



Choice of Court Agreements in Intellectual Property: ILA Guidelines in the EU and Iran

Benedetta Ubertazzi · Fatemeh Iravani

Published online: 21 January 2020

© Max Planck Institute for Innovation and Competition, Munich 2020

Abstract While substantive private law related to intellectual property (IP) is advanced in terms of international harmonization, international jurisdiction remains national. The 2005 Hague Choice of Court Convention does not apply to many IP issues. Similarly, the Convention on the Recognition and Enforcement of Foreign Judgments, which was adopted in July 2019, but is yet to enter into force, does not apply to IP. IP is enforced on a country-by-country basis. This leads to multiple parallel proceedings, which raise the risk of conflicting judgments and litigation costs. These costs cause inequality between multinational and small- and medium-size enterprises. As a model for future states' negotiations of an international agreement on IP and private international law, the International Law Association (ILA) Committee on “Intellectual Property and Private International Law” aims to consolidate cross-border IP disputes. To achieve this consolidation, the Committee Guidelines on choice of court agreements in IP are relevant since these enable the

Benedetta Ubertazzi is a tenured Aggregate Professor of European Union Law at the School of Law, University of Milan-Bicocca; a contracted Associate Professor at the School of Law, Federal State Budgetary Educational Institution of Higher Education, Saint-Petersburg State University; and a practicing attorney in Milan, Studio Ubertazzi. She is also a member of the International Law Association Committee on Intellectual Property and Private International Law since its inception in 2010.

Fatemeh Iravani has recently completed a Ph.D. in Private Law at the University of Tarbiat Modares, Tehran. She is a member of the Tehran Comparative Law Institute (TCLI) since 2011, a member of the Iranian Bar Association since 2010, and a practicing lawyer in Tehran, Iran.

Sections 1–6 and 8 were written by Benedetta Ubertazzi. Section 7 was written by Fatemeh Iravani.

B. Ubertazzi (✉)

Tenured Aggregate Professor of European Union Law, School of Law, University of Milan-Bicocca, Milan, Italy

e-mail: benedetta.ubertazzi@unimib.it

F. Iravani

Ph.D. in Private Law, School of Law, University of Tarbiat Modares, Tehran, Iran

e-mail: f.iravani.m@gmail.com

applicant to identify the court in which he may sue and the defendant to foresee before which court he may be sued. This paper will first analyze the ILA Guidelines on “choice of court agreements” and “submission and appearance”. The paper will then question whether these Guidelines can be adopted as models for arbitrators, legislators and any other competent authorities in two legal systems: the European Union (in light of the recent case law of the European Union Court of Justice) and Iran (in light of the opposite situation characterized by the absence of case law on the topic).

Keywords International jurisdiction · Choice of court agreements · Submission and appearance · International Law Association · European Union · Iran

1 Introduction

Whereas substantive international private law related to intellectual property (IP) is advanced in terms of international harmonization, issues of international jurisdiction remain national. Even though states constitute international governmental organizations that centralize all or part of the administrative procedures necessary for the granting of certain intellectual property rights (IPRs), those procedures typically give rise to a portfolio of national or EU IPRs enforceable only as territorial rights. Yet these procedures do not contain significant rules addressing either the international jurisdiction of the courts of the Member States to adjudicate intellectual property-related claims, or the recognition and enforcement of foreign judgments in the area of IPRs. Additionally, even though existing universal international instruments on IP, especially the ones concluded in the past two decades – including TRIPS (Agreement on Trade-Related Aspects of Intellectual Property Rights)¹ and ACTA (Anti-Counterfeiting Trade Agreement)² – strongly emphasize the need to effectively enforce IPRs, and though enforcement of IPRs across national borders is crucial for their protection, those international instruments focus on purely domestic issues, ignoring transnational disputes.

The first steps in the direction of harmonizing international jurisdiction on IPRs were undertaken by the Hague Conference, which launched the “Judgments Project” in 1992. The Project focused on two key aspects of private international law in cross-border litigation in civil and commercial matters: the international jurisdiction of courts, and the recognition and enforcement of their judgments abroad. Yet, because of the contentiousness of this project, due in particular to its IPRs sections, its scope was reduced. Initially, following the narrowing of the scope

¹ Agreement on Trade-Related Aspects of Intellectual Property Rights (annex 1C of the Marrakesh Agreement Establishing the World Trade Organization, signed in Marrakesh, Morocco, on 15 April 1994) 1869 UNTS 299.

² Anti-Counterfeiting Trade Agreement (ACTA) of 15 November 2010. This agreement, however, was not ratified by the EU, despite the Proposal for a Council Decision on the conclusion of the Agreement of 24 June 2011, COM (2011) 380 final, the European Parliament; “About: Anti-Counterfeiting Trade Agreement” (2012) EURACTIV, available at: <https://www.euractiv.com/topics/anti-counterfeiting-trade-agreement> (accessed July 2019).

of the Project, the Judgments Project focused on international cases involving only choice of court agreements, rather than the entire subject matter of international jurisdiction and recognition and enforcement of judgments. This phase of work focused solely on choice of courts agreements concluded with the inception of the Hague Convention of 30 June 2005 on Choice of Court Agreements (hereinafter the “Choice of Court Convention”). More recently, the Judgments Project resumed work on the international jurisdiction of courts and the recognition and enforcement of their judgments abroad: a Draft Convention text on the entire subject matter of international jurisdiction and recognition and enforcement of judgments was adopted in 2018, and in July 2019 the Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters was adopted. Yet, the Choice of Court Convention does not apply to the great majority of IPRs issues. Similarly, the Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters does not apply to IPRs issues either.

Enforcement of IPRs therefore remains on a national country-by-country basis in accordance with the territoriality principle.³ The territoriality principle has a substantive nature⁴ and indicates a spatial delimitation of each IPR, which exists only on the territory of the state that grants it (for registered IPRs) or that recognizes it (for unregistered IPRs).⁵ Thus, to each intellectual creation, invention, or sign, there are as many IPRs as there are granting countries.⁶

The territoriality principle traditionally affects the determination of which courts have international jurisdiction and the scope of their authority. In cases of parallel IPRs, this obliges the interested parties, IPR owners or alleged infringers, to defend

³ For further discussion of the “territoriality principle” please see Ubertazzi (2012a), pp. 29, 36, 42, 48, 137.

⁴ This territorial substantive nature of IPRs builds upon various rationales. First, it derives from the peculiar character of registered IPRs, which come into existence through administrative acts of registration (meaning that IPRs, as their respective registration acts, would be born as spatially limited to the territory of their conferring countries). Second, territoriality derives from the nature of registered and unregistered IPRs, which are monopolies of the states that grant the IPRs owners not only the right to exploit the intellectual creation, but also the right to exclude any other person from this exploitation (meaning that this right of exclusion would be granted by states just as limited to their respective territories). Third, territoriality derives from the character of registered and unregistered IPRs which aim at reaching interests of a public nature, like the development of culture and science, and therefore express public policies of their granting states (meaning that these interests, like all the ones with a public character, would be intrinsically linked just to the territory of their respective countries).

⁵ Hereinafter, for simplicity, the terminology “states granting or conferring” IPRs will be adopted to designate states recognizing unregistered IPRs as well.

⁶ This occurs in cases of EU IPRs that are spatially delimited to the territory of the entire EU, and of European patents that, despite being conferred after a unitary examination process to the same holder, on the same invention, by a single body – the European Patent Office (EPO) – originate a bundle of parallel rights, which are referred to as national portions of the European patents. IPRs are then separate and independent rights, and the territoriality principle is grounded on the principle of independence, which is at the basis of all international treaties on the substantive harmonization of intellectual property, which include the Paris Industrial Property Convention (Paris Convention for the Protection of Industrial Property ((adopted in 1883, recently revised on 14 July 1967)) 828 UNTS 305), the Berne Convention (Berne Convention for the Protection of Literary and Artistic Works of 9 September 1886, adopted in 1896, as amended and recently revised on 24 July 1971, 1161 UNTS 3 and amended in 1979 Treaty Doc No 99-27, and 1985, 828 UNTS 221) and TRIPS.

as many proceedings as there are IPRs implied in the litigation. This is known as the “mosaic approach”. Yet economic globalization and the rapid development of information and communication technologies potentially accessible in the entire world at the same time increase the necessity of registering IPRs in more countries and the consequent risks of infringing these rights in many states. As a result, jurisdiction criteria grounded on territorial considerations become more and more problematic and the limitations of the mosaic approach become apparent. The mosaic approach leads to multiple parallel proceedings, which raises the risk of conflicting judgments and consequent litigation costs to remedy the conflict. In turn, these costs are a source of inequality between big multinational companies and small- and medium-size enterprises. Large multinational companies are generally able to finance litigation in every relevant jurisdiction, whereas small- and medium-size enterprises typically do not have the same financial strength to defend each national proceeding. The flaws of the mosaic approach have led to the inception of the ILA Guidelines which are designed to facilitate the consolidation of cross-border litigation. The aim of these Guidelines is to provide principles that are compatible with legal systems as diverse as those of the EU and Iran.

2 The Hague Conference and Intellectual Property

To reach an international agreement on jurisdiction and recognition of judgments, the Hague Conference launched the Judgments Project in 1992. A preliminary draft proposal for an International Convention on Jurisdiction and Enforcement in Civil and Commercial Matters was adopted in 1999. This proposal also included rules on cross-border IPRs issues. Yet, this text and its IPRs rules were very contentious and led to the failure of the entire Draft Convention.⁷ As a result, the Judgments Project reduced its scope. Following the failure of the Draft Convention, the Judgments Project focused solely on international cases involving choice of court agreements. The Choice of Court Convention was implemented to ensure the effectiveness of choice of court agreements between parties to international commercial transactions.⁸ Yet, this Convention does not apply to IPRs issues related to “the validity of intellectual property rights other than copyright and related rights⁹; [and] infringement of intellectual property rights other than copyright and related rights, except where infringement proceedings are brought for breach of a contract between the parties relating to such rights, or could have been brought for breach of that contract”.¹⁰ With regard to these IPRs claims, the Convention applies in cases where a matter excluded under Art. 2.2 arises merely as a preliminary question and

⁷ Preliminary Draft Convention on Jurisdiction and the Effects of Judgments in Civil and Commercial Matters, 18 June 1999, (HC) Prel. Doc. No 11.

⁸ Convention of 30 June 2005 on Choice of Court Agreements (2005), available at: <https://www.hcch.net/en/instruments/conventions/full-text/?cid=98> (accessed July 2019). On this Convention *see* Brand and Herrup (2008); Bläsi (2010); Ahmed (2017).

⁹ Choice of Court Convention, Art. 2.2(n).

¹⁰ Choice of Court Convention, Art. 2.2(o).

not as an object of the proceedings. Thus, the Convention applies to choice of court agreements concerning breach of contractual obligations, such as royalty payments. Yet, when the licensee did not pay the royalty because of the alleged invalidity of the licensed patent, despite the fact that validity of patents is excluded under Art. 2.2, since this matter arises merely as a preliminary question and not as an object of the proceedings, the Choice of Court Convention applies. However, according to Art. 10 of the Convention, where a matter excluded under Art. 2.2 arises as a preliminary question, the ruling on that question cannot be recognized or enforced in other countries under the same Convention.¹¹

The Judgments Project later resumed work on the international jurisdiction of courts and the recognition and enforcement of their judgments abroad. In 2012, the Hague Conference Council established a Working Group to prepare proposals on the recognition and enforcement of judgments, including jurisdictional filters.¹² From 2013 to 2015, the Working Group continued its work, and the following year a Special Commission produced the 2016 preliminary draft Convention. Further draft Conventions followed in November 2017 and May 2018. The draft Convention produced between 24 to 29 May 2018 questioned its future applicability to IPRs matters and inserted all IPRs norms into the draft Convention in square brackets. On 2 July 2019 the Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters was adopted.¹³ Yet intellectual property is excluded from the scope of this new Convention. As Art. 2.1 of the Convention states: “this Convention does not apply to [...] intellectual property”.¹⁴

3 The ILA Guidelines

As models for future states’ negotiations of an international agreement on intellectual property and private international law, and as a model for national legislators or arbitrators, recent negotiations at different international *fora* of a predominantly academic nature, have proposed four sets of principles (hereinafter the “four sets of principles”).¹⁵ These sets of principles are: the ALI (American Law Institute) Principles Governing Jurisdiction, Choice of Law, and Judgments in Transnational Disputes¹⁶; the CLIP Principles for Conflict of Laws in Intellectual

¹¹ Spigelman (2010), p. 389.

¹² For further information regarding the recommencing of the Judgments Project, see the Hague Conference of Private International Law “Overview of the Judgments Project”, p. 1, available at <https://assets.hcch.net/docs/905df382-c6e0-427b-a5e9-b8cfc471b575.pdf> (accessed July 2019).

¹³ Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters (2019) available at: <https://www.hcch.net/en/instruments/conventions/full-text/?cid=137> (accessed November 2019).

¹⁴ Convention on Jurisdiction and the Effects of Judgments, Art. 2.1(m).

¹⁵ On the four principles, see (Basedow et al. 2005); De Miguel Asensio (2007), p. 117; Dessemontet (2010); Dinwoodie (2004); Drexl (2004); Ginsburg (1998), p. 257; Kur (2014)

¹⁶ Adopted on 14 May 2007. For further analysis, see Dreyfuss et al. (2008) available at: <https://searchworks.stanford.edu/view/7633589> (accessed July 2019); Bariatti (2010); Kur and Ubertazzi (2010); Dreyfuss (2005).

Property¹⁷; the Transparency Proposal on Jurisdiction, Choice of Law, Recognition and Enforcement of Foreign Judgments in Intellectual Property¹⁸; and the Principles of Private international law on Intellectual Property Rights¹⁹ (hereinafter the “Joint Japanese-Korean Proposal”).

Furthermore, in November 2010 the ILA instituted a Committee on “Intellectual Property and Private international law”. Building upon the four sets of principles, this Committee is currently working towards the adoption of an ILA Resolution on intellectual property and private international law, which could serve as a model for future international agreements promoting a more efficient adjudication of transnational intellectual property disputes.

Since its creation in 2010, this ILA Committee has been working intensively to examine the current state of affairs related to the protection of IP in the transnational sphere. Acting in accordance with its mandate, the members of the Committee gathered on at least ten occasions. In addition, sub-committee members and project officers have organized a number of seminars, workshops and meetings. The Committee’s activities thus far, conducted within the nine years of its existence, can be divided into four main stages. First, the Committee prepared comparative studies of pre-existing projects and started discussions in sub-committees about the future drafting of the ILA Guidelines (2010–2012). The second phase was comprised of drafting first proposals for the ILA Guidelines, mainly on non-controversial issues related to jurisdiction, choice of law, and recognition and enforcement (2013–2014). Third, the draft guidelines on non-controversial issues were finalized and the Committee’s approval for continuing the discussions on “controversial issues” (e.g. ubiquitous infringements, law governing initial ownership and IP-related contracts, arbitrability, coordination and cooperation, etc.) was sought (2015–2016). Most recently, the committee finalized the Guidelines on remaining controversial issues and prepared a publication with commentaries and directions that the development of the legal framework for transnational exploitation of IP rights should follow (2017–2018). The current state of the debates within the Committee concern the finalizing of the Guidelines and publication, which must be crystallized and approved by the whole Committee, in order to be presented to the world in Kyoto in 2020.²⁰

¹⁷ Prepared by the European Max Planck Group on Conflict of Laws in Intellectual Property, published on 31 August 2011. For further information *see* the European Max Planck Group on Conflict of Laws in Intellectual Property (2013); Torremans and Fawcett (2011); Trimble Landova (2012); Ubertaini (2012a); Moura Vicente (2008); Yokomizo (2011).

¹⁸ Finalized in 2009. For further insight *see* Basedow et al. (2010).

¹⁹ Drafted by members of the Private International Law Association of Korea and Japan in 2011. Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan) (2010) available at: <http://www.win-cls.sakura.ne.jp/pdf/28/08.pdf> (accessed July 2019).

²⁰ The First, Second, Third and Fourth Committee Reports are available at: www.ila-hq.org/en/committees/index.cfm/cid/1037 (accessed July 2019). For further analysis *see* Comparative Studies published in the Journal of Intellectual Property, Information Technology and Electronic Commerce Law (JIPITEC): The Editors (2012), Jurčys (2012), Ubertaini (2012b, c), Matulionytė (2012), De Miguel Asensio (2012), Metzger (2012) *ibid.* Available at: <https://www.jipitec.eu/issues/jipitec-3-3-2012> (accessed July 2019).

All four sets of principles and the ILA Guidelines demonstrate a trend towards mitigating and even overcoming the territorial “mosaic approach”, in favor of the consolidation of claims in cross-border IPRs disputes.²¹ In pursuing the aim of consolidation of claims, their respective rules on choice of court agreements are particularly important. Parties often seek to agree in advance on how disputes arising out of a transaction between them will be resolved. In some cases, the parties will refer the dispute to arbitration. In others, they will agree to litigate before a designated court. Although arbitration agreements in international cases are almost universally recognized pursuant to the rules established by the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, choice of court agreements are not always respected under divergent national rules, particularly when cases are brought before a court other than the one designated by the parties. The Choice of Court Convention seeks to rectify this situation, thereby promoting greater legal certainty for cross-border business. Yet, this Convention does not cover all IPR cases. Thus, the rules of the four sets of principles and ILA Guidelines pertaining to the consolidation of claims in cross-border IPRs disputes are extremely relevant.

4 Express Choice of Court Agreements

Guideline 9 of the draft ILA Guidelines on “choice of court” states that “the parties to a particular relationship may designate in an agreement a court to have jurisdiction over any dispute that has arisen or may arise in connection with that relationship. The chosen court shall have jurisdiction to decide all contractual and non-contractual obligations and all other claims arising from that legal relationship unless the parties express their intent to restrict the court’s jurisdiction. Such jurisdiction shall be exclusive unless the parties have agreed otherwise”.²²

Guideline 9 lays down a rule of jurisdiction based on a choice of court agreement made by the parties before the start of the proceedings. Thus, parties can choose which court has the jurisdiction to adjudicate their claim. Unless the parties express their intent to restrict the court’s jurisdiction, choice of court agreements may concern disputes arising out of contractual and non-contractual relations. Additionally, unless the parties have agreed otherwise, the jurisdiction of the chosen court shall be exclusive.

The Guideline does not address the issue of capacity and other substantive and formal requirements to make a valid choice of court agreement. Thus, in line with the recommendatory nature of the Guideline, these requirements are left to the procedural law of the forum state. Yet the model provisions of the older sets of principles projects may provide further guidance.²³ The CLIP Principles consider

²¹ Ubertazzi (2012a, b).

²² ILA Guideline 9. Benedetta Ubertazzi is a member of the committee working to complete the Guidelines for 2020.

²³ See Sec. 202 of the ALI Principles. For further analysis of the ALI Principles see Ginsburg (2010), p. 7; Art. 2:301 of the CLIP Principles. For further analysis of the CLIP Principles see Metzger (2013), p. 130; Art. 107 Transparency; Art. 205 Joint Korean-Japanese Proposal on which see “Commentary on Principles of Private International Law on Intellectual Property Rights” (Joint Proposal Drafted by Members of the Private international law Association of Korea and Japan) (2010), p. 123.

validity and formal requirements in choice of court agreements. The ALI Principles deal with issues of form and capacity. The Transparency Principles deal only with matters of the form of the choice of court agreement, covering for instance choice of court agreements concluded by means of electronic data exchange, such as email. The Joint JK Proposal also contains a rule, similar to that of the Transparency Principles, regulating formal requirements for electronically concluded choice of court agreements. Moreover, the Joint JK Principles also regulate validity matters of express choice of court. Finally, the 2005 Hague Choice of Court Convention and the Convention on Recognition and Enforcement of Foreign Judgments regulate capacity and other substantive and formal validity requirements. In particular, according to the Hague Choice of Court Convention “an exclusive choice of court agreement must be concluded or documented – i) in writing; or ii) by any other means of communication which renders information accessible so as to be usable for subsequent reference; d) an exclusive choice of court agreement that forms part of a contract shall be treated as an agreement independent of the other terms of the contract. The validity of the exclusive choice of court agreement cannot be contested solely on the ground that the contract is not valid”.²⁴ Yet, this Convention does not apply to “the status and legal capacity of natural persons”, and therefore this issue is left to private international law rules of the forum State.²⁵ In addition, Guideline 9 shall be read together with Guideline 17 on *lis pendens*, according to which:

1. Where proceedings between the same parties on the same cause of action are brought in the courts of more than one State, any court other than the court first seized shall suspend its proceedings until such time as the jurisdiction of the court first seized is established, and thereafter it shall terminate its proceedings.
[...]
3. This guideline does not apply if:
 - (a) the proceeding is within the exclusive jurisdiction of the court subsequently seized;²⁶

Thus, a court first seized must nevertheless stay proceedings until the court second seized, whose jurisdiction has been claimed under an agreement conferring jurisdiction, has declared that it has no jurisdiction. Under Guideline 9, the general rule on the express choice of court applies even in the presence of parallel proceedings. Thus, the parties are prevented from submitting the dispute to a court other than that stipulated in the agreement. This is the case, even if the existence or validity of the same (choice of court) agreement is disputed. In fact, Guideline 17 explicitly indicates that where a court is the first court seized, it shall stay

²⁴ 2005 Hague Choice of Court Convention.

²⁵ Ubertazzi (2006), p. 421; Ubertazzi (2016a), pp. 666–677.

²⁶ ILA Guideline 17.

proceedings in the case if the court second seized has exclusive jurisdiction under an agreement conferring jurisdiction.²⁷ The court first seized shall wait for a declaration from the court second seized that the choice of court is void and that therefore the court first seized has no jurisdiction. Thus, the court second seized whose jurisdiction has been claimed under an agreement conferring jurisdiction must adjudicate the case, unless this same court declares that it has no jurisdiction. Guideline 17, in fact, requires a court to declare of its own motion that it has no jurisdiction where it is seized of a claim that is principally concerned with a matter over which the courts of another contracting State have exclusive jurisdiction. Since Guideline 9 states that the jurisdiction of the chosen court shall be exclusive, this Guideline prevails over *lis pendens*.

Finally, Guideline 9 shall be read together with Guideline 11 on validity claims and related disputes, according to which:

1. In proceedings that have as their main object the grant, registration, validity, abandonment, or revocation of a registered intellectual property right the court of the State of registration shall have exclusive jurisdiction.
2. Any other court having jurisdiction may decide on these matters when they arise in proceedings other than those referred to in paragraph 1. However, the resulting decision shall not have any effect on third parties.²⁸

Thus, there cannot be any choice of court where the claim falls into exclusive jurisdiction rules. A plaintiff may therefore sue a defendant before the courts of the State where the defendant is domiciled, claiming the invalidity of the defendant's patents registered in other countries than the forum State. Under Guideline 11, the court seized cannot adjudicate the claims even though the defendant accepted the jurisdiction of the seized court in a choice of court clause inserted in a license agreement concluded between the plaintiff and defendant. In fact, the rules of jurisdiction provided for in Guideline 11 are of a mandatory nature, the application of which is specifically binding on both litigants and courts. Yet, the plaintiff may claim the breach of the license agreement (for example, because the defendant did not pay the royalties), and the defendant may base the lack of payment on the invalidity of the plaintiff's patents. In this case, when the parties agreed on the jurisdiction of the seized court for all claims arising from their legal relationship, that court can adjudicate the invalidity claims raised as a defence. This is so even for patents registered in countries other than the forum State.

In this framework, the following hypotheticals can be established.

- (i) A, whose seat is in X, enters into a non-exclusive distribution agreement with B, whose seat is in Y. Under the agreement, B shall license to A its trade marks registered by B in Y and in X for the territory of X. Following B's refusal to fulfill its contractual obligation, A brings an action in X, this being the state for which the license is granted. Subsequently, B brings an action against A in Y to obtain payment of outstanding royalties. In support of the jurisdiction of Y, B

²⁷ ILA Guideline 17.3(a).

²⁸ ILA Guideline 11.

submits that it was the court designated by a choice of court clause which had appeared on all invoices sent by B to A, without the latter having raised any objection in that regard. According to B, the parties had concluded an agreement conferring jurisdiction. A contends that the court of Y has no jurisdiction, since she contests the very existence of an agreement conferring jurisdiction and states that, before the action was brought by B before the court of Y, she had commenced proceedings in X in respect of the same business relationship. Guideline 17 shall then be considered, with the result that the court in X, despite being the court first seized shall stay proceedings until the court of Y second seized decides on its jurisdiction.

- (ii) A and B enter into an agreement on the same terms as in hypothetical (i). The license agreement confers jurisdiction to a court of Y to decide all contractual and non-contractual obligations and all other claims arising from the parties' relationship, including eventual validity claims of the trademarks at stake even though principally raised. Following B's refusal to fulfill its contractual obligation, A brings an action in Y, claiming the (in)validity of the relevant trademarks registered in Y, X and Z. B, in line with the express choice of court, enters an appearance before the court of Y without challenging its jurisdiction. Yet, despite the choice of court agreement, Guideline 11 on validity disputes indicates that the court of Y may adjudicate on the invalidity claim related only to the trademark registered in Y. In contrast, the courts at the States of registration – namely Z and X – shall have jurisdiction to adjudicate on the validity claims related to the other trademarks involved – namely those registered in Z and X.

Under Guideline 9, where a choice of court clause endows exclusive jurisdiction on a court, that court shall have jurisdiction over all contractual and non-contractual obligations and all other claims arising from the parties' relationship. In the case of a non-exclusive choice of court agreement however, different courts are chosen for different disputes. Thus, the following hypothetical can be established comparing exclusive and non-exclusive choice of court agreements.

- (i) A and B conclude a license agreement which contains an exclusive choice of court agreement “for all claims arising from the legal relationship of A and B”. B breaches the terms of the contract. A sues B for breach of contract and trademark infringement. In this case the chosen court should have the power to decide on all contractual and non-contractual claims arising from B's transgression. L and M, by contrast, conclude a license agreement with a non-exclusive choice of court clause, stating that jurisdiction Q will hear disputes relating to obligations concerning royalties payment, while jurisdiction R will hear disputes relating to licensor's obligations. The type of claim will therefore determine which court has jurisdiction in a dispute between L and M.

5 Tacit Choice of Court Agreements: Submission and Appearance

Guideline 10 on “submission and appearance” states: “a court shall have jurisdiction if the defendant appears and does not contest jurisdiction in the first

defence”.²⁹ Guideline 10 lays down a rule of jurisdiction based on the entering of an appearance by the defendant in respect of all disputes where the jurisdiction of the court seized does not derive from other provisions of the Guidelines. Thus, in cases where the court has been seized in breach of the provisions of the Guidelines, the entering of an appearance by the defendant may be considered a tacit acceptance of the jurisdiction of the court seized and a choice of that court’s jurisdiction. There is no tacit choice of jurisdiction of the court seized where the defendant contests the jurisdiction, thereby expressing its intention not to accept that court’s jurisdiction. Guideline 10 establishes at what stage of the procedural phase the jurisdiction of the court should be contested, namely in the defendant’s first defense. Yet, the Guideline does not clarify under which formal requirements. Here, the model provisions of the older projects may provide further guidance.³⁰ The Transparency Principles refer to the requirement to challenge jurisdiction “in a Japanese court of first instance” and the need to make “oral argument or a statement in preliminary proceedings on the merits”. In addition, the ALI Principles indicate that the contesting of jurisdiction shall occur “no later than the first defence on the merits”. The Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters establishes that a court can adjudicate a case when the defendant expressly consents to its jurisdiction in the course of the proceedings³¹ or when the defendant tacitly accepts the same jurisdiction by arguing on the merits before the seized court.³² In this framework, the Guidelines adopt a broad rule that refers not only to the case where the defendant appears to proceed on the merit, contesting jurisdiction, but also encompasses the case of special appearances, namely appearances only to contest jurisdiction without proceeding on the merits. The Guidelines address the timing to prevent the defendant from delaying adjudication. Other formal requirements are left to the procedural law of the forum State, in line with the recommendatory nature of the Guidelines.

There is no tacit choice of court agreement where the dispute is one in respect of which Guideline 11 provides for rules on exclusive jurisdiction. Thus, under Guideline 11, if a plaintiff sues a defendant before the courts of the state where the defendant is domiciled, claiming the invalidity of the defendant’s patents registered in countries other than the forum state, the court seized cannot adjudicate the claims even though the defendant does not contest its jurisdiction. The rules of jurisdiction provided for in Guideline 11 are of an exclusive and mandatory nature, the application of which is specifically binding on both litigants and courts. Yet, under the same Guideline, if the plaintiff claims the infringement of the plaintiff’s patents registered in various states other than the forum state, and if the defendant does not

²⁹ ILA Guideline 10.

³⁰ See Sec. 203 of the ALI Principles on which see Dreyfuss et al. (2008), p. 44; Art 2:302 of the CLIP Principles on which see Metzger (2013), p. 136; Art. 108 Transparency; Art. 206 Joint Korean-Japanese Proposal on which see “Commentary on Principles of Private International Law on Intellectual Property Rights” (Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan) (2010), p. 125.

³¹ Convention on the Recognition and Enforcement of Foreign Judgments, Art. 5.1(e), available at: <https://www.hcch.net/en/instruments/conventions/full-text/?cid=137>.

³² *Ibid*, Art. 5.1(f).

contest its jurisdiction, the court can adjudicate the claims, and can do this even though the defendant may raise the invalidity of said patents as a defence.

There is tacit choice of court, even in cases where the court tacitly chosen is other than that previously indicated by the parties with an express choice of court. In fact, the parties are allowed to submit their dispute to a court other than that stipulated in the agreement. Thus, in a dispute concerning the non-performance of a contractual obligation, the applicant may bring proceedings before the courts of the state in which the obligation shall be performed. In this case, the jurisdiction of those courts may stem from Guideline 10 where the defendant does not dispute their jurisdiction, even though the contract between the two parties contains a clause conferring jurisdiction on the courts of another country. The tacit choice of jurisdiction by virtue of Guideline 10 is based on a deliberate choice made by the parties to the dispute regarding jurisdiction that is subsequent to the choice incorporated in the agreement between them. Thus, in a dispute between parties to a contract which contains a clause conferring jurisdiction on the courts of a third country, Guideline 10 precludes the court of the state in which the defendant has its seat, which has been seized, from declaring of its own motion that it does not have jurisdiction to determine the case when the defendant does not contest the jurisdiction of that court.

In this framework, the following hypotheticals can be established.

- (i) A, whose seat is in X, enters into a non-exclusive distribution agreement with B, whose seat is in Y. Under the agreement, B shall assign to A all trademarks registered by B in Y. Following B's refusal to fulfil that contractual obligation, A brings an action before the District Court of Y. Regardless of a clause in the contract conferring jurisdiction on a court situated in X, B may enter an appearance before the court of Y without challenging its jurisdiction. Thus, since the jurisdiction of the court of Y to decide this case is not challenged by the defendant, the case may be decided by the same court of Y.
- (ii) A sues B for infringement of patents registered in X, Y and Z. B's central administration is in W. A sues B before the court of Y for damages based on the alleged infringement of the X, Y and Z patents. B may enter an appearance before the court of Y without challenging its jurisdiction. If he does not contest jurisdiction, the court will be competent to hear the case.

6 ILA Guidelines in the EU

In the EU choice of court agreements are regulated by the so-called "Brussels system". This system, starting from the 1960s, aimed at internationalizing cross-border IPRs litigation, concentrating adjudication of disputes before a single judicial authority even in cases of multistate infringement and reducing the risks of conflicting judgments and the inequalities between the different players. This system was instituted by the entry into force of the Brussels Convention of 1968,³³

³³ Brussels Convention of 27 September 1968 on jurisdiction and the enforcement of judgments in civil and commercial matters, [1972] OJ L 299/32, consolidated version, [1998] OJ C 27/1.

then Brussels I Regulation³⁴ and most recently the Brussels I Regulation (recast)³⁵ (collectively known as the Brussels I (Convention and Regulation)), as well as the Lugano Convention.³⁶ This collection of conventions and regulations will hereinafter be referred to as the Brussels system.

This system limits the authority of the courts of the IPRs granting states and grounds this authority on the administrative nature of the IPRs acts of registration, rather than on the territoriality principle. Consequently, the Brussels system limits the scope of the (exclusive) jurisdiction of the courts of the IPRs granting state to disputes that imply changes in the administrative acts of registration (i.e. validity of registered IPRs claims).³⁷ It also allows courts other than those of the IPRs granting countries to adjudicate other multistate parallel IPRs disputes,³⁸ and it does not pose any territorial limitation to the authorities of these courts.³⁹

In the Brussels system, choice of court agreements are very relevant because they are rules of jurisdiction that are highly predictable. Accordingly, the Brussels system pursues an objective of legal certainty which consists in strengthening the legal protection of persons established in the European Union, by enabling the applicant to identify easily the court in which he may sue and the defendant to reasonably foresee before which court he may be sued.⁴⁰

In particular, express choice of court agreements are regulated by Art. 25 in Sec. 7 on “prorogation of jurisdiction”. Under this Article, where the parties have agreed that the courts of a Member State should have jurisdiction to settle any

³⁴ Regulation (EC) No 44/2001 of December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters [2000] OJ L 12/1.

³⁵ Regulation (EU) No 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) [2012] OJ 351/1.

³⁶ Lugano Convention of 30 October 2007 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, [2007] OJ L 339/3.

³⁷ Article 4 1: “subject to this Regulation, persons domiciled in a Member State shall, whatever their nationality, be sued in the courts of that Member State”; Art. 7.1 and 7.2 “a person domiciled in a Member State may be sued in another Member State: (1) (a) in matters relating to a contract, in the courts for the place of performance of the obligation in question; (b) for the purpose of this provision and unless otherwise agreed, the place of performance of the obligation in question shall be: in the case of the sale of goods, the place in a Member State where, under the contract, the goods were delivered or should have been delivered, – in the case of the provision of services, the place in a Member State where, under the contract, the services were provided or should have been provided; (c) if point (b) does not apply then point (a) applies; (2) in matters relating to tort, delict or quasi-delict, in the courts for the place where the harmful event occurred or may occur”. Article 8.1: “a person domiciled in a Member State may also be sued: (1) where he is one of a number of defendants, in the courts for the place where any one of them is domiciled, provided the claims are so closely connected that it is expedient to hear and determine them together to avoid the risk of irreconcilable judgments resulting from separate proceedings”. Article 35: “application may be made to the courts of a Member State for such provisional, including protective, measures as may be available under the law of that Member State, even if the courts of another Member State have jurisdiction as to the substance of the matter”.

³⁸ Types of other multistate parallel IPRs disputes: Registered IPRs, pure infringement claims and non-registered IPRs claims of any nature.

³⁹ Ubertazzi (2016b).

⁴⁰ C-533/07 *Falco Privatstiftung and Rabitsch*, ECLI:EU:C:2009:257, paras. 21 and 22; C-175/15 *Taser International*, EU:C:2016:176, para. 32.

disputes, those courts shall have jurisdiction unless the agreement is null and void as to its substantive validity under the law of that Member State.⁴¹ Moreover, this jurisdiction will be exclusive unless the parties have agreed otherwise.⁴² Under Art. 25, an agreement conferring jurisdiction shall be either “in writing or evidenced in writing”⁴³; “in a form which accords with practices which the parties have established between themselves”⁴⁴; or (in the case of international trade or commerce) “in a form which accords with a usage of which the parties are or ought to have been aware and which in such trade or commerce is widely known to, and regularly observed by, parties to contracts of the type involved in the particular trade or commerce concerned”.⁴⁵ For the purposes of Art. 25, electronic communication which provides a durable record of the agreement is equivalent to writing.⁴⁶ Additionally, “an agreement conferring jurisdiction which forms part of a contract shall be treated as an agreement independent of the other terms of the contract”.⁴⁷ As such, “the validity of the agreement conferring jurisdiction cannot be contested solely on the ground that the contract is not valid”.⁴⁸

Guideline 9 is in line with Art. 25 of the Brussels I Regulation (recast). Firstly, both Guideline 9 (which is silent regarding strict formal requirements) and the Brussels System leave courts free to take a permissive view of the formalities for a choice of court agreement, facilitating their effectiveness. This conclusion was recently held with respect to Art. 23 of Regulation No 44/2001 (corresponding to Art. 25 of the Brussels I Regulation (recast)), similar, *mutatis mutandis*, to Guideline 9, by the Court of Justice of the European Union in the judgment *Jaouad El Majdoub v. CarsOnTheWeb.Deutschland*.⁴⁹ In *Jaouad*, the Court ruled on whether a “click-wrapping” (a box with the indication “click here to open the conditions of delivery and payment in a new window” which appeared during an online purchase) fulfilled the formal requirements for an agreement conferring jurisdiction set out in Art. 23. The court held that accepting the general terms and conditions of a contract for sale by “click-wrapping”, where the click-wrapping contains an agreement conferring jurisdiction, “constitutes a communication by electronic means which provides a durable record of the agreement [...] where [...] it [is] possible to print and save the text of those terms and conditions before the conclusion of the contract.”⁵⁰ Thus, the CJEU’s permissive interpretation of the formal requirements for a choice of court agreement under the Brussels System in the *Jaouad* judgment is entirely in keeping with silence of Guideline 9 regarding formal requirements.

⁴¹ Regulation 1215/2012, Art 25.1.

⁴² *Ibid.*

⁴³ *Ibid* 25.1(a).

⁴⁴ *Ibid* 25.1(b).

⁴⁵ *Ibid* 25.1(c).

⁴⁶ *Ibid* 25.2.

⁴⁷ *Ibid*, Art. 25.5.

⁴⁸ *Ibid.*

⁴⁹ Case C-322/14, *Jaouad El Majdoub v. CarsOnTheWeb.Deutschland GmbH.*, ECLI:EU:C:2015:334.

⁵⁰ *Ibid*, para 41.

Secondly, both norms:

- (i) lay down rules of jurisdiction based on a choice of court agreement made by the parties before the starting of the proceeding;
- (ii) have to be interpreted in the sense that unless the parties express their intent to restrict the court's jurisdiction, choice of court agreements
 - a) may concern disputes arising out of contractual and non-contractual relations, and
 - b) may grant the chosen court an exclusive jurisdiction.

Thirdly, despite the fact that the Brussels system (and therefore Art. 25) does not cover capacity either, Art. 25 integrates principles that underpin the nascent Guideline 9 in establishing several requirements for the choice of court agreement to be valid. Namely, this choice can be made in writing including electronic means and in a form that accords with practices that the parties have established between themselves or with a usage of the particular trade or commerce concerned.

Fourthly, both Guideline 9 and Art. 25, read together with Guideline 17.3 and Art. 31 of the Brussels system respectively, imply that choice of court agreements prevail on *lis pendens*. Thus, a court first seized must nevertheless stay proceedings until the court second seized whose jurisdiction has been claimed under an agreement conferring jurisdiction has declared that it has no jurisdiction. According to Art. 31 of Regulation 1215/2012, “where actions come within the exclusive jurisdiction of several courts, any court other than the court first seized shall decline jurisdiction in favour of that court”.⁵¹ Article 31 also prescribes that where a court of a Member State on which an agreement⁵² confers exclusive jurisdiction is seized, any court of another Member State shall stay the proceedings until such time as the court seized declares that it has no jurisdiction under the agreement.⁵³ Finally, the third limb of Art. 31 states that “where the court designated in the agreement has established jurisdiction in accordance with the agreement, any court of another Member State shall decline jurisdiction in favour of that court”.⁵⁴

Thus, Art. 31 overcame the interpretation of Arts. 17 and 21 of Regulation No 44/2001 (corresponding to 25 and 31 of Regulation 1215/2012) rendered by the CJEU, in the *Erich Gasser* judgment.⁵⁵ According to the CJEU, these norms meant that a court second seized whose jurisdiction has been claimed under an agreement conferring jurisdiction, must nevertheless stay proceedings until the court first seized has declared that it has no jurisdiction. In contrast, according to Art. 31.2 of Regulation 1215/2012 where a court on which an agreement confers exclusive jurisdiction is seized, any court of another state shall stay the proceedings until such time as the court seized on the basis of the agreement declares that it has no jurisdiction under the agreement. Also, under Art. 31.3 of Regulation 1215/2012,

⁵¹ *Ibid*, Art. 31.1.

⁵² This agreement must be compliant with the requirements set out at Regulation 1215/2012, Art. 25.

⁵³ Regulation 1215/2012, Art. 31.2.

⁵⁴ *Ibid*, Art. 31.3.

⁵⁵ C-116/02 *Erich Gasser GmbH v. MISAT Srl*, ECLI:EU:C:2003:657.

once the court designated in the agreement has established jurisdiction in accordance with the agreement, any court of another State shall decline jurisdiction in favor of that court.

Fourthly, both Guideline 9 and Art. 25 read together with Guideline 17.3 and Art. 24.4 of the Brussels system respectively, imply that there cannot be any choice of court where the claim falls within exclusive jurisdiction rules. In fact, in the ILA Guidelines and in the Brussels system the rules of jurisdiction provided for in Guideline 11 are of a mandatory nature, the application of which is specifically binding on both litigants and courts.

In the Brussels system, submission and appearance is regulated by Art. 26 in Sec. 7 on “prorogation of jurisdiction”. According to Art. 26.1, “apart from jurisdiction derived from other provisions of this Regulation, a court of a Member State before which a defendant enters an appearance shall have jurisdiction.”⁵⁶ This rule, however, does not apply where appearance was entered to contest the jurisdiction, or where another court has exclusive jurisdiction.⁵⁷ Article 26.2 then qualifies Art. 26.1 slightly, stating that “before assuming jurisdiction under paragraph 1”, the court must “ensure that the defendant is informed of his right to contest the jurisdiction of the court and of the consequences of entering or not entering an appearance”, where the defendant is “the policyholder, the insured, a beneficiary of the insurance contract, the injured party, the consumer or the employee”.⁵⁸

Thus, Guideline 10 is in line with Art. 26 of the Brussels system. Firstly, both norms establish that there cannot be any tacit choice of jurisdiction of the court seized where the defendant contests the jurisdiction, thereby expressing its intention not to accept that court’s jurisdiction. Guideline 10 goes even further in establishing that the defendant shall contest jurisdiction in his first defence, whereas Art. 26 does not mention a precise timing for this purpose. Both norms, the Guideline and Art. 26, do not clarify under which formal requirements the challenging of jurisdiction shall be made and in so doing leave this issue to the law determined as applicable by the private international law rules of the state of the forum. Secondly, both norms clarify that there is no tacit choice of court agreement, where the dispute is one in respect of which Guideline 11 and Art. 24 of the Brussels system respectively provide for exclusive jurisdiction rules. Thirdly both Guideline 10 and Art. 26 allow for a tacit choice of court, even in cases where the court tacitly chosen is other than that previously indicated by the parties with an express choice of court. With particular regard to Art. 26, this conclusion was recently held with respect to Arts. 23(5) and 24 of Regulation No 44/2001 (corresponding to Arts. 25 and 26 of Regulation 1215/2012) by the CJEU in the *Taser International* judgment.⁵⁹ In this case, Taser International, whose seat is in the United States, concluded a distribution agreement with Gate 4. Under the agreement, Gate 4 and its administrator, Mr Anastasiu, undertook to assign to the other contracting party the trademark

⁵⁶ Regulation 1215/2012, Art. 26.1.

⁵⁷ *Ibid.*

⁵⁸ Regulation 1215/2012, Art. 26.2.

⁵⁹ C-175/15 *Taser International Inc. v. SC Gate 4 Business SRL and Cristian Mircea Anastasiu*, ECLI:EU:C:2016:176; On *Taser International*, see Smeureanu, et al. (2017); Alexandre (2017), p. 17.

“Taser International” which they had registered in Romania. In the contract a clause conferring jurisdiction on a court situated in the United States was inserted. Regardless of the existence of this clause, following Gate 4’s and Mr Anastasiu’s refusal to transfer this trademark, Taser International seized the District Court of Bucharest. Yet, Gate 4 and Mr Anastasiu entered an appearance before the Romanian court without challenging its jurisdiction. By its judgment of 31 May 2011, the District Court ordered them to fulfill the contractual obligation and assign the trademark. Following the Court of Appeal of Bucharest’s decision to uphold that judgment, Gate 4 and Mr Anastasiu brought an appeal before the Supreme Court. Although the jurisdiction of the Romanian courts to decide this case has never been challenged by the parties, the Supreme Court referred of its own motion to the CJEU the question whether Art. 24 of Regulation No 44/2001⁶⁰ must be interpreted as precluding, in a dispute between parties to a contract which contains a clause conferring jurisdiction on the courts of a third country, the court of the Member State in which the defendant has its seat, which has been seized, from declaring of its own motion that it does not have jurisdiction to determine the case, even though the defendant does not contest the jurisdiction of that court.

According to the CJEU, the presence of a clause conferring jurisdiction on the courts of a third country does not preclude the application of Art. 24 of Regulation No 44/2001. Thus, in a dispute concerning the non-performance of a contractual obligation, in which the applicant has brought proceedings before the courts of the Member State in which the defendant has its seat, the jurisdiction of those courts may stem from the fact that the defendant does not dispute their jurisdiction, and therefore a tacit choice of court. This is the case even though the contract between the two parties contains a clause conferring jurisdiction on the courts of a third country.

In synthesis, Guidelines 9 and 10 are in line with Arts. 25 and 26 respectively of the Brussels system, and therefore can be easily adopted by arbitrators, judges and other competent authorities in the European Union legal system.

7 ILA Guidelines in Iran

In Iran, choice of court agreements remain abandoned by the legislature. Article 55 of the current Code of Civil Procedure⁶¹ does not contain any ruling in this regard, while the former Civil Procedure Code,⁶² set out in Art. 44 that: “the parties’ agreement contrary to local jurisdiction is allowed. ... This agreement must be reflected in an official document or stated to the judge in a court to which the parties intend to refer the case”. In particular, express choice of court agreements are neglected by the current Civil Procedure Code. But even though the legislature has made no specific provisions regarding choice of court agreements, in practice, whether parties are permitted to agree on a court or not is decided according to the

⁶⁰ Corresponding to Regulation No 1215/2012, Art. 26.

⁶¹ Law on the procedure of public and revolutionary courts (in civil matters), Adopted on 9 April 2000.

⁶² Civil Procedure Code Adopted on 17 September 1939.

principle of free will and there is no prohibition on choice of court agreements under Iranian law. Consequently, it could be argued that the choice of a court is permissible under Iranian law; to prove that this is in fact the case, it is necessary to examine relevant laws and practices.

In Iranian law, the principle of contractual freedom has generally been raised in Art. 10 of Iran's Civil Code, which provides that private contracts which are concluded by the parties are valid unless otherwise expressly opposed by/under compulsory law.⁶³ Therefore, the scope of this Article may also be extended to choice of court agreements if they are not contrary to public order. To clarify this argument, a relevant judgment⁶⁴ will now be analysed.

The claim in this case was that a German citizen concluded an agreement with an Iranian who stipulated that the contract would be subject to a clause that any dispute arising from the contract be dealt with in the Berlin court. Subsequently, the Iranian applicant litigated in front of the Iranian court to revoke the contract under Art. 968 of the Civil Code,⁶⁵ on the grounds that the agreement was contrary to public order. The court rejected the challenge to the jurisdiction of the Berlin court because Art. 968 of the Civil Code does not allow the international public order to be ignored just to respect national laws. This lawsuit contained an external element, and therefore the explicit choice of court by the parties must be respected. Accordingly, under the provisions of Art. 10 of the Civil Code, the competent Berlin court is to deal with the validity or invalidity of the contract. Therefore, although Iran's regulations have not explicitly addressed the issue of the choice of the competent court, under the principle of contractual freedom⁶⁶ and specifically Art. 10 of the Civil Code of Iran,⁶⁷ ILA Guideline 9 is in line with the choice of court provisions in Iran.

Firstly, both norms give a very broad value to the agreement concluded by the parties, in such a way that, until the parties agree on a new decision, their chosen court is competent to handle all claims arising out of the contract, meaning the chosen court has exclusive jurisdiction in this regard. Secondly, both documents, Guideline 9 and the Iranian Civil Code, place no restrictions on the type of contract (since they both use the term "agreement" which generally includes any kind of contract) or the terms of its conclusion.⁶⁸ Thirdly, both Guideline 9 and Art. 10 of Iran's Civil Code are alike in that under both the choice of court contract which reflects the will of the parties dominates on *lis pendens*. Therefore, if the claim was originally filed in a court other than the court designated by the parties in the contract and the same suit was subsequently raised in the court chosen by the parties, the first court should suspend the proceedings until the decision of the chosen court has ceased. If the second court (the court chosen by the parties) does not consider itself to be the competent court, the first court can continue its

⁶³ On Iranian compulsory law *see* Katoozian (2001), pp. 160–161.

⁶⁴ Iran, Tehran Court of Appeal, 20 May 2013, Judgment No. 9209970220300248. Available at: http://www.raayjournal.ir/article_28533_633fb15e5b86d2e426c9f80d36c464ee.pdf.

⁶⁵ Iran Civil Code Adopted on 8 May 1928.

⁶⁶ Mehr and Shobeyri (2016), p. 34.

⁶⁷ Shams (2006), p. 377.

⁶⁸ Terms of conclusion can be in writing or by electronic means, for example.

proceedings, but if the second court is competent, the first court should put an end to the proceedings in favor of the competent court. Fourthly, the provisions of the exclusive jurisdiction cannot be abandoned by agreement between the parties, and therefore, should be taken into account with Guidelines 11 and 17. Thus, wherever the case is related to issues of exclusive jurisdiction (such as validation), the court and parties are required to comply with the relevant mandatory rules of exclusive jurisdiction. Similarly, at the end of Art. 10 of the Iranian Civil Code, this exception is present: “private contracts are binding on those who have concluded them unless otherwise explicitly opposed by mandatory laws”. Therefore, since the jurisdiction over IP validity is a matter of exclusive jurisdiction, and exclusive jurisdiction is also an integral part of the mandatory rules, conclusions contrary to these rules mean concluding against mandatory rules, which amounts to substantial protection.

In Iran, submission and appearance are regulated by Art. 84 of Iran’s Civil Procedure Code. Bringing a lawsuit in a court that is not competent provides the possibility of contesting the jurisdiction as a defense by the defendant. If this allegation is accepted by the court, it has some advantages for the defendant, including having a lawsuit heard in a more appropriate court, which, according to its location, can cause fewer problems for the defendant in responding, as well as imposing a further delay on the litigation process, which consequently provides much more time for preparing the defense. Therefore, under Art. 89 of Iran’s Civil Procedure Code,⁶⁹ if the defendant is present at the court but disputes the jurisdiction, his mere presence does not constitute an implied agreement of jurisdiction. In this case if the court accepts that it has no jurisdiction, it shall refer the case to the competent court.⁷⁰ Judgment No. 9209970906801259 is a good example of this.⁷¹

In this case, the applicant litigated against her husband in a court in Tehran and the defendant contested the case, explaining that his residence is located in Babol (a city in the north of Iran), which the applicant was aware of. Consequently, in accordance with Art. 11 of Iran’s Civil Procedure Code,⁷² the court issued an incompetence order in favor of Babols’ court. Furthermore, according to Art. 84 of Iran’s Civil Procedure Code, if a defendant is present in court and is silent and makes no objection to the jurisdiction of a court, this amounts to implied approval of jurisdiction. Article 84 states: “the defendant can object the court’s jurisdiction”, which means that he can leave the court to decide without challenging its right to hear the case, and that not objecting to the jurisdiction by the defendant is enough for the court lacking jurisdiction to decide on the case.⁷³ On the other hand,

⁶⁹ Shams (2006), p. 377.

⁷⁰ *Ibid.*, p. 418.

⁷¹ Tehran Court of Appeal, branch 3, 27 November 2013, Judgment No. 9209970906801259.

⁷² Article 11 of Iran’s Civil Procedure Code states: “The dispute must be filed in a court where the defendants’ residence is located”.

⁷³ Article 84 of Iran’s Civil Procedure Code states: “In the following cases, while the Defendant is responding to the merit of the Lawsuit he can contest: (1) The court does not have jurisdiction [...]”.

according to Art. 303 of Iran's Civil Procedure Code,⁷⁴ the court without jurisdiction can decide the case without the defendant's appearance, so it could be apprehensible that the defendant's absence in court is interpreted as confirmation of the courts' jurisdiction, although the defendant still has the right to appeal the decision in the appeal court.

In this framework, Guideline 10 is in line with the Iranian system. Firstly, because both uphold the general principle that the appearance in court of a defendant who does not contest the jurisdiction constitutes tacit choice of court, but both also provide for exceptions to this principle.⁷⁵ Indeed, as mentioned in ILA Guideline 11 and Arts. 371 and 352 of the Iranian Civil Procedure Code, it is necessary to litigate some special cases in courts with exclusive jurisdiction. Therefore, the presence of the defendant in the forum court and his lack of objection to jurisdiction, does not exempt the court from dismissing the claim for lack of jurisdiction. Secondly, if the defendant objects to the jurisdiction of the court, his presence in the court of the place where the claim is filed is by no means an implied agreement on the jurisdiction of that court. Thirdly, both Guideline 10 and the Iranian Civil Procedure Code have set a deadline for protesting the jurisdiction of the court. According to Art. 87 of Iran's Civil Procedure Code,⁷⁶ a defendant's objection to the court's jurisdiction should be demonstrated before the end of the first hearing. To prevent the suspension of the litigation, the Iranian legislature has given special value to the first hearing. In the event of failure to comply with the first hearing deadline, the parties shall be deprived of the privileges available at that hearing. The legislator has not explicitly defined the first hearing but considered significant effects for it.⁷⁷ According to Art. 90 of the same law,⁷⁸ if the defendant contests the jurisdiction after the end of the first hearing, the court can decide on merit regardless of his objection. Finally, neither the ILA Guidelines nor Iran's Civil Procedure Code have examined the procedure and the formalities to challenge the jurisdiction of the courts according to them and have left these matters subject to the rules of the forum court.

Ultimately, Guidelines 9 and 10 are in line with the Iranian law, and therefore they can be easily adopted by arbitrators, judges and other competent authorities in Iran's legal system.

⁷⁴ Article 303 of Iran's Civil Procedure Code States: "The court judgment is in person unless the defendant or his lawyer his legal representative did not attend any of the court hearings at any time or did not defend the case in any other way [...]".

⁷⁵ Immovable property cases provide an example of such an exception under Iranian Law. In Iran, immovable property cases should be heard in the court where the property is located (the local court has "absolute jurisdiction" over the matter). As such, if the plaintiff brings the case to a different court and the defendant appears in that court and does not raise an objection regarding the jurisdiction, this does not amount to tacit choice of court on the defendant's part.

⁷⁶ Article 87 of Iran's Civil Procedure Code States: "Objections must be made by the end of the first hearing [...] unless it causes the objection subsequently to happen [...]".

⁷⁷ The Advisory Comments of Judicature of Iran No. 5015/7-10/6/2002.

⁷⁸ Article 90 of Iran's Civil Procedure Code States: "[...] if no objections are announced before the end of the first hearing, the court is not obliged to decide on jurisdiction matter separately from the merit [...]".

8 Conclusion

While substantive private law related to IP is advanced in terms of international harmonization, international jurisdiction is still national. The 2005 Hague Choice of Court Convention does not apply to many IP issues. Similarly, the Convention on the Recognition and Enforcement of Foreign Judgments does not apply to IP. IP is enforced on a country-by-country basis, which leads to multiple parallel proceedings and raises the risk of conflicting judgments and consequent litigation costs to resolve the conflict. These costs cause inequality between wealthy multinational and poorer small- and medium-size enterprises. In this framework, the ILA Committee on “Intellectual Property and Private International Law” aims to consolidate cross-border IP disputes. To achieve this consolidation, the Committee Guidelines on choice of court agreements in IP are particularly relevant since these enable not only consolidation but also the foreseeability of litigation. Thus, the applicant is able to identify the court in which he may sue and the defendant to foresee before which court he may be sued. This paper has analyzed the ILA Guidelines on “choice of court agreements” and “submission and appearance”. The paper questioned whether these Guidelines can be adopted as models for arbitrators, legislators and any other competent authorities in the European Union and Iran. These two legal systems were selected for comparison in light of the fact that one system (that of the EU) has recent case law on the analyzed topic (in particular the CJEU cases *Taser International*, C-175/15 and *Jaouad*, C-322/14), while the other system (Iran) has the opposite situation characterized by the absence of case law on the topic. The aim of such a comparison of such different legal systems is to show that the Guidelines could work in very different circumstances and in very different legal orders. Thus, this paper demonstrates that the ILA Guidelines on choice of court are suitable to become a relevant model for future states’ negotiations of an international agreement on IP and private international law.

References

- Ahmed M (2017) The nature and enforcement of choice of court agreements. Hart Publishing, Oxford
- Alexandre D (2017) Identification of the competent judge in Europe. In: Nord N, Cerqueira G (eds) International sale of goods: a private international law comparative and prospective analysis of Sino-European relations. Springer, Cham
- Bariatti S (ed) (2010) Litigating intellectual property rights disputes cross-border: EU regulations, ALI principles, CLIP project. CEDAM, Padua
- Basedow J et al (eds) (2008) Intellectual property in the conflict of laws. Mohr Siebeck, Tübingen
- Basedow J, Kono T, Metzger A (eds) (2010) Intellectual property in the global arena. Mohr Siebeck, Tübingen
- Bläsi M (2010) Das Haager Übereinkommen über Gerichtsstandsvereinbarungen. Lang, Bern
- Brand RA, Herrup P (2008) The 2005 Hague convention on choice of court agreements. Cambridge University Press, Cambridge
- De Miguel Asensio P (2007) Cross-border adjudication of intellectual property rights and competition between jurisdictions. *Annali italiani del diritto d’autore, della cultura e dello spettacolo [AIDA]* 16:105–154
- De Miguel Asensio P (2012) Internet intermediaries and the law applicable to intellectual property infringements. *JIPITEC* 3:350

- Dessemontet F (2010) The ALI principles: intellectual property in trans-border litigation. In: Basedow D, Kono T, Metzger A (eds) *Intellectual property in the global arena*. Mohr Siebeck, Tübingen
- Dinwoodie GB (2004) Trademarks and territory: detaching trademark law from the nation-state. *Houst Law Rev* 41(3):885–973
- Drexl J (2004) *Lex americana ante portas—Zur extraterritorialen Anwendung nationalen Urheberrechts*. In: Loewenheim U (ed) *Urheberrecht im Informationszeitalter*. Festschrift für Wilhelm Nordemann. CH Beck, München
- Dreyfuss R (2005) Resolution through conflict of laws: the ALI principles on transnational intellectual property disputes: why invite conflicts? *Brooklyn J Int Law* 30:819
- Dreyfuss RC, Ginsburg JC, Dessemontet F (2008) *Intellectual property: principles governing jurisdiction, choice of law, and judgments in transnational disputes*. American Law Institute, St Paul
- EURACTIV (2012) About: anti-counterfeiting trade agreement. Available at: <https://www.euractiv.com/topics/anti-counterfeiting-trade-agreement>. Accessed 14 Jul 2019
- European Max Planck Group on Conflict of Laws in Intellectual Property (2013) *Conflict of laws in intellectual property. The CLIP principles and commentary*. OUP, Oxford
- Ginsburg J (1998) The Private international law of Copyrights in an Era of Technological. *Change Rec. des Cours* 273:239–405
- Ginsburg J (2010) Jurisdiction and recognition of judgments under the ALI principles. In: Bariatti S (ed) *Litigating intellectual property rights disputes cross-border: EU regulations, ALI principles, CLIP project*. CEDAM, Padua
- JIPITEC Editors (2012) Editorial: special issue on private international law and intellectual property. *JIPITEC* 3:173
- Joint Proposal Drafted by Members of the Private International Law Association of Korea and Japan (2010) *Commentary on principles of private international law on intellectual property rights*. Available at: <http://www.win-cls.sakura.ne.jp/pdf/28/08.pdf>. Accessed 26 Jul 2019
- Jurčys P (2012) International jurisdiction in intellectual property disputes. *JIPITEC* 3:174
- Katoziyan N (2001) *Introduction to law science*. Enteshar Publishing, Los Angeles
- Kur A (2014) Durchsetzung gemeinschaftsweiter Schutzrechte: Internationale Zuständigkeit und anwendbares Recht. *GRURInt* 63(8/9):749–760
- Kur A, Ubertazzi B (2010) The ALI principles and the CLIP project: a comparison. In: Bariatti S (ed) *Litigating intellectual property rights disputes cross-border: EU regulations, ALI principles, CLIP project*. Cedam, Padua, pp 89–147
- Matulionytė R (2012) IP and applicable law in recent international proposals: report for the international law association. *JIPITEC* 3:263
- Mehr MA, Shobeyri HV (2016) The conceptual evolution of the rules governing contracts in private international law. *Comp Law Res* 20:27–55
- Metzger A (2012) Transnational law for transnational communities: the emergence of a *Lex Mercatoria* (or *Lex Informatica*) for international creative communities. *JIPITEC* 3:361
- Metzger A (2013) Commentary to Art. 2:301, European Max Planck Group on Conflict of Laws in Intellectual Property, conflict of laws in intellectual property, the CLIP principles and commentary. OUP, Oxford
- Shams A (2006) *Civil procedure law*, 15th edn. Derak, Tehran
- Smeureanu IM, Ilie L, Dobre AE (2017) Chapter 27: Romania. In: Beaumont P, Danov M, Trimmings K, Yüксе B (eds) *Cross-border litigation in Europe*. Bloomsbury Publishing, London
- Spigelman J (2010) The Hague choice of court convention and international commercial litigation. *Judic Rev* 9(4):389–402
- Torremans P, Fawcett J (2011) *Intellectual property and private international law*, 2nd edn. OUP, Oxford
- Trimble Landova M (2012) Global patents: limits of transnational enforcement. OUP, Oxford
- Ubertazzi B (2006) La capacità delle persone fisiche nel diritto internazionale privato. In: Pocar F (ed) *Series of books of the review of private and procedural international law*. Cedam, Padua
- Ubertazzi B (2012a) Exclusive jurisdiction in intellectual property. Mohr Siebeck, Tübingen
- Ubertazzi B (2012b) Infringement and exclusive jurisdiction in intellectual property: a comparison for the international law association. *JIPITEC* 3:213–249
- Ubertazzi B (2012c) Recognition and enforcement of foreign judgments in intellectual property a comparison for the international law association. *JIPITEC* 3:301–344
- Ubertazzi B (2016a) Capacity and emancipation. In: Basedow J et al (eds) *Encyclopedia of private international law*. Edward Elgar Publishing, Cheltenham

- Ubertazzi B (2016b) Intellectual property, jurisdiction. In: Basedow J et al (eds) Encyclopedia of private international law. Edward Elgar Publishing, Cheltenham
- Vicente DM (2008) La propriété intellectuelle en droit international privé. *Rec. des Cours* 335:424
- Yokomizo D (2011) Intellectual Property Infringement on the Internet and Conflict of Laws. *AIPPI J* 36(3):105

Publisher's Note Springer Nature remains neutral with regard to jurisdictional claims in published maps and institutional affiliations.