

# Private international law principles for ubiquitous intellectual property infringement – A solution in search of a problem?

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## A. Introduction

### 1. Background

The challenges relating to the interaction of private international law (“PIL”) and intellectual property (“IP”) law are not new. However, the increased use of IP in the digital environment has increased the frequency of IP infringements that raise PIL issues, which in turn has made the challenges in this area more acute. It is not surprising, therefore, that the past decade has seen numerous initiatives aimed at increasing the efficiency of the resolution of cross-border IP disputes. One group of initiatives, led by academics grounded strongly in PIL doctrine, has been the development and codification of five sets of principles (“the PIL-IP Principles”) on the issues of jurisdiction, choice of law, and recognition and enforcement of judgments in IP disputes.<sup>1</sup> Another, related, initiative is the work of the International Law Association’s

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<sup>1</sup> The PIL-IP Principles are: (i) the ALI Principles: *Intellectual Property: Principles Governing Jurisdiction, Choice of Law and Judgments in Transnational Disputes* (Philadelphia, American Law Institute, 2008); (ii) the Transparency Principles: “Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property”, in J Basedow, T Kono and A Metzger (eds), *Intellectual Property in the Global Arena* (Tübingen, Mohr Siebeck, 2010); (iii) the KOPILA Principles: “Principles on International Intellectual Property Litigation” approved Korean Private International Law Association on March 26, 2010, cited by CO Garcia Castrillon, “Choice of Law in IP: Rounding Off Territoriality”, in P Torremans (ed), *Research Handbook on Cross-Border Enforcement of Intellectual Property* (Cheltenham, Edward Elgar, 2014), 423; (iv) the Joint JK Principles: “Principles of Private International Law on

Committee on Intellectual Property and Private International Law, which is drafting guidelines (“ILA Guidelines”) that aim “to provide a set of recommendations to promote a more efficient resolution of cross-border IP disputes and provide a model for national and international legislative initiatives”.<sup>2</sup> Also significant is the resumption, in 2011, of work by the Hague Conference on Private International Law on the Judgments Convention (“Hague Judgments Convention”), in which IP matters may be included.<sup>3</sup>

In parallel with these initiatives has been a steady stream of academic writings considering the interface between PIL and IP. Much of this work has been theoretical scholarship.<sup>4</sup> To the extent to which the research has been empirical it has been predominantly qualitative.<sup>5</sup> Missing from the research has been a quantitative analysis of how PIL issues are actually addressed by courts in cases concerning IP.

This article contributes to filling that gap. It reports the outcome of an empirical study commissioned by, and undertaken with the assistance of, the World Intellectual Property Organization (WIPO). It analyses the factual and legal features of a sample of cases, drawn from a range of jurisdictions, dealing with online IP infringement with cross-border elements. Using the results of that analysis, it draws conclusions about the typical features of such cases, the practical consequences for the interface between PIL and IP law, and the need for special

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Intellectual Property Rights (Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan (Waseda University Global COE Project)) of October 14, 2010” <http://www.win-cls.sakura.ne.jp/pdf/28/08.pdf> accessed on 14 April 2016; and (v) the CLIP Principles: “Principles on Conflicts of Laws in Intellectual Property Prepared by the European Max Planck Group on Conflict of Laws in IP (CLIP)” [http://www.ip.mpg.de/fileadmin/ipmpg/content/clip/Final\\_IText\\_1\\_December\\_2011.pdf](http://www.ip.mpg.de/fileadmin/ipmpg/content/clip/Final_IText_1_December_2011.pdf) accessed on 14 April 20.

<sup>2</sup> “International Law Association Washington Conference (2014) Intellectual Property and Private International Law Committee”, 2, <http://www.ila-hq.org/download.cfm/docid/33B8054F-F87D-4433-A1DC108BF6A08B68> accessed on 14 April 2016.

<sup>3</sup> See the Preliminary Draft Convention and information about the Special Commission at <https://www.hcch.net/en/projects/legislative-projects/judgments/special-commission1> accessed on 2 March 2017.

<sup>4</sup> See, e.g., the six articles in (2012) 3(3) *Journal of Intellectual Property, Information Technology and Electronic Commerce Law*; and Chapters 8-13 in P Torremans (ed), *supra* n 1.

<sup>5</sup> A good example of qualitative empirical research on the PIL and IP law interface is the material contained in the General and National Reports arising from the 18th International Congress of Comparative Law, published in T Kono (ed) *Intellectual Property and Private International Law: Comparative Perspectives* (Oxford, Hart Publishing, 2012).

PIL rules dealing with the situation generally regarded as the most problematic from a PIL perspective, namely “ubiquitous infringement”.<sup>6</sup>

## **2. Significance**

The study has a number of features that make a distinctive contribution to the topic. Whereas previous analyses of cases dealing with PIL and IP law issues have focussed predominantly on the major jurisdictions (namely the US, EU, Japan and Korea),<sup>7</sup> the cases analysed in this study are drawn from many smaller jurisdictions as well as from major jurisdictions. By including in the analysis cases from smaller as well as larger jurisdictions, the study is able to offer observations that can be expected to have greater universality in relevance and application.

Another distinctive contribution of this study is that its analysis is quantitative. By undertaking a quantitative analysis, the study is able to identify patterns of behaviour adopted by parties and courts involved in cases concerning PIL and IP law issues. This, in turn, enables observations to be drawn about the practical significance and practical consequences of the theoretical issues – something that previous initiatives undertaking qualitative analyses have not been able to do so readily.

A third contribution of this study is that, whereas most of the initiatives to date have looked at the full range of instances at the PIL and IP law interface,<sup>8</sup> this study focuses on one particular instance only – cross-border online IP infringement. While a “cross-border” element is, by definition, present in any case giving rise to PIL issues, those issues can arise in cases not concerned with infringement (e.g. in cases concerned with validity or ownership), and in cases where infringement occurs otherwise than online (e.g. through distribution of tangible products in the off-line environment). The focus of this study on infringement, and on online infringement in particular, has been chosen for a number of reasons. First, infringement is arguably the most important legal issue with respect to any IP right (“IPR”), given that the purpose of the grant of an IPR is to provide the owner with exclusivity over the protected IP.

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<sup>6</sup> For a discussion of what is meant by “ubiquitous infringement”, see section G.

<sup>7</sup> See, e.g., T Kono (ed), *supra* n 5 and P Torremans (ed), *supra* n 1.

<sup>8</sup> See, e.g., the PIL-IP Principles, *supra* n 1.

Secondly, online infringement (i.e. infringement that occurs via the Internet) is arguably the most challenging scenario for application of PIL rules to IP, given that it provides the potential for ubiquitous infringement of IPRs – as that concept is defined and elaborated in section G, below.

## **B. Methodology**

### **1. Data**

With the assistance of staff in the Building Respect for IP Division of the Secretariat of the WIPO (“WIPO Secretariat”), a questionnaire was designed and administered to experts in 25 countries. The experts were asked to provide “leading court judgments (between three to five cases) in your country, involving private international law aspects in online intellectual property (IP) infringement disputes with cross-border elements”. For each case, the national expert was requested to provide: a brief summary of the facts of the case; the type of IPR involved; whether the case involved civil or criminal infringement; a brief description of the cross-border elements; whether the defendant was the primary infringer or a secondary infringer; whether validity issues were raised; whether applicable law was raised as an issue and/or what law was applied by the court; whether provisional measures and/or preliminary injunctions were issued; the remedies sought and granted; whether issues of private international law were sought and/or addressed, either expressly or in an implied manner; whether there were parallel proceedings (within the same or in different jurisdictions); whether the judgment included orders requiring enforcement in a jurisdiction where the case was not heard and, if so, whether such orders were recognized and enforced in such jurisdiction; and whether special private international law considerations were made with respect to the online aspect of the infringement.

The responses to the questionnaire were received by the WIPO Secretariat and communicated to the author at various times between late 2013 and early 2015. The experts from four countries<sup>9</sup> reported that there were no cases within their jurisdiction addressing PIL issues in

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<sup>9</sup> The four countries reporting no cases were Colombia, Nigeria, Singapore, and United Arab Emirates.

online IP infringement with cross-border elements. Responses were not received from five countries.

In addition to administering the survey, the WIPO Secretariat identified a sample of court judgments dealing with PIL issues in cross-border online IP infringement from four other groups of courts: the Court of Justice of the European Union, and the national courts in France, the UK and the US. The WIPO staff analysed the identified judgments against the issues contained in the questionnaire, and the resulting information was sent to the author in late 2013 and in early 2015.

The empirical data received from the national experts and from the WIPO Secretariat were extracted, categorised and recorded into a spread-sheet, and then reviewed and analysed by the author.<sup>10</sup> A total of 57 cases were reported by the national experts in the surveyed countries, and 23 cases were identified by the WIPO Secretariat in the reviewed jurisdictions – providing an initial pool of 80 cases. Of those 80 cases, 12 from the surveyed countries and 12 from the reviewed jurisdictions were excluded from the analysis, because they did not unambiguously concern online IP infringement in a cross-border context. A case was excluded if any one of the following conditions were met: it did not concern an IPR, as that concept is defined in this study;<sup>11</sup> it did not concern infringement;<sup>12</sup> or it did not concern online activity.<sup>13</sup>

Exclusion of the 24 cases that were not unambiguously concerned with cross-border online IP infringement left a set of 56 cases for evaluation – 45 from the surveyed countries, and 11 from the reviewed jurisdictions. Details of these 56 cases are set out in the Appendix. The

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<sup>10</sup> The author gratefully acknowledges the assistance of Cindy Bors and Fiona Rotstein with the initial analysis of the data.

<sup>11</sup> An example of a case excluded on this basis is one concerned with an action to prevent a breach of privacy. For the purpose of this study, a right was considered to be an IPR if it was either a traditional IPR (i.e. a copyright, including a related right such as database right; a registered trademark; a patent; a registered design) or a quasi-IPR (i.e. one of a group of disparate rights that have the commonality of preventing misleading conduct – as described in section C.1, below).

<sup>12</sup> An example of a case excluded on this basis is one concerned with a claim to ownership of an IP right, but not with infringement of it.

<sup>13</sup> An example of a case excluded on this basis is one where the infringement occurred solely in the off-line environment.

number of cases from each of the surveyed countries (with reporting national expert named) and the reviewed jurisdictions that make up this set is shown in Table 1.

**Table 1: Number of Cases from Surveyed Countries and Reviewed Jurisdictions**

<b>Surveyed Country (Reporting National Expert)</b>			
Australia (Andrew F. Christie)	2	Ireland (Alistair Payne)	2
Belgium (Alain Strowel)	3	Israel (Jonathan Agmon)	3
Brazil (Gabriel Leonardos)	3	Italy (Anna Carabelli)	3
Canada (Christopher J. Pibus)	3	Netherlands (Wolters Wefers Bettink)	3
Chile (Marcos A. Morales)	1	New Zealand (Warwick Smith)	3
China (Jacob Chen)	5	Republic of Korea (Ik Hyun Seo)	3
Denmark (Knud Wallberg)	1	Switzerland (Jacques de Werra)	4
India (Pravin Anand)	6		
<b>Reviewed Jurisdiction</b>			
EU Court of Justice	2	United Kingdom	3
France	4	United States of America	2

## **2. Data robustness**

The 56 cases evaluated in this study are drawn from 19 jurisdictions – 18 countries, and one regional grouping (the European Union). The number of cases per jurisdiction ranged from one to six, with an average of 2.9 and a median of 3. The cases were not randomly selected; rather, they were identified by the experts in the surveyed countries, and by the WIPO Secretariat staff, on the basis that they appeared to satisfy the relevant criteria (as elaborated above). While there is the potential for a selection bias in the set of cases that are evaluated in this study, there is reason to believe that likelihood of such bias is small, and that the effect of such bias, if present, is slight. The experts in the surveyed countries were asked to provide information on “between three to five cases”. In only two surveyed countries was the number of reported cases equal to or greater than five.<sup>14</sup> For those surveyed countries in which the reported numbers of cases was less than five, there is a reasonable prospect that those reported cases comprised, as at the date of completion of the survey, most or all of the population of

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<sup>14</sup> Not surprisingly, those two countries were the two most populous of the surveyed countries – China and India.

cases concerning PIL issues in cross-border online IP infringement in that country. Thus, there is good reason to believe that the evaluated cases in the surveyed countries are representative of the population of cases concerning PIL issues in cross-border online IP infringement in those countries.

Because the WIPO Secretariat staff did not purport to undertake an exhaustive identification of cases in the reviewed jurisdictions, it is not assumed that the identified cases comprise, as at the date of the review, all of the cases concerning cross-border online IP infringement in those jurisdictions. Nevertheless, there is no reason to believe that the cases from the reviewed jurisdictions are not reasonably representative of cases concerning cross-border online IP infringement in those jurisdictions, even if they do not comprise the population of such cases.

The relatively high level of generality at which the cases were reported in the survey responses, together with the small number of evaluated cases per country relative to the number of countries covered and the large number of data points captured from the evaluated cases, mean it is not realistically feasible to compare the general principles and approaches on a country-by-country basis. However, by treating the evaluated cases as a single set, it was possible to extract general principles and approaches to PIL issues in cross-border online IP infringement cases that, given the relatively large size and representative nature of the set, can be assumed to be reasonably robust. Accordingly, it is asserted that the conclusions drawn in this study about the approaches to PIL issues in cross-border online IP infringement cases are highly representative of the actual approaches adopted across a wide range of jurisdictions.

### ***3. Analysis***

The data extracted from the evaluated cases were grouped into four categories of general issues prior to analysis. The four general issue categories, and the various sub-issues contained therein, are:

- (1) *Features of the case*: type of IPR; fact scenario; cross-border elements.
- (2) *Nature of the claim*: whether civil or criminal infringement; whether primary or secondary infringement; whether validity in issue; whether parallel proceedings.
- (3) *Court orders sought*: whether provisional measures issued; remedies sought and granted; whether order made for foreign enforcement.

(4) *PIL issues addressed*: enforcement of foreign judgment; applicable law; jurisdiction; special PIL considerations for online infringement.

The findings from the analysis of the data, and comments on those findings, are set out in the following sections, separately for each of these four general issues.

## C. Features of the Case

### 1. *Type of IPR*

The subject matter of the evaluated cases included three traditional IPRs and a conglomeration of various non-traditional, quasi-IPRs. The traditional IPRs observed in the evaluated cases are: copyright or related right (including database right); registered trademark; patent. The quasi-IPRs are a group of disparate rights that have the commonality of preventing conduct of one sort or another that, loosely, would be considered misleading in some respect. The rights that have been included in this type of IPR are: the right to prevent commercial disparagement; the right to prevent misleading and deceptive conduct; the right to prevent passing off; the right to prevent unauthorised use of personality; the right to prevent unfair competition; the right to prevent unauthorised use of an unregistered mark. The occurrence in the evaluated cases of each type of IPR is shown in Table 2.<sup>15</sup>

**Table 2: Occurrence of IPR Type**

<b>IPR type</b>	<b>Activity prohibited by the right</b>	<b>Occurrence</b>
Registered Trademark	Infringement of a trademark registration	26
Copyright and related rights	Infringement of a copyright or a related right (inc. a database right)	21
Right to prevent misleading conduct	Commercial disparagement; Misleading/deceptive conduct; Passing off; Unauthorised use of personality; Unfair competition; Unauthorised use of unregistered mark	13
Patent	Infringement of a patent	2

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<sup>15</sup> Because the evaluated cases sometimes dealt with more than one IPR type, the number of occurrences of each IPR type exceeds the number of cases evaluated.

The IPRs that were most commonly the subject of the action for online infringement were the standard IPRs of a registered trademark and a copyright or related right. Of the other standard IPRs, only patent was the subject of any of the cases (and then, only in two cases), while registered design right did not feature in any case. Nearly three-quarters (71%) of cases concerned a single IPR type. In the 16 cases concerning more than one IPR type, the most common combination of IPRs was, not surprisingly, of registered trademark and misleading conduct (eight cases).

The finding that it is rare for a cross-border online infringement action to concern a patent right is noteworthy, but is understandable once consideration is taken of the particular nature of a patent. A patented invention may be embodied in either of two ways: as a physical product, or as a process/method. Although it is not impossible to envisage, it is self-evidently unlikely for patent infringement of a process/method to be a common occurrence in the online environment. The more likely form of patent infringement in the online environment will be unauthorised online marketing of a patented product. However, this form of infringement is not likely to be as common as online copyright or trademark infringement, given the much smaller number of products protected by patents compared with the amount of material protected by copyright and the number of marks protected by trademark registration.<sup>16</sup> The position appears to be the same regarding registered design infringement. While it is possible to conceive of how a registered design could be infringed in the online environment – namely, by offering for sale from a website products infringing the design – such infringement is not likely to be as common as online copyright or trademark infringement, given the comparatively much smaller number of designs protected by design registration.<sup>17</sup>

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<sup>16</sup> The estimated number of patents (for both products and processes/methods) in force in 2014 was 10.2 million, which is less than one-third of the 33.1 million registered trademarks known to be in force at that date: WIPO, *World Intellectual Property Indicators 2015*, 30 and 80, [http://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_941\\_2015.pdf](http://www.wipo.int/edocs/pubdocs/en/wipo_pub_941_2015.pdf) accessed 16 April 2016. While it is not possible to estimate the number of copyright-protected subject matters in force, it is incontrovertible that the number is vastly greater than the number of granted patents or registered trademarks, given the wide range of material protected by copyright and the absence of a registration requirement for subsistence of copyright protection.

<sup>17</sup> The estimated number of design registrations in force in 2014 was 3.33 million: WIPO, *World Intellectual Property Indicators 2015*, *Ibid*, 142.

## 2. *Fact scenario*

The cases were evaluated to identify the relevant facts, as alleged by the plaintiff. Almost all of the various fact patterns observed in the evaluated cases could be grouped into one of three general types: (i) online marketing of goods or services, using either a registered trademark or unregistered mark in which a reputation exists (“online marketing”); (ii) online distribution of material, being material that is protected by copyright or a related right, such as database right (“online distribution”); and (iii) registration and/or use of a domain name, containing either a registered trademark or an unregistered mark in which a reputation exists (“domain name registration/use”). In addition, two cases concerned infringement of patent by offering, from a website, supply of patented goods. These groupings, and their occurrences in the evaluated cases,<sup>18</sup> are shown in Table 3.

**Table 3: Occurrence of Fact Type**

<b>Fact type</b>	<b>Description of claim</b>	<b>Occurrence</b>
Online marketing	Infringement of registered trademark, or engaging in misleading conduct, by use of a mark on a website offering goods or services	29
Online distribution	Infringement of copyright or of related right (inc. database right), by making protected material available from a website	22
Domain name registration/use	Infringement of registered trademark, or engaging in misleading conduct, by registration and/or use of a domain name containing a mark	14
Other	Infringement of patent by offering, from a website, supply of patent-protected goods	2

The fact types that were most commonly the subject of the action for online infringement were online marketing and online distribution. Not surprisingly, the occurrence of the four fact types closely matched the occurrence of the four related IPR types.

The finding that there are only three general fact scenarios into which almost every case of cross-border online IP infringement fits is notable, but it is not surprising given that the

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<sup>18</sup> Because the evaluated cases sometimes dealt with more than one fact scenario, the number of occurrences of each fact scenario exceeds the number of cases evaluated.

evaluated cases were selected on the basis that they concerned “online infringement”. As those cases demonstrate, there is only a small number of ways in which an IPR can be infringed online – all of which are ubiquitous in nature.

### 3. *Cross-border elements*

Four general types of cross-border element could be discerned in the evaluated cases: the location of the infringing act; the location of the parties to the case; the location of the infringed IPR; and the location of the damage caused by the infringement. The occurrences of these elements in the evaluated cases are shown in Table 4.<sup>19</sup>

**Table 4: Occurrence of Cross-border Elements**

<b>CBE Type</b>	<b>Description of cross-border element</b>	<b>Occurrence</b>
Action location	Act giving rise to infringement occurred outside local jurisdiction	49
Party location	At least one of the parties is domiciled outside local jurisdiction	48
IPR location	Infringed IPR is located outside local jurisdiction	7
Damage location	Infringement caused damage outside local jurisdiction	4

#### (a) *Action location*

A cross-border element will be present when the action said to give rise to the infringement takes place outside the local jurisdiction. For the purpose of this study, the location of the action that gave rise to infringement was determined on the basis of the location of the defendant at the time when the relevant action was undertaken by the defendant.<sup>20</sup>

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<sup>19</sup> Because the evaluated cases sometimes dealt with more than one cross-border element, the number of occurrences of each cross-border element exceeds the number of cases evaluated.

<sup>20</sup> The location of the defendant was used because, almost invariably, this was identified in the survey response, whereas the location of any equipment used by the defendant, such as computer server, was often not identified. Where the case involved the defendant undertaking an action in jurisdiction A to obtain a registration of a domain name in jurisdiction B, the action giving rise to infringement was regarded as having occurred in both jurisdictions, so as not to lose the foreign element of the case.

A very large majority (88%) of the evaluated cases concerned an alleged infringing action undertaken outside the local jurisdiction. Of these 49 cases, the foreign action was the sole alleged infringing action in 37 instances, while in 12 instances the alleged acts of infringement appeared to have both a foreign and a local element.

The majority of the cases concerning foreign action were of the online marketing fact scenario; of the remainder, the online distribution fact scenario was more prevalent than the domain name registration/use scenario. The large majority of these cases related to a local IPR, and were brought by a local plaintiff against a foreign defendant. In all cases where the alleged infringing action was foreign, the claimed damage was local.

In the small number of cases where the alleged act that gave rise to infringement was undertaken locally, the case typically concerned the online distribution fact scenario, and was litigated by a foreign plaintiff against a local defendant. Cases with both local and foreign actions usually concerned a local IPR, with a roughly equal split of these cases being brought by local and foreign plaintiffs against local and foreign defendants.

(b) *Party location*

A cross-border element will arise when the domicile of one or both of the parties is outside the local jurisdiction. For the purpose of this study, the determination of the place of domicile was based on a party's residence and nationality. When these factors were conflicting, the party's residence was considered determinative. Foreign businesses that have a local subsidiary were treated as locally domiciled. The occurrence in the evaluated cases of each possible domicile of the parties is shown in Table 5.

**Table 5: Occurrence of Party Location**

		Defendant's domicile	
		Local	Foreign
Plaintiff's domicile	Local	8	33
	Foreign	13	2

In the large majority (86%) of the evaluated cases, at least one of the parties was located outside the local jurisdiction. Of those 48 cases with at least one foreign party, typically it was the defendant that was foreign.

While the most common scenario (59% of evaluated cases) was a local plaintiff suing a foreign defendant, the converse – a foreign plaintiff suing a local defendant – was also reasonably common (23% of evaluated cases). In only a small number (14%) of cases were both parties local, and in only two cases were both the plaintiff and the defendant foreign.

Where the plaintiff is local and the defendant is foreign, the most common fact scenarios are online marketing and online distribution (in similar numbers). Where the plaintiff is foreign and the defendant is local, the three most common fact scenarios are represented in roughly equal numbers. Of the small number of cases where both the plaintiff and the defendant are local, the fact scenarios were either online distribution or domain name registration/use, in largely similar numbers. The two exceptional cases, in which both the plaintiff and the defendant were foreign, concerned online marketing using a registered trademark.

In about half of the cases where the plaintiff is foreign, the IPR is also foreign. These seven cases comprise all of the cases in which the IPR is foreign. That is to say, in all the cases where the IPR is foreign, the plaintiff is also foreign. In every case where the alleged infringing action was foreign, the defendant was foreign. In only a very small number (7%) of cases was the location of the parties the *only* apparent cross-border element of the case.

### (c) *IPR location*

A cross-border element will be present where the allegedly infringed IPR is located outside the local jurisdiction (where “local jurisdiction” means the country<sup>21</sup> in which the court hearing the case is located). For the purposes of this study, an IPR is regarded as located outside the local jurisdiction where: (i) in the case of a registered IPR, such as a trademark, it

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<sup>21</sup> In a small number of cases (six), the PIL issues addressed by the court arose in an *intra-country* situation and concerned the application of domestic law concerning the jurisdiction of regional courts. In those cases, “local jurisdiction” means the geographic region of the regional court seized with the case.

is registered outside the local jurisdiction but not in it; or (ii) in the case of an unregistered IPR, such as a copyright, the copyright subsists outside of the local jurisdiction but not in it (or, at least, no claim for its subsistence inside the local jurisdiction is made). Where the IPR type is the right to prevent misleading conduct, this IPR is regarded as a located within the local jurisdiction, because such a claim is founded upon the existence of a reputation in the local jurisdiction.

A very large majority (89%) of the evaluated cases concerned local IPRs. Of the seven cases relating to a foreign IPR, six concerned a registered trademark and the other concerned a foreign copyright. It should be noted that of the six foreign trademark cases, three related to the same trademark and were brought by the same plaintiff against the same defendant. The foreign copyright case concerned local enforcement of a foreign judgement.

The finding that when there is a foreign IPR it is usually a registered trademark, is noteworthy but explicable. Self-evidently, a registered trademark must be registered – which means this type of IPR can be allocated a definitive “location” with certainty. The position with respect to a copyright (or a related right, such as a database right) is less clear-cut. Because there is generally no requirement for registration of copyright,<sup>22</sup> the concept of allocating a “location” to a copyright is not straightforward. Furthermore, the arising of a copyright right in one country will generally result in the arising of that copyright right in most other countries.<sup>23</sup> As a result, most of the time there will be no need for a plaintiff in the local jurisdiction to rely on a foreign copyright, since an equivalent local copyright will exist. Where the IPR is the right to prevent misleading conduct, the IPR is to be regarded as a located within the local jurisdiction, because such a claim is founded upon the existence of a reputation in the local jurisdiction. Thus, it is to be expected that almost all cases involving foreign IPR will be concerned only with a registered trademark.

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<sup>22</sup> While no country that is a member of the Berne Union requires registration as a precondition to subsistence of copyright protection, a number of countries do permit voluntary registration (for evidentiary purposes) and at least one country (the US) requires registration of locally-owned copyright as a precondition to bringing an infringement action and to obtaining statutory damages.

<sup>23</sup> This is because, in simple terms, where copyright over a particular subject matter arises in a country that is a member of the Berne Union, copyright over that subject matter will generally arise in all other countries that are members of the Berne Union.

#### (d) *Damage location*

A cross-border element will arise when the damage caused by the alleged infringement is located outside the local jurisdiction. For the purposes of this study, damage was regarded as having occurred outside the local jurisdiction where the evaluated case indicated that the plaintiff had alleged this.

Almost all (93%) of the evaluated cases were concerned with local damage only. In only four cases did the damage occur in a foreign jurisdiction, and one of those cases concerned enforcement of a foreign judgement for that damage against a local defendant.

#### **4. *Typical cross-border features***

The data from the evaluated cases show that they most commonly contained two particular types of cross-border element: a foreign location of the alleged infringing action, and a foreign location of one or both of the parties (with the latter hardly ever being the only cross-border element to a case). The cross-border elements of foreign IPR and/or of foreign damage, while not unknown in the cases, are not commonly observed in them. In the rare cases involving foreign IPR, the IPR is almost invariably a registered trademark and the plaintiff is foreign. Overall, the most common combination of cross-border elements observed in the evaluated cases was a local plaintiff suing a foreign defendant for a foreign act infringing local IPR causing local damage.

This finding is highly noteworthy. It shows that the plaintiff in the typical cross-border IP infringement case chooses to sue the defendant in the plaintiff's jurisdiction. This is despite the fact that the defendant (and the place of the defendant's act allegedly causing the infringement) is located elsewhere, and therefore that effective enforcement of a remedy against the defendant might be problematic. The fact that the plaintiff typically sues in the plaintiff's jurisdiction rather than the defendant's jurisdiction suggests that the plaintiff either: (i) has brought or will bring parallel proceedings against the defendant in the defendant's jurisdiction; (ii) is seeking a remedy from the local court that will include an order for enforcement in the defendant's location; or (iii) expects the local court's order of a locally-exercisable remedy will nevertheless satisfy the plaintiff's practical interests. Which of these is the most plausible explanation is considered later in this article, following analysis of the

data on whether the evaluated cases typically involve parallel proceedings, seek orders for foreign enforcement, or concern enforcement of a foreign judgment.<sup>24</sup>

## **D. Nature of the Claim**

### **1. *Civil or criminal infringement***

The cases were evaluated to determine if the infringement claim was civil or criminal in nature. The occurrence of the two types of claims were mutually exclusive. That is to say, all of the evaluated cases concerned only one type of claim; none of the cases were concerned with both types of claim. Almost all (95%) of the evaluated cases concerned civil claims for infringement. Only three of the evaluated cases were criminal actions, each of which related to copyright infringement by online distribution.

The finding that criminal actions are rare is not surprising. As a general rule, criminal proceedings require a higher standard of proof than civil claims, and so it is likely that plaintiffs are inclined to prefer to bring civil claims rather than criminal claims when seeking redress for cross-border online IP infringement. The low frequency of criminal claims may also be due to the well-established and largely universal principle that the courts of one country will not enforce the penal laws<sup>25</sup> of another country.<sup>26</sup> So, it would not be expected that cases in which the law allegedly breached is the criminal law would be brought in a foreign jurisdiction.

### **2. *Primary or secondary infringement***

The evaluated cases were assessed for whether the defendant was alleged to be a primary or a secondary infringer. The large majority (84%) of the evaluated cases dealt with primary infringement only. Of the nine cases concerning secondary infringement (either solely, or together with primary infringement), five cases involved copyright as the IPR type and online

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<sup>24</sup> These matters are explored below in sections D.4, E.3 and F.1, respectively.

<sup>25</sup> A penal law includes both a crime in the strict sense and “all breaches of public law punishable by pecuniary mulct or otherwise, at the instance of the state government, or someone representing the public”: *Huntington v. Attrill* [1893] AC 150, at 156.

<sup>26</sup> See, e.g., *Williams & Humbert Ltd v. W&H Trade marks (Jersey) Ltd* [1986] AC 368, at 428; *Derby & Co Ltd v. Weldon (No 6)* [1990] 1 WLR 1139, at 1154.

distribution as the fact scenario (one of which concerned enforcement of a foreign judgment), three cases concerned a registered trademark and the online marketing fact scenario, and one case related to both of those scenarios. The sole case in which both primary and secondary infringement was alleged concerned an online distribution claim against the defendant as primary infringer for disclosure of the identity of the defendant's service provider who was asserted to be a secondary infringer.

The finding of a high prevalence of actions for primary infringement is noteworthy. There are a number of possible reasons for this prevalence. First, domestic legislation tends to prescribe secondary infringement more narrowly than primary infringement, thus making a secondary infringement case possibly harder to establish. Secondly, plaintiffs are likely to have a strategic preference for targeting primary infringers, because success in the action should have the effect of shutting down the infringement "at its source". Thirdly, the number of cases with secondary infringers is smaller than the number of cases with primary infringers, since every case of infringement must involve a primary infringer, but not every case of infringement involves a secondary infringer.

### ***3. Validity of IPR***

Cases were evaluated to identify whether or not the validity of the IPR was challenged. The defendant challenged the validity of the IPR in only a tiny proportion (5%) of the evaluated cases. Of the three cases in which the validity of the IPR was challenged, two concerned a registered trademark and the other concerned a patent.

It is noteworthy that actions in which the validity of the IPR is put in issue are rare. The fact that validity challenges occurred only in cases concerning trademark and patent disputes is not surprising. The other IPR types (i.e. copyright and related rights, and misleading conduct) do not require registration, and so are not subject to an examination process to determine if the requirements for validity are met. This means that the non-registered IPRs are not, strictly, subject to a challenge to the right's "validity". Where the validity of a non-registered IPR is put in issue, the challenge is to the very subsistence of the right (such as, for example, a challenge to whether the material is capable of obtaining copyright protection, or to whether a reputation exists in the unregistered mark). Accordingly, it is only to be expected that the

cases in which the defendant challenged the validity of the IPR are cases concerning registered IPRs.

It is, nevertheless, noteworthy that in only a very small minority of registered IPR cases was the validity of the IPR challenged; and, that in most of those cases the challenged IPR was local. This suggests that defendants are generally disinclined to challenge the validity of a foreign registered IPR – perhaps because of an expectation that the local court will be disinclined to find it has jurisdiction over such a challenge.

#### ***4. Parallel proceedings***

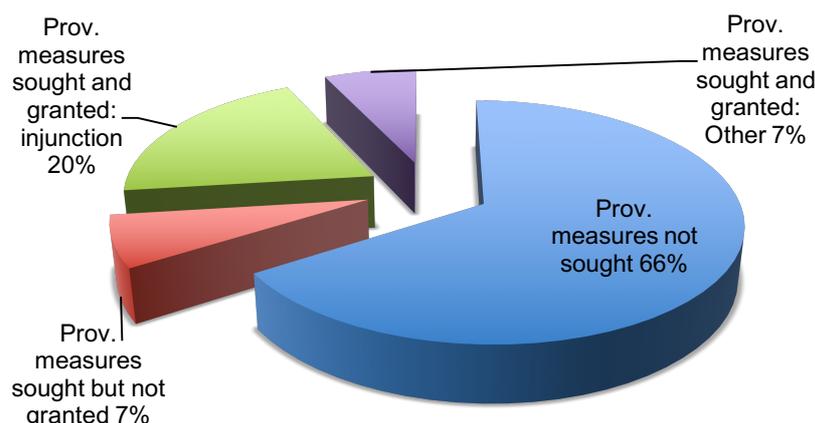
The evaluated cases were assessed for whether there existed parallel proceedings in a foreign jurisdiction. The existence of a parallel proceeding in a foreign jurisdiction was not common, occurring in only 12% of the evaluated cases. The seven parallel proceedings were varied in nature: three were equivalent infringement actions by the local plaintiff against the foreign defendant in the defendant's jurisdiction; two were infringement actions resulting in the foreign court order that the plaintiff was seeking to enforce in the local jurisdiction; one was an equivalent infringement action by the foreign plaintiff against the foreign defendant in a jurisdiction in which neither party was domiciled; and one was a negative declaration action (i.e. an action seeking a declaration of non-infringement) brought by the foreign defendant in the defendant's home jurisdiction.

The finding that parallel proceedings are rare is worthy of highlight. Cross-border online IP infringement of the types represented in the evaluated cases can be seen as instances of ubiquitous infringement. It is perhaps surprising, therefore, to observe that the ubiquitous nature of the infringement generally did not result in the plaintiff commencing proceedings in multiple jurisdictions. There would appear to be two possible reasons for this – either a parallel action is impractical, or a parallel action is unnecessary. While there is nothing in the data that provides support for or against the first possibility, the data on foreign enforcement of the judgment (discussed below, in section E.3) and on enforcement of foreign judgments (discussed below, in section F.1) may be seen as providing support for the second possibility.

## E. Court Orders Sought

### 1. *Provisional measures*

A variety of provisional measures were sought and granted in the evaluated cases. The occurrence of the seeking and the obtaining of provisional measures, and of the type of provisional measures granted, is shown in Figure 1.



**Figure 1: Provisional Measures Sought and Granted**

Provisional measures were sought in one-third (34%) of the evaluated cases, and were granted in all but four of the cases in which they were sought. In the 15 cases in which a provisional measure was granted, the most common measure was a temporary injunction restraining the behaviour alleged to be an infringement, issued in 11 cases. The measures issued in the other four cases were: appointing an expert to investigate the defendant's actions; requiring the defendant to disclose the identity of an unknown third party; restraining the defendant from transferring a domain name; and restraining the defendant from leaving the country, allowing for police surveillance of the defendant, and requiring disclosure of a password by the defendant.

In all but two of the cases in which a provisional measure was granted, the plaintiff (or, at least, one of the plaintiffs) was local. The cases in which a provisional measure was granted related to the three IPR types, and involved the three most common fact scenarios, in relatively equal numbers.

## 2. Remedies

A variety of remedies were sought by the plaintiffs in the evaluated cases. The types of remedies sought were: an injunction or other restraining order (other than a preliminary injunction, which was the subject of the question discussed above); damages or other monetary compensation (such as an account of profits); transfer of a domain name; enforcement of a foreign judgement; declaration of jurisdiction; and miscellaneous other orders (amendment of a website, destruction of materials, appointment of a commissioner, a fine, participation in an education program, imposition of a tariff). Shown in Table 6 is the occurrence with which the various remedies were sought, were sought in an action that ultimately succeeded,<sup>27</sup> and were granted.<sup>28</sup>

**Table 6: Remedies Sought and Granted**

	Injunction	Damages	Transfer of domain name	Declaration re Jurisdiction	Enforcement of Judgment	Misc. Other
<b>Sought</b>	29	18	8	2	1	7
<b>Sought in successful action</b>	14	7	4	2	1	6
<b>Granted</b>	14	7	4	2	1	5

The most commonly sought, and obtained, remedies were (in order) injunction, damages, and transfer of a domain name. The scenarios in which each of these remedies was typically granted are described below.

The remedy of injunction was typically sought by a local plaintiff against a foreign defendant acting outside the jurisdiction, in relation to the online distribution or the online marketing

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<sup>27</sup> The category of “sought in an action that ultimately succeeded” is a sub-category of the cases in which the particular remedy was sought, being those cases in which the complaint succeeded (i.e. in which the alleged act of infringement was found established). This sub-category has been created so as to observe the frequency with which a sought remedy is granted when the claim is successful.

<sup>28</sup> Because the plaintiffs in the evaluated cases often sought more than one remedy, the number of occurrences of each remedy, both sought and granted, exceed the number of cases evaluated.

fact scenario (in largely equal measures) in respect of a local IPR. In all cases where the remedy was sought and the action succeeded, the remedy was granted. The remedy of damages or other monetary compensation (such as an account of profits) was commonly sought by a local plaintiff against either a local or a foreign defendant, in relation to the online distribution and the online marketing fact scenarios (in largely equal measures) in respect of a local IPR. In all cases where the remedy was sought and the action succeeded, the remedy was granted. Self-evidently, the remedy of transfer of a domain name was sought in relation to the domain name registration/use fact scenario (although in a number of these cases a claim for registered trademark infringement, by use of the domain name in relation to a website, was also made). The cases in which this remedy was sought involved a local plaintiff against either a local or foreign defendant (in equally measures). In all cases where the remedy was sought and the action succeeded, the remedy was granted.

The finding that an injunction is the most commonly sought and granted remedy is significant, given that it was typically sought in cases of online distribution or online marketing, where the alleged act of infringement was undertaken outside the jurisdiction by a foreign defendant. It might be thought that an order of injunction against a foreign-acting defendant would lack effectiveness unless it required enforcement outside the jurisdiction (i.e. in the location of the defendant's action). As is discussed immediately below, however, this was generally not the case.

### ***3. Foreign enforcement***

The cases were evaluated to identify whether the judgment included an order requiring enforcement outside of the local jurisdiction; and, if it did, whether that order was recognized and enforced. (The cases were also evaluated to identify whether the action was for local enforcement of a foreign judgment – that issue is considered separately, in section F.1, below).

Foreign enforcement of the local judgment was required in only a small number (14%) of cases – five concerning websites (where the ordered remedy was takedown of the website, or removal of specific content on the website, by the host); and three concerning domain names (where the ordered remedy was transfer of the domain name to the plaintiff). In seven of those eight cases, the IPR and the plaintiff were local, and the defendant was foreign (being located in the jurisdiction in which foreign enforcement was ordered – or, in one instance,

untraceable). In the other case, the IPR and the plaintiff were foreign (both being located in the jurisdiction in which foreign enforcement was ordered), and the defendant local. It appears that foreign enforcement was achieved in at least seven of the eight cases.

The finding that an order for foreign enforcement is rarely sought is highly noteworthy, once it is recalled: (i) that the most common combination of cross-border elements of the evaluated cases is that the act giving rise to the alleged infringement occurred outside the jurisdiction, by a defendant located outside the jurisdiction, causing local damage; and (ii) that the most commonly-sought (and granted) remedy is an injunction in respect of infringement by either online distribution or online marketing. From these features, it can be seen that the most common type of cross-border case is one where the plaintiff is seeking redress for local damage caused by a foreign action, and that the redress sought and granted is in the form of an injunction to take effect locally, despite the fact that the infringing act (use of copyright material or a trademark on a website) occurred outside the jurisdiction. This may be seen as indicating that the plaintiff sees no need to request enforcement of the order outside the local jurisdiction, because the case being brought will provide the necessary redress. That is to say, it would seem that this particular type of case is being brought precisely because it is an effective alternative to bringing the case in the (foreign) location of the alleged infringing action and then seeking enforcement of the court's order in that (foreign) location. When considered together with the fact that parallel proceedings are rarely brought, this suggests that plaintiffs consider that they can achieve most, if not all, of what they desire by bringing an action in their local jurisdiction and obtaining enforcement of the remedy (presumably an injunction requiring that the website not target, or not be accessible, to local consumers<sup>29</sup>) in that location.

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<sup>29</sup> See the discussion in section F.4, below, where it is noted that the courts will assume jurisdiction for acts of infringement taking place on a website outside the jurisdiction when the website is either targeting consumers in the jurisdiction (in the case of online marketing) or is accessible in the jurisdiction (in the case of online distribution). This suggests that the type of injunction that would typically be sought in these cases is one requiring cessation of the infringement – i.e. of the targeting or of the accessibility, as the case may be.

## **F. PIL Issues Addressed**

The cases were evaluated on four PIL-related matters: whether the case concerned enforcement of a foreign judgment; whether applicable law was raised as an issue, and which law was applied by the court; whether the issue of jurisdiction was expressly addressed by the court, and the court's decision on the issue; and whether special PIL considerations were made with respect to the online aspect of infringement.<sup>30</sup>

### ***1. Enforcement of foreign judgment***

In only two of the evaluated cases was local enforcement of a foreign judgment sought. In those two cases, the judgment was of a US court, the plaintiff was foreign (US), the defendant was local, and the infringing action location was local. In both cases, the local court enforced the foreign judgment.

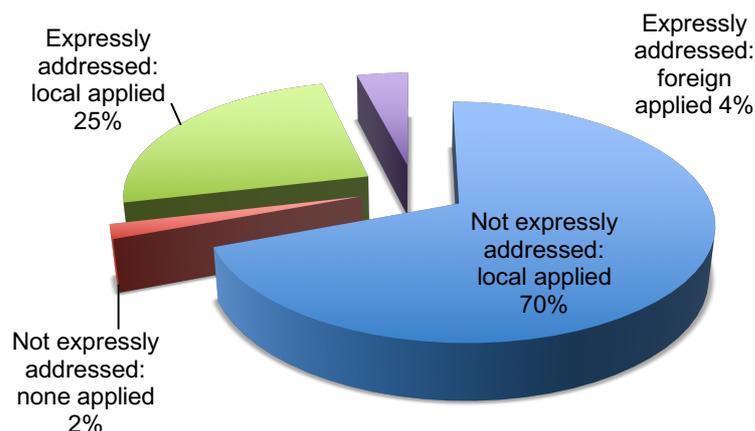
The rarity of cases seeking enforcement of a foreign judgment is consistent with the infrequency with which the evaluated cases sought orders for foreign enforcement. This, in turn, seems consistent with the previously-stated supposition that the data suggest plaintiffs consider that they can achieve most, if not all, of what they desire by bringing an action in their local jurisdiction and obtaining enforcement of an injunctive remedy there.

### ***2. Applicable law***

The occurrence with which the issue of applicable law was addressed by the court, and the law applied by the court, in the evaluated cases are shown on Figure 2.

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<sup>30</sup> It must be noted that some of the survey responses appeared to conflate the issue of applicable law with the issues of whether the court found it had jurisdiction to deal with the claim before it and/or whether special considerations were made with respect to the online aspect of infringement. Further, some of the survey responses were silent on whether special PIL considerations were made with respect to the online aspect of the infringement, even though the response on whether the court expressly considered the issue of jurisdiction suggested that such considerations may have occurred. As a consequence, for a number of the evaluated cases it was difficult to identify with certainty what were the separate positions on the three PIL matters. Accordingly, the robustness of the analysis in this section should be treated with some caution.



**Figure 2: Whether Issue of Applicable Law Addressed, and the Law Applied, by Court**

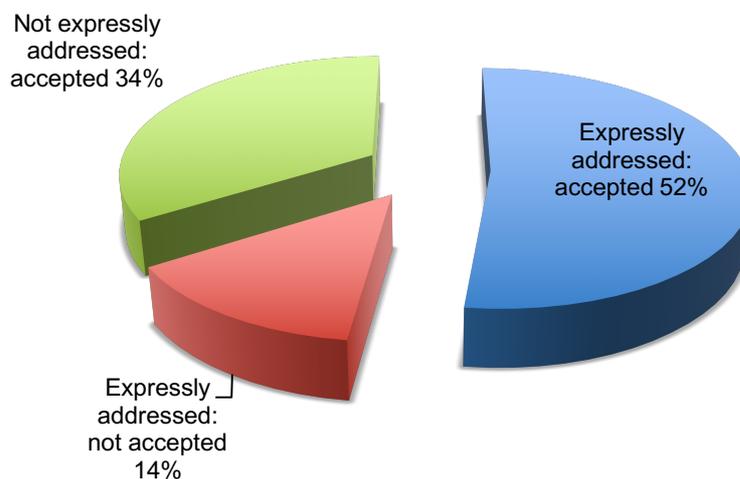
The issue of applicable law was expressly addressed in just over one-quarter (29%) of cases. Of the 16 cases directly addressing the issue, local law was identified as the applicable law, and was applied, in 14 of them. In the two cases where foreign law was identified as the applicable law, it was applied in one case, but not applied in the other case due to the court declining to accept jurisdiction over the matter. In the one case in which the law applied was foreign, the particular law in issue was “unjust enrichment” and the law applied was that of the US.

In all but one of the 40 cases in which the issue of applicable law was not directly addressed, it appears that the court simply assumed that the applicable law was local law. In the exceptional case, the issue was not addressed because the court found it did not have jurisdiction over the matter and thus did not need to decide the issue. Overall, the applicable law was local law in almost all (95%) of the evaluated cases.

The finding that the applicable law is almost always local law is noteworthy, but is not particularly surprising once account is taken of the fact that the cross-border online infringement cases evaluated in this study typically involved a local IPR and the court almost invariably found it had jurisdiction over the case. Given the territorial nature of IPRs, it is only to be expected that a claim for infringement of a local IPR will be determined by a local court applying local law.

### 3. Jurisdiction

The occurrence with which the issue of jurisdiction was expressly addressed by the court, and the court's decision on the issue, in the evaluated cases is shown in Figure 3.



**Figure 3: Whether Issue of Jurisdiction Addressed, and Whether Jurisdiction Accepted, by Court**

The issue of jurisdiction was expressly addressed in two-thirds (66%) of the evaluated cases. Of the 37 cases where the issue of whether the court had jurisdiction was expressly considered, the outcome was a finding of jurisdiction in nearly four-fifths (78%) of them. All but two of the eight exceptional cases where jurisdiction was denied concerned a claim for registered trademark infringement by online marketing; the other two exceptional cases concerned misleading conduct and copyright infringement, respectively.

The finding that in a significant majority of cases the court expressly addresses the issue of jurisdiction, and in doing so almost invariably finds that it has jurisdiction, is noteworthy and important. As noted above, the evaluated cases typically involved a local plaintiff suing a foreign defendant for a foreign act that gave rise to infringement of a local IPR. Despite the fact that neither the location of the defendant nor the location of the act giving rise to infringement was local, the courts generally accepted jurisdiction over the claim. The basis on which they did so appears to be the special consideration that was given to the online nature of the infringement (discussed immediately below).

#### ***4. Special PIL considerations for online infringement***

Special PIL considerations appear to have been made with respect to the online aspect of the infringement in 18 cases, being one-third (32%) of all the evaluated cases, and just over one-half (53%) of the evaluated cases that expressly addressed any PIL issue. In all but two of the 18 cases, the fact scenario was either online marketing (9 cases) or online distribution (7 cases); the two exceptional cases concerned domain name registration/use. Also, in all but two of the 18 cases, the action giving rise to infringement was foreign.

In each of the 18 cases in which special PIL considerations for online infringement appear to have been made, the relevant PIL issue was whether the court had jurisdiction. The special consideration adopted in these cases tended to be one of two general, and largely mutually exclusive, types – the “targeting” approach, and the “accessibility” approach – each of which is elaborated below.

The targeting approach was observed mainly in those cases concerned with online marketing – and, in particular, in those cases in which a trade mark (registered or unregistered) was used on a website that had been established outside the jurisdiction by a foreign defendant. Under the targeting approach, the court resolved the issue of whether it had jurisdiction to hear the case by determining whether the defendant’s use of the trademark was targeting local consumers. Where targeting had occurred, the court assumed jurisdiction. Factors relevant to the showing that local consumers had been targeted included the language of the website and the domain name from which the website resolved. Targeting was considered to be present where the language of the website was the language of the country, and/or where the extension of the domain name was the country-code Top Level Domain (ccTLD) of the jurisdiction.

The accessibility approach was observed mainly in those cases concerned with online distribution – and, in particular, in those cases in which material protected by copyright (or a related right) was present on a website that had been established outside the jurisdiction by a foreign defendant. Under the accessibility approach, the court resolved the issue of whether it had jurisdiction to hear the case by determining whether the material was accessible to local consumers. Where the material was accessible locally, the court assumed jurisdiction. Since none of the evaluated cases involved geo-blocking of access to a website, it was invariably the

situation that local consumers could access the copyright material on the foreign website – and so, typically, the court found it had jurisdiction to hear the case.

These findings are highly significant. They indicate that, in determining whether to exercise jurisdiction in a cross-border IP infringement case, the court is primarily concerned to ascertain whether all the elements of the cause of action for the particular IPR infringement alleged have been established in the jurisdiction. That is to say, the court is concerned to determine whether it can be said that infringement has occurred locally, even though the action that gave rise to the alleged infringement took place outside the jurisdiction. Because the essence of the exclusive rights in relation to a trademark (whether registered or unregistered) includes the right to use the trademark for marketing purposes, it is to be expected that the cause of action for infringement of a trademark requires use of the trademark in a marketing manner. The targeting approach to determining jurisdiction in the online marketing scenario is consistent with this understanding. Under that approach, there is no marketing use (and hence no infringement in the jurisdiction) of the trademark merely by virtue of the trademark appearing on a foreign website that is accessible to local consumers; rather, there is only a marketing use (and hence infringement in the jurisdiction) of the trademark when local consumers have been targeted as intended purchasers of the goods or services being offered from the foreign website.

The situation is different where the alleged infringement is of copyright (or a related right) by virtue of online distribution of protected material. Because the essence of the exclusive rights in relation to material protected by copyright (or a related right) includes the right to publicly distribute the material, it is to be expected that the cause of action for infringement of copyright (or a related right) is satisfied simply by making the material available. The accessibility approach to determining jurisdiction in the online distribution scenario is consistent with this understanding. Under that approach, there is availability (and hence infringement in the jurisdiction) of the protected material when the material on a foreign website is accessible by local consumers.

These findings are, in turn, significant in terms of the form of the remedy most likely to be granted by the court in the event that infringement is found. As was noted earlier,<sup>31</sup> the typical remedy sought and granted in a cross-border online IP infringement case is an injunction – that is, an order to stop the occurrence of the infringement in the jurisdiction. Where the infringement occurs by online marketing, this would require the defendant to cease targeting consumers in the jurisdiction. Where the infringement occurs by online distribution, this would require the defendant to cease making the contents of the website accessible in the jurisdiction.

### G. Ubiquitous Infringement

Although there is no universally agreed precise definition of the term “ubiquitous infringement” as it applies to IPRs,<sup>32</sup> a typical understanding is that it means “concurrent multi-territorial infringements evoked by a single act of operation”.<sup>33</sup> The paradigmatic instance of a single act of operation evoking concurrent multi-territorial IP infringements is an unauthorised use of an IPR-protected subject matter on the Internet, since use of such subject matter on a website or in a domain name can have effect everywhere that the website or domain name is accessible.<sup>34</sup>

The scenario of “ubiquitous infringement” is the subject of specific provisions in the PIL-IP Principles. However, the various PIL-IP Principles adopt somewhat different understandings of the term. The CLIP Principles seem to adopt the narrowest understanding – its provision on ubiquitous infringement applies to “infringement carried out through ubiquitous media such as the Internet ... [where] ... the infringement arguably takes place in *every* State in which the signals can be received”.<sup>35</sup> Arguably, this requires ubiquity of both the medium for infringement and the location of infringement – that is, infringement using the Internet is only

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<sup>31</sup> See the discussion in section E.2, above.

<sup>32</sup> See T Kono and P Jurčys, “General Report”, in T Kono (ed.), *Intellectual Property and Private International Law: Comparative Perspectives* (Hart, Oxford and Portland, Oregon, 2012), *supra* n 1, 153.

<sup>33</sup> Chaen, Kono and Yokomizu, “Jurisdiction in Intellectual Property Rights Cases”, in Basedow, et al. (eds), *supra* n 1, 98.

<sup>34</sup> See, e.g., ALI Principles, *supra* n 1, comment on § 321, which discusses “cases of ubiquitous infringements, such as distribution of a work on the Internet”.

<sup>35</sup> CLIP Principles, *supra* n 1, Art. 3:603(1) (emphasis added).

ubiquitous infringement if there is actual infringement in every State in which the relevant Internet site is accessible.<sup>36</sup> In contrast, the ALI Principles appear to not require infringement in every State where the IPR-protected subject matter on the Internet is accessible. Rather, its provision on ubiquitous infringement applies where “the alleged infringing activity is ubiquitous and the laws of *multiple* States are pleaded”.<sup>37</sup> That there can be “ubiquitous infringement” without the infringement occurring in every State is made expressly clear in the Joint JK Principles – its provision on ubiquitous infringement applies to an infringement “that occurs or has occurred in unspecified and multiple states”.<sup>38</sup>

This study adopts the broader understanding of the term “ubiquitous infringement” that is found in the literature and in the PIL-IP Principles. In particular, in this paper “ubiquitous infringement” is used to mean infringement that occurs by way of use of a ubiquitous medium (in this case, the Internet) and which gives rise to infringement in a large number, but not necessarily all, of the States in which the ubiquitous medium is accessible. The reason for rejecting the narrower understanding, which requires that the infringement occurs in every State, is that if ubiquitous infringement was strictly limited to infringement that occurred in “every”, or even just “virtually every”,<sup>39</sup> State it would never be found. That this is so can be seen by considering the instance that advocates of the narrower definition would concede is ubiquitous infringement: online infringement of copyright.<sup>40</sup> Even online infringement of copyright is not ubiquitous under a strict interpretation of the narrower definition, because copyright protection does not always arise everywhere. Although there are a number of international agreements that establish unions providing reciprocal copyright protection at mandated minimum levels,<sup>41</sup> not every State is a member of them.<sup>42</sup> Even if States that are

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<sup>36</sup> R Matulionytė, “IP and Applicable Law in Recent International Proposals: Report for the International Law Association”, (2012) Vol. 3, Issue 3 *Journal of Intellectual Property, Information Technology and Electronic Commerce Law* 263, para. 131.

<sup>37</sup> ALI Principles, *supra* n 1, § 321(1) (emphasis added).

<sup>38</sup> Joint JK Principles, *supra* n 1, Art. 306(1).

<sup>39</sup> S Neumann, “Ubiquitous and multistate cases”, in Paul Torremans (ed), *supra* n 2, 497.

<sup>40</sup> See, e.g., R Matulionytė, “The Law Applicable to Online Copyright Infringements in the ALI and CLIP Proposals: A Rebalance of Interests Needed?”, (2011) Vol. 2, Issue 1 *Journal of Intellectual Property, Information Technology and Electronic Commerce Law* 26, para. 14; S Neumann, *ibid.*

<sup>41</sup> The most important of these international agreements is the *Berne Convention for the Protection of Literary and Artistic Works of September 9, 1886*, completed at Paris on May 4, 1896, revised at Berlin on November 13, 1908, completed at Berne on March 20, 1914, revised at Rome on June 2, 1928, at Brussels on June 26, 1948, at Stockholm on July 14, 1967, and at Paris on July 24, 1971, and amended on September 28, 1979 (“Berne Convention”). The Berne Convention

not members of a copyright union are ignored as *de minimis* exceptions, it is not the case that copyright protection always subsists in every State that is a member of a copyright union. This is because the member States of the copyright unions have significant variation in their national laws, with the result that some subject matters are protected in one State but not in another.<sup>43</sup> Furthermore, even where each State does protect the same subject matters, the exclusive rights granted to the owner of those subject matters, and the duration of the protection for them, is not the same in all States.<sup>44</sup> For all these reasons, it can be seen that even in the instance of online copyright infringement, infringement in every, or virtually every, State is not always certain to occur.

The broader understanding of ubiquitous infringement adopted herein – namely, action that occurs by way of the Internet which gives rise to infringement in a large number of the States – will typically apply to infringement of IPRs other than just copyright. In particular, it will often apply to infringement of rights in registered trademarks, and sometimes to infringement of the right to prevent misleading conduct, since both of these rights not uncommonly subsist in multiple States concurrently. The “internationalisation” of trademark registration is largely

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establishes a Union (“the Berne Union”), the member States of which agree, *inter alia*, to provide specified minimum levels of copyright protection in their State to the authors of works who are nationals of that State or of any other State that is a member of the Berne Union.

<sup>42</sup> As of June 2016, the United States Copyright Office identified with certainty six countries (Afghanistan, Eritrea, Ethiopia, Iran, Iraq, San Marino), and with some uncertainty six other countries (Kiribati, Nauru, Palau, Somalia, South Sudan, Tuvalu), that are not members of any copyright union and hence which appear not to provide copyright protection to works originating in other countries: United States Copyright Office, “International Copyright Relations of the United States” (Circular 38A) <http://www.copyright.gov/circs/circ38a.pdf> accessed on 5 August 2016.

<sup>43</sup> One example is TV broadcasts. While a number of countries do provide copyright protection to the signals broadcast by TV stations, not every country does so – see WIPO, “Existing International, Regional and National Legislation concerning the Protection of the Rights of Broadcasting Organizations”, Memorandum prepared by the International Bureau, September 7, 1998 (SCCR/1/3) [http://www.wipo.int/edocs/mdocs/copyright/en/sccr\\_1/sccr\\_1\\_3.pdf](http://www.wipo.int/edocs/mdocs/copyright/en/sccr_1/sccr_1_3.pdf) accessed on 5 August 2016.

<sup>44</sup> An example of different exclusive rights applying to the same subject matter is provided by cinematograph films. While many countries comply with the requirement of the Berne Convention that the owner of copyright in such subject matter has the exclusive right of “reproduction”, not all do – Australia, e.g., only provides the narrower exclusive right “to make a copy” of the film. In respect of duration of protection, some countries provide for a duration of copyright in works that is consistent with the minimum duration mandated by the Berne Convention – namely, the life of the author of the work plus 50 years. Other countries, however, provide a longer duration – e.g., the United States and the European Union provide for a duration of copyright in works that is the life of the author plus 70 years.

attributable to the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (“Madrid Protocol”). Following conclusion of the Madrid Protocol in 1989, multiple-State registration of trademarks has increased significantly – to the point where more than 600,000 trademarks are protected in a large number of States concurrently.<sup>45</sup> The right to prevent misleading conduct, as that concept is used in this paper,<sup>46</sup> is based on the existence of reputation. It is not uncommon for valuable brands and celebrities to have reputations that are widely-known, with the result that such reputations subsist in multiple territories concurrently. As a consequence, infringement by misleading conduct can occur in a large number of territories at the same time, and thus also constitute ubiquitous infringement.<sup>47</sup>

As Table 2 shows, almost all of the cases evaluated in this study concerned a registered trademark, a copyright or a right to prevent misleading conduct – with the first two of these IPRs constituting the vast bulk of the cases. Table 3 discloses that where the case concerned a registered trademark, infringement most often occurred through use of the trademark on a website or in a domain name; and that where the case concerned a copyright, infringement invariably occurred through making the copyright-protected material available from a website. It can be observed, therefore, that the vast bulk of the cases evaluated in this study were instances of “ubiquitous infringement” under the broader understanding of that term.

## H. Conclusion

As previously noted, the past decade has seen significant, and important, activity in the area of PIL as it applies to IP – including, the creation of multiple sets of PIL-IP Principles on the issues of jurisdiction, choice of law and recognition and enforcement of judgments in IP

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<sup>45</sup> Approximately 45,000 trademark applications are made under the Madrid Protocol each year, which has led to more than 600,000 trademark registrations currently in force that provide protection of the same trade mark in multiple countries. The number of countries in which a trademark registration under the Madrid Protocol is protected varies considerably, but a *typical* registration is likely to be protected in around 34 countries – being the 28 member States of the European Union and China, USA, Russian Federation, Japan, Switzerland and Australia. See WIPO, “Madrid Yearly Review – International Registration of Marks 2015” [http://www.wipo.int/edocs/pubdocs/en/wipo\\_pub\\_940\\_2015.pdf](http://www.wipo.int/edocs/pubdocs/en/wipo_pub_940_2015.pdf) accessed on 5 August 2016.

<sup>46</sup> For a discussion of what is included within this right, see section C.1, above.

<sup>47</sup> See, e.g., S Neumann, *supra* n 39, 497: “Ubiquitous infringement thus concerns ... well-known unregistered trademarks ...”.

disputes,<sup>48</sup> and the development of ILA Guidelines seeking to codify a harmonised version of the PIL-IP Principles.<sup>49</sup> The fundamental assumption that justifies and has motivated the development of the PIL-IP Principles and the ILA Guidelines is that there is a need in practice for PIL provisions relating to IP infringement in general, and to ubiquitous IP infringement in particular. This is illustrated by the often-expressed concern amongst PIL academics that, without special PIL rules, ubiquitous IP infringement will require courts “to consider the infringement of IP rights in each state separately and apply the law of each state for which protection is sought ... leading to a mosaic application of a multitude of laws ... [which] increases procedural costs”.<sup>50</sup>

In response to this concern, the PIL-IP Principles and the ILA Guidelines set out special rules for determining, *inter alia*, which courts have jurisdiction over, and which States’ law is applicable to, ubiquitous IP infringement. While the rules on jurisdiction show significant diversity,<sup>51</sup> the rules on applicable law share a general approach. That approach is to specify that the law of the State with the “closest connection” to the infringement should be applied, that the identification of the State with the closest connection is to be undertaken by consideration of a list of specified exemplary factors, and that account must be taken of the fact that the law of some other State may lead to a different result where a party is able to prove such.<sup>52</sup> Typical of the exemplary factors that are specified as requiring consideration when identifying the State with the closest connection are those set out in the ALI Principles: where the parties reside, where the parties’ relationship is centered, the extent of the activities and the investment of the parties, and the principal markets towards which the parties directed their activities.<sup>53</sup> As for how account is to be taken of the fact that the law of some other State leads to a different result, the PIL-IP Principles vary – it may require that the scope of liability

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<sup>48</sup> *Supra* n 1.

<sup>49</sup> *Supra* n 2.

<sup>50</sup> T Kono and P Jurčys, *supra* n 32, 153.

<sup>51</sup> See B Ubertazzi, “Infringement and Exclusive Jurisdiction in Intellectual Property: a Comparison for the International Law Association”, (2012) 3(3) *Journal of Intellectual Property, Information Technology and Electronic Commerce Law* 227.

<sup>52</sup> See, e.g., ALI Principles, *supra* n 1, § 321; CLIP Principles, *supra* n 1, art. 3:603; Joint JK Principles, *supra* n 1, art. 306.

<sup>53</sup> ALI Principles, *supra* n 1, § 321(1).

and the remedies are fashioned accordingly,<sup>54</sup> it may require the other law to be applied unless this leads to inconsistent outcomes,<sup>55</sup> or it may require both.<sup>56</sup>

The viability of the rules for ubiquitous infringement proposed by PIL-IP Principles may be queried on two criteria – their efficacy and their necessity. In relation to whether the rules are effective, it must be noted that the general objective of the PIL-IP Principles is to increase the efficiency of transnational IP dispute resolution.<sup>57</sup> This objective of efficiency has at least two components: reducing cost, and reducing uncertainty.<sup>58</sup> Given the detailed and complex nature of the rules, it is questionable whether they would reduce the cost of transnational IP dispute resolution. On the issue of proving the outcome under the laws of different countries, for example, Trimble notes that “the inclusion of claims under multiple countries’ laws puts additional pressure on resources that the parties must expend in litigation”, with the result that it “complicates and prolongs the proceedings”.<sup>59</sup> It is also questionable whether the rules would reduce uncertainty. As Matulionytė opines, the closest connection rule “provides very little legal certainty and foreseeability, if any at all”, meaning that the rule is problematic to those who need to know, in advance, which law governs their online conduct, since “it is almost impossible for them to foresee what law will be in closest connection to the conduct”.<sup>60</sup>

In relation to whether there is a need for special rules on ubiquitous infringement, the analysis of the data extracted from the evaluated cases suggest that there may not be. The findings of this empirical study show that a typical cross-border online IP infringement case will have the

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<sup>54</sup> ALI Principles, *supra* n 1, § 321(2).

<sup>55</sup> CLIP Principles, *supra* n 1, art. 3:603(3).

<sup>56</sup> Joint JK Principles, *supra* n 1, art. 306(4).

<sup>57</sup> See generally Kono and Jurčys, *supra* n 32, 18.

<sup>58</sup> The proponents of the PIL-IP Principles and the ILA Guidelines expect that the rules they propose will contribute to reducing cost by, among other things, allowing multi-state IP disputes to be brought in a limited number of *fora*, and preferably in a single forum; and that they will contribute to reducing uncertainty by, among other things, harmonising the PIL rules on which parties will base their case when litigating, and on which national courts will base their determination when adjudicating, a multi-state IP dispute.

<sup>59</sup> M Trimble, “The Multiplicity of Copyright Laws on the Internet” [2015] 25 *Fordham Intellectual Property, Media and Entertainment Law Journal* 339, 394.

<sup>60</sup> R Matulionytė, *supra* n 36, para. 144. She recognizes that the alternative to the “closest connection” approach, the “maximum results” rule that is set out in the Transparency Principles, may provide more legal certainty, but believes “there are likely to be numerous cases where it is highly complicated or even impossible to determine” the application of even that rule: para 145

following features. The case will concern ubiquitous infringement, either by online marketing using a registered trademark or an unregistered mark in which a reputation exists, or by online distribution of material in which copyright or a related right subsists. It will be brought by a local plaintiff against a foreign defendant, in relation to a foreign action that has caused local damage to a local IPR. The case will be a civil action, brought against the defendant as the primary infringer, in which the validity of the IPR is not challenged, and for which there are no parallel proceedings in other jurisdictions. The plaintiff will be seeking the remedies of injunction and damages, to be enforced locally. The court will expressly consider whether it has jurisdiction to hear the case, will find that it does, and in doing so will have resolved the issue by considering whether local consumers have been targeted (in online marketing cases) or whether local consumers can access the material (in online distribution cases). The court will apply local law, without expressly considering whether the law of some other country should apply instead.

It is noteworthy that the ubiquitous IP infringement cases observed in this study hardly ever appear to involve parallel proceedings in other jurisdictions, claims for remedies to be enforced outside the jurisdiction, or requests for foreign enforcement of judgments. One interpretation of this finding is that it confirms the need for special PIL rules – the reasoning being that actions involving parallel proceedings, claims for non-local remedies or requests for foreign enforcement of judgments are rare because the absence of special PIL rules make them problematic to initiate. An alternative interpretation of this finding is that it demonstrates the lack of a need for special PIL rules – the reasoning being that such actions are rare because, in practice, the plaintiff does not feel the necessity to bring them. The alternative interpretation, which has some support in the academic literature,<sup>61</sup> recognises that, in practice, it appears the plaintiff can get most, if not all, of what it needs by bringing an action in one particular jurisdiction – its own – and obtaining enforcement of the remedy (injunctive relief) there.

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<sup>61</sup> See, e.g., M Trimble, *supra* n 59, 404, who states: “A litigation cost/benefit analysis will lead many small copyright owners to sue in only one country (often in the country of their own domicile) so that they may enjoy the benefit of local counsel, litigation with familiar rules of procedure, and proceedings in their own language with a potentially sympathetic judge or a jury, and not have to fear bias in a foreign court against them as a foreign copyright owner”.

If this second interpretation is indeed correct, then the theoretically-based view that ubiquitous IP infringement requires special PIL rules would appear to not be valid as a matter of fact. If that were to be the case, then the development of elaborated PIL principles as they apply to ubiquitous IP infringement would prove to be a solution in search of a problem.

## APPENDIX – EVALUATED CASES

Surveyed Country	Case
Australia	<i>Ward Group Pty Ltd v Brodie &amp; Stone Plc</i> [2005] FCA 471 <i>International Hair Cosmetics Group Pty Ltd v International Hair Cosmetics Ltd</i> [2011] FCA 339
Belgium	Supreme Court (Court of Cassation), 29 November 2012, case N° C.10.0094.F/1. Court of Appeal of Brussels, 5 May 2011, RG 2007/AR/1730, published in <i>Auteurs &amp; Media</i> , 2012, at p. 212. Commercial Court (Rechtbank van Koophandel) of Leuven, 2 December 2010, <i>Intellectuele rechten/Droits intellectuels (IRDI)</i> , 2011, p. 21.
Brazil	('Dancer') Special Appeal n. 1.168.547 - RJ (2007/0252908-3) (Brazil. STJ. Superior Court of Justice) ('Imaprint') Appeal n. 9235751-09.2003.8.26.0000 (Brazil. TJSP. São Paulo State Court of Appeals Superior) ('baterias moura') Appeal n. 0010645-27.2012.8.26.0564 (Brazil. TJSP. São Paulo State Court of Appeals Superior)
Canada	<i>Pro-C Ltd v Computer City Inc</i> [2001] 3600 (Ont CA) <i>Society of Composers, Authors and Music Publishers of Canada v Canadian Association of Internet Providers</i> , 2004 SCC 45 <i>Disney Enterprises v Click Enterprises</i> , (2006), 267 DLR (4th) 291; 49 CPR (4th) 87
Chile	'Cuevana.tv' [1° Juzgado de Garantía de Santiago, 1200045544-8, 1091 - 2012]
China	<i>Beijing Bi Li Qi Culture Development Co Ltd v Charles Billich</i> (2003) Er Zhong Min Chu Zi No.03814 <i>Yahoo! Inv vs Wang Lu</i> (2006) Gao Min Zhong Zi No. 1365 <i>Xiamen Xibao Technology Co v Areva</i> , (2008) GAO MIN ZHONG ZI No. 47 <i>Jiang Haixin v Royal Dutch Philips Electronics Ltd</i> (2002) HU ER ZHONG MIN WU (ZHI) CHU ZI No.214 <i>Softstar Entertainment Inc v Shanda Interactive Entertainment Ltd</i> (2006) YI ZHONG MIN CHU ZI No. 10738
Denmark	The Maritime- and Commercial Court Case A-0025-15 12.11.2014
India	<i>Super Cassettes Industries Ltd. v. MySpace Inc.</i> [2011 (47) PTC 49 (Del.)] <i>Tata Sons Limited v. Ghassan Yacoub</i> [2004(29)PTC522(Del)] <i>The Himalaya Drug Company v. Sumit</i> [126(2006) DLT 23] <i>Arun Jaitley v. Network Solutions Pvt. Ltd.</i> [181 (2011) DLT 716] <i>Banyan Tree Holding (P) Limited v. A. Murali Krishna Reddy</i> [2010(42)PTC361(Del)] <i>World Wrestling Entertainment Inc. v. M/s Reshma Collection</i> [CS(OS) No. 1801 of 2013 before the Delhi High Court]
Ireland	<i>Ryanair Limited v On the Beach Limited</i> [2013] IEHC 124 <i>Ryanair v Unister GMBH</i> [2011] IEHC 167
Israel	<i>AHAVA (USA) Inc. Vs. J.W.G. Ltd.</i> , District Judgments 5763(2) 337 (2002) (District Court in Jerusalem , October 10, 2004)

	<i>The Football Association Premier League Ltd. v. John Doe</i> (District Court in Tel Aviv, September 2, 2009)
	<i>Zao Kommersant Publishing House Ltd v. Vesti 1992 Ltd.</i> (Magistrate Court in Rishon LeZion, October 21, 2010)
Italy	<i>MBE Worldwide s.r.l. and Sistema Italia 93 s.r.l. vs. Mail &amp; Box Express di Palmieri Carlo Giuseppe</i> , Court of Milan – Special Company Law Division, October 28, 2013
	<i>DB System International s.r.l., Benedetto Di Maria e Predil s.r.l. vs. Ferramati s.r.l., Duimar s.r.l., and others</i> , Court of Milan – Special Company Law Division, June 17, 2013
	<i>Bertolotto Porte s.p.a. and Elio Garis vs. Centro Porte Italia s.r.l.</i> , Court of Turin – Special Company Law Division, December 20, 2012
Korea	<i>KIM v HP</i> , Supreme Court decision 2002Da59788, rendered on January 27, 2005
	<i>KIM v HP</i> , Supreme Court decision 2005Da75071, rendered on April 24, 2008
	<i>KIM v HP</i> , Supreme Court decision 2009Da15596, rendered on May 26, 2011
Netherlands	<i>G-Star v H&amp;M</i> , Supreme Court, December 7, 2012
	<i>Lounge Chair</i> , The Hague Court of Appeal, March 20, 2008
	<i>Yellow Pages</i> , The Hague Court of Appeal, July 21, 2011
New Zealand	<i>Zone corporation v American Express Marketing &amp; Development Corporation</i> , High Court Wellington CIV-2011-485-001274, 7 September 2011 (Dobson J)
	<i>YPG IP Ltd v Yellow Book.com.au Pty Ltd</i> , CIV 2007-404-2839, 13 July 2007 (Allan J)
	<i>Munhwa Broadcasting Corp v Young International Ltd</i> , HC Auckland CIV-2010-404-203, 17 December 2010 (Potter J)
Switzerland	Supreme Court (Tribunal Fédéral), decision of 6th March 2007, n° 4C.341/2005 'Swiss Life' and 'La Suisse'
	Court of Justice of Geneva, decision of the 19th June 2009, C/25564/2008 (ACJC/790/2009) [ <i>Pneus Online Holding Sarl v Delticom Ag</i> ]
	Supreme Court (Tribunal Fédéral), decision of 7th February 2011, case n°6B_757/2010 [ <i>www.Y____.com</i> ]
	Supreme Court (Tribunal Fédéral) of 3rd June 2013, case n°4A_48/2013 [ <i>sale on facebook</i> ]
<b>Reviewed Jurisdiction</b>	<b>Case</b>
European Union (Court of Justice)	<i>Football Dataco v Sportradar</i> , 18 October 2012, C-173/11 (Third Chamber)
	<i>Wintersteiger AG v Products 4U Sondermaschinenbau GmbH</i> , Judgment of the Court (First Chamber) of 19 April 2012, in Case C 523/10, CJEU.
France	<i>eBay Inc v LVMH</i> , French Supreme Court, May 3, 2012, Ref. No 11-10505.
	<i>Castellblanch SA v Champagne Louis Roederer SA</i> , Civil Chamber of the French Court of Cassation, Civ 1, 9 December 2003, pourvoi 01-03225
	<i>Ferrara v Ministère Public</i> (Criminal Chamber of the French Court of Cassation Decision) Cass. Crim, 29 November 2011, Pourvoi 09-88250
	<i>Hugo Boss v Reemstma Cigarettenfabrik</i> (Commercial Chamber of the French Court of Cassation Decision) Cass.Com, 11 January 2005, pourvoi 02-18381
United Kingdom	<i>Boegli-Gravures SA v Darsail-ASP</i> [2009] EWHC 2690

*Football Dataco v Sportradar GmbH* [2011] EWCA Civ 330

*Euromarket Designs Inc v Peter* [2000] EWHC 453

United States

*Zippo Manufacturing Co v Zippo Dot Com Inc*, 952 F. Supp 1119 (W.D. Pa. 1997)

*Best Odds Corp. v. iBus Media Ltd.*, No. 13-2008, slip op. (D. Nev. May 15, 2014)