

## Introduction

1. The Law Council of Australia (**Law Council**) welcomes the opportunity to make a submission to the Attorney-General's Department in response to the Hague Conference Judgments Project Recognition and Enforcement of Foreign Judgments Public Consultation Paper (**Consultation Paper**) and Draft Convention (**Proposed Convention**). The Hague Conference Judgments Project refers to the Attorney-General's Department's current negotiation of a Proposed Convention to establish uniform rules for the recognition and enforcement of foreign judgments in civil or commercial matters.
2. This submission has been prepared by the International Arbitration Committee of the International Law Section of the Law Council (**ILS Arbitration Committee**) and the Intellectual Property Committee of the Business Law Section of the Law Council (**BLS IP Committee**).
3. Part 1 of this submission has been prepared by the ILS Arbitration Committee and examines the problems encountered when seeking to recognise or enforce a foreign judgment (Question 1) and issues and inconsistencies with the current regimes for recognition and enforcement of either Australian judgments in foreign countries or foreign judgments in Australia (Question 2).
4. In doing so, Part 1 of this submission draws on the ILS Arbitration Committee's experience with comparative regimes for the recognition and enforcement of international arbitration awards. It also considers legislation and conventions with a like purpose to see how they have been implemented into Australian law, problems arising, and how those problems may be practically addressed.
5. In summary, the position of the ILS Arbitration Committee, in light of the problems and inconsistencies raised in the Consultation Paper set out below is:
  - (a) The Proposed Convention should make clear whether non-monetary judgments are included within the meaning of 'judgment'.
  - (b) Judgment debtors seeking to avoid enforcement will continue to use the 'public policy' ground to raise objections to the enforcement, recognition and registration of foreign judgments. This could be addressed by emphasising the 'high threshold' nature of the public policy objection and clarifying the provisions regarding recognition in a member state.
  - (c) For greater certainty, the Proposed Convention could also include text to confirm that there is no element of discretion nor is an inquiry invited of the Australian Court into the merits or accuracy of the judgment, save for where the judgment was obtained by fraud, where enforcement would be contrary to public policy, or where the proceedings have breached natural justice.
6. Part 2 of this submission provides the BLS IP Committee's response to questions in the Consultation Paper dealing with intellectual property ("IP") matters. The BLS IP Committee congratulates the Attorney-General's Department on the format of the Consultation Paper and the clarity with which the issues on which submissions are sought are set out.
7. In summary, the position of the BLS IP Committee, in light of the questions raised in the Consultation Paper set out below is:
  - (a) Recognition of judgments relating to foreign IP rights can only help in the promotion of international trade and exploitation of IP rights, both so far as recognition and enforcement in Australia is concerned and, correspondingly, so far as recognition and enforcement abroad of Australian courts' decisions with respect to Australian IP rights. The adoption of the Proposed Convention by Australia would not displace the continued application of the present statutory and common law bases of recognition and enforcement under Australian law.

- (b) No definitions of the terms “intellectual property” and “intellectual property rights” are included in the Proposed Convention. It would be useful for there to be a definition of “intellectual property” and “intellectual property rights” inserted in Article 3 of the Proposed Convention (the definitions provision), and for this to be drawn in expansive though exhaustive terms.
- (c) The proposed discretion to refuse recognition or enforcement if, and to the extent that, the judgment awards damages, including exemplary or punitive damages that do not compensate a party for actual damage or harm suffered within the State of origin is appropriate given the differences between jurisdictions. The provisions relating to non-monetary remedies are also appropriate as long as the overlap to the provision on monetary remedies are clarified.

## **PART 1 – ILS Arbitration Committee response**

### **Background**

- 8. Currently, foreign judgments may be eligible for recognition and enforcement in Australia under three regimes:
  - (a) the *Foreign Judgments Act 1991* (Cth) (**FJA**) which only applies to the 33 countries listed in the Foreign Judgments Regulations 1992 (**the Regulations**);
  - (b) the *Trans-Tasman Proceedings Act 2010* (Cth) (**TTPA**) which only applies to judgments between Australia and New Zealand; and
  - (c) the common law.
- 8.2 Arbitration awards may be recognised under the *International Arbitration Act 1974* (Cth), which implements the *Convention on the Recognition and Enforcement of Foreign Arbitral Awards* (New York, 1958) (**the New York Convention**) as the guiding framework.
- 8.3 While the Consultation Paper primarily addresses problems and inconsistencies that have arisen under the TTPA and common law interpretations of its provisions, it is important to consider the purposes of conventions and legislation with a like purpose. For the present purposes, the Washington Convention in relation to investment treaty awards will not be discussed.

### **Comparative purposes of the legislation and conventions**

- 9. *The Proposed Convention*:
  - (a) The purpose of the Proposed Convention is to promote international trade and investment through enhanced judicial co-operation.<sup>1</sup> The Proposed Convention seeks to enhance access to justice by assisting the successful party with a clearer pathway to obtain meaningful relief, to reduce the costs of and streamline legal processes involved in cross-border dealings, and to help address associated risks.<sup>2</sup> Uniform rules on jurisdiction and on recognition and enforcement of foreign judgments in civil or commercial matters should provide certainty and ensure the effectiveness of exclusive choice of court agreements between parties to commercial transactions.<sup>3</sup>

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<sup>1</sup> *Special Commission on the Recognition and Enforcement of Foreign Judgments*, Hague Conference on Private International Law (Draft Convention, November 2017) <<https://www.hcch.net/en/projects/legislative-projects/judgments/special-commission1>>.

<sup>2</sup> *Hague Conference Judgments Project recognition and enforcement of foreign judgments*, Public Consultation Paper (March 2018), 7.

<sup>3</sup> *Ibid.*

10. *The FJA:*

- (a) The FJA provides a streamlined procedure for the recognition and enforcement of certain judgments of courts prescribed in the Regulations based upon reciprocity of enforcement.<sup>4</sup>

11. *The TTPA:*

- (a) The TTPA aims to streamline the processes for managing and resolving civil and criminal proceedings, where elements of the proceedings span both countries.<sup>5</sup> The TTPA seeks to reduce the costs associated with litigation, improve efficiency and minimise the existing barriers to enforcing judgments and regulatory sanctions between the two countries.<sup>6</sup> Once registered, the judgment has the same force as an Australian judgment and can be enforced in the appropriate Australian court.

12. *The New York Convention:*

- (a) The objective of the New York Convention is to recognise and enforce arbitral agreements<sup>7</sup> and arbitral awards.<sup>8</sup> The Convention seeks to provide common legislative standards for the recognition of arbitration agreements and court recognition and enforcement of foreign and non-domestic arbitral awards.<sup>9</sup> Foreign and non-domestic arbitral awards should not be discriminated against and signatories must ensure such awards are recognised and generally capable of enforcement in their jurisdiction in the same way as domestic awards.<sup>10</sup> The Convention requires Parties' courts to give full effect to arbitration agreements by mandating that courts deny the parties access to courts in contravention of their agreement to refer the matter to an arbitral tribunal.<sup>11</sup>

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<sup>4</sup> Explanatory Statement, *Foreign Judgments Act 1991* (Cth), Selective Legislative Instrument No. 207, 2015.

<sup>5</sup> *Trans-Tasman Proceedings Act 2010* (Cth), s 3; Chief Justice Robert French AC, 'Transnational Dispute Resolution' (Speech delivered at the Supreme and Federal Court Judges' Conference, Brisbane, 25 January 2016) 7.

<sup>6</sup> Australian Government Attorney-General's Department, *Trans-Tasman Proceedings Regime*, <<https://www.ag.gov.au/Internationalrelations/PrivateInternationalLaw/Pages/Trans-TasmanProceedingsRegime.aspx>> .

<sup>7</sup> Article II(1): 'Each Contracting State shall recognise an agreement in writing which the parties undertake to submit to arbitration all or any differences which have arisen or which may arise between them in respect of a defined legal relationship, whether contractual or not, concerning a subject matter capable of settlement by arbitration'. *Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, opened for signature 10 June 1959, 330 UNTS 3 (entered into force 7 June 1959) art II(1).

<sup>8</sup> Article III: 'Each Contracting State shall recognise arbitral awards as binding and enforce them in accordance with the rules of procedure of the territory where the award is relied upon, under the conditions laid down in the following articles'. *Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, opened for signature 10 June 1959, 330 UNTS 3 (entered into force 7 June 1959) art III.

<sup>9</sup> *Convention on the Recognition and Enforcement of Foreign Arbitral Awards*, opened for signature 10 June 1959, 330 UNTS 3 (entered into force 7 June 1959), 1.

<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

13. Prima facie, there is no meaningful difference between the purposes of the Proposed Convention, the FJA and the TTPA on the one hand, and insofar as it applies to recognition and enforcement of international awards, the New York Convention. Each allows member states to seek enforcement of a foreign judgment or arbitral award by applying the principle of reciprocity.

#### **Definitions of 'Judgment'**

14. Differences do, however, emerge under the three definitions of 'judgment' and the grounds for refusing registration or recognition and enforcement.
- (a) The Proposed Convention defines 'judgment' to mean any decision 'on the merits given by a court, including a decree or order, and a determination of costs or expenses, provided the determination relates to a decision on the merits which may be recognised or enforced under this Convention'. Notably, an 'interim measure of protection' is not a judgment.<sup>12</sup> Non-monetary judgments are not expressly excluded.<sup>13</sup> On a strict reading of the text, it should be possible to enforce non-monetary judgments. There is no requirement that the judgment be final or conclusive.
- (b) Under the FJA a 'judgment' is defined as a final or interlocutory judgment or order given or made by a court in civil proceedings; or a judgment or order given or made by a court in criminal proceedings for the payment of a sum of money in respect of compensation or damages to an injured party; or an award in proceedings on an arbitration conducted in, and under the law applying in, a country, being an award that has become enforceable in a court of that country in the same manner as a judgment or order given by that court.<sup>14</sup> While there is the capacity for the FJA to extend to non-monetary judgments, the regulators have not done so.
- (c) The TTPA prescribes the judgment must be a 'registerable New Zealand judgment'<sup>15</sup> which generally means that it is: final and conclusive and given in a civil proceeding by a New Zealand court given in a civil proceeding by a New Zealand tribunal prescribed by the TTPA and of a particular kind prescribed; given in a criminal proceeding by a New Zealand court and (i) wholly consist of a requirement to pay an injured party a sum of money by way of compensation, damages or reparation, or (ii) wholly consist of an imposition of a regulatory criminal fine and meet the conditions prescribed in the Regulation; or registered in a New Zealand court under the *Reciprocal Enforcement of Judgments Act 1934* (New Zealand) (section 66). Notably, the TTPA expressly allows for registration of both non-monetary and interlocutory judgments.
- (d) Part 7 of the TTPA contains a regime for the recognition and enforcement in Australia of certain specified judgments of New Zealand courts and tribunals. The TTPA expressly extends to monetary and non-monetary judgments in civil proceedings, whether given in a primary or interlocutory proceeding. To be enforceable the judgment of the New Zealand court or tribunal has to be registered in an Australian court. All judgments not enforceable by either of these means may be enforced at common law either by suing for the debt created by the foreign judgment and/or suing on the original cause of action on which the foreign judgment was based.<sup>16</sup>

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<sup>12</sup> *Special Commission on the Recognition and Enforcement of Foreign Judgments*, Hague Conference on Private International Law (Draft Convention, November 2017) art 3.

<sup>13</sup> Professors Francisco J. Garcimartín Alférez and Geneviève Saumie, *Judgments Convention: Revised Preliminary Explanatory Report*, Fourth Meeting of the Special Commission on the Recognition and Enforcement of Foreign Judgments (24-29 May 2018) [76].

<sup>14</sup> *Foreign Judgments Act 1991* (Cth) s 3.

<sup>15</sup> *Trans-Tasman Proceedings Act 2010* (Cth) s 66.

<sup>16</sup> *Ibid* Part 7.

15. Possible problems which can arise in interpreting the word 'judgment' were illustrated by the Federal Court decision *LFDB v SM*.<sup>17</sup> One of the key issues was the effect of the requirement for a judgment to be 'final and conclusive' to be registered under the TTPA on a judgment given at an interlocutory stage of the proceedings.
16. The Explanatory Memorandum to the TTPA had made clear that eligibility for registration was to be determined broadly and to include injunctive orders:
 

*Currently only money judgments can be enforced between the two countries...The regime addresses this problem by allowing non-money judgments, like injunctions, to be enforced. Eligible judgments will also be subject to a more streamlined process of registration. And ... A number of the excluded types [of registrable judgments in s 66] such as orders about probate, guardianship, and orders about welfare of children...are [also] excluded from [the Service and Execution of Process Act 1992 (Cth)] ...primarily because they generally require a higher level of supervision which is unsuitable to require of a court simply registering the judgment.*<sup>18</sup>
17. The Federal Court rejected this argument on the basis that, absent express wording, the assessment of whether a judgment was final and conclusive was to be interpreted in line with common law principles about the enforcement of foreign judgments, and in accordance with the interpretation of those words as they appear in the FJA.<sup>19</sup> 'The key test of finality is whether the foreign tribunal treats the judgment as *res judicata* of the particular issues between the parties to the litigation'.<sup>20</sup>
18. The Federal Court's decision in *LFDB v SM* to set aside the registration of the freezing orders demonstrates a difficulty with seeking to recognise or enforce a foreign judgment under the TTPA. In *LFDB v SM* section 66 of the TTPA was interpreted to prevent the enforcement of interim orders, even if they are final and conclusive interim orders in New Zealand. The reasoning relied on the interpretation of 'final and conclusive' under the FJA as opposed to considering the purpose and context of the TTPA. This was notwithstanding that the TTPA was intended to streamline aspects of the legal relationships between Australian and New Zealand citizens, and broaden the range of judgments able to be recognised and enforced and to simplify the process for that occurring.
19. The question of whether a judgment is final or interlocutory arises regularly in Australian law in the context of leave to appeal (where leave is required for an interlocutory judgment). A judgment or order is final if it finally determines the rights of the parties in a principal cause pending between them.<sup>21</sup> An 'interlocutory order' may be made before or after the conclusion of proceedings in the action.<sup>22</sup> There is some authority for the proposition that costs orders made as part of the final orders determining the rights of the parties in a proceeding are final, not interlocutory.<sup>23</sup> In *Probiotec Ltd v University of Melbourne* (2008)<sup>24</sup> Rares J (with whom Finn and Besanko JJ agreed) expressed the *prima facie* view that they were. In *Les Laboratoires Servier v Apotex Pty Ltd*<sup>25</sup> another Full Court (Bennett, Besanko and Beach JJ) endorsed this view.
20. *LFDB v SM* resulted in four proceedings in Australian courts in total. Not only does this frustrate the purpose of streamlining judgements between New Zealand and Australia, but also meant that the

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<sup>17</sup> [2015] FCA 725.

<sup>18</sup> Explanatory Memorandum, Trans-Tasman Proceedings Bill 2009 (Cth) [134].

<sup>19</sup> *Bank Polska Kasa Opieki Spolka Akcyjna v Opara* [2010] QSC 93 cited in *LFDB v SM* [2015] FCA 725 [94].

<sup>20</sup> *Schnabel v Lui* (2002) 56 NSWLR 119 [77].

<sup>21</sup> *Hall v Nominal Defendant* (1966) 117 CLR 423 ('Hall') [443] (Windeyer J); *Bienstein v Bienstein* [2003] HCA 9 [25] (McHugh, Kirby and Callinan JJ).

<sup>22</sup> *Smith v Cowell* (1880) 6 QBD 75, cited in Hall .

<sup>23</sup> *Hudson v Sigalla* [2016] FCA 1204 [31] (Katzmann J).

<sup>24</sup> 166 FCR 30 [79] (Rares J).

<sup>25</sup> [2016] FCAFC 27 [291].

applicant seeking registration was forced to spend a considerable amount of time and money. The applicants were ultimately ordered to pay a lump sum amount in respect of the respondent's costs in the amount of \$154,034.69.<sup>26</sup>

21. With respect to the Proposed Convention, on a strict reading non-monetary judgments are included within the definition of judgment. Nevertheless, it is a grey area. For example, 5.21 of the Consultation Paper canvasses some of the issues which may arise when enforcing a non-monetary judgment. As such, article 11 of the Proposed Convention, which provides that a judgment on infringement granting a remedy other than monetary damages in intellectual property matters, is currently bracketed to indicate it is subject to further negotiation. More broadly, it asks whether recognition (as opposed to enforcement) of a judgment granting non-monetary relief should or should not be allowed.
22. In the experience of members of the ILS Arbitration Committee, parties seeking to resist enforcement will exploit any lack of clarity on what is a monetary as opposed to a non-monetary judgement.

### **Distinction between interlocutory orders and final orders**

23. The distinction between interlocutory orders and final orders is not entirely clear. As Kirby P stated in *Southern Cross Exploration NL v Fire and All Risks Insurance Co Ltd [No 2]*, 'no golden thread of logic runs through the cases'.<sup>27</sup> The High Court has held that the established test is whether the order as made finally determines or disposes of the rights of the parties.<sup>28</sup> In *Adam P Brown Male Fashions Pty Ltd v Philip Morris Incorporated and Another*,<sup>29</sup> the High Court affirmed the statement in *Salmond on Jurisprudence* that: 'substantive law is concerned with the ends which the administration of justice seeks; procedural law deals with the means and instruments by which those ends are to be attained'.<sup>30</sup> By contrast, 'an interlocutory order for an injunction is a matter of practice and procedure'.<sup>31</sup>
24. The nature of the order is decisive in determining whether it is interlocutory or final.<sup>32</sup> The court will consider the legal rather than the practical effect of the judgment.<sup>33</sup> However, as Gibbs CJ said in *Carr Finance Corp of Aust Ltd (No 77)*<sup>34</sup> in some cases 'it would be necessary for the Court...to embark on a detailed inquiry as to the facts of the matter and the course of the proceedings already taken – an inquiry quite inappropriate when the only issue is whether a right of appeal exists'.<sup>35</sup>
25. It is important that the Proposed Convention clarify its discussion of interlocutory orders and whether they will be provided for under the definition of 'judgment'.

### **Public Policy**

26. Judgment debtors consistently rely on the 'public policy' ground to raise objections to the enforcement, recognition and registration of foreign judgments and arbitral awards. That is because the public policy provisions are usually expressed broadly, to give enforcing nations the necessary permission to hold the

<sup>26</sup> *LFDB v SM (No 4)* [2017] FCA 753 [23].

<sup>27</sup> *Southern Cross Exploration NL v Fire and All Risks Insurance Co Ltd [No 2]* (1990) 21 NSWLR 200 207.

<sup>28</sup> *Hall* (1966) 117 CLR 423 [16].

<sup>29</sup> (1981) 35 ALR 625 629.

<sup>30</sup> *Salmond on Jurisprudence* (10th ed, 1847) 476 cited in *Adam P Brown Male Fashions Pty Ltd v Philip Morris Incorporated and Another* (1981) 35 ALR 625, 629.

<sup>31</sup> *McHarg v Universal Stock Exchange Ltd* [1895] 2 QB 81, 82; *Minister for Army v Parbury Henty and Co Pty Ltd* (1945) 70 CLR 459, 489; *White v White* [1947] VLR 434, 438.

<sup>32</sup> *Niemann v Electronic Industries Ltd* [1978] VR 431.

<sup>33</sup> *Carr Finance Corp of Aust Ltd (No 77)* (1981) 147 CLR 246, 248 (Gibbs CJ); *Debis Financial Services (Aust) Pty Ltd v Allied Bellambi Collieries Pty Ltd (Rec apptd) and Others* [2000] NSWCA 274.

<sup>34</sup> 147 CLR 246.

<sup>35</sup> *Ibid* 248 (Gibbs CJ).

judgment or award to the contemporaneous public policy standards of its state. This submission does not propose the creation of mandatory public policy considerations or definition.

27. However, the ambiguity has the effect of often requiring enforcing parties to defend their judgment or award against a meritless public policy argument.
28. As such, we recommend that either the Convention or implementing legislation emphasises the high threshold to be met for a judgment to be 'contrary to public policy', while maintaining the discretionary language proposed in the Proposed Convention.
29. Wording of the of the various 'public policy' bases to set aside a judgment are:
  - (a) Article 7(1)(c) of the Convention states that recognition or enforcement **may** be refused if 'recognition or enforcement would be **manifestly** incompatible with the public policy of the requested State, including situations where the specific proceedings leading to the judgment were incompatible with fundamental principles of procedural fairness of that State and situations involving infringements of security of sovereignty of that State.
  - (b) Pursuant to Article V(2)(b) of the New York Convention recognition and enforcement of an arbitral award **may** be refused if the competent authority in the country where recognition and enforcement is sought finds that: (b) the recognition or enforcement of the award would be contrary to the public policy of that country.
  - (c) Under the TTPA, an Australian court in which an NZ judgment is registered **must**, on application by a liable person under subsection (2), set aside the registration of the judgment if: 72(a) the court is satisfied that enforcement of the judgment would be contrary to public policy in Australia. Under section 72 registration has the same effect as recognition.
  - (d) The TTPA frames the 'public policy' ground in mandatory language. By contrast the New York Convention and Convention use discretionary language.

29.1 It is helpful that the Proposed Convention provides some guidance to parties as to when the public policy ground is appropriate by including the limited situations where the ground may be applicable.

#### 29.2 *Case law interpretations of public policy:*

- (a) A foreign judgment may be denied enforcement if it was founded on a law that is not acceptable to the public policy 'of the forum'.<sup>36</sup> In the past, these judgments on this issue have included those related to wages for a prostitute or an order for the maintenance of a child that was not confined to a specified period.<sup>37</sup> In *Vervaeke v Smith*,<sup>38</sup> the House of Lords refused to recognise a Belgian nullity decree annulling a marriage as a 'sham' marriage on the ground that the parties did not intend to live together, because it was contrary to English public policy. The Belgian law treated such marriages as void conflicted with the distinctive rule of English public policy, which regarded the marriage as valid.
- (b) Additionally, a foreign judgment may found to contravene public policy if it is obtained in a manner 'obnoxious to the law of the forum'; such as by duress<sup>39</sup> or undue influence. Nevertheless, the

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<sup>36</sup> Martin Davies, Andrew S. Bell, Paul Brereton, *Nygh's Conflict of Laws in Australia* (LexisNexis Butterworths, 9<sup>th</sup> edition, 2014).

<sup>37</sup> *Ibid*; *Re Macartney* [1921] 1 Ch 522.

<sup>38</sup> [1983] 1 AC 145.

<sup>39</sup> Davies, Bell and Brereton, above n 37, 926; *Israel Discount Bank of New York v Hadjipateras* [1983] 3 ALL ER 139.

public policy ground cannot be raised in the forum if a 'similar defence was available under the law of the foreign court'.<sup>40</sup> Fraud is an exception to this exception.

- (e) The primary argument advanced by *LFDB v SM*<sup>41</sup> to set aside registration was that the judgments were contrary to public policy.<sup>42</sup> *The Explanatory Memorandum* to the TTPA describes the public policy exception as follows:

*The judgment must be set aside if its enforcement in Australia would be contrary to public policy. Under general private international law principles, a judgment may be contrary to public policy if it was obtained in a manner inconsistent with the law of the country of registration (for example by distress or undue influence), or is founded on a law that is unacceptable to the country of registration. This is intended to be a high threshold.*<sup>43</sup>

- (f) Similarly, courts have emphasised the exceptional nature of this ground, such that it must be construed narrowly.<sup>44</sup> Decisions dealing with the public policy exception uniformly reveal that courts will be 'slow' to invoke the exception. In *Loucks v Standard Oil Co of New York*,<sup>45</sup> Cardozo J said:

*A right of action is property. If a foreign statute gives the right, the mere fact that we do not give a like right is no reason for refusing to help the plaintiff in getting what belongs to him. We are not so provincial as to say that every solution of a problem is wrong because we deal with it otherwise at home ... The courts are not free to refuse to enforce a foreign right at the pleasure of the judges, to suit the individual notion of expediency or fairness. They do not close their doors unless help would violate some fundamental principle of justice, some prevalent conception of good morals, some deep rooted tradition of the common weal.*<sup>46</sup>

- (g) Nevertheless, the ground may be made out where enforcement would be 'detrimental to national interests (generally in foreign affairs) or 'the result of the particular case would be unacceptably unjust'.<sup>47</sup>

### **Further Matters to Note: the Relationship between Enforceability and Jurisdiction**

30. In Australia unenforceability of a foreign judgment is 'very decisive'<sup>48</sup> on the question of whether a stay will issue in an Australian court restraining the continuation of foreign proceedings. However the question of enforceability of an Australian judgment overseas is 'not relevant' as to whether a court should take jurisdiction.<sup>49</sup>
31. In *Central Petroleum Limited v Geoscience Resource Recovery LLC*<sup>50</sup> the Court held the focus is upon the inappropriateness of the local court, not the appropriateness or comparative appropriateness of the

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<sup>40</sup> *Ibid.*

<sup>41</sup> [2015] FCA 725.

<sup>42</sup> *Ibid* [107].

<sup>43</sup> Explanatory Memorandum, Trans-Tasman Proceedings Bill 2009 (Cth) 25, [148]. The Working Group's Report showed that it contemplated omitting the ground from the Act altogether: Trans-Tasman Working Group, *Trans-Tasman Court Proceedings and Regulatory Enforcement: a Report by the Trans-Tasman Working Group* (December 2006), 11.

<sup>44</sup> *Hui v Esposito Holdings Pty Ltd* [2017] FCA 648 [229].

<sup>45</sup> 120 NE 198 (1918).

<sup>46</sup> *Ibid*, 1.

<sup>47</sup> *Hague Conference Judgments Project recognition and enforcement of foreign judgments*, Public Consultation Paper (March 2018), 10-11.

<sup>48</sup> *Centrebet Pty Limited v Baasland* [2012] NTSC 100 (13 December 2012).

<sup>49</sup> Vivienne Bath, 'Service out of the jurisdiction and the issue of overlapping jurisdictions' (Paper presented at the Commercial Issues in Private International Law Conference, University of Sydney, 16 February 2018).

<sup>50</sup> [2017] QSC 223 (Bowskill J).

foreign court. The defendant must prove that this court that it is so inappropriate a forum for the determination of the proceedings that their continuation would be productive of injustice, because it would be oppressive (in the sense of seriously and unfairly burdensome, prejudicial or damaging) or vexatious (in the sense of productive of serious and unjustified trouble and harassment) to it.<sup>51</sup>

32. This test was confirmed in *Centrebet Pty Ltd v Baasland* where the Northern Territory Supreme Court found that the Northern Territory was not a 'clearly inappropriate forum'<sup>52</sup> because Australian law was the relevant law of the contract<sup>53</sup> most of Centrebet's conduct occurred in Australia, the facts and circumstances upon which the defendant relies on in the Norway proceedings would not provide him with a cause of action in Australia, and judgment in the Norway proceedings would not be enforceable in Australia under the FJA.<sup>54</sup>
33. Overseas, in *Impala Warehousing and Logistics (Shanghai) Company Ltd v Wanxiang Resources (Singapore) Pte Ltd*<sup>55</sup> as a matter of principle, the English Court will usually grant an anti-suit injunction to restrain (non-EU) foreign proceedings in breach of an exclusive English jurisdiction clause, unless there are strong reasons not to do so.<sup>56</sup> The Court found that in certain circumstances non-enforceability might amount to strong reason, but this would be rare because the non-enforceability of an English Court judgment in a particular foreign country 'may be foreseen or foreseeable as a risk when the exclusive jurisdiction clause is agreed'.<sup>57</sup>
34. The ILS Arbitration Committee notes that *Norsemeter Holding AS v Pieter Boele [No 1]*<sup>58</sup> considered where a party was resisting judgment and the question was whether the jurisdiction exercised by the Court of Appeal in Norway would be recognised for enforcement purposes under Australian rules of private international law.<sup>59</sup> The defendant argued that while they submitted to the first instance of proceedings, they did not submit to the appellate processes. The court dismissed this argument, noting that the contract stated it was governed by Norwegian law, with parties agreeing to the Norway courts as the legal venue.<sup>60</sup>

## Conclusion

35. The above examples highlight the difficulties of reconciling the current Australian judicial approaches to *forum non conveniens*, public policy and the recognition of foreign judgements with the regime under the Proposed Convention.

## PART 2 – BLS IP Committee response

### Commentary with an emphasis on questions 7-10 which deal with IP matters

*Q1. 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?*

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<sup>51</sup> *Oceanic Sun Line Special Shipping Co Inc v Fay* (1988) 165 CLR 197 (Deane J) 247-8; *Voth v Manildra Flour Mills Pty Ltd* (1990) 171 CLR 538, 564-565; *Regie Nationale des Usines Renault SA v Zhang* (2002) 210 CLR 491 [78]; *Puttick v Tenon Ltd* (2008) 238 CLR 265 [27]-[29].

<sup>52</sup> [2013] NTSC 59 [163].

<sup>53</sup> *Ibid* [75].

<sup>54</sup> *Ibid* [78].

<sup>55</sup> [2015] EWHC 811 (Comm) (25 March 2018).

<sup>56</sup> *Ibid* [60].

<sup>57</sup> *Ibid* [137].

<sup>58</sup> [2002] NSWSC 370.

<sup>59</sup> *Ibid* [15].

<sup>60</sup> *Ibid* [17].

36. The experience of BLS IP Committee members has been that seeking recognition and enforcement of foreign judgments in IP matters in Australia has been a time consuming, expensive and unnecessarily complicated matter, and likewise when members have sought recognition and enforcement of Australian judgments in other jurisdictions.

*Q2. 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. Q3. 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, i.e. privacy/unauthorised public disclosure of information relating to private life; and/or intellectual property [and analogous matters]?*

*Q4. What are your views on the jurisdictional bases for recognition and enforcement? Do any of the currently proposed bases cause concern?*

*Q5. What are your views on the grounds for refusing recognition or enforcement? Do any of the currently proposed grounds cause concern?*

*Q6. What are your views on damages, costs and/or other provisions in the draft Convention?*

37. As the above questions raise issues of a more general nature that are encompassed within specific questions below dealing with IP rights, much of the BLS IP Committee's comments below will inevitably be relevant to these earlier questions.

*Q7. 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?*

38. In general, the BLS IP Committee is in favour of including IP matters in the Proposed Convention. The fact that these rights are territorial in nature is not a reason to restrict enforcement or recognition of those rights to the territory of their creation and/or registration. Recognition of judgments relating to foreign IP rights can only help in the promotion of international trade and exploitation of IP rights, both so far as recognition and enforcement in Australia is concerned and, correspondingly, so far as recognition and enforcement abroad of Australian courts' decisions with respect to Australian IP rights. In this regard, the BLS IP Committee notes that adoption of the Proposed Convention by Australia would not displace the continued application of the present statutory and common law bases of recognition and enforcement under Australian law.

39. Having said this, the BLS IP Committee believes that IP judgments require different treatment from other judgments. This, indeed, is evidenced in a number of the substantive Articles of the Proposed Convention, and the BLS IP Committee has set out below a number of observations and suggested proposals in relation to these Articles.

*Q8. If included in the draft Convention, what are your views on the scope of intellectual property rights as currently defined and categorised?*

40. **Definitions:** No definitions of the terms "intellectual property" and "intellectual property rights" are included in the Proposed Convention. The expressions appear in a number of provisions, for example, Article 2.1[(m)] (exclusions from scope), Article 5[3(a)] (bases for recognition and enforcement), Article 6[a](exclusive bases of recognition), Article 7.1[g] (refusal of recognition or enforcement) and Article 8.[3](preliminary questions, by reference), whereas specific rights are referred to in Article 5.[3(b) and (c)] ("copyright or related right", "unregistered trade mark" and "unregistered design" – particular bases for recognition). No mention is made in the Proposed Convention of patents, although it may be readily

assumed that they will fall within the general expressions “intellectual property” and “intellectual property rights”. The same may be assumed to be the case with respect to other categories of registered and unregistered rights, such as appellations of origin, plant breeder’s rights, circuit layouts and trade names. According to the Consultation Paper at 5.12, “trade secrets” are not included within intellectual property, but the BLS IP Committee disagrees with this characterisation, noting that they are embraced within the scope of the *TRIPS Agreement*, and submits that it should be made clear that trade secrets and confidential information do fall within its ambit. Likewise, there may be an issue as to the status of “unfair competition” claims, noting that unfair competition is included as one of the subjects of industrial property protection under Article 1(2) of the *Paris Convention for the Protection of Industrial Property* 1883.

41. The BLS IP Committee therefore submits that it would be useful for there to be a definition of “intellectual property” and “intellectual property rights” inserted in Article 3 of the Proposed Convention (the definitions provision), and for this to be drawn in expansive though exhaustive terms.

### Limits on recognition and enforcement

42. **Bases for recognition and enforcement:** The BLS IP Committee notes that Article 5.1 of the Proposed Convention does not apply to an “intellectual property right or an analogous right” other than in the circumstances outlined in Article 5.[3(a)-(c)].
43. *Article 5.[3(a)]:* This deals with the recognition and enforcement of judgments in respect of the infringement in the State of origin of an “intellectual property right required to be granted or registered where this has been given by a court in that State. This is apt to cover patents, registered trade marks and designs, but also other registered rights such as plant breeder’s rights, and is expressed as extending to cases where the grant or registration is deemed to have taken place “under the terms of an international or regional instrument”. This last-mentioned circumstance is not obviously applicable to Australia, but would be apt to cover registered rights that arise under the terms of some regional arrangement as in the EU or possibly an international registration that might arise under treaties such as the *Hague Agreement Concerning the International Registration of Industrial Designs* or an appellation of origin registered under the *Lisbon Agreement for the Protection of Appellations of Origin and their International Registration* (Australia is not a member of either of these Conventions). Article 5.[3(a)] further provides for an exception to apply in cases where the defendant has “not acted in that state to initiate or further the infringement, or their activity cannot reasonably be seen as having been targeted at that State”. This last wording appears to be directed at online infringements that have only incidentally touched on the territory of the State of origin where the infringement proceeding has been brought and can be seen as an attempt to safeguard against excessive extraterritorial application of the laws of the State of origin.
44. While generally supportive of the limitations contained in this provision, the BLS IP Committee submits that its wording, particularly in this last section, might be clearer. A possible rewording might be as follows:

*...the judgment ruled on an infringement in the State of origin of an intellectual property right required to be granted or registered and it was given by a court in the State in which the grant or registration of the right concerned has taken place or, under the terms of an international or regional instrument, is deemed to have taken place[, unless the defendant has not acted committed in that State the acts constituting to initiate or further the infringement, or in the case of activity undertaken [on-line – consider appropriate definition] their activity cannot reasonably be seen as having been targeted at that State];*

45. In the present draft, the words “acted...to initiate or further...” are not clear because initiating or furthering infringement may or may not be an act constituting infringement under the law of the State of origin (or Australia). The reference to “having been targeted” appears to have been drafted with online

infringements in mind, but the inclusion of “online” might make this clearer, although it is possible that this term itself might require some definition. Confining this limitation to online activities might also be appropriate, in that it might be thought to go too far if it were to extend to manufacturing products for sale in the State of origin.

46. *Article 5.[3(b)]*: This deals with infringements in the State of origin of a copyright or related right, an unregistered trademark or unregistered design where the judgment was given by a court in the State for which protection was claimed, with a similar limitation to that in (a) with respect to instances where the defendant has not acted to initiate or further the infringement or where its conduct cannot reasonably be seen as having been targeted at that State. In this regard, the BLS IP Committee submits that this could be reworded as proposed above for (a).
47. *Article 5.[3(c)]*: This refers to judgments ruling on the “validity [ subsistence or ownership”] in the State of origin of a copyright or related right, an unregistered trademark or unregistered design that was given by a court in the State for which protection is claimed. The BLS IP Committee submits that the words in square brackets should be included: while “validity” is apt to cover subsistence in these cases, it does not necessarily extend to ownership and entitlement issues which the BLS IP Committee believes should be within the scope of the paragraph. There may also be a question here as to what is meant by “the State for which protection is claimed” as surely this must be the State of origin of the right, that is, the State in which the claim to protection of the right arises. It would therefore be preferable for the last line of the paragraph to be reworded as follows: “it was given by a court in that State”.
48. *Article 6[a]*: This deals with decisions on the validity of registered rights, providing that these are only to be recognised and enforced if the State of origin is the State in which registration or grant has taken place. The BLS IP Committee supports this limitation on the scope of the Proposed Convention.

*Q9. Are the suggested discretionary safeguards in the draft convention adequate for intellectual property matters?*

49. The BLS IP Committee supports the various grounds for discretionary refusal of recognition or enforcement set out in draft Article 7. In particular, it supports the proposed ground in [(g)] with respect to judgments on infringements of intellectual property rights where a law other than the internal law of the State of origin was applied. It suggests that this provision could be usefully amended to a non-discretionary requirement to refuse recognition or enforcement if such law is the law of the State in which recognition or enforcement is sought, thereby preserving the primacy of the law of the State of origin where this is the country where recognition or enforcement is sought.

*Q10. 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?*

50. The BLS IP Committee has the following comments on the articles in the Proposed Convention concerned with damages and non-monetary remedies.
51. *Article 10*: The BLS IP Committee supports the proposed discretion to refuse recognition or enforcement if, and to the extent that, the judgment awards damages, including exemplary or punitive damages that do not compensate a party for actual damage or harm suffered within the State of origin. Awards of non-compensatory damages differ significantly in character and extent from country to country, for example, additional damages under various Australian IP statutes and statutory damages available under US copyright law, so a discretionary limitation to compensatory awards appears an appropriate limitation. The BLS IP Committee notes that in the case of the US, statutory damages awards in intellectual property matters may mix both compensatory and punitive elements, and that “the extent to which” an award is compensatory or punitive may not always be clear, especially in the case of jury awards. The BLS IP

Committee notes, however, that the discretion to refuse enforcement "to the extent that" the award is non-compensatory should provide Australian courts sufficient discretion to avoid enforcing excessive awards.

52. *Article 11*: This deals with non-monetary remedies in intellectual property matters, and provides for a non-discretionary limitation to monetary remedies. Article 11 currently also provides an additional limit on those monetary remedies – confining them to awards "in relation to harm suffered in the State of origin". Subject to two qualifications, the BLS IP Committee is of the view that the restriction to monetary remedies is an acceptable limitation in that it can be assumed that relevant non-monetary remedies, such as injunctive relief, will have been already applied in the State of origin and it is difficult to see their relevance in the country where recognition and enforcement of a judgment is sought. The first qualification is that the apparent overlap between Articles 10 and 11 should be clarified. The second qualification is that the monetary remedy referred to in Article 11 should extend to an account of profits.
53. The BLS IP Committee suggests the following drafting for Article 11 to address the issues it has raised above:

*Article 11 - Notwithstanding Article 10, in intellectual property matters, a judgment ruling on an infringement shall be [recognised and] enforced only to the extent that it rules on a monetary remedy in relation to harm suffered, or profit generated, in the State of origin.*