inappropriateness.¹³⁰ In contrast, the Hague Convention permits suspension and dismissal only from fora that are “clearly inappropriate” and it refers to the

cluding the right of each party to be heard by an impartial and independent court”). The result would not be too different from the outcome in *Baker v. General Motors Corp.*, 522 U.S. 222 (1998). Although *Baker* is the case that pronounced equitable orders within the purview of Full Faith and Credit, it found that an injunction could not be enforced in a manner that would affect parties who had not had their day in court. *See id.* at 237–41; *cf.* RESTATEMENT (SECOND) OF JUDGMENTS § 12 (1982) (creating a narrow set of circumstances permitting collateral attack on a judgment rendered without subject matter jurisdiction).

129. See Joachim Zekoll, *The Role and Status of American in the Hague Judgments Convention Project*, 61 ALB. L. REV. 1283, 1297 (1998) (noting that the Convention disfavors dismissal on forum non conveniens grounds).

130. *E.g.*, *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 241, 248 (1981) (“[T]he central focus of the forum non conveniens inquiry is convenience.”); *Gulf Oil Corp. v. Gilbert*, 330 U.S. 501, 508–09 (1947) (same).

parties' "inconvenience" in light of "their habitual residence."¹³¹ Although the Convention is technically open-ended (its factors are referred to only as matters to be looked at "in particular"), converting to the positive, explicitly calling the list "nonexclusive," and dropping the clear inappropriateness proviso would encourage courts to consider a broader array of issues.¹³² But if that opens too many factors for consideration, then the drafters could simply expressly add that dismissal is also warranted when a more convenient trial unit could be formed in another tribunal. The change could be limited to intellectual property disputes or to situations where the failure to consolidate would risk irreconcilable outcomes.¹³³

Similarly, the *lis pendens* provision currently provides for dismissal by the court second seized when "the same parties are engaged in proceedings in courts of different Contracting States and when such proceedings are based on the same causes of action."¹³⁴ This provision could be altered to require dismissal when the parties are elsewhere litigating causes of actions arising from the same transaction or series of transactions, and the claims presented in the second forum could be joined in the other action. Although underutilized, similar terminology is found in the Brussels and Lugano Conventions.¹³⁵ The revision also (or alternatively) could indicate dismissal is warranted when the parties are elsewhere pursuing claims presenting common issues of law or fact, and the new cause of action can be asserted in the forum first seized. Again, the changes could be specific to intellectual property disputes or irreconcilability problems.

There are a few other ways for effecting consolidation that could also be considered, although none is likely to find favor in the Convention's early years. One idea would be to include in the Convention transfer provisions allowing parties (or the judiciary) to move to one court cases pending in other contracting states, if the cases raise common questions of fact or would otherwise convenience the parties and serve the interests of justice. These mechanisms have been used in the United States to good effect.¹³⁶ However, this sort of transfer is limited to federal courts. It requires a degree of trust, cooperation, and supervision that even the constituent states of the United States have yet to achieve; the contracting states of the Hague Convention are unlikely to do better in the foreseeable future. Moreover, an operative equivalent to the

131. Hague Convention, *supra* note 8, art. 22(1), (2)(a).

132. See Burbank, *supra* note 11; Nygh & Pocar Report, *supra* note 73, at 91.

133. For a discussion on what should be considered irreconcilable, see *infra*, note 145.

134. Hague Convention, *supra* note 8, art. 21(1).

135. Brussels Convention, *supra* note 18, art. 22, ¶¶ 2–3 (allowing a court to dismiss when the law permits consolidation of related actions and the court first seized has jurisdiction over both actions); Lugano Convention, *supra* note 18, art. 22, ¶¶ 2–3 (same); see Burbank, *supra* note 11 (noting underutilization, but suggesting that the Hague Convention adopt an analogue anyway).

136. See 28 U.S.C. §§ 1404, 1407 (1994).

broader *lis pendens* provision of the Brussels and Lugano Conventions would likely work at least as well.

Another approach would be to elaborate on *res judicata* doctrine. Parties who have already pursued an action could be precluded from asserting in a later case, claims that could have been presented in the first action, when they arise from the same transaction or series of transactions. This would force parties to use local joinder rules and the Convention's general jurisdiction provisions to consolidate their cases. But although this use of claim preclusion has also enjoyed some success in the United States,¹³⁷ it too would probably have limited utility in the Hague setting for some time. It would require some contracting states to radically alter their views on *res judicata* and create an interim period in which advocates unfamiliar with the new system would inadvertently lose claims—hardly a way to earn popular acceptance of a new Convention.

Of course, as with the suggestions for *lis pendens* and *forum non conveniens*, the expansion on *res judicata* could be limited to intellectual property claims. That would produce a result not too different from the United States' "single publication" doctrine,¹³⁸ which requires libel plaintiffs to choose one forum in which to present all claims (including claims sounding in other states' laws) arising out of a single alleged libel. In this way, media defendants are protected from repetitive litigation, the burden of which is thought to chill free speech. Because repetitive litigation of intellectual property claims raises the cost of information and chills distribution, there is sufficient similarity between the interests at stake in libel and intellectual property to make the adaptation of the single publication doctrine to this context worth considering.

D. Jurisdiction

The jurisdictional provisions are the core of the Hague Convention and therefore also at the heart of the controversy over its promulgation. The United States, for example, is concerned about the rejection of doing business jurisdiction; conversely, it has significant problems with recognizing pendent party jurisdiction.¹³⁹ But I leave these issues—and the problem of squaring constitutional due process safeguards with the obligations the United States would undertake by joining the Convention—to others.¹⁴⁰ Here, we deal only with the application of the jurisdiction

137. *E.g.*, *Matsushita Elec. Indus. Co. v. Epstein*, 516 U.S. 367, 378–79 (1996); *Marrese v. Am. Acad. of Orthopaedic Surgeons*, 470 U.S. 373, 386–87 (1985); *Allen v. McCurry*, 449 U.S. 90, 105 (1980).

138. *See Keeton v. Hustler Magazine, Inc.*, 465 U.S. 770, 777–78 (1984); RESTATEMENT (SECOND) OF TORTS § 577A(4) (1977).

As to any single publication, (a) only one action for damages can be maintained; (b) all damages suffered in all jurisdictions can be recovered in the one action; and (c) a judgment for or against the plaintiff upon the merits of any action for damages bars any other action for damages between the same parties in all jurisdictions.

Id.

139. *See supra* note 38 and accompanying text.

o others.¹⁴⁰ Here, we deal only with the application of the jurisdiction provisions to intellectual property disputes.

In considering that question, it is important to keep in mind the features that distinguish intellectual property suits from other cases. First and foremost of these is the traditional territoriality of intellectual property rights. Because of this tradition, states have largely adjudicated only their own rights; there has been very little transborder consolidation, with the result that choice of law doctrine in this area is rather poorly developed. As we saw, a main benefit of the Convention for intellectual property will be that it facilitates consolidation, and thus could lead to the articulation of much needed law. But consolidation requires a forum with a broad jurisdictional scope, and the Convention includes very few that are apposite. Unlike other business entities, rights holders cannot rely on choice of forum clauses to direct litigation to one particular place—most litigation is about infringement by strangers. And because the litigation is not about contracts or sales, the only jurisdictional heads applicable are those that rely on the residence of the defendants or the locus of infringement. As to the latter, there is another problem: unlike the situation for most torts, the intangible nature of intellectual property rights allows both defendants and plaintiffs to manipulate the situs where they appear to be acting. Yet, that manipulation is worrisome. Because of the spillover effects of private intellectual property rights on cultural development, it is important for cases to be decided in jurisdictions with strong connections to the dispute and to the parties. Interpreters of the Convention will, in the end, walk a fine line between narrowing the scope of the applicable provisions to channel cases wisely, and giving the parties enough flexibility to make consolidation a reality.

1. *Habitual Residents and Multiple Defendants*

As we saw in the *iCraveTV* exercise, the precise meaning of habitual residence could use elucidation.¹⁴¹ If the term receives broad definition—for example to include adjudicatory authority over the defendant who left his residence in the United States for Canada—then some consolidation can be achieved with the habitual residence provision. A more

140. See Silberman, *supra* note 15.

141. See generally Hague Convention, *supra* note 8, art. 3; see also Future Hague Convention on Jurisdiction and Foreign Judgments in Civil and Commercial Matters, *Hague Conference on Private International Law, Jurisdiction/Judgments: Synthesis of the Work of the Special Commission of June 1997 on International Jurisdiction and the Effects of Foreign Judgments in Civil and Commercial Matters*, § 9, Preliminary Doc. No. 8 (Nov. 1997) (drafted by Catherine Kessedjian), at <http://www.hcch.net/e/workprog/jdgm.html>.

[T]he fact remains that this concept, even though it is more factual than that of domicile, remains delicate to apply and does not prevent divergent interpretations depending on the court which is to adjudicate this matter. This is why it was suggested that the Convention should include a definition of habitual residence. However, a majority eventually emerged in favour of the tradition of the Hague Conference and not providing a definition of the concept of habitual residence in the Convention currently being negotiated.

plausible route, however, is for plaintiffs to choose the habitual residence of one defendant and then acquire jurisdiction over others involved in the infringement under the multiple defendant provision. The multiple defendant provision is, however, itself limited. It can be used only when there is a connection between the state and the dispute involving that defendant, and then only when “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.”¹⁴²

The first limitation—close connection between the state and the dispute—works well for intellectual property, as it has the desired goal of insuring that the state of the rendering forum has a strong interest in the way the law is applied. But the second limitation—a serious risk of inconsistent judgments—poses considerable difficulty. “Inconsistent” is not defined in the Convention.¹⁴³ Presumably, it is a stronger standard than “irreconcilable,” the term used in the consolidation provisions of the Brussels and Lugano Conventions.¹⁴⁴ As noted earlier, if U.S. practice is a guide, then it would require judgments that cannot, as a practical matter, be obeyed simultaneously.¹⁴⁵ But if interpreted in this way, the provision would rarely be available in infringement actions (except perhaps in trademark suits). At most, one jurisdiction will bar unauthorized use while another permits it; since the permissive jurisdiction’s judgment would not *prevent* the defendant from obtaining permission to use the work, the duties these judgments impose are, as a logical matter, completely reconcilable. At the same time however, this level of conflict between outcomes is not desirable. Acquiring a rights holder’s permission to use a work will usually entail costs and raise the price consumers must pay—exactly what a decision to find the use outside the scope of the right was intended to avoid. And if the defendant cannot obtain permission, then the work will, as a practical matter, be unavailable, even in the place where it was supposed to be free.

Because conflicting outcomes is exactly the kind of problem that consolidation could solve (in that it would force courts to take the laws of all relevant jurisdictions into account), the drafters should consider developing an expansive definition of “inconsistent.” They could, for instance, indicate that there are situations when courts can look for inconsistency among the *laws* that arguably apply, rather than among the *obligations* that might be imposed on the parties. In the *iCraveTV* example, it could be enough that Canadian law would permit retransmis-

142. Hague Convention, *supra* note 8, art. 14(1)(a).

143. Moreover, it is defined somewhat inconsistently in the Nygh & Pocar Report, *supra* note 73, compare *id.* at 72 (calling judgments inconsistent when they find the facts differently), with *id.* at 103 (considering a judgment requiring payment of a debt inconsistent with a judgment annulling the debt).

144. Brussels Convention, *supra* note 18, art. 22; Lugano Convention, *supra* note 18, art. 22.

145. Cf. Kessedjian 9, *supra* note 75, § 34 (defining irreconcilable decisions for other purposes as decisions requiring the same person to act in opposing ways).

sion while U.S. law would not. That standard would permit the U.S. court to assert jurisdiction over the defendant who left for Canada, or for the Canadian court to exercise adjudicatory authority over the defendant who remained in the United States. This would maximize the parties' flexibility as well as the likelihood that a court would tackle the problem of adjusting conflicting territorial copyright laws for the Internet age.

Expanding multiple defendant jurisdiction would, however, also introduce new problems: defendants would be exposed to suits in remote locations more frequently, and plaintiffs would have a larger choice of fora. The forum shopping problem is taken up below, in connection with torts. As to the remoteness issue, an alternative tack would be to retain the strong sense of inconsistency in the multiple defendant provision, but (as suggested earlier) to add a new factor to the *forum non conveniens* section allowing courts to dismiss when parallel actions risk irreconcilable judgments. Irreconcilable could be defined expansively to include a clash in underlying law. Since courts have discretion over *forum non conveniens* dismissals, a broader definition there would not overly expose defendants to distant suit in the way that expanding the multiple defendant provision, which is nondiscretionary, would. Presumably, courts would not exercise their discretion to dismiss when the costs of defending faraway outweigh the benefits of considering all the claims at once.

2. *Siting Torts*

Assigning a locus to torts is never easy.¹⁴⁶ It is even more difficult when the property and the injury are intangible.¹⁴⁷ The proposed Convention raises two problems here: determining the place of injury and determining the place where defendant has acted or will act.

The place of foreseeable injury does not require extended discussion. Because only resident plaintiffs can bring all their claims at the place of injury, consolidation in that forum can only occur if the plaintiffs are all from one place. When they are, the forum will likely have enough connection to the dispute to make resolution there reasonable. For example, trademark owners would, under this definition, often be able to resolve their entire dispute at their place of habitual residence. Because one of the core interests in trademark law is encouraging the maintenance of quality, the state where the trademark owner incorporated, or is centrally administered, or maintains its principal place of business, is a reasonable—and foreseeable—forum to which to hale alleged infringing-

146. *E.g.*, *Gray v. Am. Radiator & Standard Sanitary Corp.*, 176 N.E.2d 761 (Ill. 1961) (radiator explosion).

147. *E.g.*, *Faigin v. Doubleday Dell Publ'g Group, Inc.*, 98 F.3d 268, 270 (7th Cir. 1996) (where injury occurs in libel); *Beverly Hills Fan Co. v. Royal Sovereign Corp.*, 21 F.3d 1558, 1570 (Fed. Cir. 1994) (where injury occurs in patent infringement); *Reuber v. United States*, 750 F.2d 1039, 1047–48 (D.C. Cir. 1984) (where act or omission occurs in libel).

ers.¹⁴⁸ Similarly, in copyright and patent actions, the place where the rights holder is habitually resident is also likely the jurisdiction whose laws encouraged the creativity that produced the property that the defendants are supposedly utilizing.

Determining where the defendant acted or will act (or omitted action) is more difficult, and also more critical because the Convention permits all plaintiffs to assert all their claims there. As was discussed in the *iCraveTV* exercise, because a colorable argument can be made that an act is committed wherever a communication occurs, this provision could point to a very large number of potential fora. Several problems would then arise. Communication sometimes depends on only the unilateral activity of viewers—accessing an Internet site, for example, involves no meaningful activities on the part of its proprietors. In places where communication turns so exclusively on locals, it will be difficult to argue that the defendants enjoyed the sort of benefits that incur reciprocal obligations.¹⁴⁹ Suits at the place of unilateral activity would also defy the Convention's apparent logic of exposing defendants to plenary litigation only where they were involved in volitional and persistent conduct. Further, it is not likely that a place of communication will always have enough contact with the dispute to make it an acceptable place to litigate it.

Most important, defining an act to include every place of communication would open considerable opportunities for forum shopping. An interesting feature of U.S. law is that although forum shopping is disfavored, courts have not particularly tried to stop it.¹⁵⁰ But given the possibility of information havens (and information hells), there is a real need to identify unique locations for international intellectual property litigation. Furthermore, the *lis pendens* tradition in Europe, coupled with the way in which the Brussels and Lugano Conventions are interpreted, means that many of the states that are likely to join the Hague Convention will expect a high degree of predictability and some limit on forum shopping opportunities.¹⁵¹ Confining the definition of an act to something involving purposive engagement would better promote the identification of a narrow set of jurisdictions where any claim could be litigated, and a fairly unique place where all claims could be consolidated.

There is, however, another side to this argument: defendants can sometimes work the intangible nature of intellectual property activities to their advantage just as easily as the plaintiffs can. With the highly de-

148. See Hague Convention, *supra* note 8, art. 3(2).

149. *E.g.*, Case Note, 113 HARV. L. REV. 2128 (2000) (analyzing the U.S. Internet cases to show that foreseeability is not enough of a constraint to give defendants the type of control over forum selection envisioned by such cases as *World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286 (1980)).

150. *E.g.*, *Piper Aircraft Co. v. Reyno*, 454 U.S. 235, 252 n.19 (1981). See generally Allan R. Stein, *Forum Non Conveniens and the Redundancy of Court-Access Doctrine*, 133 U. PA. L. REV. 781 (1985).

151. See generally Case C-68/93, *Shevill v. Presse Alliance S.A.*, 1995 E.C.R. I-415, [1995] 2 A.C. 18; Burbank, *supra* note 11; *supra*, note 128 and accompanying text.

veloped dissemination technologies now available, would be users can take intellectual property anywhere: they can set themselves up in a place like Canada, where the law is especially favorable with respect to their activities, or in India, where the courts are too backlogged to stop them. Because defendants can “reify” themselves in a place where it will be difficult for owners to protect their interests adequately, it may make sense to give plaintiffs a greater degree of flexibility than has been traditional in Europe. Thus, while defining an act to include all forms of communication is too broad, there may be activities that provide sufficient specificity without overly empowering defendants. The result will not be elegant, but the cost of giving defendants the opportunity to engage in the type of “reverse” forum shopping possible in intellectual property cases may outweigh the benefit of predictability.¹⁵²

V. CONCLUSION

Both civil procedure and intellectual property involve highly complex bodies of law, known mainly by very specialized and largely separate constituencies. The proposal for a convention on the recognition of judgments is not something that members of the patent, copyright, or trademark bars are likely to follow on their own. By the same token, patent, copyright, and trademark laws are too far removed from general practice to make their special characteristics—territoriality, intangibility, and cultural spillover—features that Hague negotiators are likely to consider. Yet these two groups have a great deal to offer one another. The proposed Convention is at a point where it is ripe for shaping. Thus, the intellectual property bar has a rare opportunity to create procedural law that meets its specific needs—that can make adjudication more efficient and provide an avenue for meaningful development of substantive law suitable for an international information environment. Intellectual property is in an equally special place. The challenges posed by new technologies make the need for new procedures compelling. Thus, this is a bar primed for procedural developments. If properly addressed, it could easily become the Convention’s fifth column—lobbyists for continuing the effort to negotiate this Convention, to promulgate it, and encourage its adoption.

152. *Cf. World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 305 (1980) (Brennan, J., dissenting). The dissent said:

It may be true, as the Court suggests, that each [defendant] sincerely intended to limit its commercial impact to the limited territory, and that each intended to accept the benefits and protection of the laws only of those States within the territory. But obviously these were unrealistic hopes that cannot be treated as an automatic constitutional shield.

Id.