

27 April 2018

Private International Law and Commercial Policy Unit
Attorney-General's Department
3-5 National Circuit
Canberra ACT 2600

hagueproject@ag.gov.au

Dear Private International Law and Commercial Policy Unit,

The Australian Publishers Association is pleased to have the opportunity to participate in this consultation process. Our focus in this submission is on the inclusion of copyright in the Draft Convention on the Recognition and Enforcement of Foreign Judgments (the Convention).

The Australian Publishers Association (APA) is the peak national body responsible for representing the Australian publishing industry and for promoting the importance of the published word to the educational, social, cultural and intellectual life of Australia.

An advocate, collaborator, adviser and educator, the APA represents a diverse array of publishing businesses: commercial and non-profit, popular and academic, large multinational and local independent. The Association has approximately 210 members and, based on turnover, represents over 90% of the industry.

Executive Summary

The APA supports, in principle, the goal of the Convention in enhancing access to justice. At a high level, it makes sense for the Convention to apply to all commercial judgments, including intellectual property. However, at a practical level, we are concerned that intellectual property has been added to the Hague Conference's agenda without adequate consultation with stakeholders and without sufficient time to work through all the issues that the Convention raises for intellectual property.

In particular, we are concerned that the Convention could lead to perverse outcomes whereby courts are required to enforce intellectual property rights that are not recognised in their own jurisdiction or are otherwise covered by a defence.

The current drafting of the Convention also gives rise to a number of uncertainties:

Definition of Intellectual Property

Articles 2.1 and 5.3 of the Convention refer to "intellectual property [and analogous matters]."

However, there is no definition of “intellectual property”. This creates uncertainty as to what the Convention is supposed (or not supposed) to cover. For example, TRIPS covers trade secrets although the Department’s consultation paper suggests that they are not part of intellectual property.

Characterisation of Dispute

Disputes often involve a number of causes of action. For example, a copyright dispute might also give rise to a claim for breach of contract. Copyright transactions are carried out through licence agreements. It is unclear how such matters would be treated for the purposes of the Convention.

Status of Statutory Damages

In the United States, Canada, Singapore, the Republic of Korea and Israel, statutory damages are available for the infringement of copyright. The precise nature of such damages is unclear. For example, part of the rationale for statutory damages is to approximate actual damage or loss. However, it is not unreasonable to suggest that statutory damages are also intended to have a deterrent effect.

Article 10 of the Convention purports to restrict the enforcement of judgments to the extent that, the judgment awards damages, including exemplary or punitive damages, that do not compensate a party for actual loss or harm suffered. This raises the question as to whether a judgment for statutory damages for copyright infringement would be enforceable under the Convention.

We are also concerned that including intellectual property in the remit of the Convention but limiting it to certain types of remedies (for example excluding injunctions and exemplary damages) will limit the Convention’s effectiveness for copyright matters and may, in fact, undermine our industry’s international copyright enforcement efforts.

Our responses to the specific questions are set out below.

1. Have you experienced any problems with seeking to recognise or enforce a foreign judgment? If so, what have the main problems been? What are the benefits for Australian parties in the recognition and enforcement of foreign judgments abroad, and what are the risks for Australian parties if foreign judgments are recognised and enforced in Australia or overseas?

Territorial copyright protection is extremely important for the publishing industry. This is not least because we are one of the few content industries who still deal in physical goods (books). In publishing, rights are generally licensed and enforced on a territorial basis. This is reflected in the way that many international publishing houses are structured. It is a rare situation where one of our members would seek to enforce a foreign judgment.

The risk for Australian parties if foreign judgments are enforced in Australia or overseas is that a court could be required to enforce a judgment that is incompatible with its own domestic law. For example, Canadian copyright law has a fair dealing exception for education. There is no equivalent exception in Australian copyright law. This means that an activity that is an infringement of copyright in Australia may be considered a fair dealing for education in Canada. Notwithstanding this

difference, the Convention would enable an Australian publisher to enforce a judgment for copyright infringement in Canada. Conversely, the EU has a “right of panorama” that applies to the reproduction of copyright material such as buildings or sculptures in public spaces. In Australia, three-dimensional works permanently on public display are covered by an exception in the Copyright Act. Under the Convention, it would be possible for an architect to enforce a judgment of a European court against an Australian publisher who had included images of their buildings in a book, even though doing so was not an infringement of copyright in Australia.

We note that the Convention includes bracketed text in Article 7 (g) which proposes to extend the grounds for refusing to enforce a judgment to situations where “the judgment ruled on an infringement of an intellectual property right, applying to that [right / infringement] a law other than the internal law of the State of origin”. Should such language be excluded from the Convention, a court would need to rely on general public policy considerations to refuse to enforce a judgment that was incompatible with domestic law. And as the consultation paper notes, Australian courts have traditionally applied a high threshold to this test. In any event, a court would be required to determine the enforceability of such judgments. This is likely to be a complex process and costly process.

2. Have you encountered issues and/or inconsistencies with the current regimes for recognition and enforcement of either Australian judgments in foreign countries or foreign judgments in Australia? If so, please provide details.

Given the time available for response to the AGD inquiry, we cannot provide a detailed answer to this question. For noting, copyright matters are generally litigated locally and, where necessary, enforced based on personal jurisdiction.

3. What are your views on the scope of the draft Convention? Are there any civil or commercial matters that are currently in scope that raise concerns? In particular, do you have any views on those matters in bracketed text, ie privacy/unauthorised public disclosure of information relating to private life; and/or intellectual property [and analogous matters]?

As stated above, we are concerned that consensus is yet to be reached on many of the issues raised by the inclusion of intellectual property and specifically, copyright, as part of the Convention.

In our view, if intellectual property is to be included in the Convention, there needs to be:

- A clear definition of “intellectual property”. Reference to “analogous matters” should be deleted as this only creates uncertainty.
- A statement about how mixed intellectual property disputes are to be treated under the Convention.
- A statement on how statutory damages are to be treated under the Convention.
- If non-compensatory damages and non-monetary remedies are to be excluded from the Convention, there should be an express statement about the parties’ commitment to the enforcement of intellectual property rights.
- The grounds for refusal should include the bracketed text in Article 7 (g). This will mitigate

many of the issues that the Convention raises for the international intellectual property system.

- Clarity on how the Convention would apply to intermediaries.

4. What are your views on the jurisdictional bases for recognition and enforcement? Do any of the currently proposed bases cause concern?

In the publishing world, rights are dealt with by way of contract. Therefore a copyright dispute is likely to also involve contractual issues. In order to avoid uncertainty, it would be useful if guidance could be provided as to what rules apply when. In particular, if intellectual property is to be excluded from the Convention, then intellectual property judgments should not be enforceable on another basis.

5. What are your views on the grounds for refusing recognition or enforcement? Do any of the currently proposed grounds cause concern?

In our submission the grounds for refusing recognition or enforcement should include the bracketed text in Article 7 (g). This is because the international intellectual property system is based on norm setting. It allows member states flexibility in how they implement their intellectual property treaty obligations. This means that laws differ around the world. And foreign nationals generally accorded the same intellectual property rights as locals. This is particularly relevant for copyright, where protection is not dependent on any formalities.

In order to avoid perverse outcomes, such as those identified in response to Question 1 above, it is important that courts be able to refuse to enforce a judgment on the grounds that it is incompatible with local intellectual property law.

6. What are your views on damages, costs and/or other provisions in the draft Convention?

We appreciate that trying to apply orders for damages and costs from courts in developed countries to courts in developing countries can raise fundamental equity issues. However, if intellectual property, and specifically copyright, is to be included in the Convention, ideally it would include the full suite of remedies, including damages and injunctions.

To do otherwise, would severely affect the usefulness of the Convention for intellectual property. As noted above, it may also be seen as showing a lack of commitment to intellectual property enforcement on the part of member states. If the Convention is to limit the enforceability of remedies in intellectual property matters, then in our view, a statement is required regarding the importance of international intellectual property enforcement.

As noted above, it is unclear whether statutory damages as applied in the United States and other jurisdictions would fall under proposed Article 10. If Article 10 is to be included in the Convention, then this position needs to be clarified.

7. Should intellectual property matters be included or excluded in the draft Convention (see Article 5(3) and Article 2, respectively)? To what extent should the circulation of intellectual property judgments be treated differently to that of other judgments under the Convention?

In our view, whether intellectual property matters are included in the Convention is entirely dependent on whether a satisfactory outcome can be negotiated in relation to the matters listed in our response to question 3, above. If negotiators cannot resolve these matters effectively, we favour the exclusion of intellectual property from the Convention at this time (option 1).

8. If included in the draft Convention, what are your views on the scope of intellectual property rights as currently defined and categorised?

In our submission, the Convention needs to include a clear definition of “intellectual property” and should omit references to vague concepts such as “analogous rights”. In the absence of such a definition, there will be no certainty as to what the Convention covers. For example, traditional cultural expressions, confidential information, moral rights, resale royalties and personality rights are recognised as intellectual property in some jurisdictions but not in others. To this end, the definition of “intellectual property” in Article 1.2 of TRIPS may serve as a convenient starting point.

Furthermore, as there is no registration system for copyright in most jurisdictions, we query the usefulness of distinguishing validity (subsistence and ownership) from infringement.

9. Are the suggested discretionary safeguards in the draft convention adequate for intellectual property matters?

While we appreciate the need to deal with questions of intermediary liability if intellectual property is to be included in the Convention, we are concerned that the drafting in the bracketed text in Article 5.3 which refers to “passive defendants” is too broad.

The drafting leaves it open to interpretation whether a defendant has acted “to initiate or further the infringement” or to “target” the State. In our submission, if such “safeguards” are cast too broadly they can undermine licensing arrangements. This problem is often referred to as the “value gap” in copyright policy discourse.

In our view Article 5.3(b) needs a lot of further work before it could be included in the Convention.

10. What are your views on the recognition and enforcement of monetary vs non-monetary judgments for infringement in intellectual property matters? Are there any other issues relating to intellectual property that should be addressed by the draft Convention?

In intellectual property matters, removing infringing material from the market is often a key remedy for rights holders. For example, injunctions can require the delivery up and destruction of infringing

material. Equally, a declaration that a certain activity is infringing can be a useful deterrent and can help modify consumer behaviour. In our submission, excluding these remedies from the Convention will limit its effectiveness for intellectual property matters.

Conclusion

Our industry does not often seek to enforce foreign judgements. As we have set out above, including intellectual property in the Convention raises a series of complex issues. If these cannot be worked through, we favour excluding intellectual property from the Convention at this time.

Please do not hesitate to contact us if we can be of further assistance. We look forward to further communication on the progress of the Hague Conference Judgements Project and the Hague Special Commission meeting in May.

Sincerely,

A handwritten signature in black ink, appearing to be 'SR' with a flourish.

Sarah Runcie
Strategy and Policy Manager