INTELLECTUAL PROPERTY:

PRINCIPLES GOVERNING JURISDICTION, CHOICE OF LAW,

AND JUDGMENTS IN

TRANSNATIONAL DISPUTES

(with Comments and Reporters' Notes)

Part IV

RECOGNITION AND ENFORCEMENT

OF FOREIGN JUDGMENTS

IN TRANSNATIONAL CASES

Chapter 1

In General

§ 401. Foreign Judgments to Be Recognized or Enforced

(1) A court in which recognition or enforcement of a foreign judgment is sought shall first ascertain whether the rendering court applied these Principles to the case.

(a) If the rendering court applied the Principles, then the enforcement court shall recognize or enforce the judgment pursuant to these Principles.

(b) If the rendering court did not apply the Principles, then the enforcement court shall determine whether to recognize or enforce the judgment pursuant to its domestic rules on recognition and enforcement of foreign judgments.

(2) In order to be recognized or enforced, a foreign judgment must be final in the rendering State and not stayed by a court in that State.

(3) The preclusive effect given a foreign judgment shall be no greater than the preclusive effect of the judgment in the rendering State.

(4) For purposes of this Part IV of the Principles, a provisional or protective order rendered in accord with § 214(1) shall be considered a judgment entitled to recognition and enforcement.

Comment:

a. Enforcement and recognition distinguished. These Principles utilize the same definitions of enforcement and recognition as are employed in the ALI Foreign Judgments Project § 2; see § 2, Comment b.

b. Enforcement and recognition under the Principles. This provision creates two conditions on enforcement and recognition. The first is that the dispute was declared by the rendering court as within the scope of the Principles. In cases not covered by the Principles, the enforcement court will rely on local law to determine enforcement. Second, the adjudication must be "final" in the place where the judgment was rendered. If a party wishes to stay recognition or enforcement of a judgment that is the subject of review in the rendering State or whose time limit for seeking review in that State has not expired, it should so move in the rendering State.

c. Reference to the law of the State of the rendering court. The enforceability of the judgment depends on the law of the State of the rendering court, both as to finality (§ 401(2)) and scope (§ 401(3)). If that law deems the decision final and enforceable, the enforcement court should treat it as such (but see Comment d).

d. Greater or lesser effect. Applying the rendering court's law on the upper limit of the preclusive effect of the judgment is necessary to allow the parties to understand the stakes of the litigation at the time when they are making litigation decisions. Moreover, if another

jurisdiction applies preclusion that would be denied by the rendering court, the parties could inadvertently lose claims or arguments.

It could be argued that the enforcement court should not give an effect lesser than that of the rendering court because that would also undermine the finality of the decision. However, sometimes there are significant local public policies of the enforcement State at stake that the rendering court did not take into account. Accordingly, lesser effect may sometimes be given; see §§ 411-413. For further discussion, see ALI Foreign Judgments Project § 4 and § 4, Reporters' Note 2.

e. Preclusive effect of dismissals based on the statute of limitations. A dismissal on the merits, otherwise entitled to recognition, precludes another action on the same set of claims. When a dismissal is based on the statute of limitations, it may be unclear whether it should be accorded preclusive effect. The emerging view is that time bars are substantive—that the applicable law prescribes a time limit and if it is determined that the time has passed, the claim is extinguished. However, a statute-of-limitations dismissal can merely represent a decision by the rendering court that under its procedures, stale claims cannot be adjudicated fairly. In that case, the dismissal should not be recognized as claim-preclusive.

The characterization of statutes of limitations as substantive or procedural poses a general question of private international law beyond the specific ambit of the Principles; see Part I, Introductory Note. Accordingly, it is left to the law in the relevant State. If the law that governs the dispute supplies a substantive limitations provision, that limitations period should be applied to the claim by the rendering court. This is particularly true in cases where the parties chose the law (§ 302), because they may well have anticipated that the chosen law will prescribe the limitations period. If the rendering court dismisses the case on the ground that the claim has expired, a subsequent action on the same claims should be regarded as precluded. If, by contrast, the rendering court applied the forum's procedural rules, rather than

the applicable substantive law, to dismiss the action, then the second court should proceed with the case, unless its own procedural rule would prohibit it from entertaining it.

Illustration:

1. NicoleMarie is a trademark registered for handbags and accessories in Patria and in Xandia. Patria has a six-year statute of limitations for trademark claims; Xandia's limitations period is three years. The trademark owner initiated an action against David Co., another handbag manufacturer, in Xandia, claiming that David Co. infringed the NicoleMarie mark in both States. The action was brought four years after the alleged infringement occurred and the Xandian court dismissed the action as time-barred. The trademark owner then instituted a second action in Patria, once again asserting four-year-old infringement claims in both Xandia and Patria. David Co. moves to dismiss the action on claim-preclusion grounds.

In order to decide the effect of the Xandian judgment, the Patrian court must determine the grounds for the Xandian dismissal. If the court determines that the claims were dismissed because Xandia has a public policy against adjudication of four-year-old claims, it should not assume that all of the claims are barred in Patria. Since Patria has a six-year statute of limitations for Patrian trademark infringement, the court can entertain the Patrian claim. As to the Xandian claim, the Patrian court must decide whether the Xandian dismissal can also be ascribed to a substantive view of the appropriate length of trademark claims. If the Patrian court decides the Xandian statute of limitations is substantive, then it should recognize the dismissal of that claim as giving rise to a defense of claim preclusion.

f. Delaying enforcement or recognition pending appeal. In some judicial systems, a judgment is entitled to enforcement as soon as it is entered, irrespective of whether an appeal is pending. This rule could create substantial mischief if the appeal reverses aspects of the first judgment, especially in complex cases such as those contemplated by the Principles. However, a party may move for a stay of execution of the judgment. In such cases, the

enforcement court should delay both recognition and enforcement until the time for reviewing the decision is over, see § 401(2).

g. Enforcement of other judgments. Nothing in this Part addresses a court's authority to enforce a judgment rendered by another court, if the rendering court did not rely on the Principles in the adjudication of the dispute.

REPORTERS' NOTES

1. Timing. Like the ALI Foreign Judgments Project § 1(b), these Principles look to the law of the State of the rendering court to determine when a judgment is final. Enforcing judgments pending appeal raises a variety of problems. In some cases, litigants are treated differently, depending on whether they joined the appeal, see, e.g., Federated Dep't Stores, Inc. v. Moitie, 452 U.S. 394 (1981) (parties who appealed receive different treatment from parties who brought a second action); rights may be uncertain, see, e.g., Reed v. Allen, 286 U.S. 191 (1932) (property rights left indeterminate); the appeal may be mooted by enforcement if the situation cannot be restored, see, e.g., Duncan v. Farm Credit Bank of St. Louis, 940 F.2d 1099 (7th Cir. 1991) (appeal by mortgagor dismissed as moot because of sale of property by mortgagee pending appeal); Fink v. Cont'l Foundry & Mach. Co., 240 F.2d 369 (7th Cir. 1957) (appeal dismissed as moot because court could not undo sale of property after execution). These problems are compounded in the context of the Principles, where disputes arising under multiple laws and involving multiple parties are being adjudicated. Accordingly, some jurisdictions permit delay of enforcement or recognition of judgments until after the appeal is decided. See Brussels Regulation art. 37(1); cf. Restatement Second, Judgments § 28(1). In States where this is not the case, the parties should move to stay the judgment pending appeal.

2. Res judicata. The Principles avoid the term “res judicata” because it has different meanings in different places. Instead, they utilize the terms “enforcement,” “recognition,” and “preclusive effect.” These terms should be understood to cover the gamut of consequences that a judgment may have.

3. Characterization of limitations period. The Principles leave the characterization of the limitations period to the laws of the relevant States. For a full discussion of time bars, see Restatement Second, Conflict of Laws (1988 Revisions) § 142 and Comments a-g. The Principles’ approach to recognition is consistent with that of the ALI Foreign Judgments Project § 3(d)(ii), which exempts courts from an obligation to recognize foreign courts’ dismissals of claims as time-barred “unless the party seeking to rely on the judgment of dismissal establishes that the claim is extinguished under the law applied to the claim by the rendering court.” However, Comment e of the Principles expresses a view similar to that of the National Conference of Commissioners on Uniform State Laws (now known as the Uniform Law Commission), Uniform Conflict of Laws-Limitations Act (1982), available at http://www.law.upenn.edu/bll/archives/ulc/fnact99/1980s/uclla82.htm (last visited January 3, 2008), see § 2(a)(1) and Prefatory Note (“[L]imitations laws should be deemed substantive in character, like other laws that affect the existence of the cause of action asserted”).

§ 402. Default Judgments

In addition to the provisions of § 403, the enforcement court shall not enforce a foreign judgment that has been rendered in default of appearance unless the enforcement court determines that the rendering court’s assertion of personal jurisdiction was consistent with the law of the rendering State.

Comment:

a. Judgments rendered in default of appearance. This Section implements the same policies as those reflected in § 3(b) of the ALI Foreign Judgments Project; see § 3, Comment c. Enforcement can also be resisted on any of the grounds specified in § 403.

REPORTERS' NOTE

Default generally. The notion that enforcement and recognition are predicated on a review of the jurisdictional basis for decision is not controversial, see, e.g., Pennoyer v. Neff, 95 U.S. 714 (1877); Brussels Regulation art. 35(1).

§ 403. Judgments Not to Be Recognized or Enforced

(1) The enforcement court shall not recognize or enforce a judgment if it determines that:

(a) the judgment was rendered under a system that does not provide impartial tribunals or procedures compatible with fundamental principles of fairness;

(b) the judgment was rendered in circumstances that raise substantial and justifiable doubt about the integrity of the rendering court with respect to the judgment in question;

(c) the judgment was rendered without notice reasonably calculated to inform the defendant of the pendency of the proceeding in a timely manner;

(d) the judgment was obtained by fraud that had the effect of depriving the defendant of adequate opportunity to present its case to the rendering court;

(e) recognition or enforcement would be repugnant to the public policy in the State in which enforcement is sought;

(f) the rendering court exercised jurisdiction on the basis of a court-selection clause inconsistent with the safeguards set out in

§ 202(4);

(g) the rendering court exercised jurisdiction solely on a basis insufficient under § 207; or

(h) the rendering court exercised jurisdiction in violation of the forum's own rules of judicial competence.

(2) The enforcement court need not recognize or enforce a judgment if it determines that:

(a) the rendering court exercised jurisdiction on a basis inconsistent with the norms of §§ 201, 202(1)-(3), 203-206;

(b) the rendering court chose a law inconsistent with the norms of §§ 301-324;

(c) proceedings between the same parties and having the same subject matter are pending before the court designated by § 221 or before a court cooperating in the adjudication or chosen for consolidation under § 222; or

(d) the judgment is inconsistent with the judgment of the court designated by § 221, or the actions were coordinated in accordance with § 222 and the judgment is inconsistent with the judgment of the court of consolidation or of the courts that cooperated in resolving the dispute.

(3) Except with respect to judgments rendered in default of appearance, the enforcement court, in making any determination listed in subsections (1)(e)-(g) or (2), shall defer to the facts found by the rendering court. In other cases, the court shall make its own determinations of fact and law.

Comment:

a. Nonrecognition generally. Sections 402 and 403 are the main vehicles for promoting use of these Principles in a manner that protects the parties' interests in due process while providing a means for efficiently adjudicating worldwide disputes. Under § 403(1), the court is to deny enforcement in certain circumstances; § 403(2) permits nonenforcement in certain other instances. The mandatory provisions, § 403(1), are derived from the mandatory provisions of the ALI Foreign Judgments Project § 5(a) and (b) and § 6(a). The discretionary provisions, § 403(2)(c) and (d), echo the discretionary provisions of the ALI Foreign Judgments Project § 5(c)(ii) and (iii). Subsections (2)(a) and (2)(b) of § 403 are unique to these Principles; they create a mechanism for enforcing Parts II and III of the Principles. Subsections (1) and (2) should be read in conjunction with § 403(3), which requires the enforcement court to defer to the rendering court on factual issues. The Principles do not otherwise derogate from traditional private- international-law precepts, such as those barring the relitigation of the rendering court's findings of fact and conclusions of law respecting the merits of the case.

b. Fundamental fairness, § 403(1)(a)-(d). These subsections seek to ensure the panoply of generally recognized procedural guarantees, such as an impartial tribunal, both generally and with respect to the rights at issue; proper and timely notice; an opportunity to be heard; and assurances that the judgment was not obtained by fraud. For further discussion, see ALI Foreign Judgments Project § 5, Comments c-e and g. See also ALI/UNIDROIT Principles of Transnational Civil Procedure, Principle 1. If recognition is challenged on one of these grounds, the usual bar to relitigating the rendering court's fact findings does not apply, see subsection (3).

A question may arise as to whether a State that has jury trials should consider their unavailability in the rendering court to be "incompatible with fundamental principles of fairness." As most States do not afford civil jury trials, it is unlikely that, as a matter of

international norms, the unavailability of a jury trial would violate fundamental principles. Moreover, even in States where jury trials are common, they may be regarded as necessary only for adjudication in courts where they are expressly required.

The availability of discovery could also raise difficult questions. If the State addressed has discovery rules that are more liberal than the State where the trial was conducted, important procedural opportunities would appear to have been lacking. However, before enforcement is denied on this ground, the enforcement court must consider whether there were issues in the case that required more discovery than was available, whether other courts could have provided that discovery in aid of the court entertaining the case, and whether the lack of discovery amounted to a violation of fundamental principles of procedure.

Illustration:

1. Patentee sues A, a French resident, in France, claiming infringement of parallel French and U.S. patents. A defends on the ground that the U.S. patent is invalid because Patentee had put the invention on sale in the United States for more than a year before the patent application was filed, in violation of 35 U.S.C
§ 102(a). To demonstrate the offer for sale, A requires discovery of information in Patentee's customer files. Assume that such discovery is not available under French law, and A loses the case. Patentee tries to enforce the judgment in the United States and A resists on the ground that the French proceeding was incompatible with fundamental principles of U.S. law.
A's claim should be rejected. The lack of discovery on the on-sale issue does not amount to a fundamental denial of process. Moreover, discovery may have been available in the United States under 28 U.S.C. § 1782, which permits U.S. discovery in aid of foreign proceedings. Note that under §§ 211(2), 212(4), 213(3), and 413(2), the judgment of invalidity is effective only between the Patentee and A; it does not affect the registration of the patent in the U.S.

Patent and Trademark Office. Thus, the judgment does not implicate broader public-policy interests of the United States.

c. The public policy in the State addressed, § 403(1)(e). The authority to deny enforcement on public-policy grounds is common to all regimes concerned with the enforcement of foreign judgments; see ALI Foreign Judgments Project § 5, Comment h. A provision such as this one is especially necessary in Principles involving intellectual property because there are often strong public interests in access to the material protected. Indeed, excessive private control over information can violate free-speech norms and undermine the political process. Nonetheless, enforcement of judgments in favor of intellectual property holders should be denied sparingly. Intellectual property rights represent legislative judgments on the appropriate balance between creating incentives to produce and disseminate information products and promoting access to them. Individual States achieve that balance differently. Thus, at a minimum, the enforcement court should consider only the outcome of litigation, not the substance or procedure by which the outcome was achieved. Second, the court should consider how the outcome affects interests in the forum State and whether any clash with local interests can be softened through the remedial procedures of §§ 411-413. These provisions are explicitly designed to allow the enforcement court to tailor the remedy to local concerns. Most important because of its free-speech implications, an order awarding injunctive relief need be locally recognized only to the extent that similar relief could have been granted by courts in the enforcing State in the same circumstances (§ 412(2)). Similarly, a judgment regarding the validity of a locally registered right is valid only inter se; see Illustration 1 above.

Strong arguments have been made that American public policy can be implicated even in cases that lack a territorial connection or nexus with the United States; see ALI Foreign Judgments Project § 5, Reporters' Note 7(d). While these concerns may certainly be important

in the context of hate-speech legislation and defamation actions (where these arguments are commonly made), international obligations to respect the territoriality of intellectual property law represent a shared understanding that each nation's interest in intellectual property enforcement is usually coextensive with its borders. As a result, § 403(1)(e) should be reserved for cases where the remedy will deleteriously impact local interests. The provision should not provide an opportunity for relitigation of the case.

Illustrations:

2. An advertisement for a UK company is broadcast in the United States using a picture of the United Kingdom's Prince Charming without his permission. Prince Charming sues for violation of his U.S. right of publicity. A U.S. court, following § 301(1)(b), applies U.S. law and awards damages. Prince Charming seeks enforcement of the award in the UK; the defendant company opposes on the ground that the UK does not recognize rights of publicity.

Under the Principles, the judgment should be enforced. The absence of protection of a given right in the enforcement jurisdiction does not, of itself, demonstrate a strong local public policy against recognition of the right at issue.

3. Paco of Patria, a fashion designer, displays his latest collection in a fashion show in Patria. Phil Phlash, a Xandian resident, attends the show and takes unauthorized photos, which are published in a fashion magazine sold in Patria and Xandia. Fashion designs are protected under the copyright law of Patria, but not of Xandia. Paco sues Phlash in Patria, claiming damages on account of both distributions. The court awards monetary damages for the local publication, but declines to award damages for the copies distributed in Xandia. Paco then seeks enforcement of the Patrian judgment in Xandia. Phlash resists enforcement on the ground that the Patrian judgment violates the strong Xandian public policy that fashion wants to be free.

Under the Principles, the judgment should be enforced. Xandia may not invoke ordre public to deny enforcement, because Xandia's public policy is not affected by applying Patrian law to events occurring in Patria. By contrast, had the Patrian court erroneously enjoined distribution of the magazine in Xandia, then a Xandian court might properly decline to enforce that part of the judgment. The basis for declining to enforce is not that the Patrian court misapplied Xandian law (that would be relitigating the merits), but that the remedy is repugnant to Xandian public policy.

d. Choice-of-court agreements, § 403(1)(f) and (2)(a). Section 403(1)(f) deals with judgments of courts that were chosen in a standard form choice-of-court agreement. It instructs the enforcement court to deny effect to the judgment if the agreement did not include the procedural guarantees set out in § 202. Section 403(1)(f) applies even if the validity of the standard form agreement was considered in an earlier phase in the litigation, because a party who is summoned by surprise to a remote forum may be ill-equipped to mount an effective challenge to the alleged agreement. More important, denying the enforcement court discretion to enforce the agreement encourages parties to draft transparent agreements and to choose courts that are fair to all sides.

It is anticipated that the discretionary provisions of § 403(2)(a) will usually come into play when the rendering court is other than the one chosen by the parties. In the case of negotiated agreements, § 403(2)(a) seeks to effectuate two goals: on the one hand, to give effect to party autonomy; on the other, to discourage delay and avoid excess expense. To accommodate both goals, the Principles give the enforcement court discretion to decide whether to enforce the judgment. When deciding, the court should consider whether the party seeking to avoid enforcement was prejudiced by adjudication in a court other than the one selected in the agreement; the costs of relitigation; whether the objection to the rendering court was raised in an earlier stage in the litigation and why the objection was denied; and

whether the objection was deliberately waived at an earlier stage. In cases where the parties had entered into multiple and divergent choice-of-court agreements and the rendering court was one of the fora chosen, the enforcement court should consider whether the rendering court was reasonable in light of the factors set out in § 202, Comment e.

Section 403(2)(a) is also applicable in two other circumstances: first, to a judgment of a court chosen in a negotiated choice-of-court agreement that the resisting party claims to be invalid under the criteria set out in § 202(3); second, to the judgment of a court other than the one selected in a standard form agreement. In both cases, an argument can be made that the mandatory provision of § 403(1)(f) should apply. Nonetheless, the Principles take the position that these situations do not present a compelling case for a mandatory approach. When exercising its discretion, the enforcement court should, however, consider whether the party resisting enforcement had an effective opportunity to present its objections to the rendering court.

Illustrations:

4. A, a Patrian, sells to B, a Xandian, a software program accompanied by a shrinkwrap license that specifies that all disputes will be litigated in Patria. B resells the software in Xandia, in contravention of a term in the agreement. A sues B in Patria and the court declares the case within the Principles. B objects on the ground that Patria has no connection to the events and litigation there is burdensome. The Patrian court nonetheless holds the court-selection clause valid, and finds B to have breached the contract. A is awarded damages and seeks enforcement in Xandia; B resists on the ground that the judgment is predicated on a jurisdictional basis inconsistent with § 202.

Because the court in Patria was chosen in a standard form agreement, § 403(1)(f) is applicable and the Xandian court must consider the legal validity of the agreement de novo (bound, however, to the facts found in Patria; see § 403(3)). If the Xandian

court decides the agreement was not valid and that the Patrian court would not have had jurisdiction over B in the absence of the court-selection clause, it should decline to enforce the judgment. Allowing the Xandian court to deny enforcement gives teeth to the Principles and encourages parties like A to choose fair fora.

5. Same facts as in Illustration 4, except that the choice-of-court agreement between A and B was negotiated. B contends that the forum-selection clause is invalid under § 202(3) because the agreement was improperly executed under the law of the State chosen in the contract. The rendering court rejected this objection.

Section 403(2)(a) is now applicable. The Xandian court may reexamine the Patrian court's legal conclusion. If the Xandian court, on the facts as found by the Patrian court, finds the agreement was properly executed, the Xandian court should enforce the judgment (§ 401).

If the Xandian court, on the facts as found by the Patrian court, finds the agreement was not properly executed, the Xandian court may nonetheless exercise its discretion to enforce the judgment.

e. Jurisdiction, § 403(1)(g), (h), and (2)(a). Section 403(1)(g) requires courts to refuse to enforce judgments when jurisdiction was obtained in a manner contrary to generally shared norms of fundamental fairness. Similarly, § 403(1)(h) mandates refusal to enforce a judgment entered in violation of the rendering forum's own rules of judicial competence. Barring courts from enforcing judgments predicated on an unfair or unauthorized exercise of judicial power over the defendant encourages plaintiffs to choose appropriate fora and discourages courts from adjudicating cases without jurisdiction. See also ALI Foreign Judgments Project §§ 5(a)(iii) and 6(a)(i)-(iv) and § 6, Comments a and b.

Section 403(2)(a) is a discretionary provision. Together with § 401, it creates an avenue for encouraging adoption of the Principles and applications of the jurisdictional rules set out in §§ 201-206 by ensuring that a judgment rendered by a court that did apply §§ 201-206 will

be recognized and enforced. Section 403(2)(a) adds a stick to this carrot by allowing a court to refuse to enforce judgments when jurisdiction was not obtained consistently with §§ 201-206.

f. Choice of law, § 403(2)(b). The Principles recognize that much of the controversy concerning adjudication of multiterritorial intellectual property claims derives from apprehensions that the court will apply laws inappropriate to the multinational character of the case, in particular, that the court will apply its own State's law to the full range of alleged infringements occurring outside the forum. As a result, the Principles take care to distinguish issues going to choice of court from those pertaining to choice of law, and to propose distinct approaches to each. See, e.g., § 103(1) ("[c]ompetence to adjudicate does not imply application of" forum law). For this reason, Part III offers provisions on applicable law. The general rule of territoriality strongly informs these provisions. Section 403(2)(b) is intended to ensure that these provisions are respected. Like § 403(2)(a) with respect to judicial competence, § 403(2)(b) offers a carrot-and-stick approach to legislative competence. Judgments applying laws designated in a manner consistent with the rules set out in §§ 301-324 will be enforced. Recognition of judgments that do not is left to the enforcement court's discretion. Section 403(2)(b) is limited: the enforcement court must, per § 403(3), defer to the rendering court's factual findings on the choice-of-law issue. Furthermore, in deciding whether to decline to enforce the judgment, the enforcement court should consider whether the objection to applicable law was considered in an earlier phase of the litigation. Accordingly, a rendering court can protect its judgment by providing reasoned decisions for the choices it makes, and the parties are free to urge the court to articulate its views on applicable law for the benefit of the enforcement court. So long as a reasonable jurist could take the court's position, the judgment should be considered enforceable. This approach thus seeks to provide an additional safeguard against inappropriate extrusions of one State's norms upon another.

Arguably, the special scrutiny that § 403(1)(f) gives to court-selection clauses found in standard form agreements should be applied to standard form choice-of-law clauses. However, the Principles take the position that so long as the party resisting enforcement litigated in a fair forum, it had a fair opportunity to present its objections to the law that was applied.

g. Inconsistency with the coordination Principles, § 403(2)(c) and (d). In order to promote efficient adjudication, it is important not only to facilitate parties' applications to coordinate, but also to discourage continued proceedings in other fora once an action has been coordinated. An effective way to discourage those proceedings is to deny enforcement to any resulting judgment. Subsection (2)(c) deals with the situation where the case is pending in courts coordinating or cooperating in the adjudication or in the consolidation court. Subsection (d) deals with judgments inconsistent with the decisions of these courts. These provisions echo the ALI Foreign Judgments Project's approach to lis pendens, §§ 11, 5(c)(ii) and (iii).

Section 223(4) permits a court, where an action was filed and was suspended on account of coordination elsewhere, to revive the action if coordination does not proceed in a timely fashion. It is implicit in § 403(2)(c) and (d) that the judgments in such revived cases are enforceable according to the law of the enforcement court.

h. Defaults, § 403(3). The general rule in subsection (3) accords with ordinary principles of private international law, which prohibit courts from reexamining the merits of the dispute under the guise of examining procedural regularities, see ALI Foreign Judgments Project § 2, Comment d. An exception is made for cases where the defendant did not appear. When judgment is rendered in default of appearance, there is rarely a finding of fact. However, in the rare case where facts are found, deference is inappropriate as there has been no opportunity for the defendant to contest the findings. The same is not true when the

defendant defaults after contesting personal jurisdiction, for in such cases, the defendant chose to bypass the opportunity to present its side of the case.

REPORTERS' NOTES

1. Inconsistency with fundamental procedures in the State addressed. In the context of these Principles, jury trials and discovery pose the most troublesome issues.

a. Jury trials. The availability of jury trials in the United States should not be regarded as a procedure so fundamental as to bar U.S. enforcement of non-U.S. judgments. Although the Seventh Amendment's jury-trial requirement is binding in the courts of the United States (federal courts), it has never been viewed as binding in state courts. See, e.g., Geoffrey C. Hazard, Jr., et al., Pleading and Procedure, State and Federal 1120-1122 (8th ed. 1999). Moreover, issues decided in the absence of a jury may be binding for issue-preclusion purposes, even in the proceedings of courts where a jury trial would have been required on the precluded issue. See, e.g., Parklane Hosiery Co. v. Shore, 439 U.S. 322 (1979). Indeed, foreign judgments have routinely been enforced in U.S. courts. See also Society of Lloyd's v. Ashenden, 233 F.3d 473 (7th Cir. 2000) (not requiring that identical procedures be used by a foreign court for its judgment to be enforceable).

The converse situation—enforcement of a judgment based on a jury verdict in a jurisdiction that does not use civil juries—should be equally unproblematic. Many jurisdictions that lack civil juries nonetheless use them in special cases and in criminal cases. Thus, the use of a jury should not be considered a breach of fundamental process.

b. Discovery. The quality of discovery opportunities may pose a more difficult problem than jury trials, particularly in patent cases where there may be substantive provisions of law that rely on a form of discovery available in the jurisdiction whose law is in issue, but not in the jurisdiction where the case is tried. In fact, however, discovery in foreign courts may be

more widely available than American jurists assume, see, e.g., Nichia Corp. v. Argos Ltd., [2007] EWCA Civ 741 (Ct. of Appeal 2007). An example from patent law is a defense of invalidity, where the ground is that the patentee was not the first to invent, 35 U.S.C. § 102(a), and where laboratory notebooks may be a necessary part of the proof. In some cases, there may be opportunities for assistance from other tribunals, such as under the Hague Evidence Convention, or pursuant to U.S. federal law. See 28 U.S.C. § 1782; Intel Corp. v. Advanced Micro Devices, Inc., 542 U.S. 241 (2004) (reading 28 U.S.C. § 1782 to give courts broad discretion to offer assistance). See generally Hans Smit, American Assistance to Litigation in Foreign and International Tribunals: Section 1782 of Title 28 of the U.S.C. Revisited, 25 Syracuse J. Int'l L. & Com. 1 (1998). See also Council Regulation 1206/2001; see also Pro Swing, Inc. v. Elta Golf, Inc., [2006] SCC 52, 45 (Can.) (suggesting the use of letters rogatory). Where these procedures are not available, and the failure of proof is attributable directly to their absence, the enforcement court should consider whether the absence gives rise to a lack of fundamental procedural fairness.

The converse situation—enforcement of a judgment rendered after use of discovery devices unavailable in the jurisdiction where enforcement is sought—should not pose a problem. Although the discovery devices available in the United States can be regarded as intrusive, privacy protections are available, see, e.g., Fed. R. Civ. P. 26. See also Fed. R. Civ. P. 16. Accordingly, while approaches and standards differ, any court interested in participating in a project such as this one is unlikely to view the differences as fundamental.

2. The public policy in the State in which enforcement is sought. Section 403(1)(e) deals with incompatibility with the public policy in the State of the enforcement court. The phrase "in this State" includes territorial subdivisions, such as the 50 states of the United States. The intent is to describe a narrow category of cases. This is not to deny that intellectual property raises difficult policy issues: exclusive control over information through copyright

protection can violate free-speech norms and undermine the political process. See, e.g., Neil Weinstock Netanel, Copyright and a Democratic Civil Society, 106 Yale L.J. 283, 364 (1996) (arguing that copyright protects democracy, but that "a copyright of bloated scope . . . would stifle expressive diversity and undermine copyright's potential for furthering citizen participation in democratic self-rule"). For example, the rendering court might prohibit the reproduction of a trademark in the context of a political commentary depicting the trademark on a T-shirt. Or it might enjoin the public performance of a song parody. Patent rights have direct impact on health and safety. See, e.g., Arti K. Rai, The Information Revolution Reaches Pharmaceuticals: Balancing Innovation Incentives, Cost, and Access in the Post-Genomics Era, 2001 U. Ill. L. Rev. 173. Both patents and copyright can interfere with scholarly pursuits, as in CA 2760/93, 2811/93, Eisenman v. Qimron, 54(3) P.D. 817 (Isr.). See, e.g., David Nimmer, Copyright in the Dead Sea Scrolls: Authorship and Originality, 38 Hous. L. Rev. 1 (2001); Neil Wilkof, Copyright, Moral Rights and the Choice of Law: Where Did the Dead Sea Scrolls Court Go Wrong?, 38 Hous. L. Rev. 463 (2001) (focusing on choice-of-law aspects to the Israeli decision). However, these Principles deal with many of these problems through the remedial provisions of §§ 411-413. Only if these provisions are inadequate should resort be made to public policy. For a domestic decision adopting a public-policy approach to awarding relief, see eBay Inc. v. MercExchange, L.L.C., 126 S. Ct. 1837 (2006). See also Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 578 n.10 (1994) (positing denial of injunctive relief in favor of damages in certain copyright cases); Abend v. MCA, Inc., 863 F.2d 1465, 1479 (9th Cir. 1988) (finding "special circumstances" that would cause "great injustice" to defendants and "public injury" were an injunction to issue), aff'd sub nom. Stewart v. Abend, 495 U.S. 207 (1990). This approach is particularly appropriate in an international setting, where cultural differences and levels of technological development are so widely disparate. Together, the remedy provisions make sure that the level at which

infringement is deterred—or, the level of noncompliance with intellectual property law—in the State of the court where enforcement is sought is not substantially altered by reason of its adopting these Principles.

Given these other avenues for addressing policy concerns, subsection (1)(e) should be reserved for cases where enforcing the judgment would cause extreme incompatibility problems. Subsection (1)(e) echoes provisions of other instruments, see National Conference of Commissioners on Uniform State Laws (now known as the Uniform Law Commission), Uniform Foreign-Country Money Judgments Recognition Act § 4(c)(3) (2005) ("repugnant to the public policy of this state or of the United States"), available at http://www.law.upenn.edu/bll/archives/ulc/ufmjra/2005final.htm (last visited Jan. 3, 2008); Brussels Regulation art. 34(1); the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York Convention), June 10, 1958, 330 U.N.T.S. 38, available at http://www.uncitral.org/uncitral/en/uncitral_texts /arbitration/NYConvention.html (last visited Jan. 3, 2008). Furthermore, the commitment to territoriality means that there should be a close connection between the State and the activity at issue in the dispute. Thus, it is important to distinguish between cases involving intellectual property disputes and libel disputes. U.S. courts have declined to enforce British libel judgments rendered concerning acts of defamation occurring outside the United States, on the ground that a U.S. court's participation in enforcing the judgment would be inconsistent with First Amendment values. See, e.g., Bachchan v. India Abroad Pubs. Inc., 585 N.Y.S.2d 661 (Sup. Ct. N.Y. County 1992); Matusevitch v. Telnikoff, 877 F. Supp. 1 (D.D.C. 1995), aff'd on state-law grounds (table), 159 F.3d 636 (D.C. Cir. 1998). See also Telnikoff v. Matusevitch, 702 A.2d 230 (Md. 1997) (enforcing British libel judgment would violate Maryland public policy). Whatever the position one takes on whether the contacts between these disputes and U.S. courts warrant refusal to enforce the foreign libel judgments, it should

be noted that defamation standards—unlike norms of intellectual property—remain largely unharmonized and thus present a greater likelihood of policy incompatibility.

Permitting nonenforcement (or refusing to enforce elements of a judgment, such as an order for injunctive relief) on public-policy grounds could be considered of a piece with the TRIPS Agreement, which also contemplates the possibility that a general obligation imposed on all member States could have a disparate impact for certain members. Indeed, the provisions of TRIPS that deal with these situations could be used to elucidate the determination of when a judgment is manifestly incompatible with public policy. For example, art. 27(2) of the TRIPS Agreement permits a State to exclude otherwise patentable subject matter from the scope of protection when:necessary to protect ordre public or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment . . . .

Similarly, art. 31(b) of the TRIPS Agreement contemplates that efforts to obtain authorization for certain usages can be waived in the case of "national emergenc[ies]" or "extreme urgency." Finally, all of the major provisions of the Agreement permit limitations that do not unreasonably prejudice the legitimate interests of the rights holder. See TRIPS Agreement, arts. 13, 17, 26(2), and 30; World Trade Organization, Ministerial Declaration of 14 November 2001 on the TRIPS Agreement and Public Health, 5(b) WT/MIN(01)/DEC/2, available at http://www .wto.org/english/thewto_e/minist_e/min01_e/mindecl_trips_e.htm (last visited Jan. 3, 2008) (the "Doha Declaration").

In some cases, the clash between an intellectual property decision rendered by one court and the public policy of another State may occur because the rendering court failed to carefully consider what law ought to apply to the controversy. To the extent this is true, the matter is more appropriately resolved by reference to the Principles on applicable law, §§

301-324. These Sections and commentary better frame the decision by setting parameters for determining whether an inappropriate law was utilized.

3. Choice of law. In France, for example, the traditional rule was that the conflicts rules chosen by a foreign court were reviewed by the court considering enforcement, see Court de cassation, première chamber civile [Cass. 1e civ.], Jan. 7, 1964, JCP (1964) II 13590 (Munzer v. Munzer) (Fr.). See generally Bernard Audit, Droit international privé 454-468 (3d ed. 2000) (French judge must verify several conditions, including whether law chosen by the foreign court is consistent with French conflicts rules).

However, this is not the universal approach. For example, the European Convention on Recognition and Enforcement of Decisions Concerning Custody of Children and on Restoration of Custody of Children, May 20, 1980, ETS 105, available at http://conventions.coe.int/Treaty/en/Treaties/Word/105.doc (last visited Jan. 3, 2008), does not permit nonenforcement on choice-of-law grounds, arts. 9-10. The Principles also depart from the ALI Foreign Judgments Project §§ 5 and 6, except to the extent that the court issuing the judgment did not have jurisdiction to prescribe, § 5(c)(i). See Séverine Gressot-Leger, Faut-il supprimer le contrôle de la loi appliquée par le juge étranger lors de l'instance en exequatur?, 130 Journal du droit international 767 (2003). However, in both the United States and European Union, the interest in the free movement of judgments is especially high, and direct review in the courts of last resort provides a check on exorbitant choices. Most important, the jurisdictions subject to the rule barring collateral attack generally share a common approach to law and to choice of law, which makes it unlikely that an incorrect decision by the rendering court will lead to outcomes that are radically wrong. Such is not the case for Principles addressed to the entire world; if it were the case, then §§ 301-324 would not be needed. Given that they are required, it is necessary to give them teeth.

Three approaches are possible. First, conflicts rules could be closely reviewed for accuracy. The approach was rejected because it would lead to relitigation of many cases. Second, the enforcement court could examine the rendering court's judgment to see if the appropriate procedure was utilized. This approach was regarded as overly deferential. Third is the approach chosen: the enforcement court could assure itself that the choices made were not inconsistent with the norms set out in the Principles. This approach is intended to give courts incentives to think carefully about choice of law, to consult with each of the courts from which a consolidated case was drawn, and to articulate the reasons underlying their choices. It is also intended to give parties a disincentive to contend for an unreasonable choice, even if they might achieve that objective in the rendering court.

A sense of the standard of review can be garnered from comparing Phillips Petroleum Co. v. Shutts, 472 U.S. 797 (1985), with Sun Oil Co. v. Wortman, 486 U.S. 717 (1988). Both cases involved a nationwide class action in which members of the class claimed interest payments on royalties owed on account of the exploitation of gas rights. The cases were litigated in Kansas, but the class members and the leaseholds involved were not all from Kansas. In Shutts, the Supreme Court held that Kansas substantive law could not be applied to all of the claims because, in many of the individual cases, the underlying transactions had "little or no relationship to the forum." 472 U.S. at 821. In contrast, in Sun Oil, the Court allowed Kansas to apply its own statute of limitations to all of the cases on the theory that limitations periods arguably implicate the procedural concerns of the court entertaining the case.

4. Factual issues. Arguably, accuracy would be further promoted by allowing relitigation of factual findings or by making the accuracy of the rendering court's fact finding a presumption, which could be rebutted in the enforcement court. Such a procedure has the added advantage of avoiding questions on how to review mixed questions of law and fact. On

the other hand, rearguing facts is costly and time consuming. The traditional private-international-law restriction on reexamining factual predicates represents an attempt to strike a balance between the interest in finality and the interest in accuracy.